International Monetary Fund

Haiti and the IMF

Press Release:
IMF Executive Board Approves Three-Year US$69.7 Million Under ECF for Haiti
May 20, 2015

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Haiti: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding

May 4, 2015

The following item is a Letter of Intent of the government of Haiti, which describes the policies that Haiti intends to implement in the context of its request for financial support from the IMF. The document, which is the property of Haiti, is being made available on the IMF website by agreement with the member as a service to users of the IMF website.

Letter of Intent

May 4, 2015

Mme. Christine Lagarde
Managing Director
International Monetary Fund
Washington, D.C.

Mme. Managing Director:

1. Over the past five years, Haiti has implemented macroeconomic policies that have helped maintain macroeconomic stability while recovering from the impact of the 2010 earthquake and advance key structural reforms. These policies were supported by an arrangement under the IMF's Extended Credit Facility (ECF). We are now determined to move to a new phase, reinforcing these gains while undertaking new efforts to boost Haiti's growth potential and significantly increase the living standards of the Haitian people. Our ultimate goal is to transform Haiti into an emerging economy by 2030, which will require entrenching macroeconomic stability while improving Haiti's infrastructure and boosting foreign and domestic private investment. We believe that the policies implemented to date and the program outlined in the attached memorandum provide a sound basis for our request for a new ECF arrangement.

2. The new program (May 2015–May 2018) for which we are requesting support under a new ECF will provide a macroeconomic anchor and a framework for necessary medium-term reforms. The attached Memorandum of Economic and Financial Policies (MEFP) outlines the first-year and medium-term objectives of our program. We are determined to further strengthen domestic revenue to sustain domestic investment in the face of declining external assistance and to increase the effectiveness of poverty-reducing expenditures. We will also continue to strengthen public financial management, building on the establishment of the Treasury Single Account, while addressing bottlenecks to private investment and higher growth, notably in the electricity sector.

3. The three-year period covered by the program offers a unique opportunity to reinforce the gains Haiti has made since the earthquake and to pursue new reforms to deliver sustained and inclusive growth over the medium-term. Doing so would facilitate rapid progress in the fight against poverty. Our program thus redirects resources previously devoted to fuel subsidies to protecting the most vulnerable, and supporting productive investment. We also plan a wide range of measures to boost Haiti's growth potential, from land tenure reform to promoting domestic industry.

4. As the recent Ex Post Assessment of Longer-Term Fund Engagement in Haiti highlights, there is consensus within Haitian society on the need to maintain macroeconomic stability and to

implement necessary reforms to promote better governance and strong and sustainable growth. In this regard, we will continue to work with our international partners. In particular, the authorities believe that implementing a new IMF-supported program will demonstrate Haiti's commitment to sound economic policies.

5. In order to facilitate the implementation of our program and reduce remaining balance of payments vulnerabilities, the Government of Haiti requests assistance under the IMF's ECF in an amount equivalent to SDR 49.14 million, or 60 percent of quota, to be disbursed in seven equal tranches over three years. Approval of this request would result in an immediate disbursement of SDR 7.02 million. A first review of the program would be completed no later than December 31, 2015, and a second review by June 30, 2016.

6. We believe that the policies set forth in the attached MEFP are sufficient to achieve the goals set forth in our program, but we stand ready to undertake further measures as needed. We will consult with the Fund on the adoption of such measures, and in advance of any revision to the policies contained in the MEFP, in accordance with the Fund's policies. In particular, the authorities and Fund staff will discuss (including during program reviews), on any unexpected developments that could affect the economic program to jointly analyze their impact and best courses of action, without compromising the program's objectives. We intend to provide timely information necessary for monitoring economic developments and the implementation of policies defined in the program, as agreed under the attached Technical Memorandum of Understanding, or upon request.

Sincerely yours,

/s/	/s/
Charles Castel,	Wilson Laleau,
Governor, Central Bank of Haiti	Minister of Economy and Finance

Attachment 1. Memorandum of Economic and Financial Policies for 2015–2018

Introduction

1. Following the devastating earthquake of 2010, the government of Haiti implemented in 2010–2014 an economic and financial program supported by the IMF under the Extend Credit Facility (ECF). Policies taken over the past several years, together with support from Haiti's development partners, helped assure macroeconomic stability, advance key structural reforms, and pursue the objectives of our Poverty Reduction Strategy (the Strategic Plan for the Development of Haiti, PSDH). To consolidate this progress and to address remaining obstacles to strong and sustained growth, the government has prepared a new medium-term economic program for 2015–2018.

2. This Memorandum of Economic and Financial Policies (MEFP) presents recent developments and performance as well as economic and structural policies of Haiti's medium-term program for which we are requesting IMF support under a new three-year ECF arrangement.

3. Under the new ECF-supported program, the government's overarching objective is to boost Haiti's long-term growth potential, allowing for continuous progress in poverty reduction. In addition to maintaining macroeconomic stability, this will require addressing barriers to domestic and foreign investment, supporting private sector development, and raising adequate domestic revenue while improving public financial management. In face of declining aid, a broader tax base and an efficient execution of public spending help address Haiti's crucial infrastructure gaps and as well as its pressing social spending needs. We recognize that the electricity sector in particular has been both a key bottleneck to growth and a significant fiscal drain, and will prioritize reducing its deficit and improving its performance under the new ECF-supported program.

Taking Stock of the Last ECF arrangement

4. Haiti's previous arrangement with the Fund was approved in the context of a catastrophic earthquake that caused massive loss of life and economic damage. However, the earthquake also triggered a huge increase in aid flows, as well as debt relief from Haiti's international partners, including from the IMF under the Post-Catastrophe Debt Relief (PCDR) Trust.

5. The key achievement under the previous program was maintaining macroeconomic stability and a return to growth despite severe shocks, including a cholera epidemic and the impact of Hurricane Sandy. Fuelled by reconstruction spending and a surge in remittances from Haitians living abroad, growth has been steady since 2011. Inflation was contained in the mid-single digits, aided by a prudent monetary policy that limited exchange rate volatility and increased reserve buffers. Taking advantage of technical assistance from the IMF and other partners, there was also progress on structural reforms, notably in revenue administration and in completing the first steps towards a Treasury Single Account (TSA).

6. Nevertheless, there is much that remains to be done. Economic growth, while higher than in Haiti's recent history, was significantly lower than projected and insufficient to rapidly reduce poverty. Public investment was also lower than projected, and remained dependent on foreign grants and Petrocaribe financing. The fiscal deficit in FY2013 and FY2014 increased to unsustainable levels, in particular due to onerous energy subsidies that cost US$ 350–450 million per year. These were driven by pump prices that were fixed in nominal gourde terms from March 2011 until October 2014, and by large transfers to the loss-making *Electricité d'Haïti* (EDH). External public debt rebounded and exceeded 20 percent of GDP by end FY2014. Finally, while monetary policy was successful in anchoring inflation expectations, access to credit remains low and concentrated in a few sectors.

7. Progress on the structural reform was steady but slow, given capacity and other constraints. Large (LTO) and medium (MTO) taxpayer offices were established, but tax compliance and enforcement should be further improved to broaden the tax base. There were some delays in proceeding towards adoption of the TSA, but the basic infrastructure was established in FY2014, and the accounting centers were made operational for the largest ministries. Other structural reforms, including in tax policy, financial sector regulation, and on public debt management proceeded only slowly.

Recent Economic Developments

8. Haiti achieved its fourth consecutive year of real per capita growth in FY2014. Growth was lower than expected at about 2.7 percent versus 4.2 percent in FY2013, due in large part to a drought in some areas of the country. Excluding the volatile agricultural sector growth, growth has been steady at about 4 percent in recent years, supported by construction, industry and services. Inflation continued to be well-contained, ending FY2014 at 5.3 percent despite lower agricultural production. The current account deficit was still large at over 6 percent of GDP in FY2014, but financing from Venezuela under the Petrocaribe Agreement helped Haiti preserve an adequate reserve buffer.

9. The fiscal deficit in FY2014 was unsustainably high, with the energy sector contributing around US$ 450 million to a deficit that exceeded 7 percent of GDP. Wage increases to teachers and the police will have a full-year effect in FY2015. Investment increased to historic highs, in particular due to capital spending related to Hurricane Sandy. The fiscal deficit was financed mainly by Petrocaribe resources, and a larger-than programmed drawdown on government deposits, as the domestic market for treasury bills remains shallow. Monetary policy remained focused on maintaining price stability and adequate international reserve buffers. The gourde depreciated moderately during FY2014, helping keep inflation expectations anchored, despite reduced intervention in the exchange rate market. However, private sector credit growth decelerated to 11.2 percent during FY 2014, with credit in gourdes increasing only by 5.2 percent, reflecting more binding liquidity constraints but also barriers to broader access to credit.

Macroeconomic Framework for FY2015–FY2018

10. Economic growth (as measured by GDP) is projected to remain in the 2–3 percent range in FY2015, on a slowdown in public and private investment, although remittances would continue to support domestic consumption. Risks are on the downside given ongoing weakness in agricultural production. Inflation is projected to remain in the mid-single digits in FY2015, as prudent monetary policy, helped by a decrease in the fiscal deficit, should ensure moderate exchange rate depreciation. The fall in international oil prices should contribute to contain inflation, despite continued weakness in domestic agricultural production. For FY2016–FY2018, GDP growth is expected to average about 3.5 percent, while inflation is projected to remain in the mid-single digits.

11. The external current account deficit should decline to the 3 percent of GDP range in FY2015, given the positive impact of international oil price declines in the oil bill. Financing of the current account deficit, however, would likewise decrease as Petrocaribe flows (which are tied to the oil bill) will fall by more than US$200 million. For FY2016–FY2018, the current account deficit is expected to widen somewhat towards 4 percent of GDP, as international oil prices are expected to gradually increase in the medium-term.

12. The revised budget for FY2015 will significantly reduce the fiscal deficit. The deficit of the non-financial public sector (NFPS, program definition) should decrease to about 3.2 percent of GDP (from 7.4 percent of GDP in FY2014). Petroleum-taxes will add 1.5 percent of GDP more to revenues, as fuel subsidies are eliminated, while improvement in tax and customs administration should help enhance fiscal revenues. Accordingly, domestic revenues should reach 14.7 percent of GDP (2.2 percent of GDP more than in FY2014). Public spending is projected to decline relative to FY2014. The wage bill (for teachers and police) will increase, while spending on goods and services will reflect the cost of elections. Transfers to the electricity sector will be contained. Capital spending will decrease to 10.9 percent of GDP, a more sustainable level. Financing from Petrocaribe will fall sharply, and thus, budget financing will mainly come from domestic sources, including drawing down government deposits. Budget support from the IDB and the European Union is expected at US$70 million, and the authorities have requested budget support from the World Bank. The NFPS deficit for FY2016-FY2018 will be further reduced (to 2.3 percent of GDP on average), so to ensure that public debt remains sustainable. The ECF-supported program includes adjusters to ensure fiscal and external debt sustainability in case of changes in expected external financing.

13. Monetary policy in FY2015 remains focused on containing inflation in the mid-single digits. Exchange rate pressures increased somewhat early in the fiscal year following a decision to allow certain Treasury bonds placed in the banking system to count towards reserve requirements. This loosening in the monetary policy stance occurred together with a strong reduction in the fiscal deficit, allowing banks to moderately expand credit to the private sector. During FY2016–FY2018, the BRH will continue focused in its core mission of anchoring inflation expectations while maintaining an adequate level of foreign reserves. The BRH is aware that Haiti will continue to be exposed to a wide range of risks, ranging from a decrease in external financing to a reversal in the terms of trade, and thus it is crucial to maintain a comfortable reserve cushion of around 5 months of imports. The BRH will intervene to smooth exchange rate movements originated in temporary factors. The authorities stress that continued budget support from Haiti's development partners is essential to keep exchange rate depreciation expectations well-anchored.

14. The central bank is working to improve the transmission of monetary policy. To this end, the BRH is analyzing the possibility of issuing dollar-indexed bills directly to the public to absorb liquidity and to reduce foreign-exchange market pressures; the BRH is aware that issuing such bills is only possible in a context where the fiscal deficit is sustainable. The monetary authorities also are committed to reduce obstacles to financial inclusion, including through the operation of a new credit bureau to better document borrower creditworthiness.

Economic and Financial Policies for FY2015-FY2018

15. The PSDH and its three-year investment program will serve as a reference for economic and financial policies. The PSDH intends to transform Haiti into an emerging country by 2030, and is based on four pillars. The first is a territorial refoundation, which involves making better use of, and protection of, Haiti's land. Land management, urban planning, electrification, and environmental protection all fall within this pillar. The second pillar is economic refoundation, which targets policies intended to spur foreign and domestic investment in Haiti's most competitive sectors, particularly manufacturing and tourism, but also in the agricultural sector, in order to spur formal employment. The third pillar of social refoundation targets modern health and education networks accessible to all Haitians, as well as policies of social inclusion and gender equality. The final pillar, institutional refoundation, foresees an overhaul of the legal framework as well as boosting public administration, an independent judiciary, and decentralized government entities.

16. The authorities' challenge for the coming years is two-fold: first, to achieve fiscal sustainability while maintaining the ability to meet urgent spending needs; and second, to unlock Haiti's growth potential and reduce extreme poverty. To meet this dual challenge, the government intends to implement a program that: (i) removes bottlenecks to growth; (ii) strengthens the framework for fiscal policy; and (iii) implements financial and monetary reforms to improve the policy framework and facilitate access to credit.

A. Removing Bottlenecks to Growth

17. While Haiti has achieved four consecutive years of economic growth during the previous Fund-supported arrangement, it has not been sufficient to rapidly reduce poverty. Going forward, strong and sustained growth will require deep-seated structural reforms, particularly given ongoing declines in aid flows. As the PSDH establishes, growth-supporting policies must be economically, environmentally, and socially sustainable.

18. To help ensure that growth is inclusive, and to combat extreme poverty, the government will continue to prioritize social expenditures in its budget process and will look to streamline the categories covered under poverty-reducing expenditures. An appropriate level of social expenditures would also promote economic growth by developing a human capital through a more educated workforce, improve efficiencies at many small farms, and boost productivity by expanding access to healthcare.

19. Improving infrastructure, in particular the operation of the electricity sector, and expanding access to credit, are fundamental to enhancing Haiti's growth potential. Strengthening the regulatory framework of the energy sector should result in better governance and increased transparency and attract investment to the sector. Other reforms, notably improving the efficiency and reducing the cost of port services, would likewise spur growth.

20. Strengthening property rights, including through the establishment of a modern cadastre, would produce enormous growth dividends. Securing transferable property rights would increase incentives to private domestic and foreign investment, which are now often delayed by uncertainties and disputes over ownership of the underlying land. The impact would be felt across the entire economy, from facilitating the construction of new factories to promoting more efficient farming techniques. The ability to use land as collateral would also greatly facilitate access to credit, which is now effectively denied to the large majority of Haitians, and would promote the development of a mortgage market. A modern cadastre system would improve Haiti's resilience to natural disasters, as stronger property rights would encourage investments in structural improvements. Accordingly, the inter-ministerial commission on land management will share with IMF staff by end-February 2016 an agreed action plan for FY2016–FY2017 to strengthen the legal framework and functioning of the cadastre (structural benchmark).

21. Promoting formal sector employment is a key goal of the program, as formal jobs are likely to be better paid and offer greater opportunities than those in the informal sector (including in commerce and agriculture) which currently employs most Haitians. The PSDH identifies two sectors in particular, manufacturing and tourism, as being aligned with Haiti's comparative advantages. The trade preferences offered by the United States under the HELP/HOPE Acts offer Haiti unparalleled access to the U.S. textile market, and the government will both encourage development of this sector and work to ensure that these preferences are extended. The tourism sector also holds great potential, due both to Haiti's beautiful location in the heart of the Caribbean but also due to the natural warmth and friendliness of its people. Attracting more visitors will require steady improvements in infrastructure and security, both of which would be served by a broader revenue base and by improving the quality of public expenditures.

22. Many experienced and dedicated civil servants lost their lives in the 2010 earthquake, which proved to be a major blow in the collection and distribution of economic data. This has an impact on growth not only because it deprives policy-makers access to timely and accurate information about the state and direction of the economy, but because private sector actors are less likely to be able to identify and act on potential economic opportunities. We therefore commit to work with the Fund and other technical assistance partners to improve the quality of the national, labor, and external accounts over the course of the program. Key short-term objectives include the introduction a headline economic activity indicator to serve as a reliable leading indicator for economic growth, and to modernize the national accounts, including by updating the base year.

B. Strengthening the Framework for Fiscal Policy

23. We will implement sustainable fiscal policies and maintain buffers to cushion against potential shocks. Fiscal sustainability is crucial to macroeconomic stability, as excessive deficits stoke exchange rate depreciation pressures and higher inflation, while crowding out credit to the private sector, reducing Haiti's growth potential. Haiti's vulnerability to a wide range of shocks, including a potential reduction of external financing flows or a rebound in international oil prices, require the maintenance of buffers, including in the form of international reserves and government deposits in the banking sector as insurance against downside risks. According, we adopted a revised budget for the central government for FY2015 consistent with a deficit of at most G13.5 billion (prior action). Lower fiscal deficits would also allow a gradual loosening of monetary policy and crowd in private sector credit. Particular efforts will be made to target quality expenditures with high impact on growth and poverty reduction. The authorities trust that the international community will provide additional financial support for the implementation of high return investments, which are essential to achieve a balanced growth path. The stronger fiscal position will be accompanied by a strengthening of public financial management as we are determined to implementing a wide range of reforms in this area, drawing on the Public Finance Reform Strategy adopted in 2013. The clearance of obligations arising from off-budget CG commitments will be made only after a thorough analysis of supporting documentation and proper budgeting (continuous structural benchmark).

24. Achieving fiscal sustainability will require preventing a reemergence of fuel price subsidies. In this regard the government has adopted an automatic fuel price adjustment mechanism by end-April (prior action), which will begin implementation as of end-June 2015 as described in paragraphs 34 and 36 of the TMU (structural benchmark). The automatic mechanism, based on international practices, will help protect public finances. Accordingly, the implementation of this mechanism will be complemented by direct subsidies to public transportation (at a cost of about 0.3 percent of GDP), that will allow to smooth the effect of fuel price volatility on urban public transportation tariffs. In addition, the authorities are drafting a new regulatory framework for the fuel sector, which reviews the price structure for refined products at the pump, in order for them to reflect actual imported CIF prices.

25. Fiscal sustainability will also require a substantial improvement in EDH finances. For this reason the ECF-supported program will have a target for the deficit of the NFPS, which includes EDH. Reducing EDH's deficit will require a significant improvement in billing and collection, as well as increasing the efficiency in energy production, which should contribute to reducing high generation costs. For this purpose, the Prime Minister, the Minister of Public Works, the Minister of Finance, EDH, and other stakeholders will sign before end-June 2015 a protocol for the electricity sector that lays out the obligations of different stakeholders in achieving the targeted improvement in the sector's performance (structural benchmark). The protocol includes provisions with respect to the revision of electricity tariffs, penalties for non-payment, the elimination of cross-arrears, the review of contracts with Independent Power Producers (IPPs), and the increase in transparency, in particular through the finalization of an audit of EDH, as well as better data production and diffusion to allow for better monitoring. In particular for FY2015, the combination of lower international oil prices and the adoption of measures targeting an increase in the cash recovery index (CRI) of about 4 percentage points, will allow adoption of a revised EDH budget with savings of at least G3.4 billion that will reduce the deficit (before transfers) from 2.5 percent of GDP to 1.7 percent of GDP (prior action). For the coming months, the EDH will implement actions agreed on in the reform protocol, including completing the audit of the 200 largest clients, having a first analysis of EDH tariff determination and penalties for non-payment, and updating an action plan for 2016-2018 (structural benchmark for end-March 2016).

26. Increasing domestic revenue is another key element to strengthening Haiti's fiscal position. Haiti's current system performance needs to be enhanced both in revenue collection and in improving tax compliance by removing cumbersome small taxes with low yield and high costs ("*taxes de nuisance*"). Accordingly, the government will establish a formal working group by July 2015 (structural benchmark) to draft a new tax code that will revise and put all tax laws into a general tax code and eliminate a number of *taxes de nuisance*. The working group will produce a preliminary draft of the tax code by end-July 2016. The working group will also prepare the adoption of a mining code, a full-fledged VAT system, and the modernization of the income tax. To improve tax administration, the LTO and local tax offices will complete the transfer of all medium taxpayer files to the MTO by end-August 2015 (structural benchmark). As gaps in coverage of the LTO and MTO can be readily discovered by identifying large importers that are not covered by these tax offices, the government will implement a program to ensure tax compliance by importers with an annual turnover of over G10 million who are not currently covered by the LTO/MTO by end-April 2016 (structural benchmark). In the medium term, the government will finalize the tax code, complete a study on tax expenditures, adopt a mining code, reform the income tax and introduce a full-fledged VAT system, all of which are key element of a modern tax system.

27. We remaining committed to a further strengthening of public financial management and the quality of public expenditures. Further progress towards the TSA, to be established by end-FY2015, is essential. To this end, the government will implement the terms of a protocol signed by the MEF and the BRH on the TSA as well as the MEF decision of December 18, 2014 placing all public accounts at the BRH under the control of public accounts, and the BRH has ensured its application by the state-owned bank BNC as described in paragraph 35 of the TMU (prior action). Four new accounting centers were installed in March, namely Accounting Center Economic Sector III, Accounting Center Economic Sector IV, Accounting Center Political Sector I, and Accounting Center Political Sector II. All remaining accounting centers will be established and operational by end-September 2015 (structural benchmark). In the medium-term, the TSA will be expanded to include the accounts of autonomous agencies, public enterprises, and donor accounts. To improve the effectiveness of public investment, the government will implement relevant recommendations of the World Bank study completed in September 2014, and will draw on the experience of countries in the regions.

C. Monetary and Financial Reforms

28. Credit to the private sector remains low, acting as a key obstacle to economic growth and inclusion. We intend to boost financial intermediation by strengthening property rights (including via a land cadastre) as well as by encouraging greater competition among financial institutions. We will pursue enactment of pending laws on financial cooperatives and microfinance institutions, and will promote the use of the recently-established credit bureau, which by improving information flows will broaden access to credit.

29. The government intends to further strengthen financial sector supervision to better control systemic risks and enhance the anti-money laundering and combating the financing of terrorism (AML/CFT) framework. We will conduct periodic stress tests of the banking sector, based on technical assistance from the Monetary and Capital Markets Department (MCM), and develop the surveillance and regulatory framework for cooperatives and microfinance institutions, in line with the recently adopted strategy for financial inclusion. The latter will require improving data collection and distribution of key indicators on the website of the central bank. To enhance the AML/CFT framework, the government will adopt the Financial Intelligence Unit (UCREF) Bill, the new Penal and Criminal Investigation Codes in line with the Caribbean Financial Action Task Force (CFATF) action plan implementing the AML/CFT framework. As part of our efforts to pursue a deepening of the financial sector, we will pursue the adoption of the draft law on insurance companies.

30. We also prioritize improvements in the monetary policy framework and the operations of the BRH, which would help transmit more effectively policy decisions onto the real economy, reduce volatility, increase transparency, and guard against tail risks. To develop the foreign exchange market, we will implement 2011 MCM recommendations to improve its functioning. This will target a unification of the FX intervention process while reducing its frequency to promote the development of a deeper interbank market for foreign exchange.

31. We remain committed to structural reforms to strengthen monetary policy and financial transparency. The BRH received (in May) IMF technical assistance on the functioning of the foreign exchange market resulting in recommendations for improving the reporting of transactions. The IMF also provided advice (in August) on strengthening foreign reserve management; the BRH established a work program incorporating the mission's recommendations. We continue to implement the recommendations of the 2010 Safeguards assessment follow-up mission, and in this regard, the FY2013 BRH financial statements were published in November 2014. We are committed to strengthening the autonomy of the investment committee, and are appointing a compliance officer to monitor foreign reserves management as well as a full adoption of IFRS accounting standards.

Program Monitoring

32. The government intends to take all the necessary measures agreed in the context of the ECF-supported program, as indicated in Tables 1 and 2 of this Memorandum. A committee dedicated to program monitoring, chaired by the State Secretary of Finance, with participation of representatives of the BRH, EDH, as well as relevant units of the Ministry of Finance (including the

Economic Studies, Budget and Treasury Directorates), has been set up. The program will be monitored based on performance criteria as of end-March and end-September, continuous performance criteria, indicative targets as of end-June and December, as well as structural benchmarks. Performance criteria and indicative targets are defined in the technical memorandum of understanding (TMU, Attachment 2), which also defines the scope and frequency of data to be reported for program monitoring purposes.

Table 1. Haiti: Indicative Targets and Quantitative Performance Criteria, June 2015–June 2016

	Actual Stock at end-September 2014	Cumulative flows since end-September 2014						
		December 2014	March 2015	June 2015	September 2015	December 2015	March 2016	June 2016
		Est.	Proj.	Indicative target	Performance Criterion	Indicative target	Performance Criterion	Indicative target
I. Quantitative performance criteria								
(measured as cumulative flows since September 2014)								
Net central bank credit to the non-financial public sector - ceiling	12,330	5,970	6,425	7,652	8,879	9,284	9,689	10,094
Net domestic assets of the central bank - ceiling	-23,625	6,834	8,538	8,645	9,550	10,199	10,849	10,559
Net international reserves of central bank (in millions of U.S. dollars) - floor	1,010	-50	-100	-117	-150	-150	-150	-130
Deficit of the Non-Financial Public Sector - ceiling	…	4,000	8,856	11,242	13,471	16,141	18,810	21,480
Domestic Financing of Central Government - ceiling	…	1,178	4,854	5,817	6,621	7,232	7,843	8,454
II. Continuous performance criteria								
New contracting or guaranteeing by the public sector of nonconcessional external debt (In millions of U.S. dollars) 1/								
Up to and including one year	0	0	0	0	0	0	0	0
Over one-year maturity	…	0	0	0	0	0	0	0
Public sector external arrears accumulation (in millions of U.S. dollars)	0	0	0	0	0	0	0	0
III. Indicative targets								
Poverty reducing expenditures - floor 2/	…	3,630	7,421	11,345	15,269	19,490	23,889	28,446
Memorandum items								
Net Central Bank Credit to the Central Government	16,142	5,797	5,971	6,918	7,865	8,195	8,524	8,854
Stock of Base money 3/	48,150	52,851	51,761	50,671	49,580	50,452	51,325	52,197
Gross International Reserves (in millions of U.S. dollars)	1,914	1,817	1,808	1,794	1,782	1,782	1,782	1,802

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

1/ Excludes guarantees to the electricity sector in the form of credit/guarantee letters.

2/ Poverty reducing expenditures consist of domestically-financed spending in health, education, and agriculture.

3/ Excludes US$-denominated commercial bank reserves at the central bank.

Table 2. Haiti: Prior Actions and Structural Benchmarks, FY2015–FY2016

Measure		Timing	Rationale
Adoption of a revised budget for the central government for FY2015 consistent with a deficit of at most G 13.5 bn; TMU ¶32.	PA		Promote fiscal sustainability
Adoption of an automatic price mechanism for refined oil products (gasoline 95, diesel, and kerosene products); TMU ¶34.	PA		Eliminate fuel subsidies and contain fiscal risks
Implement TSA-related actions in line with paragraph 35 of the TMU.	PA		Advance TSA implementation
EDH Board adoption of a revised budget for EDH consistent with savings of at least G3.4bn in FY2015; TMU ¶33.	PA		Improve performance of electricity sector and contain fiscal risks
Signature of a protocol by the PM, the Minister of Public Works, the Minister of Finance, EDH, and other stakeholders that lays out the obligations of different stakeholders in achieving the targeted improvement in the electricity sector's performance; TMU ¶38.	SB	End-June 2015	Improve performance of electricity sector and contain fiscal risks
Implement an automatic price formula for fuel products; TMU ¶34 and ¶36.	SB	Continuous as of End-June 2015	Eliminate fuel subsidies and contain fiscal risks
Payment of unpaid off-budget CG commitments; TMU ¶37.	SB	To be observed continuously	Improve fiscal transparency
Establish a working group to produce by end-July 2016 a preliminary draft of a tax code that will put all tax laws into a general tax code and eliminate a large number of small taxes with low yields and high costs; TMU ¶39	SB	End-July 2015	Improve tax policy
The LTO and local tax offices to complete the transfer of all medium taxpayers' files to the MTO; TMU ¶40.	SB	End-August 2015	Improve tax administration
Adoption of FY2016 budgets for the Central Government and EDH consistent with a NFPS deficit of 2.3 percent of GDP; TMU ¶41.	SB	End-September 2015	Promote fiscal sustainability
Establish and make operational all remaining accounting centers; TMU ¶42.	SB	End-September 2015	Advance TSA implementation
An interministerial working group shares with IMF staff an agreed action plan for 2016-17 to strenghten the legal framework and functioning of the cadastre; TMU ¶43.	SB	End-February 2016	Improve business climate
In line with EDH protocol, complete audit of the 200 largest clients, complete analysis on EDH tariff determination and penalties for non-payment; TMU ¶44.	SB	End-March 2016	Improve performance of electricity sector and contain fiscal risks
Implement a program to ensure tax compliance of importers with an annual turnover above G10 million but who are not currently covered by the LTO/MTO; TMU ¶45.	SB	End-April 2016	Improve tax administration

Attachment II. Technical Memorandum of Understanding

1. This technical memorandum of understanding (TMU) defines quantitative performance criteria (QPCs), indicative targets (ITs), prior actions (PAs), and structural benchmarks (SBs) for Haiti's program supported by the Extended Credit Facility (ECF) arrangement from 2015–18. It also establishes the framework for monitoring the implementation of such a program. Unless otherwise specified, all QPCs and ITs will be evaluated in terms of cumulative flows from end-September 2014, as specified in Table 1 of the Memorandum of Economic and Financial Policies (MEFP).

Definitions

2. **Central Government (CG).** Unless otherwise indicated, the CG refers to the central administration of Haiti and excludes local administrations (municipalities), the central bank (BRH) and other public financial institutions, autonomous state organizations and state-owned enterprises (SOEs). CG expenditures are financed by domestic taxes and other levies and by foreign donors through, *inter alia*, foreign grants, ministerial accounts (*comptes-courants*) and foreign public debt (including Petrocaribe). All transactions financed with Petrocaribe-flows (as reported by *Bureau de Monétisation des Programmes d'Aide au Développement,* BMPAD) constitute, for the purpose of the ECF, CG operations.

3. **Special Funds and Programs.** These include the Road Fund (*Fonds d'Entretien Routier*, FER) and resources mobilized to finance the PSUGO program in addition to Treasury transfers. For the purpose of the ECF, resources levied to finance FER and PSUGO will be recorded as revenues, with total expenses differing from revenues through variation of deposits recorded within CG deposits at the BRH.

4. ***Electricité d'Haïti* (EDH).** An SOE that produces, transmits, and distributes electricity. Flows between EDH and the CG include (i) CG transfers (including through sales taxes collected on electricity consumption and not devolved to the CG, and budgetary transfers); (ii) transfers financed with Petrocaribe resources for the operation of a tri-national electricity generation company (PBM); (iii) the payment of letters of credit in favor of independent power producers (IPPs) by debiting CG deposits at the BRH to cancel unpaid generation bills by EDH; (iv) the accumulation of financial claims by the CG for fuel purchases by IPPs, which are a counterpart of EDH arrears for unpaid generation bills. For the purpose of the ECF arrangement (i) and (ii) are recorded under operations "above the line", while (iii) and (iv) are recorded under financing items "below the line".

5. **Non-financial public sector (NFPS).** The NFPS includes the central government, special funds and programs (defined in paragraph 3), non-budgetary autonomous organizations, local governments and SOEs (enterprises and agencies in which the government holds a controlling stake of more than 50 percent of the shares, including EDH, defined in paragraph 4), but excluding the BRH and state-owned commercial banks.

6. **The public sector (PS).** The PS comprises the NFPS and the BRH.

7. Net BRH credit to the NFPS. It is defined as the difference between BRH assets and liabilities *vis-à-vis* the NFPS (*Créances nettes sur le secteur public*) according to Table 10R. This includes net BRH credit *vis-à-vis* the CG; and, net BRH credit *vis-à-vis* the rest of the NFPS.

8. Domestic arrears of the CG. They are defined as expenditures accepted by the Treasury that are unpaid. Domestic arrears of the CG exclude unpaid off-budget government commitments.

9. Unpaid off-budget CG commitments. These refer to obligations arising outside the budget process (originating in ministries or other public agencies), that may result in contingent claims on central government resources.

10. Net domestic financing (NDF) of the CG. It is defined as the sum of (i) net central bank credit to the CG (see paragraph 7); (ii) net credit from domestic commercial banks (as reported in Table 20R), which includes changes in CG deposits and the net issuance of treasury bills and other CG securities to commercial banks; and (iii) net non-bank credit to the CG, which includes net issuance of Treasury bills and other CG securities to non-banks, the change in net creditor position of the CG *vis-à-vis* the electricity sector (including IPPs and EDH), other CG claims and debts vis-à-vis nonbank institutions (including the change in net checks issued and not cashed, suppliers' credit, and the payment of judicial sentences), and the net change in domestic arrears of CG (paragraph 8).

11. Net external financing (NEF) of the CG. It is defined as the sum of (i) new external loan disbursements (including financing under Petrocaribe as well as loans from other external partners, but excluding the IMF); (ii) external loan amortizations; and (iii) the net change in external arrears.

Table 1: Projected External Net Financing of the Central Government

(Cumulative fiscal flows since end-September 2014, in millions of gourdes)

	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16
Net Financing	**5,426**	**6,850**	**8,909**	**10,967**	**13,026**
Loans (net)	5,426	6,850	8,909	10,967	13,026
Disbursements	6,788	8,803	11,574	14,344	17,115
Of which: Petrocaribe	6,312	8,099	10,303	12,507	14,711
Project loans	476	704	1,271	1,837	2,404
Amortization	-1,362	-1,953	-2,665	-3,377	-4,089
Arrears (net)	0	0	0	0	0

12. EDH's deficit after CG transfers. For the purpose of the program, EDH revenues include all cash income related to the distribution of electricity (*recettes d'energie* and *recettes diverses*), as well as CG transfers (*subventions*, including those financed with budgetary and Petrocaribe resources, including retained taxes). EDH expenditures include: (i) current spending (*dépenses d'exploitation*) corresponding to the fiscal year (i.e., excluding the cancelation of arrears with IPPs); these include, current electricity bills by IPPs and PBM, fuel, administration, wages, and maintenance; and, (ii) capital spending. Revenues and expenditures correspond to the fiscal year under consideration; any changes in claims or debts from previous fiscal years will be recorded below the line (as financing). EDH's deficit after CG transfers will be measured as EDH expenditures, minus EDH revenues (including CG transfers to EDH).

13. NFPS Deficit target. For the purposes of the program, the NFPS deficit target will be defined as the sum of NDF of the CG (paragraph 10); plus, NEF of the CG (paragraph 11); plus, EDH's deficit after CG transfers (paragraph 12).

14. Budgetary Grants. Budgetary grants are grants received from Haiti's bilateral or multilateral partners (including the European Union, the Inter-American Development Bank, the World Bank, the Haiti Reconstruction Fund, and bilateral donors) for general or sector budget support purposes.

Table 2: Projected Quarterly Budget Support Disbursements

(Cumulative flows since end-September 2014, in millions of U.S. dollars)

Donor	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16
European Union	0.0	36.7	36.7	36.7	36.7
IDB	27.0	27.0	27.0	54.0	54.0
Total	**27.0**	**63.7**	**63.7**	**90.7**	**90.7**

15. Poverty-Reducing Expenditure of the CG. It is measured as the sum of the domestically-financed expenditure by the Ministries of Health, Education and Agriculture.

16. Debt. For the purposes of the performance criteria, the definition of debt is set out in Executive Board Decision No.6230-(79/140), Point 9, as revised on August 31, 2009 (Decision No. 14416-09/91) : Debt will be understood to mean a current, i.e., not contingent, liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, according to a specific schedule; these payments will discharge the obligor of the principal and/or interest liabilities incurred under the contract. Debts can take a number of forms, the primary ones being loans[1], suppliers' credits[2], and leases.[3] Under the definition of debt set out above, arrears, penalties, and judicially-awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt are debt.

17. Debt guarantees by the PS. For the purposes of the performance criteria on the contracting or guaranteeing of nonconcessional external debt, a public sector debt guarantee

[1] Loans are advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans, and buyers' credits) and temporary exchanges of assets that are equivalent to fully collateralized loans, under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements).

[2] Suppliers' credits are contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided.

[3] Leases are arrangements under which property is provided that the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purpose of this guideline, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement, excluding those payments necessary for the operation, repair, or maintenance of the property.

means an explicit legal obligation to service a debt in the event of non-payment by the borrower (through payment in cash or in kind).

18. Debt concessionality. For the purposes of the ECF, an external debt is considered concessional if it includes a grant element of at least 35 percent.[4]

19. External debt. It is defined as debt contracted or serviced with and to non-residents. It excludes debt issued domestically by the PS and held by non-residents.

20. Arrears on external debt. They include all debt-service obligations (principal and interest) on loans contracted or guaranteed by the PS that are due but not paid on the due date as set out in the loan contract; they exclude those arising from obligations being renegotiated with external creditors and (or) those that are litigious.

21. Program exchange rate. The program exchange rate for FY2015 and FY2016 is 47 gourdes per dollar.

22. Gross international reserves (GIR) of the BRH. Reserve assets are those external assets that are readily available to and controlled by monetary authorities for meeting balance of payments financing needs, for intervention in exchange markets to affect the currency exchange rate, and for other related purposes (such as maintaining confidence in the currency and the economy, and serving as a basis for foreign borrowing). Reserve assets must be foreign currency assets and assets that actually exist. Potential assets are excluded. Underlying the concept of reserve assets are the notions of "control," and "availability for use," by the monetary authorities. For further details, please refer to the IMF's sixth edition of the *Balance of Payments and International Investment Position Manual* and the *Guidelines for a Data Template: International Reserves and Foreign Currency Liquidity*.[5] GIR as reported by the BRH in Table 10R should conform to this definition. Swaps in foreign currency with domestic financial institutions and pledged or otherwise encumbered reserve assets are excluded from GIR.

23. Net international reserves (NIR) of the BRH. They are defined as BRH's gross foreign exchange assets (comprising monetary gold, all claims on nonresidents, Special Drawing Rights – SDR- holdings, and BRH claims in foreign currency on domestic financial institutions); minus, gross short-term reserve-related liabilities, minus, foreign currency deposits of commercial banks at the BRH (*Dépôts à vue en dollars U.S. et en Euros des BCM à la BRH, and the CAM transfer*); all from Table 10R (Table 3).

[4] This page on the IMF website provides a tool to calculate the grant element of a wide range of financial packages: http://www.imf.org/external/np/pdr/conc/calculator/

[5] See the *Balance of Payments Manual*, http://www.imf.org/external/pubs/ft/bop/2007/bopman6.htm and the *Guideline for a Data Template*, http://www.imf.org/external/np/sta/ir/IRProcessWeb/pdf/guide2013.pdf.

Table 3: Net International Reserves BRH, End-September 2014 1/

(In millions of U.S. dollars)

A. Gross Foreign Exchange Reserves	1,913.7
B. Gross Liabilities	290.7
C. Net Foreign Assets (=A-B)	**1,623.0**
D. FX deposits of commercial banks and CAM transfer at the BRH	731.3
E. SDR allocation (liability)	118.7
J. NIR (=C-D+E)	**1,010.4**

Source: Haitian authorities; and Fund staff estimates.

1/ Figures are preliminary.

24. **Monetary Base.** It is defined, for the purpose of the ECF, as the stock of currency in circulation outside commercial banks; plus, Gourde sight deposits of commercial banks (*Dépôts a vue en gourdes des BCM a la BRH*); plus, cash-in-vault of commercial banks (*Encaisses des BCM*), all from Table 10R.

25. **Net Domestic Assets (NDA) of the BRH.** It is defined as the stock of currency in circulation (see paragraph 24); minus, NIR (in U.S. dollars, paragraph 23) converted into Gourdes at the program exchange rate (paragraph 21).

Quantitative Performance Criteria (QPCs)

26. The QPCs for 2015-16 include ceilings on: the change in net BRH credit to the NFPS (paragraph 7); the change in the NDA of the BRH (paragraph 25); the change in NDF of the CG (paragraph 10); and, the deficit of the NFPS (paragraph 13). They also include a zero ceiling for accumulation of arrears on external public debt, to be evaluated continuously; a zero ceiling on the new contracting or guaranteeing by the public sector of non-concessional external debt; and a floor on the change in the NIR of the BRH.

27. The government undertakes not to contract or guarantee any non-concessional external debt beyond the ceilings identified in MEFP Table 1. These performance criteria apply to external debt as defined in paragraphs 16 and 19, with concessionality being defined in paragraph 18. This QPC also applies to any private debt guaranteed by the government that constitutes a contingent government liability as defined in paragraph 17. Excluded from the ceiling are short-term import-related credits, rescheduling arrangements, borrowing from the Fund, non-resident purchases of treasury bills, and gourde-denominated BRH bills that are indexed to the exchange rate. This commitment is a performance criterion, to be observed continuously.

Adjustment

28. The ceilings on the change in net BRH credit to the NFPS, the change in the NDA of the BRH, the change in NDF of the CG, and the deficit of the NFPS will be adjusted upwards, and the floor on the change in the NIR of the BRH will be adjusted downwards, if budget support grants are lower than programmed, as shown in Table 2. This adjustor will be applied provided the deviations are temporary and only reflect delays in the disbursements of programmed, already identified, amounts.

The adjustor will not be applied if the deviations are not temporary. Staff and the authorities will consult with donors to determine whether any deviations (in the timing of disbursements and in amounts) can be considered temporary. Staff will consider that deviations are temporary if amounts are to be disbursed within the fiscal year, or during the first quarter of the following fiscal year, at the latest.

29. The ceiling on NDF of the CG will be adjusted upwards if NEF of the CG is lower than programmed, as shown in Table 1. This adjustment will be capped at US$10 million.

30. The deficit of the NFPS will be adjusted upwards, if NEF of the CG is higher than programmed, as shown in Table 1. This adjustment will be capped at US$20 million. If NEF of the CG is higher than programmed by more than US$20 million, NDF to the CG will be adjusted downwards by the difference between the additional external financing and US$20 million.

Indicative Targets (ITs) and Memorandum Items

31. The only IT in the program is a floor on poverty-reducing expenditures of the CG measured on a cumulative yearly basis. The quantitative performance criteria table will include, as memorandum, the cumulative change in the stock of GIR.

Prior Actions (PAs)

32. Adoption of a revised budget for the central government for FY2015. The government will adopt a revised budget consistent with a deficit for the NFPS of at most G13.5 billion.

33. Adoption of a revised budget for EDH for FY2015. The Board of EDH will adopt a revised budget for FY2015 will be consistent with savings of at least G3.4 billion during FY2015.

34. Adoption of an automatic price mechanism for refined oil products (i.e., gasoline 95, diesel, and kerosene products). The prior action will be the publication (in the official gazette or a newspaper of large circulation) of *Circulaire interministeriel portant application d'une décision adoptée par le Premier Ministre* (the "Circular") stating the following elements (i) the law of 1995 establishing the automatic price mechanism will be applied from end-June 2015 at the latest; (ii) beginning from end-June 2015, after each shipment, the Ministry of Finance (MEF) will publish (in a newspaper of large circulation) the theoretical price structure for each product, the price structure in application, and the theoretical value for stock of the stabilization margin; and (iii) the application of points (i) and (ii) above will begin before end-June 2015 if the value of the stabilization margin decreases below G -1 billion (minus G 1 billion); in such a case, pump prices will be increased so the value of the stabilization margin never decreases below G -1 billion. The same criterion will apply from end-June 2015 onwards: pump prices will be adjusted upwards so to avoid at all times that the value of the stabilization margin decreases below G -1 billion. In case the value of the stabilization margin surpasses G 1 billion (plus G 1 billion), pump prices could be adjusted downwards. The theoretical value of the stabilization margin at mid-March 2015 was minus G 27 million as of March 2015 (Table 4). The authorities will share with Fund

Table 4. Accumulation of Stabilization Fund as of March, 2015
(January-March, in millions of gourdes)

Gasoline 95	Diesel	Kerosene	Total
30	-66	9	-27

Sources: Haitian Authorities; and IMF staff calculations.

staff the effective import prices, and commit to revise the price structure to include effective import prices instead of "Caribbean posting" quotations as soon as possible.

35. Treasury Single Account (TSA) and accounting centers. As part of the transformation of current accounts opened with BRH in the name of the central administration into sub-accounts, the MEF and the BRH signed a protocol (in December 2014) to advance this process with minimum delay. Prior actions related with the implementation of this protocol include: (i) The Treasury will send to the BRH the technical specifications to be developed and the BRH will produce a pilot IT solution for accounting centers under "Economic Sector I" (its generalization to all accounting centers will be made in stages); (ii) The MEF and BRH will regroup government accounts at the BRH, with a view of identifying dormant accounts that will be closed and accounts that will be transformed in TSA sub-accounts. The MEF will analyze the government accounts that are still open in commercial banks (state-owned and private) with a view of closing them or passing them under MEF control.[6] Prior actions associated with the decision by the MEF adopted on December 18, 2014 include: (i) the MEF will ensure that all accounts open at the BRH and the BNC (*Banque Nationale de Crédit*) are under the control of a public accountant; and (ii) the BRH will allow the public accountants access to the accounts that are under their respective responsibility. The prior action associated with a memorandum of understanding signed in March 2015 between the BRH and BNC includes: (i) tax revenues collected by the BNC on behalf of the Tax department (DGI) and the customs department (AGD) will begin to be transferred to the central treasury account within 48 hours. The prior action related with the implementation of accounting centers includes: (i) five new accounting centers will be installed, namely Accounting Center Economic Sector III; Accounting Center Economic Sector IV; Accounting Center Political Sector I; Accounting Center Political Sector II; and Central Accounting Center.

Structural Benchmarks (SBs)

36. Automatic Fuel Price Adjustment Mechanism. The implementation of the automatic price mechanism as discussed in paragraph 34 will be a structural benchmark to be observed continuously. The automatic fuel price adjustment mechanism will begin implementation by end-June 2015, at the latest, unless the stabilization margin decreases below G -1 billion, as explained in paragraph 34. In such a case, pump prices will be adjusted upwards so the stabilization margin is at all times above G -1 billion. Implementation of the mechanism will be monitored through the calculation of the value for the stock of the stabilization margin (on a monthly basis) as described in paragraph 34.

37. Payment of unpaid off-budget CG commitments. If at any point during the life of the program, unpaid off-budget expenditures give rise to claims on the central government, the ministry of finance, before recognizing them as debts, will (i) analyze the supporting documentation to establish the appropriateness of their nature (as effective public spending); (ii) before such commitments are cleared, they will be incorporated in the budget, through a revision. This structural

[6] This is in line with the objective to consolidate all accounts opened with BRH and BNC, entailing the reduction of the number of sub-accounts to 3 by ministry (all entities): 2 sub-accounts for current and investment expenditure and one sub-account for own revenues, and the closing inactive accounts.

benchmark will be observed continuously. Monitoring of this structural benchmark will require the Ministry of Finance to report to IMF staff (on a monthly basis) the stock and composition of off-budget CG commitments that arrive at the Treasury.

38. Signature of protocol for the reform of EDH. The Prime Minister, the Minister of Public Works, the Minister of Finance, EDH, and other stakeholders will sign a protocol (by end-June 2015, at the latest) that lays out the obligations of different stakeholders in achieving the targeted improvement in the sector's performance. The protocol will include provisions with respect the revision of electricity tariffs, penalties for non-payment, the elimination of cross-arrears, the review of contracts with IPPs, and the increase in transparency, in particular through the finalization of an audit of EDH, as well as better data production and diffusion to allow for better monitoring.

39. Establish a working group for strengthening tax policy. The government will establish a working group (under the reform unit) by end-July 2015 for drafting the tax code that will put all tax laws into a general tax code and to eliminate a large number of small taxes ("taxes de nuisance") with low yield and high administrative costs. The working group will produce the preliminary draft by end-July 2016.

40. Strengthening the medium taxpayers' office (MTO). The large taxpayers' office (LTO) as well as local tax offices will complete the transfer of all medium-size tax payer files to the MTO. These actions will be completed by end-August 2015.

41. NFPS Deficit for FY2016. The Central Government and EDH will adopt budgets for FY2016 consistent with a deficit for the NFPS of 2.3 percent of GDP in line with the program. These actions will be completed by end-September 2015.

42. Establishment of remaining accounting centers. To ensure rapidity and efficiency of controls on the implementation of investment projects, accounting centers 1 and 2 of the economic sector were split into four accounting centers (Accounting Centers Economic Sector –ACES I, II, III, and IV). All established accounting centers are operational since the first half of FY2014. As part of the strengthening of management capabilities, a training plan for public accountants and budget administrators is planned for the month of April 2015. The authorities will implement an interfacing the information systems of revenues collection (TAX-solution and SYDONIA) with the accounting system (GL) in line with the already established timetable. The plan to set up other accounting centers continues in line with the already established timetable. This action will be completed by end-September 2015.

43. Establishing a modern cadastre and property rights system. The government has established an inter-ministerial commission on land management. With donor assistance, the commission is conducting an inventory of the cadastre on a pilot basis in a number of municipalities. The commission will transmit an action plan for FY2016-FY2017 to strengthen the legal framework and functioning of the cadastre in Haiti by no later than end-February 2016.

44. Audit of 200 largest EDH active clients. In line with the agreed protocol, EDH will, before end-March 2016, complete the audit of the 200 largest clients, and have a first analysis of EDH tariff determination and penalties for non-payment, and updated action plan for FY2016–FY2018.

45. Implement a program to ensure compliance of importers with an annual turnover above G10 million but who are not currently covered by LTO/MTO (End-April 2016). On a regular basis, the Customs Department (AGD) will communicate to the Tax Department (DGI) information on import activities generated by ASYCUDA so that the DGI can identify new large taxpayers and ensure that they are properly covered by tax administration.

46. Information concerning the implementation of measures constituting structural benchmarks will be reported to the IMF staff no later than two weeks after their scheduled implementation date.

Data Provision for Program Monitoring

47. To facilitate program monitoring, the government will report the information indicated in electronic format in the following summary table to IMF staff (Table 5).

Table 5. Summary of Reporting Requirements

Sector	Type of Data	Frequency	Reporting Deadline
Real Sector	National Accounts	Annual	Year-end + 3 months
	Quarterly Economic Indicators (Conjoncture Economique)	Quarterly	Quarter-End + 2 months
	Consumer Price Index Breakdowns	Monthly	Month-End + 3 weeks
Public Finance	Fiscal Revenues (internal, external, other)	Weekly	Week-end + 1 week (4 weeks final data)
	Expenditures on Cash Basis (wages and salaries, goods and services, external debt, current accounts)	Weekly	Week-end + 1 week (4 weeks final data)
	Central Government TOFE (Tableau des Operations Financières de l'Etat)	Montly	Month-end + 2 weeks
	Table on Current Accounts (Balance des Comptes Courants et de Fonctionment des Projets)	Montly	Month-end + one month
	Table Underlying TOFE, which enables the determination of checks in circulation and balance on invesmtent project accounts	Montly	Month-end + one month
	Report of Revenue Collection of DGI (Rapport d'activités)	Monthly	Month-end + one month
	Tables of revenue collection of AGD (Indicateurs d'activités aux ports, Rapport analytique des perceptions douanières à l'importation)	Monthly	Month-end + one month
	Balance of BMPAD accounts, including (i) financing under the Petrocaribe agreement by shipment and terms therof; (ii) transfers to project accounts; (ii) transfers to IPPs; and (iv) transfers to EDH.	Monthly	Month-end + one month
	Balance of PetroCaribe/ALBA-related deposits at commercial banks and the BRH, in gourdes and in foreign currency.	Monthly	Month-end + one month
	Report on Poverty-Reducing Expenditures	Quarterly	30-day lag (final data)
	Table on the implementation of the PSUGO program	Quarterly	30-day lag (final data)
	Tableau de Bord of the the state electricity utility EDH showing monthly information on the production of electricity, making explicit the composition of production by IPP, EDH, and by region	Monthly	30-day lag (final data)
	Information of any off-budget claims presented for payment	Monthly	Month-end + one month
	Stock of unpaid off-budget CG commitments.	Monthly	Month-end + one month
	Data on all fuel shipments per product giving the CIF import price, the full price structure (including "marge de stabilization") and import and consumption quantities. Data on actual collections for each month with a decomposition per product and tax type.	Monthly	Month-end + one week
	Balance of the stock of the Stabilization Fund for fuel products	Monthly	Month-end + one week
Monetary and Financial Data	Exchange Rate	Daily	Day-end + one day
	Monetary base and sources thereof under the program definition, broad definition (sens large), and currency in circulation.	Weekly	Week-end + one week
	Aide Memoire Table containing, inter alia: (i) Stock of BRH bonds; (ii) Deposits at commercial banks; (iii) credit to private sector (in gourdes and U.S. dollars; (iv) details of inflows and outflows of foreign exchange reserves including budget support received; (v) volume of FX transactions including BRH sales and purchases; (vi) gross and net international reserves; and (vii) net BRH credit to the central government and non-financial public sector.	Weekly	Week-end + one week
	Statistiques monétaires tables showing, inter alia, the balance sheet of the BRH (Table 10R) and the consolidated banking sector (Table 20R)	Monthly	Month-end + one month
	FMI Weekly Tables showing, inter alia, the average and weighted interest rates on gourde and U.S. dollar-denominated deposits and credit; and excess reserves in the banking system.	Monthly	Month-end + one month
	Information on the composition of gross reserves; based on the template provided by STA expert in March 2015.	Monthly	Month-end + one month
	Banking supervision statistics and financial indicators on commerical banks	Quarterly	Quarter-end + one month
	The calendar and planned placements of BRH bills including to banks and non banks, including in gourdes and in dollar indexed bonds	Quarterly	Quarter-end + one month
	Audited Financial Statements of the BRH	Yearly	Year-end + three months
Balance of Payments	Balance of Payments	Quarterly	Quarter-end + one month
	Revised Balance of Payments	Quarterly	3 months after original submission
	BRH FX cash flow table (Tableau de tresorerie de devises); quarterly projections through end of fiscal year.	Quarterly	Quarter-end + one month
External Debt	External debt report (Rapport Dette Externe) prepared by the BRH showing monthly disbursements; debt service, debt forgiveness and rescheduling, arrears, and debt stocks.	Monthly	Month-end + one month
	Details on any nonconcessional external public debt and debt guaranteed by the government, including those excluded from the ceiling as described in paragraph xx.	Monthly	Month-end + one month
	Data on outstanding balances, accumulation, and repayment of external arrears will be forwarded within six weeks after the end of each month.	Monthly	Month-end + six weeks