



PRESS RELEASE

POUR DIFFUSION IMMÉDIATE

## IMF Executive Board Approves US\$41.6 Million Disbursement under the Rapid Credit Facility for Haiti

November 18, 2016

- The IMF Executive Board approved about US\$41.6 million for Haiti to help with urgent balance of payments needs in the aftermath of Hurricane Matthew
- The financial assistance is provided under the Rapid Credit Facility , which provides immediate financial assistance with limited conditionality to LICs
- The RCF carries a zero interest rate

The Executive Board of the International Monetary Fund (IMF) on November 18, 2016 approved SDR 30.7125 million (about US\$41.6 million) in financial assistance for the Republic of Haiti under the Rapid Credit Facility (RCF)<sup>1</sup> to help the authorities meet urgent balance of payments needs arising from the effects of Hurricane Matthew. The funds will be made available immediately.

The strong category 4 hurricane hit the country in early October, killing more than 500 people, displacing more than 175,000 into temporary shelters, and putting over 1.4 million in immediate need of humanitarian assistance. It caused widespread destruction of buildings and infrastructure in the southwestern *départements* of Grand Anse, Sud and Nippes. Preliminary estimates put the total damage and loss at US\$1.9 billion, about 23 percent of Haiti's GDP.

Following the Executive Board's discussion, Mr. Tao Zhang, Deputy Managing Director and Acting Chair, issued the following statement:

“The severe impact from Hurricane Matthew has plunged the country into a new humanitarian crisis even as Haiti is still recovering from the devastating 2010 earthquake, the lingering impact of a prolonged drought, and a sharp decline in external assistance. International relief efforts in response

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<sup>1</sup> The RCF (<http://www.imf.org/external/np/exr/facts/rcf.htm>) provides immediate financial assistance with limited conditionality to low-income countries with an urgent balance of payments need. In this context, the economic policies of a member receiving RCF financing are expected to address the underlying balance of payments difficulties and support policy objectives including macroeconomic stability and poverty reduction. Financing under the RCF carries a zero interest rate, has a grace period of 5.5 years, and a final maturity of 10 years. The Fund reviews the level of interest rates for all concessional facilities every two years.

to the hurricane will help Haiti respond quickly to the crisis. IMF financing through the Rapid Credit Facility will help meet urgent foreign exchange needs and ease the pressure on the balance of payments.

“Emergency relief and reconstruction costs will significantly raise the overall fiscal deficit and the increase in imports of goods and services will widen the external current account deficit over the next few years. While preparing for the large increase in spending that will be needed to support reconstruction, the authorities recognize the need to contain risks. In particular, they have affirmed their commitment to limit the non-hurricane budget deficit to approximately 2.3 percent of GDP in fiscal year 2016/17.

“While increased imports to support the rebuilding efforts will be partially financed by international reserves, gross reserves are anticipated to remain adequate, and the central bank will maintain exchange rate flexibility. To maintain the sustainability of public debt, the authorities have affirmed their intent to sustain prudent financing of the deficit, not enter into any non-concessional loan contracts during fiscal year 2016/17, and avoid the accumulation of public sector arrears.

“The authorities are committed to revising their strategy for growth and social protection to ensure that rebuilding and recovery efforts support the long-term goals of poverty reduction and stronger growth. The IMF will continue to play a key role in coordinating and catalyzing international support for Haiti’s reconstruction and development efforts. In this regard, mobilizing the assistance of the donor community will be crucial to achieving disaster recovery, as well as longer-term development objectives. The authorities intend to consult with the IMF in laying out a medium-term economic plan and ensuring sustainability of the balance of payments.”

## IMF Communications Department

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MEDIA RELATIONS

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