

HAITI

Table 1	2023
Population, million	11.7
GDP, current US\$ billion	20.8
GDP per capita, current US\$	1771.5
International poverty rate (\$2.15) ^a	29.2
Lower middle-income poverty rate (\$3.65) ^a	58.0
Upper middle-income poverty rate (\$6.85) ^a	85.8
Gini index ^a	41.1
Life expectancy at birth, years ^b	63.7
Total GHG emissions (mtCO2e)	11.0

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2012), 2017 PPPs.
b/ Most recent WDI value (2022).

GDP is expected to contract in 2024 amid gang violence and a protracted political and institutional crisis. Agriculture will be the most impacted sector. Persistent high food prices further compound the effects of declining agricultural sector productivity on the poor and vulnerable, making fighting poverty elusive. Additionally, the shutdown of schools due to insecurity has further eroded the stock of human capital, limiting social mobility and poverty reduction prospects.

Key conditions and challenges

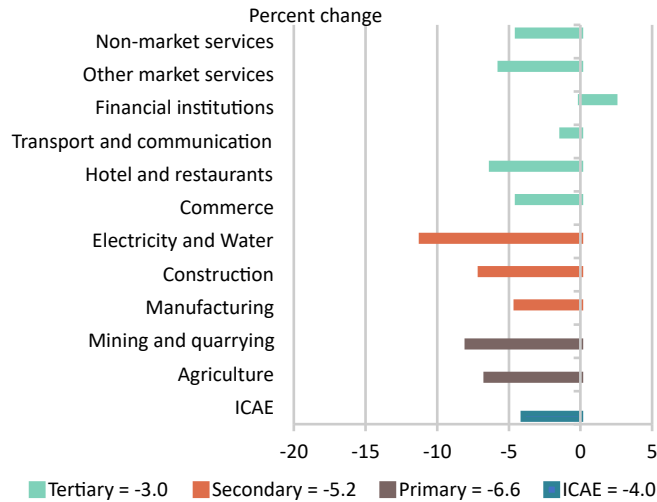
Deep structural challenges including state capture by vested interests, a non-enabling business environment, underinvestment in human capital, and deficient infrastructure, continue to hamper economic growth and poverty reduction. Underdeveloped financial markets and limited market contestability have contributed to a large informal economy, limiting domestic resource mobilization and fiscal space. Disaster risk management and response systems are inadequate to address vulnerability to natural hazards and climate change, which disproportionately impacts the poor. Haiti faces a deepening fragility trap, as structural challenges, institutional crisis, and persistent gang violence have compounded the poverty cycle. Living standards are estimated to have deteriorated, with 36.4 percent of Haitians living in extreme poverty (less than US\$2.15/day 2017 PPP) in 2024 (up from 29.9 percent in 2020).

Recent developments

An unresolved political crisis and escalating gang violence led to Prime Minister Ariel Henry's resignation in April 2024. A nine-member transitional presidential council and a new Prime Minister were installed to lead a government tasked with

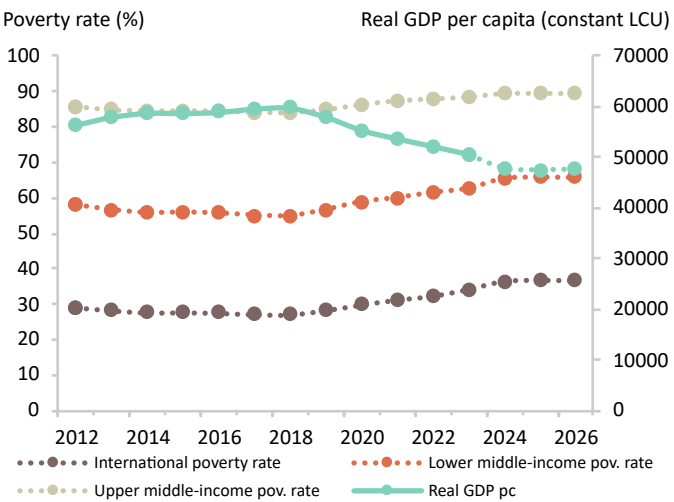
restoring security and organizing elections were installed. Political uncertainty and ongoing gang violence have depressed investor confidence, and the ICAE (a high-frequency index of economic activity) fell by 4.0 percent year-on-year (yoy) at end H12024. Agriculture contracted by 6.6 percent over the same period owing to low rainfall and violent gangs driving farmers off their land in the country's two largest producing areas, i.e. the departments of Artibonite (33 percent) and Ouest (19 percent), which are also the two most important electoral districts. In the industrial sector (-5.2 percent yoy), construction and electricity and water production registered their twentieth consecutive quarterly decline, weakening growth prospects. Manufacturing receded by 4.5 percent yoy as the textile sector, Haiti's main export sector and first formal private sector employer, started shedding jobs from a peak of around 60,000 in Q12022 to 32,084 in April 2024, owing to the deteriorating business environment. The service sector declined 3.0 percent yoy, with hospitality impacted most (-6.2 percent yoy). Externally, the current account deficit (CAD) narrowed to 0.2 percent of GDP in H12024 on higher remittance inflows and lower imports improving the trade balance. Sluggish economic activity led tax revenues to decline 3.0 percent in H1FY24. However, violence has impaired the implementation of capital expenditures, which declined by about two-thirds yoy and prompted a 5.0 percent drop in total expenditure, improving the fiscal position with a 0.3 percent of GDP primary surplus in H12024.

FIGURE 1 Haiti / Change in economic activity by sector, FY24 Q2 (y-o-y)



Sources: Haiti Statistical Office (IHSI) and World Bank staff calculations.

FIGURE 2 Haiti / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

CPI inflation declined from 31.9 percent at the end of 2023 to 28.3 percent by end-May 2024. However, food inflation has been rising (29.3 percent at end-2023 to 40.5 percent end-May 2024), driven by the combined effect of higher global cereal prices, low agricultural productivity, and supply chain disruption caused by violent gangs' blockages. As of June 2024, 50 percent of the population faced acute food insecurity, with the South, West, and North-East being the most affected departments.

The central bank (BRH) has maintained a restrictive monetary policy stance with sterilized forex interventions, bond sales, and unchanged policy rate at 11.5 percent since the 120 basis points hike in August 2022. For the first time in many years, monetary financing remained within statutory limits of 20 percent of previous fiscal year's tax revenues. This bodes well for BRH's objective of anchoring inflation expectations and favors exchange rate stability, with the gourde appreciating by 15.1 percent in H12024.

As per the Government's request, the World Bank, with support from other development partners, is leading a Rapid Crisis Impact Assessment (RCIA) to estimate the crisis' impact on the economy and the population to help develop a short-term Crisis Recovery Framework to transition

out of the crisis. The RCIA provides a platform for coordinated aid from the World Bank, United Nations, European Union, and Inter-American Development Bank, and alignment with broader international humanitarian, development, and security efforts.

Outlook

Private investment is expected to remain depressed amid persistent insecurity and private consumption is forecast to recede owing to weak agricultural wage income and persistent inflation. All sectors of the economy are expected to decline, triggering a 4.2 percent GDP contraction in 2024. Modest GDP growth is expected in 2025 and 2026, assuming improvements in political stability and security ahead of expected elections before the end of 2025. Albeit growth is stabilizing, poverty is expected to remain elevated, with 36.6 percent of the population projected to live on less than US\$2.15/day 2017 PPP in 2026.

The CAD is forecast to narrow due to declining imports and increasing remittance inflows. It is expected to widen modestly over the medium term to

around 1.0 percent of GDP as pent-up investment demand increases imports.

The restrictive monetary policy stance, albeit with limited effectiveness because of high dollarization (55 percent in H12024), is expected to further strengthen the gourde and support price stability. Inflation is forecast to average 26.1 percent over 2024. Despite an expected decline in tax revenue, the fiscal deficit should narrow from 2.3 percent of GDP in FY23 to 0.6 percent of GDP in 2024 owing to retrenchment of capex, containment of non-priority expenditures, and lower debt service thanks to debt cancellation from Venezuela. The debt relief will improve Haiti's debt indicators from 24.2 percent of GDP in 2023 to 15.2 percent in 2024.

The outlook is fraught with downside risks and depends heavily on an effective political transition and improvements in security. Prudent economic policies, supported by a credible budgetary framework and an appropriate mix of fiscal and monetary policy will remain key to reducing inflation, strengthening growth prospects, and fighting poverty. Long-term inclusive growth will require strengthening the business environment and the institutional framework for disaster risk management, including better preparedness and response systems.

TABLE 2 Haiti / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2020/21	2021/22	2022/23	2023/24e	2024/25f	2025/26f
Real GDP growth, at constant market prices	-1.8	-1.7	-1.9	-4.2	0.5	1.5
Private consumption	1.2	-0.7	0.1	-0.3	0.4	1.0
Government consumption	9.7	17.6	3.3	-15.1	57.6	9.2
Gross fixed capital investment	-28.8	-9.9	-17.6	-31.5	-74.8	52.9
Exports, goods and services	23.5	2.4	-9.6	-4.4	2.0	2.5
Imports, goods and services	2.3	4.9	-0.4	-3.1	6.0	5.5
Real GDP growth, at constant factor prices	-2.8	-1.8	-3.6	-4.2	0.5	1.5
Agriculture	-4.1	-4.5	-5.6	-4.5	1.0	2.5
Industry	-2.5	-0.4	-3.7	-4.0	1.5	2.0
Services	-2.5	-1.6	-3.0	-4.2	-0.2	1.0
Inflation (consumer price index)	15.9	27.6	44.2	26.1	30.6	14.7
Current account balance (% of GDP)	0.4	-2.4	-3.3	-0.2	-0.4	-2.0
Net foreign direct investment inflow (% of GDP)	0.2	0.2	0.1	0.2	0.2	0.2
Fiscal balance (% of GDP)	-2.7	-3.2	-2.3	-0.6	-2.5	-1.9
Revenues (% of GDP)	6.9	6.6	7.4	7.4	7.3	7.2
Debt (% of GDP)	28.4	27.6	24.2	15.2	16.5	17.1
Primary balance (% of GDP)	-2.4	-2.9	-2.0	-0.3	-2.2	-1.6
International poverty rate (\$2.15 in 2017 PPP)^{a,b}	31.3	32.3	34.2	36.3	36.8	36.5
Lower middle-income poverty rate (\$3.65 in 2017 PPP)^{a,b}	60.1	61.6	62.8	65.5	66.0	65.8
Upper middle-income poverty rate (\$6.85 in 2017 PPP)^{a,b}	87.5	88.0	88.6	89.6	89.7	89.6
GHG emissions growth (mtCO₂e)	0.4	0.5	-0.4	-0.4	1.0	1.5
Energy related GHG emissions (% of total)	35.5	35.0	34.0	33.1	32.7	32.5

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

Notes: e = estimate, f = forecast.

a/ Calculations using 2012-ECVMAS. Actual data: 2012. Nowcast: 2013-2023. Forecasts are from 2024 to 2026.

b/ Projection using neutral distribution (2012) with pass-through = 0.87 (Med (0.87)) based on GDP per capita in constant LCU.