HAITI

Table 1	2023
Population, million	11.7
GDP, current US$ billion	19.9
GDP per capita, current US$	1694.1
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]	63.2
Total GHG emissions (mtCO2e)	11.3

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2012), 2017 PPPs.
b/ Most recent WDI value (2021).

The political crisis and increasing gang violence continue to impact economic activity, with Haiti experiencing another year of negative growth in FY23. Haiti has one of the highest levels of food insecurity in the world, tripling the number of food-insecure people since 2016. Inflation remains high but is decelerating as monetary policy tightens and global price pressures ease. Despite significant job losses in the textile sector, remittances remain buoyant, supporting household consumption levels.

Key conditions and challenges

Haiti's economy has been hindered by deep structural challenges, including a weak business environment and inadequate public services, with limited job growth, a large share of unskilled workers, and few employment opportunities. The small industrial base related to textiles, apparel, and light manufacturing, relies heavily on imports and suffers from weak institutions. Growth has been hampered by a persistent political crisis and escalating gang violence, further eroding the already low human capital and institutional capacity and Haiti has become highly unsafe. Though gang violence manifests mainly in Port au Prince, it has spread to other parts of the country.

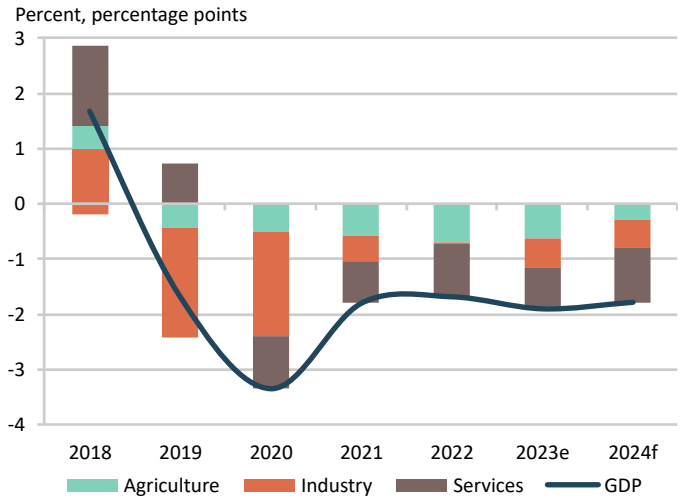
Haiti is vulnerable to natural hazard shocks, which are compounded by inadequate disaster risk management and response systems, leaving the country poorly equipped to handle the impacts of climate change. Issues such as widespread deforestation, watershed degradation, inadequate land use practices, limited infrastructure, unmaintained drainage infrastructure, and inadequate waste management, make Haiti extremely sensitive to natural hazards, which further exacerbates food insecurity and intensifies disease outbreaks.

Inflation is declining, yet food prices remain elevated, disproportionately affecting the poorest households. To sustain the downward inflation trajectory, it is crucial to tackle the persistent fiscal challenges arising from low tax revenue collection and to curtail monetary financing of the budget.

Recent developments

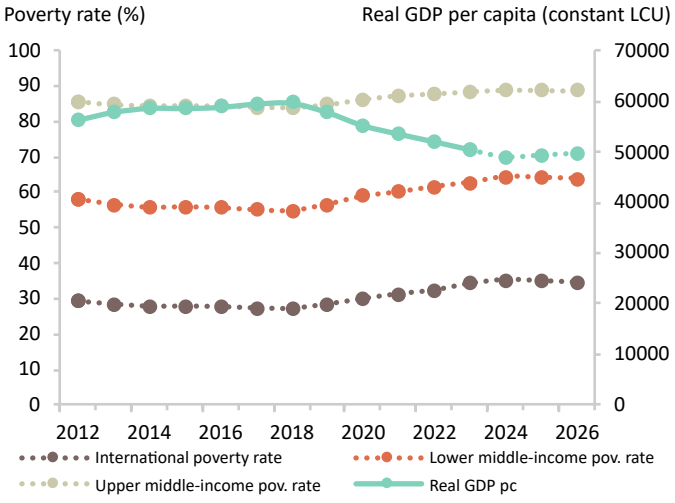
GDP continues to fall, due to heightened insecurity that affects all sectors. The agricultural sector, which employs over 40 percent of the labor force, registered the largest decline (-5.6 percent), contributing to increased poverty and food insecurity, as many poor households depend on agriculture for their livelihood. Enhancing agricultural productivity is therefore a critical policy focus to foster inclusive growth and improve equity. The textile sector, the largest formal private-sector employer, lost about 26,000 jobs (nearly half of the 56,000) in FY23, as two large textile/apparel operations closed and others had operations disrupted. In the current context where economic opportunities are scarce and social safety nets limited, job losses have driven many of these workers and their families into poverty. The poverty rate in FY23 was estimated at 63 percent ($3.65 per day). Other sectors, such as construction, electricity, water, and transport have also seen significant declines. The services sector contracted by 2.9 percent, with the hospitality industry most affected. On the demand side, both public and private investments have collapsed due to the high level of insecurity and uncertainty, and government spending remains muted.

FIGURE 1 Haiti / Real GDP growth and sectoral contributions to real GDP growth, supply side



Source: World Bank staff calculations.

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



Source: World Bank. Notes: see Table 2.

Consumption remains relatively buoyant, supported by remittances, which remain strong. However, the disruption to imports and transportation by gangs undermines access to food and essential goods.

Tax revenue collection improved in FY23, thanks to tighter customs control and increased oil tax revenue. However, the tax-to-GDP ratio remains low at 6.3 percent. Efforts to reduce energy subsidies and limit capital spending have improved the fiscal position, lowering financing needs. The fiscal deficit narrowed to 2.3 percent of GDP in FY23 from 3.2 percent in FY22. Consequently, central bank (BRH) monetary financing of the deficit declined but continued to exceed statutory limits. Inflation decelerated during the second half of FY23 but remained high at 44.2 percent in FY23 due to continued monetization of the deficit, low agricultural productivity, and gang-related disruptions that hinder the transport of goods, affecting poor and vulnerable households the most. As of June 2023, an estimated 49 percent of Haiti's population was facing acute food insecurity.

The exchange rate depreciated by 13.7 percent in FY23, following a 16.4 percent depreciation in FY22, though it has appreciated marginally over recent months.

In the external sector, exports declined more rapidly than imports, principally due to the downturn in the textile industry. Remittances remained strong at 18.9 percent of GDP, a slight decrease compared with FY22. Overall, the current account deficit widened to 3.4 percent of GDP.

Outlook

Haiti will experience another year of negative growth in FY24 (-1.8 percent) due to heightened insecurity, though the growth path remains highly uncertain and dependent on security improvements and political developments. Public and private investments are expected to continue to fall significantly in this insecure environment from already low levels. Private consumption should remain stable, supported by decelerating inflation and strong remittances. With negative real growth, per capita GDP is projected to further decline in FY24 (-3.0 percent), leading to an increase in poverty rates to over 64 percent ($3.65 per day).

The anticipated decline in energy subsidies, creating additional fiscal space, should help narrow the fiscal deficit to 1.4 percent of GDP in FY24. Fiscal consolidation efforts are expected to continue over the medium term, and with revenue increases, the fiscal deficit should fall to near 1.0 percent of GDP.

Despite a decrease in global price pressures, persistent high fuel and food prices, along with low agricultural productivity will keep inflation high at 27 percent in FY24 and 20 percent in FY25. The ongoing erosion of household purchasing power and the sustained economic downturn are expected to exacerbate poverty and food insecurity. Challenges in the export sector, lower imports, and high remittances, are projected to result in a modest current account deficit.

Haiti is facing a severe crisis and the inability to achieve a resolution carries large downside risks. Addressing the security situation and bringing inflation under control by reducing monetary financing of the fiscal deficit are key for macroeconomic stability, growth, and poverty reduction. Reducing disaster risks by strengthening the institutional framework and response system is also essential for inclusive growth as the risk of natural disasters is high.

TABLE 2 **Haiti** / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2020/21	2021/22	2022/23e	2023/24f	2024/25f	2025/26f
Real GDP growth, at constant market prices	-1.8	-1.7	-1.9	-1.8	1.9	2.0
Private consumption	1.2	-0.7	0.1	0.0	0.7	0.6
Government consumption	9.7	17.6	3.3	27.5	15.0	15.1
Gross fixed capital investment	-28.8	-9.9	-17.6	-53.0	16.5	12.3
Exports, goods and services	23.5	2.4	-9.6	-5.4	1.5	2.1
Imports, goods and services	2.3	4.9	-0.4	1.6	5.5	5.5
Real GDP growth, at constant factor prices	-2.8	-1.8	-3.6	-1.9	1.9	2.1
Agriculture	-4.1	-4.5	-5.6	-1.0	1.5	2.0
Industry	-2.5	-0.4	-3.8	-2.2	2.0	1.5
Services	-2.5	-1.6	-2.9	-2.1	2.0	2.4
Inflation (consumer price index)	15.9	27.6	44.2	27.1	20.0	11.5
Current account balance (% of GDP)	0.4	-2.4	-3.4	-3.6	-4.2	-3.7
Net foreign direct investment inflow (% of GDP)	0.2	0.2	0.1	0.2	0.2	0.2
Fiscal balance (% of GDP)	-2.5	-3.2	-2.3	-1.4	-1.4	-1.0
Revenues (% of GDP)	6.9	6.6	8.0	8.0	7.8	7.8
Debt (% of GDP)	28.4	27.6	30.2	30.0	26.5	22.7
Primary balance (% of GDP)	-2.2	-2.9	-2.0	-1.1	-1.1	-0.8
International poverty rate ($2.15 in 2017 PPP)[a,b]	31.3	32.3	34.2	35.3	34.9	34.6
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	60.1	61.6	62.8	64.4	64.1	63.9
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	87.5	88.0	88.6	89.1	89.0	88.8
GHG emissions growth (mtCO2e)	3.5	0.3	-0.6	0.6	1.4	1.5
Energy related GHG emissions (% of total)	37.6	37.1	36.1	35.7	35.7	35.7

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 based on 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.