



Project Proposal for

Haiti

January 2025

Component: Revenue

Module: RM I – Tax Policy



PROJECT SUMMARY

COUNTRY:	Haiti	
LEAD DEPARTMENT:	FAD	
REGION:	WHD	
PLANNED DATES:	FY26/28	
FUNDING PROGRAM TITLE:	Haiti – GPFP Revenue Module I&II	
PROJECT MANAGERS:	Ramarozatovo, Anthony (Revenue Administration, FADR2, Lead) Seydou Coulibaly (Tax Policy, FADT2)	
ESTIMATED BUDGET	\$ 90,566	
PROJECT AMENDMENTS:	PURPOSE	SC APPROVAL
AMENDMENT 1	To add the tax policy component to the existing GPFP project (comprising revenue administration module) to support the new fiscal code implementation laws and short-term tax policy measures in Haiti.	January 2025

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I. PROJECT PURPOSE

Country request and relevance/importance

The authorities of Haiti have encountered challenges in implementing the new tax code and will require further support. Moreover, the deep crisis requires support in ad hoc measures to secure revenues. The fragility of Haiti's economic and security situation caused a 32.5 percent decline in tax revenue between early 2023 and 2024, with a 76 percent drop in March 2024 alone. Revenue mobilization was identified as a priority in the Staff-Monitored Program (SMP), which was extended through September 2024 by IMF management in December 2023. Authorities have requested a new SMP spanning December 2024 through September 2025, to support the government's efforts to strengthen domestic revenue mobilization. Although a new tax code was adopted in December 2022, its implementation has been delayed until October 2025 amidst a major political and economic crisis to advance the preparedness of the tax administration and to take into consideration the concerns raised by private sector about the efficiency of the new tax code. Planned reforms include rationalizing tax exemptions, enhancing property tax collection, and combating tax evasion.

Description of Module

The tax policy module of the revenue component will focus on revenue mobilization through enhanced tax policy modernization. The tax policy module will support improving tax policy design and strengthening the authorities' capacity in tax policy formulation and analysis. It will include the following capacity development (CD) activities: (i) support in implementing—including in secondary legislation—and adapting as needed the new fiscal code; and (ii) identifying, as needed, ad hoc measures to raise revenues.

The estimated budget for this project is \$90,566, and endorsement is requested for the full amount through FY27.

II. BACKGROUND

Macro-fiscal situation

Macroeconomic conditions in Haiti remain challenging, with the country experiencing five consecutive years of negative growth. Real GDP declined by 1.9 percent in FY2023, ending in September, due to major disruptions in production, exports, and the distribution of goods and services (including energy) in local markets. Security-related supply shocks have intensified inflationary pressures and deepened the hunger crisis. Following 10 months of steady decline, inflation began rising again in February 2024, reaching 29.3 percent year-on-year by August. Economic activity further deteriorated between March and May 2024, with the Port-au-Prince airport closed and port operations at minimal capacity, leaving the economy struggling to recover with a low tax-to-GDP ratio (6 percent). A new government took office in June 2024, with a mandate to restore security, support economic growth, and prepare for general elections scheduled for February 2026—the first since 2016.

Country engagement and alignment to reform priorities

Revenue mobilization was identified as a priority in the SMP, which was extended through September 2024 by IMF management in December 2023. A new tax code was adopted in December 2022 but is still awaiting implementation.

The proposed project is aligned with the CD priorities of the IMF Country Engagement Strategy for Haiti. They aim at (i) supporting the elaboration of the new tax code; and (ii) supporting the design of tax regulations related to the implementation of the new tax code.

IMF priority areas / cross-cutting themes

The project will have contributions across several IMF priority areas. While focusing on strengthening revenue mobilization, it will help the country achieve other important goals, including digitalization, social and gender inclusion, and climate mitigation.

III. PROJECT MODULES - DESCRIPTION

This proposal will provide CD support to Haiti in tax policy. CD from the IMF's Fiscal Affairs Department (FAD) CD will support improvements within the strategic objectives presented in Table 1.

Table 1. Summary of Objectives covered by the Proposal

Component	Module	Objective
Revenue	RM I / Tax Policy	- Strengthen Policy Monitoring, Evaluation and Institutions - Improve Tax Policy Design

A. RM I – Tax Policy

Scope

This project is focused on revenue mobilization through enhanced tax policy and modernization of tax administration. The tax policy module will focus on improving tax policy design and strengthening the authorities' capacity in tax policy formulation and analysis. It will include the following CD activities:

(i) support in implementing—including in secondary legislation—and adapting as needed the new fiscal code; (ii) and identifying, as needed, ad hoc measures to raise revenues.

Program Objectives

The tax policy module will help authorities raise revenue from the very low tax-to-GDP ratio (6 percent). This will be achieved both through supporting the implementation of the delayed new fiscal code and, as needed, ad hoc measures to boost revenues. This support will need to address further pressure from the business community for tax exemptions and relatively lax anti-avoidance measures.

Expected Results (outcomes)

The project will support authorities in identifying and prioritizing tax policy reforms through analysis and capacity building. The expected outcomes include the following:

- Adoption of legislative amendments aligned with our recommendations.
- Increased tax revenue mobilization which is crucial for financing the economic recovery and financing the transition to the Presidential elections in 2026.
- Greater coherence within the tax policy framework to ensure efficient achievement of public policy goals.
- A fairer tax system, enhancing both horizontal and vertical equity.

IV. ORGANIZATIONAL ARRANGEMENTS

A. Country Engagement

Haiti benefited from extensive CD support from IMF headquarters. Over the past few years, the CD activities covering tax policy areas have focused on the drafting of the new tax code and its implementations laws. The authorities have always collaborated effectively with the CD missions, and they appreciate the Fund's responsiveness and availability to deliver high quality CD in-person or remotely upon request. Nevertheless, given the difficult political and economic situation, the adoption of the new fiscal code had to be postponed. The authorities consider that IMF CD support is crucial to finalize the implementation of the new tax code.

B. Delivery Modalities

The CD delivery will generally take place in-person, with complementary remote activities, such as preparatory and follow-up meetings. As long travel to Haiti remains impossible for security reasons, missions will take place in a neighboring country. The following CD activities will be delivered as a package:

- **Headquarters-led (HQ) missions and staff visits** to provide strategic recommendations, conduct regular follow-ups, assess progress, ensure short-term expert (STX) work is aligned to plans, coordinate with other CD providers, and adjust reform implementation plans.
- **STX visits** to help implement the recommendations delivered by the HQ missions; a limited number of STXs will be assigned to provide specialized assistance in specific areas of tax policy. The project will seek to use French-speaking experts.

C. Coordination / Cooperation

Partner	Coordination Type	Coordination Area	Frequency
IMF Area Department country team	Support SMP benchmarks, CD design and delivery,	Ministry of Finance, Tax administration;	Continuous
World Bank, United States Agency for International Development, European Union, Expertise France, Inter-American Development Bank, Inter-American Center of Tax Administration	Exchange information / agree on areas to be covered by each donor	Tax policy	Quarterly, annual

V. RISK ASSESSMENT AND MITIGATION

Category/Module	Description	Risk Assessment	Mitigation Measures
EXTERNAL CLIMATE/CONDITIONS			
RM I - Tax Policy	World Economy, global geopolitical tensions, Security and/or political instability in the region.	Medium	Focus on strategic advice and hands-on capacity building to have a more permanent impact. Incorporate authorities' priorities into our work program and maintain flexibility in executing the workplan.
POLITICAL SUPPORT			
RM I - Tax Policy	Lack of political support for reforms inhibits resources being allocated that are needed to enhance the performance and restore the credibility of the tax and customs administration.	High	Engage regularly with the Minister of Finance to ensure ownership of reforms. Ensure CD on revenue is focused on the SMP program and engage with the IMF's area department country team to align structural benchmarks with CD recommendations.
MANAGEMENT AND TECHNICAL STAFF SUPPORT AND COMMITMENT			
RM I - Tax Policy	Weak leadership and lack of capacities combined with low absorptive capacity.	High	Encourage authorities to implement human resource policy reforms and a sound training plan. Continuous/regular high-level engagement and monitoring.
RESOURCE ADEQUACY			
RM I - Tax Policy	Insufficient technical capacity and human resources necessary to implement reforms are limited. Limited operating resources and working conditions not adapted.	High	Ensure CD plans include sufficient training and sequence CD and reform proposals to align with country capacity. Engage regularly with the Minister to ensure ownership of reforms. Offer complementary CD in the form of follow-up engagements or support in legal drafting. Coordinate closely with the revenue administration division
OTHER RISKS			
RM I - Tax Policy	Other development partners may be involved in Haiti's new fiscal code reform program leading to possible CD overlaps.	Low	Take an active role in engaging with other donors to ensure support is well coordinated.

VI. CD DELIVERY PLAN

Table 2. Summary of Indicative CD Delivery

CD Modalities (Remote or Field-based CD)	FY25	FY26	FY27	FY28	FY29	Grand Total
RM I – Tax Policy						
HQ led CD mission	-	1	1	1	-	3
STX visits	-	-	1	-	-	1

Note:

- In-person delivery was chosen in all instances because of low capacity, authorities' preferences for such a modality, and the need to build and maintain relationships.
- Collectively, the blend of CD delivery proposed over the duration of this project/program reflects the optimal balance of in-person, remote, and hybrid activities needed to achieve the project/program outcomes taking into account the needs of the country and the resources available.

Table 3. First year workplan

Timing	CD Modality	Proposed Topics of CD
RM II - Revenue Administration		
Q4/FY25	Field-Based work - FB	Tax: Ad hoc revenue-raising measures, key steps to make progress toward tax code implementation
Q2/FY26	Field-Based work - FB	Tax: Follow up on the new tax code and its implementation laws
Q2/FY27	Field-Based work - FB	Follow up on personal income tax and corporate income tax reforms

VII. PROGRAM FINANCIALS

Module	FY 25	FY26	FY27	TOTAL (USD)
Direct Delivery				
RM I - Tax Policy	-	\$32,264	\$52,018	\$84,642
Subtotal				
Trust Fund Management Fee (7%)	-	\$2,284	\$3,641	\$5,925
TOTAL	-	\$34,907	\$55,659	\$90,566

Note: The estimated budget for this project is \$90,566. Endorsement is requested for the full amount through FY27. Endorsement for future plans will be requested at a later date as funding for the program is secured and reform plans gain traction.

VIII. TARGETED LOGICAL FRAMEWORK

A. RM II - Tax Policy

Objective	
Strengthen Policy Monitoring, Evaluation, and Institutions - TPM	
Outcome(s)	Indicator(s)
Improved structures (e.g., tax policy units) or capacity (e.g., models and tools) related to tax policy advice and analysis.	Improved models to evaluate tax policy adopted
Objective	
Improve Tax Policy Design - TPD	
Outcome(s)	Indicator(s)
Increased/decreased revenue quantity	Revenue change
	Laws implementing amendments to raise revenues are passed
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	Adopt legislation that reduces economic distortions