HAITI

Pathways to Growth Amid Rising Risks

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Economic Policy

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Acknowledgements

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Abbreviations

ACLED	Armed Conflict Location and Event Data
ADIH	Association des Industries d'Haïti
BINUH	United Nations Integrated Office in Haiti
BRH	Banque de la République d'Haïti
CPI	Consumer Price Index
CPSD	Country Private Sector Diagnostic
DDR	Disarmament, Demobilization, and Reintegration
DGI	General Directorate of Taxes
EVI	Enhanced Vegetation Index
FCVs	Fragility, conflict and violence
FIES	Food Insecurity Experience Scale
GDP	Gross domestic product
GSF	Gang Suppression Force
HFPS	High-Frequency Phone Survey
HNP	Haitian National Police
IDB	Inter-American Development Bank
IDP	Internally displaced person
IHSI	Haitian Institute of Statistics and Informatics
ILO	International Labour Organization
IMF	International Monetary Fund
IPC	Integrated Food Security Phase Classification
JMP	Joint Monitoring Programme for Water Supply, Sanitation and Hygiene
LAC	Latin American and Caribbean
LICs	Low-income countries
MEF	Ministry of Economy and Finances
MINUSTAH	United Nations Stabilization Mission in Haiti
MSSM	Multinational Security Support Mission
NTL	Nighttime lights
ODA	Official development assistance
PFM	Public finance management
PPP	Purchasing power parity
PREPOC	Plan de Relance Économique Post-COVID
PSDH	Plan Stratégique de Développement d'Haïti
RCIA	Rapid Crisis Impact Assessment
SCD	Systematic Country Diagnostic
TFP	Total Factor Productivity
UCDP	Uppsala Conflict Data Program
WDI	World Development Indicators

Executive Summary

Introduction

Haiti faces a challenging pathway to economic recovery, with stronger near-term prospects in its northern and southern economic corridors. Gang violence had displaced a record 1.47 million people by May 2026, around 12 percent of the population, and armed groups control much of the capital and surrounding areas. The economy contracted for a seventh consecutive year in FY2025, deepening poverty. Yet outside the capital, economic activity remains resilient. Cap-Haïtien handles a growing share of maritime cargo, while industrial parks in the northern corridor sustain roughly 16,000 manufacturing jobs. Customs revenues are still collected, and the diaspora sent a record US$ 4.4 billion in remittances through formal channels in FY2025. This contrast between fragility in the capital region and resilience in the corridors defines both the risk and the opportunity that Haiti and its development partners must address.

The economic and security crisis remains severe, and its human cost continues to mount. The United Nations verified more than 5,915 violent deaths in 2025, the deadliest year on record, and at least 1,642 more in the first quarter of 2026. Disruptions to transport and logistics have fueled inflation, which remains above 20 percent. Many government operations have been pushed out of central Port-au-Prince, weakening tax collection and impairing service delivery. An estimated 5.7 million people, half the analyzed population, face acute food insecurity. The transition from the Multinational Security Support Mission (MSSM) to the larger UN-backed Gang Suppression Force (GSF), underway since April 2026, is the most consequential near-term variable for security and for the economy.

This report frames Haiti's medium-term growth prospects at a moment of rising risks. It updates recent economic developments through mid-2026, reviews Haiti's economic potential and constraints, and identifies pathways to recovery. The report builds on the December 2024 Rapid Crisis Impact Assessment (RCIA),[1] which helped to quantify losses resulting from Haiti's security and political crisis across each economic sector. This growth report also precedes a government-led development strategy which is being prepared with support from the same partners associated with the RCIA. It assesses current conditions and sets out high-level priorities for recovery, while the forthcoming medium-term growth and recovery strategy will translate these into detailed investment recommendations. Haiti's return to growth depends less on the design of its development model than on restoring security and a functioning state in the metropolitan area, where its economy and people remain concentrated, even as the more stable northern and southern corridors offer the clearest near-term opportunity.

Box ES.1. HaitiDocs: sharing the evidence base behind this report.

To make the evidence base for this report more widely available, HaitiDocs (www.haitidocs.org) has been established as an open platform with more than 600 publications on Haiti's economy, governance, and development, each with structured summaries and citations; a data portal of more than 40 curated indicator series from national and international sources, which powers the figures in this report; interactive maps of conflict, displacement, infrastructure, and services.

[1] The RCIA was supported by the World Bank, the Inter-American Development Bank, the European Union, and the United Nations under the leadership of the Ministry of Finance.

Recent Developments and Impacts of the Security and Political Crisis

Lingering political instability has given way to pervasive violence over the past seven years, and economic activity has contracted sharply. Businesses have closed, logistics operations have been interrupted, and the capacity of government institutions has been diminished. The FY2025 output shortfall relative to the 2018 pre-crisis forecast is equivalent to 46.5 percent of FY2025 GDP. Roughly 18.7 percentage points of this gap opened during the pandemic period and 27.7 percentage points during the 2021-25 period of rising insecurity. The contraction is visible in nighttime lights recorded by satellites, which decreased by about half between 2018 and 2025, with the decline being nearly universal across cities and departments; the most distinct exception is the northeastern border, around Ouanaminthe. Losses span every sector:

- **Agriculture:** Food insecurity remains at crisis levels. The latest Integrated Food Security Phase Classification (IPC) analysis estimates 5.7 million people, 50 percent of the analyzed population, in acute food insecurity (IPC Phase 3 or worse) between September 2025 and February 2026, with 5.9 million projected for March to June 2026. Agricultural output has contracted by a cumulative 25.7 percent since FY2018 as roadblocks, gang control of farmland in the Artibonite, and high input costs impaired production.
- **Industry:** Secondary-sector output has fallen by a cumulative 36.2 percent since FY2018, and apparel, the largest formal private employer, has shed more than half of its workforce since 2021, with losses concentrated in Port-au-Prince.
- **Services**: The services sector accounts for a large share of lost output: about 17 percent of FY2025 GDP since 2018, of which 12.4 points accrued during the 2021-25 insecurity period. This is reflective of the large share of services in the Haitian economy and the profound impacts of the security crisis on transportation, restaurants and hotels, and commerce, compounding the losses that began in the pandemic period.

A World Bank business pulse survey of 700 formal small and medium-sized firms in Port-au-Prince illustrates the severe and multidimensional impact of the crisis on Haitian firms. The survey shows a business environment under siege. Violence-related losses have led to the closure of a large yet unknown number of businesses and significantly impacted those that survived. The survey documents that violence-related losses, including theft, robbery, vandalism, and arson on firm premises, have directly impacted at least 44 percent of surviving businesses, with affected firms suffering damage to 40 percent of their assets on average. Economic activity contracted significantly in these firms, with sales down by 26 percent on average, investment down 25 percent, and employment down 20 percent compared to 2021 levels. Surviving Haitian businesses have adapted to these challenging conditions through security investments and greater use of digital services.

Economic Potential and Constraints

Haiti's economic performance has been disappointing, but there is still potential for growth. Per-capita income has declined over the past two decades. Between 2010 and 2025, real GDP per capita fell by about 17 percent. In current international dollars (purchasing power parity, PPP), Haiti's GDP per capita in 2023 stood at US$ 3,281, just 15 percent (and the lowest) of the Latin America and Caribbean regional average. Poverty is high and rising. An estimated 49.0 percent of Haitians lived below the US$ 3.00 per day international poverty line (2021 PPP) in 2025, up from 44.6 percent in 2023, and the rate is projected to keep rising through 2026. Despite this underperformance, Haiti retains substantial economic potential, with several notable economic attributes that have been well-documented in previous studies, including:

- **A young and growing labor force** with more than half of the population under the age of 25.
- **Competitive wages** that position Haiti among the lowest-cost apparel manufacturing centers in the Americas, although the 46 percent minimum-wage increase of May 2026 and real appreciation are narrowing this margin.
- **Proximity to major markets** that may provide significant advantages as global supply chains shift.
- **A resilient diaspora** whose remittances reached a record US$ 4.4 billion in FY2025, the economy's largest source of foreign exchange.
- **Agricultural potential** in high-value export crops, including cacao, vetiver, mango, and coffee, where targeted programs have demonstrated significant yield improvements, alongside import-substitution opportunities in staples such as rice. The sector receives less than 1 percent of formal credit despite employing nearly half of the workforce.

As Haiti prepares a new investment and recovery plan to build on these advantages, the report also points to four economic challenges that will need to be resolved.

Challenge 1: Job Creation for Growth and Security. Lack of job opportunities (particularly for young people) has fueled insecurity. Conflict has displaced nearly 1.5 million people, disrupting logistics, driving inflation, and limiting service delivery. Population displacement may fracture Haiti's economy and isolate the capital, allowing growth only in regions with relative security. Over the medium term, insecurity may spread to areas of the country now considered relatively secure.

Challenge 2: Managing Return Migration. As of May 2026, a record 1.47 million people, about 12 percent of the population, are internally displaced. At the same time, deportations from the Dominican Republic have exceeded 20,000 people a month through 2026, surpassing 25,000 in May alone, and the United States Supreme Court is weighing the fate of roughly 350,000 Haitian Temporary Protected Status holders. These migration flows may overwhelm service delivery systems. Strengthening the management of returnee flows can help safeguard their welfare and harness their skills for economic recovery and growth.

Challenge 3: Navigating Turbulent Remittance Inflows. Lower migration outflows and a higher number of returnees may put pressure on remittance inflows. In addition, a 1 percent United States excise tax on cash-funded remittance transfers took effect in January 2026; with 79 percent of inflows originating in the United States in FY2025, Haiti is heavily exposed to further policy shifts.

Challenge 4: Renewing and Expanding Market Access for Trade. The HOPE/HELP legislation granting Haitian apparel duty-free access to the United States market lapsed on September 30, 2025, and exporters paid full tariffs for four months before a retroactive extension was enacted in February 2026. The reprieve is short: the programs now expire on December 31, 2026. Securing longer-term preferential access, and identifying new markets, is essential to keep the sector's remaining investment base in place.

Haiti's development trajectory depends in large part on the evolution of security and violence in and beyond the metropolitan area of Port-au-Prince. As Port-au-Prince remains the center of economic activity, the impact of violence affects the entire economy. Two factors are critical. First, the UN-backed GSF, authorized by Security Council Resolution 2793 in September 2025 with up to 5,550 personnel, must reach operational strength quickly enough to secure critical infrastructure, including the airport corridor, and protect government-held communes; the MSSM it replaces ended in April 2026 with only a fraction of that strength deployed. Second, progress toward constitutional order is required to ensure the legitimacy and sustainability of governance arrangements: the

Transitional Presidential Council completed its mandate in February 2026, leaving a caretaker government to organize elections whose timetable remains uncertain.

Effective policies for growth must be anchored in a sound macroeconomic and governance framework and successful negotiation with development and trade partners to resolve key economic challenges. First, Haiti will need to restore price stability and set the foundations for fiscal balance and growth, which depends on implementation of its IMF Staff-Monitored Program, extended in May 2026 through June 2027 after all end-2025 targets were met. Second, it will need to deepen its engagement with partners to address the expiration of preferential US market access, expand its narrow export base, stabilize migration flows, and channel remittance inflows into investment. Successful mobilization of additional concessional development assistance could accelerate the path to recovery in the near-term. Over the longer term, raising productivity will be essential to make better use of Haiti's factor endowments, including its growing labor force (Annex 1).

These priorities fall into three tiers. Some, such as protecting macroeconomic stability and preserving the productive base that still operates, pay off whatever happens to security. Others can advance now in the more stable northern and southern corridors. The hardest, reconnecting the capital through the security mission and a credible disarmament, demobilization, and reintegration effort, is the binding near-term constraint on a full recovery. Progress across all three will depend on the government, its development partners, and the private sector working together under strong mutual commitments and a small set of shared, measurable goals.

1. Recent Developments and Impacts of Security and Political Crisis

Historical Context

Haiti had a vision to become an emerging economy by 2030. Haiti's comparative advantages include its proximity and access to major markets, a young labor force, a dynamic diaspora, and substantial geographic, historical, and cultural assets. Areas of economic opportunity for Haiti include agribusiness, light manufacturing, apparel, and tourism. Recognizing these opportunities, the Government of Haiti issued in May 2012 a Strategic Development Plan (PSDH) aimed at building a new, modern, diversified, resilient, competitive, and inclusive economy that respects its environment and meets people's basic needs.[2] At the time, achieving this objective would have required double-digit growth rates, a significant break from the past, and growth based on the expansion of agriculture, construction, manufacturing, and tourism. Given current challenges, achieving this vision would require a steeper growth trajectory and a reconsideration of growth drivers.

The only period of sustained and relatively stable growth over the past 60 years was during the 1970s. Paradoxically, the relative political stability that enabled growth occurred under the Duvalier dictatorship. Nonetheless, Haiti's growth experience in the 1970s and the second half of the 1990s shows that the country can experience rapid growth (Figure 1). During the 1970s, the interaction of a dynamic private sector active in the export of agricultural products, apparel, assembly manufacturing, and public sector investment in infrastructure generated rapid economic expansion. These spurts in economic activity were, however, not sustained.

Over the 1980s, uncertainty increased as the Duvalier regime encountered political resistance and tensions. The government increasingly intervened by employing fiscal and trade policies that restricted the private sector, introduced a bias against exports, created monopolistic public enterprises, and used public funds without increasing productive capacity. The Duvalier regime came to an end in February 1986. The late 1980s saw further political instability and civil unrest associated with attempted elections and government changes. Six different presidents followed each other between 1988 and 1991.

The 1990s showed two opposite trends. In the first half, the economy entered a profound recession. The economic decline gathered considerable momentum following the overthrow of democratically elected President Aristide in 1991 via a military coup d'état. International sanctions followed, with an embargo on most trade and financial transactions, and suspension of most external aid. The manufacturing sector was hit the hardest by the 1991-1994 trade embargo, which limited access to imported inputs and severely affected the productive capacity of industry, which contracted 50 percent. After the embargo ended in 1994, only the garment and apparel sector was re-established, while other assembly exports did not return. As a result, Haiti's exports have become highly concentrated (about 85 percent of merchandise exports remain garment and apparel). After 1995 and the relative normalization of international relations, an increase in external aid also contributed to growth.

Political instability and recurring shocks disrupted Haiti's growth trajectory in the 2000s and 2010s. A political deadlock following the disputed 2000 parliamentary elections undermined private sector confidence, dampening investment and leading to another sharp decline in donor assistance. Political polarization intensified in late 2003, leading to street demonstrations and increasing violence that culminated in an armed conflict and President Aristide's removal in February 2004. Growth resumed thereafter before being briefly, though substantially,

[2] A post-COVID economic recovery plan (PREPOC) was issued in 2020 while an updated PSDH was envisaged.

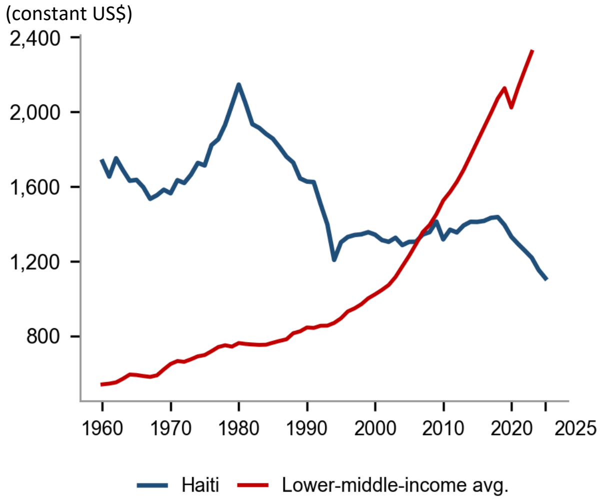
interrupted by the 2010 earthquake. Investments in reconstruction and rehabilitation and strong external financing flows following the earthquake were ultimately derailed by rising political uncertainty.

A factor decomposition (Figure 2) reveals that GDP growth was led by capital accumulation from 2010 to 2020. The capital stock expanded rapidly following the reengagement of traditional donors after the 2010 earthquake, aimed at replacing damaged infrastructure (SCD 2022). However, this momentum stalled due to worsening security and the 2021 earthquake. Since 2019, labor accumulation contributed to growth, while the capital stock declined. Haiti's GDP entered a prolonged contraction, hindered by persistent negative productivity dynamics, worsening notably since 2019 in line with growing insecurity. While instability and vulnerability to natural hazard shocks clearly play a role, deeper structural issues have also undermined productivity in Haiti. Rapid capital investment often ends up in less productive sectors when misaligned with market needs or channeled through an underdeveloped financial system. This misallocation of resources erodes economic efficiency and drags down aggregate productivity, even in the face of growing capital stock, as observed in Haiti up until 2019.

Today, real GDP per capita is about a third lower than it was in 1973 and nearly half (48 percent) below its 1980 peak (Figure 1). Real GDP per capita fell by 0.45 percent per year on average between 1973 and 2013, and the decline has steepened markedly since 2018; by FY2025 per capita income had fallen for seven consecutive years. The overall poverty headcount is estimated at 49.0 percent using the international poverty line (US$ 3.00 per day, 2021 PPP) in 2025. With an income Gini coefficient of 0.6,[3] Haiti has the highest income inequality in the region and one of the highest in the world.

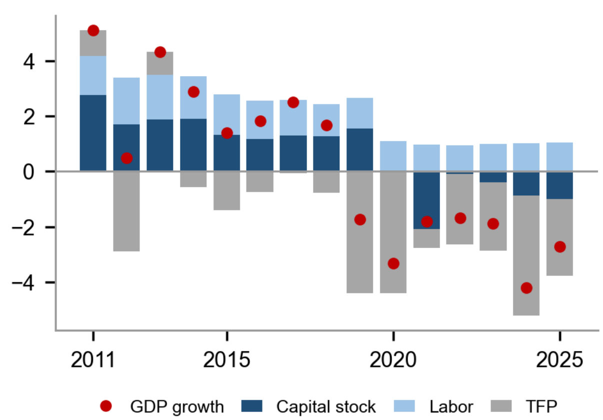
Figure 1. *Real GDP per capita*

(constant US$)



Source: World Development Indicators.

Figure 2. *Growth factor decomposition*



Source: World Bank Staff calculations.

Note: See Annex 1 for details.

Driven by deeply rooted social inequalities, violence has regularly led to periods of instability throughout Haiti's modern history. As many citizens remain disenfranchised, large-scale protests and riots have frequently been used as forms of political expression and decision-making. While violent airing of grievances in Haiti's early history generally took place in rural areas, contemporary unrest tends to break out in the cities, driven by a combination of population growth, rapid urbanization, and a large unemployed or under-employed youth cohort.

[3] Haiti's consumption-based Gini is 0.41, above the World Bank's threshold of 0.4 Gini for high inequality.

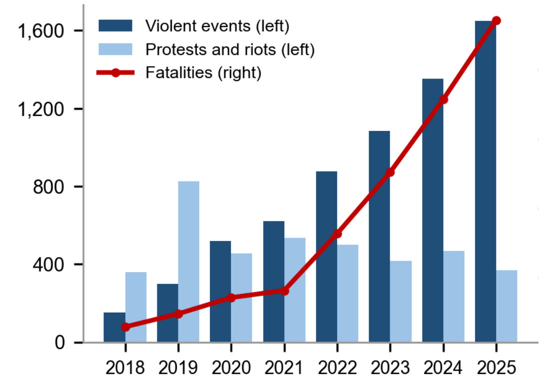
Recent Political and Security Context

Perennial political instability gave way to pervasive violence in the current decade. In 2021, the assassination of President Moïse triggered an institutional crisis and power vacuum. Weak state security capacity was exploited by elites who used armed groups to influence decision making. Over time, however, these armed groups grew and diversified their sources of income (Box 1). They became increasingly autonomous, better equipped and organized, and expanded their areas of control.

A power-sharing agreement in April 2024 created a transitional government, but the transition has since narrowed to a caretaker executive. Haiti has not held elections since 2016, leaving the country without any politician legitimized by elections. After the resignation of Prime Minister Ariel Henry in early 2024, the major political parties agreed in the April 3 accords on an "orderly political transition," establishing a Transitional Presidential Council (CPT) to share executive powers and set a path toward general elections. The CPT's mandate ended, as scheduled, on February 7, 2026, without an elected successor, and executive authority passed to Prime Minister Alix Didier Fils-Aime under a National Pact for Stability and the Organization of Elections signed by political parties and civil society. The electoral council's calendar targeted a first-round election in calendar year 2026, but the process is behind schedule and is dependent on improvements in security. By June 2026, no political consensus on the electoral decree and calendar could be established, the electoral budget remains unresolved, and roughly 20 communes are physically inaccessible. With no sitting parliament since 2020, the executive legislates by decree; major measures, including a new mining code in March 2026, have been adopted without parliamentary review.

The security context has deteriorated relentlessly since 2018, and 2025 was the deadliest year on record. According to Armed Conflict Location and Event Data (ACLED), recorded fatalities rose roughly sixteen-fold between 2018 and 2025, from about 300 to more than 4,700, with a further 1,150 recorded between January and May 2026 (Figure 3). The United Nations Integrated Office in Haiti (BINUH), whose verification rely on informant networks, documented an even higher toll: more than 5,915 people killed in 2025, after more than 5,600 in 2024, and at least 1,642 in the first quarter of 2026 alone. The composition of violence is also shifting. In late 2025 and early 2026, more than 60 percent of verified casualties occurred during anti-gang operations by security forces, including drone strikes, rather than in direct gang attacks. Amid the dense population of Port-au-Prince and weak telecommunications infrastructure, media coverage is challenging, and events and fatalities are likely underreported.

Figure 3. *Violent Events and Fatalities*

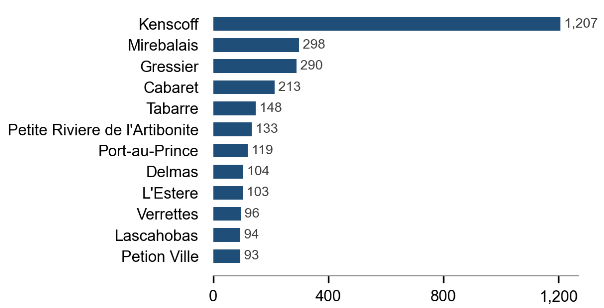


Source: See Armed Conflict Location & Event Data (accessed June 2026); 2026 excluded as incomplete, https://acleddata.com/.

The MSSM ended in April 2026 without restoring security, and its successor force is still deploying. Chronic shortages of staffing, funding, and equipment limited the Kenya-led MSSM throughout its deployment. It slowed the advance of gangs but could not recover or hold previously gang-held territory, and the Haitian National Police (HNP) could not significantly expand its size or capacity. In September 2025, Security Council Resolution 2793 authorized the transition to a GSF of up to 5,550 personnel, five times the size of its predecessor, supported by a new UN Support Office in Haiti funded from assessed contributions. Whether the GSF reaches operational density fast enough, particularly around the airport corridor and the Plaine du Cul-de-Sac, is the single most consequential near-term security variable. In the meantime, gangs control most of the capital, and self-defense groups play a growing role in preventing further gang expansion, further fragmenting security provision.

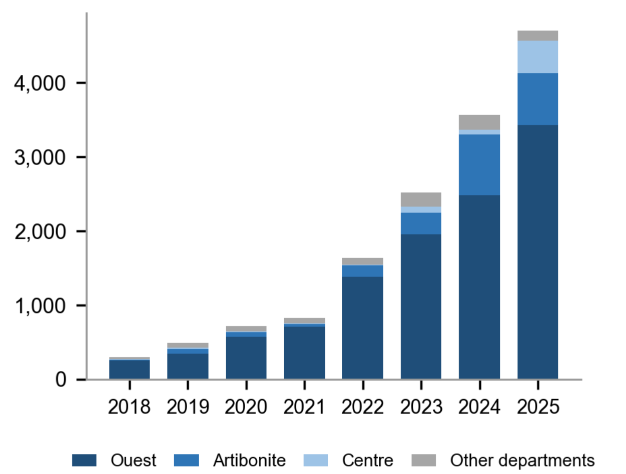
Gangs have extended their influence well beyond metropolitan Port-au-Prince. Gangs consolidated control of ports and coastline in and near Port-au-Prince, parts of the Artibonite, and border areas in the Ouest department. In April 2025 they seized Mirebalais and Saut-d'Eau in the Centre department, along with the road to the Belladere/Comendador border crossing where most weapons are allegedly smuggled. In 2026 the periphery came under probing attack, as the Viv Ansanm coalition struck Seguin in Marigot in April 2026, the conflict's first reach into the Sud-Est. Additionally, an uprising in Saint-Marc in May followed attacks by Artibonite-based groups. Kenscoff, on the capital's rim, and Mirebalais in the Centre department recorded the highest fatality rates relative to population in 2025 (Figure 4). By mid-2026, gunfire had repeatedly closed the Toussaint Louverture International Airport, and Haiti's largest exporters warned publicly that the industrial zone around it was at risk of strangulation as access roads collapsed. Human rights violations remain pervasive, with thousands of kidnappings for ransom along key transportation routes and a significant increase in sexual violence against women and girls.

Figure 4. *Kenscoff and Mirebalais were the deadliest communes relative to population (ACLED fatalities per 100,000 inhabitants, calendar year 2025)*



Source: See Armed Conflict Location & Event Data (accessed June 2026); calendar year 2025, https://acleddata.com/.

Figure 5. *Violence has spread far beyond the Ouest department (fatalities by department, 2018-2025)*



Source: See Armed Conflict Location & Event Data (accessed June 2026), https://acleddata.com/.

Box 1. Gang Revenues
Armed groups have diversified their sources of income over time. Street-level gangs have long been alleged to have been used by political elites to advance economic interests, influence elections, and threaten adversaries. Over time, however, they became increasingly autonomous, growing into armed groups independent from their sponsors in some cases. Several factors explain this dynamic. First, gangs grew an income base that was sufficient to sustain their operations independent from patrons. Second, sanctions regimes on the sponsors of gangs by the United Nations, the United States, and Canada may have had the unintended side-effect of pushing gangs to invest more into local sources of revenue, notably extortion and kidnapping for ransom (see below). Smuggling activities became a third stream of revenue that grew more important over time for some of the larger gangs. As gangs rely on extortion, their income fluctuates with the level of economic activity. The UN Office on Drugs and Crime's January 2026 assessment for the Security Council confirms this trajectory. Criminal networks have shifted from opportunistic predation to structured territorial control integrated into transnational illicit markets, with federated coalitions drawing revenue from arms and drug trafficking, fuel smuggling, migrant exploitation, and extortion, and deploying violence strategically to extract rents and contest state authority.

i) *Kidnapping*. Gangs predominantly target middle class professionals, but also economic elites, their families and their employees, for example, transport companies' truck drivers. Income generated by kidnappings is likely to be significant, given the number of abductees, yet decreased over time as gangs started to rely on other income sources. Political demands are not widely reported, and most kidnap victims are eventually released, typically after ransom payment.

ii) *Tolls*. Many gangs have collected tolls on important transport routes to, from and within Port-au-Prince. Tolls are also levied on interurban transport buses and can also be imposed on trucks and private individuals. Over time, tolls have surpassed kidnapping as a primary revenue source.

iii) *Escort fees, theft and extortion*. Gangs steal goods, especially containers and imported vehicles, on routes between ports and importer facilities. They may seize all or some of the goods or demand ransom payment for their release. The fuel sector is particularly susceptible to extortion due to its concentration in a few critical infrastructure facilities. These strategies are also a way to persuade potential victims to accept escort services or guarantees they offer against seizure and payment of ransom. Gas station managers are sometimes forced to sell part of their supplies to gangs, which resell them at 4 to 5 times the price in "laboratories."[4] UNODC estimates that gangs levy an extortion tax equivalent to roughly 20 percent of the value of goods transiting gang-controlled areas.[5] In addition to its financial dimension, this strategy for looting necessities (sugar and rice) strengthens the legitimacy of gangs that resell products at lower prices in nearby local markets or within their territories when they do not distribute them for free.

iv) *Smuggling of drugs and contraband*. Aside from weapons, Haiti has long been an important transshipment hub for drugs in the Caribbean. As gangs increased their organizational sophistication, ties to drug cartels from Latin America have strengthened, with improved operational efficiency and infiltration of local governments (UNODC 2026). UNODC reports document a structural shift from opportunistic gang activity toward integrated, multi-commodity trafficking operations spanning firearms, narcotics, fuel, and migrants, with gangs consolidating into federated coalitions that control territory and operate across borders. Illicit networks have also increased smuggling of other goods, such as live eels. The associated illicit financial flows (including money laundering through real estate, informal transfer systems, and the private security sector) further entrench criminal economies and erode the formal business environment. While no recent estimations exist of the volume of smuggled contraband nor the financial flows to Haitian gangs, the rise in seizures and qualitative assessments highlight a significant increase in drug flows through Haiti.

Recent Economic Developments

External shocks have compounded the impact of domestic instability over the past seven years. The political crisis and deteriorating security environment worsened in the context of the COVID-19 pandemic, the global food and fuel price shock that followed Russia's invasion of Ukraine, recurrent natural hazards, and spillovers from migration and trade policy shifts in partner countries. GDP has contracted for seven consecutive years, by a cumulative 16.1 percent from FY2018 to FY2025 (a 2.7 percent decline in FY2025 alone). All sectors have declined, as documented in IHSI national accounts. Secondary-sector output fell by a cumulative 36.2 percent over FY2019-25, agriculture by 25.7 percent, and services by 7.3 percent, with trade and hospitality suffering the deepest losses within services. The World Bank Macro Poverty Outlook (April 2026) projected modest growth of 0.6 percent in FY2026, with any recovery fragile and dependent on security and grant financing. However, downside security risks identified in that forecast have already materialized.

Comparing Haiti's economic performance with pre-crisis forecasts provides a framework to estimate economic losses. A 2018 forecast serves as an upper estimate of Haiti's economic trajectory prior to the COVID-19 pandemic

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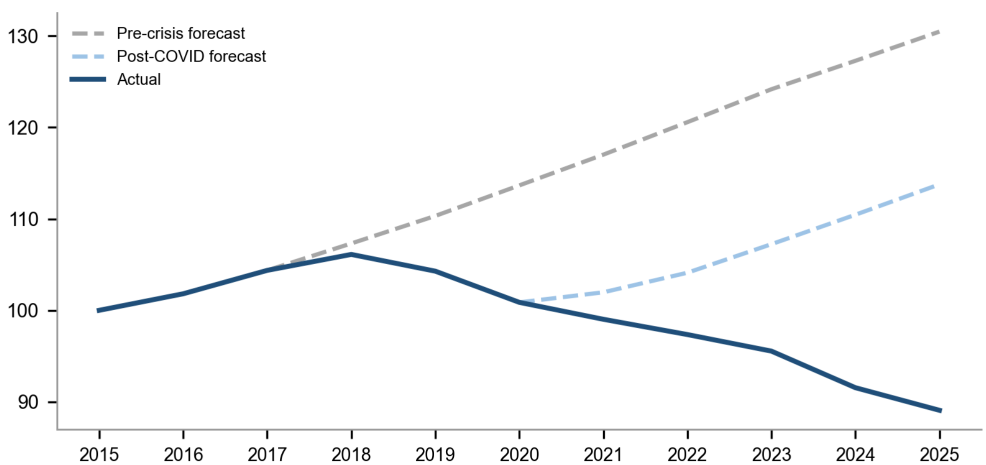
[4] "Laboratories" is the common name used by mission interviewees to refer to illegal gas stations.

[5] UNODC, *Haiti's Criminal Markets: Mapping Trends in Firearms and Drug Trafficking*, 2026; and UNODC Security Council quarterly reports on Haiti, 2023-2026.

and a subsequent period of deepening political instability and violence (Figure 6). A late-2020 forecast provides an adjusted estimate of economic growth incorporating the impact of the COVID-19 pandemic. Actual economic growth is estimated using national accounts supplemented by recent national accounts estimates through FY2025. This approach provides an estimate of lost economic output over two periods: 2018-20 (the pandemic period) and 2021-25. These estimates provide an initial quantification of losses and analysis of the economic sectors most affected.

Measured against its pre-crisis path, Haiti's annual output shortfall has widened to 46.5 percent of GDP in FY2025. Comparing actual output with the FY2018 pre-crisis forecast, the FY2025 shortfall is equivalent to 46.5 percent of FY2025 GDP. Of this gap, 18.7 percentage points opened during the pandemic period (relative to the 2020 post-COVID forecast) and 27.7 percentage points during the 2021-25 period of rising insecurity (Figure 6). On a comparable basis through FY2025, the industrial sector accounted for the largest sectoral share of forgone output (about 22 percent of FY2025 GDP), followed by services (about 17 percent) and agriculture (about 8 percent), with the residual accounted for by taxes. The channels of transmission in each economic sector are analyzed below.

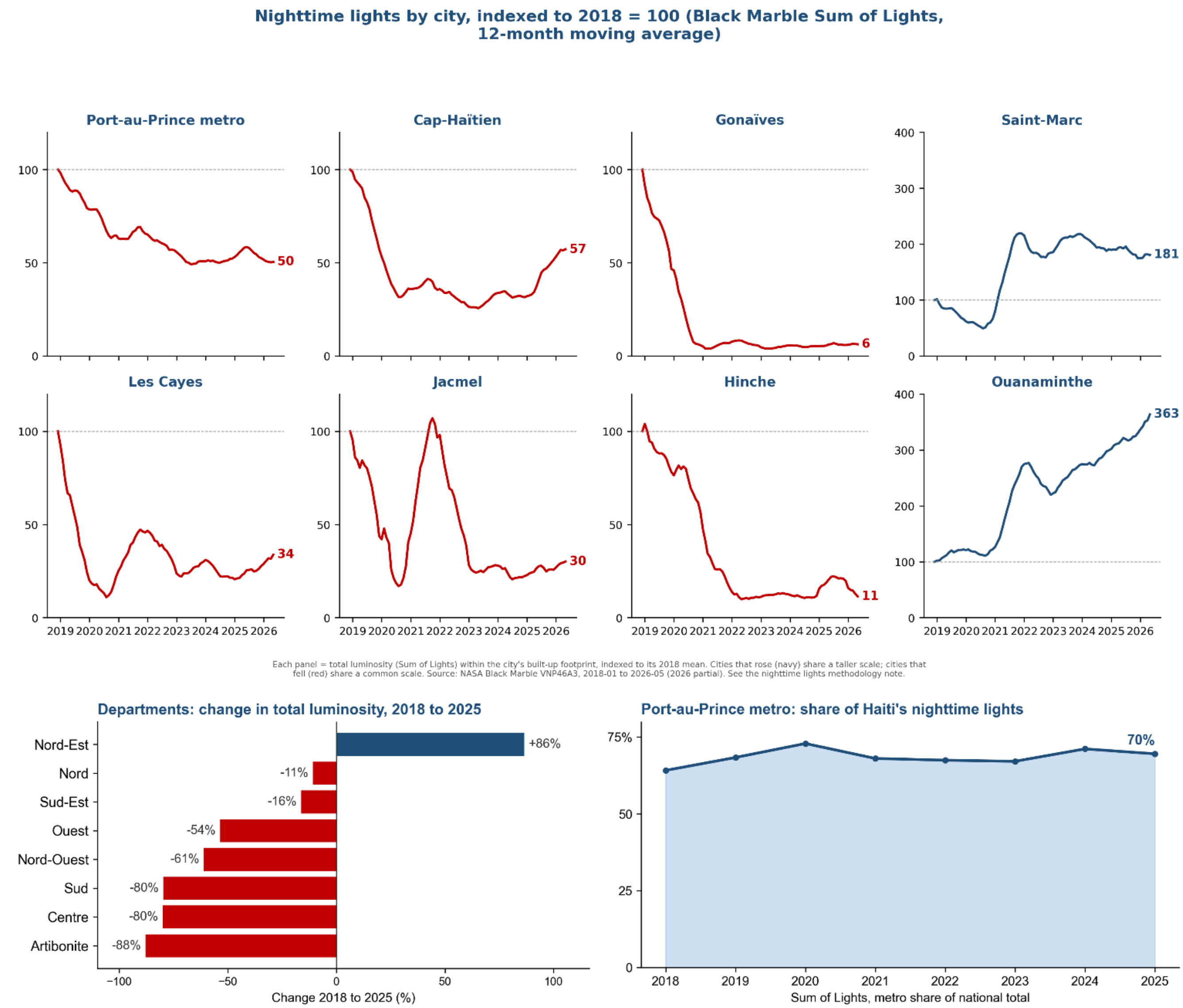
Figure 6. *Estimated Gross Domestic Product (GDP) Losses, FY2018-FY2025*



Source: World Bank (2018; 2020). *Note:* Counterfactual paths extended beyond 2024 at their terminal growth rates; FY2025 actual from IHSI.

Changes in nighttime lights reflect Haiti's prolonged economic contraction. GDP provides a broad measure of economic performance in Haiti, but it is limited in spatial disaggregation (available at the national level) and timeliness (published with a lag). Nighttime light (NTL) data is a valuable complementary tool, offering geographically disaggregated, high-frequency information that broadly tracks economic activity under normal conditions. Measured as total luminosity (the sum of lights over each area), Haiti's nighttime lights fell by roughly half between 2018 and 2025 (Figure 7), a result that is robust to the detection threshold used (a decline of about 49 to 56 percent). This corroborates the severe deterioration in GDP, but it is not a substitute for it. In Haiti, the fall in lights reflects the collapse of public electricity supply and recurrent fuel shortages as well as worsening insecurity. The decline in NTL therefore overstates the decline in economic activity alone and is not converted here into a GDP estimate. Rising off-grid solar use, which is largely invisible to the satellite at this resolution, reinforces this caveat.

Figure 7. Change in total nighttime luminosity (Sum of Lights) by city and department, 2018 to May 2026



Source: NASA Black Marble (VNP46A3) nighttime lights; polygon Sum of Lights, change from full-year 2018 to 2025, by department and key city; staff calculations. Cross-checked against the EOG VIIRS VNL V2.2 series.

Spatially, the decline is concentrated in the cities and is nearly universal. The Port-au-Prince metropolitan area is the country's overwhelmingly dominant economic center, accounting for more than two-thirds of Haiti's nighttime lights throughout the period (Figure 7). Although it lost about half of its own luminosity, it remains the heart of the national economy, and provincial cities recorded comparable or larger declines, including Gonaïves and Les Cayes. Cap-Haïtien's urban core dimmed even as its lit footprint expanded, consistent with peri-urban spread as the grid fails. The clearest exception is Ouanaminthe on the Dominican border, where both luminosity and lit area increased, reflecting continued activity around the CODEVI free zone. Much of the decline reflects severe disruptions in public electricity production, an acute challenge even in better-secured areas such as Cap-Haïtien.

At the department level, measured as total luminosity within each department's boundary, the decline is also near universal. Luminosity fell in eight of the ten departments, with the steepest declines in Artibonite, Centre and Sud (down by about four-fifths) and in Ouest, which contains the metropolitan area. The one robust exception is Nord-Est, where both luminosity and lit area grew, driven by the Ouanaminthe border economy. Changes in very small departments such as Nippes and Grand'Anse rest on too few lit pixels to be reliable and are treated as indicative only. These results use a polygon sum-of-lights method. A nighttime-lights methodology note sets out the definitions, the threshold sensitivity, the satellite product used and the processed data is provided in an online supplement.[6]

Most Haitians lack access to productive jobs that provide economic security. In-work poverty is widespread, with many employed people living in households whose income falls below the poverty line. A World Bank Haiti High-Frequency Phone Survey (HFPS) shows that food insecurity worsened in the last five years, with more households unable to meet their basic needs (see Box 2). All labor income sources (wage work, agriculture, and non-farm enterprises) and non-labor income sources (support from friends and family, and remittances) declined, offering few options to bolster living standards. The share of survey respondents owning physical assets also fell. Shedding assets weakens long-term financial stability for households, underlining the persistence and depth of Haiti's economic crisis. Despite this drop in living standards, the labor market remained relatively stable between 2021 and 2025. Around 4 in 10 respondents reported being employed and at work over this period, a relatively low share, but without the changes that could explain the continued deterioration of living standards. Similarly, about 6 in 10 workers engaged in self-employment and almost three-quarters engaged in services, with these shares changing only marginally between 2021 and 2025. The combination of declining living standards and labor market stagnation suggests that Haitians cannot access the productive jobs needed to provide economic security.

Box 2. Compounding crises are exposing Haitian households to extreme deprivation

While insecurity has impeded household-level data collection through traditional face-to-face methods, six rounds of phone survey data make it possible to track key socioeconomic indicators in Haiti over the last five years. Between 2021 and 2025, five rounds of the Haiti High Frequency Phone Survey (HFPS) and one specialized Energy Phone Survey were implemented amid Haiti's compounding shocks. The surveys capture key information on living standards, jobs, access to services, perceptions of insecurity, and governance. The sampling approach, which relied on constructing a sample frame through random digit dialing, is designed to be representative of the population of Haitians aged 18 and over living in a household with at least one mobile phone. In several of the survey waves, the sample is large enough to disaggregate the results into Haiti's four macro regions: the Great North, Great South, West, and Center.

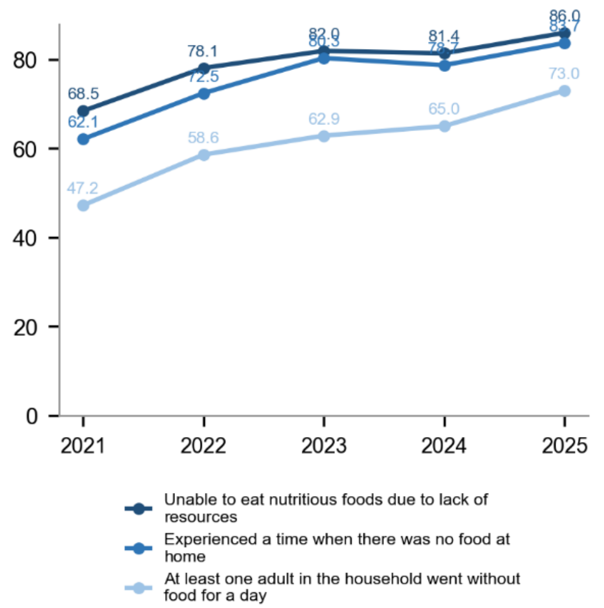
Key markers of living standards, including food insecurity, incomes, and asset holdings, deteriorated between 2021 and 2025. All indicators taken from the Food Insecurity Experience Scale (FIES) worsened, even after the COVID-19 crisis abated (Figure 8). For example, 73.0 percent of Haitians lived in a household where at least one adult went without food for a day in the previous month in 2025, up from 47.2 percent in 2021. Unpacking this drop in living standards, it emerges that all labor and non-labor income sources were falling. Among respondents who had a particular income source in March 2024, at least 70 percent saw that income source decline or disappear by 2025 (Figure 9). This includes international remittances, which would typically be less affected by crises occurring within Haiti. A declining share of households own assets such as televisions, fans, and refrigerators, underlining the extent of their financial distress.

The share of people working and their work activities changed little between 2021 and 2025, suggesting that jobs are too unproductive to provide people with economic security and that in-work poverty is widespread. Despite some fluctuation, the share of people employed and at work in the seven days prior to the interview hovered around 4 in 10 between 2021 and 2025. There was an increase in the share of temporarily absent employed people over the same period, potentially suggesting that respondents are seeking out new employment but finding only insecure and precarious labor market opportunities that do not bolster incomes. Job types have also remained relatively stable; in 2025, self-employment dominated, comprising 61.3 percent of employed, at work respondents compared to 31.7 percent for wage-employment

[6] Nighttime Lights in Haiti: Methodology Note, https://www.haitidocs.org/data/methodology/nighttime-lights-methodology.pdf.

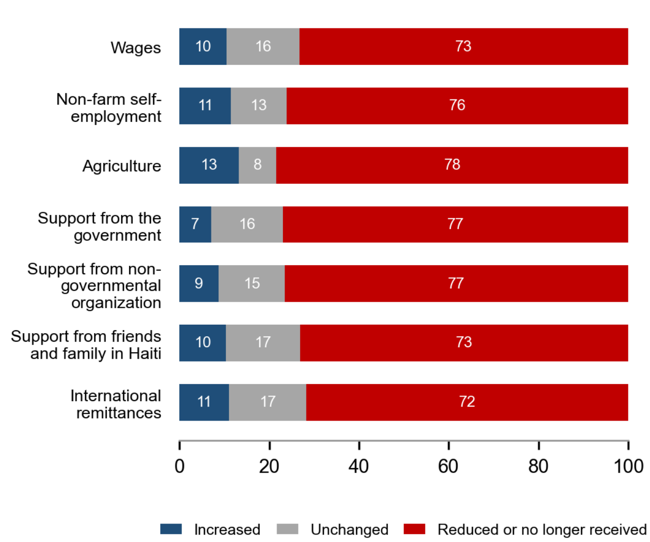
(with the remainder doing apprenticeships or working in a family or household business). Nationally, services dominate, with 31.1 percent of employed, at-work respondents engaging in wholesale and retail trade and 42.0 percent engaging in other services, compared to just 13.1 percent for industry and 13.8 percent for agriculture. However, there is significant regional variation, with agriculture accounting for 24.6 percent of employment in the Great South and industry accounting for 19.9 percent of employment in the Great North.

Figure 8. *Food insecurity worsened steadily between 2021 and 2025*



Source: HFPS Waves 1-5.
Notes: Indicators ask whether each food insecurity situation was encountered in the 30 days before the interview. Individual-level weights applied, so the sum of the weights is the number of 18+ year olds in households with a mobile phone.

Figure 9. *Most households saw every income source decline or disappear between March 2024 and 2025*



Source: HFPS Waves 1-5.
Notes: Indicators focus only on individuals who had each income source in March 2024. Individual-level weights applied, so the sum of the weights is the number of 18+ year olds in households with a mobile phone.

Figure 10. *The share of people employed and at work hovered around 40 percent between 2021 and 2025*

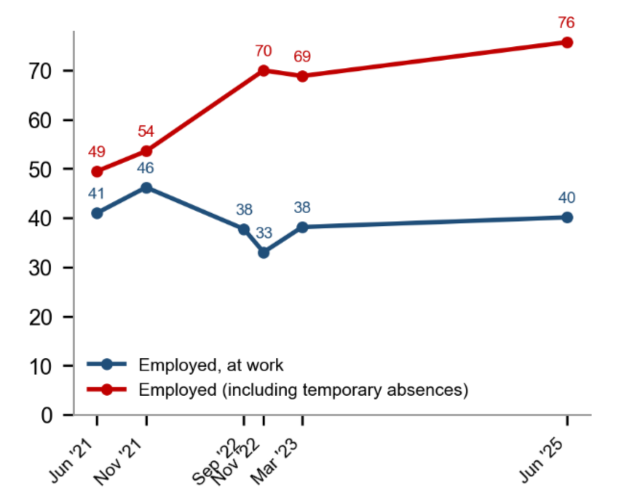
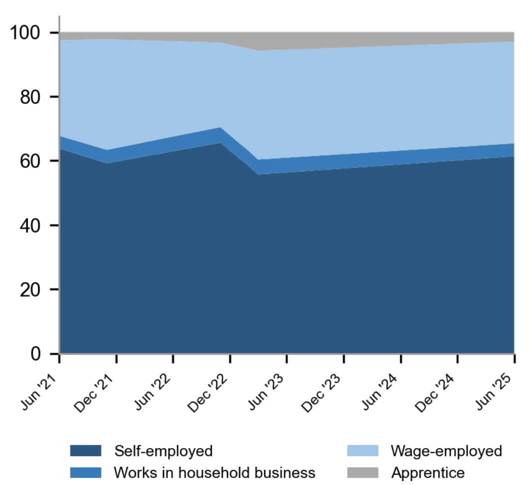


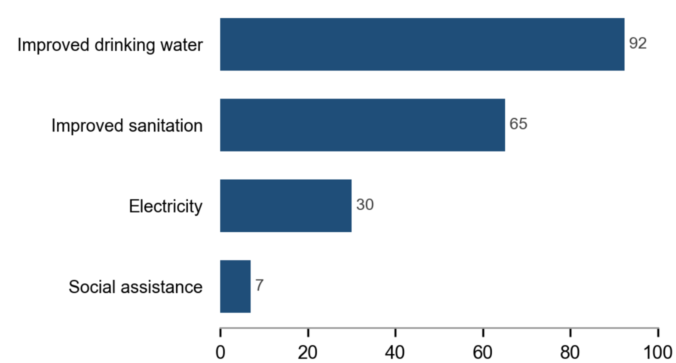
Figure 11. *Self-employment dominates Haiti's labor market*



Source: HFPS Waves 1-5 and Energy Survey. *Notes:* "Employed and at work" excludes temporary absences. Individual-level weights applied, so the sum of the weights is the number of 18+ year olds in households with a mobile phone.	*Source:* HFPS Waves 1-5. *Notes:* Sample restricted to employed at work respondents. Individual-level weights applied, so the sum of the weights is the number of 18+ year olds in households with a mobile phone.

Large gaps in basic services and infrastructure help explain Haiti's low human capital development and weak labor market productivity. In 2025, just 30.0 percent of respondents reported living in a household with access to electricity from any source (Figure 12). Low electricity access constrains health and education by making it harder for clinics and schools to function and for children to study outside of the classroom. It also limits connectivity and the use of machinery, hampering job productivity. Similarly, about 65.0 percent of respondents reported living in a household with an improved sanitation source, with gaps in access to improved sanitation being largest in the Great North and Center. Adequate sanitation supports early childhood development, which in turn has lasting effects on long-term human capital. Access to improved drinking water appears to be more widespread, at 92.4 percent in 2025, but more than half of Haitians depend on bottled or tanker water, a distribution mechanism that could be disrupted by insecurity. Social protection programs offer potential to reduce poverty. However, despite significant efforts by the Government of Haiti and its development partners to expand access, just 6.9 percent of respondents reported living in a household that had received social assistance in any form from any source in 2025. Coverage is therefore dwarfed by the extent of food insecurity and the prevalence of shocks. This underlines the importance of expanding access to social protection and other basic services.

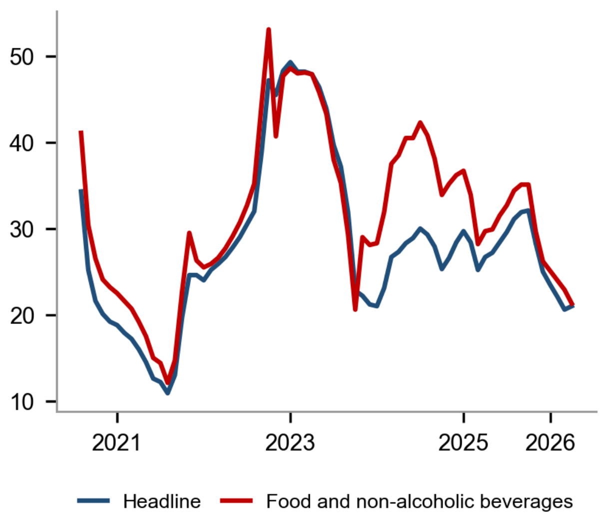
Figure 12. *Gaps in access to basic services and infrastructure persist (respondents without access to services)*



Source: HFPS Wave 5.
Notes: Improved water and sanitation standards follow Joint Monitoring Programme for Water Supply, Sanitation and Hygiene (JMP) standards. Social assistance includes cash, food, and in-kind transfers from the government, non-governmental organizations, international organizations, or religious bodies. Individual-level weights applied, so the sum of the weights is the number of 18+ year olds in households with a mobile phone. Error bars represent 95 percent confidence intervals.

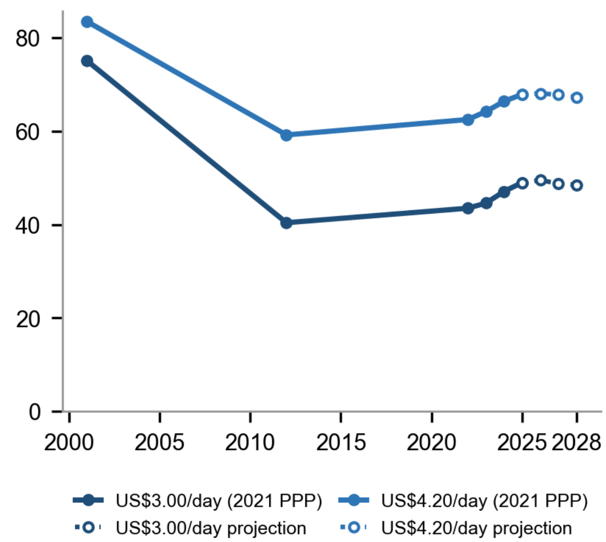
Inflation has come down from its 2023 peak but remains above 20 percent. Headline inflation neared 49 percent in early 2023 after port disruptions and the global commodity shock, eased through 2024, then re-accelerated to around 32 percent by October 2025 as the security supply shock intensified and fuel prices adjusted upward. By April 2026 it had eased to 21.0 percent year on year, with food inflation at 21.3 percent, still a heavy burden on poor households (Figure 13). The deceleration largely reflects base effects. The price level is still climbing month-on-month. A distinctive feature of this episode is that the gourde has not depreciated. The central bank's reference rate has held near 130.5 gourdes per US dollar for over a year, supported by record remittance inflows, so recent inflation is not imported through a weaker currency and is eroding external competitiveness through real appreciation. The introduction of an automatic fuel pricing mechanism in April 2026 resulted in a sharp increase in gasoline, diesel, and kerosene prices to support a reduction in fiscal subsidies, contributing to inflationary pressure during the adjustment period. Living standards have deteriorated as purchasing power has declined. An estimated 49.0 percent of Haitians lived below the US$ 3.00 per day international poverty line (2021 PPP) in 2025, up from 44.6 percent in 2023, and the World Bank projects a further rise in 2026 (Figure 14).

Figure 13. *Inflation has eased from its 2023 peak but remains above 20 percent (consumer prices, year-on-year percent change)*



Source: L'Institut Haïtien de Statistique et d'Informatique. "Indice des Prix à la Consommation." https://ihsi.gouv.ht/publications/publications_regulieres.
Note: CPI, Consumer Price Index.

Figure 14. *Extreme poverty is projected to rise in 2026 (share of population below the US$ 3.00 and US$ 4.20 per day 2021 PPP lines, percent)*



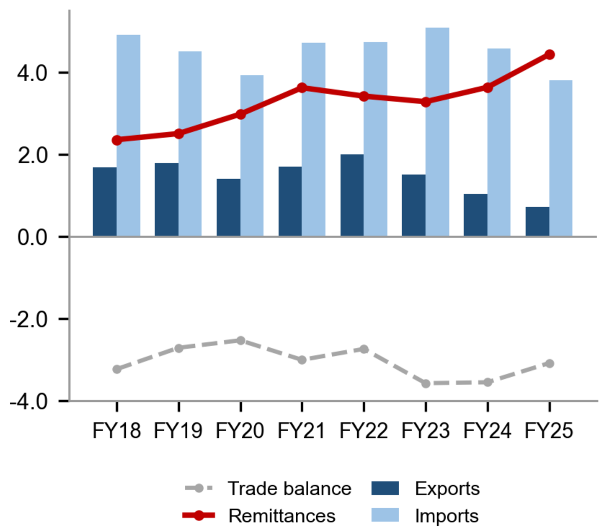
Source: World Bank 2024a.
Note: PPP, purchasing power parity.

Resilient remittances pushed the current account into surplus in FY2025 even as exports fell to multi-decade lows. Exports have declined steadily since 2019. US imports of goods from Haiti fell from about US$ 1.0 billion in 2019 to US$ 630 million in 2024 and US$ 522 million in 2025, reflecting insecurity, port disruptions, and a four-month lapse in trade preferences (Figure 15). Imports contracted with the economy, while remittance inflows reached a record US$ 4.4 billion in FY2025, helping finance the trade deficit and lifting the current account to a surplus of 1.9 percent of GDP in FY2025, from a deficit of 0.6 percent in FY2024. The current account is expected to remain broadly balanced in FY2026 as a higher oil import bill widens the trade deficit. Gross international reserves stood at about US$ 3.2 billion at end-FY2025, around seven months of imports, and are projected near US$ 3.4 billion at end-FY2026.

Fiscal policy held to its IMF program anchors in FY2025, but revenue collection fell to its lowest level in more than two decades. Revenues and expenditures have declined as a share of GDP over the past decade (Figure 16). As Haiti collects more than half of tax revenue at the border, the contraction in trade has compressed government revenues. Government revenue fell to 4.8 percent of GDP in FY2025, the lowest since FY2002, despite 13.3 percent nominal growth. Insecurity impeded access to ports, and weakened administrative capacity constrained collection. An eight-month salary-arrears dispute later culminated in a customs shutdown in April 2026, weighing on early FY2026 collections. Even so, all quantitative targets under the IMF Staff-Monitored Program were met at end-December 2025. The primary balance posted a small surplus (0.1 percent of GDP in FY2025), monetary financing of the deficit remained at zero for a second consecutive year, and net international reserves reached US$ 1.76 billion in December 2025. The IMF completed the program's third review in May 2026 and extended it through June 2027, projecting the deficit to widen to about 0.9 percent of GDP in FY2026 as revenue slips further.

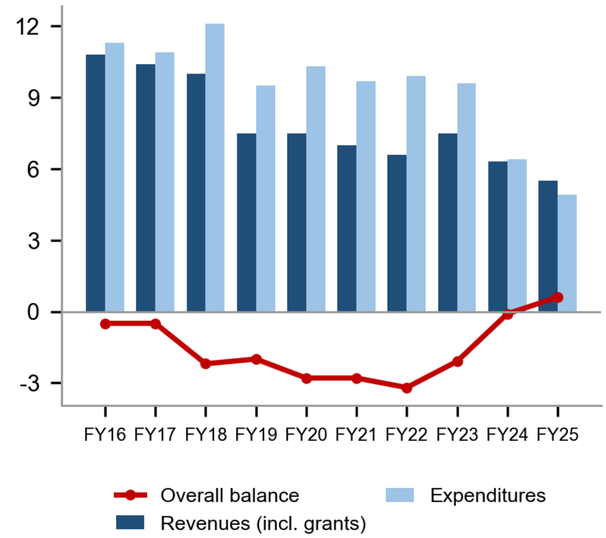
Public debt is low, but debt-carrying capacity is weaker still. Haiti remains at high risk of debt distress. Total public debt fell to an estimated 12.3 percent of GDP in FY2025 (external public debt: 1.5 percent), reflecting the cancellation of Venezuela-linked debt in 2024 and the absence of new borrowing. The most recent joint World Bank-IMF Debt Sustainability Analysis (December 2025) nevertheless assesses Haiti at high risk of external and overall debt distress, with debt sustainable only on the assumption of continued concessional financing, primarily through grants. Haiti's weak capacity to service external debt, rather than the low debt stock, is the binding constraint on financing options.

Figure 15. *Remittances help finance a persistent trade deficit (US$ billions, Haitian fiscal years)*



Source: Banque de la Republique d'Haiti trade and remittance statistics (exports f.o.b. with adjustments, imports c.i.f., remittances via transfer houses); Haitian fiscal years, latest FY2025.

Figure 16. *Revenue collection remains far below spending needs (revenues including grants and expenditures, percent of GDP, Haitian fiscal years)*



Source: World Bank Macro Poverty Outlook datasheet (April 2026). Revenues include grants; FY2024 and FY2025 are estimates.

Haiti's chronic low domestic revenue mobilization (4.8 percent in FY2025) constrains development spending in infrastructure, health, and education. Expenditure is frequently not aligned with stated government priorities. For example, energy subsidies averaged 2.2 percent of GDP between 2010 and 2022, while spending on education, health, and social protection combined reached only 1.7 percent of GDP on average over the same period. Non-state actors, including civil society organizations and international NGOs, provide a significant proportion of basic services. Following the 2010 earthquake, the budget benefitted from exceptional donor assistance, with external grants increasing from 2 percent of GDP in 2004 to a peak of 15.5 percent in 2010. Donor assistance declined continuously in the years following the earthquake, reaching 2.4 percent of GDP in 2018 and about 1.2 percent of GDP in FY2025. With donor assistance at such a low level, domestic resource mobilization and efficient public expenditure will be important priorities.

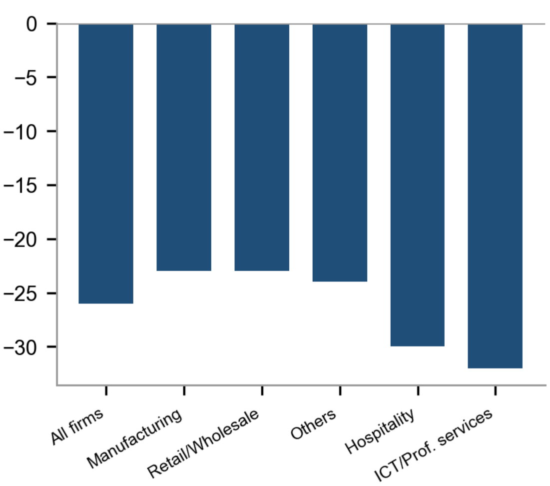
The business environment deteriorated progressively after 2018, and then sharply beginning in 2021 after a series of sociopolitical disturbances and gang violence. Social unrest and waves of violence, including several episodes of complete paralysis of the economy, characterized 2018 and 2019. In 2020, the layoffs induced by the COVID-19 pandemic further compounded the already unstable political context and unsecure social environment, leading to a steeper economic contraction compared to the two previous years. The increase in gang-related violence by the end of 2021 disrupted domestic supply chains, including fuel and food distribution. For firms, this resulted in a reduction in productive activities and profits because of partial or permanent closure of production sites or firms, increasing security costs, staff resignations due to emigration, and pillaging and vandalism that have resulted in losses and damage to capital stock (physical and human).

Box 3. The impact of gang violence on Haiti's private sector

A Business Pulse Survey was conducted by the World Bank in February-March 2025 across approximately 700 formal small and medium-sized firms in Port-au-Prince to assess the impact of insecurity and gang violence on their businesses.[7] It used President Jovenel Moïse's assassination in July 2021 as a baseline, being recent enough for accurate data and far back enough to measure change. The survey reveals the severe and multidimensional impact of this crisis on Haitian firms. In particular, the escalating and intensifying gang violence has had profound consequences for the business environment. The sample reflects Haiti's business landscape, comprising 63 percent micro enterprises, 30 percent small-sized companies, 6 percent medium firms, and 1 percent large firms (rounded values totaling to 100 percent). The survey covers active firms only and does not account for firms that have closed since 2021. Ongoing violence also posed challenges in surveying firms in some of the most violence-affected communes. Thus, the figures underrepresent the full impact of violence on Haitian businesses and should be interpreted as lower-bound estimates.

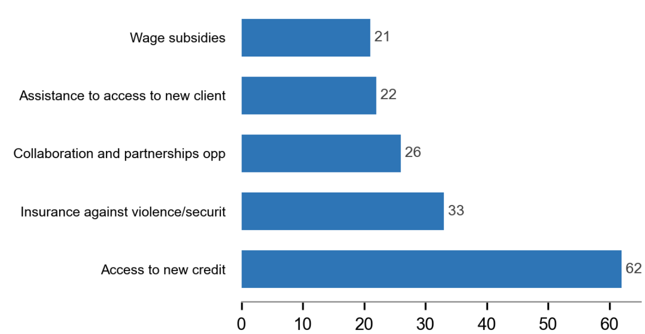
The survey points to a significant contraction in business activity. Violence-related losses have impacted 44 percent of businesses that survived until 2025, with affected firms suffering damage to 40 percent of their assets on average. Losses include theft, robbery, vandalism, and arson on the company/enterprise's premises. Business activity has contracted significantly, with sales down 26 percent, investment down 25 percent, and employment down 20 percent compared to 2021 levels (See Figure 17). ICT and professional services (-32 percent) and hospitality (-30 percent) sectors experienced the steepest declines.

Figure 17. *Sales are down 26 percent since 2021*



Source: World Bank's staff calculations based on BPS
Question: Comparing this company/enterprise sales for the last 30 days (before this interview) with June 2021 (assassination of President Jovenel Moïse), did the sales?

Figure 18. *The primary needs expressed by firms*



Source: World Bank's staff calculations based on BPS
Question: What type of support programs either from the government or international organizations would be more important for your business(es) today?

[7] The survey could not be randomized due to difficulties in conducting the survey related to the insecurity in Port-au-Prince and the reluctance of firms to respond. The sampling framework was comprised of 6284 firms, primarily formal small and medium enterprises (SMEs), with a few large firms. 719 respondents consented to participate in the survey. Of the 719 surveys, 558 were completed by phone, 119 in-person and 42 were completed on-line. Many of the in-person interviews were done at the request of the respondents. Firms were considered formal if they meet any of the following criteria: registration with the Ministry of Commerce and Industry (Société anonyme, société en nom collectif; entreprise individuelle); registration with the Tax Directorate; authorization of Ministries of Health, Justice and Public Security, Social Affairs and Labor (MAST); mayor's office (registration of merchants and individual businesses), Centre de Facilitation d'investissement (CFI) (registration of investment incentives advantages).

Violence and insecurity have disrupted supply chains and infrastructure. Companies that canceled orders due to raw materials and intermediate goods shortages saw a 27 percent monthly sales drop, compared to 16 percent for those with continuous supply. Digital connectivity issues affected 50 percent of businesses with poor internet service. Canceled orders accounted for an average of 39 percent of monthly sales, with hospitality experiencing up to 80 percent.

Surviving Haitian businesses have shown remarkable resilience through adaptation. Security investments have become essential, with 94 percent of investing firms purchasing security equipment such as cameras and monitoring systems, while 52 percent increased spending on security personnel. Digital transformation has been a key survival strategy, with 76 percent of businesses adopting innovations and 54 percent implementing digital solutions to cope with the crisis. Despite these efforts, 59 percent of firms faced difficulties accessing finance, rising to 68 percent in manufacturing. Only 3 percent of firms surveyed reported having received public assistance from the government or international organizations. In contrast, a BPS in war-affected Ukraine found that about 8 percent of firms received government support (Avdeenko et al., 2023). When asked what type of support programs would be important for their business today, 62 percent of the firms identified access to new credit for investments or working capital as their most critical need (see Figure 18).

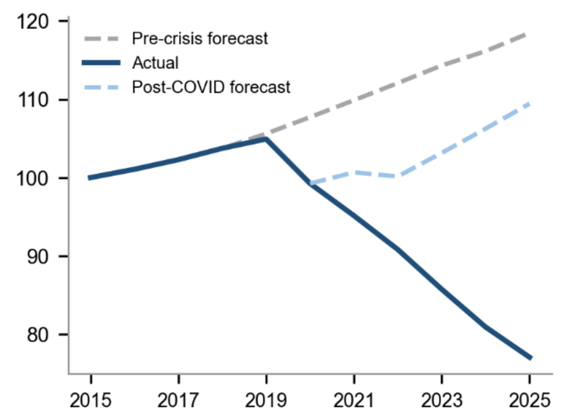
The survey suggests urgent priorities for policymakers and development partners. First, reconstruction or recovery funding must be available for damaged business assets. Second, economic recovery programs should target the hardest-hit sectors. Third, restoring critical infrastructure, particularly power and internet services, requires immediate attention. Fourth, public support programs for firms are needed. Finally, developing financial support mechanisms, including access to new credit and security-related insurance products, are essential to sustain business operations in this challenging environment.

Agriculture

Food insecurity remains at crisis levels in Haiti. The food supply has been impacted by roadblocks, the deterioration of agricultural assets, gangs driving farmers off productive land in the Ouest and Artibonite departments, and high production and transport costs. According to the latest Integrated Food Security Phase Classification analysis (October 2025), 5.7 million people, 50 percent of the analyzed population, faced acute food insecurity (IPC Phase 3 or worse) between September 2025 and February 2026, including 1.9 million in Phase 4 (emergency); 5.9 million (53 percent) are projected for March to June 2026. No population was classified in Phase 5 (catastrophe), an improvement on the previous round, but BINUH estimates 6.4 million people, including 2.8 million children, need humanitarian assistance in 2026, and violence severely hampers humanitarian operations.

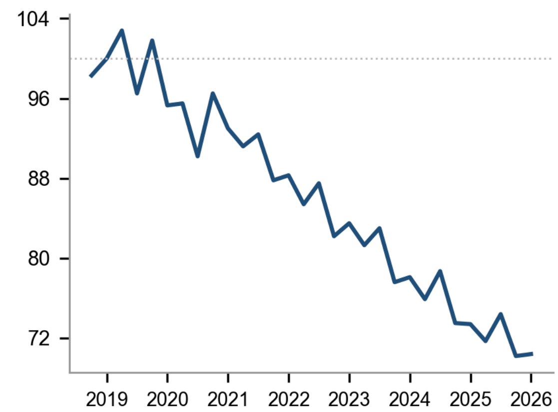
Supply chain disruptions severely impacted agricultural output. Total lost output in the agriculture sector from 2018 to FY2025 is estimated at about 8 percent of FY2025 GDP (Figure 19). The sector is an important contributor to export earnings. In 2021, agricultural exports included vetiver essential oil, which accounted for 4 percent of exports (US$ 46 million), followed by fisheries and crustaceans (US$ 27 million), tropical fruits (US$ 12 million, primarily mangoes), and cocoa (US$ 9 million). Gang control of the main road connecting the metropolitan zone with the south has essentially cut off road travel to the southern peninsula, where most vetiver production and some cocoa production occur. Gang control of the roads connecting Port-au-Prince with the northern departments created disruptions for mango exports, and gang control of the road leading east through Croix-des-Bouquets threatens transport of coffee from Thiotte (Sud-Est department). Due to insecurity, mangos can no longer be precleared for export to the United States, removing access to the main export market and reducing income for farmers. Before the crisis, mango exports accounted for US$ 12 million annually, an essential source of income for hundreds of thousands of informal farmers. After a 48 percent decline in mango exports in 2022 due to issues related to lack of security, exports to the United States were halted in October 2022.[8] [9]

Figure 19. *Agricultural output keeps falling further below its potential path (index, 2015=100)*



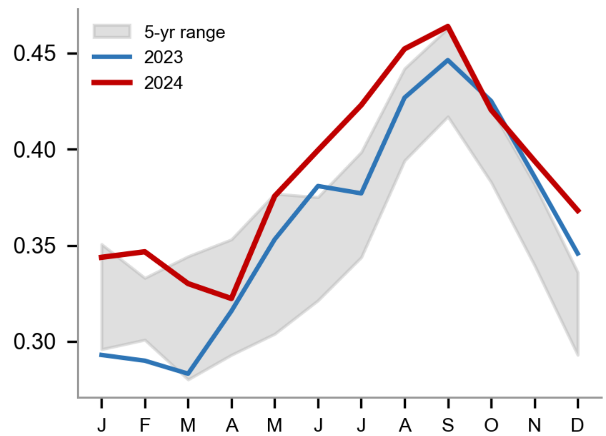
Source: World Bank (2018; 2020). *Note:* Counterfactual paths extended beyond 2024 at their terminal growth rates; FY2025 actual from IHSI.

Figure 20. *Agricultural activity is roughly 30 percent below 2019 levels (economic activity indicator, agriculture, seasonally adjusted, 100 = Q1 2019)*



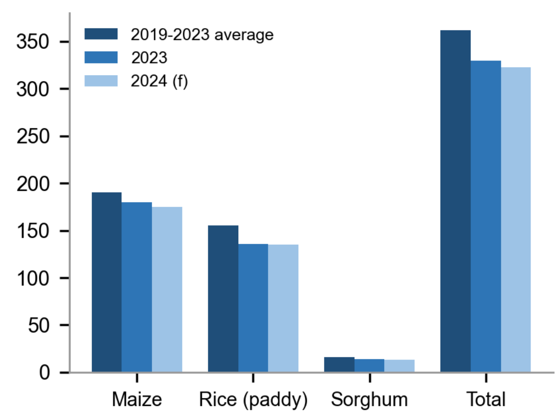
Source: IHSI, Indicateur Conjoncturel d'Activite Economique (ICAE). *Note:* Seasonally adjusted index (World Bank staff computation), 100 = Q1 2019; latest Q1 FY2026 (October-December 2025).

Figure 21. Remotely Sensed Vegetation Index



Source: World Bank.
Note: Grey area shows the minimum and maximum range since 2012.

Figure 22. Cereal production continues to slide (thousands of tons)



Source: Food and Agriculture Organization of the United Nations (FAO).

Measurements of vegetation show that Haiti's agricultural output is far from its potential, a situation that could be compounded by climate shocks. Remote sensing indices like the Enhanced Vegetation Index (EVI) measure the conditions for crops, specifically quantifying vegetation greenness, health, and density (Huete et al., 2002). The EVI indicates that Haiti had strong potential for high crop yields in 2023 and 2024 (Figure 21), despite weak conditions in early 2023 that were reversed later in the year. However, official crop production data show a decline

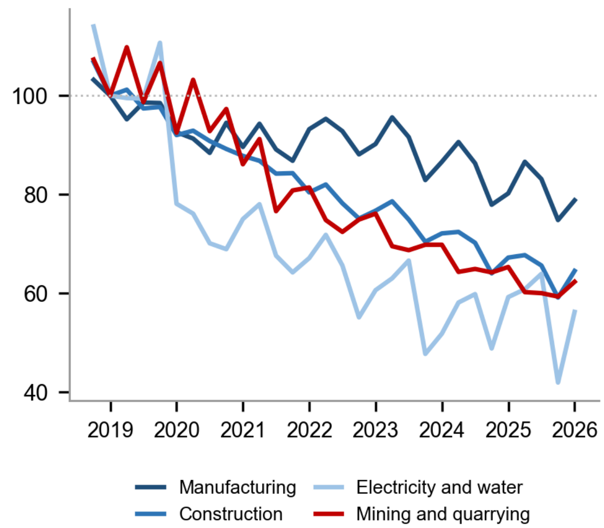
[8] The U.S. Department of Agriculture suspended the Animal and Plant Health Inspection Services preclearance program because inspectors' safety could not be guaranteed. The preclearance program was formally closed in January 2023 (Haiti Libre 2022) and has not been reinstated, making it unlikely that the U.S. market will reopen to Haitian farmers for the 2025 mango season.
[9] Food for Export: An Analysis of Haiti's Agricultural Export Potential in the Nord-Ouest Department, IDB/IFC, 2024; Haiti Coffee Supply Chain Risk Assessment, World Bank, 2010.

(Figure 22), pointing to a growing disconnect between Haiti's agricultural potential and actual output. This widening gap reflects non-climatic constraints (insecurity, lack of inputs, and disruptions in market access) that are preventing the sector from capitalizing on favorable conditions and realizing its full productivity. EVI is an indicator of crop health and growth throughout the season, although crop yield is influenced by many factors beyond just the health of the standing vegetation.[10] [11]

Industry

In the industrial sector, the contraction began during the COVID-19 pandemic and deepened during the 2021-25 security crisis. The decline in industrial growth has been broad, with the Economic Activity Indicator showing a decline in manufacturing, construction, electricity and water, and mining activity (Figure 23). The estimated loss in output from the industrial sector is about 22 percent of FY2025 GDP, the largest of any sector, including the pandemic period (about 13 percent of GDP) and the 2021-25 period (about 9 percent of GDP). This decline corresponds to severe disruptions in electricity supply, as insecurity has constrained fuel shipments and damaged transmission infrastructure. Lower construction activity is reflective of the impact of insecurity on private investment and low execution rates of public investment capital projects. This situation has led to the trade-to-GDP ratio reaching its lowest levels in decades (Figure 24).

Figure 23. Industrial activity remains depressed across all branches (economic activity indicator, seasonally adjusted, 100 = Q1 2019)



Source: IHSI, World Bank seasonal adjustment.

Haiti's export profile has historically been dominated by the apparel industry, with knit T-shirts, sweaters, and suits forming the backbone of its international trade (Figure 25). This reliance on textiles and competitive labor costs began with the export-assembly regime of the 1970s and deepened under successive US preference programs, from the Caribbean Basin Initiative (1983) to CBTPA and the HOPE/HELP acts, attracting major US brands seeking low-cost production close to their market. The industry expanded again in the 2000s under these preferences. However, the landscape has shifted in recent years. Since 2010, apparel exports have stagnated, facing competition from lower-cost producers like Bangladesh and Vietnam. Political instability and natural disasters further eroded investor confidence. Recognizing the risks, Haiti has explored diversification. Agricultural products like mangoes, essential oils, and cocoa have seen growth, driven by government initiatives and international support. However, these sectors remain relatively small compared to apparel. While the US remains the primary destination, Haiti is seeking new markets in Europe and the Caribbean. Trade agreements with the Dominican Republic and the EU offer potential for expansion.[12] [13]

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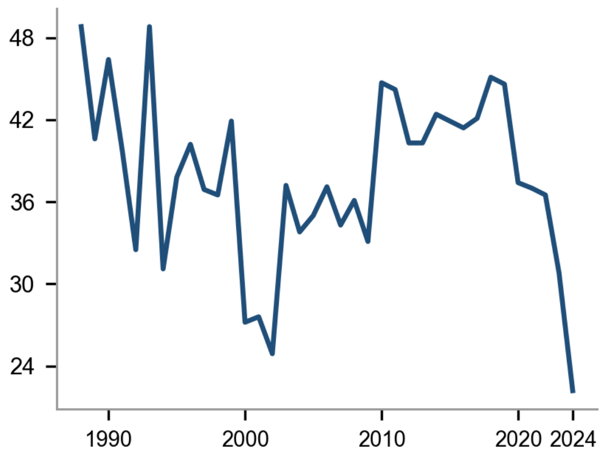
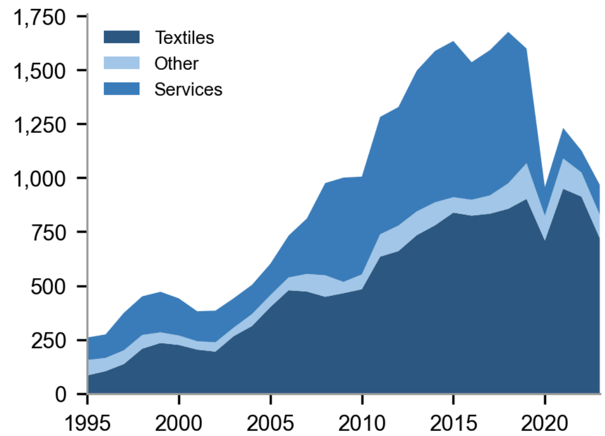
[10] Satellite-derived vegetation indices (e.g., NDVI, EVI, LAI) to estimate yield rely on empirical relationships or time-integrated indices. These approaches are scalable but may lack precision and be affected by cloud cover or sensor differences.
[11] Agricultural Financing in Haiti: Diagnosis and Recommendations, World Bank, 2019.
[12] Structural Transformation in Haiti, Inter-American Development Bank, 2018.
[13] Bringing HOPE to Haiti's Apparel Industry, World Bank, 2009.

Figure 24. Trade openness has collapsed to its lowest level in decades (exports plus imports, percent of GDP)



Source: World Bank.

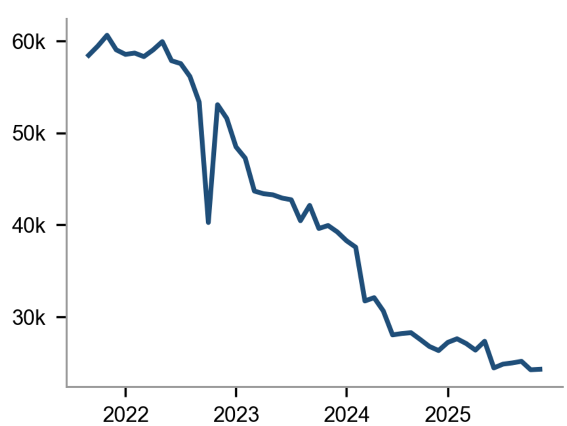
Figure 25. Exports remain dominated by textiles (US$ millions)



Source: Atlas of Economic Complexity, Harvard's Growth Lab.

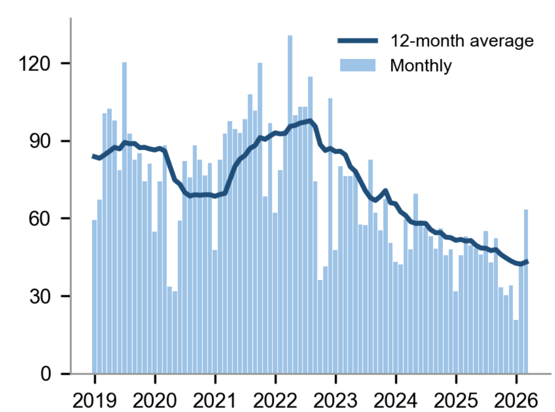
The apparel sector has lost more than half of its formal employment since 2021, with losses concentrated in Port-au-Prince. Apparel was Haiti's top export, accounting for 82 percent of total exports and 90 percent of merchandise exports in 2019, and it remains the largest source of formal private employment. Duty-free access to the United States and speed to market have historically been among Haiti's most significant competitive advantages (World Bank 2013). The sector exported US$ 1.09 billion worldwide and employed nearly 53,000 people in 2019. Employment peaked around 58,500 in September 2021 and has since declined to 24,300 by November 2025 (Figure 26), as insecurity disrupted transport routes and raw-material supply and buyers shifted orders. Remaining capacity has consolidated outside the capital. The CODEVI free zone in Ouanaminthe sustains roughly 16,000 jobs and has continued attracting new investments in 2025 and 2026, while firms in the Port-au-Prince metropolitan area, where about three-quarters of garment jobs have been lost, warn that the export platform around the airport is at risk without security and road rehabilitation. US imports of goods from Haiti, about nine-tenths textiles and apparel, fell from US$ 1.0 billion in 2019 to US$ 522 million in 2025 (Figure 27).

Figure 26. Apparel employment has fallen by more than half since 2021



Source: Workers in member firms, ADIH.

Figure 27. US imports from Haiti have halved since 2021 (US$ millions per month and 12-month average)

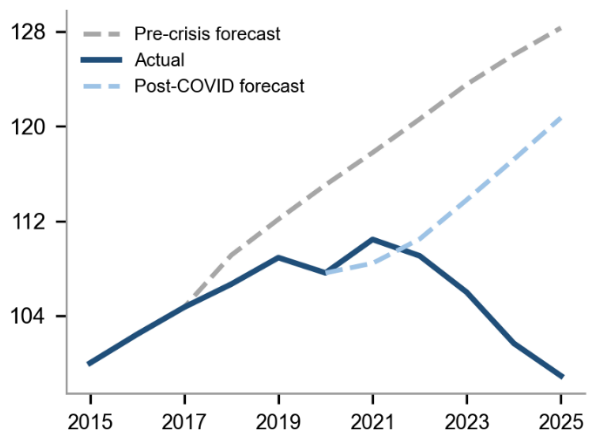


Source: Office of Textiles and Apparel Trade Data, U.S. Department of Commerce.

Services

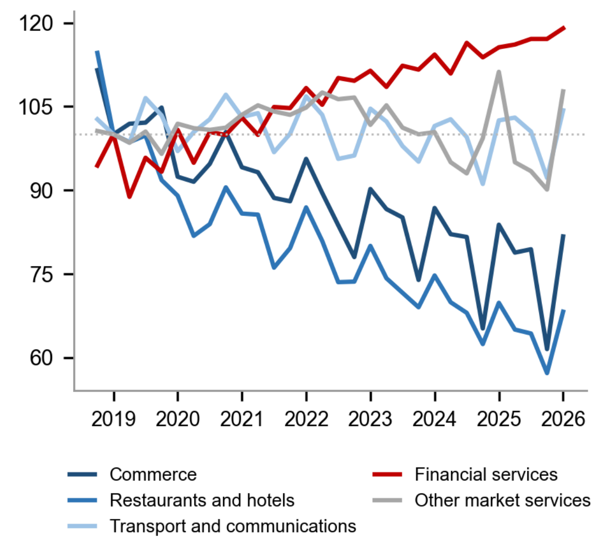
The services sector accounts for a large share of lost output: about 17 percent of FY2025 GDP since 2018, of which 12.4 points accrued during the 2021-25 insecurity period (Figure 28). This is reflective of the large share of services in the Haitian economy and the profound impacts of the security crisis on transportation, restaurants and hotels, and commerce, compounding the losses that began in the pandemic period (Figure 29).

Figure 28. *Services output has declined significantly (index, 2015=100)*



Source: World Bank (2018; 2020). Note: Counterfactual paths extended beyond 2024 at their terminal growth rates; FY2025 actual from IHSI.

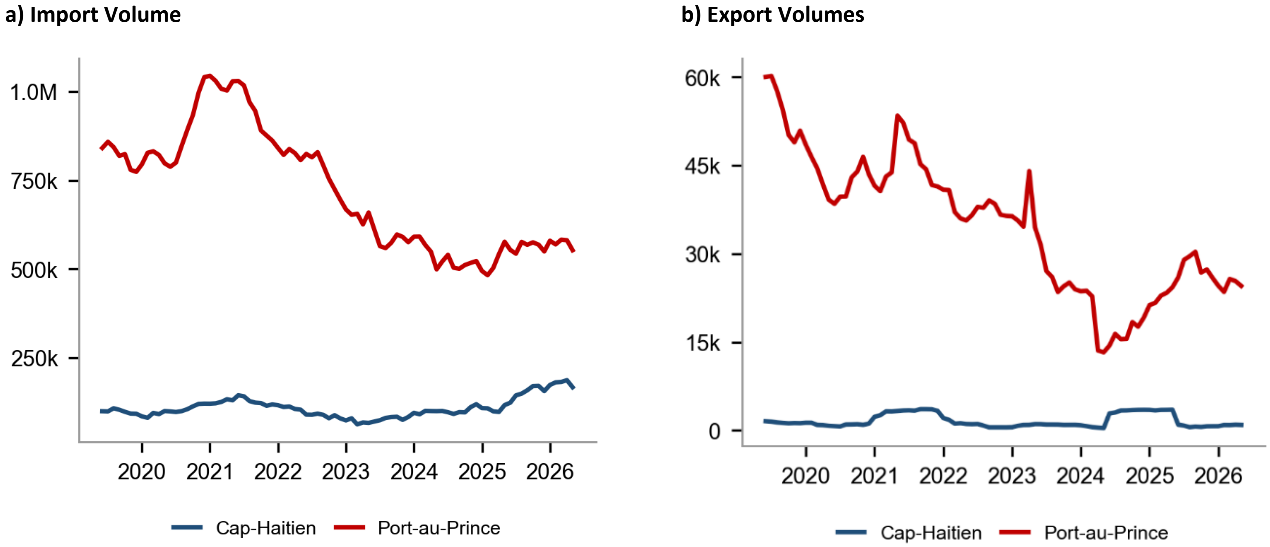
Figure 29. *Commerce and hospitality bear the brunt of the services contraction (economic activity indicator by branch, seasonally adjusted, 100 = Q1 2019)*



Source: IHSI, World Bank Seasonal Adjustment

Transportation has been severely disrupted, as reflected in declining port traffic in Port-au-Prince. Since 2021, gangs have progressively increased control of the three main roads to and from metropolitan Port-au-Prince (north via Tabarre and Canaan, south via Martissant, east via Croix des Bouquets), establishing checkpoints and threatening passengers and cargo in return for bribes. Control of these main arteries in and out of the capital has had devastating spillover effects on tourism, agriculture, apparel, and other sectors whose operations require the transport of people or goods. In addition, the port (La Saline) and the airport of Port-au-Prince have been subject to gang attacks or seizure, resulting in their temporary closure, with serious consequences on virtually all aspects of supply and resulting in a sharp decline in import and export shipment volumes in Port-au-Prince since 2019 (Figures 30a and 30b).

Figure 30. Import cargo has shifted from Port-au-Prince toward Cap-Haïtien, while exports fell at both ports (metric tons, 12-month moving average)



Sources: UN Global Platform, https://www.officialstatistics.org/; IMF PortWatch, https://portwatch.imf.org/pages/faqs.

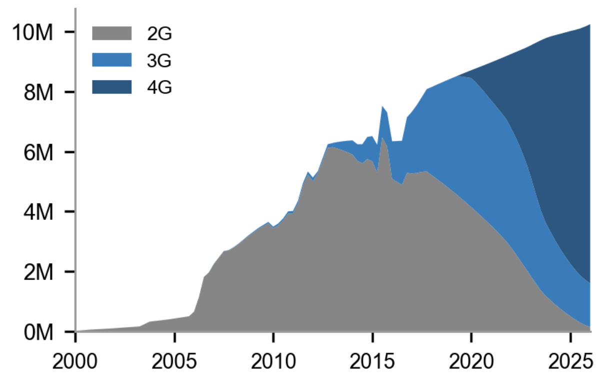
The worsening economic crisis and deteriorating operating environment for private enterprises has deeply affected the functioning and performance of the financial system. Credit activities in the financial sector have been severely affected. The rate of nonperforming loans has progressively risen, from 2.5 percent of loans in September 2018 to 6.7 percent in 2022 and 12.7 percent by March 31, 2024.[14] Exposure of the financial system to credit risk increased sharply, from 4.9 percent in September 2023 to 12.8 percent by March 31, 2024. A decrease in interest revenue has led to a decrease in return on assets from 1.9 percent in 2021 to 1.1 percent in 2024. Of all loans in difficulty, 68 percent are in the commerce sector and 17 percent the industrial sector. The same trends are visible in the microfinance sector. The nonperforming loan rate of savings and credit cooperatives rose from 8.5 percent in September 2021 to 11.1 percent in September 2023, and nonregulated microfinance institutions' nonperforming loan rate increased from 18.9 percent in September 2021 to 30.7 percent in September 2023 according to the same data. Financial institutions have also been victims of vandalism and violence. By September 2022, 41 bank branches across the country had been victims of aggression, pillaging, or arson, causing their closure. By March 2024, 18 more bank branches were vandalized or closed in the metropolitan area of Port-au-Prince. [15]

The tourism sector was already in a recession in 2019, but worsening conditions have devastated business owners, especially in tourism enclaves such as Côte des Arcadins and in the south. In 2019, demand for tourism services was growing, especially for accommodation. International arrivals had been increasing at an annual average rate of more than 6 percent since 2012, with visitor arrivals exceeding 1.2 million per year. International investors and global tourism agencies were expressing interest in Haiti, and a network of guesthouses had emerged during the post-earthquake reconstruction phase to respond to the increasing demand for accommodation. However, the increase in crime, violent civil unrest in 2018 and 2019, and the subsequent

[14] Évaluation d'impacts et Programme d'Appui aux Institutions Financières et Entreprises Débitrices du Système Financier Victimes de la Crise Socio-Politique, Banque de la République d'Haïti, Juillet 2024.
[15] Financial Capability and Inclusion in Haiti, World Bank, 2019; FinScope MSME Haiti 2023, USAID/FinMark Trust, 2021.

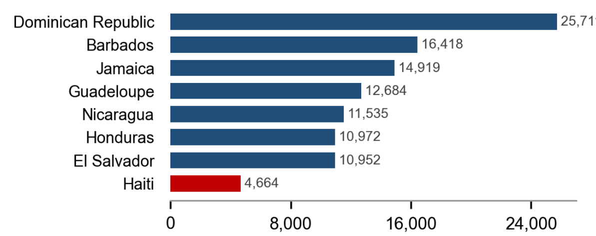
decision by the United States to place Haiti in its level 4 "do not travel" ban category prompted a recession in the tourism sector (Vijil, Lewis-Bynoe, and Amo 2021). The COVID-19 pandemic amplified difficulties in the tourism industry. Gang occupation of the Martissant area essentially cut off road access to the southern peninsula, severely disrupting tourism in that region. As a result, many firms in the tourism sector (e.g., tour operators, transporters, restaurants) have made use of a moratorium on loan payments established by the Central Bank. In April 2025 the last remaining international hotel ceased operations due to escalating gang violence and insecurity. This closure followed a decision by Royal Caribbean and at least four other cruise lines to suspend their Haiti destinations a week earlier, citing similar safety concerns, and further diminishing the limited tourism activity that had remained.[16]

Figure 31. *Number of Mobile Connections According to Network Type*



Source: GSMA Intelligence (database) (accessed June 2026), https://www.gsmaintelligence.com/data/.

Figure 32. *Data Consumption per Connection in Neighboring Countries, Megabytes per Month*



Source: GSMA Intelligence (database) (accessed June 2026), https://www.gsmaintelligence.com/data/.

Mobile telecommunications operators have remained remarkably resilient to challenging security conditions. As in other sectors, the two main mobile telecommunications operators have navigated kidnappings, fuel shortages, and disrupted transportation routes to maintain services. Remarkably, sector data indicated continued expansion of mobile connections, reaching 10.2 million by early 2026, covering 6.9 million unique subscribers because many users have multiple SIM cards (Figure 31). The unique subscriber penetration rate is approximately 52 percent in Haiti, still lagging other countries in the region such as El Salvador (74 percent) and the Dominican Republic (64 percent). The quality of connection has gradually improved with the rollout of 4G, which now accounts for roughly 84 percent of all mobile connections. Insecurity may have limited expansion of 4G coverage to more areas of the country. The 3G network covers approximately 95 percent of the population while 4G coverage reaches only 72 percent. Mobile data consumption has continued to increase exponentially, reaching 4.7 gigabytes per connection per month by early 2026, although this significantly lags other countries in the region (Figure 32). Ensuring efficient mobile network operations will be critical to maintaining connectivity and implementing recovery plans to support growth of Haiti's services sector over the medium term.[17]

[16] Haiti Tourism Economy Snapshot, World Bank Prosperity Data360, 2025.
[17] The SNIF 10 Years Later: Assessment of Financial Inclusion in Haiti, Banque de la République d'Haïti, 2024.

2. Economic Potential and Constraints

Introduction

Despite its weak economic performance, Haiti has significant untapped economic potential. The country is blessed with a cultural heritage and a unique history in the region, pristine beaches, sun, inviting weather, abundant vegetation, mineral deposits, a potentially productive land base, natural ports, and a young and growing workforce. This inventory of endowments points to potential comparative advantages in tourism, agriculture and forestry production, light manufacturing, textiles and apparel, cultural products, and mining and related products. The economic success of the Dominican Republic, which shares many of these endowments and has an economy several times larger, vividly illustrates Haiti's potential to rapidly develop in similar areas. At the same time, Haiti faces a series of seemingly binding constraints that have deferred its economic transformation.

This section briefly reviews Haiti's existing development plans to highlight key aspects of its economic potential that are relevant in the current security and trade context. The main national development plans and World Bank assessments are reviewed briefly. Four of Haiti's key advantages are highlighted: its young labor force, competitive wages, resilient diaspora, and untapped agricultural opportunities. It goes on to identify several priority near-term constraints that will need to be addressed for Haiti's development vision to be realized.

Haiti's Long-Term Potential: Growth Plans and Strategies

Formulated in the aftermath of the 2010 earthquake, the *Plan Stratégique de Développement d'Haïti* (PSDH) set a national goal of becoming an emerging economy by 2030. The PSDH centers on four "grands chantiers" (territorial, economic, social, and institutional restructuring) across 32 programs with roughly 150 sub-programs. The plan called for substantial investments in core infrastructure (transportation, ports, energy, ICT, water and sanitation) alongside key reforms in business, law, land rights, tax and customs administration, financial governance, public security, and human capital development. The plan highlighted key areas of untapped potential in Haiti's economy, including:

- Agriculture, Livestock & Fisheries: Boosting productivity through better supply chains, inputs, credit access, and agro-processing value addition. High-value crops include coffee, mangoes, essential oils, sugarcane, cocoa, and vetiver.
- Industry & Construction: Facilitating agro-industry and housing construction through legal reforms, secure land tenure, and financing mechanisms. Led by textiles, manufacturing could attract FDI, with linkages to agro-processing and integrated supply chains.
- Tourism and Services: Expanding infrastructure (e.g., airports, preserved natural sites) and a broader service ecosystem to drive growth. Tourism could be an important source of job creation over the long term. Modernizing financial services to enhance SME credit access and fund flows; strengthening formal craft and proximity services with dedicated infrastructure and support.
- Minerals & Energy: Scaling electricity and resource extraction capacity, with a focus on renewables to support development including better use of hydroelectric resources.

In 2015, the *Typical Products* report outlined a catalogue of 81 significant local goods in the areas of natural and cultural heritage, small industry and handicrafts, and local agriculture. The plan sought to identify Haiti's economic potential in developing region-specific niche products tied to local traditions and resources that reflect Haiti's cultural and natural heritage. To unlock this potential, the plan called for support to local producers with training in production, management, promotion, and marketing, improved infrastructure and transport to improve market access, and community empowerment and social cohesion.

The *Plan de Relance Économique Post-COVID (PREPOC)* was a shorter-term plan to relaunch the economy after the economic shock of the global pandemic in 2021. The PREPOC focused on removing constraints to realize Haiti's economic potential, with action-oriented interventions. A strong governance and monitoring system was also deemed essential to sustain transformation. Key areas of potential included:

- Agriculture & Agro-industry. This would draw on Haiti's large labor force, and high value potential export crops (mangoes, coffee, crustaceans, essential oils). To realize this potential, the plan called for modernized farming, improving rural infrastructure, and access to credit and inputs.
- Manufacturing. This would build on the existing textile base with room for diversification to new products. To realize potential, Haiti would attract foreign investment, strengthen local supply chains.
- Tourism & Services. Haiti has underdeveloped cultural, historical, and ecotourism assets. Improve safety, develop tourism infrastructure, promote cultural industries and services.
- Construction & Housing. Haiti's housing deficit would create a strong domestic market. To lift constraints, programs would provide public housing, land tenure reform, and financing.
- ICT & Digital Economy. Low baseline but high growth potential. Expand broadband, develop digital skills, support digital payment systems and energy access (e.g. solar pay-as-you-go).

The Government of Haiti has also prepared plans at the region, department, and commune levels. For example, the 2012 *Plan d'Aménagement pour le Nord et le Nord-Est* outlined a spatial strategy to promote balanced and sustainable development in the northern economic corridor. Building on the PSDH development vision, the plan aimed to reduce regional inequalities by coordinating infrastructure investments, productive activities, and institutional strengthening around key urban and rural nodes.

- Strengthening a network of second-tier cities to decentralize growth outside the capital, together forming regional poles to attract investment, job creation, and basic services served by a coordinated network of roads, ports, electricity, and water systems to support local value chains and better integrate rural areas.
- Prioritized zones for agro-industry, industrial development, tourism, and cross-border trade. The northern plan identified potential in value-added agriculture (such as cacao, mangos), light manufacturing, and ecotourism linked to the region's historical and natural assets.

The World Bank's 2022 Systematic Country Diagnostic (SCD) came to similar conclusions on Haiti's economic potential and areas of focus, albeit with a greater emphasis on infrastructure. The SCD focused on improving enabling conditions across the economy, including security, governance, and strengthening public institutions and data systems. A stronger private sector would depend in part on financial sector development and skills development. Key areas of potential included:

- Agriculture & Agro-industry Climate. Smart agriculture and value-added processing offer opportunities for rural income growth and food security. To do this, promote modern techniques, strengthen farmer-agribusiness linkages, and improve access to markets and inputs.
- Apparel, energy, water, and digital finance. The apparel sector is a key formal employer; energy and water infrastructure, along with digital payments, offers strong investment potential. Private investment,

developing mini-grid and renewable energy systems, and scaling digital financial inclusion could help realize this potential.
- Diaspora & Remittances. The SCD noted the resilience provided by the diaspora, and the importance of remittance inflows. It pointed to the importance of reducing remittance costs, promoting investment of remittance flows, and integrating the diaspora in national development.

The World Bank and IFC's 2022 Country Private Sector Diagnostic (CPSD) identified similar high potential sectors. The CPSD analyzes opportunities to accelerate private investment and inclusive growth and identifies priority sectors where reforms and targeted support could unlock economic potential, create jobs, and expand access to essential services.

- Financial Services & Digital Finance. Haiti has a large number of credit-constrained SMEs; underuse of digital financial services despite rising mobile phone usage. Relevant actions include expanding SME finance products, strengthening legal and digital infrastructure for mobile payments and digital lending platforms.
- Renewable Energy. Haiti has low electrification rates requiring expensive solutions. Off-grid solutions can expand access and reduce costs. To address this, promote mini-grids and solar home systems through public-private partnerships, especially in underserved areas.
- Water Supply. Access to clean water is limited, and new technologies offer scalable improvements. To do this, support private operation of small water systems; use solar pumps and mobile-based monitoring to enhance service delivery.
- Apparel & Textiles. Haiti's top export sector and largest formal employer; potential for job creation and value addition. Address infrastructure and logistics bottlenecks; capture nearshoring opportunities with the U.S.; enhance workforce skills.

While these plans consistently identify similar sectors of potential, evidence on implementation is mixed. The AVANSE agricultural program in the north demonstrated that targeted interventions can achieve transformative results: tripling rice yields and building a US$ 7 million cacao export chain over six years.[18] The BetterWork compliance program helped sustain labor standards and employer capacity across the apparel sector for nearly a decade.[19] However, several critical recommendations from these plans (agricultural credit reform, industrial park expansion beyond Caracol, and tourism infrastructure development) remain largely unimplemented. The recurring identification of the same opportunities across multiple plans, spanning more than a decade, illustrates the challenge of translating potential into outcomes under Haiti's governance and security constraints.

Economic Potential in the Current Context

Haiti retains areas of high economic potential, despite its complex political and security context. Its economic advantages include competitive regional wages, proximity to major export markets, a vibrant and engaged diaspora, and significant agricultural potential. Geographically, investment in the more stable northern and southern corridors of the country could be prioritized, particularly in manufacturing and agriculture. This section briefly outlines these areas of economic potential.

[18] AVANSE Final Report, USAID, 2020.
[19] BetterWork Compliance Synthesis Reports, ILO, 2015-2026 (latest: 29th report, covering 2025).

Competitive Wages and Market Proximity

The productivity gains from expanding the manufacturing sector are substantial. Although Haiti's manufacturing sector remains quite modest, modeling suggests that moving a single worker from agriculture to manufacturing generates an additional US$ 7,567 in value added, reflecting wages in manufacturing that are approximately five times higher than in agriculture. Increasing manufacturing's share of total employment from 2 to 15 percent could raise value-added per worker by an estimated 34 percent.[20] Among manufacturing subsectors, the apparel industry has demonstrated the lowest cost per formal job created (approximately US$ 422 per position), with each job generating an additional 0.28 jobs in the supply chain and 0.33 jobs through worker spending.[21]

Recent shifts in global trade policy may create new opportunities for Haiti in light manufacturing, if it can preserve cost competitiveness and overcome logistics constraints. Manufacturers seeking to relocate production may choose countries closer to consumer markets to cut transport costs, reduce delivery times, and improve supply-chain resilience. Haiti's wage position, long its central advantage, is shifting. A May 2026 decree raised the daily minimum for export-oriented assembly by 46 percent, from 685 to 1,000 gourdes (about US$ 7.70 per day at the prevailing exchange rate), with a 1,300-gourde production wage for other export manufacturing, and unions continue to demand 3,000 gourdes. Even after the increase, Haitian labor costs remain among the lowest of apparel producers in the Americas (Figure 33), but the combination of a higher wage floor, a stable nominal exchange rate amid 20 percent inflation, and security-driven logistics costs is narrowing the margin.

Labor costs are only one determinant of competitiveness in garments. Reliable logistics and energy, established supplier clusters, a track record with international buyers, and access to trade financing weigh as heavily, and Haiti remains weak on several of them. Women account for 65-70 percent of the apparel workforce, making the sector Haiti's largest source of formal female employment. Haiti also faces severe logistics constraints, ranking 134th of 139 countries in the World Bank's 2023 Logistics Performance Index. Realizing its potential in light manufacturing will almost certainly require deeper cooperation with the Dominican Republic to take advantage of its more expansive infrastructure. Cross-border production has precedent and scale. The CODEVI free zone on the border sustains roughly 16,000 manufacturing jobs and continues to attract new investment, demonstrating the feasibility of cross-border value chains even under challenging conditions. A comprehensive binational trade study in 2009 recommended simplifying and harmonizing cross-border regulations, facilitating trade, and drawing on the Dominican Republic's capabilities for workforce development, recommendations which remain relevant in 2026.[22]

Geographic proximity to high-income economies may provide diversification opportunities. With shorter sea and air transit times, light-manufacturing exporters can more easily meet tight lead times and reduce logistics costs. For fresh agricultural products like mangoes, reduced time-to-market translates directly into improved quality and higher returns. Proximity is a significant determinant in tourism as well, in terms of both the cost of arriving at destination and the duration of travel, although this remains a long-term priority in the context of current security advisories that limit tourism.[23]

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[20] Structural Transformation in Haiti, Inter-American Development Bank, 2018.

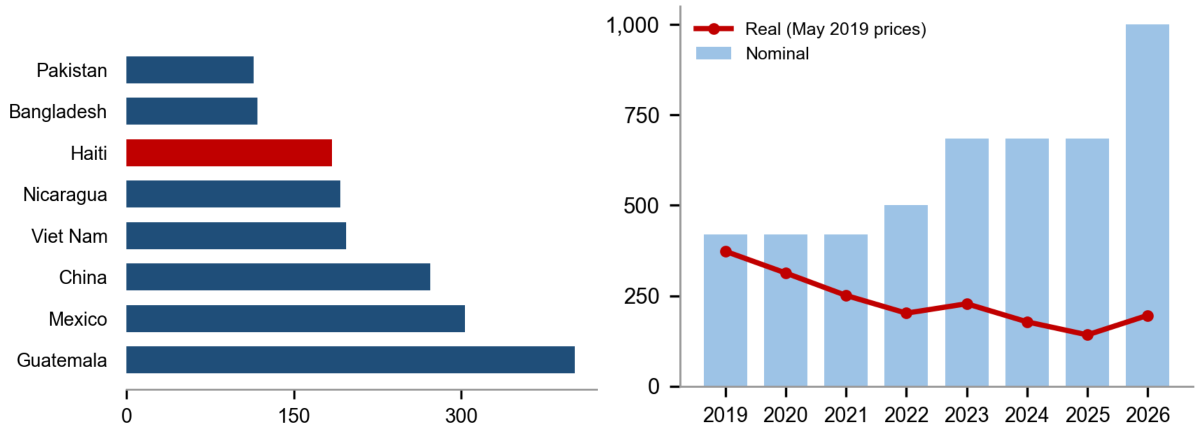
[21] Local Enterprise and Value Chain Enhancement (LEVE) Final Report, USAID, 2019.

[22] Bringing HOPE to Haiti's Apparel Industry: Improving Competitiveness through Factory-level Value-chain Analysis. World Bank. 2009.

[23] Investment Incentives Comparative Analysis: Haiti, Dominican Republic, and Puerto Rico, ADIH, 2025.

Figure 33. Haiti's minimum wage, long among the lowest, rose 46 percent in May 2026 after years of real erosion

a) Monthly minimum wages, US$; *b) Haiti daily minimum wage, gourdes per day, nominal and real*



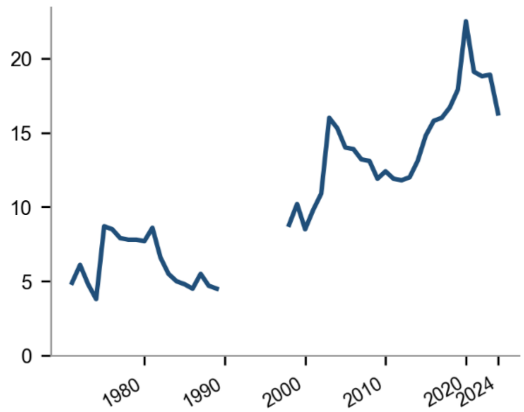
Source: ILO cross-country data, updated with national data, Haiti wage decrees, IHSI CPI

Diaspora Linkages

As aid flows tighten, Haiti's diaspora offers a source of economic resilience. Haiti's economy depends on remittance inflows, which reached a record US$ 4.4 billion in FY2025, equal to about one-sixth of GDP in FY2024 and several times central government revenue. Remittance inflows have played an important role in the Haitian economy, sustaining household consumption, financing essential services such as education and healthcare, and supporting the balance of payments as the country's main source of foreign exchange. The diaspora could also be a significant source of investment, knowledge, and capacity. Remittances received by Haiti represent a large share of GDP (Figures 34 and 35), as in other countries in the region. Given their scale relative to the Haitian economy, remittances have become an important macroeconomic variable that has supported the value of the Haitian gourde. This has generally been a stabilizing force, as remittances have supported consumption amid an ongoing security supply shock. However, these inflows also contribute to a real exchange rate appreciation that weighs on the competitiveness of Haiti's exports.[24] [25]

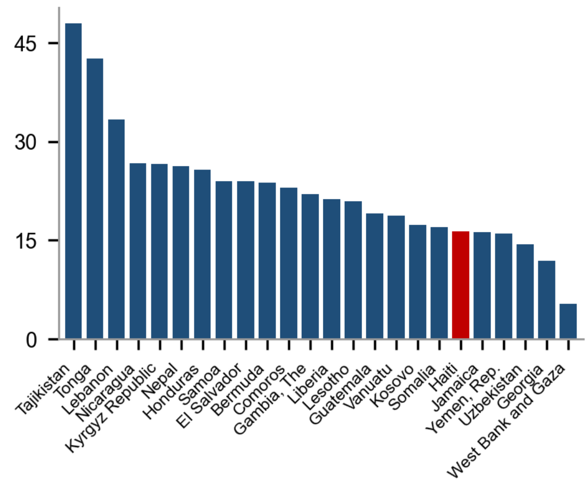
[24] Haiti, Dominican Republic: More Than the Sum of Its Parts, World Bank, 2012.
[25] Pay-for-Results Sustainability Strategy for Haiti, IDB Lab, 2023; Haiti Renewal Alliance/Diaspora Partnership Accelerator, USAID, 2023.

Figure 34. *Remittances are equivalent to about one-sixth of GDP (percent of GDP)*



Source: World Development Indicators.

Figure 35. *Haiti is among the most remittance-dependent economies in the world (percent of GDP, 2024 or latest available)*



Source: World Development Indicators.

Agricultural Opportunities

In the context of rising food insecurity and limited urban labor opportunities, a renewed focus on agriculture offers a potential pathway to growth. Agriculture accounts for approximately 18 percent of GDP but provides employment and subsistence to nearly half of all households. It is especially important for poverty reduction. In 2012, an estimated 80 percent of households dependent solely on agriculture were poor, well above the national average. The sector has experienced a steady decline in productivity and output over the past decade, reflecting a convergence of structural vulnerabilities and environmental stressors in addition to gang violence in the Artibonite and Ouest regions, the two most important areas of agricultural production.[26] [27]

Haiti's agricultural system is increasingly strained by negative climatic shocks, declining soil fertility, and land fragmentation. Unsustainable farming practices, driven by population pressure, limited access to inputs, and low levels of farmer education, have contributed to severe land degradation. Approximately 85 percent of the country's watersheds are now considered degraded, raising the risk of food insecurity and further undermining rural livelihoods. Droughts, hurricanes, and chronic erosion have compounded these challenges, while declining access to fertilizers, improved seeds, and irrigation systems have weakened the capacity to adapt. With appropriate policy support, targeted investments, and improved land and water management, agriculture could become a driver of both income growth and environmental sustainability. Key opportunities include scaling up the adoption of climate-smart technologies, strengthening input and output markets, investing in productive infrastructure (such as feeder roads and small-scale irrigation), and promoting sustainable watershed management.[28] [29]

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[26] Planting the Seeds: The Impact of Training on Mango Producers in Haiti, World Bank, 2015; Haiti Coffee Supply Chain Risk Assessment, World Bank, 2010.
[27] Agricultural Financing in Haiti: Diagnosis and Recommendations, World Bank, 2019.
[28] Agricultural Financing in Haiti: Diagnosis and Recommendations, World Bank, 2019.
[29] AVANSE Final Report, USAID, 2020.

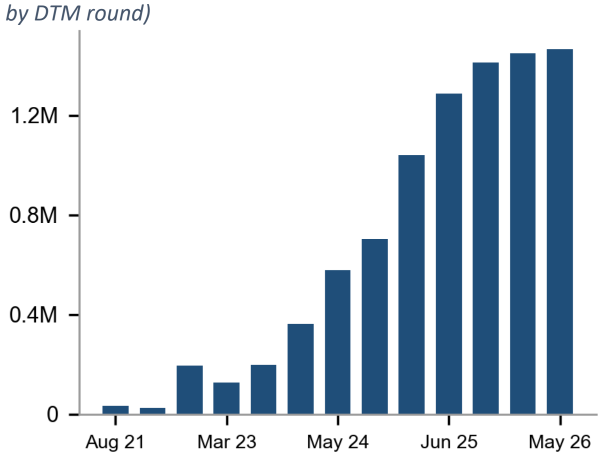
Emerging Challenges

As Haiti prepares its next round of medium-term development planning, it will need to navigate new structural and contextual challenges. These emerging challenges will need to be addressed while Haiti resolves complex security and political issues.

Challenge 1: Job Creation for Growth and Security

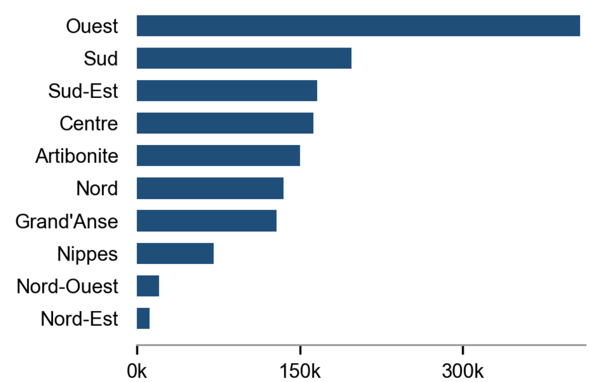
Haiti is managing a record number of internally displaced people: 1.47 million as of May 2026, about 12 percent of the population. IDPs have primarily fled Port-au-Prince and the Artibonite, where the conflict is most intense, and displacement now burdens every department. More than half of the displaced are women and girls, and Port-au-Prince itself now hosts more than 300,000 displaced people. The capital region, long the hub of economic and administrative activity, is increasingly under gang control and cut off from the rest of the country. If current trends persist, Haiti risks fragmenting into geographically disconnected economic zones, where only peripheral regions retain the minimum stability needed for investment and growth.

Figure 36*. Displacement has climbed to a record 1.47 million people (IDPs by DTM round)*



Source: International Organization for Migration

Figure 37. *Displacement now burdens every department (IDPs by host department, December 2025)*



Source: International Organization for Migration

This fragmentation intersects with a challenging demographic profile. Haiti's population is young. Over 60 percent is under 30, and the labor force is expanding rapidly. This demographic profile offers a potential competitive advantage, especially for labor-intensive sectors such as light manufacturing, agriculture, tourism, and construction. However, the youth labor force remains largely unskilled, undereducated, and excluded from formal employment opportunities. The same demographic is at risk of recruitment by gangs, given their limited economic alternatives, particularly young males in areas affected by gang activity. In this context, job creation is an urgent national priority for economic growth and security.[30] [31]

The scale of the employment challenge is stark. Youth unemployment is estimated at 34 percent, and the share of youth not in employment, education, or training (NEET) stands at 18.2 percent nationally, rising to 43 percent among urban young women.[32] Informal employment accounts for an estimated 88 percent of non-agricultural

[30] Undoing Haiti's Deadly Gang Alliance, International Crisis Group, 2025.
[31] Baseline Study of Informal Economy in the African, Caribbean, and Pacific Regions: The Case of Haiti, UNDP/ILO, 2022.
[32] BIDeconomics Haiti, Inter-American Development Bank, 2024; PARE Gender and Youth Inclusion Report, USAID, 2023.

employment, and approximately 60 percent of the workforce earns below the minimum wage.[33] Formal private sector employment represents only 5 percent of total employment. Evidence on cost-effective job creation suggests that the apparel sector creates formal jobs at a cost of approximately US$ 422 per position, with each job supporting 7-12 family members.[34]

The binding constraint differs by market. Labor demand has collapsed in the formal tradable sector, while labor supply pressures build everywhere. On the demand side, insecurity and logistics costs, not wages, are the binding constraint for tradables. Firms cite violence-related losses, impassable corridors, and finance as their principal obstacles, and formal manufacturing employment has more than halved since 2021. For the informal urban economy, the constraints are demand (a collapse in household purchasing power) and credit; for agriculture, access to land, inputs, and markets under gang control of key corridors. On the supply side, the labor force keeps expanding while displacement and return migration shift workers to local markets that cannot absorb them, depressing informal earnings, a pattern consistent with surplus-labor economies in which growth must come from labor-absorbing tradable sectors rather than from further informal-service crowding. Policy therefore needs to restore the security and logistics conditions that make labor-intensive tradables viable while also equipping workers, especially youth and returnees, to take up those jobs.

Beyond security, the institutional environment for formal employment has become unpredictable. The adjustment of minimum wages illustrates this challenge. The floor for export assembly daily wages was left unchanged from 2022, while cumulative inflation over the same period exceeded 100 percent, and was then moved 46 percent in a single step in May 2026, with unions demanding far more. Long freezes followed by abrupt corrections are disruptive to industrial production. Depending on the pace of voluntary wage adjustments, workers may absorb deep real-wage erosion in the interim, and employers cannot plan unit labor costs. The implementation of tax policy adjustments has faced similar challenges. Abrupt enforcement of tax withholding arrangements, and income-tax brackets left unadjusted through years of high inflation, raise effective tax rates on formal payrolls with limited time for adjustment, contributing to tension between unions and employers.[35]

In many cases, these are coordination problems more than resource constraints. Predictable wage adjustment, orderly updates of tax parameters, and consultation ahead of regulatory changes cost little, but they require structured dialogue between government, employers, and workers, organized sector by sector. Improving dialogue, consultation, and predictability in the manufacturing sector is a low-cost, high-impact priority. The institutions for dialogue, including the wages council, the BetterWork compliance platform, and the employers' association, already exist. A similar dialogue on agricultural employment could be considered, given its predominant role in the labor market and its exposure to tariff and energy policies. The final chapter returns to this predictability agenda as part of a call for coordinated, sector-based engagement on jobs.

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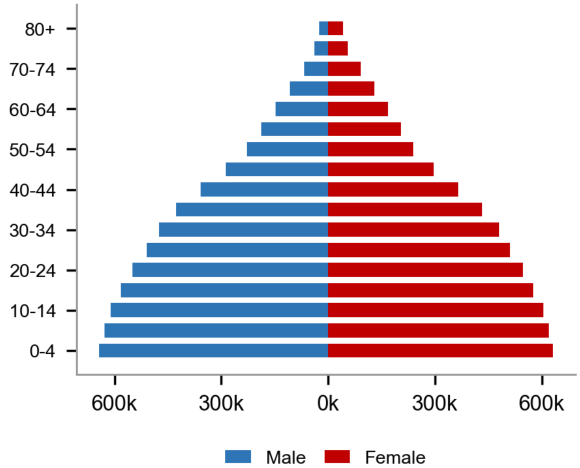
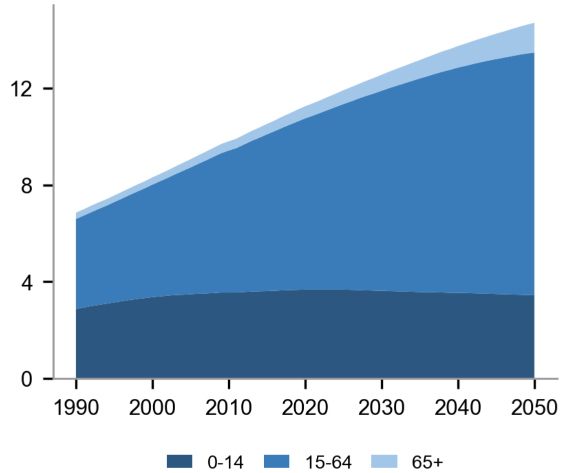
[33] BIDeconomics Haiti, Inter-American Development Bank, 2024.
[34] Local Enterprise and Value Chain Enhancement (LEVE) Final Report, USAID, 2019.
[35] BetterWork: 29th Compliance Synthesis Report, ILO, 2026; Investment Incentives Comparative Analysis: Haiti, Dominican Republic, and Puerto Rico, ADIH, 2025.

Figure 38. *More than half of Haitians are under 25 (population by age and sex, 2024)*



Source: IHSI, Estimations of total population, 2024.

Figure 39. *Population by Broad Age Groups: Projection*

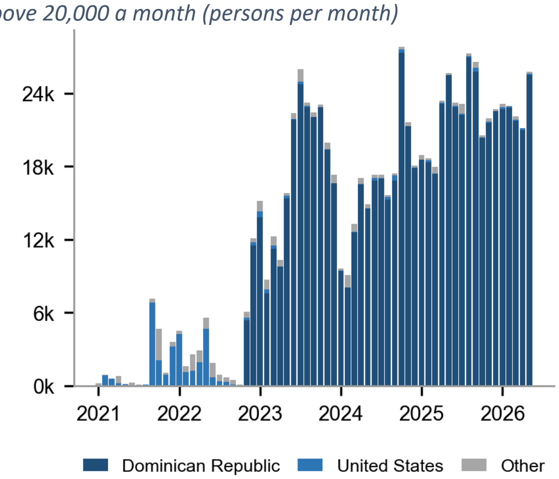


Source: United Nations, DESA, Population Division.

Challenge 2: Managing Return Migration.

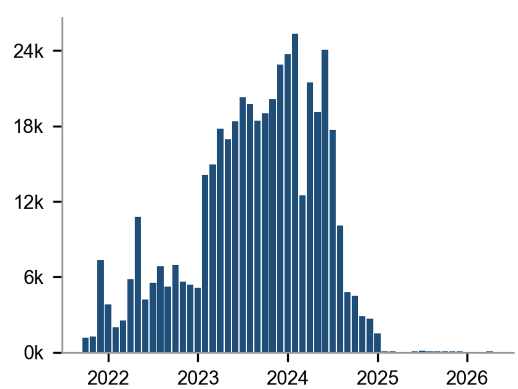
Haiti faces rising return-migration pressures that could strain already overburdened public systems. Out-migration channels to the United States have largely closed. Border encounters of Haitian citizens have collapsed from a peak above 25,000 per month in early 2024 to an average of about 80 per month over the past year (Figure 41). The United States Supreme Court is reviewing the Temporary Protected Status (TPS) of an estimated 350,000 Haitians. An adverse ruling could potentially affect remittances and add forced returns. Deportations from the Dominican Republic have accelerated sharply. More than 68,000 Haitians were repatriated in the first quarter of 2026 alone, and monthly returns exceeded 25,000 in May 2026, many in an uncoordinated fashion and under precarious conditions (Figure 40). Unplanned returns can quickly overwhelm public services, particularly in urban areas where many returnees settle. Housing, education, health care, and social protection systems are poorly equipped to absorb new demand.

Figure 40. *Deportations from the Dominican Republic run above 20,000 a month (persons per month)*



Source: International Organization for Migration

Figure 41. *Encounters of Haitian citizens at the US border have collapsed (persons per month)*



Source: United States Customs and Border Protection

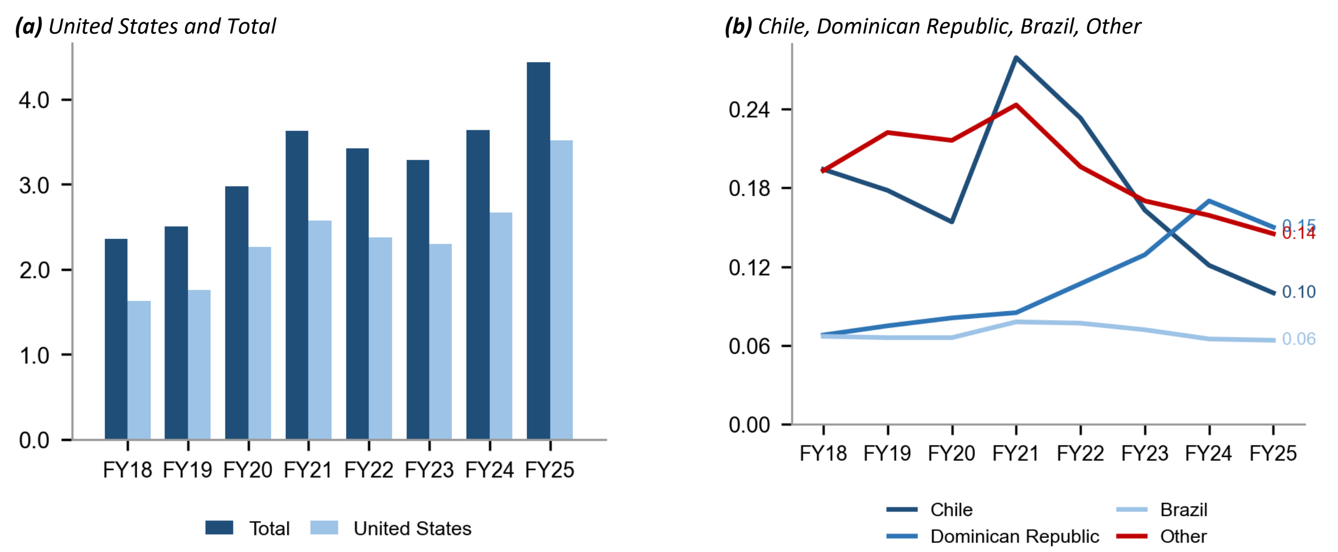
At the same time, returnees may bring valuable experience, skills, and savings that could be put to use under the right conditions. Some may have new skills from participating in formal labor markets abroad, which could contribute to Haiti's recovery, particularly in services and construction. Realizing this potential will require more systematic approaches to registration, referral, and reintegration support, as well as mechanisms to connect returnees with labor market opportunities, training, and financial services.

Challenge 3: Navigating Turbulent Remittance Inflows.

Changing migration dynamics and a new United States tax on remittance transfers pose risks to Haiti's largest source of foreign exchange. First, the slowdown in outbound migration and the rising pace of returns may erode the base of active remittance senders. Return migration removes income earners from host countries even as it increases dependency at home. Second, a 1 percent federal excise tax on remittance transfers funded with cash, money orders, or similar instruments took effect on January 1, 2026, under United States tax legislation enacted in July 2025. The impact of this legislation may be limited, as transfers funded from bank accounts or US-issued cards are exempt. However, further policy adjustments could widen its scope. The measure raises costs on the cash-based channels that lower-income senders use most and may push flows toward informal channels. The United States accounted for 79 percent of remittance inflows in FY2025, up from 69 percent in FY2018, as inflows from other countries stagnated (Figure 42).

Beyond the risk to inflow volumes, the productive impact of remittances merits attention. Econometric evidence suggests that remittance-receiving households reduce their labor supply, indicating that remittances may partly substitute for, rather than complement, domestic economic activity.[36] Channeling a greater share of remittances toward productive investment could amplify their growth impact. Proposed mechanisms include diaspora bonds with competitive interest rates, social impact bonds, and partnerships with diaspora organizations to finance small-scale projects, though these instruments remain largely untested in the Haitian context.[37]

Figure 42. *Remittance inflows remain the economy's lifeline (US$ billions per fiscal year)*



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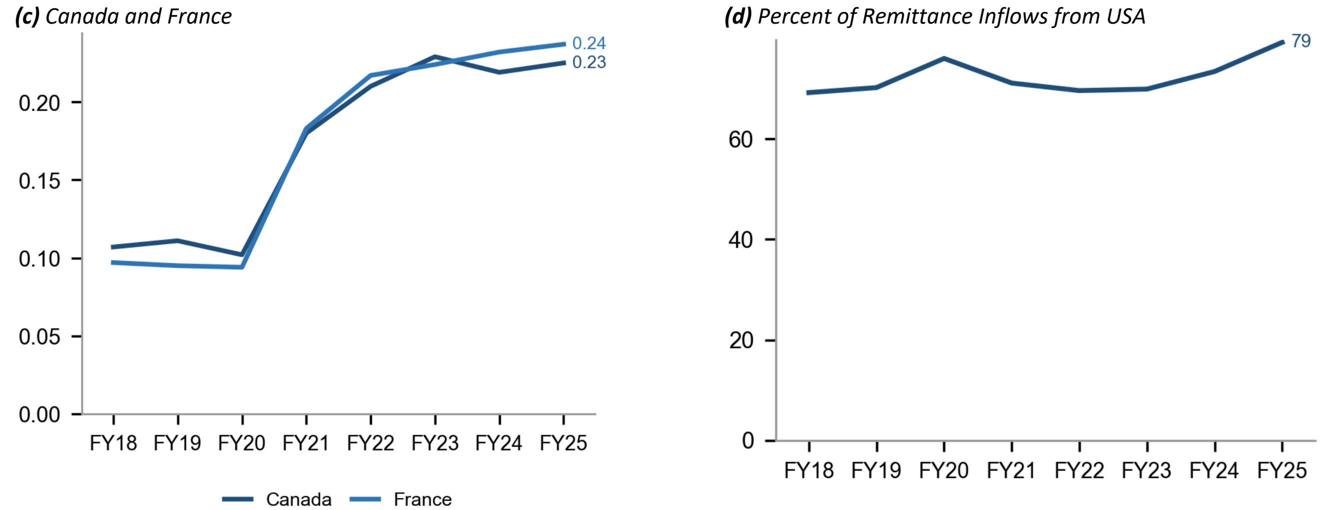
[36] The Effect of Remittances on Labour Supply in the Republic of Haiti, World Bank/UNU-WIDER, 2015.
[37] Pay-for-Results Sustainability Strategy for Haiti, IDB Lab, 2023.

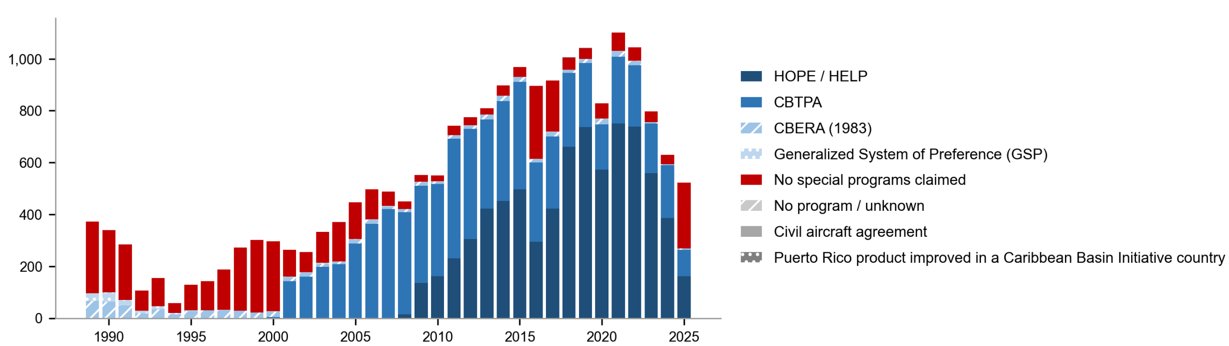


Source: Banque de la République d'Haïti, World Bank Staff Calculations

Challenge 4: Renewing and Expanding Market Access for Trade

Haiti's ability to sustain export-led growth hinges on converting a short-term reprieve on trade preferences into durable market access. The country's trade profile remains heavily concentrated in low-value apparel destined for the United States, which accounts for over 80 percent of exports. The HOPE/HELP preference programs lapsed on September 30, 2025, and for four months Haitian apparel entered the United States paying full tariffs. Imports claiming these preferences fell from US$ 387 million in 2024 to US$ 161 million in 2025 (Figure 43). The Consolidated Appropriations Act signed on February 3, 2026, restored the preferences retroactively, with duty refunds for the lapse period, but only through December 31, 2026. The lapse of this program demonstrated how quickly preference uncertainty translates into canceled orders. Orders shifted to other sourcing destinations, and some did not return even after preferences were restored. Securing long-term preferential access that allows firms to plan, and diversifying markets and products beyond apparel, are important growth priorities for the manufacturing sector.

Figure 43. *Most exports to the US depend on preference legislation (US imports from Haiti by trade program, US$ millions, 1989-2025)*



Source: United States International Trade Commission, DataWeb

3. Haiti at an Inflection Point: Security, Jobs, and Recovery

Managing Uncertainty: From Diagnosis to Pathways

Haiti's return to growth depends on restoring security and a functioning state where its economy and people are concentrated. Economic activity collapsed where insecurity took hold, above all in the Port-au-Prince metropolitan area, while the northern and southern economic corridors proved comparatively resilient. Nighttime-lights evidence makes the divergence visible. Lights dimmed sharply across the capital and the south as violence spread, with the northeast around Ouanaminthe a notable exception. Alongside the factor decomposition and the deceleration across every sector of the economy, this geography points to a single conclusion. A security shock has severed the capital from the national economy and constrained the corridors that still function. Seven years of contraction have left a young, fast-growing labor force without productive employment, further compounding insecurity.

Deep uncertainty is a central problem for policymakers, partners, and investors. A recovery will be incomplete without including Port-au-Prince and Artibonite. The trajectory of security cannot be predicted with confidence. Policymakers will need to identify measures to provide positive returns across a range of uncertain security outcomes and to sequence them so that progress does not depend on conditions Haiti cannot yet guarantee. Reforms in public financial management, revenue mobilization, and the investment climate, for example, can provide returns even in a weak security environment. Investments concentrated in the more secure northern and southern corridors can continue to advance under current conditions. However, stabilization of the capital and the reconnection of the largest single labor market to the rest of the country will depend primarily on improving security conditions. Despite deep uncertainty about security prospects, a strategy that sets the metropolitan area aside is not a realistic option for a broad-based recovery. Most of the country's economic activity and its largest labor market are concentrated in Port-au-Prince, while Artibonite is a critical area for agricultural production. A recovery that ignores these regions will be incomplete.

Security operations and a Disarmament, Demobilization, and Reintegration (DDR) program will be central to the recovery in these challenging regions. They are not a separate agenda but a binding near-term constraint. A credible security and reintegration effort would help restore the freedom of movement that dimmed the capital's lights and cut its firms off from regional markets. In this context, DDR will be foundational to improving security conditions and sustaining a subsequent recovery. The below sections discuss the economic foundations required for a recovery, and the DDR programs that could support improved security.

Macroeconomic and fiscal foundations

Macroeconomic stability is foundational to an economic recovery and to maintaining concessional financing. Macroeconomic stability is the precondition for economic recovery, and the base that enables development partners to engage at scale. An IMF Staff Monitored Program, extended through June 2027, provides an important anchor for macroeconomic and fiscal policy. The program provides fiscal targets to raise revenues and prevent monetary financing of the deficit. On the monetary side it rebuilds international reserves and supports a gradual easing of inflation. Social protection measures are protected, while measures such as the automatic fuel-price adjustment mechanism create fiscal space for transfers. World Bank public financial management operations and other partners' support for domestic revenue mobilization and budget institutions reinforce the same foundations. A serious erosion of the state's capacity or willingness to maintain a prudent macroeconomic framework would narrow financing options, shifting external engagement toward humanitarian footing implemented outside state systems, a step backwards from the investment and recovery programs that a stable, state-led framework makes possible.

Geographically differentiated growth can build on Haiti's existing regional development plans. National strategies such as the PSDH and PREPOC have long set out sectoral priorities and governance arrangements for long-term growth. In the short to medium term, major investment projects will be constrained to the relatively secure northern and southern corridors. The northern economic corridor plan offers a concrete starting point. Updating such regional plans to reflect the four challenges set out in earlier chapters (job creation, migration, remittances, and trade access) would sharpen their operational relevance and support coordination across sectors, partners, and levels of government. Evaluating the economic returns of potential projects will be essential to ensuring that these plans are prioritized and sequenced in line with financing constraints.

National reforms in public finance, the investment climate, and governance provide returns under any security scenario. Public investment management is a priority, and reforms are needed to strengthen the appraisal, budgeting, execution, and maintenance of capital investments. An IMF technical assessment (March 2026) found limited progress on most of the 2022 investment-management (PIMA) recommendations. Treasury management has advanced, with the single treasury account expanded and a treasury committee operating, but project appraisal and selection, multi-year budgeting, and the interoperability of financial information systems remain weak. Its updated 2026-28 action plan sets out a prioritized, modular reform sequence adapted to the fragile context.[38] These national-level objectives should be pursued in parallel under any security or economic scenario.

Expanding financial inclusion is a cross-cutting priority that would support job creation and private sector growth. Only an estimated 22-35 percent of adults hold formal financial accounts, and 58 percent of micro and small enterprises rely exclusively on informal financial mechanisms.[39] Expanding digital payment infrastructure, including through remittance channels, could reduce transaction costs, increase financial intermediation, and support the channeling of diaspora resources toward productive investment.

Jobs and growth in the northern and southern corridors

In the resilient northern and southern economic corridors, investment and jobs will depend on a pragmatic and budgeted investment agenda. Medium-term development plans for the northern and southern corridors should be costed and linked explicitly to the budget, so that a short list of appraised, financed projects drives implementation. Aspirational plans with financing objectives that exceed limited resources may result in the selection of projects with limited returns. The IDB-supported plan for the northern corridor, anchored on existing logistics, infrastructure and industrial platforms, offers a natural starting point and should be sequenced with public investment and the corridor measures set out below. Policymakers will need to carefully consider how to leverage port and energy infrastructure in the Dominican Republic in the context of limited capital budgets.

Near-term job creation should focus on sectors with demonstrated capacity for rapid, cost-effective employment. Evidence from the corpus of development assessments points to three priority areas: (i) the apparel sector; (ii) agricultural value chains, particularly cacao, mango, vetiver, and rice, where targeted programs have demonstrated significant yield and income gains; and (iii) construction, which features prominently in Haiti's

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[38] IMF (2026), Haiti: Improving Public Investment Management in Times of Fragility (Technical Assistance Report); https://www.haitidocs.org/doc/2026-155-IMF-Public-Investment-Management-Fragility.
[39] FinScope MSME Haiti 2023: Micro, Small and Medium Enterprises Survey Highlights. USAID. 2021.

housing deficit, post-crisis reconstruction needs, and the rehabilitation of trade corridors. In each case, micro, small, and medium enterprises represent a potential base for formalization and growth.

Preserving the productive capacity Haiti still has is as important as creating new jobs. The formal private sector that continues to operate, in apparel, agriculture, logistics, and services, is a scarce asset that took decades to build and would be slow to rebuild if lost. Sustained dialogue with the business community is essential, and policy changes that affect it should be made predictably and in consultation including taxation, wages, and trade policies. Abrupt or unpredictable shifts can disrupt investment and employment. The automatic fuel-price adjustment mechanism is a positive example of what predictable, rules-based policy can look like. A transparent framework and predictable monthly adjustments have replaced the costly subsidies of the past, and the same constructive approach could be extended to other areas.

Restoring the capital: security as a binding constraint

Restoring security in the capital is a precondition to resume national growth. Port-au-Prince accounts for a majority of the country's population and economic activity. It is unlikely that an economic recovery can be sustained without addressing security in Port-au-Prince. Similarly, improving security in Artibonite is needed to restore agricultural production. As earlier chapters documented, violence has displaced more than a million people from the capital, and these flows are now overwhelming other regions, straining services, labor markets, and the food supply.

Security interventions by international forces can reduce violence. However, outcomes depend on scale, mandate, and a credible political transition. A comparison of conflict fatalities per 100,000 population in the 24 months before and after the start of major international missions shows declines across several fragile and conflict-affected settings, including Liberia, Côte d'Ivoire, Sierra Leone, the Central African Republic, the Democratic Republic of Congo, and Mali (Figure 44). The largest reductions were in Liberia and Côte d'Ivoire, where fatalities fell by over 90 percent following deployment. The experiences of Côte d'Ivoire, and to a lesser extent the Democratic Republic of Congo, show that a mission that is appropriately supported and mandated can have outsized effects relative to its deployment numbers.

Supported by a new mandate, the GSF differs from its predecessors. Haiti's United Nations Stabilization Mission in Haiti (MINUSTAH) mission was associated with a decline in conflict fatalities, though the reduction was smaller than in many comparator cases. The MSSM, by contrast, never reached the scale needed for a significant reduction in violence; conflict fatalities fell from about 10 to 7 per 100,000 population between the pre-deployment period and the currently observable post-deployment window, a reduction of roughly 30 percent. The GSF is deploying toward a maximum strength of 5,550 personnel, about 50 per 100,000 population, which places it within the range of other UN-mandated peacekeeping operations, such as those in Côte d'Ivoire and the Democratic Republic of Congo. The broader relationship between deployment intensity and violence reduction across these missions is shown in Figure 45. Its structure is also designed to avoid many of the constraints that limited MINUSTAH and the MSSM, suggesting that the lessons of earlier missions are reflected in its mandate and operational design and could translate into broader improvements in security.

Figure 44. Conflict fatalities before and after major international security deployments (per 100,000 population)

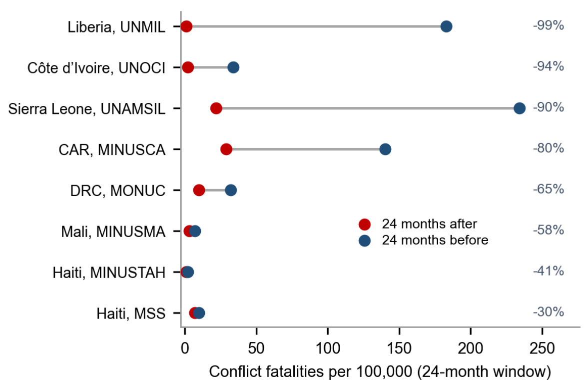
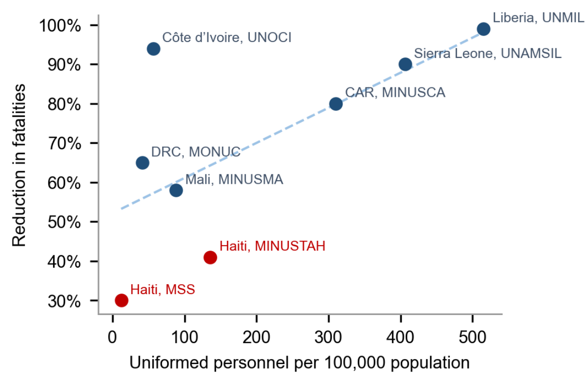


Figure 45. Violence reduction and mission deployment intensity across international security interventions



Source: Uppsala Conflict Data Program (UCDP) Georeferenced Event Dataset (GED); World Development Indicators.

Note: In Figure 44, the figure compares conflict fatalities per 100,000 population in the 24 months before and after major international security deployments, using UCDP's "best" fatality estimates across all organized violence event types. Population denominators are based on midpoint annual population estimates from the World Population Prospects. Haiti's MSSM post-deployment period reflects partial data only (June-December 2024) and is therefore not fully comparable to other cases. Results are descriptive and do not imply causality, as violence trends may also reflect broader political and conflict dynamics.

DDR as a building block to sustain recovery

DDR programs commonly accompany peacekeeping missions to support stabilization and prevent the remobilization of combatants. International experience suggests that disarmament and demobilization are often implemented as security-oriented activities, while reintegration is much harder to carry out. Evidence from the DDR-40 dataset, covering 407 country-year observations across 40 conflict-affected countries between 1980 and 2020, shows that reintegration consistently underperforms relative to the other DDR pillars (Figure 46). Nearly one-third of reintegration programs showed no implementation at all, compared with 24 percent for disarmament and 19 percent for demobilization, and only 11 percent reached full implementation, roughly half the rate for disarmament (23 percent) and well below demobilization (29 percent). The transition toward sustainable civilian reintegration is therefore considerably more challenging than the immediate objectives of weapons collection and demobilization. Cross-country experience also shows that higher spending per combatant has not reliably produced better outcomes, with Haiti among the more expensive cases (Figure 47).

For Haiti, stabilization is unlikely to hold without a DDR program, despite the risks such programs carry. Three features of the current crisis contribute to this finding. Minors make up an outsized share of gang membership, exceeding half by some UNICEF estimates, and reintegrating them cannot be achieved through security operations alone. The penitentiary system has nowhere near the capacity to incarcerate combatants at scale. And the community violence reduction campaigns tried alongside earlier programs fell short of expectations. By restoring a measure of political and military order, the GSF may create the conditions under which a credible DDR program can succeed.

Figure 46. *Reintegration remains the weakest pillar of DDR implementation*

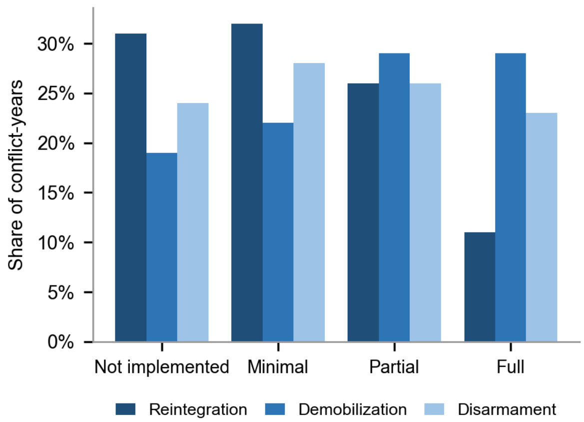
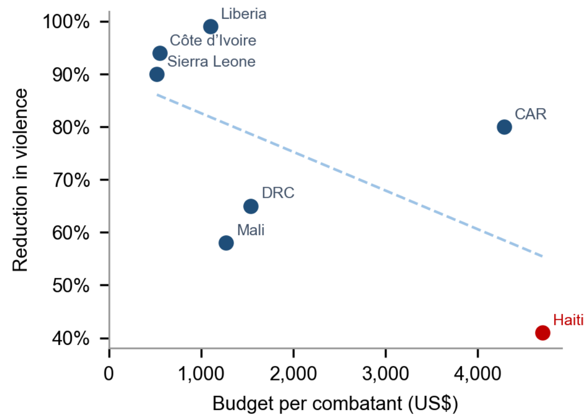


Figure 47. *DDR investment per targeted combatant varied widely across missions, with mixed violence outcomes*



Source: Sharif (2026), DDR-40 Dataset, Harvard Dataverse, Replication Data for: Why do Armed Groups Return to War After Disarmament, Demobilization, and Reintegration? Introducing the DDR-40 Dataset (1980-2020) - Harvard Dataverse https://dataverse.harvard.edu/dataset.xhtml?persistentId=doi:10.7910/DVN/1F4I77

Note: Based on 407 country-year observations from the DDR-40 dataset spanning 40 conflict-affected countries between 1980 and 2020. The figure compares implementation outcomes across the three core DDR pillars—disarmament, demobilization, and reintegration—using the highest degree of implementation achieved in each observation. Results are descriptive and based on country-year observations rather than unique DDR programs. In Figure 47, DDR budget per targeted combatant is calculated as the total DDR program budget divided by the target number of DDR beneficiaries, based on selected observations from the DDR-40 dataset. Violence reduction reflects the percentage decline in conflict fatalities between the 24 months before and after international mission deployment using UCDP "best" fatality estimates.

Closing the implementation gap for reintegration will be particularly important for labor-market absorption, livelihoods, and the reduction of incentives to remobilize. In practice, reintegration programs rely on vocational training, temporary livelihood support, or cash assistance rather than on sustained job creation. On their own, these interventions rarely generate sustainable employment at scale, particularly in low-capacity settings with weak demand for formal labor. Haiti's own experience bears this out. Earlier demobilization efforts produced limited durable employment, with fewer than 20 percent of beneficiaries reportedly moving into formal jobs. Haiti also differs from many other DDR settings, in that its armed groups are highly fractionalized, are not party to a formal political settlement, and remain embedded in criminal, informal, and political networks. Reintegration will therefore require a differentiated, multi-sectoral approach that benefits the affected communities, sustained over time and conditioned on an improving security environment, that combines social protection, education, vocational training, and employment generation.

Several policy choices influence the risk that former combatants return to arms. Evidence from a large sample of peer-countries identifies amnesty implementation as the most influential factor, alongside protections for the rights of children to safeguard minors.[40] Implementation of disarmament and demobilization follows closely and is a precondition for development and reintegration programs. Ex-combatants who disengage under poor socioeconomic conditions but find few legitimate alternatives are more likely to drift back into organized crime, undermining the security gains achieved through disarmament.

[40] Sharif (2026). Why do Armed Groups Return to War After Disarmament, Demobilization, and Reintegration? Introducing the DDR-40 Dataset (1980-2020). *Journal of Conflict Resolution* (early view)

For Haiti, the findings point to several levers that can improve the economic impact of reintegration. First, that impact depends on the extent to which reintegration is accompanied by credible measures to strengthen government legitimacy, notably progress in the political transition and visible improvements in services and livelihoods in affected communes. Designated economic-recovery zones could provide access to critical government services at low cost and be embedded in internationally supported, multi-sectoral recovery plans. Second, former combatants, and minors in particular, require reintegration support that enables sustainable income for them and the communities affected by violence to reduce risks of remobilization and cycles of retaliation. Underlying these levers, the program's success will depend on broad political support, a design that reflects Haiti's fractured political economy, and professional, accountable governance of the program itself.

Reintegration delivers durable gains only if ex-combatants can reach productive employment in the wider economy. Empirical work from peer countries finds that criminal control of territory suppresses economic outcomes mainly through restrictions on mobility, as informal borders keep residents from reaching the parts of the city where higher-productivity jobs are concentrated.[41] Where armed groups exert similar control over Haiti's urban corridors, investments in training and livelihood support will yield limited durable returns unless they are accompanied by security conditions that restore freedom of movement and reconnect beneficiaries to wider labor markets.

Priorities in a constrained financing environment

These priorities discussed in this chapter must be pursued in an unusually constrained financing environment. Concessional finance is tightening even as Haiti's needs grow; the remittances that have cushioned household consumption, discussed in the preceding chapters, are exposed to lower migration outflows, a rising number of returnees, and proposals abroad to tax transfers; and the traditional enablers of development work, from a functioning state presence to secure physical access, are absent across much of the territory most affected by violence. Realistic recommendations must work within these limits.

The external resources available to Haiti are small relative to the scale of the crisis and to those mobilized for comparable emergencies. Set against the displacement of more than a million people, the multi-year contraction, and the humanitarian caseload documented in earlier chapters, current concessional financing is modest, and it is being committed as global aid budgets tighten. Three of the levers that most shape Haiti's trajectory are largely outside its control. The volume of concessional resources, the continuity of preferential trade access, and the time allowed for an orderly regularization of Haitian migration will depend on external decisions. Recovery is highly sensitive to each, and the priorities set out here assume the current envelope. Outcomes would differ materially if substantially more resources were available.

The first implication is that scarce resources must be used more efficiently and consolidated within a single budget framework. Haiti is not short of plans. The December 2024 Rapid Crisis Impact Assessment, the Organization of American States Haiti Roadmap, the northern corridor plan, the IMF Staff Monitored Program and successive national development strategies all set out priorities, but together they exceed the government's current capacity to coordinate and execute them. The need is therefore not another plan but the consolidation of existing plans within the national budget framework that the authorities can realistically manage, concentrating effort where it can be delivered. The effective implementation of development partners' existing portfolios

[41] Melnikov, N., et al (2025) Gangs, Labor Mobility, and Development. *Novafrica Working Paper Series* no 250.

matters as much as new commitments. With financing this scarce and these operations essential to service delivery and to growth, resources that are not delivered well risk being redirected elsewhere.

The second implication is that development, political, and security efforts must advance together rather than in sequence. Insecurity and the loss of state presence are the binding constraint, not the absence of a development model. Development partners, the actors leading political dialogue, and those supporting the security mission and any DDR effort will need to work from a shared understanding of the drivers of the crisis and a common approach to engagement and financing. In the more secure corridors, development financing can be deployed. In the capital and other contested areas, engagement will necessarily be lighter and more humanitarian until the enablers for larger scale development finance are in place. Directing more resources to recently secured areas will depend on achieving a security environment that permits movement, a political process that confers legitimacy, and development resources that create livelihoods.

Against this backdrop, recommendations of this report are high-level. The first three follow the three tiers set out in this chapter; two further priorities are cross cutting. These priorities are offered for consideration and will need to adapt as conditions evolve.

1. **Protect macroeconomic stability.** A strong program of macro-fiscal reform is the foundation for growth and the prerequisite for development financing. This should be paired with stronger public investment management so that scarce financing is well spent.

2. **Implement investment plans in the northern and southern corridors.** Pursue a prioritized agenda for the northern and southern corridors, linked to the budget and anchored on existing plans.

3. **Support security in the capital through DDR.** Support the security mission with a program as the pathway to reconnect the capital, recognizing that reintegration will yield durable gains only alongside restored mobility and stronger government legitimacy.

4. **Sustain and diversify external lifelines.** Renew preferential trade access wherever possible. Lower the cost and raise the productive use of remittances, including through expanded digital-payment and financial-inclusion infrastructure, while planning for a tighter concessional-finance environment.

5. **Coordinate the jobs agenda by sector.** Organize work around the sectors with the clearest near-term potential, notably manufacturing and agriculture, through structured, sector-by-sector engagement among the government, employers, and partners that turn broad priorities into concrete, monitorable plans.

Underpinning all of this is the need for a shared framework of mutual accountability spanning the security, political, and development sectors. The measures above will cohere only if the government, its international partners, and the private sector agree on a small set of clear, measurable, and integrated goals, with responsibilities and milestones to which each side can be held. Partners will need to consolidate objectives from international strategies, national development plans, and regional corridor plans. Agreement is required across security, political, and development efforts to work towards common objectives, give partners the confidence to commit under constrained financing, and allow progress to be tracked transparently. Building mutual accountability will take time and trust, but it is the foundation on which a credible, state-led recovery can be organized.

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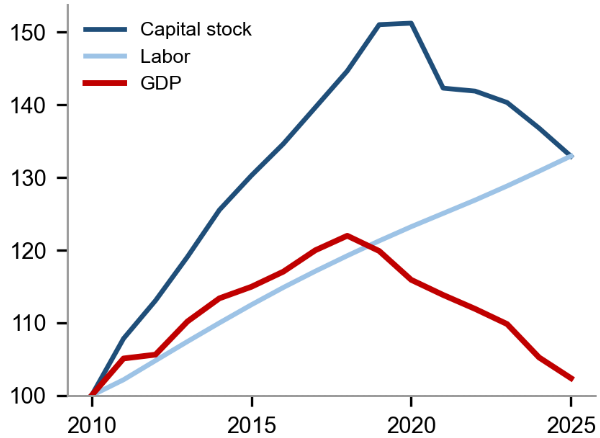
Annex 1: Growth Decomposition

Haiti's economic growth has historically been anemic and volatile. *A growth decomposition indicates that factor accumulation exceeded overall GDP growth through 2018, implying negative total factor productivity (TFP). In more recent years, the labor force has continued to expand, while the capital stock declined, and the contribution of TFP to growth has been increasingly negative. Reversing this negative productivity trend will require coordinated reforms to support innovation, education, market efficiency, infrastructure, and institutions.*

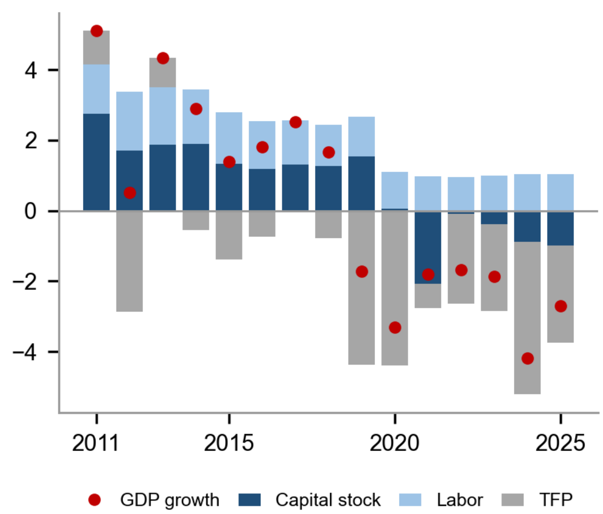
Haiti's economic history reflects a pattern of persistent volatility and sluggish growth, which has worsened in recent years. From 1971 to 2023, the country's GDP grew at an average annual rate of just 1.4 percent - significantly lower than the 3.0 percent average growth seen across Latin American and Caribbean (LAC) nations, and the 2.9 percent average growth rate of low-income countries (LICs) during the same period. Between 2011 and 2018, the country enjoyed a relatively stronger average growth rate of 2.5 percent. However, this progress was reversed abruptly: between FY2019 and FY2025 the economy contracted at an average rate of about 2.5 percent annually during seven consecutive years of negative growth. On a per capita basis, Haiti's GDP declined by an average of 0.55 percent annually between 1971 and 2010. The fragile economic situation took a sharper turn in recent years when the trend worsened to 0.6 percent per year between 2011 and 2023 due to a prolonged political crisis and a sharp reduction in external official development assistance (ODA), which stifled public investment.

Figure A.1. *Production factors in Haiti*



Source: World Bank.

Figure A.2. *Factor decomposition*



Source: Author's calculations.

Since 2010, capital stock and labor have grown much faster than economic activity. Analyzing growth by attributing it to the production factors provides insight into the functioning of the economy but necessitates accurate measurement of these factors. In low-income countries like Haiti, where labor markets and businesses are largely informal, the data on labor force participation, investment and unemployment tend to be unreliable, making this assessment particularly challenging. Macro Poverty Outlook (World Bank, 2025) data tracks labor and capital dynamics. Labor shows a steady positive trend, growing at an average 1.9 percent per year between 2010 and 2025 (Figure A.1). As a result of earthquake reconstruction, capital stock increased at an annual average of 4.21 percent between 2010 and 2020. But between 2020 and 2025, when the security situation deteriorated, it declined 2.5 percent per year on average. Capital stock dynamics reflect private and public investment and depreciation, including natural shocks. GDP increased until 2018 and contracted between 2018 and 2025.

It is possible to model Haiti's economy with a simple function linking labor and capital to GDP. The more positive dynamics of labor and capital stocks suggest that the economy has become less efficient in the use of production factors over time. For a more precise estimation of these productivity dynamics, we model Haiti's economy with a Cobb Douglas production function $Y=AK^{\alpha}L^{1-\alpha}$ with labor (L) and capital (K) as inputs to generate GDP and adjusted by the Total Factor Productivity (A). The latter summarizes the level of utilization of the input and their technological level, providing a measure of the overall efficiency of the economy. The share of capital and labor in the production function are represented by α and 1-α respectively. For the period 2010-2025, a constant share fits Haiti, with labor accounting for 65 percent and capital 35 percent of GDP on average, in line with the literature on low-income countries.

Parameters and data. The decomposition uses a capital share of 0.35 and a labor share of 0.65, capital and labor series from the World Bank Macro Poverty Outlook database (April 2026 vintage), and real GDP from IHSI national accounts; total factor productivity is computed as the residual. Forward-looking scenario quantification can be anchored to current institutional projections: the IMF (May 2026) projects a further contraction of 1.7 percent in FY2026 with recovery to 0.5 percent in FY2027 and convergence toward potential growth of about 1.5 percent, while the World Bank's April 2026 Macro Poverty Outlook projects 0.6 percent in FY2026 rising to 2.2 percent by FY2028. The distance between these vintages illustrates the width of the plausible range; scenario-specific growth paths beyond these anchors would require explicit assumptions on capital depreciation and TFP recovery that are flagged for the next iteration of this annex.

A factor decomposition reveals that GDP growth has been primarily driven by factor accumulation. Capital accumulation was the main driver of GDP growth from 2010 to 2025. Capital stock grew rapidly as a result of external assistance after the 2010 earthquake, mainly to replace lost infrastructure (SCD 2022). However, external support gradually declined. The deteriorating security situation and the 2021 earthquake reversed this dynamic. The contribution of labor to growth has been steady, transitioning into the main driver after 2019, when the capital stock declined.

GDP growth has been hampered by negative productivity dynamics that have worsened since 2019. Productivity has worsened since 2019, in line with the security situation (Figure A.2). These negative dynamics reflect the impact of instability and vulnerability to natural hazard shocks. However, this analysis also shows that there are other factors that have negatively weighed on Haiti's productivity growth before 2018. Rapid investment, especially if driven by poor market signals or an underdeveloped financial system, can lead to capital being directed to less productive firms or sectors. This misallocation of resources can reduce overall economic efficiency and dampen aggregate productivity, even if the total capital stock is growing quickly.

Innovation, education, market efficiency, infrastructure, and institutions are the primary determinants of productivity. Haiti has considerable potential to enhance each of these areas. The drivers of productivity growth can be grouped into five components (Kim and Loayza 2019): innovation, to create and adopt new technologies; education, to spread these new technologies throughout the economy and to develop the capacity of the workforce to assimilate them; market efficiency, to promote the effective and flexible allocation of resources across sectors and firms; infrastructure (in transport, telecommunication, energy, and water and sanitation), to support and facilitate the economic activity of households, businesses, and markets; and institutions (in the regulatory, justice, policy, and political systems), to provide social and economic stability, defend property rights, and safeguard basic civil rights. Some studies have decomposed productivity growth (Loayza and Pennings, 2022) into subcomponents, showing that for developed countries, market efficiency contributes the most and infrastructure, the least. In developing countries, the contribution of education increases continuously and is the largest among the determinants.

In Haiti, these determinants of productivity are interrelated and must be addressed conjointly. Policy reform should address weak institutions and vested economic interests, which drive high levels of informality and a formal private sector characterized by relatively small and young firms with low productivity (SCD 2022). The informal sector represents 61 percent of GDP (which is significantly above the 37 percent average for Latin America and the Caribbean). According to 2013-2018 tax data, 95 percent of the formal private sector is composed of microenterprises, and half of the formal firms are less than six years old, suggesting that there are relatively low barriers to entry into formality relative to obstacles to growth. Firms are small, and their productivity level is low. Limited entrepreneurship experience and skills represent one of the main internal obstacles to firm growth. For example, low skill levels limit access to markets, financing opportunities, and planning capacity to mitigate shocks.[42]

[42] Other estimates suggest the informal sector may account for as much as 90 percent of employment and 55 percent of GDP. See: Baseline Study of Informal Economy in the African, Caribbean, and Pacific Regions: The Case of Haiti, UNDP/ILO, 2022.