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GRAY/20/2818

July 30, 2020

**Statement by Mr. El Qorchi and Mr. Ahmed on Gabon
(Preliminary)
Executive Board Meeting 20/86
July 31, 2020**

We thank staff for a well-written report and Mr. Raghani and Mr. Nguema-Affane for their helpful Buff statement. We broadly concur with the staff appraisal.

We support the request of Gabon for a further purchase under the RFI equivalent to 50 percent of the quota, amounting to SDR 108 million, which would bring total purchases under the RFI to 100 percent of quota. The urgency of the balance of payments need precludes the design and implementation of a UCT-quality program, as it was not possible to conduct the final review under Gabon's EFF-supported program, which expired on June 18, 2020. Although debt levels and gross financing needs are expected to be higher in 2020 than projected at the time of first RFI, owing to the more pronounced impact of the COVID-19 shock, Gabon's debt is assessed to remain sustainable and its capacity to repay the Fund is adequate under the policies committed by the authorities in the LOI.

We note that the COVID-19 pandemic and sharp fall in commodity prices have had a more severe impact on the Gabonese economy than envisaged at the time of first RFI request in April. These shocks have slowed economic activity, put pressure on the fiscal and external positions, and undermined hard-won gains over recent years. Given uncertainties about the magnitude and duration and impact of the shocks, a further weakening of the macroeconomic outlook has warranted additional financing and policy adjustment.

We welcome the authorities' intention expressed in their LOI to request a new Fund-supported program to help preserve macroeconomic stability and debt sustainability and lay the ground for higher and more inclusive growth. We emphasize maintaining the reform momentum of recent years to achieve growth-friendly revenue-based consolidation, improve debt management, enhance governance, and improve the business climate, which could be supported by a new IMF-supported arrangement.

With this, we wish the authorities success in their endeavors.