



Press Release No. 09/128
FOR IMMEDIATE RELEASE
April 16, 2009

International Monetary Fund
Washington, D.C. 20431 USA

Statement at the Conclusion of an IMF Mission to the Central African Republic

An International Monetary Fund (IMF) mission, led by Martin Petri, visited the Central African Republic during April 2–16, 2009. The objective of the mission was to conduct the fourth review of the authorities' program supported by the Poverty Reduction and Growth Facility (PRGF) arrangement and to assess progress towards the completion point under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative.

The mission met with His Excellency President François Bozizé, the President of the National Assembly, Célestin Gaombalet; the Prime Minister, Faustin Archange Touadéra; Minister of State for Planning, Economy, and International Cooperation, Sylvain Maliko; Minister of State for Mining, Energy, and Hydrology, Sylvain Ndoutingai; Minister of Finance and Budget, Albert Besse; Minister Delegate in charge of resource mobilization, Abdalla Kadre; Bank of Central African States National Director; Camille Kelefi, and other ministers and senior government and central bank officials, as well as representatives of the private sector and the donor community.

At the conclusion of the visit, Mr. Petri issued the following statement:

“Economic activity in 2008 slowed due to a series of global and domestic shocks. Real GDP growth fell to 2.2 percent. The external current account deficit widened to almost 10 percent of GDP because of world oil price increases and a sharp fall of the two main export commodities—timber and diamonds. Despite these developments, fiscal performance was encouraging. Domestic revenues increased as a ratio to nominal GDP and expenditures were managed prudently. As a result, a small domestic primary fiscal surplus was recorded. There was also important progress in structural reforms. The implementation of the automatic fuel pricing mechanism now allows the government to generate stable revenues. Fiscal management improved as revenue administration and public financial management were strengthened.

“The impact of global slowdown continues to cloud the short-term economic outlook. Recovery of growth in 2009 is projected to be modest, while inflation is expected to moderate. A large external current account deficit will likely persist.

“The PRGF-supported program for 2009 aims to respond to this deterioration in outlook by supporting domestic demand through the government’s expenditure program despite revenue shortfalls. The program also incorporates additional expenditures on the peace process entailed by the recommendations of the Inclusive Political Dialogue of December 2008, which are financed externally. Additional donor support would play an important role in managing the fiscal situation while limiting recourse to expensive domestic financing.

“The government made significant progress toward reaching the HIPC completion point. The IMF and World Bank teams will assess the implementation of triggers in the coming weeks.

“Overall performance under the PRGF-supported program has been satisfactory and, subject to approval by IMF management and continued implementation of program policies. It is expected that the IMF’s Executive Board will discuss the fourth review of the Central African Republic’s program supported by the PRGF and the completion point for the enhanced HIPC Initiative in June 2009.”