EXECUTIVE BOARD MEETING

EBS/20/33

April 3, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Gabon—Request for Purchase Under the Rapid Financing Instrument**

Board Action:	Executive Directors' **consideration** (Formal)
Tentative Board Date:	**Thursday, April 9, 2020**
Proposed Decision:	Page 13
Publication:	Yes*
Questions:	Mr. Loko, AFR (ext. 37611) Mr. Dridi, AFR (ext. 37962) Mr. Nassar, AFR (ext. 38626)
Document Transmittal in the Absence of an Objection and in accordance with Board policy:	After Board Consideration—African Development Bank, Islamic Development Bank, Organisation for Economic Cooperation and Development, World Trade Organization

***The authorities have indicated that they consent to the Fund's publication of this paper.**

INTERNATIONAL MONETARY FUND

GABON

REQUEST FOR A PURCHASE UNDER THE RAPID FINANCING INSTRUMENT

April 3, 2020

EXECUTIVE SUMMARY

Context: The COVID-19 pandemic and concurrent collapse in oil prices are expected to put the economy under extreme stress, particularly in a context of limited buffers. Economic growth will slow, and the fiscal and external positions will weaken, creating significant additional financing needs in 2020.

Rapid Financing Instrument. To help address the urgent balance of payment needs triggered by COVID-19 and the terms of trade shocks, the authorities are requesting a purchase under the Rapid Financing Instrument (RFI) for 50 percent of quota (SDR 108 million). Staff supports the request.

Macroeconomic policies. The immediate priorities are to accommodate the needed health-related spending to protect people's wellbeing, take care of the sick, slow the spread of the virus, and ensure the availability of medical supplies. The government is taking steps to control non-priority expenditure and redirect saving to COVID-19 related spending. The authorities are also delaying some infrastructure projects. Despite these adjustment measures, a higher fiscal deficit in 2020 is needed to help create space for health and other COVID-19 related expenditures. Additional external support will be critical to contain the virus outbreak and offset the economic impact of the pandemic. Keeping the momentum of reforms put in motion in recent years to achieve a more-friendly fiscal consolidation, improve the business climate, enhance governance and fight corruption, and improve financial intermediation are essential to achieve higher, more inclusive, and resilient growth.

Approved By
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CONTEXT

1. The economy has been gradually recovering from the 2014 oil price shock, supported by the three-year Extended Arrangement under the EFF (approved in 2017). Growth has picked-up, and the fiscal and external positions have strengthened. Public debt has started to decline, and Gabon has contributed to the rebuilding of regional reserves, which reached $7.4 billion, the equivalent of 3.6 months of imports of goods and services in December 2019 (Text Table 1).

Text Table 1. Gabon: Key Macroeconomic Indicators, 2014–19

	2014	2015	2016	2017	2018	2019 Est.
Real GDP growth	4.4	3.9	2.1	0.5	0.8	3.4
Non-oil growth	5.1	3.8	3.3	1.7	1.9	2.5
Inflation (y-o-y)	1.7	-1.2	4.1	1.1	6.3	1.0
Overall fiscal balance (percent of GDP)	2.3	-4.0	-6.6	-3.4	-1.6	0.7
Non-oil primary balance (percent of non-oil GDP)	-11.5	-9.0	-11.0	-9.7	-7.6	-5.8
Current account balance (in percent of GDP)	7.6	-5.6	-10.4	-6.9	-3.2	-0.8
Public debt-to-GDP ratio	34.1	44.7	64.2	62.6	60.6	58.7
CEMAC Foreign Reserves (in months of extrazone imports)	5.8	4.3	2.3	2.4	2.8	3.6

Sources: Gabonese authorities and IMF staff estimates.

2. The economic recovery is being threatened by the COVID-19 pandemic, and the adverse terms-of-trade shocks.

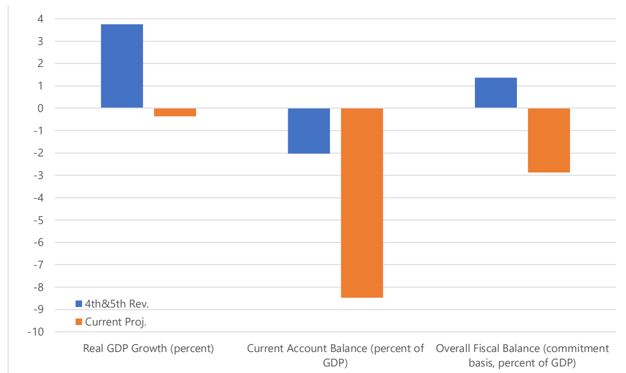
- The authorities have announced several emergency measures to contain the virus and alleviate its impact on the population (Annex 1). As of March, 31, 2020, there have been reportedly 16 confirmed cases and one decease in the country, and the health system remains underdeveloped compared with other middle-income countries, potentially limiting the capacity to respond to a wider outbreak. The government has been also working on Business Continuation Plans for the public administration, PFM measures to expedite resources to the health system, analyses of the economic impacts of the crisis, and communicating with other donors on additional financing and technical support. Beyond the World Health Organization (WHO), who is helping the authorities in preparing the health response, the World Bank and the *Agence Française de Development* (AFD) are also working with the government to provide technical assistance and to restructure health projects in order to target and calibrate the response to the virus (e.g., financing of tests, additional respiratory equipment, and installation of new intensive care units).

- World oil prices have declined sharply from $60 per barrel in December 2019 (at the time of the last Board meeting) to a current assumption of $36 per barrel for 2020. Despite recent progress in diversification, the country remains highly dependent on oil. In 2018, oil exports represented almost 70 percent of total exports. Oil revenue accounted for about 37 percent of total government revenue and a significant part of the non-oil activity remains linked to the oil sector.

IMPACT OF RECENT SHOCKS, OUTLOOK AND RISKS

3. COVID-19 and the collapse in oil prices will affect all aspects of the economy in 2020. Overall, real GDP growth in 2020 is now projected at -0.4 (from 3.8 percent projected at the time of the last Board meeting in December 2019), and the fiscal and the external positions will weaken significantly (Text Figure 1), generating significant additional financing needs.

Text Figure 1. Gabon: Impact of Recent Shocks in 2020

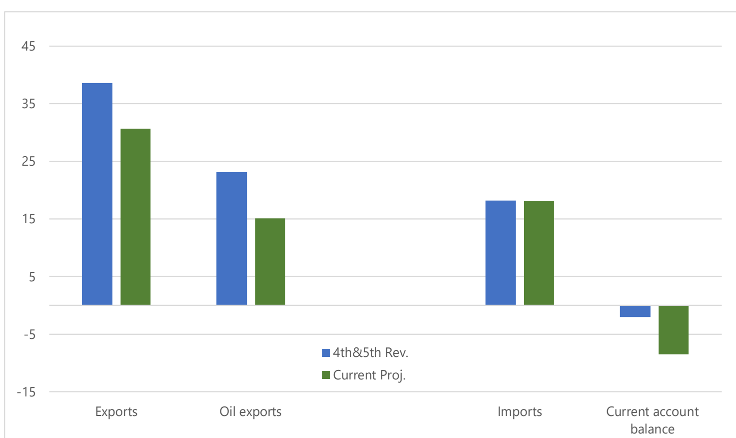


Sources: Gabonese authorities; and IMF staff estimates.

4. Growth prospects are weaker. Oil production targets are revised down to account mainly for lower global demand and reduced investment plans to enhance production in old oil wells. Non-oil activity is now projected at 0.4 percent, 3.6 pp lower than projected at the time of the last Board meeting in December 2019, reflecting declines across most sectors. COVID-19 will affect output in agriculture, manufacturing, and services through several channels, including trade disruptions, lower investment, depressed global demand, and increasing absenteeism at the workplace.

5. The external position will weaken (Text Figure 2). Oil exports will plunge reflecting both price and output effects. Non-oil exports will also drop owing to a slowdown in global growth. The fall in international oil prices and lower investment will help contain imports, despite some increases related to healthcare supplies to address COVID-19. Overall, the shocks will push the current account deficit to about 8.5 percent of GDP, from 2 percent of GDP projected at the time of the last Board meeting in December 2019. FDI is projected to decline by CFAF 153 billion (1.7 percent of GDP) owing to lower international oil prices and oil sector profits.

Text Figure 2. External Sector, 2020
(Percent of GDP)



Sources: Gabonese authorities; and IMF staff estimates and projections.

6. The fiscal costs will be significant. Both revenues and spending will be impacted;

- *Current spending*. The immediate health-related spending (Text Table 2) will amount to about CFAF 42 bn (0.5 percent of GDP) and social transfers will increase by CFAF 23 bn (0.2 percent of GDP).

- *Capital spending*. Foreign financed capital will decline by CFAF 68 bn (0.8 percent of GDP) reflecting project implementation delays.

- *Non-oil revenue*. The authorities have met with the two main business associations to discuss a bottom-up analysis prepared by the operators on the potential economic impacts of the COVID-19. However, the authorities have not yet planned any specific measures to support businesses hit by the crisis.[1] Nevertheless, non-oil revenue is projected to decline by CFAF 198 bn (2.2 percent of GDP) owing to a slowdown in economic activity and disruption of tax collection (e.g., inability to conduct on-site controls for VAT or personal income tax).

- *Oil revenue*. Total oil revenue will decline by CFAF 286 bn (3.2 percent of GDP).

Text Table 2. Gabon: Health System Costing of Government Intervention by Domain

(Millions of CFAF)

	Intervention domain	Cost
1	Coordination and management of the epidemic	33
2	Reinforcement of epidemiological and door surveillance inpu	91
3	Laboratory	11,000
4	Infection prevention and case management	26,675
5	Water, and Santination and Hygiene (WASH)	4,670
6	Communication about the risks and community engagement	41
7	Operational research and monitoring	-
Total		42,510

Source: Staff calculation based on Gabonese Ministry of Health and World Health Organization.

7. Financial sector risks are expected to be limited in the short term. With solvency ratio reported at 15 percent and short-term liquidity ratio reported close to 200 percent against a minimum of respectively 10.5 and 100 percent at end-March 2019, the banking system appears to be healthy. However, lower GDP could impact bank solvency through increased NPL ratios and provisioning requirements, and efforts by the authorities not to accumulate additional domestic

[1] The authorities are currently working on a plan to mitigate the impacts on Gabonese economy (Box 1).

arrears will be crucial. Banks should also implement effective business continuity plans to ensure the availability of financial services and minimize adverse effects from the spread of COVID-19.

8. The Banking Commission for Central Africa (COBAC) is monitoring the financial sector closely. In a letter sent to banks and microfinance institutions on March 25, 2020, the COBAC requested that these institutions (i) review their loan portfolio in light of COVID-19 crisis, (ii) strictly follow existing loan classification and provisioning regulation, also in the case of restructuring or reprofiling, (iii) may use their conservation buffers of 2.5 percent to absorb pandemic-related losses as needed and thus hold a minimum of 8 percent solvency ratio, but follow a restrictive policy with regard to dividend distribution, and (iv) provide a recapitalization plan in case of capital shortfall. The COBAC further urged these banks and microfinance institutions to continue providing essential financial services and implement their business continuity plans as needed. The COBAC stands ready to announce further measures to preserve financial stability. It is also implementing its own business continuity plan.

9. On March 27, 2020, a package of monetary easing measures was adopted by BEAC's Monetary Policy Committee (MPC). After analyzing the potential impact of the COVID-19 pandemic and the fall in crude oil prices on CEMAC economies and in view of the risk factors weighing on the monetary and financial stability, the MPC noted the suspension of liquidity absorption operations and decided to: (i) loosen the monetary policy stance by decreasing the policy rate (TIAO) by 25 basis points, from 3.5 to 3.25 percent; (ii) narrow the interest rate corridor by decreasing the marginal lending facility rate by 100 basis points from 6 to 5 percent; (iii) Increase the liquidity provision from CFAF 240 to 500 billion with the possibility of raising the amount of injections if necessary; and (iv) widen the range of private financial instruments accepted as collateral for monetary policy operations. The MPC also encouraged BEAC's management to propose to its Board a reduction in haircuts applicable to public securities and private instruments accepted as collateral for refinancing operations, and to postpone by one-year principal repayment of consolidated central bank's credits to member states. Likewise, the MPC recalled that the BEAC made available to the Development Bank of the Central African States (BDEAC) a financing line of CFAF 90 billion to finance public investment projects and invited the latter to make use of it. The MPC also recommended that banks ensure continuity of financial services, including provision of cash trough ATMs, strengthen operations of remote banking and reduce banking services costs.

10. Medium-term prospects remain favorable but subject to considerable uncertainty and significant downside risks. Non-oil growth is expected to rebound from 2021 and nominal non-oil GDP to return to pre-pandemic level after 2022. However, the COVID-19 could be more severe and persistent than anticipated with lasting impact on commodity prices, growth, and the fiscal and external positions. International oil prices are approaching breakeven levels, and further declines could erode oil revenues and dent future oil production, with attendant implications for debt sustainability. Other potential external risks include weaker global growth and higher risk premia leading to larger costs of financing and possibly lower capital inflows (Annex II, RAM).

POLICY DISCUSSIONS

11. The authorities have started to formulate an economic policy response to the shocks. The immediate priorities are to accommodate necessary health-related spending to protect people's wellbeing, take care of the sick, slow the spread of the virus, and ensure the production of medical supplies. This requires additional spending of about CFAF 65bn (0.7 percent of GDP) in the context of a sharp decline in revenues. The government is taking steps to control non-priority expenditure and redirect savings (CFAF 17 billion; 0.2 percent of GDP) to COVID-19 related spending (Text Table 3). They are also curtailing domestically financed capital expenditure by about 40 percent (1.0 percent of GDP) of the initial budget appropriation.

Text Table 3. Gabon: Estimated Impact of the Shocks in 2020

	4th&5th Rev.	Current Proj.
	(Billions of CFAF)	
Oil Revenue	684	398
Non Oil Revenue	1,245	1,047
Current expenditure	1,278	1,351
Goods and services	161	193
COVID-19	0	42
Other	161	151
Transfers and subsidies	216	232
COVID-19	0	23
Other	216	209
Capital expenditure	513	354
Domestically-financed	220	129
Foreign-Financed	293	225
Nonoil balance	-303	-390
Nonoil balance (percent non oil GDP)	-4.2	-5.7
Overall balance	152	-245
Overall balance (percent of GDP)	1.5	-2.7

Sources: Gabonese authorities; and IMF staff estimates and projections.

12. Despite the authorities' efforts, a higher fiscal deficit will be needed to accommodate the impact of the shocks. The non-oil deficit is expected to increase to 5.7 percent of non-oil GDP from 4.2 percent of GDP envisaged in the budget law. After considering identified sources of financing, including expected balance of payments support under the envisaged final purchase under the IMF extended arrangement, total uncovered fiscal needs will amount to about CFAF 252 billion, or 2.8 percent of GDP (Text Table 4). The financing needs may be even larger, given that the authorities are still contemplating measures, including emergency tax relief and well-targeted subsidies to support affected firms and households (Box 1). However, the authorities must carefully assess the merits of any proposed tax policy measure. For medical equipment and supplies (e.g., ventilators, testing kits, masks, etc.), targeted policies such as the reduction or repeal of any customs duties or reduction in VAT rates could play a role, but these should be temporary in nature (introduced with sunset clauses). To help businesses deal with cash flow constraints, the delay of tax payments is appropriate, but more aggressive or permanent tax policy measures should be avoided. Measures targeting both businesses and households still need to be costed, and their impacts carefully assessed to avoid any 'deadweight' effect. They also should remain temporary.

Text Table 4. Gabon: Financing of the Fiscal Deficit in 2020
(before and after shocks)

	4th & 5th Rev.	Current Proj.	Difference	4th & 5th Rev.	Current Proj.	Difference
	(Billions FCFA)			(Percent of GDP)		
Financing needs	1,270.7	1,531.3	260.6	12.3	17.1	4.8
Overall fiscal balance	140.4	-257.2	-397.5	1.4	-2.9	-4.2
Identified sources of financing	1,270.7	1,366.5	95.8	12.3	15.2	2.9
World Bank	115.0	115.0	0.0	1.1	1.3	0.2
AfDB		65.0	65.0	0.0	0.7	0.7
IMF-EFF	72.0	72.0	0.0	0.7	0.8	0.1
Prop. IMF-RFI		88.0	88.0	0.0	0.9	0.9
Residual gap	0.0	164.8	164.8	0.0	1.8	1.8

Sources: Gabonese authorities; and IMF staff estimates and projections.

Box 1. Authorities' Measures to Support the Economy

The authorities have issued a draft plan identifying public support measures to households and businesses in the context of containment made necessary by the COVID-19 pandemic. Work is ongoing, with support from the IMF, to evaluate the impact and the feasibility of these measures.

Measures aiming at supporting households:

- Telecommunication costs (internet, mobile, electronic banking, mobile money transaction fees) are reduced by at least 50 percent during the confinement period;
- Minimum level of remuneration maintained at 50 percent of the basic salary during periods of technical unemployment;
- Suspension of rents for unemployed people and compensation measures for landlords;
- Temporary suspension of debt repayments for individuals;
- Additional efforts to guarantee uniformity of prices through the national territory.

Measures aiming at supporting businesses:

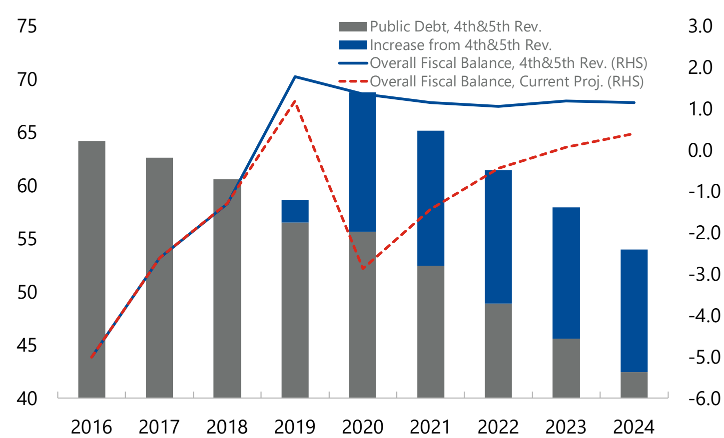
- Establishment of a refinancing window for companies forced to cease operations due to confinement;
- Tax rebates for companies which keep operating and maintain jobs;
- State support for the recovery of unpaid debts for banks facilitating access to financial services;

In addition, the authorities are implementing measures to enhance and facilitate digital transaction (e.g., enhancing the digitalization of revenue collection, setting up full interoperability of electronic money transactions) and implementing universal access to financial services by the population. These actions also aim at having a positive impact on the economy and facilitating transactions.

13. The authorities remain committed to pursuing the planned medium-term growth-friendly fiscal consolidation, as outlined in their attached letter. They intend to revert to the fiscal consolidation path set out in the Staff Report for the Fourth and Fifth Reviews under the extended arrangement once the fallout from the pandemic subsides. Most spending increases in 2020 are expected to be one-off and revenues should return to trend once growth rebounds from 2021. However, lower medium-term oil prices will create additional challenges, requiring further adjustment over the medium term to preserve debt and support the CEMAC's ongoing strategy to rebuild external buffers. Policies to address the longer-term challenges should continue to aim at achieving higher, more inclusive, and resilient growth, underpinned by a more revenue-based and growth friendly fiscal consolidation. In this context, the government has recently launched the customs administration IT system (ASYCUDA World), and it is currently implementing a larger project for revenue digitalization, which will be critical to boost revenue collection, reduce fraud and, should the situation arise, facilitate business continuity. The government has also recently completed a public service census to identify and remove ghost workers and continues to monitor developments to identify other non-priority current spending. They remain strongly committed to protecting social spending and strengthening public financial and investment management. Keeping the momentum of reforms put in motion in recent years to improve the business climate, enhance governance and fight corruption, and improve financial intermediation are also important.

14. Public debt remains sustainable but has become considerably more vulnerable to risks (Annex III (DSA)). Assuming the deviation from the consolidation path is temporary and the fiscal balance target is achieved from 2023 onwards, public debt would peak at 69 percent of GDP before declining to 52 percent in 2025 (Text Figure 3). However, given the increased risks to debt sustainability, enhancing debt management, seeking more semi-concessional loans, including from multilateral and bilateral partners, and improving the efficiency of public investment have become even more. Gabon does not have any arrears with external creditors. Measures implemented in the context of the EFF-supported program to address coordination issues that led to arrears in the past,[2] and continue to be effective in ensuring that Gabon remains current on its debt obligations.

Text Figure 3. Gabon: Fiscal Balance and Public Debt
(Percent of GDP)



Sources: Gabonese authorities; and IMF staff estimates.

[2] See Country Report 19/389 (Box 2).

15. Staff and the authorities agreed that the policy package in response to the exogenous shocks has been appropriate. The authorities are rightly scaling up health care and social spending to contain COVID-19 and its social and economic impact. They are also adjusting to the lower international oil prices by revisiting their investment plan. However, additional external budget and balance of payments support will still be needed to further address the shocks.

A. Access, Modalities, Capacity to repay and Safeguards Assessment

16. Access and Modalities. Based on preliminary estimates, staff proposes to provide financial assistance under the regular window of the Rapid Financing Instrument (RFI) for 50 percent of quota (SDR 108 million). The purchase, which amounts to 1.0 percent of GDP will cover 35 percent of the estimated financing gap, including though indirect budget support. This would provide timely support to address Gabon's urgent balance of payments needs resulting from COVID-19, which, if not addressed would result in an immediate and severe economic disruption. Gabon meets the eligibility requirements for support under the RFI as uncertainties and practical difficulties of holding comprehensive policy discussions with the authorities prevent conducting an ad-hoc review under Gabon's ongoing EFF-supported program. The remaining gap (1.8 percent of GDP) is expected to be covered by loans and grants from the country's multilateral and bilateral partners with whom the authorities are actively engaged. As outlined in their attached letter, the authorities stand ready to adopt additional measures if donor assistance falls short. In addition to the existing contingency plan under the 2020 budget, the authorities have identified a list of additional projects amounting to CFAF 40 billion, which could be put on hold to make room for needed COVID-19-related spending. May the situation require it, contingency mechanisms currently implemented the FY2020 budget could help identify additional buffers.[3] The authorities will also explore if there is scope for additional domestic and regional financing.

17. Capacity to Repay. The total amount of outstanding credit from the Fund, including the disbursement related to the envisaged next and final review of the EFF-supported program and to the proposed RFI, will amount to 265 percent of quota, within normal access limits. Gabon's capacity to repay is adequate, but subject to risks. IMF credit outstanding based on existing and the prospective RFI drawings peaks at 5.3 percent of GDP in 2020 (broadly in line with other countries in extended arrangements). Total obligations to the IMF are projected rise from 0.1 percent of GDP in 2020 to a peak of 0.8 percent of GDP in 2024 (or 17 percent of total debt service). These are considerably higher than obligations at the fourth and fifth EFF review, which peaked at 0.5 percent of GDP (12.5 percent of total debt service). Obligations relative to international reserves will peak at 15.9 percent of GDP in 2024. However, because these are based on imputed reserves and Gabon relies on the regional pool, the decline in oil prices presents a common shock to the oil exporting CEMAC region. It is expected to affect the regionally pooled reserves negatively, thus posing risks to

[3] A "reserve" (budget appropriating made unavailable for spending and progressively released along the year if contexts allows it) is implemented on budget appropriations according to the following rates: 20 percent for expenditures on goods and services, 15 percent for transfer expenditures, 16 percent for capital expenditures, and 10 percent for other expenditures. targets. Moreover, on the budget execution side, authorities implement an expenditure regulation mechanism set up in May 2019 with support from the IMF.

the regional reserve coverage. Increased risks to debt sustainability, including elevated gross financing needs, debt profile risks, and susceptibilities to commodity price shocks represent vulnerabilities to the capacity to repay.

18. Safeguards Assessment. The BEAC has implemented most of the recommendations from the 2017 safeguards assessment. In particular, the alignment of the BEAC's secondary legal instruments with its Charter was recently concluded, and work is advancing as planned on the full transition to IFRS for FY 2019. As set out in the letter of intent, Gabon will, to the extent necessary, cooperate with any updated safeguards assessment by the Fund.

STAFF APPRAISAL

19. Gabon is facing a double shock arising from COVID-19 and the collapse in international oil prices. The shocks will slow economic activity and put pressure on the fiscal and external positions. Under the baseline scenario, despite planned adjustment measures, the country will face present and urgent additional financing needs of about 3 percent of GDP in 2020. The impact of the shocks is subject to a considerable margin of uncertainty and a more protracted and severe crisis could lead to larger financing needs, calling for additional financing and further policy adjustment.

20. Staff welcomes the authorities' timely and swift response to contain the impact of COVID-19 and the terms of trade shocks. Staff support the authorities' policy to increase health care spending and social transfers. However, good coordination across government agencies and with development partners, including WHO and the World Bank, and attention to spending efficiency will be critical to ensure an effective response to the crisis. Staff also calls on the authorities to closely monitor the impact on businesses, including Small-and-Medium Enterprises. Careful designed supportive measures to businesses and households, including through tax deferment and well-targeted subsidies, may be warranted.

21. Fiscal policy should continue to aim at bringing the debt-to-GDP ratio back on a downward path to preserve debt sustainability over the medium term. The fiscal loosening in 2020 is appropriate, but the authorities should be ready to undo all emergency measures, especially to reverse temporary revenue losses and transfers and subsidies. Stronger fiscal adjustment will be required in the medium term and the authorities are committed to taking the steps needed to increase domestic revenue and rationalize spending while protecting the poor. Public debt remains sustainable, but its rapid increase calls for stronger debt management.

22. The Gabonese authorities requested Fund financing under the RFI for 50 percent of quota (equivalent to SDR 108 million). This will provide much needed financial support to address Gabon's urgent balance of payments needs resulting from the COVID-19 and the adverse terms-of-trade shocks. However, additional external budget support will still be needed to facilitate adjustment to the shock while minimizing the social impact.

23. Staff supports the authorities' request for a purchase under the RFI. The authorities intend to use the purchase to address external financing needs arising from COVID-19-related fiscal outlays and the terms of trade shock. In doing so, the government commits to transparency in the use of any emergency support received from the Fund and other sources. To this effect they have put in place an inter-ministerial committee that will guide the use of emergency financial assistance received from the Fund and others. Strengthening revenue administration and broadening the tax base, protecting social spending and developing adequate social safety nets, advancing PFM and governance reforms, countering corruption, and ensuring a sound and stable financial sector remain critical.

Proposed Decision

The following decision, which may be adopted by a majority of the votes cast, is proposed for adoption by the Executive Board:

1. Gabon has requested a purchase in an amount equivalent to SDR 108 million (50 percent of quota) under the Rapid Financing Instrument.

2. The Fund notes the intentions of Gabon as set forth in the letter dated April 3, 2020 from the Minister of Economy and Finance, and approves the purchase in accordance with the request.

3. The Fund waives the limitation in Article V, Section 3(b)(iii).

Table 1. Gabon: Selected Economic Indicators, 2017–25

	2017	2018	2019		2020		2021	2022	2023	2024	2025
	Act.	Est..	Prog. 1/	Proj.	Fourth & Fifth Rev.	Proj.		Proj.			
					(Annual percent change, unless otherwise indicated)						
Real sector											
GDP at constant prices	0.5	0.8	3.4	3.4	3.8	-0.4	3.6	5.3	4.4	4.6	4.1
Oil	-4.8	-4.1	7.9	7.9	2.5	-3.7	2.1	1.5	1.2	1.2	1.2
o/w primary oil	-8.5	-8.2	11.8	11.8	-2.7	-6.0	1.5	0.6	0.0	0.0	0.0
Non-oil	1.7	1.9	2.5	2.5	4.0	0.4	3.9	6.0	5.0	5.2	4.7
GDP deflator	3.8	7.2	2.6	1.8	0.2	-8.6	3.6	2.9	2.9	3.5	1.4
Oil	14.5	20.2	-2.4	-2.6	-4.3	-30.6	3.4	4.7	3.6	3.1	0.6
Primary oil	19.3	32.3	-5.0	-5.3	-6.1	-45.9	5.7	8.1	5.6	4.3	-0.2
Consumer prices											
Yearly average	2.7	4.8	3.0	2.0	3.0	3.0	3.0	2.5	2.5	2.5	2.5
End of period	1.1	6.3	3.0	1.0	3.0	3.0	3.0	2.5	2.5	2.5	2.5
External sector											
Exports, f.o.b.	17.7	14.0	12.1	11.9	0.6	-30.4	8.7	11.4	6.4	5.7	3.1
Imports, f.o.b.	6.0	-2.0	8.3	7.5	6.0	-7.4	2.8	5.8	4.3	3.4	3.0
Terms of trade (deterioration= –)	28.5	27.3	-5.7	-5.9	-7.2	-43.9	5.5	6.9	4.4	2.9	-1.0
					(Percent of GDP, unless otherwise indicated)						
Overall fiscal balance (commitment basis)	-2.6	-1.3	1.8	1.2	1.4	-2.9	-1.4	-0.4	0.1	0.4	0.7
Primary fiscal balance (commitment basis)	-0.1	1.1	4.1	3.5	3.7	0.1	1.4	2.2	2.6	2.7	2.9
Overall fiscal balance (cash basis)	-3.4	-1.6	1.7	0.7	1.5	-2.7	-1.5	-0.4	0.2	0.5	0.7
Non-oil primary balance (in percent of non-oil GDP)	-9.7	-7.6	-4.6	-5.8	-4.2	-5.7	-4.0	-2.9	-2.3	-1.9	-1.4
Non-oil primary basic balance (in percent of non-oil GDP) 2/	-8.6	-5.0	-1.8	-4.2	-0.4	-2.7	0.3	1.1	1.4	1.7	2.1
Gross government deposits in BEAC	3.6	3.4	4.4	2.4	7.1	4.3	3.7	4.1	4.4	4.4	4.5
Total public debt 3/	62.6	60.6	56.5	58.7	55.6	68.7	65.2	61.4	58.0	54.0	51.5
External public debt (including to the IMF)	38.7	40.0	40.5	39.3	42.3	49.8	47.5	44.8	42.4	38.9	35.2
Domestic public debt	24.2	20.6	16.0	19.4	13.3	18.9	17.7	16.6	15.6	15.1	16.3
o/w statutory advances from BEAC	7.5	4.8	4.6	4.6	4.4	5.0	4.7	3.9	3.1	2.5	2.0
					(Percent change, unless otherwise indicated)						
Money and credit											
Credit to the economy	-3.0	6.2	9.7	2.2	11.2	1.6	...	...	...	...	...
Broad money	-3.9	15.7	14.2	0.9	16.0	5.0	...	...	...	...	...
Velocity ratio of Non-oil GDP over broad money	3.2	2.8	2.8	2.8	2.6	2.9	...	...	...	...	...
					(Percent of GDP, unless otherwise indicated)						
Gross national savings	24.9	27.3	30.0	29.8	31.4	22.4	27.5	29.0	29.9	29.2	29.6
Gross fixed investment	31.8	30.4	31.1	30.6	33.4	30.9	33.5	32.4	32.1	30.5	30.4
o/w private	30.3	27.8	28.0	27.8	28.4	26.9	28.4	27.4	27.1	25.3	25.2
public	1.5	2.6	3.2	2.9	5.0	3.9	5.1	5.0	5.1	5.2	5.2
Current account balance	-6.9	-3.2	-1.1	-0.8	-2.0	-8.5	-5.9	-3.4	-2.3	-1.3	-0.8
excl. large agri-industry projects 4/	-4.3	-0.7	1.9	2.2	0.7	-5.5	-4.5	-2.7	-1.7	-1.0	-0.5
CEMAC Foreign Reserves											
(US$ billions, end-of-period)	5.8	6.6	8.2	7.4	10.5	7.9	9.0	9.9	10.6	...	...
(in months of extrazone imports)	2.4	2.8	3.3	3.6	4.1	3.5	3.8	4.0	4.2	...	...
					(CFA francs billion, unless otherwise indicated)						
Memorandum items											
Nominal GDP	8,669	9,369	9,937	9,863	10332.2	8,980	9,636	10,438	11,213	12,140	12,814
Nominal non-oil GDP	6,024	6,319	6,725	6,657	7180.5	6,839	7,375	8,035	8,694	9,512	10,138
National currency per U.S. Dollar (average)	581	555	..	..	..	..	..	..	..	..	..
Oil prices (Brent, U.S. Dollar/BBL)	54	71	64	64	60	36	38	41	43	43	45

Sources: Gabonese authorities and IMF staff estimates and projections.

1/ Staff report for the Fourth and Fifth Reviews of the Extended Arrangement Under the Extended Fund Facility (December 16, 2019; EBS/19/109).

2/ Excludes foreign financed capital expenditures.

3/ Starting in 2016, data series include the stock of domestic arrears.

4/ Current account excluding net trade changes related to large direct investment in the agri-industry sector.

Table 2. Gabon: Balance of Payments, 2017–25

	2017	2018	2019		2020		2021	2022	2023	2024	2025
	Est.	Est.	Prog. 1/	Proj.	Fourth & Fifth Rev.	Proj.			Proj.		
					(Billions of CFAF)						
Current account	-602	-296	-110	-82	-209	-761	-573	-351	-252	-156	-101
Goods (net)	1,433	1,901	2,194	2,198	2,111	1,126	1,320	1,564	1,700	1,840	1,898
Export of goods (fob)	3,100	3,535	3,963	3,954	3,986	2,751	2,991	3,332	3,544	3,746	3,862
Hydrocarbons	2,069	2,450	2,596	2,589	2,389	1,357	1,454	1,577	1,663	1,733	1,730
Timber	281	315	349	349	419	371	390	415	443	447	452
Manganese	619	636	818	816	846	751	765	804	842	899	961
Other	131	134	199	199	332	272	382	536	596	666	719
Import of goods (fob)	-1,667	-1,634	-1,769	-1,756	-1,875	-1,625	-1,670	-1,768	-1,845	-1,907	-1,965
Petroleum sector	-243	-288	-305	-305	-303	-158	-167	-180	-188	-194	-192
Other	-1,424	-1,346	-1,464	-1,451	-1,572	-1,468	-1,503	-1,588	-1,657	-1,712	-1,772
Services (net)	-1,019	-1,024	-1,119	-1,111	-1,107	-819	-830	-816	-823	-813	-781
Exports	288	280	304	301	319	283	323	370	423	484	552
Imports	-1,306	-1,305	-1,422	-1,413	-1,426	-1,102	-1,154	-1,187	-1,246	-1,297	-1,333
Income (net)	-830	-980	-990	-973	-1,043	-910	-886	-919	-947	-997	-1,031
Current transfers (net)	-186	-192	-196	-195	-170	-157	-177	-180	-183	-185	-187
Capital account	0	0	0	0	0	0	0	0	0	0	0
Financial account	-48	88	89	-254	535	407	399	356	305	222	149
Direct investment (net)	763	766	910	910	988	835	790	622	626	607	631
Portfolio investments (net)	0	0	0	0	146	156	0	-144	-144	-144	-410
Other investment assets and liabilities (net)	-811	-678	-821	-1,165	-599	-584	-391	-122	-178	-241	-72
Medium- and long-term transactions	-244	-148	-264	-279	-52	-114	31	160	215	192	377
o/w Net Arrears Accumulation	-40	7	-35	-67							
Short term transactions	-567	-531	-557	-886	-547	-471	-422	-282	-393	-433	-449
Errors and Omissions	0	-4	0	0	0	0	0	0	0	0	0
Overall balance	-650	-212	-21	-336	326	-354	-174	5	52	66	47
Financing	650	212	21	336	-326	354	174	-5	-52	-66	37
Bank of Central African States	162	5	-274	110	-441	9	28	-88	-128	-143	-122
Change in net reserve assets (- is an increase)	51	-111	-347	34	-508	-151	33	-68	-68	-48	-37
IMF-EFF flows	111	116	72	76	67	72	-5	-19	-60	-94	-84
Prop. IMF-RFI flows						88					
Financing Gap	488	207	295	230	115	345	146	83	76	76	74
Of which:											
Bilateral	49	49	49	49	0	0	0	0	0	0	0
Multilateral/other	439	158	246	181	115	181	0	0	0	0	0
Memorandum items:					(Percent of GDP)						
Current account	-6.9	-3.2	-1.1	-0.8	-2.0	-8.5	-5.9	-3.4	-2.3	-1.3	-0.8
excl. large agri-industry projects 2/	-4.3	-0.7	1.9	2.2	0.7	-5.5	-4.5	-2.7	-1.7	-1.0	-0.5
Oil	6.7	7.8	8.3	8.4	6.0	1.6	2.2	2.9	2.9	2.8	2.3
Non-oil	-13.6	-10.9	-9.4	-9.3	-8.0	-10.0	-8.2	-6.3	-5.2	-4.1	-3.1
Exports of goods and services	39.1	40.7	42.9	43.1	41.7	33.8	34.4	35.5	35.4	34.8	34.5
Imports of goods and services	-34.3	-31.4	-32.1	-32.1	-32.0	-30.4	-29.3	-28.3	-27.6	-26.4	-25.7
Capital and financial accounts	5.1	3.1	3.9	-0.2	6.3	8.4	5.7	4.2	3.4	2.5	1.7
Foreign Direct Investment	8.8	8.2	9.2	9.2	9.6	9.3	8.2	6.0	5.6	5.0	4.9
Overall balance 3/	-1.7	-0.1	2.8	-1.1	4.3	-0.1	-0.3	0.8	1.1	1.2	0.9

Sources: Gabonese authorities and IMF staff estimates and projections.

1/ Staff report for the Fourth and Fifth Reviews of the Extended Arrangement Under the Extended Fund Facility (December 16, 2019; EBS/19/109).

2/ Current account excluding net trade changes due to a large direct investment in the agri-industry sector.

3/ Overall balance line here reflects incorporation of budget support financing from Bilateral and Multilateral in their respective above the line items.

Table 3a. Gabon: Central Government Accounts, 2017–25

(Billions of CFA francs)

	2017	2018	2019		2020		2021	2022	2023	2024	2025
	Act.	Prel.	Prog. 1/	Proj.	Fourth & Fifth Rev.	Proj.		Proj.			
					(Billion of CFA francs)						
Total revenue and grants	1,423	1,581	1,868	1,909	1,946	1,463	1,673	1,875	2,057	2,251	2,386
Revenue	1,423	1,581	1,868	1,909	1,929	1,446	1,673	1,875	2,057	2,251	2,386
Oil revenue	574	583	719	725	684	398	427	463	488	509	508
Non-oil revenue	849	997	1,148	1,184	1,245	1,047	1,246	1,412	1,569	1,742	1,879
Tax revenue	770	870	1,062	1,070	1,206	1,008	1,207	1,369	1,522	1,691	1,824
Taxes on income, profits, and capital gains	271	298	399	412	475	416	475	533	591	662	721
Domestic taxes on goods and services	168	148	278	187	306	256	306	361	411	459	502
Value-added tax	112	95	183	132	221	184	221	254	295	332	365
Other	56	52	95	54	85	72	85	107	116	127	136
Taxes on international trade and transactions	246	255	303	286	336	254	336	377	413	453	477
Import tariffs	246	255	291	274	314	241	312	350	385	423	446
Export taxes	0	0	12	12	22	13	24	26	28	30	31
Other non-oil taxes	84	170	81	187	90	82	91	99	107	117	125
Non-tax revenue	79	127	86	114	39	39	39	43	46	51	54
Grants	0	0	0	0	17	17	0	0	0	0	0
Total expenditure and net lending	1,649	1,702	1,692	1,793	1,806	1,720	1,811	1,921	2,049	2,203	2,301
Current expenditure	1,350	1,270	1,293	1,317	1,278	1,351	1,320	1,401	1,480	1,575	1,634
Wages and salaries	733	701	673	686	661	661	686	739	800	866	906
Goods and services	167	140	159	156	161	193	160	175	191	206	218
Interest payments	219	225	236	225	241	265	268	273	278	284	282
Domestic	80	93	83	84	81	79	86	81	74	65	59
Foreign	139	132	153	141	159	186	183	192	205	219	223
Transfers and subsidies	231	204	226	250	216	232	206	213	211	219	228
o/w: oil subsidies	35	28	0	19	0	0	0	0	0	0	0
Capital expenditure	133	248	317	281	513	355	491	520	569	628	668
Domestically financed	67	82	133	175	220	129	169	198	247	291	314
Foreign financed	65	166	184	106	293	225	322	321	322	337	354
Net lending	79	101	40	75	0	0	0	0	0	0	0
Road Fund (FER) and special funds	20	3	1	12	14	14	0	0	0	0	0
Special accounts 2/	67	80	40	107	0	0	0	0	0	0	0
Overall balance (commitment basis)	-226	-121	176	117	140	-257	-138	-46	8	48	85
Adjustment to cash basis 3/	-70	-26	-9	-48	12	12	-9	8	9	10	7
Overall balance (cash basis)	-297	-147	167	68	152	-245	-147	-38	18	58	92
Total financing	297	147	-167	-68	-152	245	147	38	-18	-58	-92
Foreign borrowing (net)	-154	-5	-161	-154	183	134	134	-18	-70	-161	-477
Drawings	65	166	184	106	293	225	322	321	322	337	354
Amortization	-306	-150	-283	-200	-695	-686	-189	-339	-392	-498	-830
Arrears (reduction = -)	-26	-21	-62	-59	0	0	0	0	0	0	0
Rollover (Eurobonds)	112	0	0	0	585	595	0	0	0	0	0
Domestic borrowing	-151	-170	-373	-218	-523	-395	-132	-171	-216	-211	-177
Banking system (net)	-101	67	-32	29	-218	-54	142	-102	-179	-181	-177
Nonbank financing (net) 4/	-50	-238	-341	-247	-305	-341	-274	-69	-37	-30	0
Financing gap (+=deficit / - surplus)	602	321	368	303	187	506	146	226	268	315	562
Exceptional financing (excluding IMF)	488	207	295	230	115	181	0	144	193	239	488
Residual gap	114	114	72	73	72	325	146	83	76	76	74
IMF-EFF	114	114	72	73	72	72	0	0	0	0	0
Prop. IMF-RFI						88					
Memorandum items:											
Gross government deposits in BEAC	314.9	315.0	438.4	237.4	732.9	388.7	355.5	423.1	490.7	539.5	576.6
Statutory advances from BEAC	452.5	452.5	452.5	452.8	452.5	452.8	452.8	402.8	352.8	302.8	252.8
Stock of arrears 5/	545.9	354.8	105.9	151.7	28.2	51.1	0.0	0.0	0.0	0.0	1.0
External	113.4	61.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic	432.5	293.0	105.9	151.7	28.2	51.1	0.0	0.0	0.0	0.0	1.0
VAT Reimbursement	326.9	293.0	105.9	151.7	28.2	51.1	0.0	0.0	0.0	0.0	0.0
Exceptional float 6/	87.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Debt service	17.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-oil primary balance excluding capital transfers (NOPB)	-582	-479	-308	-384	-303	-390	-297	-235	-202	-177	-141
as percent of non-oil GDP	-9.7	-7.6	-4.6	-5.8	-4.2	-5.7	-4.0	-2.9	-2.3	-1.9	-1.4
Non-oil GDP at market prices	6,024	6,319	6,725	6,657	7,181	6,839	7,375	8,035	8,694	9,512	10,138

Sources: Gabonese authorities and IMF staff estimates and projections.

1/ Staff report for the Fourth and Fifth Reviews of the Extended Arrangement Under the Extended Fund Facility (December 16, 2019; EBS/19/109).

2/ Includes net transfers to special funds financed by earmarked revenues.

3/ Records cash expenditure on payment orders issued the previous year minus payment orders settled the next year.

4/ Includes bonds held by the non-bank sector, repayment of VAT reimbursement arrears, and securitization of previous extra-budgetary spending.

5/ The clearance of the exceptional float and interest arrears are classified as part of the adjustment to cash basis above the line, while all other clearance of arrears are recorded below the line.

6/ After 2017, exceptional float becomes zero and regular float cannot exceed 10 percent of the sum of current spending (excluding wages and interest) plus domestically-financed investment.

Table 3b. Gabon: Central Government Accounts, 2017–25

(Percent of GDP; Billions of CFA francs)

	2017	2018	2019	2019	2020	2020	2021	2022	2023	2024	2025
	Act.	Prel.	Prog. 1/	Proj.	Fourth & Fifth Rev.	Proj.	Proj.				
					(Percent of GDP)						
Total revenue and grants	16.4	16.9	18.8	19.4	18.8	16.3	17.4	18.0	18.3	18.5	18.6
Revenue	16.4	16.9	18.8	19.4	18.7	16.1	17.4	18.0	18.3	18.5	18.6
Oil revenue	6.6	6.2	7.2	7.4	6.6	4.4	4.4	4.4	4.4	4.2	4.0
Non-oil revenue	9.8	10.6	11.6	12.0	12.0	11.7	12.9	13.5	14.0	14.3	14.7
Tax revenue	8.9	9.3	10.7	10.9	11.7	11.2	12.5	13.1	13.6	13.9	14.2
Taxes on income, profits, and capital gains	3.1	3.2	4.0	4.2	4.6	4.6	4.9	5.1	5.3	5.5	5.6
Domestic taxes on goods and services	1.9	1.6	2.8	1.9	3.0	2.8	3.2	3.5	3.7	3.8	3.9
Taxes on international trade and transactions	2.8	2.7	3.0	2.9	3.2	2.8	3.5	3.6	3.7	3.7	3.7
Other non-oil taxes	1.0	1.8	0.8	1.9	0.9	0.9	0.9	0.9	1.0	1.0	1.0
Non-tax revenue	0.9	1.4	0.9	1.2	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Total expenditure and net lending	19.0	18.2	17.0	18.2	17.5	19.2	18.8	18.4	18.3	18.1	18.0
Current expenditure	15.6	13.6	13.0	13.4	12.4	15.0	13.7	13.4	13.2	13.0	12.8
Wages and salaries	8.5	7.5	6.8	7.0	6.4	7.4	7.1	7.1	7.1	7.1	7.1
Goods and services	1.9	1.5	1.6	1.6	1.6	2.2	1.7	1.7	1.7	1.7	1.7
Interest payments	2.5	2.4	2.4	2.3	2.3	3.0	2.8	2.6	2.5	2.3	2.2
Transfers and subsidies	2.7	2.2	2.3	2.5	2.1	2.6	2.1	2.0	1.9	1.8	1.8
o/w: oil subsidies	0.4	0.3	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital expenditure	1.5	2.6	3.2	2.9	5.0	3.9	5.1	5.0	5.1	5.2	5.2
Domestically financed	0.8	0.9	1.3	1.8	2.1	1.4	1.8	1.9	2.2	2.4	2.5
Foreign financed	0.8	1.8	1.8	1.1	2.8	2.5	3.3	3.1	2.9	2.8	2.8
Net lending	0.9	1.1	0.4	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Road Fund (FER) and special funds	0.2	0.0	0.0	0.1	0.1	0.2	0.0	0.0	0.0	0.0	0.0
Special accounts 2/	0.8	0.9	0.4	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance (commitment basis)	-2.6	-1.3	1.8	1.2	1.36	-2.86	-1.4	-0.4	0.1	0.4	0.7
Adjustment to cash basis 3/	-0.8	-0.3	-0.1	-0.5	0.1	0.1	-0.1	0.1	0.1	0.1	0.1
Overall balance (cash basis)	-3.4	-1.6	1.7	0.7	1.5	-2.7	-1.5	-0.4	0.2	0.5	0.7
Total financing	3.4	1.6	-1.7	-0.7	-1.5	2.7	1.5	0.4	-0.2	-0.5	-0.7
Foreign borrowing (net)	-1.8	0.0	-1.6	-1.6	1.8	1.5	1.4	-0.2	-0.6	-1.3	-3.7
Drawings	0.8	1.8	1.8	1.1	2.8	2.5	3.3	3.1	2.9	2.8	2.8
Amortization	-3.5	-1.6	-2.8	-2.0	-6.7	-7.6	-2.0	-3.2	-3.5	-4.1	-6.5
Arrears (reduction = -)	-0.3	-0.2	-0.6	-0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rollover (Eurobonds)	1.3	0.0	0.0	0.0	5.7	6.6	0.0	0.0	0.0	0.0	0.0
Domestic borrowing (net)	-1.7	-1.8	-3.8	-2.2	-5.1	-4.4	-1.4	-1.6	-1.9	-1.7	-1.4
Banking system	-1.2	0.7	-0.3	0.3	-2.1	-0.6	1.5	-1.0	-1.6	-1.5	-1.4
Non-bank sector 4/	-0.6	-2.5	-3.4	-2.5	-2.9	-3.8	-2.8	-0.7	-0.3	-0.2	0.0
Financing gap (+=deficit / - surplus)	6.9	3.4	3.7	3.1	1.8	5.6	1.5	2.2	2.4	2.6	4.4
Exceptional financing (excluding IMF)	5.6	2.2	3.0	2.3	1.1	2.0	0.0	1.4	1.7	2.0	3.8
Residual gap	1.3	1.2	0.7	0.7	0.7	3.6	1.5	0.8	0.7	0.6	0.6
IMF-EFF	1.3	1.2	0.7	0.7	0.7	0.8	0.0	0.0	0.0	0.0	0.0
Prop. IMF-RFI						1.0					
				(Billion of CFA francs, unless otherwise indicated)							
Total revenue and grants	1,423	1,581	1,868	1,909	1,929	1,446	1,673	1,875	2,057	2,251	2,386
Total expenditure and net lending	1,649	1,702	1,692	1,793	1,806	1,720	1,811	1,921	2,049	2,203	2,301
Overall balance	-226	-121	176	117	140	-257	-138	-46	8	48	85
Memorandum items:											
Gross government deposits in BEAC (percent of GDP)	3.6	3.4	4.4	2.4	7.1	4.3	3.7	4.1	4.4	4.4	4.5
o/w Fund for Future Generations or Stabilization Fund	0.5	0.1	1.2	0.0	3.8	1.4	1.2	1.8	2.3	2.5	0.0
Non-oil primary balance excluding capital transfers	-582	-479	-308	-384	-303	-390	-297	-235	-202	-177	-141
As percent of non-oil GDP	-9.7	-7.6	-4.6	-5.8	-4.2	-5.7	-4.0	-2.9	-2.3	-1.9	-1.4
Public debt (percent of GDP)	62.9	60.6	56.5	58.7	55.7	68.7	65.2	61.4	58.0	54.0	51.5
External debt (percent of GDP)	38.7	40.0	40.5	39.3	42.4	49.8	47.5	44.8	42.4	38.9	35.2
Domestic debt (percent of GDP)	24.2	20.6	16.0	19.4	13.3	18.9	17.7	16.6	15.6	15.1	16.3
o/w Statutory advances from BEAC	5.2	4.8	4.6	4.6	4.4	5.0	4.7	3.9	3.1	2.5	2.0
Stock of arrears 5/	6.3	3.8	1.1	1.5	0.3	0.6	0.0	0.0	0.0	0.0	0.0
External	1.3	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic	5.0	3.1	1.1	1.5	0.3	0.6	0.0	0.0	0.0	0.0	0.0
VAT Reimbursement	3.8	3.1	1.1	1.5	0.3	0.6	0.0	0.0	0.0	0.0	0.0
Exceptional float 6/	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt service	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GDP at market prices	8,669	9,369	9,937	9,863	10,332	8,980	9,636	10,438	11,213	12,140	12,814

Sources: Gabonese authorities and IMF staff estimates and projections.
1/ Staff report for the Fourth and Fifth Reviews of the Extended Arrangement Under the Extended Fund Facility (December 16, 2019; EBS/19/109).
2/ Includes net trasfers to special funds financed by earmarked revenues.
3/ Records cash expenditure on payment orders issued the previous year minus payment orders settled the next year.
4/ Includes bonds held by the non-bank sector, repayment of VAT reimbursement arrears, and securitization of previous extra-budgetary spending.
5/ The clearance of the exceptional float and interest arrears are classified as part of the adjustment to cash basis above the line, while all other clearance of arrears are recorded below the line.
6/ After 2017, exceptional float becomes zero and regular float cannot exceed 10 percent of the sum of current spending (excluding wages and interest) plus domestically-financed investment.

Table 3c. Gabon: Central Government Accounts, 2017–25
(Percent of non-oil GDP; Billions of CFA francs)

	2017	2018	2019		2020		2021	2022	2023	2024	2025
	Act.	Prel.	Prog. 1/	Proj.	Fourth & Fifth Rev.	Proj.		Proj.			
				(Percent of non-oil GDP)							
Total revenue and grants	23.6	25.0	27.8	28.7	27.1	21.4	22.7	23.3	23.7	23.7	23.5
Revenue	23.6	25.0	27.8	28.7	26.9	21.1	22.7	23.3	23.7	23.7	23.5
Oil revenue	9.5	9.2	10.7	10.9	9.5	5.8	5.8	5.8	5.6	5.3	5.0
Non-oil revenue	14.1	15.8	17.1	17.8	17.3	15.3	16.9	17.6	18.0	18.3	18.5
Tax revenue	12.8	13.8	15.8	16.1	16.8	14.7	16.4	17.0	17.5	17.8	18.0
Taxes on income, profits, and capital gains	4.5	4.7	5.9	6.2	6.6	6.1	6.4	6.6	6.8	7.0	7.1
Domestic taxes on goods and services	2.8	2.3	4.1	2.8	4.3	3.7	4.1	4.5	4.7	4.8	4.9
Taxes on international trade and transactions	4.1	4.0	4.5	4.3	4.7	3.7	4.6	4.7	4.8	4.8	4.7
Other non-oil taxes	1.4	2.7	1.2	2.8	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Non-tax revenue	1.3	2.0	1.3	1.7	0.5	0.6	0.5	0.5	0.5	0.5	0.5
Total expenditure and net lending	27.4	26.9	25.2	26.9	25.1	25.1	24.6	23.9	23.6	23.2	22.7
Current expenditure	22.4	20.1	19.2	19.8	17.8	19.8	17.9	17.4	17.0	16.6	16.1
Wages and salaries	12.2	11.1	10.0	10.3	9.2	9.7	9.3	9.2	9.2	9.1	8.9
Goods and services	2.8	2.2	2.4	2.3	2.2	2.8	2.2	2.2	2.2	2.2	2.1
Interest payments	3.6	3.6	3.5	3.4	3.4	3.9	3.6	3.4	3.2	3.0	2.8
Transfers and subsidies	3.8	3.2	3.4	3.8	3.0	3.4	2.8	2.7	2.4	2.3	2.3
o/w: oil subsidies	0.6	0.4	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital expenditure	2.2	3.9	4.7	4.2	7.1	5.2	6.7	6.5	6.5	6.6	6.6
Domestically financed	1.1	1.3	2.0	2.6	3.1	1.9	2.3	2.5	2.8	3.1	3.1
Foreign financed	1.1	2.6	2.7	1.6	4.1	3.3	4.4	4.0	3.7	3.5	3.5
Net lending	1.3	1.6	0.6	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Road Fund (FER) and special funds	0.3	0.0	0.0	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0
Special accounts 2/	1.1	1.3	0.6	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance (commitment basis)	-3.8	-1.9	2.6	1.8	2.0	-3.8	-1.9	-0.6	0.1	0.5	0.8
Adjustment to cash basis 3/	-1.2	-0.4	-0.1	-0.7	0.2	0.2	-0.1	0.1	0.1	0.1	0.1
Overall balance (cash basis)	-4.9	-2.3	2.5	1.0	2.1	-3.6	-2.0	-0.5	0.2	0.6	0.9
Total financing	4.9	2.3	-2.5	-1.0	-2.1	3.6	2.0	0.5	-0.2	-0.6	-0.9
Foreign borrowing (net)	-2.6	-0.1	-2.4	-2.3	2.6	2.0	1.8	-0.2	-0.8	-1.7	-4.7
Drawings	1.1	2.6	2.7	1.6	4.1	3.3	4.4	4.0	3.7	3.5	3.5
Amortization	-5.1	-2.4	-4.2	-3.0	-9.7	-10.0	-2.6	-4.2	-4.5	-5.2	-8.2
Arrears (reduction = -)	-0.4	-0.3	-0.9	-0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rollover (Eurobonds)	1.9	0.0	0.0	0.0	8.2	8.7	0.0	0.0	0.0	0.0	0.0
Domestic borrowing	-2.5	-2.7	-5.5	-3.3	-7.3	-5.8	-1.8	-2.1	-2.5	-2.2	-1.7
Bank financing (net)	-1.7	1.1	-0.5	0.4	-3.0	-0.8	1.9	-1.3	-2.1	-1.9	-1.7
Nonbank financing (net) 4/	-0.8	-3.8	-5.1	-3.7	-4.2	-5.0	-3.7	-0.9	-0.4	-0.3	0.0
Financing gap (+=deficit / - surplus)	10.0	5.1	5.5	4.6	2.6	7.4	2.0	2.8	3.1	3.3	5.5
Exceptional financing (excluding IMF)	8.1	3.3	4.4	3.5	1.6	2.6	0.0	1.8	2.2	2.5	4.8
Residual gap	1.9	1.8	1.1	1.1	1.0	4.8	2.0	1.0	0.9	0.8	0.7
IMF-EFF	1.9	1.8	1.1	1.1	1.0	1.1	0.0	0.0	0.0	0.0	0.0
Prop. IMF-RFI						1.3					
				(Billion of CFA francs, unless otherwise indicated)							
Total revenue and grants	1,423	1,581	1,868	1,909	1,929	1,446	1,673	1,875	2,057	2,251	2,386
Total expenditure and net lending	1,649	1,702	1,692	1,793	1,806	1,720	1,811	1,921	2,049	2,203	2,301
Overall balance	-226	-121	176	117	140	-257	-138	-46	8	48	85
Memorandum items:											
Gross government deposits in BEAC (percent of GDP)	5.2	5.0	6.5	3.6	10.2	5.7	3.7	4.1	4.4	4.4	4.5
o/w Fund for Future Generations or Stabilization Fund	0.5	0.1	1.3	0.0	4.1	1.7	1.2	1.8	2.3	2.5	0.0
Overall balance (percent of non-oil GDP)	-3.8	-1.9	2.6	1.8	2.0	-3.8	-1.4	-0.4	0.1	0.4	0.7
Non-oil primary balance excluding capital transfers	-582	-479	-308	-384	-303	-390	-297	-235	-202	-177	-141
As percent of non-oil GDP	-9.7	-7.6	-4.6	-5.8	-4.2	-5.7	-4.0	-2.9	-2.3	-1.9	-1.4
Oil revenues (percent of oil GDP)	21.7	19.1	22.4	22.6	21.7	18.6	18.9	19.3	19.4	19.4	19.0
Public debt (percent of non-oil GDP)	90.6	89.8	83.5	86.9	80.1	90.3	78.2	73.8	68.3	64.6	60.2
External debt (percent of non-oil GDP)	55.7	59.2	59.9	58.2	61.0	65.4	57.0	53.8	50.0	46.5	41.1
Domestic debt (percent of non-oil GDP)	34.8	30.6	23.7	28.7	19.1	24.8	21.2	20.0	18.4	18.1	19.0
o/w Statutory advances from BEAC	7.5	7.2	6.7	6.8	6.3	6.6	4.0	3.9	3.1	2.5	2.0
Stock of arrears 5/	9.1	5.6	1.6	2.3	0.4	0.7	0.0	0.0	0.0	0.0	0.0
External	1.9	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic	7.2	4.6	1.6	2.3	0.4	0.7	0.0	0.0	0.0	0.0	0.0
VAT Reimbursement	5.4	4.6	1.6	2.3	0.4	0.7	0.0	0.0	0.0	0.0	0.0
Exceptional float 6/	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt service	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-oil GDP at market prices	6,024	6,319	6,725	6,657	7,181	6,839	7,375	8,035	8,694	9,512	10,138

Sources: Gabonese authorities and IMF staff estimates and projections.

1/ Staff report for the Fourth and Fifth Reviews of the Extended Arrangement Under the Extended Fund Facility (December 16, 2019; EBS/19/109).

2/ Includes net trasfers to special funds financed by earmarked revenues.

3/ Records cash expenditure on payment orders issued the previous year minus payment orders settled the next year.

4/ Includes bonds held by the non-bank sector, repayment of VAT reimbursement arrears, and securitization of previous extra-budgetary spending.

5/ The clearance of the exceptional float and interest arrears are classified as part of the adjustment to cash basis above the line, while all other clearance of arrears are recorded below the line.

6/ After 2017, exceptional float becomes zero and regular float cannot exceed 10 percent of the sum of current spending (excluding wages and interest) plus domestically-financed investment.

Table 4a. Gabon: Financing of the Fiscal Deficit, 2017–21
(Billions of CFA francs)

	2017	2018	2019		2020		2021
		Est.	Prog. 1/	Prel.	Fourth & Fifth Rev.	Proj.	Proj.
				(In billions of CFA Francs)			
Overall balance (commitment basis)	226.2	120.8	-175.9	-116.6	-140.4	257.2	138.0
Adjustment to cash basis	70.4	25.7	9.0	48.2	-12.1	-12.0	9.3
A. Overall fiscal deficit (cash basis)	296.6	146.5	-166.8	-68.4	-152.4	245.2	147.4
B. Other financing needs	695.4	550.2	946.9	615.2	1423.1	1286.1	510.7
Amortization (including arrears)	581.9	478.9	613.0	521.4	1000.1	983.4	467.8
External	331.8	170.4	345.0	259.8	695.4	686.4	188.7
Amortization due	306.3	149.8	283.2	200.5	695.4	686.4	188.7
Arrears on amortization	25.5	20.7	61.8	59.3	0.0	0.0	0.0
Domestic	250.1	308.5	267.9	261.6	304.7	297.0	279.0
T-bills redemption	93.2	229.5	190.3	218.1	229.8	208.5	190.5
Moratorium debt	134.5	76.3	72.6	45.5	75.0	88.6	88.6
Other	22.4	2.7	5.0	-2.0	0.0	0.0	0.0
BEAC	82.8	0.1	123.5	-77.5	294.5	151.3	-33.2
Repayment of statutory advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net deposit accumulation	82.8	0.1	123.5	-77.5	294.5	151.3	-33.2
Repayment of VAT Arrears	20.9	33.9	187.1	141.3	77.7	100.6	51.1
Other (includes restructuring costs)	7.8	32.8	12.0	18.6	50.8	50.8	25.0
Arrears on domestic amortization (reduction)	2.1	4.5	11.4	11.4	0.0	0.0	0.0
C=A+B Total financing needs	992.0	696.7	780.1	546.7	1270.7	1531.3	658.0
D. Identified sources of financing	390.2	375.5	412.4	243.8	1083.7	1025.5	512.2
External	177.8	165.8	183.6	106.2	878.7	820.5	322.3
Project financing (ext.)	65.3	165.8	183.6	106.2	293.2	225.3	322.3
Eurobond rollover (ext.)	112.5	0.0	0.0	0.0	585.4	595.2	0.0
Domestic	212.5	209.7	228.8	137.5	205.0	205.0	189.9
T-bill issuance	112.9	85.1	167.8	186.2	150.0	52.4	150.0
Commercial banks deposit drawdown	75.2	53.9	0.0	22.2	0.0	0.0	0.0
Commercial banks credit		67.5		-70.8		97.6	
Privatization receipts	0.0	0.0	26.0	0.0	50.0	50.0	0.0
Recovery of domestic tax arrears	24.3	3.2	35.0	0.0	5.0	5.0	39.9
E=C-D Financing gap	601.8	321.2	367.6	303.0	187.0	505.8	145.8
F. Exceptional external financing	487.8	207.3	295.5	230.2	115.0	180.6	0.0
Multilateral	438.6	158.1	246.3	181.0	115.0	180.6	0.0
African Development Bank	328.0	0.0	131.2	65.6	0.0	65.6	0.0
World Bank	110.7	0.0	115.1	115.4	115.0	115.0	0.0
Other (Africa EXIM Bank)	0.0	158.1	0.0	0.0	0.0	0.0	0.0
Bilateral	49.2	49.2	49.2	49.2	0.0	0.0	0.0
France	49.2	49.2	49.2	49.2	0.0	0.0	0.0
E-F Residual financing needs	113.9	113.9	72.1	72.8	72.0	325.2	145.8
IMF-EFF	113.9	113.9	72.1	72.8	72.0	72.4	0.0
Prop. IMF-RFI						88.0	
Remaining gap	0.0	0.0	0.0	0.000	0.0	164.8	145.8
Memorandum item:							
Stock of government deposits at the BEAC	314.9	315.0	438.4	237.4	732.9	388.7	355.5

Sources: Gabonese authorities and IMF staff estimates and projections.

1/ Staff report for the Fourth and Fifth Reviews of the Extended Arrangement under the Extended Fund Facility (December 16, 2019; EBS/19/109).

Table 4b. Gabon: Financing of the Fiscal Deficit, 2017–21

(Percent of GDP)

	2017	2018	2019		2020		2021
	Est.	Proj.	Prog. 1/	Proj.	Fourth & Fifth Rev.	Proj.	Proj.
			(Percent of GDP)				
Overall fiscal deficit (cash basis)	3.4	1.6	-1.7	-0.7	-1.5	2.7	1.5
Other financing needs	8.0	5.9	9.5	6.2	13.8	14.3	5.3
Amortization (including arrears)	6.7	5.1	6.2	5.3	9.7	11.0	4.9
External	3.8	1.8	3.5	2.6	6.7	7.6	2.0
Amortization due	3.5	1.6	2.8	2.0	6.7	7.6	2.0
Arrears on amortization	0.3	0.2	0.6	0.6	0.0	0.0	0.0
Domestic	2.9	3.3	2.7	2.7	2.9	3.3	2.9
T-bills redemption	1.1	2.4	1.9	2.2	2.2	2.3	2.0
Moratorium debt	1.6	0.8	0.7	0.5	0.7	1.0	0.9
Other	0.3	0.0	0.1	0.0	0.0	0.0	0.0
BEAC	1.0	0.0	1.2	-0.8	2.9	1.7	-0.3
Repayment of statutory advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net deposit accumulation	1.0	0.0	1.2	-0.8	2.9	1.7	-0.3
Repayment of VAT Arrears	0.2	0.4	1.9	1.4	0.8	1.1	0.5
Other (includes restructuring costs)	0.1	0.4	0.1	0.2	0.5	0.6	0.3
Arrears on domestic amortization (reduction)	0.0	0.0	0.1	0.1	0.0	0.0	0.0
Total financing needs	11.4	7.4	7.8	5.5	12.3	17.1	6.8
Identified sources of financing	4.5	4.0	4.2	2.5	10.5	11.4	5.3
External	2.1	1.8	1.8	1.1	8.5	9.1	3.3
Project financing (ext.)	0.8	1.8	1.8	1.1	2.8	2.5	3.3
Eurobond rollover (ext.)	1.3	0.0	0.0	0.0	5.7	6.6	0.0
Domestic	2.5	2.2	2.3	1.4	2.0	2.3	2.0
T-bill issuance	1.3	0.9	1.7	1.9	1.5	0.6	1.6
Privatization receipts	0.0	0.0	0.3	0.0	0.5	0.6	0.0
Recovery of domestic tax arrears	0.3	0.0	0.4	0.0	0.0	0.1	0.4
Financing gap	6.9	3.4	3.7	3.1	1.8	5.6	1.5
Exceptional external financing	5.6	2.2	3.0	2.3	1.1	2.0	0.0
Multilateral	5.1	1.7	2.5	1.8	1.1	2.0	0.0
African Development Bank	3.8	0.0	1.3	0.7	0.0	0.7	0.0
World Bank	1.3	0.0	1.2	1.2	1.1	1.3	0.0
Other (Africa EXIM Bank)	0.0	1.7	0.0	0.0	0.0	0.0	0.0
Bilateral	0.6	0.5	0.5	0.5	0.0	0.0	0.0
France	0.6	0.5	0.5	0.5	0.0	0.0	0.0
Residual financing needs	1.3	1.2	0.7	0.7	0.7	3.6	1.5
IMF-EFF	1.3	1.2	0.7	0.7	0.7	0.8	0.0
Prop. IMF-RFI						1.0	
Remaining gap	0.0	0.0	0.0	0.0	0.0	1.8	1.5

Sources: Gabonese authorities; and Fund staff estimates and projections.

1/ Staff report for the Fourth and Fifth Reviews of the Extended Arrangement Under the Extended Fund Facility (December 16, 2019; EBS/19/109).

Table 5. Gabon: Monetary Survey, 2017–21

	2017	2018				2019					2020		2021
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
		Act.	Act.	Act.	Proj.	Act.	Act.	Proj.	Prog. 1/	Proj.	Fourth & Fifth Rev.	Proj.	Proj.
	(Billion of CFA francs, unless otherwise indicated)												
Net foreign assets	549	369	487	449	600	543	519	469	875	480	1306	470	442
Bank of Central African States (BEAC)	307	232	216	223	419	463	450	341	693	385	1125	376	347
Foreign assets	537	461	455	512	766	818	804	699	1113	813	1621	964	931
Foreign liabilities	-230	-229	-239	-289	-348	-355	-354	-358	-420	-428	-497	-588	-583
o/w: IMF credit	111	111	113	169	228	232	232	235	300	304	367	464	460
Deposit money banks (DMBs)	242	137	271	226	182	80	69	129	182	95	182	95	95
Foreign assets	367	272	359	313	312	226	226	287	312	214	312	214	214
Foreign liabilities	-125	-135	-88	-87	-131	-146	-157	-158	-131	-119	-131	-119	-119
Net domestic assets	1420	1600	1714	1781	1672	1728	1693	1761	1727	1820	1712	1944	2117
Domestic credit	1668	1768	1863	1960	1931	1952	1927	1937	1986	2056	1971	2181	2354
Claims on general government (net)	533	756	792	880	812	849	824	782	760	910	609	1017	1154
Claims on central government (net)	599	796	827	880	848	889	859	813	796	953	646	1060	1198
BEAC, Claims on central government (net)	249	452	451	485	366	502	476	463	314	519	87	529	557
BEAC, Claims on central government	564	564	566	622	681	685	684	687	753	757	820	917	912
Statutory advances	453	453	453	453	453	453	453	453	453	453	453	453	453
Use of IMF credit	111	111	111	169	228	232	232	235	300	304	367	464	460
Other	0.5	0.5	0.5	0.5	0.5	0.0	0.0	0.0	0.5	0.0	0.5	0.0	0.0
Liabilities to central government	-315	-111	-115	-138	-315	-183	-209	-225	-438	-237	-733	-389	-356
Fund for Future Generations/Sovereign Wealth Fund	-47	-40	-10	-11	-9	-11	-12	-12	-133	0	-427	-151	-118
Other CG deposits and vault cash	-268	-71	-104	-127	-306	-172	-196	-213	-306	-237	-306	-237	-237
Deposit money banks (net)	415	413	425	435	483	426	419	382	482	434	559	532	641
Claims on central government	529	515	538	549	542	481	473	463	542	471	618	569	678
Liabilities to central government	-113	-102	-113	-114	-59	-55	-54	-81	-59	-37	-59	-37	-37
Claims on public agencies (net)	-66	-40	-36	0	-36	-39	-36	-31	-36	-43	-36	-43	-43
Claims on nongovernment (net)	1069	973	1036	1080	1119	1063	1068	1124	1225	1146	1361	1164	1199
Other items (net)	-248	-169	-149	-179	-258	-224	-234	-176	-258	-237	-258	-237	-237
Broad money (M2)	1969	1968	2201	2229	2278	2271	2213	2230	2602	2299	3018	2414	2559
Currency	305	385	364	390	385	369	323	327	397	361	460	368	390
Deposits	1640	1664	1868	1865	1893	1903	1889	1903	2205	1939	2558	2046	2169
Memorandum items:	(Annual percentage change, unless otherwise indicated)												
Broad money (M2)	-3.9	-2.9	17.5	23.0	15.7	0.9	5.0	6.0	14.2	0.9	16.0	5.0	6.0
Reserve money	-10.3	28.4	7.3	6.3	27.8	11.0	0.1	0.3	27.9	11.0	20.1	0.1	0.3
Credit to the private sector	-3.0	-11.4	-4.0	4.7	6.2	9.3	8.5	8.6	9.5	2.2	11.1	1.6	3.1
Credit to the private sector (in percent of non-oil GDP)	17.3	...	...	...	17.5	17.0	16.8	16.0	18.0	17.0	18.8	16.8	16.0
Broad money (in percent of overall GDP)	22.7	...	...	...	24.3	23.3	26.9	26.6	26.2	23.3	29.2	26.9	26.6
Velocity (Non-oil GDP/M2)	3.2	3.3	3.1	3.0	2.8	2.8	3.0	2.9	2.8	2.8	2.6	2.9	3.0

Sources: Gabonese authorities and IMF staff estimates and projections.

1/ Staff report for the Fourth and Fifth Reviews of the Extended Arrangement Under the Extended Fund Facility (December 16, 2019; EBS/19/109).

Table 6. Gabon: Financial Soundness Indicators for the Banking System, 2010–19

(Percent)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 Mar.
Capital										
Regulatory capital to risk-weighted assets[1, 2]	24.7	12.9	10.9	12.3	9.4	8.3	8.1	12.9	13.7	15.1
Asset quality										
Non-performing loans (gross) to total loans (gross)	3.2	2.8	2.5	2.7	4.1	5.3	6.6	9.1	9.6	11.4
Non-performing less provisions to regulatory capital	1.9	-5.0	-2.6	-0.5	0.3	12.9	17.3	13.7	11.9	18.5
Earnings and profitability										
Return on equity	15.5	24.8	23.3	19.6	21.5	13.5	36.8	22.4	...	...
Return on assets[3]	2.9	2.7	2.3	2.1	2.1	1.3	3.4	2.5	...	...
Liquidity										
Ratio of liquid assets to short-term liabilities	158.5	129.5	143.2	125.2	112.9	148.3	134.0	157.1	169.7	206.9
Total deposits to total (noninterbank) loans	114.7	122.6	115.9	108.6	105.5	113.8	108.4	106.5	115.8	122.8
Credit										
Gross loans (banks' book, in CFAF billions)	1096	1313	1668	1871	1895	1764	1927	1768	1843	1648
Gross loans (annualized growth rate)	...	19.8	27.0	12.1	1.3	-6.9	9.2	-8.2	4.2	-4.5

Source: Banking Commission of Central Africa (COBAC).

1/ Current year profits are excluded from the definition of regulatory capital, following the Basel I capital accord guidelines. General provisions are included in Tier 2 capital up to an amount equal to 1.25% of risk-weighted assets. Regulatory capital is the sum of Tier 1 capital and Tier 2 capital.

2/ The risk-weighted assets are estimated using the following risk weights: 0% - cash reserves in domestic and foreign currency and claims on the central bank; 100% - all other assets.

3/ The ratio of after-tax profits to the average of beginning and end-period total assets.

Table 7. Gabon: Indicators of Capacity to Repay the Fund, 2020–31

						Projection						
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Fund obligations based on existing credit												
(in millions of SDRs)												
Principal	0.0	6.0	23.8	47.6	62.5	62.5	62.5	56.6	38.7	14.9	0.0	0.0
Charges and interest	3.3	4.1	4.0	3.6	3.1	2.4	1.8	1.1	0.5	0.2	0.0	0.2
Fund obligations based on existing and prospective credit												
(in millions of SDRs)												
Principal	0.0	6.0	23.8	74.6	116.5	104.4	77.4	71.5	53.6	29.8	14.9	0.0
Charges and interest	6.2	9.6	9.3	8.3	5.4	3.4	2.5	1.7	0.9	0.4	0.1	0.0
Total obligations based on existing and prospective credit												
In millions of SDRs	6.2	15.5	33.1	82.9	121.9	107.8	79.9	73.1	54.5	30.2	15.0	0.0
In millions of US$	8.8	22.0	47.2	118.6	174.3	154.2	114.3	104.6	78.0	43.2	21.5	0.0
In percent of exports of goods and services	0.2	0.4	0.7	1.7	2.4	2.0	1.4	1.2	0.8	0.4	0.2	0.0
In percent of debt service 1/	1.2	3.4	6.7	14.8	17.0	13.4	8.0	6.2	7.7	2.3	1.2	0.0
In percent of GDP	0.1	0.1	0.3	0.6	0.8	0.7	0.5	0.4	0.3	0.1	0.1	0.0
In percent of Gross International Reserves	1.7	4.7	7.5	14.0	15.9	11.8	6.3	4.7	3.0	1.4	0.6	0.0
In percent of quota	2.9	7.2	15.3	38.4	56.4	49.9	37.0	33.9	25.2	14.0	7.0	0.0
Outstanding Fund credit												
In millions of SDRs	572.4	566.5	542.6	468.0	351.5	247.1	169.7	98.3	44.7	14.9	0.0	0.0
In millions of US$	809.3	803.6	773.7	669.5	502.8	353.5	242.8	140.6	63.9	21.3	0.0	0.0
In percent of exports of goods and services	15.7	14.1	12.1	9.8	6.9	4.6	2.9	1.6	0.7	0.2	0.0	0.0
In percent of debt service	109.9	124.5	110.3	83.4	48.9	30.7	17.1	8.3	6.3	1.1	0.0	0.0
In percent of GDP	5.3	4.9	4.3	3.5	2.4	1.6	1.0	0.5	0.2	0.1	0.0	0.0
In percent of Gross International Reserves	157.1	170.2	123.7	78.9	45.8	27.0	13.5	6.3	2.4	0.7	0.0	0.0
In percent of quota	265.0	262.2	251.2	216.7	162.7	114.4	78.6	45.5	20.7	6.9	0.0	0.0
Net use of Fund credit (in millions of SDRs)	197.3	-6.0	-23.8	-74.6	-116.5	-104.4	-77.4	-71.5	-53.6	-29.8	-14.9	0.0
Disbursements	197.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments	0.0	6.0	23.8	74.6	116.5	104.4	77.4	71.5	53.6	29.8	14.9	0.0
Memorandum items:												
Exports of goods and services (in millions of US$)	5,156	5,689	6,385	6,861	7,329	7,664	8,244	8,759	9,423	10,212	11,157	12,279
Debt service (in millions of US$)	736	646	702	803	1,028	1,153	1,424	1,693	1,009	1,863	1,828	0
Nominal GDP (in millions of US$)	15,258	16,540	18,003	19,390	21,035	22,248	24,709	26,609	28,781	30,775	32,968	35,003
Gross Official Reserves Imputed to Gabon (in millions of US$)	515	472	626	848	1,097	1,310	1,804	2,233	2,636	3,005	3,352	3,678
Quota (millions of SDRs)	216	216	216	216	216	216	216	216	216	216	216	216

Source: IMF staff estimates and projections.

1/ Total debt service includes IMF repayments.

Annex I. Chronology of Measures Taken by the Authorities to Combat COVID-19

(as of March 25, 2020)

Date	Measures
March 7th, 2020	
	Presidential council deciding several measures and announcing a combat plan against COVID-19.
	Announcement of a special fund to finance the national plan.
	Creation of a green phone line to request the test freely by the population.
	Creation of a crisis cell at the Prime Minister cabinet with participation of the Ministry of Health and Ministry of Defense.
	Strengthening of the national health research at all air, land and rail borders.
	Restriction of non-essential missions abroad for government members and State agents.
	Postponement of all international events to be held in Gabon until contrary provisions.
	Interdictions of travels to Gabon for residents from countries revealed to be at high risk, with only diplomats and assimilated as well as Gabonese residents authorized to return to the country. Upon arrival, all travelers coming from those countries would be subject to customary medical control.
	Implementation of a 14-day quarantine for Gabonese nationals and residents with symptoms of the virus.
March 13th, 2020	
	Suspension of tourist visas for people from infected areas.
	Closure of nurseries, schools, universities and vocational training centers throughout the territory until March 30th.
	Closure of bars and nightclubs until further notice.
	Ban on the assembly of more than 50 people throughout the national territory.
	Suspension of national sporting and cultural events.
	Recommendation to the population to use public transportation only for essential travel.
March 16th, 2020	
	Prohibition of any gathering of people reduced from 50 to 30 people.
	Closure of all places of worship and recommendation of prayers at home.
	Closure of restaurants to the public with the exception of take-out and delivery services.
	Suspension of the hearings in Courts with the exception of essential litigation.
	Prohibition of visits to prisons.
	Ban on visits to hospitals unless expressly authorized by the medical profession.
	Authorization of one international flight per week per airline operating or serving Gabonese territory.
	Price controls of masks, gels, and alcohol in distributors in Gabon.
March 17th, 2020	
	Prohibition of any gathering of more than 10 people.
	Reduction in all administrations of the daily working time which would drop from 8 to 4 hours except for essential services.
	Closure for fiteen days of air borders with the exception of cargo flights.
	Closure of the cities of Libreville, Akanda, and Owendo for fifteen days.
March 18th, 2020	
	Debut of local production of alcool gels by the local pharmaceutical industry.
March 20th, 2020	
	Strict limitation of non-essential transport (vehicles, train, boats, or planes) into the interior.
	Limitations on the number of passangers in private vehicles, buses and taxis in Libreville.
March 21th, 2020	
	Curfew imposition from 7:30pm till 6am in the country with only authorized agents (e.g., military, policy, health, telecom) allowed to circulate.

Sources: Prime Minister COVID-19 crisis cell; Minister of Health; and World Health Organization.

Annex II. Risk Assessment Matrix[1]

Source of Risks	Relative Likelihood	Impact if Realized	Recommended Policy Response
		Domestic Risks	
Disruption in domestic oil production caused by aging fields and lower than expected production from new projects.	**Medium**	**Medium** Fiscal revenues and exports are susceptible to oil production declines, with potential spillovers to the non-O&G sector.	Reprioritize fiscal spending and enhance the efficiency of spending, while supporting non-oil activity during shutdowns. Enhance facility maintenance and plan adequate investment for refurbishment, and encourage exploration and discovery of new oil.
Deterioration of domestic political conditions.	**Medium**	**Medium** Given perceptions of poor governance and corruption it may be difficult to maintain a sustainable consensus to govern. This could compromise the macroeconomic stabilization gains made over the last three years and derail key reforms.	Communicate the benefits of the government's macroeconomic program and enhance the inclusiveness of the approach to economic management. Step up efforts to improve governance.
		Domestic Risks	
Weaker-than-expected global growth.	**High**	**High** Adverse impact on growth through less foreign direct investment inflows and external support. Demand for export products and their prices would fall, hurting the domestic economy.	Reprioritize fiscal spending and enhance the efficiency of spending. Accelerate reforms to address structural weaknesses aimed at supporting private sector growth. Energize external support through better compliance to donors' conditionality and emphasizing the merits and needs of Gabon's development strategy.
Large swings in energy prices.	**High**	**High** Increase volatility and complicates macroeconomic management. Fiscal revenues and exports are susceptible to oil price volatility, with potential spillovers to the non-hydrocarbon sector.	Increase non-oil revenue to help build fiscal buffers. Reprioritize fiscal spending and enhance the efficiency of spending. Accelerate reforms to address structural weaknesses aimed at supporting private sector growth.
Rising protectionism and retreat from multilateralism.	**High**	**High** Demand for export products and their prices would fall, hurting the domestic economy.	Continue improving the business environment to attract further investments and diversify the economy. Reprioritize fiscal spending and enhance the efficiency of spending, while supporting non-oil activity. Diversify the structure of the economy and export products and markets.

[1] The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path (the scenario most likely to materialize in the view of IMF staff). The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly. "Short term (ST)" and "medium term (MT)" are meant to indicate that the risk could materialize within 1 year and 3 years, respectively.

Source of Risks	Relative Likelihood	Impact if Realized	Recommended Policy Response
Rise in risk premia and the cost of debt on regional financial markets.	**High**	**High** Higher costs of borrowing for government and business reduce economic activities.	Optimize debt portfolio and management. Reduce borrowing needs. Ensure to remain current on debt service obligations. Reprioritize fiscal spending and enhance the efficiency of spending.
More severe Covid-19 pandemic.	**High**	**High** Demand for exports and their prices would fall, hurting the domestic economy.	Energize external support through better compliance to donors' conditionality and emphasizing the merits and needs of Gabon's development strategy. Reprioritize fiscal spending to accommodate health spending and promote efficiency of the health system. Accelerate reforms to address structural weaknesses aimed at supporting private sector growth.

Annex III. Debt Sustainability Analysis (DSA)

Following a steady improvement in public debt-dynamics, the COVID-19 shock will lead to a 10 percentage points increase in public debt levels in 2020 (vis-a-vis 2019) to 69 percent of GDP owing to lower growth. Liquidity pressures have intensified, with gross financing needs averaging over 4 percentage points of GDP higher per year at 12 percent and peaking at 18 percent in 2025. Gabon was able to issue a Eurobond shortly before the shock, which was used to pre-pay maturing obligations in 2024–25, thereby mitigating refinancing risks somewhat. However, current market sentiment may prevent similar operations in the near term and large Eurobond maturities remain. Moreover, following COVID-19, debt levels and financing needs are more vulnerable to macroeconomic shocks, including interest and exchange rate shocks. With international oil prices near breakeven levels, further price declines could significantly affect oil production and oil revenue, putting further pressures on fiscal and debt sustainability. Notwithstanding increased risks, public debt remains sustainable. Debt is on a declining trajectory. Financing needs are manageable in the near term, while stepped up efforts will help manage larger medium-term needs. These include continued efforts to engage with official creditors to mobilize financing, increasing the presence on the regional market, and strengthening debt management.

1. Prior to COVID-19 and the concurrent commodity price shock, public debt had been on a steady decline. Public debt continued this downward trajectory in 2019, declining from 60.6 percent of GDP in 2018 to 58.8 percent of GDP in 2019, thanks to ongoing fiscal consolidation and prudent borrowing under the EFF. Gross financing needs were manageable at 3 percent of GDP. However, the debt service-to-revenue remained high at 37 percent. Prior to the sharp decline in oil prices in early February 2020, Gabon issued a US$1 billion (6 percent of GDP) 10-year Eurobond with a 6.625 percent interest rate. The majority of the proceeds (82 percent) went to pre-pay a portion of the Eurobonds coming due in 2024 and 2025.

2. Debt levels and gross financing needs are projected to rise significantly in the baseline in 2020 as a result of the shocks (Figure 1). Public debt in the baseline scenario is projected to reach 68.7 percent of GDP in 2020, compared with 55.6 percent projected in December 2019.[1] This is mostly owing to a revision in 2020 real GDP growth from 3.8 percent projected in December to -0.4 percent. As a result of lower growth and the deteriorating fiscal position, gross financing needs have also risen sharply to 15.0 percent of GDP in 2020, compared with 9.0 percent in the

[1] The December 2019 DSA included the planned 2020 Eurobond issuance and partial use of the proceeds toward pre-payment.

December 2019 DSA.[2] Gross financing needs will average 12.0 percent of GDP per year over 2020–25, compared with an average of 7.1 percent of GDP over 2019–24 in the December 2019 DSA. [3] As the fiscal and growth impact from the shock subsides, debt levels are expected to decline starting in 2021, reaching 51.5 percent of GDP in 2025. Nevertheless, given maturing Eurobonds, gross financing needs will remain high throughout the projection period, peaking at 18percent of GDP in 2025. However, mobilizing additional semi-concessional loans to meet financing needs in the medium-term would help reduce these needs considerably.

3. **Following the COVID-19 shock, baseline debt path is more vulnerable to other macroeconomic shocks (Figure 5).** As in the December 2019 DSA, debt levels remain below benchmark levels of 70 percent of GDP, respectively in the standard shock scenarios, apart from a real exchange rate shock where debt levels would peak at 72 percent of GDP. Gross financing needs exceed the 15 percent benchmark and would be particularly vulnerable to a real interest rate shock A combined shock (GDP, primary, balance, inflation, exchange rate, and interest rate) would raise debt levels to 80.4 percent of GDP and push gross financing needs to 31.2 percent of GDP. Further commodity price shocks also represent an important risk. Given international oil prices are near breakeven levels, further price declines could significantly affect oil production and oil revenue leading to a significant increase in debt levels. Debt levels may also be exposed to considerable contingent liability risks given the relatively narrow definition of debt coverage (central government and guaranteed debt).

4. **There continue to be significant vulnerabilities related to Gabon's debt profile, as indicated in the heat map.** The level of debt held by non-residents and foreign currency debt breaches the upper risk assessment benchmarks, and short-term debt falls between the upper and lower risk assessment benchmarks. External financing risks are likely to be higher than in 2019, at a projected 24 percent of GDP, well above the upper risk assessment benchmark. Although Gabon's EMBI spread averaged 492 bps over the last three months, they have rapidly increased at the end of March 2020, trading above 1400 bps.

5. **Prudent fiscal policy along with a credible debt management strategy remain essential to managing debt risks.** Continued efforts to strengthen the medium-term debt management strategy (MTDS) in line with TA recommendations, will be important for managing large gross financing needs. Such a strategy will also need to account for the fact that further Eurobond issuance may be more challenging in the near term given current financial conditions. Avoiding the accumulation of external arrears and avoiding domestic arrears would help maintain investor sentiment. Continued fiscal consolidation, particularly through revenue mobilization will also be important.

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[2] Amortization related to the pre-payment of 2024–25 Eurobonds amounting to 5.3 percent of GDP is included in the gross financing needs for 2020, as was the case in the December 2019 DSA.

[3] The DSA currently assumes that residual financing needs in 2021–25 are met by short-term domestic debt, which raises gross financing needs given the short maturities. Assuming half of these needs were filled by additional debt from official and multilateral creditors (approximately 1 percent of GDP in additional financing per year) would reduce peak gross financing needs in 2025 to 12 percent of GDP.

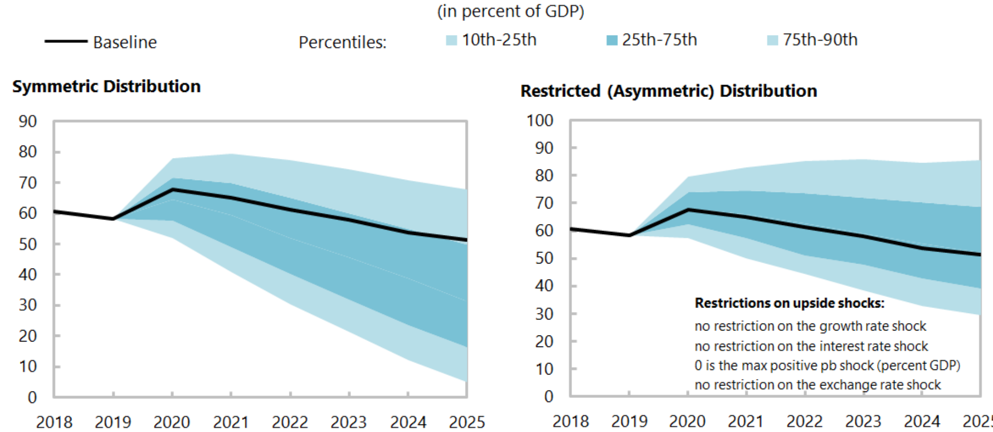
Figure 1. Gabon: Public DSA Risk Assessment

Heat Map

Debt level [1/]	Real GDP Growth Shock	Primary Balance Shock	Real Interest Rate Shock	Exchange Rate Shock	Contingent Liability shock
Gross financing needs [2/]	Real GDP Growth Shock	Primary Balance Shock	Real Interest Rate Shock	Exchange Rate Shock	Contingent Liability Shock
Debt profile [3/]	Market Perception	External Financing Requirements	Change in the Share of Short-Term Debt	Public Debt Held by Non-Residents	Foreign Currency Debt

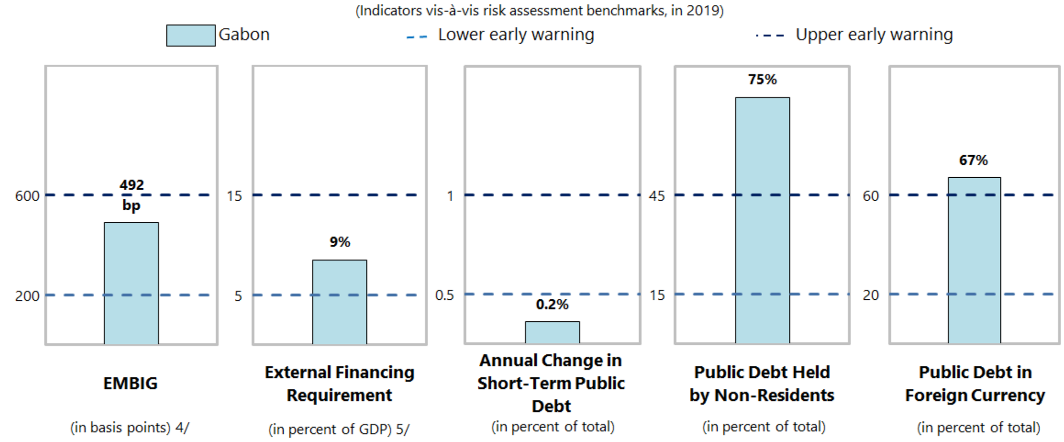
Evolution of Predictive Densities of Gross Nominal Public Debt

(in percent of GDP)



Debt Profile Vulnerabilities

(Indicators vis-à-vis risk assessment benchmarks, in 2019)



Source: IMF staff.

1/ The cell is highlighted in green if debt burden benchmark of 70% is not exceeded under the specific shock or baseline, yellow if exceeded under specific shock but not baseline, red if benchmark is exceeded under baseline, white if stress test is not relevant.

2/ The cell is highlighted in green if gross financing needs benchmark of 15% is not exceeded under the specific shock or baseline, yellow if exceeded under specific shock but not baseline, red if benchmark is exceeded under baseline, white if stress test is not relevant.

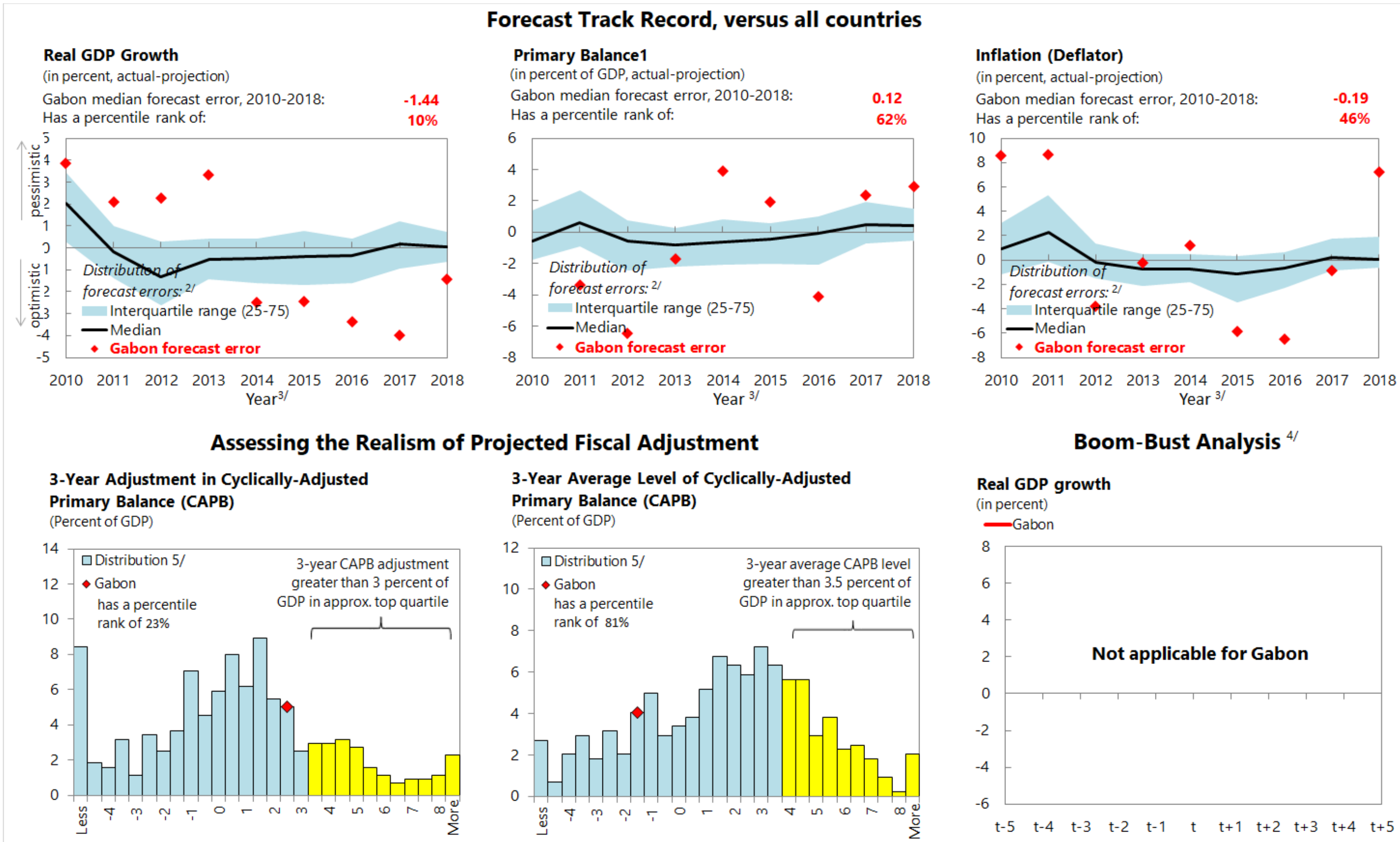
3/ The cell is highlighted in green if country value is less than the lower risk-assessment benchmark, red if country value exceeds the upper risk-assessment benchmark, yellow if country value is between the lower and upper risk-assessment benchmarks. If data are unavailable or indicator is not relevant, cell is white.
Lower and upper risk-assessment benchmarks are:

200 and 600 basis points for bond spreads; 5 and 15 percent of GDP for external financing requirement; 0.5 and 1 percent for change in the share of short-term debt; 15 and 45 percent for the public debt held by non-residents; and 20 and 60 percent for the share of foreign-currency denominated debt.

4/ Spread defined as an average over the last 3 months.

5/ External financing requirement is defined as the sum of current account deficit, amortization of medium and long-term total external debt, and short-term total external debt at the end of previous period.

Figure 2. Gabon: Public DSA—Realism of Baseline Assumptions



Source : IMF Staff.

1/ The non-oil primary balance is used as a proxy for the cyclically-adjusted fiscal balance.

2/ Plotted distribution includes all countries, percentile rank refers to all countries.

3/ Projections made in the spring WEO vintage of the preceding year.

4/ Not applicable for Gabon, as it meets neither the positive output gap criterion nor the private credit growth criterion.

5/ Data cover annual obervations from 1990 to 2011 for advanced and emerging economies with debt greater than 60 percent of GDP. Percent of sample on vertical axis.

Figure 3. Gabon: Public Sector DSA — Baseline Scenario
(Percent of GDP, unless otherwise indicated)

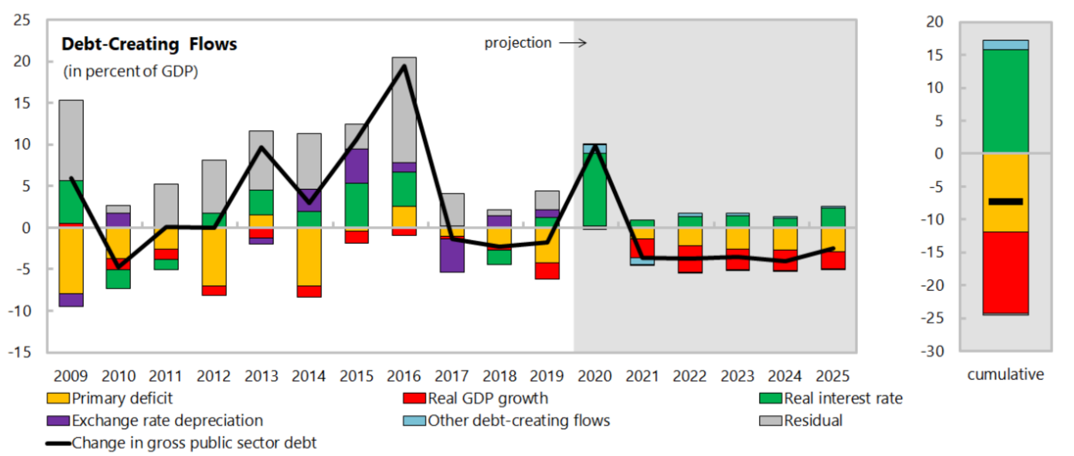
Debt, Economic and Market Indicators [1/]

	Actual			Projections					
	2009-2017 [2/]	2018	2019	2020	2021	2022	2023	2024	2025
Nominal gross public debt	36.3	60.6	58.8	68.7	65.2	61.4	58.0	54.0	51.5
Of which: guarantees	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public gross financing needs	3.3	6.1	3.0	15.0	7.7	9.3	10.8	13.3	18.0
Real GDP growth (in percent)	3.6	0.8	3.4	-0.4	3.6	5.3	4.4	4.6	4.1
Inflation (GDP deflator, in percent)	-0.6	7.2	1.8	-8.6	3.6	2.9	2.9	3.5	1.4
Nominal GDP growth (in percent)	3.2	8.1	5.3	-9.0	7.3	8.3	7.4	8.3	5.5
Effective interest rate (in percent) [4/]	4.7	4.2	4.0	4.8	5.1	5.4	5.5	5.7	5.9

As of March 23, 2020		
Sovereign Spreads		
EMBIG (bp) 3/		1485
5Y CDS (bp)		n.a.
Ratings	Foreign	Local
Moody's	Caa1	Caa1
S&Ps	B	B
Fitch	B	B

Contribution to Changes in Public Debt

	Actual			Projections							
	2009-2017	2018	2019	2020	2021	2022	2023	2024	2025	cumulative	debt-stabilizing primary balance [9/]
Change in gross public sector debt	4.8	-2.3	-1.8	9.9	-3.6	-3.7	-3.5	-4.0	-2.4	-7.3	
Identified debt-creating flows	-1.4	-3.0	-4.0	9.8	-3.5	-3.6	-3.4	-3.9	-2.4	-7.0	
Primary deficit	-2.8	-2.2	-4.2	-0.2	-1.4	-2.2	-2.6	-2.7	-2.9	-11.9	0.5
Primary (noninterest) revenue and grants	25.0	16.9	19.4	16.3	17.4	18.0	18.3	18.5	18.6	107.1	
Primary (noninterest) expenditure	22.1	14.7	15.1	16.1	16.0	15.8	15.8	15.8	15.8	95.2	
Automatic debt dynamics [5/]	1.4	-0.8	0.2	8.9	-1.4	-1.8	-1.1	-1.4	0.2	3.4	
Interest rate/growth differential [6/]	1.0	-2.3	-0.8	8.9	-1.4	-1.8	-1.1	-1.4	0.2	3.4	
Of which: real interest rate	2.0	-1.8	1.2	8.7	0.9	1.4	1.4	1.1	2.3	15.8	
Of which: real GDP growth	-0.9	-0.5	-2.0	0.2	-2.3	-3.2	-2.5	-2.5	-2.1	-12.3	
Exchange rate depreciation [7/]	0.4	1.5	1.0	…	…	…	…	…	…	…	
Other identified debt-creating flows	0.0	0.0	0.0	1.1	-0.8	0.4	0.3	0.2	0.3	1.5	
Privatization receipts and overdue tax collect	0.0	0.0	0.0	-0.6	-0.4	-0.3	-0.3	-0.2	0.0	-1.8	
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Accumulation of deposits at banking system	0.0	0.0	0.0	1.7	-0.3	0.6	0.6	0.4	0.3	3.3	
Residual, including asset changes [8/]	6.2	0.7	2.3	0.1	0.0	-0.2	-0.1	-0.1	-0.1	-0.3	



Source: IMF staff.

1/ Public sector is defined as central government and includes public guarantees.

2/ Based on available data.

3/ EMBIG.

4/ Defined as interest payments divided by debt stock (excluding guarantees) at the end of previous year.

5/ Derived as $[(r - \pi(1+g) - g + ae(1+r)]/(1+g+\pi+g\pi))$ times previous period debt ratio, with r = interest rate; π = growth rate of GDP deflator; g = real GDP growth rate; a = share of foreign-currency denominated debt; and e = nominal exchange rate depreciation (measured by increase in local currency value of U.S. dollar).

6/ The real interest rate contribution is derived from the numerator in footnote 5 as $r - \pi (1+g)$ and the real growth contribution as -g.

7/ The exchange rate contribution is derived from the numerator in footnote 5 as $ae(1+r)$.

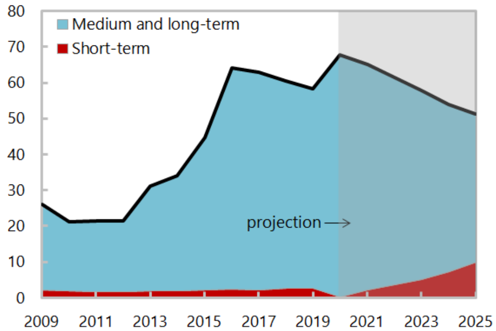
8/ Includes changes in the stock of guarantees, asset changes, and recognition of arrears. For projections, includes exchange rate changes during the projection period.

9/ Assumes that key variables (real GDP growth, real interest rate, and other identified debt-creating flows) remain at the level of the last projection year.

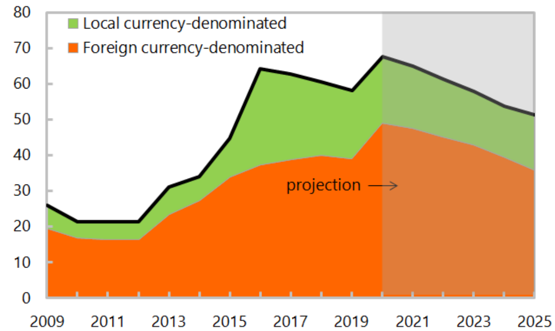
Figure 4. Gabon: Public DSA – Composition of Public Debt and Alternative Scenarios

Composition of Public Debt

By Maturity
(in percent of GDP)



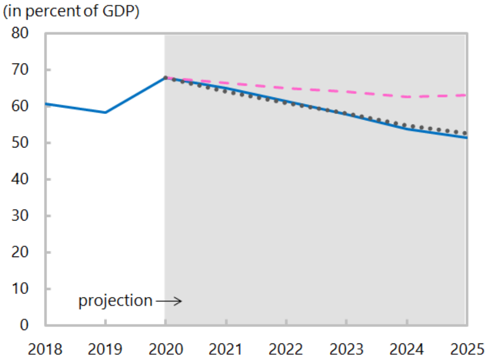
By Currency
(in percent of GDP)



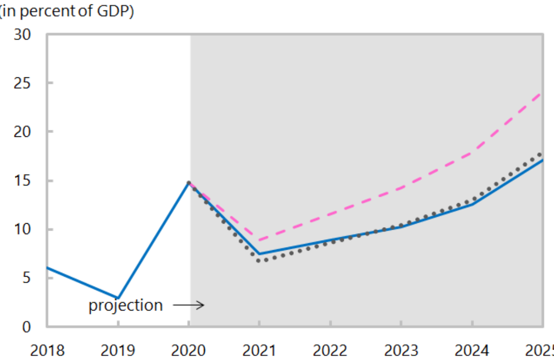
Alternative Scenarios

Baseline   Historical   Constant Primary Balance

Gross Nominal Public Debt
(in percent of GDP)



Public Gross Financing Needs
(in percent of GDP)



Underlying Assumptions
(in percent)

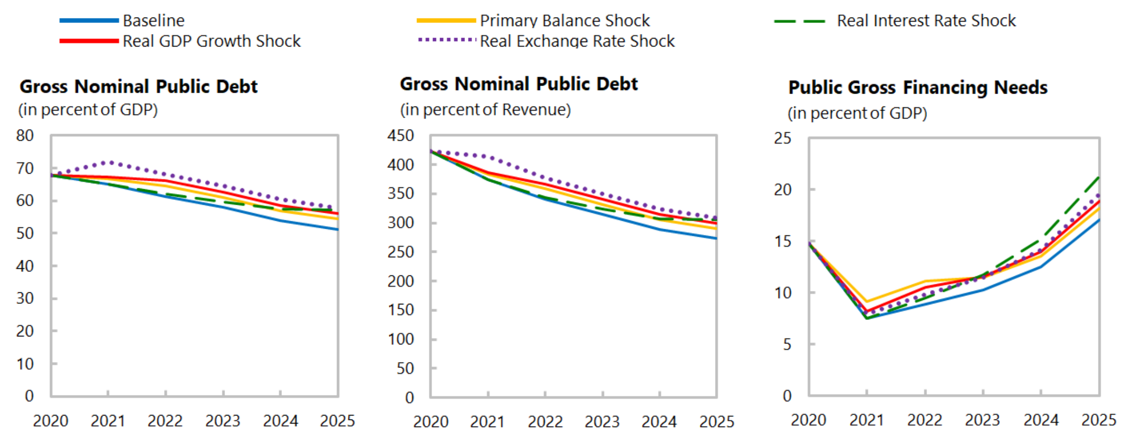
Baseline Scenario	2020	2021	2022	2023	2024	2025
Real GDP growth	-0.4	3.6	5.3	4.4	4.6	4.1
Inflation	-8.1	1.9	2.4	2.5	3.1	1.0
Primary Balance	0.2	1.6	2.4	2.8	3.0	3.2
Effective interest rate	4.8	5.1	5.4	5.5	5.7	6.0
Constant Primary Balance Scenario						
Real GDP growth	-0.4	3.6	5.3	4.4	4.6	4.1
Inflation	-8.1	1.9	2.4	2.5	3.1	1.0
Primary Balance	0.2	0.2	0.2	0.2	0.2	0.2
Effective interest rate	4.8	5.1	5.3	5.5	5.7	5.9

Historical Scenario	2020	2021	2022	2023	2024	2025
Real GDP growth	-0.4	4.0	4.0	4.0	4.0	4.0
Inflation	-8.1	1.9	2.4	2.5	3.1	1.0
Primary Balance	0.2	2.4	2.4	2.4	2.4	2.4
Effective interest rate	4.8	5.1	5.2	5.1	5.1	5.2

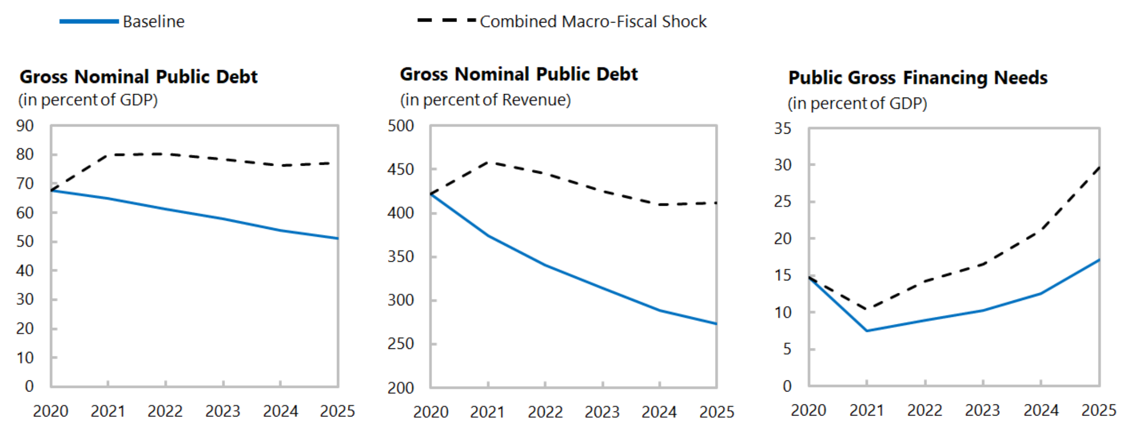
Source: IMF staff.

Figure 5. Gabon: Public DSA — Stress Tests

Macro-Fiscal Stress Tests



Additional Stress Tests



Underlying Assumptions
(in percent)

Primary Balance Shock	2020	2021	2022	2023	2024	2025
Real GDP growth	-0.4	3.6	5.3	4.4	4.6	4.1
Inflation	-8.1	1.9	2.4	2.5	3.1	1.0
Primary balance	0.2	0.0	0.8	2.8	3.0	3.2
Effective interest rate	4.8	5.1	5.4	5.6	5.8	6.0
Real Interest Rate Shock						
Real GDP growth	-0.4	3.6	5.3	4.4	4.6	4.1
Inflation	-8.1	1.9	2.4	2.5	3.1	1.0
Primary balance	0.2	1.6	2.4	2.8	3.0	3.2
Effective interest rate	4.8	5.1	6.4	7.6	8.9	10.3
Combined Shock						
Real GDP growth	-0.4	1.4	3.1	4.4	4.6	4.1
Inflation	-8.1	1.3	1.9	2.5	3.1	1.0
Primary balance	0.2	0.0	0.8	2.8	3.0	3.2
Effective interest rate	4.8	5.9	6.5	7.9	9.2	10.5

Real GDP Growth Shock	2020	2021	2022	2023	2024	2025
Real GDP growth	-0.4	1.4	3.1	4.4	4.6	4.1
Inflation	-8.1	1.3	1.9	2.5	3.1	1.0
Primary balance	0.2	1.2	1.6	2.8	3.0	3.2
Effective interest rate	4.8	5.1	5.4	5.5	5.7	6.0
Real Exchange Rate Shock						
Real GDP growth	-0.4	3.6	5.3	4.4	4.6	4.1
Inflation	-8.1	7.5	2.4	2.5	3.1	1.0
Primary balance	0.2	1.6	2.4	2.8	3.0	3.2
Effective interest rate	4.8	5.9	5.4	5.5	5.7	6.0

Source: IMF staff.

Appendix I. Letter of Intent

April 3, 2020

Madame Kristalina Georgieva
Managing Director
International Monetary Fund
Washington, DC 20431
United States of America

Subject: Letter of Intent on Economic and Financial Policies

Madame Managing Director:

1. On March 12, 2020, Gabon reported its first case of the coronavirus (COVID-19), and since then other cases have been identified. The government has reacted rapidly to meet the medical needs of the people affected by this virus, which has already claimed lives around the world. Our response was immediate and comprehensive, with drastic measures, including the closing of borders, schools, bars and restaurants, and the suspension of international flights. We have also taken economic measures, including price controls on certain medicines and health-care products.

2. At the same time, Gabon has been hit by the collapse of international oil prices. This shock, combined with the COVID-19 pandemic, will have a major negative impact on Gabon's economy. We anticipate a significant slowdown in growth and a deterioration in the external position and public finances. Oil production is expected to decline, primarily as a result of lower global demand, but also due to a reduction in maintenance investments by oil companies. Non-oil sector output is also expected to suffer from the direct impact of COVID-19 on the population, and containment measures and restrictions imposed on the movement of goods and commodities in particular. The balance of payments will be affected notably by the collapse in exports and foreign direct investment.

3. The slowdown in oil exports and economic activity will have a negative impact on fiscal revenues, while expenditure will increase, in particular to meet health-care needs and to support the most vulnerable segments of the population. To cope with the pandemic, the government has begun to tighten control over spending in order to free up room for the funding of expenditures related to COVID-19. In addition, in a context of a sharp decline in oil prices and our revenues, we will be rescheduling the completion of a number of projects for a total amount of around CFAF 92 billion. Despite these measures, we expect the overall fiscal balance to deteriorate by about

4.3 percentage points of GDP (from a surplus 1.4 percent to a deficit of 2.9 percent of GDP) in 2020. The non-oil primary fiscal deficit is expected to increase by 1.5 percentage points of non-oil GDP.

4. Against this backdrop, the government of Gabon would like to request financial assistance from the IMF under the regular window of the Rapid Financing Instrument (RFI) in order to avoid immediate and severe economic disruption. The assistance would be in the amount equivalent to SDR 108 million, which corresponds to 50 percent of Gabon's quota with the Fund. This financial support from the IMF would help to ease the pressure on our balance of payments while providing the fiscal space necessary to fight the spread of the virus and meet the needs of the population. We have been holding extensive and coordinated discussions with our other development partners, including the World Bank, the African Development Bank, and the French Development Agency, regarding possible financial support to close the additional financing gap. We are confident to be able to close the funding gap in 2020 with the help of our development partners. If this does not materialized, or if the economic impact of the virus were greater than expected, we will redefine the priorities that were set in the 2020 budget, in particular domestically financed capital expenditures, in order to free up the additional fiscal space needed to respond to the COVID-19. We could also resort to domestic financing. We have already identified an additional list of projects worth CFAF 40 billion, which could be postponed. A revised budget law would be adopted as soon as possible.

5. As you know, the macroeconomic outlook is challenging, but we remain committed to maintaining macroeconomic stability, boosting competitiveness and growth, and reducing poverty. Strict fiscal discipline remains a priority, even in times of crisis, and if necessary, we would implement additional revenue and expenditure measures to ensure fiscal sustainability and avoid the creation of new arrears. We recognize that the decline in oil prices would require more adjustment than previously anticipated in order to maintain debt sustainability and contribute to the external stability of CEMAC. In this context, we will redouble our efforts, in particular in mobilizing non-oil revenues. We will also continue to improve spending efficiency and protect social spending. We are also committed to enhance debt management and rely more on semi-concessional loans, including from multilateral and bilateral partners. We remain firmly committed to implementing key remaining structural benchmarks under the Extended Fund Facility (EFF) arrangement, in particular the submission of Gabon's application for membership in the Extractive Industries Transparency Initiative (EITI).

6. The government will continue to publish information on revenue and expenditure performance on a regular basis, and to provide a separate reporting mechanism for COVID-19 expenditures in order to assure transparent accounting of all the funding received to combat the pandemic. We commit to report quarterly on the spending of emergency funds and to commission an independent, third-party audit of this spending within six months of disbursement and publish the results. The published results will include the full text of all related procurement contracts, along with the beneficial ownership information for the companies receiving those contracts. In addition, the authorities are committed to continuing to adhere to the best fiscal management practices put into

place with the support of IMF technical assistance. We will continue fiscal consolidation, with a view to return the public debt-to-GDP ratio to a downward path by 2021.

7. We value our cooperation with the IMF and do not intend to introduce measures or policies that would exacerbate balance of payments difficulties, including not to introduce or intensify exchange and trade restrictions and other measures or policies that would compound these difficulties. The Gabonese government will continue to maintain a constructive dialogue with the IMF and to respect the commitments made within the framework of this arrangement. We will continue to provide Fund staff with all the data and information necessary to evaluate our policies, including those concerning the Special Fund to Combat COVID-19 established under the *Caisse des Dépôts et Consignation* (Deposit and Consignment Fund). We further agree to cooperate with the IMF in relation to any update safeguards assessment of the BEAC to be carried out by the IMF.

The government authorizes the IMF to publish this letter and the forthcoming staff report for the request of the RFI.

Sincerely yours,

/s/

Mr. Jean-Marie Ogandaga
Minister of Economy and Finance