

**EXECUTIVE  
BOARD  
MEETING**

EBS/20/133

July 24, 2020

To: Members of the Executive Board

From: The Secretary

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

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Questions:	Mr. Loko, AFR (ext. 37611) Mr. Dridi, AFR (ext. 37962) Mr. Nassar, AFR (ext. 38626)
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\*The authorities have indicated that they consent to the Fund's publication of this paper.





# GABON

## REQUEST FOR PURCHASE UNDER THE RAPID FINANCING INSTRUMENT

July 24, 2020

### EXECUTIVE SUMMARY

**Context.** Since the approval of the first RFI request on April 9, 2020 ([IMF Country Report No 20/109](#)), weaker external demand and a more pronounced impact of containment measures have further deteriorated growth prospects and worsened external and fiscal positions. The authorities are requesting a purchase under the Rapid Financing Instrument (RFI) of 50 percent of quota (SDR 108 million) to be used as budget support to help address urgent balance of payment (BoP) needs and mitigate the risk of disorderly fiscal or BoP adjustment. This additional request will bring the total purchases under the RFI to 100 percent of quota in 2020.

**Policy response.** The authorities are taking steps to strengthen healthcare facilities, protect the most vulnerable households and support the private sector, notably small businesses. A package of monetary easing measures was approved by the Bank of Central African States (BEAC) and the Gabonese authorities adopted a revised budget with a larger deficit to accommodate automatic stabilizers and crisis-related emergency spending. The authorities are committed to further improve transparency and public financial management to ensure proper use of COVID-19 emergency resources.

**Request for financial assistance.** The RFI is the appropriate instrument to support Gabon at this juncture given the urgency of the BoP need and the high uncertainty about the outlook that made it difficult to complete a final review under the Extended Arrangement before it expired on June 18, 2020. In their attached LOI, the authorities have indicated their strong intention to request a new Fund-supported program to help preserve macroeconomic stability and debt sustainability and achieve higher and more inclusive growth. The DSA indicates that public debt remains sustainable, though debt dynamics have worsened with significant downside risks. Capacity to repay the Fund remains adequate.

Approved By  
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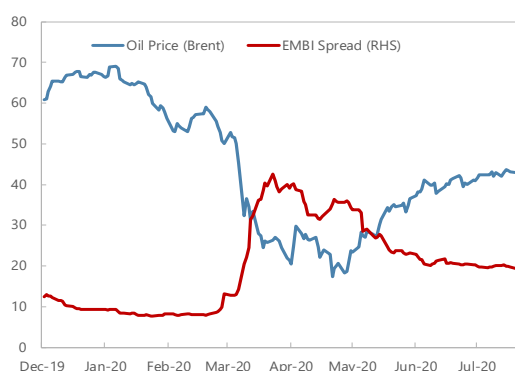
## RECENT DEVELOPMENTS, OUTLOOK AND RISKS

**1. The authorities have been implementing commendable measures to limit the spread of the COVID-19 pandemic.** Limited social safety networks to reach most vulnerable and marginalized communities and the importance of small enterprises have pushed the authorities to lift the lockdown on April 28 and end the State of Emergency on May 11. However, a night-time curfew and strict social distancing guidelines are still in place (Box 1), and the authorities have increased laboratory capacity across the country to perform up to 10,000 tests per day, in line with their strategy to achieve full testing coverage for the population.

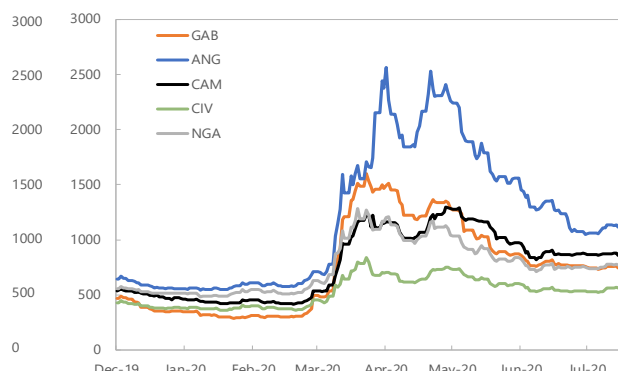
**2. The COVID-19 outbreak along with the sharp fall in commodity prices have taken a toll on economic activity.** In the first quarter of 2020, oil production increased by 5.3 percent from the same period last year, but oil exports declined by about 20 percent reflecting lower oil prices and external demand. At the same time, wood exports declined by 11 percent, and turnover in the manganese industry fell by 12.5 percent. More stress is occurring as the crisis spreads through the domestic economy, mainly the service sectors (hotels, land and air transportation, and other services). Total non-oil tax revenues declined cumulatively by 11 percent in April 2020 (y/y), and VAT dropped by about 16 percent, reflecting weak non-oil economic activity and constraints to tax collection. EMBI spreads on government bonds spiked from around 350 basis points (bps) in January 2020 to around 1500 bps in early April, before retreating to around 727 bps as of July 20, reflecting easing of global financial conditions and a moderate rebound in oil prices (Text Figure 1). In addition, in early July 2020, Moody's changed the outlook on Gabon's Caa1 rating from stable to positive.

**Text Figure 1. Gabon: Oil prices and EMBI Spreads, December 2019–June 2020**

**EMBI Spread and Brent Oil Price**  
(in basis points and US\$ per barrel)



**EMBI Spread**  
(in basis points)

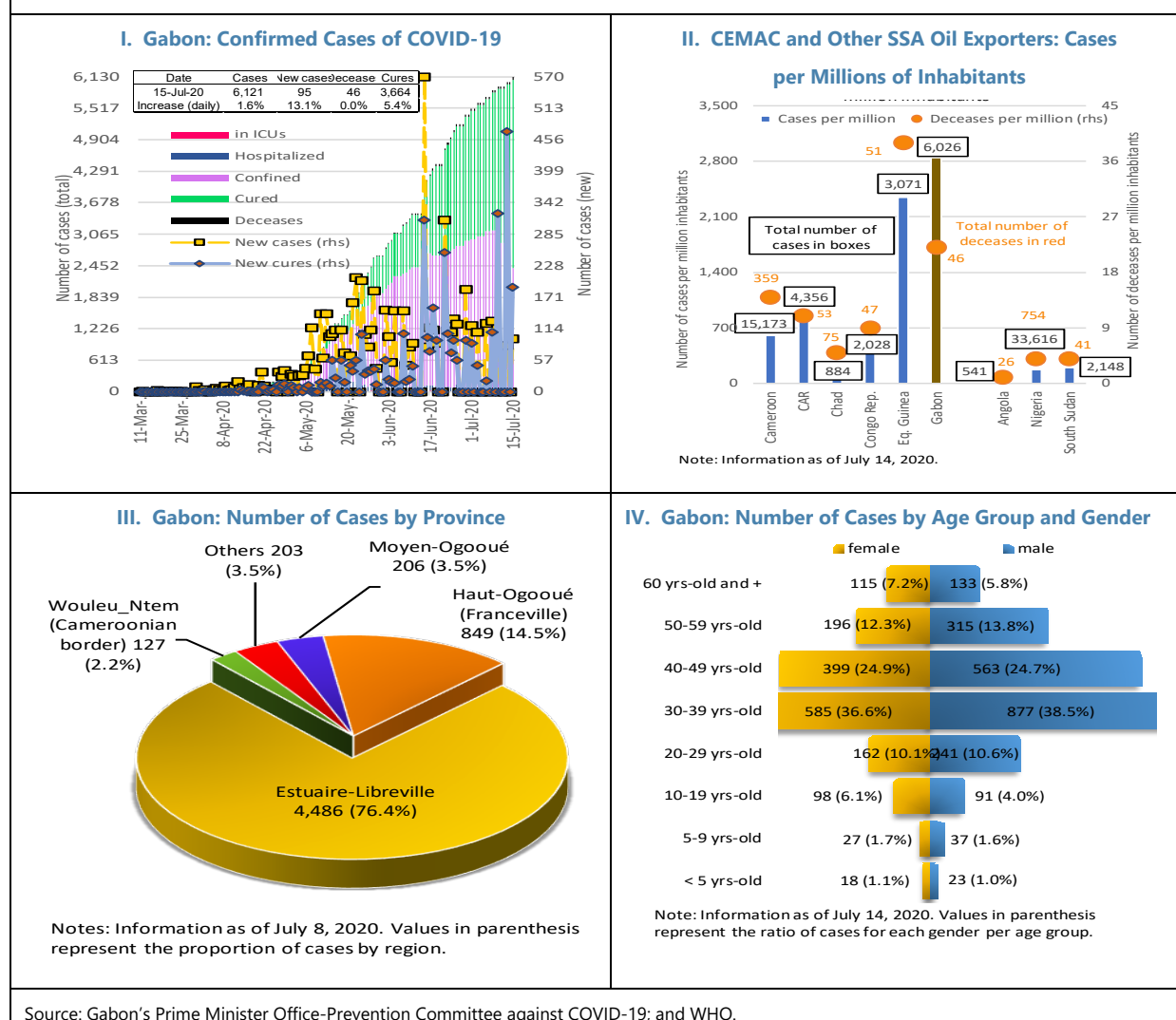


Source: Bloomberg LP.

### Box 1. COVID-19 Evolution

The number of COVID-19 cases has continued to rise steadily in Gabon, with an average 63.4 new daily cases per 1,000,000 people in June. As of July 15, 2020, there were 6,121 confirmed cases of COVID-19 in the country (Panel I of Figure 1), equivalent to 2,843 cases per million people (Panel II), the second highest in sub-Saharan Africa. Mortality stands at 22 deaths per million inhabitants (with a total of 46 deaths), which is the fifth highest level of the region even though its rate per infection is one of the lowest in the world. All Gabonese provinces have reported cases, but most of them are concentrated in Libreville (Panel III). Given that most health infrastructure is in Libreville, this has helped the system to not become overwhelmed so far, with the number of COVID-19 patients in ICUs per day averaging 12 per day and other hospitalizations averaging 77 per day since June. Males accounted for around 59 percent of the cases (Panel IV). The authorities have remained very transparent about infection rates, with daily communication. With more than 52,000 tests realized, more than 2.3 percent of the population have already been tested.

Figure 1. Evolution of COVID-19 Disease in Gabon and SSA Comparators



**3. Some progress has been made in the implementation of COVID-related measures.** With the help of development partners, including the WHO, the authorities plan has been fully costed and is being implemented. Execution data through July (Text table 1) shows that three months after their inception, over 50 and 60 percent of resources devoted to sanitary and social measures, respectively, were used. Meanwhile, resources devoted to support businesses have barely been spent. To accelerate the process, the government has created a one-stop shop to analyze the requests of the companies that have applied for support. As of mid-July 2020, 273 firms have applied, of which 233 were approved for a reduction in 50 percent on the Withholding Synthetic Tax (ISL), which is a type of corporate tax applied to SMEs.<sup>1</sup> The authorities are also discussing with Central African Economic and Monetary Community (CEMAC)'s regional banking regulator (COBAC) and commercial banks to define access modalities while protecting the banking sector stability. Access modalities will include criteria such as the firm's previous relationship with the commercial bank, the firm's credit history, and proof that the balance sheet impact for the firm is COVID-19-related.

**Text Table 1. Gabon: COVID-19-related Financing and Spending Execution as of July 2020**  
(Billions of CFA francs)<sup>1/</sup>

Measures	Initial plan (pre-RFI-1)	Updated plan (post-RFI-1)	Execution (July 2020)	Execution rate (percent)
Sanitary measures	66.1	66.1	33.94	51.4
Social measures	47.9	25.0	15.82	63.3
Payment of utilities	5.0	9.0	8.64	96.0
Free public transportation	-	6.0	4.08	68.0
Others (e.g., food bank)	42.9	10.0	3.10	31.0
Tax relief measures for firms	83.0	83.0	0.03	0.0
Emergency funds and moratorium for firms <sup>2/</sup>	225.0	225.0	0.00	0.0
<b>Total</b>	<b>422.04</b>	<b>399.10</b>	<b>49.79</b>	<b>12.5</b>

Sources: Gabonese Ministry of Finance, Prime Minister's Prevention Committee against COVID-19; and IMF Staff calculations.

<sup>1/</sup> Expenditure costs exclude expenditures integrated to the central budget.

<sup>2/</sup> Financial support to be provided by private banks with State guarantees are included in the table given that they made part of the economic package announced by President Bongo on April 3<sup>rd</sup>. The authorities, commercial banks, and the bank regulator are still refining the access modalities for that support and State guarantees.

**4. Fund emergency financing is catalyzing donor support.** Since the Board's approval of a purchase under the RFI on April 9, 2020 ("RFI-1"), the authorities were able to secure an additional Euro 100 million (0.7 percent of GDP) in budget support from the African Development Bank (AfDB)

<sup>1</sup> Those firms approved so far are either micro or very small, which explains the low execution rate of the relief until July. Going forward, larger firms may be approved for the measure, increasing the relief provided and its execution rate.

to be disbursed by end-2020<sup>2</sup> and US\$9 million from the World Bank (a health sector project) to bolster efforts to combat the COVID-19 pandemic.

**5. Financial sector risks are expected to be limited in the short term (Table 6).** The banking system was reportedly healthy at end-December 2019,<sup>3</sup> with a solvency ratio at 17 percent and a short-term liquidity ratio close to 140 percent against a minimum of respectively 10.5 and 100 percent. However, the COVID-19 pandemic and associated weaker economic activity could impact bank solvency through increased NPL ratios and provisioning requirements, underscoring the importance of the authorities' efforts to avoid accumulation of new arrears.

**6. The pandemic has further weakened the near-term macroeconomic outlook**

**(Table 1–5).** The baseline assumes that Gabon will comply with its commitments under the recent OPEC agreement and cut oil production by 21 percent in 2020.<sup>4,5</sup> It also assumes weaker external demand for other tradable goods such as manganese and wood and a more pronounced impact of containment measures on non-oil activity, particularly services. Under these assumptions and somewhat improved oil and manganese international prices (Text Table 2):

- Overall real GDP is now expected to contract by 2.7 percent in 2020 (-0.4 percent in the Staff Report for RFI-1).
- The current account deficit is projected at 9.5 percent of GDP, 1 percentage point of GDP higher than envisaged at the time of the RFI-1 (Text Figure 2). Despite weaker domestic economic activity, imports are projected to be higher due to upward revisions to capital and COVID-19 related spending. This will offset the increase in exports as the impact of higher oil and manganese prices are expected to outweigh lower volumes.
- The fiscal position will significantly worsen relative to the RFI-1 reflecting the impact of weaker economic activity on non-oil revenue and COVID 19-related revenue and spending.

**Text Table 2. Gabon: Projected 2020 Export Prices and Volumes**  
(y/y percent change)

	4th & 5th Rev.	RFI-1	Prop. RFI
<b>Export values</b>			
Oil	-8.0	-48.2	-47.7
Manganese	3.4	-21.0	-9.5
<b>Price<sup>1</sup></b>			
Oil	-6.1	-45.9	-35.7
Manganese	-6.0	-11.5	-7.7
<b>Volume</b>			
Oil	-2.8	-6.2	-21.0
Manganese	10.0	4.0	-1.8

Sources: Gabonese authorities; and IMF staff estimates and projections.  
1/ Change calculated based on national oil price and CFAF values.

<sup>2</sup> The AfDB Board approved the disbursement of the Euro 100 million included in the RFI-1 on June 26, 2020.

<sup>3</sup> The 2020 data have not yet been finalized.

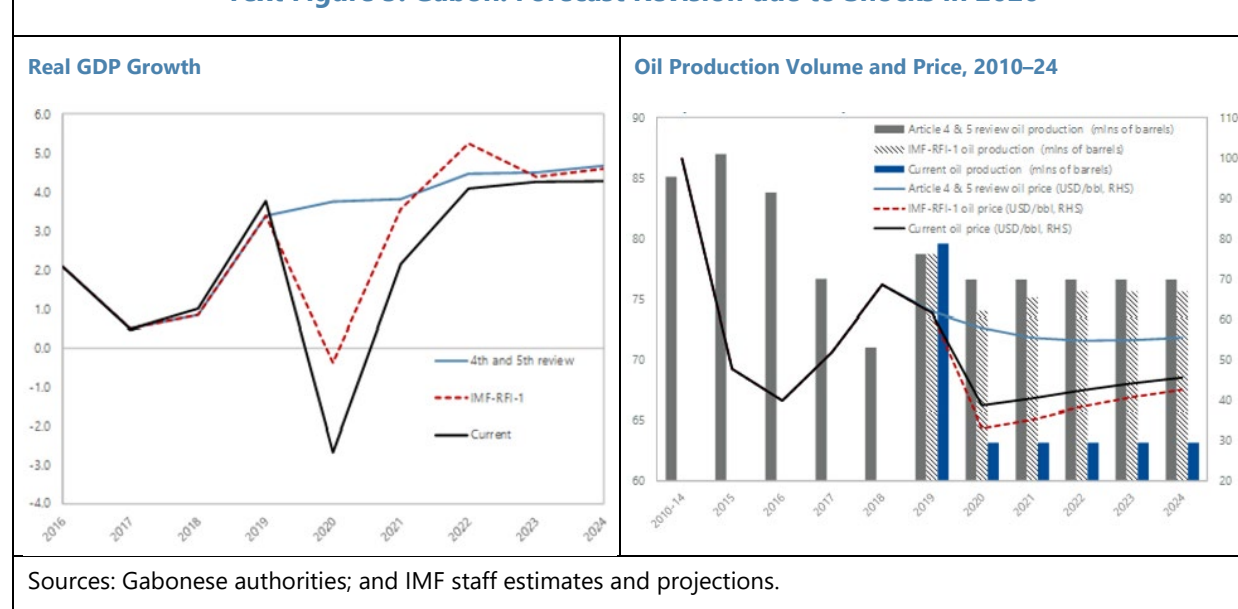
<sup>4</sup> Staff's baseline projections include actual production during January to April 2020 and OPEC directives for cuts during May to December 2020. As such, Gabon's non-compliance with the OPEC agreement would constitute an upside risk for growth.

<sup>5</sup> Gabon's oil sector has gone through significant restructuring in recent years, with several new low-cost new offshore wells and new aggressive oil companies being able to make the mature fields profitable at considerably lower oil price levels.



**7. The near-term outlook remains subject to considerably uncertainty and downside risks (Annex I, RAM).** The authorities agreed with this assessment. The economic outlook is predicated on the temporary nature of the pandemic and the normalization of the global economic outlook starting later in 2020 (Text Figure 3). However, a prolonged global COVID-19 outbreak could reduce global supply and demand, further lower oil and other commodity export prices, and disrupt critical imports and capital inflows. Domestically, an expansion of the pandemic could lead to intensification of human suffering and economic and social disruptions, higher budgetary costs, and a greater impact on the economy and fiscal revenues than currently envisaged. Under such a scenario, economic activity would contract even more sharply, the fiscal and external financing needs would be larger, and public debt vulnerabilities would increase.

**Text Figure 3. Gabon: Forecast Revision due to Shocks in 2020**



## POLICY ISSUES AND DISCUSSIONS

*The main priorities are to limit the spread of the virus to save lives and protect the real economy against the dual shock, while containing the deterioration in the balance of payments and preserving debt sustainability.*

### A. Policy Issues

**8. The authorities are taking steps to counter COVID-19.** The strategy aims at strengthening healthcare facilities, protecting the most vulnerable households and supporting the private sector, notably small businesses, through the reduction of licensing fees and tax relief (Annex II). In support of the measures above a package of monetary easing measures was adopted by BEAC. In March 2020, prior to RFI-1, BEAC had eased monetary policy, including with a decrease in policy rates and

increase in liquidity provision. Since then, BEAC announced in June 2020 the relaxation of eligibility criteria for private and public collateral to be refinanced by BEAC. COBAC also informed banks to utilize a capital conservation buffers of 2.5 percent, in order to absorb pandemic-related losses, while requesting that banks adopt a restrictive policy for dividend distribution. COBAC also plans to set up a closer monitoring of banks' liquidity. The Gabonese authorities adopted a revised budget with a larger deficit to accommodate automatic stabilizers and crisis-related emergency revenue measures and spending.

**9. The 2020 revised finance law (RFL) focuses on limiting the macro-financial and social impact of the COVID-19 pandemic (Text Table 3).** In line with staff's baseline, the 2020 revised

finance law (RFL) projects the non-oil-deficit to widen to about 9 percent of non-oil GDP, from 5.7 percent projected in the RFI-1 staff report and 4.2 percent in the initial finance law (IFL). Non-oil revenue has been revised downward, owing to lower domestic economic activity, COVID-related constraints to tax compliance, restrictions on the work of revenue administrations, and tax relief measures. The RFL steps up health-related spending (0.5 percent of GDP) and social spending (0.3 percent of GDP) but cuts other current spending. Both domestically- and foreign-financed capital expenditures are revised downward from the 2020 IFL, reflecting project implementation delays and reprioritization to reallocate more financing to emergency needs.<sup>6</sup>

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

	4th&5th Rev.	IMF-RFI-1	Current Proj.	4th&5th Rev.	IMF-RFI-1	Current Proj.
Sources:	(Billions of CFAF)			(Percent of GDP) 1/		
Oil Revenue	684.0	398.4	394.9	6.6	4.4	4.5
Non Oil Revenue	1245.0	1047.2	949.4	12.0	11.7	10.7
Current expenditure	1278.0	1351.0	1367.9	12.4	15.0	15.4
Goods and services	161.0	193.0	192.5	1.6	2.1	2.2
COVID-19	0.0	42.0	49.0	0.0	0.5	0.6
Other	161.0	151.0	143.5	1.6	1.7	1.6
Transfers and subsidies	216.0	232.0	222.4	2.1	2.6	2.5
COVID-19	0.0	23.0	25.0	0.0	0.3	0.3
Other	216.0	209.0	197.4	2.1	2.3	2.2
Capital expenditure	513.0	354.3	379.5	5.0	3.9	4.3
Domestically-financed	220.0	129.0	143.2	2.1	1.4	1.6
Foreign-Financed	293.0	225.3	236.3	2.8	2.5	2.7
Nonoil balance	-303.0	-390.0	-595.9	-2.9	-4.3	-6.7
Nonoil primary balance	-303.1	-390.3	-595.9	-4.2	-5.7	-8.9
Overall balance (cash basis)	152.0	-245.0	-481.1	1.5	-2.7	-5.4

Gabonese authorities; and IMF staff estimates and projections.

1/ Non-oil primary balance ratios are in percent of non-oil GDP.

**10. The authorities concurred with staff that oil revenue assumptions in the revised budget are somewhat ambitious.** The 2020 RFL does not account for the recent OPEC decision and assumes that oil production will decline only by 4.5 percent in 2020 (versus 21 percent in staff's projections). It also assumes an oil price at US\$30 dollars per barrel, against US\$41 per barrel in staff's baseline. While the price effect compensates somewhat the lower projected production, oil revenue in staff's baseline is expected to be lower than in the RFL by about 68 FCFA billion (0.7 percent of GDP), widening the overall fiscal deficit and financing gap. The authorities recognized that, despite recent positive developments in oil prices, their commitments under the OPEC decision will result in lower oil revenue and create additional fiscal gap.

<sup>6</sup> Capital expenditures were revised upward due to the inclusion of government's share in a railway PPP project and additional externally-financed projects related to COVID-19.

**11. The authorities are aiming at a hybrid financing strategy to fill the fiscal gap (Text Table 4).** The overall deficit is now projected at 5.4 percent of GDP. The authorities plan to issue additional government securities on the regional market (1.0 percent of GDP) and reduce government deposits accumulation at the BEAC,<sup>7</sup> while continuing to help limit the impact of the crisis on regional net foreign assets. With a proposed further purchase under the RFI, staff projects a remaining financing gap of about 0.7 percent of GDP. The scope for additional domestic financing is limited, and the authorities should rely on external concessional borrowing to close the remaining gap. It would also be important to develop a contingency plan, including the consideration of additional expenditure reprioritization in areas that will least affect the mitigation of the outbreak, such as further postponement of non-priority goods and services or capital expenditure, while protecting expenditure that benefits the most vulnerable. The proposed RFI is expected to catalyze additional financing from development partners. Refinancing the remaining debt service of the commercial bridge loan from AFREXIM due in 2020, if successfully completed, would ease debt service and pressures on the financing gap.<sup>8</sup>

**Text Table 4. Gabon: Fiscal Financing Development in 2020**  
(Percent of GDP)

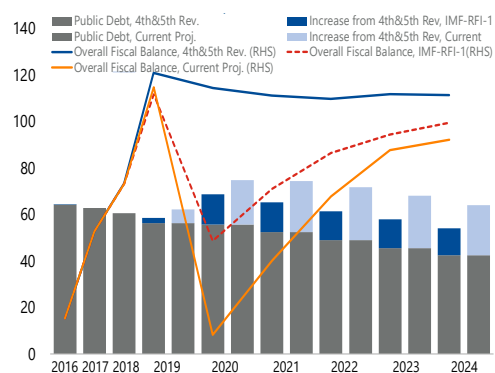
	4th&5th EFF Rev.	RFI-1	Current Proj.
<b>Overall balance</b>	<b>1.5</b>	<b>-2.7</b>	<b>-5.4</b>
Net financing	-3.3	-2.9	0.3
Foreign	1.8	1.5	1.7
Domestic	-5.1	-4.4	-1.4
<b>Financing gap</b>	<b>1.8</b>	<b>5.6</b>	<b>5.1</b>
African Development Bank	0.0	0.7	1.5
World Bank	1.1	1.3	0.9
<b>Residual gap</b>	<b>0.7</b>	<b>3.6</b>	<b>2.7</b>
IMF EFF	0.7	0.8	0.0
IMF RFI	0.0	1.0	1.0
IMF prop	0.0	0.0	1.0
<b>Remaining gap</b>	<b>0.0</b>	<b>1.8</b>	<b>0.7</b>

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

**12. Public debt remains sustainable, but debt dynamics have worsened and risks to debt sustainability have increased significantly, as the outlook has weakened since RFI-I. (Annex III DSA).**

Under the baseline scenario, public debt will breach the high-risk benchmark and rise to 75 percent of GDP in 2020 and 2021 due to the inclusion of validated past domestic

**Text Figure 4. Gabon: Fiscal Balance and Public Debt**  
(Percent of GDP)



Sources: Gabonese authorities; and IMF staff estimates.

<sup>7</sup> In the RFI-1, staff projected the accumulation of government deposits at the BEAC at CFAF 150 billion.

<sup>8</sup> The authorities have indicated that they have reached a preliminary reprofiling agreement with commercial creditor AFREXIM, which has debt service totaling CFAF 60.1 billion over June–December, but documentation of final parameters of the agreement is pending.

arrears in the debt stock in 2019,<sup>9</sup> higher fiscal deficits and lower growth. Public debt would then decline gradually to 60.2 percent in 2025 (Text Figure 4). Gross financing needs (GFN) are high averaging 12 percent of GDP over 2020–25, compared with a historical average of 4 percent of GDP over 2009–19, owing to large maturities from mostly official and Eurobond financing. Projected GFN are slightly lower than in the RFI-1 given higher regional issuance and the assumption that residual financing needs would be met with external debt on commercial terms rather than short-term domestic debt. This reflects recent BEAC liquidity support measures and the relative improvement in market perception indicators (e.g., lower EMBI spreads). Interest payments would also continue to absorb a large share of government revenues over the medium term under current policies (17 percent on average over the coming five years). Public debt is particularly vulnerable to real GDP growth and exchange rate shocks, and debt profile risks are high. Stronger financing assurances in 2020–21, which could be achieved in part through debt reprofiling, would be critical for mitigating near-term risks to debt sustainability. However, a credible medium-term debt strategy and prudent fiscal policies will be important for managing large needs going forward. The authorities confirmed that they do not have any arrears with external creditors. Previously implemented measures to address coordination issues continue to be effective in ensuring that Gabon remains current on its debt obligations.<sup>10</sup>

**13. The authorities' continued commitment to pursuing the planned medium-term growth-friendly fiscal consolidation would contribute to safeguarding debt sustainability.**

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 COVID-19 crisis has subsided. Most crisis-related spending and tax relief introduced in 2020 are expected to be rolled back in 2021, although COVID-related constraints to tax compliance and restrictions on the work of revenue administrations will continue somewhat in the first half of 2021. Lower medium-term oil prices will create additional challenges, requiring further adjustment over the medium term to preserve debt sustainability and support the CEMAC's medium-term strategy to rebuild external buffers. This would require a credible fiscal consolidation anchored on bolstering fiscal revenues and enhancing the efficiency of public spending and possibly implemented in the context of a new IMF-supported arrangement.

**14. The authorities concurred that fiscal risks affecting State Owned Enterprises (SOEs) warrant close monitoring.**<sup>11</sup> The COVID-19 pandemic and associated weaker economic activity could worsen an already weak financial situation of several SOEs. In this context, the support to SOEs to maintain their operations will need to be well designed and targeted to avoid giving bailouts to cover inefficiencies, mismanagement, and governance weaknesses.<sup>12</sup> Fiscal risks coming from SOEs

<sup>9</sup> These arrears result from the independent external audit on domestic arrears for 2015–17, a structural benchmark in the last EFF. The audit was performed by the auditor Price-Waterhouse and Coopers (PwC) and the government has validated so far FCFA 282 billion of identified domestic arrears in that audit.

<sup>10</sup> See Country Report 19/389 (Box 2).

<sup>11</sup> The fiscal risk annex to the budget law for FY2020 identified a number of SOEs-related risks, including (i) implied guarantees due to debt accumulation; (ii) cash flow shortages driven by the abuse of employee benefits, problems in revenue collection, and poor accounting practices; (iii) institutional risks; and (iv) wage bill management.

<sup>12</sup> See Selected Issue Paper, *Improving Governance for Higher and more Inclusive Growth in Gabon*, December 2019.

need to be assessed and mitigation measures clearly identified. An IMF technical assistance mission is programmed in FY2020 to support the authorities' capacity to assess fiscal risks, including those from SOEs. The authorities are committed to continue enhancing oversight and enforcing a stronger accountability framework for all public enterprises.

**15. The authorities have reiterated their commitment to ensure a proper use of COVID-19 emergency resources.**

To safeguard the quality of emergency spending in the health and other sectors, they committed to (i) report quarterly on the spending of emergency funds; (ii) commission an independent, third-party audit of this spending within six months of disbursement and publish the results online within nine months of the end of each relevant fiscal year; and (iii) publish online the related procurement contracts within 30 days of being awarded, along with and the beneficial ownership information for the legal persons receiving those contracts and ex-post-delivery reports. The involvement of the Court of Accounts and of the National Commission to Combat Illegal Enrichment (CNLCEI), an anti-corruption body, in the process is also encouraging. In May 2020, the former Prime Minister made a first public presentation to the Parliament about the implemented sanitary and economic measures and how the country's health infrastructure had been improved to combat Covid-19 (including details about purchase of equipment, testing material, and PPEs). In early June, the members of the committee charged with monitoring and responding to the COVID-19 pandemic (Copil) and several ministers implicated on the COVID-19 response met with the CNLCEI to provide an overview of its use of the COVID-19 emergency stimulus package. All members of Copil are expected to submit asset declaration forms to the CNLCEI to ensure transparent use of the COVID-19 funds and facilitate the financial assessment process once the pandemic subsides.

**16. The authorities continue to advance structural reforms put in motion during the EFF-supported program.** They included a list of tax and custom exemptions as an annex to the 2020 budget law and passed an executive order (January 2020) to revamp the Treasury committee consistent with the recommendations of IMF TA missions. To improve governance and transparency, they transmitted all oil and mining contracts and licenses of private companies with the Gabonese government to the BEAC in June 2020. On June 12, 2020 the Council of Ministers reaffirmed its commitment to make all efforts possible to expedite the submission of Gabon's application to Extractive Industries transparency Initiative (EITI). PFM reforms are also ongoing, including through reinforcing the Treasury Single Account and enhancing the special accounts' operations compliance with PFM standards. They have also completed the long-awaited audit of the 2015–17 domestic arrears, and a strategy is being prepared to settle the stock of verified arrears of CFA francs 282 billion, with a priority on SMEs. In line with this strategy, the authorities started settling overdue loans of up to CFAF 100 million to SMEs in June 2020.

**17. To reduce risks to debt sustainability and support inclusive growth, the authorities are strongly committed to request a new IMF-supported program (LOI, ¶ 7).** The requested RFI purchase would help mitigate immediate risks and contribute to covering urgent financing needs related to COVID-19. A new IMF arrangement could then build on this short-term response and support the authorities' medium-term policy agenda to resume the fiscal consolidation started over

2017–19, as well as the economic recovery and the regional strategy. Negotiation of a possible new IMF-supported arrangement could start in the fall.

## B. Access, Modalities, Capacity to Repay and Safeguards Assessment

**18. Access and Modalities.** To help address Gabon’s urgent balance of payments needs, the authorities have requested a purchase under the window of the Rapid Financing Instrument (RFI) for 50 percent of quota (SDR 108 million), bringing the total purchase under the RFI in 2020 to 100 percent of quota. The purchase, which amounts to 1 percent of GDP, would cover 41.4 percent of the estimated financing gap and would be used as 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 the urgency of the balance of payments need precludes the design and implementation of a UCT-quality program, as evidenced by the fact that it was not possible to conduct the final review under Gabon’s EFF-supported program, which expired on June 18, 2020.

**19. Capacity to Repay.** The total amount of outstanding credit from the Fund, including the disbursement related to the proposed RFI purchase, will amount to 274 percent of quota in 2020 (Table 7), within normal access limits. Gabon’s capacity to repay is adequate, but subject to risks. IMF credit outstanding based on existing credit and the prospective RFI purchase peaks at 5.7 percent of GDP in 2020. Total obligations to the IMF are projected to rise from 0.05 percent of GDP in 2020 to a peak of 1.3 percent of GDP in 2024. In terms of gross international reserves, obligations to the IMF will rise from 3.0 percent gross international reserves in 2020 to a peak of 24.4 percent of reserves in 2024 (based on imputed reserves). However, risks could be more pronounced than suggested by this indicator, given that Gabon relies on the regional reserve pool, which has been adversely impacted by the oil price shock. While obligations to the IMF are manageable, there are vulnerabilities to the capacity to repay, including susceptibility to further commodity price shocks and increased risks to debt sustainability, including elevated debt levels and gross financing needs and debt profile risks. The authorities’ commitment to policies strong enough to qualify for a possible UCT-quality IMF support would mitigate these risks.

**20. Safeguards Assessment.** The BEAC has implemented the priority recommendations from the 2017 safeguards assessment. In particular, the BEAC’s secondary legal instruments were aligned with its amended Charter, and the central bank has recently issued its FY 2019 audited financial statements in full compliance with IFRS. Both recommendations mark the conclusion of a multi-year governance-focused reform with support from the IMF. As set out in the Letter of Intent, Gabon will, to the extent necessary, cooperate with any updated safeguards assessment by the IMF.

## STAFF APPRAISAL

**21. The COVID-19 outbreak along with the sharp fall in commodity prices are having a dramatic human and economic impact on Gabon.** Weak external demand and the necessary measures to contain the virus have markedly deteriorated growth prospects and worsened external and fiscal positions. Further decline in oil prices and more protracted containment measures of the virus could have a more pronounced impact on growth prospects and increase financing needs, calling for further policy adjustment and additional financial support.

**22. The authorities' fiscal response to the COVID-19 pandemic has been appropriate.** The revised budget rightly aims at addressing imminent healthcare needs to save lives, protecting the most vulnerable and supporting the private sector, notably small businesses, through the reduction of licensing fees and well-targeted tax relief. The authorities should closely monitor potential fiscal risks, including those affecting SOEs. Staff welcomes the authorities' commitments to continue improving governance to ensure a proper use of public funds, including COVID-19-related resources. Staff supports the authorities' plans to resume growth-friendly fiscal consolidation once the crisis abates and to develop as soon as possible a reform program aimed at addressing both the immediate and the medium-term policy challenges, which could be supported by a possible new IMF-supported arrangement.

**23. Staff supports the authorities' request for a purchase under the RFI in the amount of SDR 108 million (50 percent of quota),** which would bring total purchases under the RFI to 100 percent of quota to address the urgent balance of payments needs arising from the pandemic. While risks to the outlook are significant, Gabon's debt remains sustainable and its capacity to repay the Fund is adequate under the policies committed by the authorities in the LOI.

## 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 July 23, 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/	Prel.	Fourth & Fifth Rev.	RFI-1 2/	Proj.	Proj.				
(Annual percent change, unless otherwise indicated)												
Real sector												
GDP at constant prices	0.5	1.0	3.4	3.8	3.8	-0.4	-2.7	2.1	4.1	4.3	4.3	4.3
Oil	-8.4	-2.2	7.9	6.8	2.5	-3.7	-14.9	1.2	1.2	1.2	1.2	1.3
o/w primary oil	-8.5	-8.2	11.8	13.0	-2.7	-6.0	-20.6	0.0	0.0	0.0	0.0	0.0
Non-oil	2.5	1.7	2.5	3.2	4.0	0.4	-0.1	2.3	4.6	4.8	4.8	4.8
GDP deflator	3.8	7.0	2.6	1.7	0.2	-8.6	-7.9	3.3	3.1	2.7	3.4	3.0
Oil	19.0	17.9	-2.4	-0.8	-4.3	-30.6	-21.4	2.5	3.6	3.2	2.9	2.6
Primary oil	19.3	26.1	-5.0	-5.4	-6.1	-45.9	-35.7	3.9	4.9	4.4	3.4	3.1
Consumer prices												
Yearly average	2.7	4.8	3.0	2.0	3.0	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	3.0	2.5	2.5	2.5	2.5
External sector												
Exports, f.o.b.	17.8	14.0	12.1	14.9	0.6	-30.4	-31.7	6.1	10.5	6.0	5.6	5.0
Imports, f.o.b.	6.2	-1.9	8.3	9.3	6.0	-7.4	-4.9	-2.1	4.3	1.9	3.0	4.0
Terms of trade (deterioration= - )	28.5	27.3	-5.7	-5.9	-7.2	-43.9	-34.5	2.6	3.1	2.7	1.5	1.4
(Percent of GDP, unless otherwise indicated)												
Overall fiscal balance (commitment basis)	-2.6	-1.3	1.8	1.4	1.4	-2.9	-5.4	-3.4	-1.6	-0.4	-0.1	0.3
Primary fiscal balance (commitment basis)	-0.1	1.1	4.1	3.6	3.7	0.1	-2.3	-0.5	1.2	2.4	2.6	2.8
Overall fiscal balance (cash basis)	-3.4	-1.6	1.7	0.8	1.5	-2.7	-5.4	-3.5	-1.6	-0.3	0.0	0.4
Non-oil primary balance (in percent of non-oil GDP)	-9.7	-7.6	-4.6	-5.8	-4.2	-5.7	-8.9	-6.4	-4.0	-2.3	-1.9	-1.4
Non-oil primary basic balance (in percent of non-oil GDP) 3/	-8.6	-5.0	-1.8	-4.2	-0.4	-2.7	-5.7	-1.6	0.2	0.7	1.0	1.4
Gross government deposits in BEAC	3.6	3.4	4.4	2.3	7.1	4.3	2.6	2.8	3.1	3.4	3.4	3.4
Total public debt 4/	62.6	60.6	56.5	58.7	55.6	68.7	74.7	74.4	71.7	68.1	64.0	60.2
External public debt (including to the IMF)	38.7	40.0	40.5	39.2	42.3	49.8	50.6	53.5	54.7	54.5	52.6	50.1
Domestic public debt	24.2	20.6	16.0	19.5	13.3	18.9	24.1	20.9	17.0	13.7	11.4	10.0
o/w statutory advances from BEAC	7.5	4.8	4.6	4.6	4.4	5.0	5.1	4.8	4.0	3.3	2.6	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	-6.5	...	...	...	...	...
Broad money	-3.9	15.7	14.2	1.2	16.0	5.0	5.0	...	...	...	...	...
Velocity ratio of Non-oil GDP over broad money	3.2	2.8	2.8	2.8	2.6	2.9	2.8	...	...	...	...	...
(Percent of GDP, unless otherwise indicated)												
Gross national savings	24.8	27.3	30.0	30.2	31.4	22.4	21.6	27.2	28.5	29.2	28.6	29.3
Gross fixed investment	31.8	30.5	31.1	30.4	33.4	30.9	31.0	33.6	32.1	31.3	29.7	29.6
o/w private	30.3	27.8	28.0	27.6	28.4	26.9	26.7	28.2	27.0	26.8	24.9	24.8
public	1.5	2.6	3.2	2.8	5.0	3.9	4.3	5.4	5.1	4.5	4.7	4.9
Current account balance	-7.0	-3.2	-1.1	-0.3	-2.0	-8.5	-9.5	-6.3	-3.6	-2.1	-1.0	-0.3
excl. large agri-industry projects 5/	-4.3	-0.7	1.9	2.8	0.7	-5.5	-6.4	-4.8	-3.0	-1.6	-0.8	0.0
CEMAC Foreign Reserves												
(US\$ billions, end-of-period)	5.8	6.6	8.2	7.4	10.5	7.8	7.2	7.7	8.4	8.7	...	...
(in months of extrazone imports)	2.4	2.8	3.3	3.8	4.1	3.6	3.4	3.5	3.6	3.6	...	...
(CFA francs billion, unless otherwise indicated) (Milliards FCFA, sauf indication contraire)												
Memorandum items												
Nominal GDP	8,669	9,369	9,937	9,887	10332.2	8,980	8,860	9,349	10,033	10,746	11,586	12,449
Nominal non-oil GDP	6,024	6,319	6,725	6,657	7180.5	6,839	6,698	7,108	7,685	8,293	9,031	9,793
National currency per U.S. Dollar (average)	581	555	..	..	..	..	..	..	..	..	..	..
Oil prices (Brent, U.S. Dollar/BBL)	54	71	64	64	60	36	41.1	42.9	44.9	46.7	48.1	49.5

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).

2/ Staff report for the Request for Purchase Under the Rapid Financing Instrument (April 9, 2020; EBS/20/33).

3/ Excludes foreign financed capital expenditures.

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

5/ 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.	RFI-1. 2/	Proj.	Proj.				
(Billions of CFAF)												
Current account	-606	-302	-110	-28	-209	-761	-839	-593	-365	-221	-117	-33
Goods (net)	1,431	1,897	2,194	2,274	2,111	1,126	1,075	1,280	1,517	1,679	1,817	1,927
Export of goods (fob)	3,101	3,535	3,963	4,063	3,986	2,751	2,777	2,946	3,255	3,450	3,642	3,825
Hydrocarbons	2,069	2,450	2,596	2,618	2,389	1,357	1,370	1,422	1,491	1,555	1,607	1,656
Timber	281	315	349	293	419	371	272	278	298	320	323	326
Manganese	619	636	818	951	846	751	861	863	931	980	1,051	1,126
Other	132	135	199	201	332	272	275	383	535	596	662	717
Import of goods (fob)	-1,670	-1,638	-1,769	-1,790	-1,875	-1,625	-1,702	-1,666	-1,738	-1,771	-1,825	-1,898
Petroleum sector	-243	-288	-305	-308	-303	-158	-157	-159	-163	-166	-168	-164
Other	-1,427	-1,350	-1,464	-1,482	-1,572	-1,468	-1,545	-1,507	-1,575	-1,605	-1,657	-1,734
Services (net)	-1,021	-1,026	-1,119	-1,131	-1,107	-819	-842	-806	-774	-757	-740	-723
Exports	288	281	304	307	319	283	297	339	387	442	506	578
Imports	-1,309	-1,308	-1,422	-1,438	-1,426	-1,102	-1,139	-1,145	-1,161	-1,199	-1,245	-1,301
Income (net)	-830	-980	-990	-974	-1,043	-910	-922	-890	-929	-962	-1,011	-1,051
Current transfers (net)	-186	-192	-196	-196	-170	-157	-149	-176	-179	-181	-184	-186
Capital account	0	0	0	0	0	0	0	0	0	0	0	0
Financial account	-44	94	89	-309	535	407	380	287	194	201	236	102
Direct investment (net)	763	766	910	922	988	835	847	796	628	633	612	639
Portfolio investments (net)	0	0	0	0	146	156	156	0	-144	-144	-144	-410
Other investment assets and liabilities (net)	-807	-673	-821	-1,230	-599	-584	-623	-509	-290	-288	-232	-127
Medium- and long-term transactions	-244	-148	-264	-279	-52	-125	117	50	153	125	97	255
o/w Net Arrears Accumulation	-40	7	-35	-67								
Short term transactions	-563	-525	-557	-951	-547	-459	-740	-559	-443	-413	-329	-382
Errors and Omissions	0	-4	0	0	0	0	0	0	0	0	0	0
Overall balance	-650	-212	-21	-336	326	-354	-459	-306	-170	-20	119	70
Financing	650	212	21	336	-326	354	459	306	170	20	-119	27
Bank of Central African States	162	5	-274	110	-441	9	177	-37	-88	-158	-200	-141
Change in net reserve assets (- is an increase)	51	-111	-347	34	-508	-151	0	-32	-68	-74	-59	-45
IMF-EFF flows	111	116	72	76	67	72	0	-5	-19	-83	-140	-96
IMF-RFI-1 flows						88	88					
Prop. IMF-RFI flows							89					
Financing Gap	488	207	295	230	115	345	282	342	258	178	81	72
Of which:												
Bilateral	49	49	49	49	0	0	0	0	0	0	0	0
Multilateral/other	439	158	246	181	115	181	215	0	0	0	0	0
Memorandum items: (Percent of GDP)												
Current account	-7.0	-3.2	-1.1	-0.3	-2.0	-8.5	-9.5	-6.3	-3.6	-2.1	-1.0	-0.3
excl. large agri-industry projects 3/	-4.3	-0.7	1.9	2.8	0.7	-5.5	-6.4	-4.8	-3.0	-1.6	-0.8	0.0
Oil	6.7	7.8	8.3	8.6	6.0	1.6	1.6	2.1	2.4	2.3	2.1	2.0
Non-oil	-13.6	-11.0	-9.4	-8.9	-8.0	-10.0	-11.1	-8.4	-6.1	-4.4	-3.2	-2.3
Exports of goods and services	39.1	40.7	42.9	44.2	41.7	33.8	34.7	35.1	36.3	36.2	35.8	35.4
Imports of goods and services	-34.4	-31.4	-32.1	-32.6	-32.0	-30.4	-32.1	-30.1	-28.9	-27.6	-26.5	-25.7
Capital and financial accounts	5.1	3.2	3.9	-0.8	6.3	8.4	7.5	6.7	4.5	3.5	2.7	1.4
Foreign Direct Investment	8.8	8.2	9.2	9.3	9.6	9.3	9.6	8.5	6.3	5.9	5.3	5.1
Overall balance 4/	-1.7	-0.1	2.8	-1.1	4.3	-0.1	-2.0	0.4	0.9	1.5	1.7	1.1

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/ Staff report for the Request for Purchase Under the Rapid Financing Instrument (April 9, 2020; EBS/20/33).

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

4/ 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/	Prel.	Fourth & Fifth Rev.	RFI-1, 2/	Proj.	Proj.				
(Billion of CFA francs)												
Total revenue and grants	1,423	1,581	1,868	1,931	1,946	1,463	1,369	1,476	1,714	1,888	2,071	2,255
Revenue	1,423	1,581	1,868	1,931	1,929	1,446	1,344	1,476	1,714	1,888	2,071	2,255
Oil revenue	574	583	719	747	684	398	395	410	430	448	463	477
Non-oil revenue	849	997	1,148	1,184	1,245	1,047	949	1,066	1,284	1,440	1,608	1,777
Tax revenue	770	870	1,062	1,070	1,206	1,008	913	1,031	1,246	1,399	1,562	1,728
Taxes on income, profits, and capital gains	271	298	399	412	475	416	363	412	495	557	628	703
Domestic taxes on goods and services	168	148	278	187	306	256	217	260	327	377	426	473
Value-added tax	112	95	183	132	221	184	158	191	232	265	304	339
Other	56	52	95	54	85	72	59	69	95	112	122	134
Taxes on international trade and transactions	246	255	303	286	336	254	263	282	331	365	400	434
Import tariffs	246	255	291	261	314	241	232	247	277	298	327	355
Export taxes	0	0	12	24	22	13	32	35	54	67	73	79
Other non-oil taxes	84	170	81	187	90	82	70	76	92	100	109	119
Non-tax revenue	79	127	86	114	39	39	36	36	38	41	45	49
Grants	0	0	0	0	17	17	25	0	0	0	0	0
Total expenditure and net lending	1,649	1,702	1,692	1,796	1,806	1,720	1,848	1,796	1,878	1,928	2,079	2,215
Current expenditure	1,350	1,270	1,293	1,320	1,278	1,351	1,368	1,289	1,366	1,445	1,531	1,611
Wages and salaries	733	701	673	689	661	661	675	661	707	763	822	875
Goods and services	167	140	159	156	161	193	193	155	169	183	197	212
Interest payments	219	225	236	225	241	265	278	274	287	298	305	304
Domestic	80	93	83	84	81	79	90	92	93	90	87	85
Foreign	139	132	153	141	159	186	187	182	194	208	218	218
Transfers and subsidies	231	204	226	250	216	232	222	199	204	202	208	220
o/w: oil subsidies	35	28	0	19	0	0	0	0	0	0	0	0
Capital expenditure	133	248	317	281	513	355	380	507	512	483	548	604
Domestically financed	67	82	133	175	220	129	143	164	191	236	290	332
Of which: Public-private partnership	0	0	0	0	0	0	30	0	0	0	0	0
Foreign financed	65	166	184	106	293	225	236	343	321	247	259	272
Net lending	79	101	40	75	0	0	0	0	0	0	0	0
Road Fund (FER) and special funds	20	3	1	12	14	14	11	0	0	0	0	0
Special accounts 3/	67	80	40	107	0	0	90	0	0	0	0	0
Overall balance (commitment basis)	-226	-121	176	136	140	-257	-478	-320	-164	-40	-9	40
Adjustment to cash basis 4/	-70	-26	-9	-52	12	12	-3	-7	7	9	11	11
Overall balance (cash basis)	-297	-147	167	84	152	-245	-481	-327	-158	-31	2	50
Total financing	297	147	-167	-84	-152	245	481	327	158	31	-2	-50
Foreign borrowing (net)	-154	-5	-161	-154	183	134	145	154	-23	-155	-251	-579
Drawings	65	166	184	106	293	225	236	343	321	247	259	272
Amortization	-306	-150	-283	-200	-695	-686	-686	-189	-344	-402	-509	-851
Arrears (reduction = -)	-26	-21	-62	-59	0	0	0	0	0	0	0	0
Rollover (Eurobonds)	112	0	0	0	585	595	595	0	0	0	0	0
Domestic borrowing	-151	-170	-373	-233	-523	-395	-123	-170	-221	-184	-71	-31
Banking system (net)	-101	67	-32	34	-218	-54	189	178	-32	-29	6	-31
Nonbank financing (net) 5/	-50	-238	-341	-267	-305	-341	-312	-347	-189	-155	-77	0
Financing gap (+ = deficit / - surplus)	602	321	368	303	187	506	460	342	402	371	320	560
Exceptional financing (excluding IMF)	488	207	295	230	115	181	215	0	144	193	239	488
Residual gap	114	114	72	73	72	325	245	342	258	178	81	72
IMF-EFF	114	114	72	73	72	72	0	0	0	0	0	0
IMF-RFI-1						88	88					
Prop. IMF-RFI							89					
Memorandum items:												
Gross government deposits in BEAC	314.9	315.0	438.4	232.2	732.9	388.7	232.2	263.4	315.4	364.1	393.3	425.9
Statutory advances from BEAC	452.5	452.5	452.5	452.8	452.5	452.8	452.8	452.8	402.8	352.8	302.8	252.8
Stock of arrears 6/	545.9	452.5	105.9	241.5	28.2	51.1	81.9	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	0.0
Domestic	432.5	390.7	105.9	241.5	28.2	51.1	81.9	0.0	0.0	0.0	0.0	1.0
VAT Reimbursement	326.9	293.0	105.9	153.9	28.2	51.1	81.9	0.0	0.0	0.0	0.0	0.0
Exceptional float 7/	87.9	86.7	0.0	87.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Debt service	17.7	10.9	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	-387	-303	-390	-596	-456	-307	-190	-167	-134
as percent of non-oil GDP	-9.7	-7.6	-4.6	-5.8	-4.2	-5.7	-8.9	-6.4	-4.0	-2.3	-1.9	-1.4
Non-oil GDP at market prices	6,024	6,319	6,725	6,657	7,181	6,839	6,698	7,108	7,685	8,293	9,031	9,793

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/ Staff report for the Request for Purchase Under the Rapid Financing Instrument (April 9, 2020; EBS/20/33).

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

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

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

6/ 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.

7/ 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	2020	2021	2022	2023	2024	2025
	Act.	Prel.	Prog. 1/	Prel.	Fourth & Fifth Rev.	RFI-1, 2/	Proj.	Proj.	
(Percent of GDP)									
Total revenue and grants	16.4	16.9	18.8	19.5	18.8	16.3	15.5	15.8	17.1
Revenue	16.4	16.9	18.8	19.5	18.7	16.1	15.2	15.8	17.1
Oil revenue	6.6	6.2	7.2	7.6	6.6	4.4	4.5	4.4	4.3
Non-oil revenue	9.8	10.6	11.6	12.0	12.0	11.7	10.7	11.4	12.8
Tax revenue	8.9	9.3	10.7	10.8	11.7	11.2	10.3	11.0	12.4
Taxes on income, profits, and capital gains	3.1	3.2	4.0	4.2	4.6	4.6	4.1	4.4	4.9
Domestic taxes on goods and services	1.9	1.6	2.8	1.9	3.0	2.8	2.5	2.8	3.3
Taxes on international trade and transactions	2.8	2.7	3.0	2.9	3.2	2.8	3.0	3.0	3.3
Other non-oil taxes	1.0	1.8	0.8	1.9	0.9	0.9	0.8	0.8	0.9
Non-tax revenue	0.9	1.4	0.9	1.2	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	20.9	19.2	18.7
Current expenditure	15.6	13.6	13.0	13.4	12.4	15.0	15.4	13.8	13.6
Wages and salaries	8.5	7.5	6.8	7.0	6.4	7.4	7.6	7.1	7.0
Goods and services	1.9	1.5	1.6	1.6	1.6	2.2	2.2	1.7	1.7
Interest payments	2.5	2.4	2.4	2.3	2.3	3.0	3.1	2.9	2.9
Transfers and subsidies	2.7	2.2	2.3	2.5	2.1	2.6	2.5	2.1	2.0
o/w: oil subsidies	0.4	0.3	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Capital expenditure	1.5	2.6	3.2	2.8	5.0	3.9	4.3	5.4	5.1
Domestically financed	0.8	0.9	1.3	1.8	2.1	1.4	1.6	1.8	1.9
Of which: Public-private partnership	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0
Foreign financed	0.8	1.8	1.8	1.1	2.8	2.5	2.7	3.7	3.2
Net lending	0.9	1.1	0.4	0.8	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	0.1	0.0	0.0
Special accounts 3/	0.8	0.9	0.4	1.1	0.0	0.0	1.0	0.0	0.0
Overall balance (commitment basis)	-2.6	-1.3	1.8	1.4	1.4	-2.9	-5.4	-3.4	-1.6
Adjustment to cash basis 4/	-0.8	-0.3	-0.1	-0.5	0.1	0.1	0.0	-0.1	0.1
Overall balance (cash basis)	-3.4	-1.6	1.7	0.8	1.5	-2.7	-5.4	-3.5	-1.6
Total financing	3.4	1.6	-1.7	-0.8	-1.5	2.7	5.4	3.5	1.6
Foreign borrowing (net)	-1.8	0.0	-1.6	-1.6	1.8	1.5	1.6	1.7	-0.2
Drawings	0.8	1.8	1.8	1.1	2.8	2.5	2.7	3.7	3.2
Amortization	-3.5	-1.6	-2.8	-2.0	-6.7	-7.6	-7.7	-2.0	-3.4
Arrears (reduction = -)	-0.3	-0.2	-0.6	-0.6	0.0	0.0	0.0	0.0	0.0
Rollover (Eurobonds)	1.3	0.0	0.0	0.0	5.7	6.6	6.7	0.0	0.0
Domestic borrowing (net)	-1.7	-1.8	-3.8	-2.4	-5.1	-4.4	-1.4	-1.8	-2.2
Banking system	-1.2	0.7	-0.3	0.3	-2.1	-0.6	2.1	1.9	-0.3
Non-bank sector 5/	-0.6	-2.5	-3.4	-2.7	-2.9	-3.8	-3.5	-3.7	-1.9
Financing gap (+ = deficit / - surplus)	6.9	3.4	3.7	3.1	1.8	5.6	5.2	3.7	4.0
Exceptional financing (excluding IMF)	5.6	2.2	3.0	2.3	1.1	2.0	2.4	0.0	1.4
Residual gap	1.3	1.2	0.7	0.7	0.7	3.6	2.8	3.7	2.6
IMF-EFF	1.3	1.2	0.7	0.7	0.7	0.8	0.0	0.0	0.0
IMF-RFI-1						1.0	1.0		
Prop. IMF-RFI							1.0		
(Billion of CFA francs, unless otherwise indicated)									
Total revenue and grants	1,423	1,581	1,868	1,931	1,929	1,446	1,344	1,476	1,714
Total expenditure and net lending	1,649	1,702	1,692	1,796	1,806	1,720	1,848	1,796	1,878
Overall balance	-226	-121	176	136	140	-257	-478	-320	-164
<b>Memorandum items:</b>									
Gross government deposits in BEAC (percent of GDP)	3.6	3.4	4.4	2.3	7.1	4.3	2.6	2.8	3.1
o/w Fund for Future Generations or Stabilization Fund	0.5	0.1	1.2	0.1	3.8	1.4	0.1	0.5	1.0
Non-oil primary balance excluding capital transfers	-582	-479	-308	-387	-303	-390	-596	-456	-307
As percent of non-oil GDP	-9.7	-7.6	-4.6	-5.8	-4.2	-5.7	-8.9	-6.4	-4.0
Public debt (percent of GDP)	62.9	60.6	56.5	58.7	55.7	68.7	74.7	74.4	71.7
External debt (percent of GDP)	38.7	40.0	40.5	39.2	42.4	49.8	50.6	53.5	54.7
Domestic debt (percent of GDP)	24.2	20.6	16.0	19.5	13.3	18.9	24.1	20.9	17.0
o/w Statutory advances from BEAC	5.2	4.8	4.6	4.6	4.4	5.0	5.1	4.8	4.0
Stock of arrears 6/	6.3	4.8	1.1	2.4	0.3	0.6	0.9	0.0	0.0
External	1.3	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic	5.0	4.2	1.1	2.4	0.3	0.6	0.9	0.0	0.0
VAT Reimbursement	3.8	3.1	1.1	1.6	0.3	0.6	0.9	0.0	0.0
Exceptional float 7/	1.0	0.9	0.0	0.9	0.0	0.0	0.0	0.0	0.0
Debt service	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GDP at market prices	8,669	9,369	9,937	9,887	10,332	8,980	8,860	9,349	10,033

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/ Staff report for the Request for Purchase Under the Rapid Financing Instrument (April 9, 2020; EBS/20/33).

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

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

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

6/ 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.

7/ 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/	Prel.	Fourth & Fifth Rev.	RFI-1 2/	Proj.		Proj.		
(Percent of non-oil GDP)											
Total revenue and grants	23.6	25.0	27.8	29.0	27.1	21.4	20.4	20.8	22.3	22.8	22.9
Revenue	23.6	25.0	27.8	29.0	26.9	21.1	20.1	20.8	22.3	22.8	22.9
Oil revenue	9.5	9.2	10.7	11.2	9.5	5.8	5.9	5.8	5.6	5.4	5.1
Non-oil revenue	14.1	15.8	17.1	17.8	17.3	15.3	14.2	15.0	16.7	17.4	17.8
Tax revenue	12.8	13.8	15.8	16.1	16.8	14.7	13.6	14.5	16.2	16.9	17.3
Taxes on income, profits, and capital gains	4.5	4.7	5.9	6.2	6.6	6.1	5.4	5.8	6.4	6.7	7.0
Domestic taxes on goods and services	2.8	2.3	4.1	2.8	4.3	3.7	3.2	3.7	4.2	4.6	4.7
Taxes on international trade and transactions	4.1	4.0	4.5	4.3	4.7	3.7	3.9	4.0	4.3	4.4	4.4
Other non-oil taxes	1.4	2.7	1.2	2.8	1.2	1.2	1.0	1.1	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	27.0	25.1	25.1	27.6	25.3	24.4	23.2	23.0
Current expenditure	22.4	20.1	19.2	19.8	17.8	19.8	20.4	18.1	17.8	17.4	17.0
Wages and salaries	12.2	11.1	10.0	10.3	9.2	9.7	10.1	9.3	9.2	9.2	9.1
Goods and services	2.8	2.2	2.4	2.3	2.2	2.8	2.9	2.2	2.2	2.2	2.2
Interest payments	3.6	3.6	3.5	3.4	3.4	3.9	4.1	3.9	3.7	3.6	3.4
Transfers and subsidies	3.8	3.2	3.4	3.8	3.0	3.4	3.3	2.8	2.6	2.4	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	5.7	7.1	6.7	5.8	6.1
Domestically financed	1.1	1.3	2.0	2.6	3.1	1.9	2.1	2.3	2.5	2.9	3.2
Of which: Public-private partnership	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0
Foreign financed	1.1	2.6	2.7	1.6	4.1	3.3	3.5	4.8	4.2	3.0	2.9
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	0.2	0.0	0.0	0.0	0.0
Special accounts 3/	1.1	1.3	0.6	1.6	0.0	0.0	1.3	0.0	0.0	0.0	0.0
Overall balance (commitment basis)	-3.8	-1.9	2.6	2.0	2.0	-3.8	-7.1	-4.5	-2.1	-0.5	-0.1
Adjustment to cash basis 4/	-1.2	-0.4	-0.1	-0.8	0.2	0.2	0.0	-0.1	0.1	0.1	0.1
Overall balance (cash basis)	-4.9	-2.3	2.5	1.3	2.1	-3.6	-7.2	-4.6	-2.1	-0.4	0.0
Total financing	4.9	2.3	-2.5	-1.3	-2.1	3.6	7.2	4.6	2.1	0.4	-0.5
Foreign borrowing (net)	-2.6	-0.1	-2.4	-2.3	2.6	2.0	2.2	2.2	-0.3	-1.9	-2.8
Drawings	1.1	2.6	2.7	1.6	4.1	3.3	3.5	4.8	4.2	3.0	2.9
Amortization	-5.1	-2.4	-4.2	-3.0	-9.7	-10.0	-10.2	-2.7	-4.5	-4.9	-5.6
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	8.9	0.0	0.0	0.0	0.0
Domestic borrowing	-2.5	-2.7	-5.5	-3.5	-7.3	-5.8	-1.8	-2.4	-2.9	-2.2	-0.8
Bank financing (net)	-1.7	1.1	-0.5	0.5	-3.0	-0.8	2.8	2.5	-0.4	-0.4	0.1
Nonbank financing (net) 5/	-0.8	-3.8	-5.1	-4.0	-4.2	-5.0	-4.7	-4.9	-2.5	-1.9	-0.9
Financing gap (+ = deficit / - surplus)	10.0	5.1	5.5	4.6	2.6	7.4	6.9	4.8	5.2	4.5	5.7
Exceptional financing (excluding IMF)	8.1	3.3	4.4	3.5	1.6	2.6	3.2	0.0	1.9	2.3	5.0
Residual gap	1.9	1.8	1.1	1.1	1.0	4.8	3.7	4.8	3.4	2.1	0.9
IMF-EFF	1.9	1.8	1.1	1.1	1.0	1.1	0.0	0.0	0.0	0.0	0.0
IMF-RFI-1						1.3	1.3				
Prop. IMF-RFI							1.3				
(Billion of CFA francs, unless otherwise indicated)											
Total revenue and grants	1,423	1,581	1,868	1,931	1,929	1,446	1,344	1,476	1,714	1,888	2,071
Total expenditure and net lending	1,649	1,702	1,692	1,796	1,806	1,720	1,848	1,796	1,878	1,928	2,079
Overall balance	-226	-121	176	136	140	-257	-478	-320	-164	-40	-9
Memorandum items:											
Gross government deposits in BEAC (percent of GDP)	5.2	5.0	6.5	3.5	10.2	5.7	3.5	2.8	3.1	3.4	3.4
o/w Fund for Future Generations or Stabilization Fund	0.5	0.1	1.3	0.1	4.1	1.7	0.1	0.5	1.0	1.3	1.5
Overall balance (percent of non-oil GDP)	-3.8	-1.9	2.6	2.0	2.0	-3.8	-7.1	-3.4	-1.6	-0.4	-0.1
Non-oil primary balance excluding capital transfers	-582	-479	-308	-387	-303	-390	-596	-456	-307	-190	-167
As percent of non-oil GDP	-9.7	-7.6	-4.6	-5.8	-4.2	-5.7	-8.9	-6.4	-4.0	-2.3	-1.9
Oil revenues (percent of oil GDP)	21.7	19.1	22.4	23.1	21.7	18.6	18.3	18.3	18.3	18.3	18.1
Public debt (percent of non-oil GDP)	90.5	89.8	83.5	87.2	80.1	90.3	98.9	90.5	86.8	81.1	75.7
External debt (percent of non-oil GDP)	55.7	59.2	59.9	58.2	61.0	65.4	67.0	65.1	66.2	64.8	62.2
Domestic debt (percent of non-oil GDP)	34.8	30.6	23.7	28.9	19.1	24.8	31.9	25.4	20.6	16.2	13.5
o/w Statutory advances from BEAC	7.5	7.2	6.7	6.8	6.3	6.6	6.8	4.2	4.0	3.3	2.6
Stock of arrears 6/	9.1	7.2	1.6	3.6	0.4	0.7	1.2	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	6.2	1.6	3.6	0.4	0.7	1.2	0.0	0.0	0.0	0.0
VAT Reimbursement	5.4	4.6	1.6	2.3	0.4	0.7	1.2	0.0	0.0	0.0	0.0
Exceptional float 7/	1.5	1.4	0.0	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt service	0.3	0.2	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	6,698	7,108	7,685	8,293	9,031

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/ Staff report for the Request for Purchase Under the Rapid Financing Instrument (April 9, 2020; EBS/20/33).

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

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

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

6/ 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.

7/ 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.	RFI-1 2/	Proj.	Proj.
(In billions of CFA Francs)								
A. Overall fiscal deficit (cash basis)	296.6	146.5	-166.8	-83.7	-152.4	245.2	481.1	327.2
B. Other financing needs	695.4	550.2	946.9	630.4	1423.1	1286.1	1096.0	648.2
Amortization (including arrears)	581.9	478.9	613.0	544.0	1000.1	983.4	1014.9	510.2
External	331.8	170.4	345.0	259.8	695.4	686.4	686.4	188.7
Amortization due	306.3	149.8	283.2	200.5	695.4	686.4	686.4	188.7
Arrears on amortization	25.5	20.7	61.8	59.3	0.0	0.0	0.0	0.0
Domestic	250.1	308.5	267.9	284.2	304.7	297.0	328.5	321.4
T-bills redemption	93.2	229.5	190.3	209.6	229.8	208.5	208.5	190.5
Moratorium debt	134.5	76.3	72.6	45.5	75.0	88.6	105.0	124.2
Other	22.4	2.7	5.0	29.2	0.0	0.0	15.0	6.8
BEAC	82.8	0.1	123.5	-82.8	294.5	151.3	0.0	31.2
Repayment of statutory advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net deposit accumulation	82.8	0.1	123.5	-82.8	294.5	151.3	0.0	31.2
Repayment of VAT Arrears	20.9	33.9	187.1	139.1	77.7	100.6	72.0	81.9
Other (includes restructuring costs)	7.8	32.8	12.0	18.6	50.8	50.8	9.1	25.0
Arrears on domestic amortization (reduction)	2.1	4.5	11.4	11.4	0.0	0.0	0.0	0.0
C=A+B Total financing needs	992.0	696.7	780.1	546.7	1270.7	1531.3	1577.1	975.4
D. Identified sources of financing	390.2	375.5	412.4	243.8	1083.7	1025.5	1117.6	633.1
External	177.8	165.8	183.6	106.2	878.7	820.5	831.4	343.2
Project financing (ext.)	65.3	165.8	183.6	106.2	293.2	225.3	236.3	343.2
Eurobond rollover (ext.)	112.5	0.0	0.0	0.0	585.4	595.2	595.2	0.0
Domestic	212.5	209.7	228.8	137.5	205.0	205.0	286.1	289.9
T-bill issuance	112.9	85.1	167.8	186.2	150.0	52.4	52.4	41.0
Commercial banks deposit drawdown	75.2	53.9	0.0	22.2	0.0	0.0	0.0	0.0
Commercial banks credit		67.5		-70.8		97.6	188.7	209.0
Privatization receipts and PPPs	0.0	0.0	26.0	0.0	50.0	50.0	45.0	0.0
Recovery of domestic tax arrears	24.3	3.2	35.0	0.0	5.0	5.0	0.0	39.9
E=C-D Financing gap	601.8	321.2	367.6	303.0	187.0	505.8	459.5	342.3
F. Exceptional external financing	487.8	207.3	295.5	230.2	115.0	180.6	214.9	0.0
Multilateral	438.6	158.1	246.3	181.0	115.0	180.6	214.9	0.0
African Development Bank	328.0	0.0	131.2	65.6	0.0	65.6	131.6	0.0
World Bank	110.7	0.0	115.1	115.4	115.0	115.0	83.3	0.0
Other (Africa EXIM Bank)	0.0	158.1	0.0	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	0.0
France	49.2	49.2	49.2	49.2	0.0	0.0	0.0	0.0
E-F Residual financing needs	113.9	113.9	72.1	72.8	72.0	325.2	244.7	342.3
IMF-EFF	113.9	113.9	72.1	72.8	72.0	72.4	0.0	0.0
IMF-RFI-1						88.0	88.0	
Prop. IMF-RFI							89.2	
Remaining gap	0.0	0.0	0.0	0.0	0.0	164.8	67.5	342.3
<i>Memorandum item:</i>								
Stock of government deposits at the BEAC	314.9	315.0	438.4	232.2	732.9	388.7	232.2	263.4

Sources: Gabonese authorities and IMF staff estimates and projections.

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

<sup>2/</sup> Staff report for the Request for Purchase Under the Rapid Financing Instrument (April 9, 2020; EBS/20/33).

**Table 4b. Gabon: Financing of the Fiscal Deficit, 2017–21**  
(Percent of GDP)

	2017	2018	2019		2020		2021	
	Est.	Proj.	Prog. 1/ <sup>1</sup>	Prel.	Fourth & Fifth Rev.	RFI-1 2/ <sup>2</sup>	Proj.	Proj.
(Percent of GDP)								
Overall fiscal deficit (cash basis)	3.4	1.6	-1.7	-0.8	-1.5	2.7	5.4	3.5
Other financing needs	8.0	5.9	9.5	6.4	13.8	14.3	12.4	6.9
Amortization (including arrears)	6.7	5.1	6.2	5.5	9.7	11.0	11.5	5.5
External	3.8	1.8	3.5	2.6	6.7	7.6	7.7	2.0
Amortization due	3.5	1.6	2.8	2.0	6.7	7.6	7.7	2.0
Arrears on amortization	0.3	0.2	0.6	0.6	0.0	0.0	0.0	0.0
Domestic	2.9	3.3	2.7	2.9	2.9	3.3	3.7	3.4
T-bills redemption	1.1	2.4	1.9	2.1	2.2	2.3	2.4	2.0
Moratorium debt	1.6	0.8	0.7	0.5	0.7	1.0	1.2	1.3
Other	0.3	0.0	0.1	0.3	0.0	0.0	0.2	0.1
BEAC	1.0	0.0	1.2	-0.8	2.9	1.7	0.0	0.3
Repayment of statutory advances	0.0	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	0.0	0.3
Repayment of VAT Arrears	0.2	0.4	1.9	1.4	0.8	1.1	0.8	0.9
Other (includes restructuring costs)	0.1	0.4	0.1	0.2	0.5	0.6	0.1	0.3
Arrears on domestic amortization (reduction)	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0
Total financing needs	11.4	7.4	7.8	5.5	12.3	17.1	17.8	10.4
Identified sources of financing	4.5	4.0	4.2	2.5	10.5	11.4	12.6	6.8
External	2.1	1.8	1.8	1.1	8.5	9.1	9.4	3.7
Project financing (ext.)	0.8	1.8	1.8	1.1	2.8	2.5	2.7	3.7
Eurobond rollover (ext.)	1.3	0.0	0.0	0.0	5.7	6.6	6.7	0.0
Domestic	2.5	2.2	2.3	1.4	2.0	2.3	3.2	3.1
T-bill issuance	1.3	0.9	1.7	1.9	1.5	0.6	0.6	0.4
Privatization receipts	0.0	0.0	0.3	0.0	0.5	0.6	0.5	0.0
Recovery of domestic tax arrears	0.3	0.0	0.4	0.0	0.0	0.1	0.0	0.4
Financing gap	6.9	3.4	3.7	3.1	1.8	5.6	5.2	3.7
Exceptional external financing	5.6	2.2	3.0	2.3	1.1	2.0	2.4	0.0
Multilateral	5.1	1.7	2.5	1.8	1.1	2.0	2.4	0.0
African Development Bank	3.8	0.0	1.3	0.7	0.0	0.7	1.5	0.0
World Bank	1.3	0.0	1.2	1.2	1.1	1.3	0.9	0.0
Other (Africa EXIM Bank)	0.0	1.7	0.0	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	0.0
France	0.6	0.5	0.5	0.5	0.0	0.0	0.0	0.0
Residual financing needs	1.3	1.2	0.7	0.7	0.7	3.6	2.8	3.7
IMF-EFF	1.3	1.2	0.7	0.7	0.7	0.8	0.0	0.0
IMF-RFI-1						1.0	1.0	
Prop. IMF-RFI							1.0	
Remaining gap	0.0	0.0	0.0	0.0	0.0	1.8	0.8	3.7

Sources: Gabonese authorities and IMF staff estimates and projections.

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

<sup>2/</sup> Staff report for the Request for Purchase Under the Rapid Financing Instrument (April 9, 2020; EBS/20/33).

Table 5. Gabon: Monetary Survey, 2017–21

	2017	2018				2019					2020			2021
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4					
		Act.	Act.	Act.	Act.	Act.	Act.	Act.	Prog. 1/	Est.	Fourth & Fifth Rev.	RFI-1 2/	Proj.	Proj.
(Billion of CFA francs, unless otherwise indicated)														
Net foreign assets	549	369	487	449	600	543	519	469	875	480	1306	470	303	339
Bank of Central African States (BEAC)	307	232	216	223	419	463	450	341	693	385	1125	376	208	245
Foreign assets	537	461	455	512	766	818	804	699	1113	813	1621	964	813	845
Foreign liabilities	-230	-229	-239	-289	-348	-355	-354	-358	-420	-428	-497	-588	-605	-600
o/w: IMF credit	111	111	113	169	228	232	232	235	300	304	367	464	481	476
Deposit money banks (DMBs)	242	137	271	226	182	80	69	129	182	95	182	95	95	95
Foreign assets	367	272	359	313	312	226	226	287	312	214	312	214	214	214
Foreign liabilities	-125	-135	-88	-87	-131	-146	-157	-158	-131	-119	-131	-119	-119	-119
Net domestic assets	1420	1600	1714	1781	1672	1728	1693	1761	1727	1825	1712	1944	2117	2322
Domestic credit	1668	1768	1863	1960	1931	1952	1927	1937	1986	2062	1971	2181	2354	2559
Claims on general government (net)	533	756	792	837	812	849	824	782	760	916	609	1017	1281	1454
Claims on central government (net)	599	796	827	880	848	889	859	813	796	959	646	1060	1325	1498
BEAC, Claims on central government (net)	249	452	451	485	366	502	476	463	314	525	87	529	702	666
BEAC, Claims on central government	564	564	566	622	681	685	684	687	753	757	820	917	934	929
Statutory advances	453	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	481	476
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	0.0
Liabilities to central government	-315	-111	-115	-138	-315	-183	-209	-225	-438	-232	-733	-389	-232	-263
Fund for Future Generations/Sovereign Wealth Fund	-47	-40	-10	-11	-9	-11	-12	-13	-133	-13	-427	-151	-13	-44
Other CG deposits and vault cash	-268	-71	-104	-127	-306	-172	-196	-212	-306	-219	-306	-237	-219	-219
Deposit money banks (net)	415	413	425	435	483	426	419	382	482	434	559	532	623	832
Claims on central government	529	515	538	549	542	481	473	463	542	471	618	569	660	869
Liabilities to central government	-113	-102	-113	-114	-59	-55	-54	-81	-59	-37	-59	-37	-37	-37
Claims on public agencies (net)	-66	-40	-36	-43	-36	-39	-36	-31	-36	-43	-36	-43	-43	-43
Claims on nongovernment (net)	1069	973	1036	1080	1119	1063	1068	1124	1225	1146	1361	1164	1072	1105
Other items (net)	-248	-169	-149	-179	-258	-224	-234	-176	-258	-237	-258	-237	-237	-237
Broad money (M2)	1969	1968	2201	2229	2278	2271	2213	2230	2602	2305	3018	2414	2420	2662
Currency	305	385	364	406	385	369	323	327	397	366	460	368	369	406
Deposits	1640	1664	1868	1865	1893	1903	1889	1903	2205	1939	2558	2046	2051	2256
Memorandum items:														
(Annual percentage change, unless otherwise indicated)														
Broad money (M2)	-3.9	-2.9	17.5	23.0	15.7	1.2	5.0	10.0	14.2	1.2	16.0	5.0	5.0	10.0
Reserve money	-10.3	28.4	7.3	6.3	27.8	11.6	0.1	0.5	27.9	11.6	20.1	0.1	0.1	0.5
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	-6.5	3.1
Credit to the private sector (in percent of non-oil GDP)	17.3	...	...	...	17.5	17.0	15.8	15.3	18.0	17.0	18.8	16.8	15.8	15.3
Broad money (in percent of overall GDP)	22.7	...	...	...	24.3	23.3	27.3	28.5	26.2	23.3	29.2	26.9	27.3	28.5
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	2.8	2.8

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/ Staff report for the Request for Purchase Under the Rapid Financing Instrument (April 9, 2020; EBS/20/33).



**Table 6. Gabon: Financial Soundness Indicators for the Banking System, 2015–19**  
(Percent)

	2015	2016	2017	2018	2019 Q1	2019 Q2	2019 Q3	2019 Q4
<b>Capital adequacy</b>								
Total bank regulatory capital to risk-weighted assets	8.3	8.1	12.9	13.7	15.1	15.7	13.3	17.1
Total capital (net worth) to assets	9.3	9.4	11.7	12.0	12.8	11.3	11.5	13.8
<b>Asset quality</b>								
Non-performing loans to total loans	5.3	6.6	9.1	9.6	11.4	10.9	9.8	7.1
Non-performing loans net of provision to capital	6.5	9.0	8.8	7.3	11.2	5.9	2.8	1.5
<b>Earnings and profitability</b>								
Net income to average capital (ROE)	13.5	36.8	22.4	55.3	...	26.4	...	...
Net income to average assets (ROA)	1.3	3.4	2.5	6.3	...	3.2	...	...
Non interest expense to gross income	76.6	56.3	64.7	62.6	...	67.4	...	...
<b>Liquidity</b>								
Liquid assets to total assets	24.4	25.0	28.5	28.7	33.4	29.6	23.0	26.8
Liquid assets to short-term liabilities	148.3	134.0	157.1	169.7	206.9	141.9	112.5	140.1

Sources: Gabonese authorities; and la Banque des Etats de l'Afrique Centrale (BEAC).

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	74.6	116.5	89.5	62.5	56.6	38.7	14.9	0.0	0.0
Charges and interest	3.4	6.8	6.5	5.5	3.7	2.5	1.8	1.1	0.5	0.2	0.0	0.0
Fund obligations based on existing and prospective credit (in millions of SDRs)												
Principal	0.0	6.0	23.8	88.1	170.5	130.0	62.5	56.6	38.7	14.9	0.0	0.0
Charges and interest	4.8	10.1	9.8	9.0	5.2	2.7	1.8	1.1	0.5	0.2	0.0	0.0
Total obligations based on existing and prospective credit												
In millions of SDRs	4.8	16.1	33.7	97.1	175.7	132.8	64.3	57.7	39.2	15.1	0.0	0.0
In millions of US\$	6.8	22.8	48.0	138.9	251.3	189.9	91.9	82.5	56.1	21.6	0.1	0.0
In percent of exports of goods and services	0.1	0.4	0.8	2.1	3.6	2.6	1.2	1.0	0.6	0.2	0.0	0.0
In percent of debt service 1/	0.9	3.6	6.9	16.6	23.2	16.1	7.1	5.5	6.3	1.4	0.0	0.0
In percent of GDP	0.0	0.1	0.3	0.8	1.3	0.9	0.4	0.3	0.2	0.1	0.0	0.0
In percent of Gross International Reserves	3.0	7.9	11.0	19.9	24.4	15.0	5.6	4.1	2.4	0.8	0.0	0.0
In percent of quota	2.2	7.4	15.6	45.0	81.3	61.5	29.8	26.7	18.2	7.0	0.0	0.0
Outstanding Fund credit												
In millions of SDRs	591.1	585.1	561.3	473.2	302.7	172.7	110.2	53.6	14.9	0.0	0.0	0.0
In millions of US\$	835.7	830.0	800.3	676.8	432.9	247.0	157.6	76.7	21.3	0.0	0.0	0.0
In percent of exports of goods and services	16.3	15.0	13.1	10.4	6.2	3.4	2.0	0.9	0.2	0.0	0.0	0.0
In percent of debt service	115.4	131.5	115.2	80.7	39.9	21.0	12.1	5.1	2.4	0.0	0.0	0.0
In percent of GDP	5.7	5.3	4.8	3.8	2.2	1.2	0.7	0.3	0.1	0.0	0.0	0.0
In percent of Gross International Reserves	369.4	286.7	183.4	96.8	42.0	19.5	9.5	3.8	0.9	0.0	0.0	0.0
In percent of quota	273.6	270.9	259.9	219.1	140.1	79.9	51.0	24.8	6.9	0.0	0.0	0.0
Net use of Fund credit (in millions of SDRs)	216.0	-6.0	-23.8	-88.1	-170.5	-130.0	-62.5	-56.6	-38.7	-14.9	0.0	0.0
Disbursements	216.0	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	88.1	170.5	130.0	62.5	56.6	38.7	14.9	0.0	0.0
Memorandum items:												
Exports of goods and services (in millions of US\$)	5,121	5,517	6,113	6,517	6,934	7,356	7,814	8,306	8,937	9,682	10,564	11,610
Debt service (in millions of US\$)	724	631	695	838	1,084	1,176	1,300	1,492	894	1,532	1,462	1,444
Nominal GDP (in millions of US\$)	14,761	15,702	16,839	17,995	19,370	20,798	22,262	23,848	25,656	27,276	29,049	30,711
Gross Official Reserves Imputed to Gabon (in millions of US\$)	226	290	436	699	1,032	1,267	1,654	2,033	2,387	2,708	3,009	3,310
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. Risk Assessment Matrix<sup>1</sup>

Source of Risks	Relative Likelihood	Impact if Realized	Recommended Policy Response
<b>Domestic Risks</b>			
<b>Disruption in domestic oil production caused by aging fields and lower than expected production from new projects.</b>	Medium	<b>Medium</b> 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.
<b>Deterioration of domestic political conditions.</b>	Medium	<b>Medium</b> 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.
<b>Intensified domestic transmission of the COVID-19 pandemic.</b>	Medium	<b>Medium</b> A significant spread could undermine economic activity, disrupt domestic supply and transportation, and possibly fuel unrest.	Continue to enforce social distancing regulations. Ramp up crisis preparedness in the health system to cope with a potential surge. Expand emergency assistance.  Intensify efforts to secure sufficient resources to address COVID-19 impact, including from development partners. Ensure efficient use of COVID-19 emergency resources, including by closely monitor their development and enforcing full transparency.
<b>External Risks</b>			
<b>Prolonged COVID-19 outbreak.</b>	High	<b>High</b> 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.
<b>Oversupply in the oil market.</b>	High	<b>High</b> 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.
<b>More protectionism.</b>	High	<b>High</b> 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.
<sup>1</sup> 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.			

## Annex II. Planned Measures to Contain COVID-19 in Gabon

(Cost in billions of FCFA)<sup>1</sup>

Financing / Expenditure	Measures	Measure details	Initial plan (pre-RFI-1)	Updated plan (post-RFI-1)	Execution (through July 2020)	
Financing	Special fund of response to Covid-19	Budgetary resources	5.5	5.5	5.5	
		IMF RFI-1	-	26.7	26.7	
		Funding for the COVID-19 Prevention Committee's operation	0.0	0.0	0.0	
		Exchange rate valuation	-	0.0	0.0	
		Operational revenues (repayments)	-	0.0	0.0	
		President Bongo's grant to the economically-fragile Gabonese (GEF) social assistance (CNMAGS)	2.1	2.1	2.1	
		Other grants	-	0.1	0.1	
	Solidarity fund in response to Covid-19	Budgetary resources	25.0	23.9	23.9	
		Private donations	-	1.3	1.3	
		Private supermarkets' fiscal compensation to the government in terms of food vouchers purchases for distribution	3.0	3.0	3.0	
Total Financing (A)			35.61	62.57	62.57	
Sanitary measures						
Covid-19 screening / diagnostic capabilities	Capacity building in 7 laboratories with the objective of reaching 2,000 tests per day.	64.0	64.0	31.8		
	Establishment of 60 screening sites in hospitals, health centers (CHUs, HIAs etc.), military infirmaries and private structures.					
	Installation of mobile units in large crossroads of big cities for mobile screening.					
	Implementation of free testing for the entire population.					
	Free screening	Acquisition of PPE, ventilators and other devices for the sanitary response.				
	Delivery of additional medical equipment to health personnel, defense and security forces and populations	Conducting awareness campaigns				
	Awareness communication campaigns	Requisition of hotels (ex. Re-Ndama)				
	Quarantine measures	Financing of the GEF's social assistance (CNAMGS)	2.1	2.1	2.1	
	Financing of user fees	Subtotal	66.1	66.1	33.9	
Social measures						
Expenditures <sup>1</sup>	Payment of invoices	Payment of electricity bills (cost over 3 months)	5.00	9.00	8.64	
		Payment of water bills (cost over 3 months)	2.30			
	Aid funds for property owners affected by the suspension of rental payments	Fund of FCFA 2.5 billion (cost over 3 months)	1.25	2.50	0.10	
	Food bank	Creation by the State of a funded food bank in order to provide food aid to people in distress and emergency situations (cost over 3 months)	5.00	5.00	3.00	
	Free public transportation	Free public transportation provided by public companies for all users (cost over 3 months)	33.63	6.00	4.08	
	Preservation of workers' purchasing power	Establishment of a technical unemployment benefit equivalent between 50 and 70 percent of the gross monthly salary excluding bonuses - full maintenance (100 percent) of low incomes between 80 and 150,000 CFA francs (cost over 3 months).		2.50	0.00	
	Support aid for Gabonese stranded abroad <sup>2</sup>	Repatriation of Gabonese stranded abroad <sup>1</sup>		0.77	-	-
	Subtotal			47.18	25.00	15.82
	Economic measures					
	Support for small shops and personal service companies	50 percent reduction in business licenses and the withholding synthetic tax	83.00	83.00	0.02	
Corporate tax rebates		Tax rebate for corporate citizens who will preserve jobs and show solidarity and exemplary behavior in this unprecedented crisis situation.				0.01
Tax exemption for exceptional bonuses granted to employees		Tax exemption for exceptional bonuses granted to employees who will exercise their professional activity during the confinement period.				0.00
One-stop shop for emergency funding for businesses.		Creation of an emergency financing one-stop shop to respond immediately to the urgent cash needs of businesses.	225.00	225.00	0.00	
Moratorium on corporate debt maturities		Moratorium on the maturities of debts towards the banks without penalty for any company in cessation of activity or in great difficulty linked to the crisis and with part of financing State-guaranteed.				
Subtotal (excluding banks financing with State guarantees)			83.00	83.00	0.02	
Total Expenditures			196.3	174.1	49.8	
Balance (A) - (B)			(160.7)	(111.5)	12.8	

Sources: Gabonese authorities; and IMF staff calculations.

<sup>1/</sup> Costs include central budget expenditures, extra budgetary funding, tax deferral or guarantees.

## Annex III. Debt Sustainability Analysis

**Public debt remains sustainable, but debt dynamics have worsened and risks to debt sustainability have increased significantly, as the outlook has weakened since the RFI-1.** Public debt is now expected to breach the high-risk benchmark, reaching 74.7 percent of GDP in 2020, with the increase due to the inclusion of validated past domestic arrears in the debt stock, a larger fiscal deficit, and lower growth. Gross financing needs remain significantly higher than historical averages, averaging 11.6 percent over the medium term. Debt remains vulnerable to macroeconomic shocks, particularly real exchange rate and GDP shocks. Debt is on a declining trajectory, reaching a projected 60.2 percent of GDP in 2025. Stronger assurances to cover remaining financing gaps in 2020 and 2021, will be critical to mitigating immediate debt sustainability risks, and a credible medium-term debt management strategy along with prudent fiscal policies will be important for managing large needs going forward.

**1. Public debt levels in end-2019 were revised upwards mostly owing to the inclusion of validated domestic arrears in the debt stock.** Debt increased from 60.9 percent of GDP in 2018 to 62.4 percent of GDP in 2019 (a 3.6 ppt upward revision from the RFI-1). The revision includes CFA 282 billion (2.9 percent of GDP) in validated domestic arrears from the recent PwC audit.

**2. Debt levels and gross financing needs are expected to be higher in 2020 than projected at the RFI-1 as a result of the more pronounced impact of the COVID-19 shock (Figure 1).** Public debt in the baseline scenario is projected to reach 74.7 percent of GDP in 2020, compared with 68.7 percent of GDP at the RFI-1. This is due to the upward revision of the 2019 debt stock following the arrears audit, larger fiscal deficits, and a revision in 2020 real GDP growth to -2.7 percent, compared with -0.4 percent projected at the RFI-1 and 3.8 percent projected in December 2019. As a result of lower growth, gross financing needs have also risen sharply to 17.8 percent of GDP in 2020, compared with 15.0 percent of GDP at the RFI-1 and 9.0 percent in the December 2019 DSA.<sup>1</sup> A reprofiling agreement with AFREXIM, if successfully completed, could alleviate 2020 liquidity pressures somewhat.<sup>2</sup>

**3. While debt levels are expected to decline in the medium term, managing large financing needs will be challenging.** As the fiscal and growth impact from the dual shock subsides, debt levels are expected to decline starting in 2021, reaching 60.2 percent of GDP in 2025. Gross

<sup>1</sup> Gross financing needs for 2020 include 5.0 percent of GDP related to the pre-payment of 2024–25 Eurobonds.

<sup>2</sup> The authorities indicated that they have reached a preliminary reprofiling agreement with AFREXIM, which had debt service payments totaling CFAF 60.1 billion in June–December 2020, but documentation on the final parameters is pending.

financing needs will average 11.6 percent of GDP per year over 2020–25,<sup>3</sup> significantly higher than the historical average of 4 percent of GDP over 2009–19, owing to both high maturities from Eurobonds and official sector debt. This DSA reflects updated financing assumptions including higher debt issuance on the regional market in the medium term and residual financing needs in 2021–25 being met with commercial external debt. This compares with the RFI-1 assumption that all residual needs were met by short-term domestic debt, which had average gross financing needs of 12.4 percent over 2020–25 due to shorter maturities. Higher regional market issuance is supported by recent BEAC liquidity support measures. The updated assumption that Gabon would be able to access external commercial financing to meet these residual financing needs is supported by the fact that market perception indicators for Gabon have improved since April as evidenced by both reduced EMBI spreads and an upgrade of a positive ratings outlook by Moody's. However, additional financing from official or multilateral creditors would further reduce financing needs. Debt service as a share of revenue is also high averaging 75 percent over 2020–25.

**4. The baseline debt path remains vulnerable to other macroeconomic shocks (Figure 5).**

Both debt levels and gross financing needs breach benchmark levels in the baseline of 70 percent of GDP and 15 of GDP, respectively. These breaches would worsen in all standard shock scenarios, particularly the real GDP or exchange rate shocks where debt levels would peak at 77 percent and 81 of GDP, respectively. A combined shock (GDP, primary, balance, inflation, exchange rate, and interest rate) would raise debt levels to 92 percent of GDP and push gross financing needs to 22 percent of GDP. These risks are particularly relevant given the large fiscal adjustment and the relatively strong GDP growth recovery that underlie the debt and GFN baseline. Further commodity price shocks also represent an important risk, particularly if prices were to fall below the authorities' revised budget assumption of US\$30 per barrel. Debt levels may also be exposed to contingent liability risks given the relatively narrow definition of debt coverage (central government and guaranteed debt).

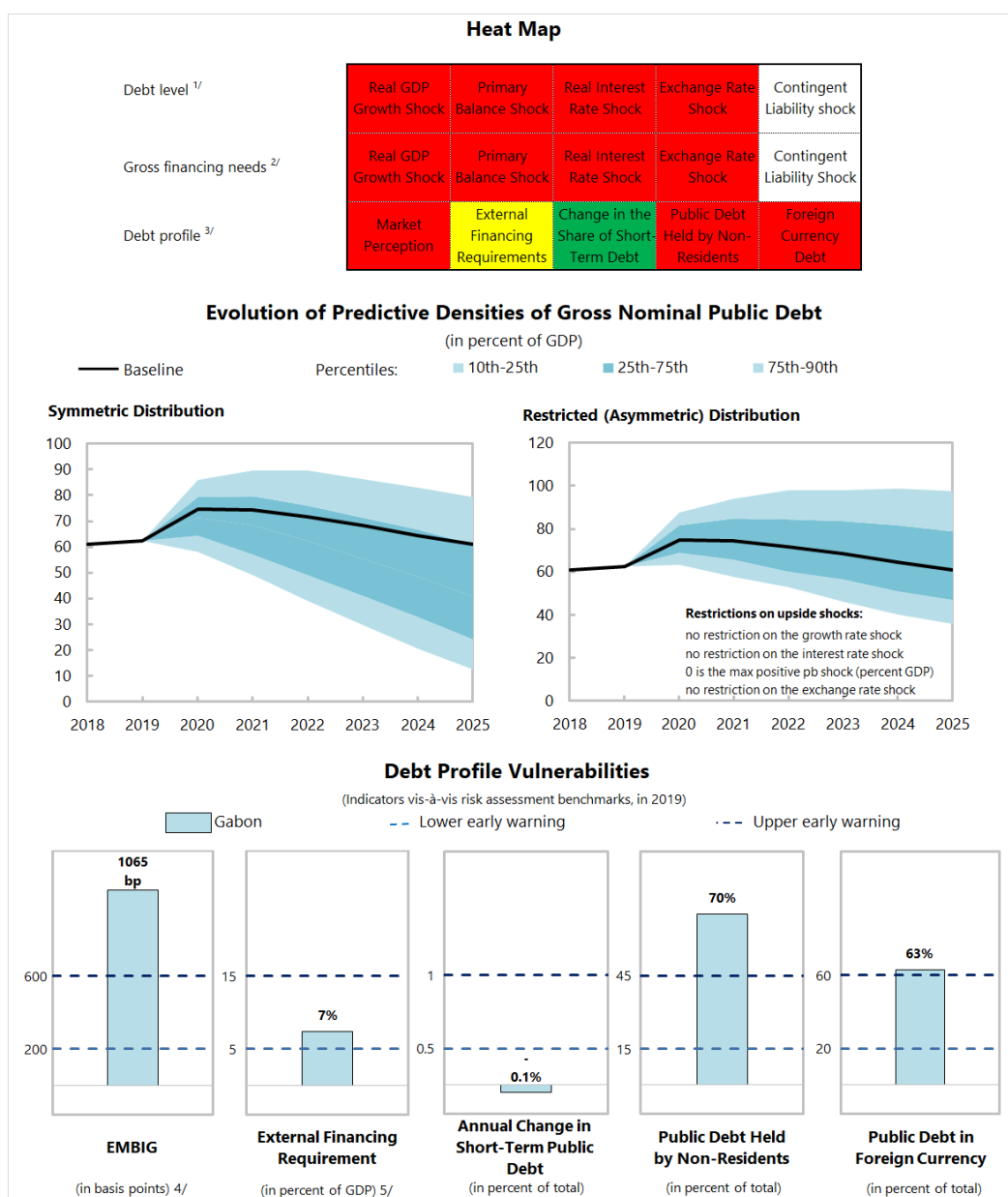
**5. There continue to be significant vulnerabilities related to Gabon's debt profile, as indicated in the heat map.** The level of debt held by non-residents and foreign currency debt breaches the upper risk assessment benchmarks. Although Gabon's EMBI spread has been on a declining trend, market perception risks remain high, with spreads averaging 1065 bps over the last three months. While external financing requirements fall between low and upper early warning benchmarks based on 2019 data, risks are likely much higher with a projected requirement of 25 percent of GDP in 2020.

**6. A credible medium-term debt management strategy will be essential to managing large financing risks.** Stronger financing assurances, which could be achieved in part through debt reprofiling, would be a critical step to mitigating immediate debt sustainability risks. However, given that gross financing needs will remain high over the next five years, a more medium-term strategy to manage these needs is required. Efforts to mobilize semi-concessional finance could also help

<sup>3</sup> This DSA reflects updated financing assumptions including higher debt issuance on the regional market in the medium term and residual financing needs in 2021–25 are met with commercial external debt (7-year maturity, 1-year grace period, and 7 percent interest rate).

meet these needs. More broadly, the authorities should resume fiscal consolidation efforts (particularly revenue mobilization) once the impact of the COVID-19 shock subsides. Continued avoidance of the accumulation of external arrears and avoiding domestic arrears would also help improve investor sentiment.

Figure 1. Gabon: Public DSA Risk Assessment



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:

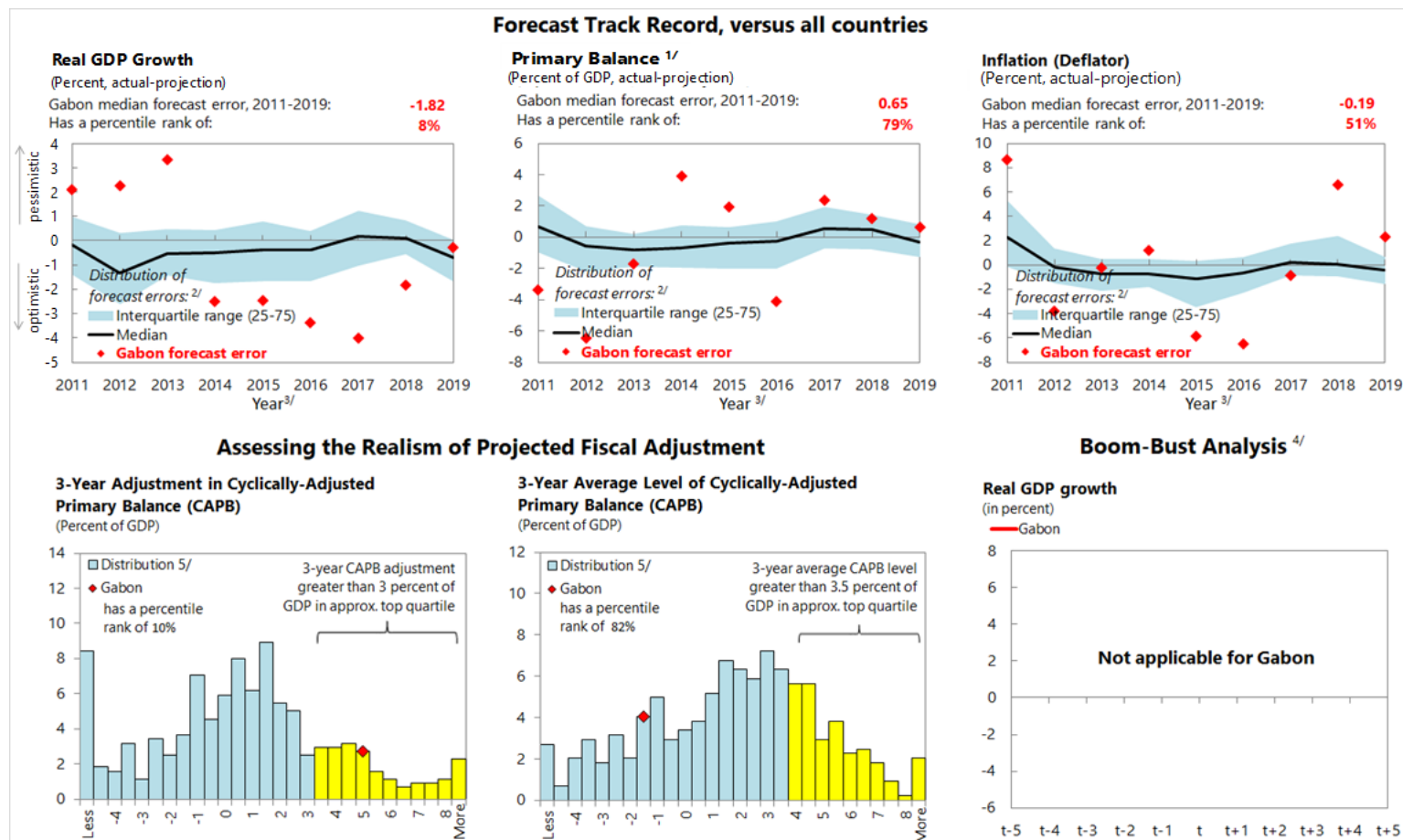
200 and 600 basis points for bond spreads; 5 and 15 percent of GDP for external financing requirement; 0.5 and 1 percent for change in the share of short-term debt; 15 and 45 percent for the public debt held by non-residents; and 20 and 60 percent for the share of foreign-currency denominated debt.

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 observations from 1990 to 2011 for advanced and emerging economies with debt greater than 60 percent of GDP. Percent of sample on vertical axis.

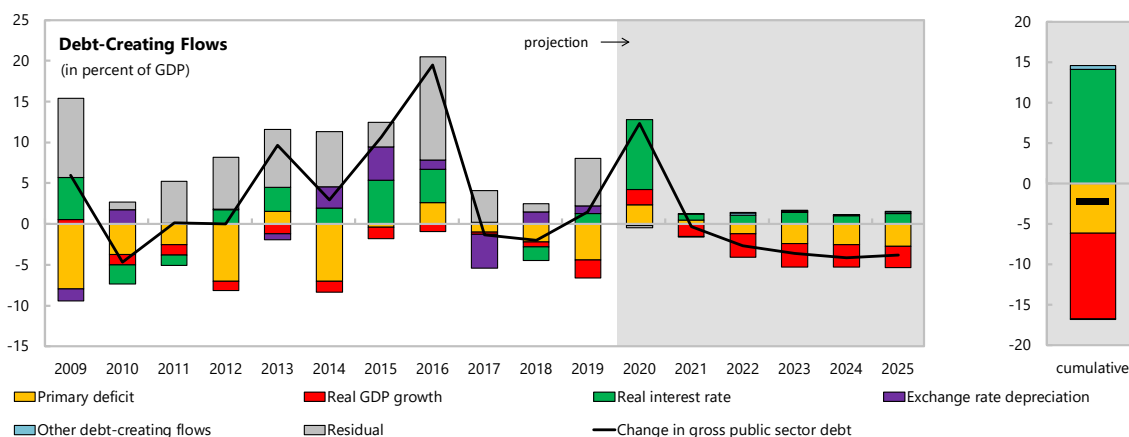
**Figure 3. Gabon: Public Sector DSA — Baseline Scenario**  
(Percent of GDP, unless otherwise indicated)

**Debt, Economic and Market Indicators <sup>1/</sup>**

	Actual			Projections							As of June 26, 2020		
	2009-2017	2018	2019	2020	2021	2022	2023	2024	2025				
Nominal gross public debt	36.3	60.9	62.4	74.7	74.4	71.7	68.1	64.0	60.2	Sovereign Spreads EMBIG (bp) 3/ 766 5Y CDS (bp) n.a.			
Of which: guarantees	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2				
Public gross financing needs	3.3	6.1	2.8	17.8	10.4	10.5	9.8	9.5	11.7				
Real GDP growth (in percent)	3.6	1.0	3.8	-2.7	2.1	4.1	4.3	4.3	4.3	Ratings	Foreign	Local	
Inflation (GDP deflator, in percent)	-0.6	7.0	1.7	-7.9	3.3	3.1	2.7	3.4	3.0	Moody's	Caa1	Caa1	
Nominal GDP growth (in percent)	3.2	8.1	5.5	-10.4	5.5	7.3	7.1	7.8	7.4	S&P's	B	B	
Effective interest rate (in percent) <sup>4/</sup>	4.7	4.2	4.0	4.7	4.4	4.8	5.0	5.1	5.2	Fitch	CCC	CCC	

**Contribution to Changes in Public Debt**

	Actual			Projections							debt-stabilizing
	2009-2017	2018	2019	2020	2021	2022	2023	2024	2025	cumulative	
Change in gross public sector debt	4.8	-2.0	1.5	12.3	-0.3	-2.7	-3.6	-4.2	-3.8	-2.2	primary
Identified debt-creating flows	-1.4	-3.0	-4.3	12.6	-0.4	-2.7	-3.7	-4.2	-3.8	-2.2	balance <sup>9/</sup>
Primary deficit	-2.8	-2.2	-4.4	2.3	0.5	-1.2	-2.4	-2.6	-2.8	-6.1	-1.1
Primary (noninterest) revenue and grants	25.0	16.9	19.5	15.5	15.8	17.1	17.6	17.9	18.1	101.9	
Primary (noninterest) expenditure	22.1	14.7	15.1	17.8	16.3	15.9	15.2	15.3	15.4	95.8	
Automatic debt dynamics <sup>5/</sup>	1.4	-0.8	0.1	10.5	-0.8	-1.8	-1.4	-1.7	-1.3	3.5	
Interest rate/growth differential <sup>6/</sup>	1.0	-2.3	-0.9	10.5	-0.8	-1.8	-1.4	-1.7	-1.3	3.5	
Of which: real interest rate	2.0	-1.7	1.3	8.6	0.8	1.1	1.4	1.0	1.3	14.2	
Of which: real GDP growth	-0.9	-0.6	-2.2	1.9	-1.5	-2.8	-2.9	-2.7	-2.6	-10.7	
Exchange rate depreciation <sup>7/</sup>	0.4	1.5	1.0	...	...	...	...	...	...	...	
Other identified debt-creating flows	0.0	0.0	0.0	-0.2	-0.1	0.2	0.1	0.0	0.3	0.4	
Privatization receipts and overdue tax collection (negative)	0.0	0.0	0.0	-0.2	-0.4	-0.3	-0.3	-0.2	0.0	-1.4	
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	0.0	0.3	0.5	0.5	0.3	0.3	1.8	
Residual, including asset changes <sup>8/</sup>	6.2	1.0	5.8	-0.3	0.0	0.1	0.1	0.0	0.0	0.0	



Source: IMF staff.

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

<sup>2/</sup> Based on available data.

<sup>3/</sup> EMBIG.

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

<sup>5/</sup> Derived as  $[(r - \pi(1+g) - g + ae(1+r))/(1+g+\pi+g\pi)]$  times previous period debt ratio, with  $r$  = interest rate;  $\pi$  = 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).

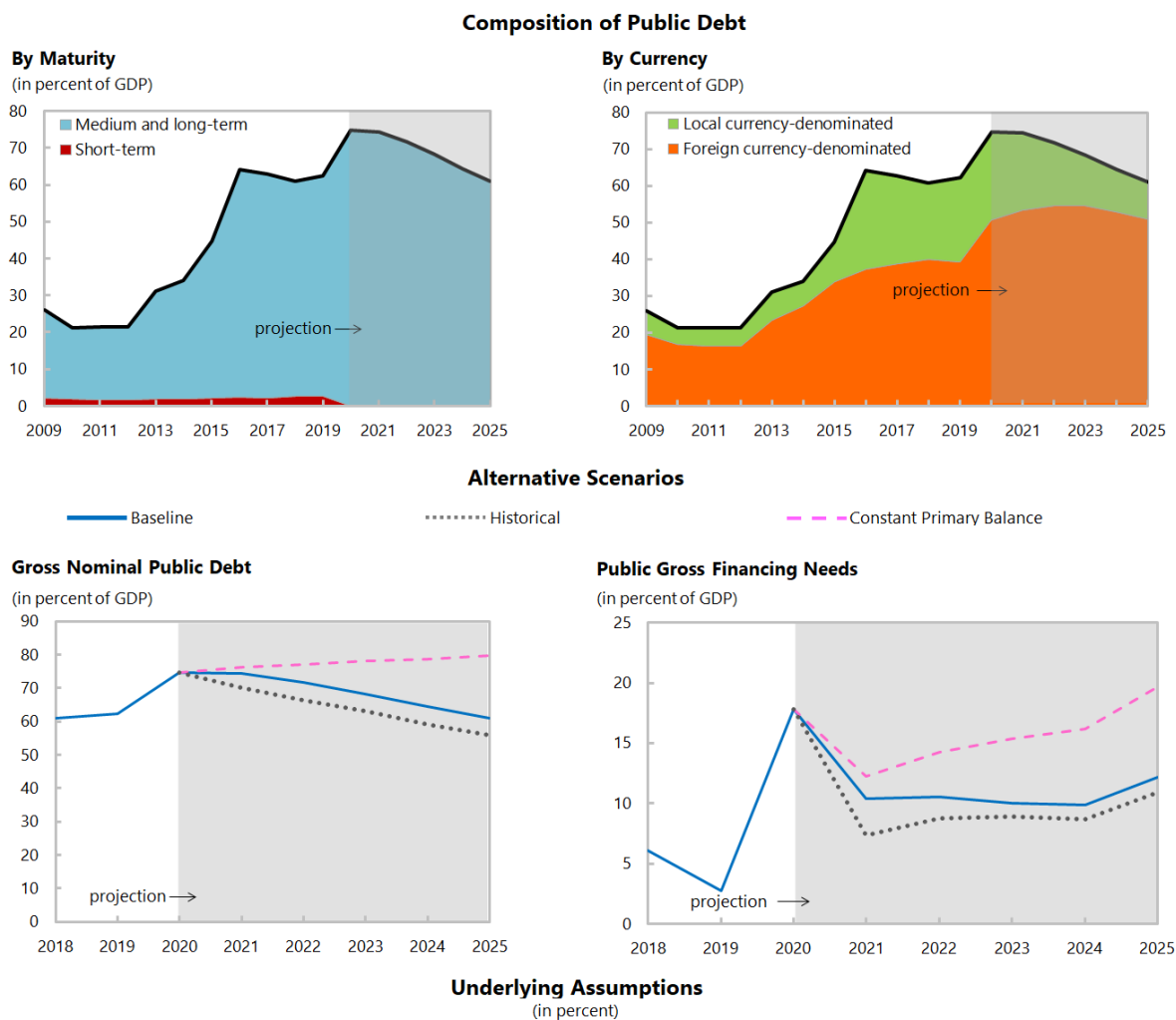
<sup>6/</sup> The real interest rate contribution is derived from the numerator in footnote 5 as  $r - \pi(1+g)$  and the real growth contribution as  $-g$ .

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

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

<sup>9/</sup> 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



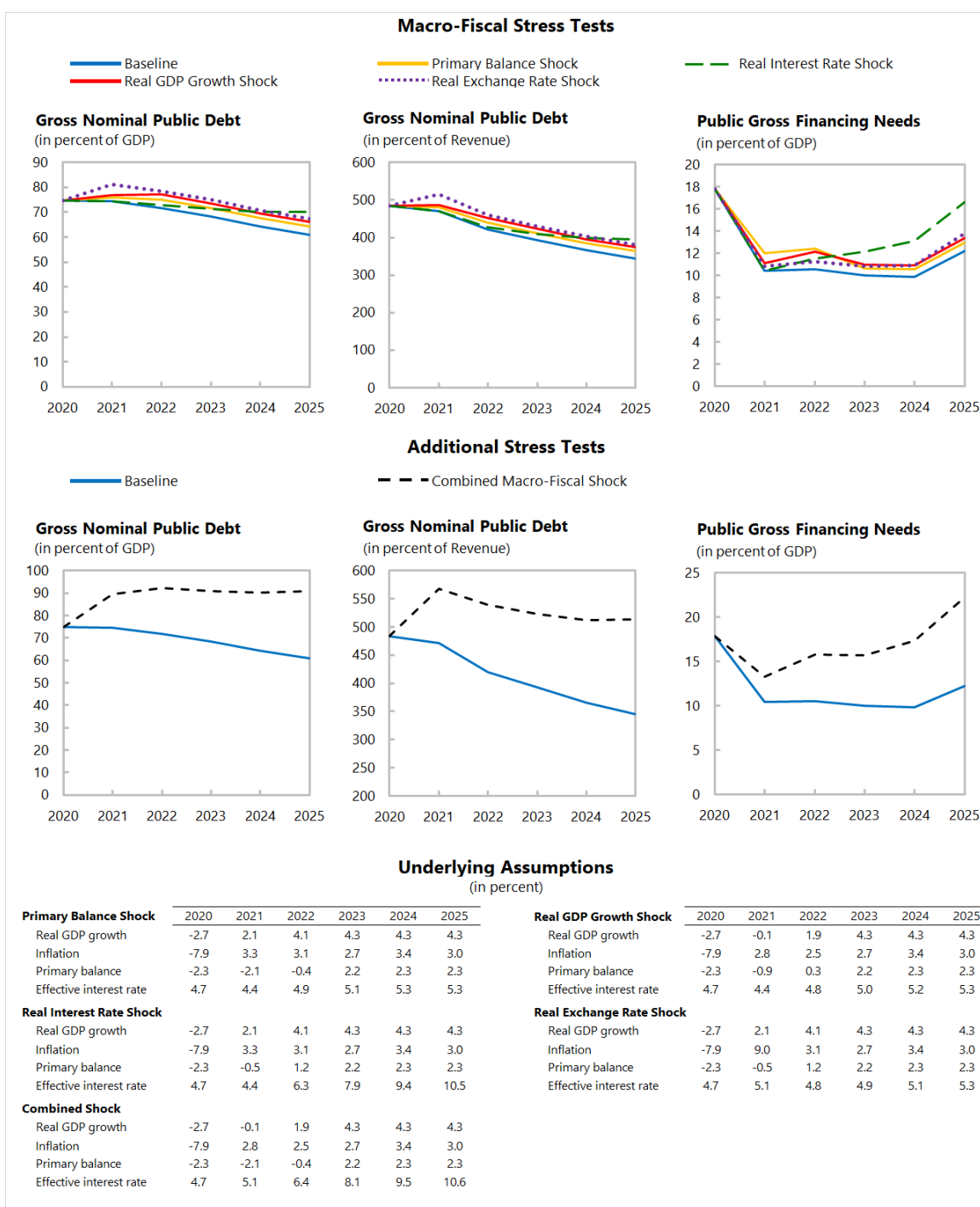
**Underlying Assumptions**  
(in percent)

Baseline Scenario	2020	2021	2022	2023	2024	2025
Real GDP growth	-2.7	2.1	4.1	4.3	4.3	4.3
Inflation	-7.9	3.3	3.1	2.7	3.4	3.0
Primary Balance	-2.3	-0.5	1.2	2.2	2.3	2.3
Effective interest rate	4.7	4.4	4.8	5.0	5.2	5.3
<b>Constant Primary Balance Scenario</b>						
Real GDP growth	-2.7	2.1	4.1	4.3	4.3	4.3
Inflation	-7.9	3.3	3.1	2.7	3.4	3.0
Primary Balance	-2.3	-2.3	-2.3	-2.3	-2.3	-2.3
Effective interest rate	4.7	4.4	4.8	5.0	5.2	5.3

Historical Scenario	2020	2021	2022	2023	2024	2025
Real GDP growth	-2.7	4.0	4.0	4.0	4.0	4.0
Inflation	-7.9	3.3	3.1	2.7	3.4	3.0
Primary Balance	-2.3	2.4	2.4	2.4	2.4	2.4
Effective interest rate	4.7	4.4	4.7	4.8	5.0	5.1

Source: IMF staff.

Figure 5. Gabon: Public DSA — Stress Tests



## Appendix I. Letter of Intent

July 23, 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. We would like to reaffirm our appreciation for the IMF's quick response to our first request for emergency financing under the Rapid Financing Instrument (RFI) which was approved by the IMF Executive Board on April 9, 2020. As detailed in our recent Letter of Intent (LOI), dated April 3, 2020, attached to the staff report for our aforementioned RFI request, Gabon continues to experience an urgent balance of payments (BOP) need arising from the COVID-19 pandemic and the collapse of international oil prices.
2. Since the approval of our request for a purchase under the RFI on April 9, 2020, Gabon's economic outlook has deteriorated. Preliminary indicators suggest that all sectors of our economy have been affected by the pandemic and the needed preventive measures (including the lockdown and border closures), leading to a downward revision in our 2020 GDP forecast from -0.4 to -2.7 percent. The balance of payments will be affected notably by the collapse in exports and financial inflows. This, combined with updated information on the expected revenue losses and spending costs associated with our health and economic response plans, has led to an urgent BOP and fiscal gap of about FCFA 215 billion (after accounting for the April 9 RFI purchase).
3. Against this backdrop and our urgent balance of payments need, the government of Gabon would like to request an additional purchase under 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 (approximately USD 148.8 million), which corresponds to 50 percent of Gabon's quota with the Fund.
4. This financial support from the IMF would help to address our balance of payments needs and thereby ease the pressure on our fiscal position while providing the fiscal space necessary to fight the spread of the virus and meet the needs of the population. Our Parliament has adopted an

amended 2020 Budget Law, which redefines the priorities that were set in the 2020 budget. The revised budget updates international oil price and production assumptions and accounts for the impact of COVID-19, including tax relief to affected households and businesses, and higher health and social spending. We have also been holding extensive and coordinated discussions with our other development partners, including the World Bank, the African Development Bank (AfDB), and the French Development Agency (AFD), regarding additional financial support to close the remaining financing gap. The AfDB has already approved on June 24 EUR 100.5 million in budget support and the World Bank and AFD have approved a combined project related to COVID-19 that brings USD 5 million of additional resources to fight the epidemic.

5. We remain committed to the health and economic policies outline in our LOI dated April 3, 2020, including 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 measures to ensure fiscal sustainability, avoid the creation of new arrears, and return the public debt-to-GDP ratio to a downward path by 2022. Moreover, we have rolled out further support to Gabonese households affected by the pandemic. This includes notably a food distribution program, support on payments of electricity and rentals, and various tax deferrals and other relief measures as well as a solidarity fund. We have also developed a comprehensive economic recovery plan and an economic recovery fund to support firms affected by the pandemic.

6. We are further committed to the effective and transparent use of public funds, including on the use of funds to respond to the COVID-19 pandemic and on the funds from the RFI. We commit 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. This commitment includes the on-line publication of all related procurement contracts, along with the beneficial ownership information for the legal persons receiving those contracts, within thirty days of each contract award, and the on-line publication of ex post reports on the delivery of these procurement contracts. Moreover, we will commission a reputable firm to conduct an independent, third-party audit of all government expenditures and procurement tenders linked to the pandemic, which will be finalized with the support of the Court of Accounts, whose independence is enshrined in the constitution and law, and will publish the outcome on-line within nine months of the end of each relevant fiscal year. Budget execution reports will continue to be published on a quarterly basis, with specific information on pandemic related spending. We also intend to continue adhering to the best fiscal management practices put into place with the support of IMF technical assistance. We will also continue to strengthen our capacity to identify and mitigate fiscal risks, including those from state-owned enterprises.

7. We value our cooperation with the IMF and reiterate our intentions not to introduce or intensify exchange and trade restrictions and other measures that would compound balance of payments difficulties. The Gabonese government will continue to maintain a constructive dialogue with the IMF. On June 18, 2020, the Extended Arrangement for Gabon, approved on June 18, 2017,

expired. However, we are committed to request a new IMF arrangement very soon to help preserve macroeconomic stability and debt sustainability and achieve higher and more inclusive growth.

8. We will continue to provide IMF staff with all the data and information necessary to evaluate our policies, including those established outside the Treasury Single Account (TSA) such as the Special Fund to Combat COVID-19 located at the Caisse des Dépôts et Consignations (Deposit and Consignment Fund). We authorize the IMF to publish this letter and the staff report for the request for disbursement under the RFI.

Sincerely yours,

/s/

Mr. Jean-Marie Ogandaga  
Minister of Economy and Finance