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July 31, 2020

**The Acting Chair's Summing Up
Gabon—Request for Purchase Under the Rapid Financing Instrument
Executive Board Meeting 20/86
July 31, 2020**

Executive Directors acknowledged the authorities' progress in implementing swift measures to limit the spread of the virus and mitigate the pandemic's social and economic impact. They noted, however, that a further deterioration of the global environment and a deepening of the impact of the COVID-19 pandemic have worsened the macroeconomic outlook significantly since the first Request for Financing Instrument (RFI), giving rise to additional financing needs. The new RFI request will provide budgetary support and help catalyze additional support from development partners.

Directors welcomed the temporary loosening of monetary and fiscal policies aimed at mitigating the impact of the crisis and supporting the recovery. Key measures appropriately focus on boosting healthcare capacity as well as protecting the most vulnerable and supporting businesses in a timely and well-targeted manner.

Directors highlighted the importance of ensuring transparency and accountability in the management of public resources, including COVID-19 related financing. They welcomed the authorities' commitment to strengthen public procurement rules by publishing all crisis-related procurement contracts and an ex-post validation of delivery for these contracts, as well as their plans to conduct an independent audit of emergency expenditures.

Directors noted that, while public debt remains sustainable, debt dynamics have worsened and risks to debt sustainability have increased significantly. They encouraged the authorities to give priority to external concessional financing, debt reprofiling, and develop a credible medium-term debt management strategy along with prudent fiscal policies for managing large financing needs in the medium term. Close monitoring of fiscal risks from state-owned enterprises and clearing and avoiding accumulation of arrears are also important. The authorities' recent completion of their domestic arrears audit was a positive development. More broadly, Directors emphasized the importance of contingency planning to preserve macroeconomic stability, should downside risks materialize.

Directors encouraged the authorities to continue to monitor financial sector risks, in coordination with the regional entities, to ensure financial sector stability.

Looking beyond the crisis, Directors welcomed the authorities' renewed commitment to pursuing medium-term growth-friendly fiscal consolidation to anchor public debt and support the regional medium-term strategy to rebuild external buffers. They also encouraged the authorities to resume their ambitious reform agenda to improve the business climate, diversify the economy and address governance issues to support strong and inclusive growth. These efforts could be supported by an upper credit tranche IMF-supported program.