

**EXECUTIVE
BOARD
MEETING**

EBS/20/198
Supplement 1
Correction 1

January 7, 2021

To: Members of the Executive Board

From: The Secretary

Subject: **Central African Republic—First and Second Reviews Under the Extended Credit Facility Arrangement and Request for Waivers of Nonobservance of Performance Criteria—Debt Sustainability Analysis**

Board Action: The attached correction to EBS/20/198, Sup. 1 (12/22/20) has been provided by the staff:

Factual Errors Not Affecting the Presentation of Staff's Analysis or Views

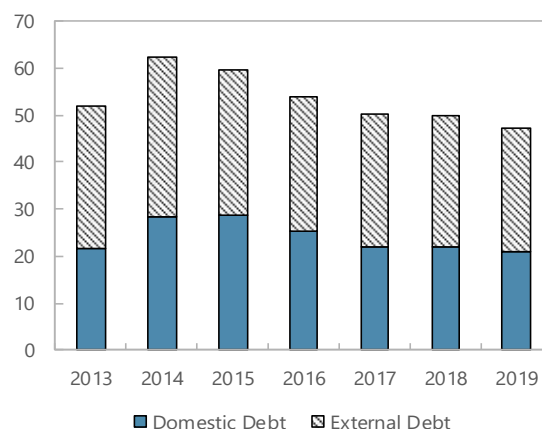
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Questions:

Mr. Martin, AFR (ext. 38323)
Mr. Million, AFR (ext. 39602)
Mr. Nshimiyimana, AFR (ext. 37204)
Mr. Diaby, AFR (ext. 39621)
Ms. Esham, AFR (ext. 39826)

7. The government has not contracted any new loan since the last DSA. Beside the RCF disbursement already incorporated in the DSA of April 2020, there has been no new loan contracted or disbursed this year. The disbursements have been limited to US\$ 9.5 million from the existing World Bank loan pertaining to the CEMAC transportation project, which has been extended to February 2020. The authorities temporarily accumulated some external debt arrears to IFAD, which have since been repaid. They are planning to strengthen their debt management procedures to avoid the accumulation of such arrears in the future.

Text Figure 1. Central African Republic: Evolution of Public Sector Debt, 2013–19
(percent of GDP)



Sources: IMF staff estimates and country authorities

8. Pre-HIPC arrears and debt owed to multilateral creditors continue to account for the bulk of external debt. Multilateral creditors, mainly the IMF and the World Bank, hold almost half of the external debt. Since April 2020, C.A.R. has benefited from a debt service relief from the IMF under the CCRT for an initial period of 6 months that was extended for another 6 months, for a total amount of US\$ 8.1 million. Bilateral debt amounts to 6.7 percent of GDP, with China, Congo, India, and Saudi Arabia being the main creditors.⁸ The average nominal interest rate stood at 0.5 percent for external debt in 2020, reflecting the preponderance of concessional borrowing. More than half of the domestic debt consists of statutory and exceptional advances from the Central Bank, which have been consolidated into one loan to be repaid from 2022 onwards, in line with regional arrangements. The remainder mainly includes officially recognized arrears amounting to 2.9 percent of GDP.

⁸ India, China, and Saudi Arabia participated in the G20 Debt Service Suspension Initiative to C.A.R., along with Kuwait and France (Banque Postale) for an amount of US\$ 3.58 million from May to December 2020.