

**EXECUTIVE
BOARD
MEETING**

EBS/20/198
Correction 1

January 11, 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**

Board Action: The attached corrections to EBS/20/198 (12/22/20) have been provided by the staff:

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

Page 6

Typographical Errors

Pages 65 and 66

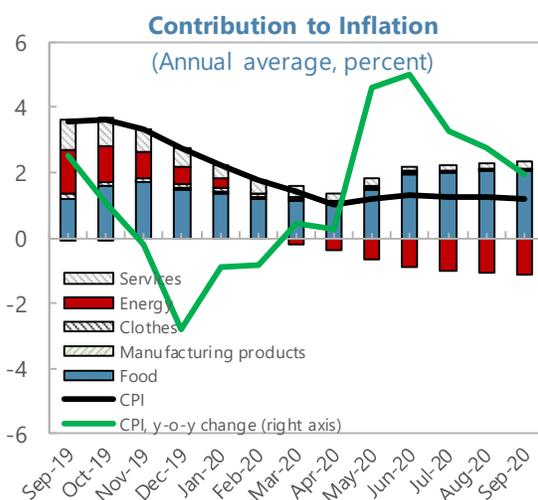
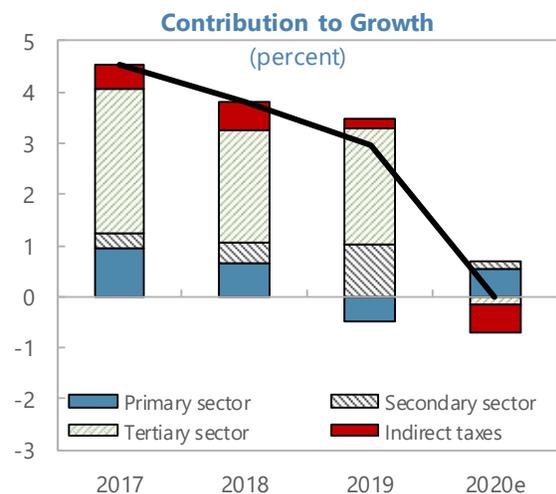
Questions:

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)

Figure 1. Central African Republic: Recent Developments

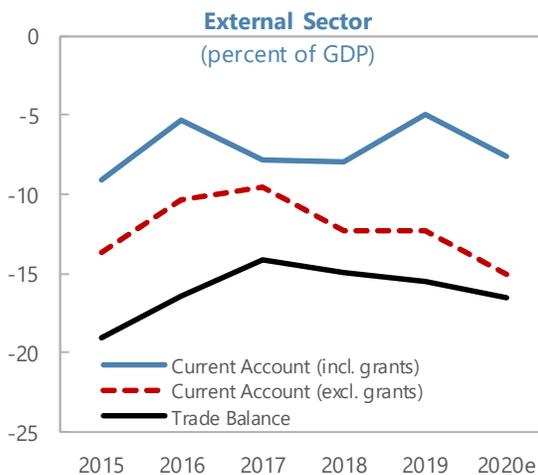
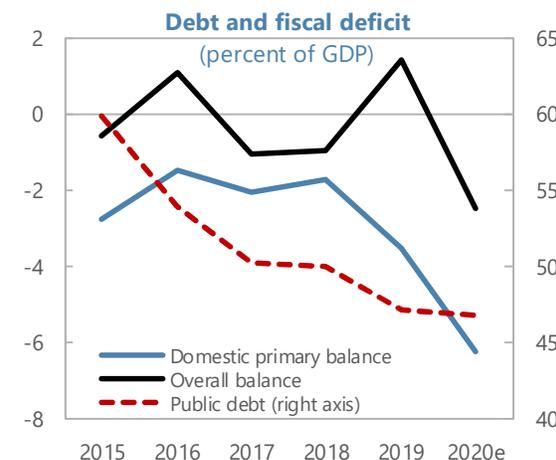
Growth is expected to decline due to the impact of containment measures on mining sector, trade, tourism, hospitality and low external demand.

Food inflation drove headline and average inflation reflecting largely supply disruptions caused by the pandemic.



The decline in Public-public debt would slow down is expected to increase slightly in 2020 owing to the deterioration of the fiscal balance caused by the pandemic.

The external current account balance would deteriorate somewhat, reflecting mainly lower formal diamond exports and a sharp drop in the price of wood exports.



Source: C.A.R. Authorities and IMF Staff estimates

Table 1. Central African Republic: Performance Criteria (PC) and Indicative Targets, December 2019–June 2020
(In CFAF billions)

	End-December 2019			End-March 2020			End-June 2020		
	PC	Adjusted PC ⁶	Actual	Indicative Target	Adjusted target ⁶	Actual	PC	Adjusted PC ⁶	Actual
Quantitative performance criteria									
Domestic government financing (ceiling, cumulative flows for the year)	-27.0	-26.1	-0.8	17.0	17.0	9.3	-4.0	11.6	3.9
Domestic revenue (floor, cumulative for the year) ¹	118.0	...	116.1	34.6	...	31.9	70.8	...	60.7
Domestic primary fiscal balance (floor, cumulative for the year) ²	-40.9	-40.1	-47.1	-3.6	-3.6	-14.7	-9.4	6.2	-29.3
Reduction in domestic payments arrears (floor, cumulative for the year)	29.5	...	28.5	9.0	...	2.1	18.0	...	7.6
Continuous performance criteria									
Contracting or guaranteeing of new external non concessional debt (ceiling) ^{3,4}	0.0	...	0.0	0.0	...	0.0	0.0	...	0.0
Non accumulation of external payments arrears (ceiling, cumulative for the year) ^{3,4}	0.0	...	0.0	0.0	...	0.0	0.0	...	0.1
Indicative targets									
Social spending (floor, cumulative for the year) ⁵	25.0	...	22.7	5.9	...	4.7	12.4	...	15.3
Spending through extraordinary procedures (ceiling, cumulative for the year)	4.7	...	5.4	1.2	...	1.4	2.5	...	2.3
Memorandum item:									
New concessional/external debt contracted or guaranteed by the government	6.0	...	0.0	25.0	...	0.0	25.0	...	0.0
Budget support	81.9	...	80.2	0.0	...	0.0	31.1	...	0.0
Privatization receipts	0.0	...	0.0	0.0	...	0.0	0.0	...	0.0

Sources: C.A.R. authorities and IMF staff estimates.

¹ Domestic revenue, which excludes foreign grants and divestiture receipts.

² The domestic primary balance is defined as the difference between government domestic revenue and government total expenditure, less all interest payments and externally-financed capital expenditure.

³ These objectives will be monitored continuously.

⁴ Contracted or guaranteed by the government. The government accumulated external arrears towards IFAD during the second quarter of 2020. These arrears were paid in early October 2020.

⁵ Social spending is defined as domestically financed public non-wage spending on primary and secondary education, health, social action, water and sanitation, microfinance, agriculture and rural development.

⁶ Projected on a cumulative basis.

Table 2. Central African Republic: Performance Criteria (PC) and Indicative Targets, December 2020–21
(In CFAF billions)

	End-December 2020	End-March 2021	End-June 2021	End-September 2021	End-December 2021
	PC	Indicative Target	PC	Indicative Target	Indicative Target
Quantitative performance criteria					
Domestic government financing (ceiling, cumulative flows for the year)	4.0	-2.0	16.0	-5.0	1.0
Domestic revenue (floor, cumulative for the year) ¹	115.0	30.0	63.0	98.0	133.0
Domestic primary fiscal balance (floor, cumulative for the year) ²	-85.0	-10.0	-25.0	-40.0	-59.0
Continuous performance criteria					
Contracting or guaranteeing of new external non concessional debt (ceiling) ^{3,4}	0.0	0.0	0.0	0.0	0.0
Non accumulation of external payments arrears (ceiling, cumulative for the year) ^{3,4}	0.0	0.0	0.0	0.0	0.0
Indicative targets					
Social spending (floor, cumulative for the year) ⁵	35.0	5.0	15.0	24.0	32.0
Spending through extraordinary procedures (ceiling, cumulative for the year)	6.7	1.3	2.7	4.4	6.2
Reduction in domestic payments arrears (floor, cumulative for the year)	18.0	3.0	8.0	15.0	23.0
Memorandum item:					
New concessional/external debt contracted or guaranteed by the government	25.0	25.0	25.0	25.0	25.0
Budget support	76.3	0.0	0.0	43.7	53.3
Privatization receipts	0.0	0.0	0.0	0.0	0.0

Sources: C.A.R. authorities and IMF staff estimates.

¹ Domestic revenue, which excludes foreign grants and divestiture receipts.

² The domestic primary balance is defined as the difference between government domestic revenue and government total expenditure, less all interest payments and externally-financed capital expenditure.

³ These objectives will be monitored continuously.

⁴ Contracted or guaranteed by the government.

⁵ Social spending is defined as domestically financed public non-wage spending on primary and secondary education, health, social action, water and sanitation, microfinance, agriculture and rural development.

⁶ Projected on a cumulative basis.