August 2009
IMF Country Report No. 09/259

Central African Republic: Enhanced Initiative for Heavily Indebted Poor Countries—Completion Point Document and Multilateral Debt Relief Initiative

This paper was prepared by staffs of the International Monetary Fund and the World Bank in connection with the Executive Board's consideration of the Central African Republic's completion point under the Enhanced Initiative for Heavily Indebted Poor Countries and debt relief under the Multilateral Debt Relief Initiative. It is based on the information available at the time it was completed on June 16, 2009. The views expressed in this document are those of the staff team and do not necessarily reflect the views of the government of Central African Republic or the Executive Board of the IMF.

The policy of publication of staff reports and other documents by the IMF allows for the deletion of market-sensitive information.

Copies of this report are available to the public from

International Monetary Fund • Publication Services
700 19th Street, N.W. • Washington, D.C. 20431
Telephone: (202) 623-7430 • Telefax: (202) 623-7201
E-mail: publications@imf.org • Internet: http://www.imf.org

International Monetary Fund
Washington, D.C.

INTERNATIONAL DEVELOPMENT ASSOCIATION AND
INTERNATIONAL MONETARY FUND

CENTRAL AFRICAN REPUBLIC

Enhanced Heavily Indebted Poor Countries (HIPC) Initiative Completion Point Document and Multilateral Debt Relief Initiative (MDRI)

Prepared by the Staffs of the International Development Association
and the International Monetary Fund

Approved by Obiageli K. Ezekwesili and Otaviano Canuto (IDA)
Michael Atingi-Ego and Dhaneshwar Ghura (IMF)

June 16, 2009

Contents Page

Executive Summary 5

I. Introduction 7

II. Assessment of Requirements for Reaching the Completion Point 8
A. PRSP and Poverty Monitoring 13
B. Macroeconomic Performance 14
C. Transparency 16
D. Structural Reforms in the Forestry and Mining Sectors 17
E. Public Financial Management (PFM) 20
F. Civil Service Reform 22
G. Social Sector Reforms 23
H. Debt Management 26

III. Updated Debt Relief and Debt Sustainability Analysis 27
A. Data Reconciliation 27
B. Revision of HIPC Assistance and Status of Creditor Participation 28
C. Considerations for Exceptional Topping-Up Assistance 31
D. Creditor Participation in the Multilateral Debt Relief Initiative 33
E. Debt Sustainability Outlook, 2009–28 34
F. Sensitivity Analysis and Long-Term Debt Sustainability 36

IV. Conclusions 38

V. Issues For Discussion 39

Tables

1. Selected Macroeconomic Indicators, 2004–08 15
2. Breakdown of the Increase of NPV of Debt-to-Export Ratio as of end-2008 32
3. Nominal Stock and Net Present Value of Debt as of December 31, 2006 by Creditor Groups 43
4. HIPC Initiative Assistance Under a Proportional Burden-Sharing Approach 44
5. Discount and Exchange Rate Assumptions as of end-December 2006 and end-December 2008 44
6. Net Present Value of External Debt, 2008–28 45
7. External Debt Service, 2008–28 46
8. Nominal and Net Present Value of External Debt Outstanding at end-December 2008 47
9. External Debt Indicators, 2008–28 48
10. Sensitivity Analysis, 2008–28 49
11. Status of Creditor Participation Under the Enhanced HIPC Initiative 50
12. Delivery of IDA Assistance Under the Enhanced HIPC Initiative and the MDRI, 2007–41 51
13. Delivery of IMF Assistance Under the Enhanced HIPC Initiative and the MDRI, 2007–17 52
14. Selected Economic and Financial Indicators, 2004–28 53
15. Status of Country Cases Considered Under the HIPC Initiative, March 31, 2009 54
16. Paris Club Creditors' Delivery of Debt Relief Under Bilateral Initiatives Beyond the HIPC Initiative 55

Figures

1. Composition of Stock of External Debt as of December 31, 2006 by Creditor Group 40
2. Potential Costs of the HIPC Initiative as of December 31, 2006 by Creditor Group 40
3. External Debt Burden Indicators, 2008–28 41
4. Sensitivity Analysis, 2008–28 42

Boxes

1. Status of Floating Completion Point Triggers 9
2. Baseline Macroeconomic Assumptions 35

Appendixes

I. Debt Management 56
II. Debt Sustainability Analysis Using the Low-Income Country Framework 58

Appendix Tables

1a. External Debt Sustainability Analysis, Baseline Scenario, 2006–29 66
1b. Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2009–29 67
2a. Public Sector Debt Sustainability Framework, Baseline Scenario, 2006–29 69
2b. Sensitivity Analysis for Key Indicators of Public Debt, 2009–29 70

ACRONYMS

AfDB	African Development Bank
APR	Annual Progress Report
ARMP	Public Procurement Policy Regulatory Authority
ARV	Anti Retro Viral
BEAC	*Banque des États de l'Afrique Centrale* (Bank of Central African States)
C.A.R.	Central African Republic
CEMAC	*Communauté Économique Monétaire de l'Afrique Centrale* (Central African Economic and Monetary Community)
CFAA	Country Financial Accountability Assessment
DDR	Disarmament, Demobilization and Reintegration
DGMP	General Public Procurement Directorate
DMFAS	Debt Management and Financial Analysis System
DSA	Debt Sustainability Analysis
DTIS	Diagnostic Trade Integration Study
EC	European Commission
EFA/FTI	Education For All/Fast Track Initiative
EIB	European Investment Bank
EITI	Extractive Industries Transparency Initiative
EU	European Union
GDP	Gross Domestic Product
HIPC	Heavily Indebted Poor Countries
HIV/AIDS	Human Immunodeficiency Virus/ Acquired Immunodeficiency Syndrome
IDA	International Development Association
IMF	International Monetary Fund
JSAN	Joint Staff Advisory Note
KfW	German development assistance fund
LDP	Letter of Development Policy
LICUS	Low Income Countries under Stress
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
NCPD	National Committee for Public Debt
NGO	Non-governmental Organization
NPV	Net Present Value
OPEC	Organization of the Petroleum Exporting Countries
PFM	Public Financial Management
PRGF	Poverty Reduction and Growth Facility
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
UNFPA	United Nations Population Fund
UNICEF	United Nation Children Fund
VAT	Value Added Tax
WEO	World Economic Outlook
WHO	World Health Organization

EXECUTIVE SUMMARY

In September 2007, the Boards of Executive Directors of IDA and the IMF agreed that the Central African Republic (C.A.R.) had met the requirements for reaching the decision point under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative. The amount of debt relief committed at the decision point was US$583 million in end-2006 net present value (NPV) terms, calculated to reduce the NPV of eligible external debt to 150 percent of exports at end-2006. This relief implied a common reduction factor of 68.1 percent.

In the view of the IDA and IMF staffs, C.A.R. has made satisfactory progress in meeting the requirements to reach the completion point. All the floating triggers have been fully implemented. The first poverty reduction strategy paper (PRSP) was published in June 2007. Its implementation has been satisfactory, as acknowledged by the Joint Staff Advisory Note (JSAN) on the first Annual Progress Report (APR) of the poverty reduction strategy. The fourth review under the Poverty Reduction and Growth Facility (PRGF) arrangement will be considered by the Executive Board of the IMF together with this completion point document and the JSAN. The IMF staff will recommend completion of the fourth PRGF review based on the broadly satisfactory implementation of the program in 2008 and the appropriate policy framework for 2009. All other triggers, including those in the area of transparency, structural reforms for forestry and mining sectors, public financial management (PFM), civil service reform, public debt management, social sectors and HIV/AIDS have also been fully implemented.

As a result of the debt reconciliation exercise for the completion point, the net present value (NPV) of eligible external debt at end-2006 after traditional debt relief has been revised upward by US$0.7 million to US$856.6 million. The required HIPC assistance in end-2006 NPV terms has been revised downward from US$583 million at the decision point to US$578 million. The HIPC assistance in nominal terms is estimated at US$804 million, of which US$454 million would be delivered by multilateral creditors and US$350 million by bilateral and commercial creditors. The common reduction factor has declined from 68.1 percent to 67.5 percent.

Creditors accounting for 82 percent of total HIPC eligible debt have given satisfactory assurances of their participation in the enhanced HIPC Initiative. Most multilateral creditors and all Paris Club creditors have agreed to participate. The authorities are working toward obtaining participation of all the remaining creditors.

C.A.R. does not qualify for topping-up under the enhanced HIPC Initiative. The NPV of debt-to-exports ratio after enhanced HIPC assistance at end-2008 was 148.0 percent, higher than anticipated at the decision point. This increase is mainly explained by less favorable exchange rates, a lower discount rate used to calculate the NPV of debt, and reduced exports.

The NPV of eligible external debt-to-exports ratio at end-2008 after the full delivery of additional bilateral debt relief beyond HIPC Initiative is estimated at 137.8 percent, below the 150 percent threshold for topping-up consideration under the enhanced HIPC Initiative.

Upon reaching the completion point under the enhanced HIPC Initiative, C.A.R. will also qualify for additional debt relief under the Multilateral Debt Relief Initiative (MDRI). Debt relief under the MDRI would cover almost all remaining debt service obligations to IDA, the African Development Bank (AfDB), and the IMF. MDRI relief would reduce nominal debt service by US$297 million over a period of 33 years.

Full delivery of HIPC, additional bilateral assistance beyond HIPC and MDRI debt relief at the completion point would reduce C.A.R.'s external debt burden significantly. The NPV of debt-to-exports ratio at end-2009 would drop to 74.8 percent and gradually fall over time under the baseline scenario, after rising to 91.3 percent by end-2011. However, the future evolution of these indicators would be sensitive to the macroeconomic assumptions, particularly exports and the terms of new external financing.

The staffs recommend that the Executive Directors of IDA and the IMF approve the completion point for C.A.R. under the enhanced HIPC Initiative.

I. INTRODUCTION

1. **This paper discusses the Central African Republic (C.A.R.)'s progress under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative**. It recommends that the Executive Directors of the International Development Association (IDA) and the International Monetary Fund (IMF) approve the completion point for C.A.R. under the enhanced HIPC Initiative. In the view of the staffs of IDA and IMF, C.A.R. has made satisfactory progress in achieving the completion point triggers. It has fully implemented the triggers on preparing and implementing a Poverty Reduction Strategy (PRS), maintaining macroeconomic stability, implementing the provisions of the Constitution and Presidential Decree on asset declaration and disclosure, and improving the regulatory oversight and reporting framework in the forestry and mining sectors. It has also fully implemented the triggers on improving public financial management, starting civil service reform, improving public debt management, and implementing reforms in the education and health sectors, including combating HIV/AIDS.

2. **In September 2007, the Boards of Executive Directors of IDA and the IMF agreed that C.A.R. had met the requirements for reaching the decision point under the enhanced HIPC Initiative**.[1] The amount of debt relief committed at the decision point was US$583 million in NPV terms, calculated to reduce the NPV of debt–to-exports ratio to 150 percent on the basis of end-December 2006 data. This relief represents an overall reduction of 68 percent in the NPV of all public and publicly guaranteed external debt as of end-December 2006, after application of traditional debt relief mechanisms. At the same time, the Boards of IDA and the IMF agreed to provide C.A.R. with interim debt relief until C.A.R. reached the completion point. Interim assistance was also granted by the African Development Bank, the European Union; Paris Club creditors provided debt relief through flow rescheduling on Cologne terms. The nominal HIPC debt relief provided through arrears clearance operations and debt service reduction in the period before the completion point amounts to US$180 million. Executive Directors had determined that the floating completion point would be reached when the triggers in Box 3 of the Decision Point Document have been met.

3. **This paper is organized as follows**. Section II assesses C.A.R.'s performance in meeting the requirements for reaching the completion point under the enhanced HIPC Initiative. Section III provides an updated debt relief and debt sustainability analysis (DSA), including the status of creditor participation, and delivery of debt relief under the enhanced HIPC and MDRI Initiatives. Section IV summarizes the main conclusions, and Section V presents issues for discussion by the Boards of IDA and the IMF.

---

[1] See "Central African Republic—Enhanced Initiative for Heavily Indebted Poor Countries—(HIPC) Initiative Decision Point Document", (IMF Country Report, No. 08/14).

II. Assessment of Requirements for Reaching the Completion Point

4. **In the view of the staffs of IDA and the IMF, C.A.R. has met the triggers for reaching the completion point**. The description of the triggers and their implementation status are presented in Box 1 in this document. At the decision point, the Boards of IDA and the IMF agreed that C.A.R. would reach the floating completion point on the basis of the following criteria:

(i) preparation of a full Poverty Reduction Strategy Paper (PRSP) and its satisfactory implementation for at least one year, as evidenced by a PRSP Annual Progress Report submitted by the government to the satisfaction of IDA and the IMF;

(ii) maintenance of macroeconomic stability as evidenced by satisfactory implementation of the PRGF arrangement;

(iii) satisfactory implementation of the provision of articles 44 and 75 of the Constitution and the Presidential decree on asset declaration and disclosure;

(iv) improvements in the regulatory oversight and reporting framework in the forestry and mining sectors;

(v) improved effectiveness, transparency and accountability in public financial management;

(vi) satisfactory launching of civil service reform;

(vii) improved public debt management; and

(viii) satisfactory progress in achieving education, health and HIV/AIDS goals.

Box 1. Central African Republic: Status of Floating Completion Point Triggers

Triggers	Progress
1. **PRSP**: Preparation of a full PRSP through a participatory process and its satisfactory implementation for at least one year, as evidenced by an Annual Progress Report that has been the subject of analysis in a Joint Staffs Advisory Note.	**Implemented**. A full PRSP drafted in a participatory process was published in June 2007 and discussed by the IMF and IDA Boards in May 2008. The Annual Progress Report was prepared in a participatory manner by the PRSP National Technical Secretariat and officially submitted to the IMF and IDA in March 2009. The JSAN of the APR is presented to IDA and the IMF Boards together with the HIPC completion point document. The JSAN considers that satisfactory progress has been made in the implementation of the PRS.
2. **Macroeconomic stability**: Maintenance of macroeconomic stability as evidenced by satisfactory performance under the PRGF-supported program.	**Implemented**. C.A.R. has maintained macroeconomic stability since reaching the decision point. The PRGF-supported program has remained on track and overall performance has been satisfactory. IMF staff will recommend that the fourth review under the PRGF arrangement be completed together with discussions on the HIPC completion point.
3. **Transparency**: Satisfactory implementation of (i) the provision of articles 44 and 75 of the Constitution linked to asset declaration and disclosure by the Prime Minister, members of the government and members of the Constitutional Court; and	**Implemented**. (i) The Prime Minister, all ministers of the government of national unity formed on January 19, 2009, as well as the members of the previous government and the members of the Constitutional Court have submitted a declaration of assets to the Constitutional Court. The Constitutional Court has made these declarations public.
(ii) a new decree extending the obligation of asset declaration and disclosure to senior public enterprise officials and some key senior civil servants.	(ii) The asset declaration obligation was extended to the senior Directors of major public enterprises and to the following senior civil servants: State Inspector General, Inspector General of Finance, Director General of Budget, Director General of Treasury, Director General of Customs and Indirect Taxation, and the Director General of Taxation. All the individuals concerned have fully complied with the obligation of asset declaration. The State Inspectorate General has disclosed the asset declarations to the general public.
4. **Structural reforms**: Improve the regulatory oversight and reporting framework through:	**Implemented**.
Forestry sector:	**Implemented**.

Triggers	Progress
(i) adoption by Parliament of a satisfactory new forestry code and issue of some key ministerial decrees on its implementing regulations, and their satisfactory implementation; and	(i) Parliament adopted a new forestry code in 2008 that conforms to best international practices. The code protects biodiversity, defines new protected areas, and ensures that forests are under sustainable management plans. The government has already implemented key aspects of the code. In January 2009, it issued a ministerial instruction establishing that the mercurial value per cubic meter for each species is based on the market price of timber as stipulated by the new forestry code. The new legal and regulatory framework is taking effect just as world demand for timber has fallen sharply; thus its application could remain slow over a period of time. In particular, the government may find that it is preferable to delay launching invitations to tender the remaining three forest concessions until market conditions improve. The government has demonstrated that it is committed to ensuring compliance with the new forestry code. In March 2008, it cancelled two permits that had been awarded in 2007 because the new licensees would have been able to harvest without being in compliance with the new regulations. The government also suspended awarding new permits until the new forestry code would be adopted and the decrees regulating the implementation of the new code and the awarding of concessions would be issued. In view of these actions, the staffs consider that the new forestry code and its regulating decrees have been satisfactorily implemented.
(ii) undertaking an awareness campaign for communities and the establishment of a standing public information system.	(ii) A public information system is in place and ensures that forest communities are informed about forest activities and revenues. Cabinet adopted the regulating decrees in April 2009.
Mining sector:	**Implemented**.
(i) publication on the government's internet site of the report of the Extractive Industries Transparency Initiative (EITI) administrator on mining revenue, starting from 2006; and	(i) The first EITI report, covering the reconciliation of revenues from mining activities during 2006, prepared by the EITI administrator, has been validated through a participatory process in strict compliance with EITI standards and norms. The report was adopted on March 19, 2009 by the National EITI Steering Committee and immediately posted on the government's as well as several other websites, making it accessible to a wide audience.
(ii) adoption by Presidential decree of a satisfactory standard-form agreement for mining, and adoption by Parliament of satisfactory amendments to the mining code to ensure their consistency.	(ii) The government has revised the mining code to address its previous weaknesses. The revised mining code was adopted by Parliament on April 28, 2009. A standard agreement based on best international practices and the implementing texts of the revised mining code were adopted by Presidential decree on April 30, 2009. The model mining agreement is consistent with the provisions of the revised mining code.
5. **Public financial management**: Improve the effectiveness, transparency, and accountability in public financial management, particularly through:	**Implemented**.
(i) preparation and submission to Parliament of the budget using the new nomenclature;	**Implemented**. The new budget nomenclature, which allows expenditure classification on an economic, administrative, and functional basis, was used for the preparation and submission of the 2008 and 2009 budgets to parliament.

Triggers	Progress
(ii) satisfactory implementation of a new expenditure tracking system from commitment to authorization (using the new budget nomenclature) within the General Budget Directorate;	**Implemented**. A computerized expenditure management system (GESCO) allows the tracking of the budget expenditure chain. Quarterly budget execution reports tracking expenditures from the commitment to the authorization stage, in line with the economic, administrative, and functional classification systems, have been produced on a regular basis since the first quarter of 2008.
(iii) satisfactory implementation of the new payroll management system; and	**Implemented**. A new payroll management system has been set up and is operational since October 2008. The civil servant files and wage database have been merged into a single database. The Ministry of Civil Service regularly updates the personnel files; and the Payroll Directorate at the Ministry of Finance validates the documentary evidence transmitted by the Ministry of Civil Service and processes the monthly payroll. A computer management information system has been introduced to facilitate and coordinate the management of the unified database.
(iv) adoption by Parliament of a satisfactory new procurement code and the start of its satisfactory implementation.	**Implemented**. Parliament has adopted a new procurement code and its implementation has started. The legal and regulatory framework of the new procurement code conforms to best international practices. To facilitate the implementation of the new code, a manual of procedures, standard bidding documents, and general conditions of contracts have been prepared. The National Action Plan, which has been validated by relevant stakeholders, includes a training program, which is being implemented. Procurement contracts recently awarded were in full conformity with the new legal and regulatory framework.
6. **Civil service reform**: Begin civil service reform by:	**Implemented**.
(i) the adoption by the Cabinet of a satisfactory new organic framework consistent with the PRSP objectives, based on organizational audits; and	**Implemented.** Cabinet has adopted a new organic framework that is consistent with the PRSP objectives. On the basis of the findings of organizational audits, the government has adopted two types of organigrams, one for small ministries, and one for ministries with expanded responsibilities such as finance and education.
(ii) the submission to the inter-ministerial committee of satisfactory new rules with a corresponding compensation and performance assessment system.	**Implemented**. A new civil service statute has been prepared and submitted to the inter-ministerial council. The civil service statute is satisfactory in its coverage. It applies to permanent and non-permanent civil servants at the central and deconcentrated levels. It defines the rights and obligations of civil servants, the sanctions system, and the rules for termination of employment. The statute includes rules on conflict of interest, contains basic rules of a meritocratic civil service, and specifies the remuneration and performance assessment system corresponding to these rules and regulations.
7. **Public debt management**:	**Implemented.**
Improve public debt management through: (i) the establishment by the Debt Management Unit of satisfactory procedures for, and maintenance of, an accurate, comprehensive, and secure database of public and publicly guaranteed debt (domestic and external); and	**Implemented**. A comprehensive debt database has been established and maintained. The debt records in the database contain data on domestic, external and guaranteed debt of the central government in accordance with international standards. The debt records also contain major and detailed characteristics of all debt outstanding and disbursed, public and publicly guaranteed domestic and external debt, at December 31, 2008. All external debt has been fully reconciled. In addition, the debt department has developed the capacity to conduct periodic reconciliation of the external debt accounts, which will facilitate the production of debt reports within six month's lag for public and publicly guaranteed domestic and external debt. To guide implementation of the debt management system, the authorities have prepared and adopted a manual of procedures.

Triggers	Progress
(ii) satisfactory implementation of periodic publication of public and publicly guaranteed debt data (stocks, debt service projections, and key debt ratios) within six months after the end of the fiscal year.	**Implemented**. An annual debt statistical bulletin was published in May 2009. The bulletin, which contains debt data assessed at December 31, 2008, is consistent with international standards and with IDA and IMF current practice in terms of scope and detailed information, and reflects increased capacity in this area. The functionality of DMFAS, the training and experience gained by the debt department over the years, and the clear mandate that has been given to the National Committee for Public Debt through Presidential decree to produce debt statistical bulletins provide reasonable assurance that public debt data will be published annually.
8. **Social sectors** **Education**: (i) At least 750 additional teachers will be teaching at the primary level compared to 2006-07 levels; and	**Implemented**. **Implemented.** With the help of IDA, 850 new apprentice teachers were recruited and deployed in 483 primary schools across the country in 2007/08. In addition to these apprentice-teachers, the government recruited 171 student-teachers from the national school of primary school teachers in the first half of 2009 and is now deploying them throughout the country. As a result of these recruitments, at least 1,000 new teachers will be available to provide teaching services in primary schools in the 2009/10 school year.
(ii) Implementation of educational and administrative measures making it possible to achieve a repetition rate of less than 20 percent at the primary level in areas where schools are operating normally.	**Implemented**. The understanding with the authorities was that the trigger referred to the implementation of administrative and pedagogical measures, which has been satisfactory, and not to reaching a specific repetition rate. Thus, in 2007, the government issued a decree that (i) eliminates repetition within each of the three cycles of primary education, and (ii) limits the repetition rate from one cycle to the next to 10 percent. This administrative measure was implemented jointly with a training program—supported by local donors—to help primary school directors and teachers design remedial programs for students who would have repeated under previous arrangements. The full impact of these measures will take some time to emerge. However, preliminary results point already to progress in reducing the repetition rate as planned. Nationally, the repetition rate fell from 28 percent in 2006/07 to 26 percent in 2007/08; however, in some academic inspectorates, notably in the central-east area, the repetition rate declined at a faster pace, from 30 percent in 2006/07 to 26 percent in 2007/08. The staffs of IDA and the IMF consider that this trigger has been satisfied.
Health: (i) Keep DPT3 vaccination rates at 80 percent or higher;	**Implemented**. The DPT3 immunization nationwide rate increased from 40 percent in 2005 to 84.1 percent in 2007. At end-August 2008, the DPT3 immunization rate was 67 percent, well on track to reach at least 80 percent by the end of the year. However, on September 1, 2008, a new vaccine (Pentavalent), combining DPT3 with other antigens, was introduced at the recommendation of WHO, and the government discontinued the monitoring of DPT3. As of October 2008, Pentavalent coverage was at about 15 percent, which, according to WHO, is in line with expectations, and suggests that the new vaccine appears to have been accepted by the population. The staffs thus consider the vaccination rate to have been reached in 2008 as well.
(ii) Distribute at least 300,000 treated mosquito nets.	**Implemented**. In 2007, the Ministry of Health distributed more than 650,000 treated mosquito nets across the country, including in conflict zones. In 2008, with support from UNICEF, the Ministry of Health distributed 840,687 treated mosquito nets.
HIV/AIDS: Improve prevention by increasing the social marketing of condoms to an annual level of at least 10 million.	**Implemented**. The level of condoms distributed increased from less than 4 million at the decision point to 16 million at end-2007 and to about 15 million in 2008.

A. PRSP AND POVERTY MONITORING

5. **In June 2007, C.A.R. adopted its first full PRSP, covering the period 2008–10**. The PRSP was prepared through an extensive participatory process involving a broad range of stakeholders including civil society, the private sector, development partners, and communities representing the country's seven regions. The PRSP effectively presents the government's vision and priority actions for reducing poverty in line with the Millennium Development Goals. The strategic framework of the PRSP is based on four pillars (i) restore security, consolidate peace, and prevent conflict; (ii) promote good governance and the rule of law; (iii) rebuild and diversify the economy; and (iv) develop human capital.

6. **The Boards of IDA and the IMF concluded that the PRSP provided a credible framework for poverty reduction**. The Boards discussed the PRSP in May 2008. As noted in the corresponding JSAN,[2] the PRSP has many strengths, most notably its strong ownership deriving from a broad participatory process, the poverty diagnostic and analysis of the determinants of poverty, sectoral strategies that informed the formulation of sector priorities, and objectives that are consistent with achieving the Millennium Development Goals (MDGs). The JSAN also pointed out a number of areas that could benefit from further attention, including the need for a detailed implementation plan for some critical aspects of the growth and poverty reduction agenda, such as the settlement of domestic debt (mainly arrears) to restore confidence between the State and the private sector, and aligning indicators with existing sector plans.

7. **The government is working to operationalize the institutional framework for participatory monitoring and evaluation of the PRS implementation**. This framework includes (i) a national strategic committee chaired by the Prime Minister; (ii) a national technical committee responsible for maintaining a permanent dialogue between the government and development partners; (iii) a national technical secretariat, which coordinates the implementation, monitoring and evaluation of the PRS; (iv) nine sectoral committees responsible for implementation of sectoral strategies; and (v) seven regional committees, responsible for monitoring and evaluation at the regional and local levels. In line with its mandate, the national technical secretariat has produced the first annual PRSP progress report covering 2008. The statistical operations that will generate most of the PRS evaluation and tracking indicators are underway and will be completed with the help of donors. The results of a core welfare indicator survey undertaken in 2008 to update the national poverty rate are expected in May 2009; and a new household survey is planned for 2009.

---

[2] "The Central African Republic – Joint IDA-IMF Staff Advisory Note on the Poverty Reduction Strategy Paper (PRSP)" (IMF Country Report, No. 08/12).

8. **The staffs consider that implementation of the PRS was satisfactory in 2008**. The first Annual Progress Report (APR) on implementation of the PRS during 2008 was prepared by the government through a participatory process. The 2008 APR and its corresponding JSAN will be considered by the Boards of IDA and the IMF jointly with this document. The APR highlights progress in many areas, including the peace process, governance, public financial management, and diversification of the economy. In particular, during 2008, fiscal management strengthened, accompanied by an increase in domestic revenues and improved control over public spending. The government also took actions to promote food security and agricultural development and enhanced the regulatory framework for the management of natural resources. The staffs of IDA and the IMF have reviewed progress on each of the PRS pillars and concluded that PRS implementation and monitoring have been satisfactory over the past year; however, many challenges remain related to the impact of the changing international environment, difficulty in mobilizing external resources to finance key activities, and inadequate administrative capacity. Policies in specific areas related to the HIPC completion point triggers are reviewed in the remainder of Section II.

B. Macroeconomic Performance

9. **Macroeconomic stability has been maintained, since the decision point in September 2007 (Table 1)**. The government maintained a prudent fiscal stance—anchored by targets on the domestic primary balance—despite a deceleration of growth and an acceleration of inflation due to unanticipated external and domestic shocks. Also, important structural reform measures—most notably automatic adjustments of petroleum product prices—were implemented. The solid implementation of the PRGF-supported program contributed to improving confidence in the government's fiscal management and stabilizing the political and economic situation.

10. **The acceleration of growth envisaged in the PRSP did not materialize due to a number of shocks**. 2008 was a particularly difficult year for C.A.R.; a civil servants' strike, serious domestic electricity shortages, global food and fuel price hikes, and trade and financial shocks pummeled the economy. Consequently, growth slowed significantly from 3.7 percent in 2007 to 2.2 percent in 2008; end-year inflation accelerated to above 10 percent; and the external current deficit reached almost 10 percent of GDP.

11. **Despite difficult economic conditions, C.A.R.'s fiscal performance was satisfactory**. Domestic revenues increased enough to realize a continuous improvement in the revenue-to-GDP ratio from 9.5 percent in 2006 to 10.4 percent in 2008. Spending was carefully managed; poverty-related spending was well executed; and only minor, temporary deviations regarding external arrears and recourse to commercial bank credit occurred. In addition, a significant amount of domestic arrears was cleared. Interim HIPC assistance and debt relief by Paris Club helped execute the budget smoothly.

Table 1. Central African Republic: Selected Macroeconomic Indicators, 2004–08

	2004	2005	2006	2007	2008 Est.
	(Annual percentage change)				
National income and prices					
Real GDP Growth	1.0	2.4	3.8	3.7	2.2
CPI (end-of-period)	-0.3	1.7	7.1	-0.2	14.5
External sector					
Exports, f.o.b. (US$ basis)	4.4	-4.3	22.9	13.2	-17.3
Imports, f.o.b. (US$ basis)	28.5	16.2	15.3	23.8	20.6
Export volume of goods	-1.5	-4.5	13.3	5.4	-16.3
Import volume of goods	13.8	9.3	5.3	2.6	-0.7
	(Percent of GDP, unless otherwise indicated)				
Central government finance					
Total revenue (including grants)	11.7	12.4	22.9	14.4	15.1
Total expenditure	-13.9	-16.9	-13.9	-13.1	-15.5
Overall balance					
Excluding grants	-5.6	-8.7	-4.4	-2.8	-5.1
Including grants	-2.2	-4.5	9.0	1.3	-0.4
Gross domestic savings	0.3	1.7	2.4	0.7	-1.0
Gross investment	6.8	9.8	10.1	10.0	11.6
External Sector					
External current account balance	-1.7	-6.5	-3.0	-6.2	-9.9
Gross official foreign reserves (months of imports, f.o.b.)	6.4	6.5	4.6	2.4	3.3

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

12. **Structural reforms introduced during the first year of PRS implementation have helped make the government budget more resilient to negative shocks**. The increase in domestic revenues is attributable to a number of improvements in tax and customs administration, including measures taken by the government following the audit of the *Guichet Unique* in Douala. The adoption of an automatic adjustment mechanism for petroleum product prices has recently allowed the government to insulate its budget from fluctuations in international oil prices and secure resources for priority spending. Moreover, after several adjustments—despite some initial delays—in fuel excises based on this mechanism, the government is now generating significant revenues from petroleum consumption and is able to partially offset the revenue losses from external shocks to primary production sectors.

13. **In 2008, although the current account deficit deteriorated, reserves increased**. The cost of petroleum imports rose sharply and exports dropped in 2008, particularly in the latter half of the year. This led to a worsening of the trade balance by about 3½ percentage points of GDP in 2008 compared to 2007. The overall current account deficit also increased by 3½ percent of GDP, but because of significant inflows of FDI and short-term private capital, the overall balance was about balanced, and the increase in IMF disbursements allowed some buildup in gross official reserves.

14. **The staffs of IDA and the IMF consider that C.A.R. has fully implemented the trigger on the maintenance of macroeconomic stability as evidenced by broadly satisfactory implementation of the PRGF-supported program**. Despite the slowdown of growth, overall macroeconomic performance has been satisfactory in 2008; most of the quantitative targets through December 2008 have been achieved, and good progress has been made with the structural reforms launched under the PRGF-supported program.

C. TRANSPARENCY

15. **The government has made substantial progress in strengthening the institutional framework for the fight against corruption and improving transparency**. It has established a permanent anti-corruption committee at the level of the prime ministry, which is charged with the formulation, coordination and monitoring of the anti-corruption strategy. To guide its activities, the committee has prepared a priority action plan that is currently under review by the government and development partners. The capacity of the committee to carry out its functions is being strengthened with the help of UNDP and France. Several additional anti-corruption bodies have been established. The national financial investigation agency was set up in 2007 to investigate money laundering, and the "*Bureau des Usagers*" was set up in the office of the General Inspectorate of Finance in July 2008 to facilitate and manage the reporting of corruption allegations or complaints. The prominent role played by civil society in the fight against corruption helps create an environment where state capture and corruption are increasingly put under scrutiny. These efforts, which acknowledged C.A.R.'s weak record of governance at the decision point, have led to improvements in C.A.R.'s transparency rankings.

16. **The provision of articles 44 and 75 of the Constitution linked to the asset disclosure of senior government officials has been enforced**. The Prime Minister, all ministers of the government of national unity formed on January 19, 2009, as well as the members of the previous government and the members of the Constitutional Court have prepared and submitted a declaration of assets in due form to the Constitutional Court. In line with its mandate and in compliance with the provisions of articles 44 and 75, the Constitutional Court has made these declarations public by posting them on the government's website. The asset declaration process took longer than prescribed in the constitution, but the implementation of this measure is unprecedented, and overall compliance was commendable.

17. **Senior public enterprise officials and key senior civil servants also complied with their obligation of asset declaration and disclosure**. A presidential decree extended the asset declaration obligation to the senior directors of major public enterprises and the following senior civil servants: State Inspector General, Inspector General of Finance, Director General of Budget, Director General of Treasury, Director General of Customs and Indirect Taxation, and the Director General of Taxation. All the individuals concerned have fully complied with the obligation of asset declaration. The State Inspectorate General

ensured that the information provided was complete and kept in a secure database, and disclosed it to the general public after verification.

18. **The satisfactory asset disclosure of senior government officials represents an important milestone in the fight against corruption on which to built future efforts**. The government is aware that the challenges to improving transparency remain significant and that the institutional and legal framework would need to be strengthened further in order to improve transparency and reduce opportunities for corruption. To this end, the government is currently conducting a participatory review of all relevant legal texts aimed at addressing the weaknesses of national law and improving compliance with the UN conventions against corruption to which C.A.R. is a signatory. The Bank is supporting and monitoring these efforts in the context of its third development policy operation approved in March 2009.

D. Structural Reforms in the Forestry and Mining Sectors

19. **The government has met the triggers for the forestry and mining sectors**. The primary objective of these reforms was to help C.A.R. improve overall governance in these sectors so as to ensure that they can provide a strong backbone for economic growth and poverty reduction through increased foreign direct investment, export earnings, fiscal revenue, and employment.

Forestry

20. **The government has adopted a new forestry code that conforms to best international practices**. The new code, adopted by Parliament and promulgated by the President in 2008, provides a legal and regulatory framework that should promote a sustainable development of the forestry sector.[3] It provides the legal basis to protect biodiversity, defines new protected areas, and stipulates that forests are placed under sustainable management plans. It differentiates forests by permanent and non-permanent domain. The permanent domain of the state comprises all the areas that are subject to mandatory management plans. Community forests, which are part of the non-permanent domain, can be commercially exploited, and the code establishes simplified management plans for them. The new legislation clearly defines the usage rights of local and indigenous populations and includes a procedure for consultations with them before a concession for the exploitation of the permanent domain of the state is awarded. Also, the taxation system defined in the code underscores the need to stimulate sustainable forest management, and provides for an equitable sharing of forestry rents among the central government, private operators, and local communities.

21. **The new forestry code and its implementing decrees adopted in April 2009 aim at bringing transparency and competition in awarding concessions**. The new legislation

[3] The new forestry code and its regulating decree are posted on the government's website.

promotes a concession award system based on competitive bidding for all harvesting rights; demands that information about the allocation process is to be made public; and stipulates that new permit holders adopt and implement forest management plans. The new legislation also assigns an important role to an independent observer to ascertain transparency in the bidding process. This framework will permit awarding longer and more predictable concession contracts.

22. **The public information system set up by the government has been effective in ensuring that local communities are informed about forestry activities and revenues**. Social mediators, appointed by the communities, have played an important role in raising the awareness about the limitations of forestry resources, the erosion and destruction of forests, and the management of forestry revenues. Social mediators continue to provide information to communities on the activities of forestry companies, the revenues they generate, and the implementation of the revenue-sharing mechanism during community meetings and through local radio broadcastings. Following an official government instruction issued in December 2008, the revenue sharing-mechanism and revenues accruing to communities are now posted in all forest communities. The Ministry of Water, Forestry, Hunting, and Fishing contributes directly to the public information campaign through the monthly publication of a newspaper, *Pendere Gbako*, which is distributed to all forest communities. The March 2009 issue of *Pendere Gbako* contains specific information on concessions and harvesting, forestry and authorized transport companies, payments made by the forestry companies to central and local governments, and the amount of forestry taxes allocated to local communities.

23. **The authorities are committed to ensure that the reforms in the forestry sector are sustained and the new forestry code and regulating decrees are satisfactorily implemented**. The government has already implemented key aspects of the code. For instance, in January 2009, it issued a ministerial instruction establishing that the mercurial value per cubic meter for each species is based on the market price of timber as stipulated by the new forestry code. In addition, it continues to implement in a transparent manner the forest revenue sharing mechanism with local communities. The new legal and regulatory framework is taking effect just as world demand for timber has fallen sharply; thus its application could remain slow over a period of time. In particular, the government may find that it is preferable to delay launching invitations to tender the remaining three forest concessions until market conditions improve. Nonetheless, the government has demonstrated that it is committed to ensuring compliance with the new forestry code. In March 2008, it cancelled two permits that had been awarded in 2007 because the new licensees would have been able to harvest without being in compliance with the new regulations. The government also suspended awarding new permits until the new forestry code would be adopted and the decrees regulating the implementation of the new code and the awarding of concessions would be issued. By not launching new invitations to bid, the government ensured that issuance of harvesting permits would be transparent. In view of these actions, the staffs of IDA and the IMF consider that the new forestry code and its regulating decrees have been

satisfactorily implemented despite the adverse impact of the global economic crisis on forestry revenues.

Mining

24. **The government has revised the 2004 mining code to address its previous weaknesses**. The mining code was revised after intensive consultations with key stakeholders. Parliament adopted the revised mining code on April 28, 2009; the implementing texts were adopted by Presidential decrees on April 30, 2009. The revised mining code will help improve governance in the sector by reducing the discretionary powers of the government and instituting a transparent system for managing mining licenses, which enhances stability for potential investors. Furthermore, the revised code provides incentives encouraging the participation of nationals in mining activities. It promotes training for nationals and the employment of trained nationals in mining ventures at competitive market rates. It also provides incentives for undertaking local processing, which could increase the domestic value added of the mining sector. In addition, it is designed to facilitate the development of forward and backward linkages that could contribute to economic development and poverty reduction by encouraging mining and processing companies to use local suppliers for the provision of inputs. Due attention is also paid to the need to protect the environment. Lastly, under the new legislation, tax incentives are rationalized and standardized for all new mining projects. The authorities will review the tax and equity requirements (with Bank technical assistance) during implementation of the decrees, taking into account possible investor concerns, to ensure that the overall tax burden is not excessive in a fragile state with a fledgling mining industry.

25. **A new standard form mining agreement based on best international practices has been prepared and adopted**.[4] The new model mining agreement, which was adopted by Presidential decree on April 30, 2009, is intended to attract new investments from small and medium enterprises as well as larger enterprises by reducing investor risk in a transparent manner. The new model agreement seeks to enhance linkages at the local and community levels and to facilitate formal arrangements between mining companies and communities in the mining areas. The terms of the model agreement do not supersede the terms of the revised mining code but, rather, complement and supplement it. In line with best international practices, the model agreement includes stability clauses, and the tax regime being stabilized is described in the revised mining code.

26. **The government has adhered to the Extractive Industries Transparency Initiative (EITI) and has published its first EITI report on mining revenues, covering 2006**. The government has established a national council, a national steering committee, a technical secretariat, and recruited a qualified independent administrator to collect and

[4] The new model mining agreement and the revised mining code have been posted on the government's website.

reconcile data on mining production, payments made by companies to the government, and the corresponding receipts. The first EITI report for C.A.R., covering 2006, prepared by the independent administrator, has been validated through a participatory process by the national steering committee on March 19, 2009. As stipulated by EITI standards, civil society, the private sector and other stakeholders participated in the process. The report was immediately posted on the government's as well as other websites. The international EITI secretariat, which granted C.A.R. EITI candidate country status in November 2008, has acknowledged receiving a copy of the report.

E. Public Financial Management (PFM)

27. **The government has made significant progress in improving public financial management, and the related completion point trigger has been met**. PFM reforms have been at the center of the government's efforts to improve the efficiency of public expenditures in recent years. The reforms supported under the enhanced HIPC Initiative complement the government's reform program aimed at strengthening PFM. Several diagnostic studies helped guide these reforms, including the 2007 Country Financial Accountability Assessment (CFAA) report, the audit of the treasury carried out by the government in 2006, and the Public Expenditure & Financial Accountability (PEFA) report completed in early 2008. In support of these reforms, IDA has provided three successive development policy loans (DPL) to improve the effectiveness, transparency, and accountability in PFM, in collaboration with the IMF, AfDB, EU, France, and other partners.

28. **A new budget nomenclature was used in the preparation and submission of the budget to Parliament**. The new budget nomenclature, developed in 2008 with EU assistance, allows expenditure classification on an economic, administrative, and functional basis; this nomenclature was used for the preparation and submission of the 2008 and 2009 budgets to Parliament. The new system also permits the tracking of expenditures devoted to the fight against poverty. On the basis of the new nomenclature, which is aligned with regional Organization for the Harmonization of Business Laws in Africa (OHADA) standards, budget documentation is also being streamlined and simplified to improve fiscal transparency.

29. **A new expenditure tracking system from the commitment to the authorization stage has been implemented at the level of the General Budget Directorate**. The computerized expenditure management system (GESCO) is operational and permits the tracking of the resource flow through the budget expenditure chain. The new system has facilitated the production of quarterly execution reports at various stages of the execution process and can present data on an economic, administrative, and functional classification basis. These reports have been produced on a regular basis since the first quarter of 2008, in addition to, on a pilot basis, reports with a sectoral focus on the Ministries of Education, Health, Agriculture and Rural Development, and Equipment. The new information system

has substantially improved the timeliness, comprehensiveness and accuracy of fiscal reporting, and will be extended to the payment stage in the course of 2009.

30. **A new payroll management system has been set up and is operational since October 2008.** The civil servant files and wage data have been merged into a single database. The Ministry of Civil Service is responsible for managing the job profile of every civil servant in the database, and regularly updating the files. The payroll directorate at the Ministry of Finance is able to validate the documentary evidence transmitted by the Ministry of Civil Service, and routinely processes the monthly payroll after verification. A computer management information system, maintained by the national informatics office, has been introduced to facilitate and coordinate the management of the unified database. This has ensured a more effective administrative, budgetary and financial management of public human resources.

31. **Parliament adopted a new procurement code, which has been put to use**. The new code was promulgated by Parliament in June 2008, and its legal and regulatory framework conforms with best international practices. It promotes fair and transparent competition for public sector contracts. Cabinet has adopted all the key legal texts that are needed to render the new code fully operational. In addition, the government created a general public procurement directorate (DGMP), charged with the overall responsibility for public procurement policy, a regulatory authority (ARMP) to oversee the procurement function, and a bidders complaint unit to ensure that effective procedures are implemented for resolving disputes or any other complaints that may arise during the procurement process. Procurement units have been set up in the ministries of Education, Health, Agriculture, and Infrastructure and are being equipped and staffed. To facilitate the implementation of the new code, a manual of procedures for executing agencies, standard bidding documents, and a description of the general conditions of contracts have been prepared, and a training program is being implemented. All contracts recently awarded were in full conformity with the new legal and regulatory framework.

32. **Significant progress has also been made in other areas of PFM**. To revamp the legal framework, an organic budget law was adopted in 2007; cash management has been strengthened with the creation of a liquidity committee and the limitation of non-cash backed checks. C.A.R. is in the process of implementing a treasury single account. Most non-donor mandated commercial accounts with commercial banks have been closed; the establishment of consultation mechanisms with line ministries and civil society has resulted in a better alignment of expenditures with sector priorities. Also, adopting new budget execution procedures, clarifying modalities and accountabilities, and simplifying and reducing the number of steps to be taken to process expenditures, has helped improve budget execution. Lastly, the autonomy of the financial control directorate was restored, and its units installed in line ministries.

33. **Looking forward, the government intends to build on recent progress to further enhance the effectiveness of the PFM system**. In the short term, the focus of reforms will be on (i) developing a medium-term approach to budgeting to align the budget with medium-term goals, such as the MDGs and PRS; (ii) strengthening the external control of budget execution; and (iii) enhancing accountability with the preparation of the final accounts for 2008 and the 2008 budget execution law for submission to the Court of Accounts and Parliament.

F. Civil Service Reform

34. **Cabinet has adopted a new organizational framework that is consistent with the PRS objectives**. The new organizational structures are designed to improve efficiency and effectiveness in the delivery of services, and with a focus on results in line with the PRSP recommendations. To develop the new organizational framework the government carried out, with World Bank support, institutional audits of three ministries. On the basis of these audits, the government adopted two types of organigrams, one for small ministries (containing two directorates) and one for ministries with expanded responsibilities, such as finance and education (containing three directorates). The authorities are now working to provide a clear definition of roles and functions of each unit and job descriptions for each post.

35. **A new civil service statute has been prepared and submitted to the inter-ministerial council**. The civil service statute is satisfactory in its coverage. It applies to permanent and non-permanent civil servants at central and deconcentrated levels. It defines the rights and obligations of civil servants, the structure of the civil service, the sanctions system, and the procedures for employment termination. The statute includes guidelines on conflict of interest, contains the basic rules of a meritocratic civil service, and condemns corruption. The statute specifies the remuneration and performance assessment systems:

- **Remuneration**: The statute defines an index-based system, which ties pay to grades and levels, the details of which will be defined in application decrees. The index will be revised in line with cost of living adjustments. Allowances are only temporary and linked to the post. The statute determines that bonuses cannot go beyond 10 percent of the salary.

- **The performance assessment systems**: An annual evaluation is linked to promotion and remuneration. Civil servants need to achieve a minimum score to be eligible for promotion every two years. The statute defines a two-level recourse system in case civil servants disagree with the performance evaluation, allowing them to bring the issue to the attention of the minister in the first instance, and, in a second instance, to file a complaint with an external entity.

36. **The government's plan going forward is to set up a coordination mechanism under the Prime Minister's Office that will help steer the civil service reform program**.

This unit will review all issues related to civil service and administrative reforms, elaborate and implement management systems to improve the effectiveness of the government, and the relationship between government and citizens as users of government services. It will further define a communications strategy, support implementation of reforms, and monitor their execution. Having effectively launched a civil service reform, the establishment of such a coordination mechanism will be an important step in ensuring the design and implementation of further sound reforms, and allowing for consultation with stakeholders.

G. Social Sector Reforms

Education sector

37. **The government has satisfactorily implemented the trigger on increasing the number of primary school teachers**. With support from IDA, 850 new apprentice teachers were recruited and deployed in 483 primary schools across the country in 2007/08, including in conflict zones. In addition to these apprentice teachers, the government recruited 171 student teachers from the national school of primary school teachers in the first half of 2009 and is now deploying them throughout the country. As a result of these recruitments, at least 1,000 new teachers will be available to provide teaching services in primary schools for the 2009/10 school year. This recruitment effort is helping to address the substantial need for primary school teachers and assist in the transition towards increased and better educational staff, which will be a focus of future reform efforts under the Fast Track Initiative (a partnership of developing countries and donors managed by the World Bank).

38. **The government has implemented educational and administrative measures to reduce the repetition rate in primary education.** In 2007, the government issued a decree that (i) eliminates repetition within each of the three cycles of primary education, and (ii) limits the repetition rate from one cycle to the next to 10 percent. This administrative measure was implemented jointly with a training program with the support of local donors, which helped primary school directors and teachers design remedial programs for students who would have repeated under the previous arrangements. The full impact of these measures will take some time to emerge, as many schools will need time to render their remedial programs fully operational. However, preliminary results already point to some progress in reducing the repetition rate. Nationally, the repetition rate fell from 28 percent in 2006/07 to 26 percent in 2007/08; however, in some academic inspectorates, notably in the central-east area, the repetition rate has declined at a faster pace, from 30 percent in 2006/07 to 26 percent in 2007/08.

39. **To consolidate and build on the recent advances in the education sector, the government has developed a strategy to address the sector's systemic weaknesses**. In February 2008, the Council of Ministers adopted the National Education Strategy covering the period 2008–20. The strategy was endorsed by the Education For All/Fast Track Initiative (EFA/FTI) partnership in December 2008; and the EFA/FTI Catalytic Fund provided financing in the amount of US$38 million to support the implementation of the first phase

(2009–11). The main components of the EFA/FTI program are to improve access to education through school construction and rehabilitation, enhance the quality of education through teacher training and education materials, and increase the management capacity and internal efficiency of the education system. The grant agreement was signed on April 6, 2009.

40. **Staffs of IDA and the IMF conclude that the trigger on the education sector has been satisfactorily implemented**. With regard to the second component of the education sector trigger, the understanding with the authorities was that the trigger referred to the implementation of administrative and pedagogical measures, which has been satisfactory, and not to reaching a specific repetition rate. There has been satisfactory progress on employing teachers and the measures adopted should make it possible to lower the repetition rate to less than 20 percent in the future.

Health sector

41. **The government has made determined efforts to improve the health status of the population**. The government's main objectives are to refurbish the sanitation infrastructure, increase the availability of basic health care, reduce infant and maternal mortality, fight endemic diseases, and promote a multisectoral approach for initiatives to combat HIV/AIDS. Several key strategy documents, prepared in consultation with stakeholders, provide guidance for the government's efforts to improve public health, including the national plan for the development of sanitation 2006–15, the national strategic plan to reduce malaria, the comprehensive and extended multi-annual vaccination program 2007–11, and the updated national strategy against HIV/AIDS (2006–10).

42. **Satisfactory progress was made in increasing DPT3 vaccination rates.** The DPT3 immunization rate nationwide increased from 40 percent in 2005 to 84.1 percent in 2007. This improvement was achieved through improved organizational methods and intensive vaccination campaigns. At end-August 2008, the DPT3 immunization rate reached 67 percent, well on track to reach at least 80 percent by year-end. However, on September 1, 2008, a new vaccine (Pentavalent), combining DPT3 with other antigens, was introduced at the recommendation of WHO, and the government discontinued the monitoring of DPT3. As of October 2008, Pentavalent coverage was already 15 percent which, according to WHO officials, was in line with expectation, and indicates broad acceptance of the vaccine by the population. The combined immunization rate was likely to have exceeded 80 percent for the full year. Because the DPT3 immunization rate was well on track to reach at least 80 percent by end-2008 at the time that Pentavalent was introduced and Pentavalent adoption has been satisfactory, the staffs consider that this trigger has been met.

43. **The government has significantly expanded the distribution of impregnated mosquito nets to combat malaria, and exceeded its target**. With resources from the Global Fund, IDA, and UNICEF, the government substantially exceeded its plan to distribute at least

300,000 impregnated mosquito nets. In 2007, the Ministry of Health distributed more than 650,000 impregnated mosquito nets across the country, including in conflict zones. Access to these zones was facilitated by the NGOs active in these areas. This achievement was further surpassed in 2008, when the Ministry of Health distributed 840,687 treated mosquito nets throughout the country, with support from UNICEF. Moreover, this operation was combined with a vaccination campaign against measles and the distribution of soaps, which facilitated the distribution of impregnated mosquito nests to children under five and pregnant women, a key target group.

HIV/AIDS

44. **The government has made the fight against HIV/AIDS a priority in its development agenda**. The updated national strategy against HIV/AIDS (2006–10) provides a sound framework for the multi-sectoral and decentralized approach to combating the HIV/AIDS epidemic. According to the 2006 seroprevalence study conducted by the national HIV/AIDS coordinating committee, the HIV infection rate is estimated at 6.2 percent with substantially higher rates for females (7.8 percent) than for males (4.3 percent).

45. **Satisfactory progress was made in distributing condoms to prevent HIV/AIDS.** The number of condoms distributed increased substantially over the past few years. It reached 16 million at end-2007 before stabilizing at about 15 million in 2008, a considerable progress since the decision point. Resources from the German development assistance fund (KfW), UNFPA, and the Global Fund were instrumental in making condoms available and affordable throughout the country, including in villages. In addition to the distribution of condoms, awareness campaigns are being carried out with special actions targeted at high-risk groups. The government has prepared a report on the social marketing of condoms that enables an assessment of progress over the period 2006–08. The staffs have reviewed the report and found it to be satisfactory. Not only has the level of condom distribution increased but condom use is also rising, especially among the sexually-active population. While male condoms account for the large majority of condoms distributed, the distribution of female condoms is also on the rise. In view of the seriousness of the HIV/AIDS pandemic in C.A.R. the government is aware that these efforts need to be sustained to help stem the spread of the virus.

46. **Notable progress has also been made in other areas of the fight against HIV/AIDS**. In particular, access to care and treatment for persons living with HIV/AIDS was expanded through the decentralization of treatment centers, with the opening of 13 new Anti Retro Viral (ARV) units that provided treatment to 700 persons living with HIV/AIDS on top of the more than 7,800 persons already benefiting from the ARV therapy program. The prevention of mother-to-child transmission was strengthened through training provided in 30 health centers throughout the country, and the installation of new equipments in several health centers helped to improve access to voluntary testing.

H. Debt Management

47. **The government has made considerable progress in improving the public debt management system**. A computerized Debt Management and Financial Analysis System (DMFAS) is operational in the debt department at the ministry of finance and can produce external debt reports. The capacity of the debt department has been reinforced through the recruitment of new staff and training by United Nations Conference on Trade and Development (UNCTAD) on the use and maintenance of DMFAS. A long-standing problem has been the lack of coordination and monitoring of the government's debt policy. As a first step toward addressing this problem, a Presidential decree has established the National Committee for Public Debt (NCPD) with the mandate to not only coordinate and monitor the implementation of the government debt strategy and policy but also produce and publish debt statistics bulletin on a regular basis.

48. **A comprehensive debt database, covering domestic and external debt data**, **has been established and is being maintained**. The debt records in the database contain data on domestic, external, and guaranteed debt of the central government in a format that follows international standards. The debt records also contain major and detailed characteristics of all debt outstanding and disbursed, public and publicly guaranteed domestic and external debt, at December 31, 2008. All external debt has been fully reconciled. The database helps the debt department produce periodic debt data with short lags. The debt department has developed the capacity to conduct periodic reconciliation of the external debt accounts, which will facilitate the production of debt reports within six month's lag for public and publicly guaranteed domestic and external debt. To guide implementation of the debt management system, the authorities have adopted a manual of procedures that conforms to standard practices.

49. **The institutional capacity for an annual publication of public debt data has been developed**. An annual debt statistical bulletin was published in May 2009. The bulletin, which contains debt data assessed at December 31, 2008, is consistent with international standards and with IDA and IMF current practice, in terms of scope and detailed information, and reflects increased capacity in this area. The functionality of DMFAS, the training and experience gained by the debt department over the years, and the clear mandate that has been given to the NCPD through a presidential decree to produce statistical debt bulletins provide reasonable assurance that public debt data will be published annually.

50. **The authorities need to consolidate the gains achieved so far in improving public debt management**. Establishing a sound debt management system is a gradual process that will take a long time to be completed. The immediate priorities are to consolidate the gains achieved, by focusing on the following areas: (i) make the NCPD fully operational; (ii) consolidate the mandate of the debt department and the technical skills acquired by the new staff; (iii) reduce the lag for the production of the annual and quarterly reports; and (iv) reinforce the capacity of the domestic debt management department, to strengthen

coverage and follow up of domestic debt including arrears for non central government institutions and agencies.

III. Updated Debt Relief and Debt Sustainability Analysis

A. Data Reconciliation

51. **The stock of HIPC-eligible external debt in NPV terms at end-2006 increased slightly following the debt reconciliation exercise**. The staffs of IDA and the IMF, together with the C.A.R. authorities, reviewed the end-December 2006 stock of debt data that was presented in the decision point document against recent creditor statements. Due to revisions in the amount of arrears in interest payments both the nominal debt stock and the NPV of debt after traditional debt relief have been revised upward by the same amount (US$0.7 million) to US$1,087.5 million in nominal terms and US$856.6 million in end-2006 NPV terms (Table 3).

- **Multilateral creditors**. The debt owed to multilateral creditors as of end-2006 remains at US$686.1 million in nominal terms, which corresponds to US$536.7 million in end-2006 NPV terms.

- **Paris Club creditors**. The end-2006 NPV of debt to Paris Club creditors after traditional debt relief has been revised upward from US$47.3 million to US$48.3 million. There has been marginal increase in the NPV of debt to France and to Italy reflecting new information received from creditors on the accumulated interest in arrears.

- **Other official bilateral creditors**. The NPV of debt as of end-2006 owed to other official bilateral creditors has been revised downward marginally by US$0.5 million to US$227.8 million. This revision is due to upward revisions to the NPV of debt owed to Argentina, and downward revisions of the NPV of debt owed to China.[5]

- **Commercial creditors**. The NPV of debt as of end-2006 owed to commercial creditors remains in line with the amount estimated at the decision point.

52. **Exports of goods and services have been revised upward**. Estimates of exports of goods and services used to evaluate HIPC assistance at the decision point have also been revised by the authorities from an annual average of US$182 million for 2004–06 to US$185.5 million.

---

[5] For Argentina, the accrued interest payments were re-estimated based on the creditor's methodology described in the debt reorganization agreement. For China, the revisions are attributable to the new loan data submitted by the creditor.

B. Revision of HIPC Assistance and Status of Creditor Participation

53. **The required HIPC assistance in end-2006 NPV terms has been revised downward from US$583 estimated at the decision point to US$578 million**. The common reduction factor has declined from 68.1 percent to 67.5 percent (Table 4).[6] The revised HIPC assistance in nominal terms is estimated at US$827 million.

54. **The C.A.R. has received financing assurances by creditors for the participation in the enhanced HIPC Initiative accounting for 82 percent of the NPV of HIPC assistance estimated at the decision point (Table 11).** Most multilateral (61 percent of total HIPC assistance) and all Paris Club creditors (5.6 percent) have confirmed their participation. Several multilateral creditors and Paris Club creditors have provided interim assistance. Some of the other official bilateral (11.9 percent) and commercial creditors (3.1 percent) have also agreed in principle to provide debt relief at completion point. The authorities are working toward reaching agreements with all remaining creditors.

Multilateral creditors

55. **The revised amount of HIPC assistance from multilateral creditors is US$362 million in end-2006 NPV terms or 62.7 percent of total HIPC assistance.** Multilateral creditors accounting for 61 percent of HIPC assistance have committed to provide their full share of assistance to C.A.R. under the enhanced HIPC Initiative. IDA, the IMF, the AfDB Group, and the EU provided interim assistance in the form of debt service reductions and BADEA has provided interim assistance through a rescheduling of accrued arrears and maturities. Total relief provided during the interim period amounted to US$142.6 million in end-2006 NPV terms, corresponding to 39.4 percent of total HIPC assistance from multilateral creditors.

- **IDA**: Debt relief from IDA amounts to US$206.9 million in NPV terms at the decision point. Of this amount, IDA has delivered US$81.1 million in NPV terms (US$78.8 million in nominal terms) through the clearance of arrears on grant terms in November 2006 and a 63.4 percent reduction in debt service falling due during the interim period. Upon reaching the completion point, the remaining assistance from IDA, amounting to US$125.8 million in NPV terms (US$210 million in nominal terms), would be provided in the form of a 62.6 percent reduction of C.A.R.'s debt service to IDA through September 2027 (Table 12).

- **IMF**: At the decision point, the IMF committed HIPC Initiative assistance of SDR 17.33 million (US$26.98 million) in NPV terms. As a result of the downward

[6] The revision amounts to 1.5 percent of the target NPV of debt after full delivery of HIPC relief and therefore exceeds the 1 percent threshold set as minimum condition for the modification of HIPC relief. The revision is mainly due to the increase in exports of goods and services as reported by the authorities.

revision in the amount of HIPC assistance, there will be a marginal revision in HIPC assistance to SDR 17.19 million (US$26.77 million) in NPV terms at the decision point. The IMF has already provided about SDR 6.6 million (US$10.3 million) in NPV terms in the form of interim assistance. At the completion point, the IMF will provide the remaining amount of its share of HIPC assistance through a stock-of-debt operation estimated at SDR 11.4 million (in nominal terms). IMF assistance represents an average reduction of 55 percent of debt service on eligible debt (Table 13).

- The **African Development Bank Group** (AfDB): HIPC debt relief from the AfDB Group amounts to US$84.7 million in NPV terms, of which US$49.4 million in end-2006 NPV terms (US$48.2 million in nominal terms) have already been provided through the clearance of arrears on grant terms in December 2006 and a 84 percent reduction in debt service during the interim period. At the completion point, it is expected that the AfDB Group will provide the remaining amount of relief through an 80 percent reduction of debt service on debt outstanding as of end-December 2006, applied from July 2009 through July 2020.

- The **European Union** (EU): HIPC debt relief from the EU amounts to US$4.2 million, of which the EU has already provided US$1.8 million in end-2006 NPV terms (US$1.4 million in nominal terms) through the clearance of arrears on grant terms and a 100 percent reduction of debt service during the interim period on selected loans. The reminder of the HIPC assistance is expected to be delivered through debt service reduction up to 100 percent on selected loans (Table 11).

- Other multilateral creditors: HIPC assistance in end-2006 NPV terms amounts to US$8.7 million from BADEA, US$15.5 million from IFAD, US$6.4 million from OFID, US$8.8 from BDEAC and US$0.5 million from arrears to international organizations. BADEA delivered an estimated US$3 million of interim assistance through a rescheduling of accrued arrears and maturities.[7] The remaining creditors are expected to provide their share of HIPC relief after the completion point. It is assumed that IFAD will provide the full amount of debt relief by cancelling 100 percent of debt service falling due, starting at the completion point through May 2017. OFID is assumed to provide the full amount of debt relief by a concessional rescheduling of accrued arrears and maturities at completion point. However, BDEAC and the international organizations have not confirmed their participation at the time of writing (Table 11).

[7] In August 2004 and April 2008, BADEA rescheduled accrued arrears falling due through December 2005 and payments due through December 2008.

Bilateral and commercial creditors

56. **Paris Club creditors have agreed in principle to provide their share of enhanced HIPC assistance** (estimated at US$33 million in end-2006 NPV terms, in accordance with the revised assistance, Table 4). Interim assistance, estimated at US$4 million in end-2006 NPV terms, has been provided through a flow treatment on Cologne terms, agreed in April and December 2007, respectively. Participating Paris Club creditors declared their readiness in principle to provide their full share of assistance at the completion point. The full share of assistance at the completion point is expected to be provided through a stock-of-debt reduction. The Paris Club creditors have also indicated that they would provide additional assistance beyond HIPC relief through 100 percent stock-of-debt cancellation, estimated at about US$22.7 million in end-2008 NPV terms.

57. **Non-Paris Club bilateral creditors are assumed to provide relief on HIPC-eligible debt on terms comparable to those of the Paris Club**. NPV of HIPC relief at end-2006 is estimated at US$153.8 million. In 2008 and 2009, the C.A.R. authorities sent letters to their non-Paris Club creditors to initiate negotiations for possible debt restructuring. Some of these creditors, such as Argentina (3.9 percent of total HIPC-eligible debt), Kuwait (2.2 percent), Libya (1.2 percent), Saudi Arabia (1.9 percent), and Serbia (2.4 percent), agreed in principal to provide debt relief at completion point. Some member countries of *Union Postale Universelle* also agreed in principle to provide debt relief on their bilateral claims.[8]

58. **A number of non-Paris Club bilateral creditors have not responded**. China (2.9 percent of total HIPC-eligible debt) and Taiwan Province of China, (10.9 percent) account for about half of this group of creditors. However, China, in January 2007, cancelled two of its loans totaling US$11 million, accounting for 29 percent of the nominal amount of China's loans to C.A.R. and 59 percent of its share of HIPC relief in end-2006 NPV terms.

59. **Some commercial creditors agreed in principle to provide debt relief at completion point**. The NPV of debt owed to commercial creditors after traditional relief is estimated at US$43.7 millions, 5 percent of total HIPC-eligible debt. The C.A.R. authorities have sent letters to all their commercial creditors to request a rescheduling of the existing debt. Some of these creditors, such as France Cable Radio, France Telecom, France Hospital, and French Postal Bank, totaling to 3.1 percent of total HIPC-eligible debt, agreed in principle to provide debt relief. Commercial creditors that have not responded favorably to C.A.R.'s requests account for 2 percent of total HIPC-eligible debt. While lawsuits by non-participating creditors against post-completion point HIPC countries have been filed in the

[8] These countries are Burkina Faso, Chad, the Republic of Congo, Mali, and Niger. Expected HIPC assistance from them is totaling 0.2 percent of total HIPC-eligible debt.

past, staffs are at the moment not aware of any litigation against the government of C.A.R., which is committed to negotiating in good faith with the remaining creditors.[9]

C. Considerations for Exceptional Topping-Up Assistance

60. **The Debt Sustainability Analysis (DSA) has been updated jointly by the authorities and the IMF and IDA staffs** on the basis of loan-by-loan debt data, and exchange rates and interest rates as of end-2008 (Table 5).[10] [11] On December 31, 2008, the nominal stock of C.A.R.'s external debt amounted to US$1.05 billion (Table 8). Multilateral creditors accounted for 63 percent of total debt. IDA remains the C.A.R.'s largest creditor, accounting for 36.8 percent of total outstanding nominal debt. Paris Club creditors account for 5.6 percent and non-Paris Club creditors for 26.7 percent of total debt. Taiwan Province of China, is the largest bilateral creditor, and its claims comprise 9.8 percent of total outstanding nominal debt. Commercial creditors account for only 5 percent of total debt.

61. **C.A.R. would not qualify for topping-up**. The NPV of debt-to-exports ratio at the end-2008—after full delivery of the assistance committed at the decision point—is now estimated at 148.0 percent, which is 21 percentage points above the projection at time of the decision point. At that time, the end-2008 NPV of debt-to-exports ratio was projected to be 127.1 percent.[12] The NPV of debt-to-exports ratio—after the full delivery of the additional bilateral debt relief beyond the HIPC initiative at end-2008—is somewhat lower at

[9] Litigation cases are particularly frequent in post-conflict and resource-rich countries. To June 2008, amounts claimed by creditors and awarded by a court judgment against these countries amounted to US$1.2 billion, but the potential impact of such awards varies from less than 0.5 percent of the debtor's GDP to 49 percent in the case of Liberia. The IDA administered Debt Reduction Facility can help HIPC countries limit creditor litigation. Non-litigating creditors can help too, for instance by agreeing not to sell their claims on HIPC countries to creditors unwilling to provide debt relief, as was done in 2007 by Paris Club members and in May 2008 by European Union countries. See also section IV.B in "Heavily Indebted Poor Countries (HIPC) Initiative and Multilateral Debt Relief Initiative (MDRI) - Status of Implementation" (www.imf.org/external/np/pp/eng/2008/091208.pdf).

[10] This section updates the debt sustainability analysis using the HIPC DSA methodology, while Appendix II provides a forward-looking update using the Low-Income Countries Debt Sustainability Framework (LIC DSA) methodology.

[11] The DSA assumes that the multilaterals that have not yet confirmed participation in the HIPC initiative provide their full share of debt relief (see Section III.B and Table 11 for details on creditor participation).

[12] The value in the decision point document was 117.4 and was changed due to correction in the projections of the NPV of new borrowing. See Central African Republic—Enhanced Initiative for Heavily Indebted Poor Countries—Decision Point Document, IMF Country Report, No. 08/14, Table 4.

137.8 percent, which is below the 150 percent threshold for consideration of topping-up defined under the enhanced HIPC Initiative (Table 2).[13]

62. **Less favorable developments on exchange rates, lower concessionality of new borrowing, and reduced exports explain the higher-than-projected NPV of debt-to-exports ratio after HIPC assistance**. The contribution of the main factors is described in Table 2 and summarized as follows:

- Changes in the parameters (dollar depreciation and, to a lesser extent, lower discount rates used to calculate the NPV of debt) contribute 13.5 percentage points to the difference in the NPV of debt-to-exports ratio at the end of 2008 between the decision point projection and the completion point estimate.

- Due to significantly lower exports of diamonds and wood products in 2008 exports of goods and services was 8 percentage point lower than projected at the decision point, leading to a 8.9 percentage point increase of the NPV of debt-to-exports ratio.

Table 2. Central African Republic: Breakdown of the increase of NPV of Debt-to-Export Ratio as of end-2008 1/

	Percentage Points	Percent of Total Increase
NPV of debt-to-export ratio (as projected at Decision Point) 2/	**127.1**	
NPV of debt-to-export ratio (actual)	**148.0**	
Unanticipated changes in the ratio	**21.0**	**100%**
1. Due to changes in the parameters	**13.5**	**64%**
o/w due to changes in the discount rates	4.4	21%
o/w due to changes in the exchange rates	9.1	43%
2. Due to unanticipated new borrowing	**-4.9**	**-23%**
o/w due to higher than expected disbursements	-6.1	-29%
o/w due to lower concessionality of the loans	1.2	6%
3. Due to changes in export	**8.9**	**43%**
4. Due to changes in HIPC relief and other factors	**3.4**	**16%**
Bilateral debt relief beyond HIPC	**-10.2**	
NPV of debt-to-export ratio after full delivery of HIPC assistance and bilateral debt relief beyond HIPC (actual)	**137.8**	

Sources: World Bank and IMF staff estimates and projections.

1/ NPV of debt-to-export ratio after full delivery of enhanced HIPC assistance and bilateral debt relief beyond the HIPC Initiative.
2/ Value was 117.4 in the decision point document and was revised due to corrections in the projections of the NPV of new borrowings.

[13] The debt stock after the additional Paris Club creditors' delivery of debt relief under Bilateral Initiatives beyond the HIPC Initiative is used as a base for topping up consideration. See "The Enhanced HIPC Initiative - Completion Point Considerations," (http://www.imf.org/external/np/hipc/doc.htm).

- Compared to the projections, new borrowing was less concessional but also substantially lower, which lead to a 5 percent reduction in the NPV of debt-to-exports.

- Changes in the amount of HIPC relief and changes in the mechanisms of assistance delivery resulted in an increase in the NPV of debt-to-exports ratio by about 3.4 percentage points, compared to the assumptions at decision point.

D. Creditor Participation in the Multilateral Debt Relief Initiative

63. **C.A.R. will qualify for the Multilateral Debt Relief Initiative (MDRI),** contingent upon agreement by the Boards of IDA and the IMF that the completion point under the enhanced HIPC Initiative has been reached. Three creditors would provide MDRI debt relief: IDA, the AfDB, and the IMF.[14] MDRI debt relief (net of HIPC assistance)—estimated at US$163 million in NPV terms—would save C.A.R. US$297 million in debt service over a period of 33 years on debt owed to these three institutions.

64. **Debt relief from IDA**: IDA will provide MDRI debt relief through a debt stock cancellation of debt disbursed before end-2003 and still outstanding on June 30, 2009.[15] At the completion point, debt owed to IDA will be reduced by US$182 million due to MDRI relief (Table 12). MDRI debt cancellation from IDA would save C.A.R. average annual debt service payments (net of HIPC assistance) of US$6 million between 2009 and 2041. Total debt service savings from MDRI relief would amount to US$195.4 million (SDR 128.2 million).

65. **Debt relief from the IMF**: The IMF will provide MDRI debt relief amounting to estimated US$2.9 million (SDR 1.9 million), covering the full stock-of-debt owed to the IMF at end-2004 that is still outstanding at the completion point after full delivery of HIPC debt relief.[16]

66. **Debt relief from the AfDB**: The AfDB will provide debt service relief to C.A.R. under the MDRI amounting to US$98.7 million in nominal terms, starting on July 1, 2009. This amount is calculated based on debt disbursed as of December 31, 2004 and still outstanding on June 30, 2009. The debt stock cancellation, estimated at US$91.1 million, would be delivered by forgiving CAR's post-completion point repayment obligations.

---

[14] For IDA, eligible debt covers debt disbursed and outstanding as of December 31, 2003. For the IMF and AfDB, credits on debt outstanding and disbursed as of December 31, 2004 may be eligible for MDRI debt relief.

[15] See International Development Association, "The Multilateral Debt Relief Initiative: Implementation Modalities for IDA," November 18, 2005, http://siteresources.worldbank.org/IDA/Resources/MDRI.pdf.

[16] As defined in the MDRI-I Trust Instrument.

E. Debt Sustainability Outlook, 2009–28

67. **The macroeconomic framework underpinning the medium- to long-term debt sustainability outlook takes into account recent developments and progress in structural reforms**. The revised medium-term projections for 2009–14 are consistent with the government's medium-term framework supported under the PRGF arrangement. The main elements of the macroeconomic assumptions are summarized in Box 2.

68. **The near-term macroeconomic outlook is influenced by the adverse impact of the global slowdown**. The chances for a fast recovery in external demand are limited. Consumption of timber and timber products is unlikely to recover rapidly, and mining product exports are expected to be affected by the closing of several purchasing offices and declining international prices. Domestic supply is constrained by infrastructure bottlenecks and security concerns. As a consequence, real GDP is projected to recover only slowly from 2.2 percent in 2008 to 2.4 percent in 2009 and 3.1 percent in 2010. Despite favorable developments in international oil prices, large external current account deficits—close to 10 percent of GDP—are projected to continue in 2009 and 2010, reflecting the impact of the global crisis, the slowdown of exports, and large service imports due to high transportation costs. To cope with these external shocks and to maintain adequate reserve level, a substantial amount of external financing would be needed, partly in the form of new borrowing which includes an augmentation of access under the PRGF arrangement.

69. **The focus of fiscal policy in the short run is to stabilize demand through government expenditures while preserving medium-term fiscal discipline**. Revenue projections for 2009 have been revised down, but higher-than-expected grant financing—part of which is intended to support peace building—allows for an expansion of spending without significant debt accumulation.

70. **Growth is projected to accelerate over the medium-term**. The growth acceleration would be supported by the consolidation of the peace process, donors' projects in key areas (infrastructure, agriculture), stronger confidence in government fiscal management, and improved investment climate in key sectors driving the economy. Structural reforms in these areas are being implemented by the government. The long-term assumptions are based on a continuation of medium-term trends and reflect commodity price projections of the April 2009 World Economic Outlook (WEO).

71. **This baseline scenario is predicated on a gradual recovery of the global economy and improved domestic power supply**: exogenous shocks on these fronts could pose a risk to the scenario. The long-run growth prospects depend on consolidation of peace, improvements in institutional and administrative capacity, diversification of the economy, and improved investor confidence. Policies to support these conditions, particularly stable macroeconomic policies, and donor assistance are critical. In the absence of these conditions, growth and external prospects could deteriorate (see Section F).

Box 2. Central African Republic: Baseline Macroeconomic Assumptions

Real GDP growth: Average annual real GDP growth for 2009–29 is projected at 4.4 percent, which is predicated on sustained security and political stability, an improvement in the country's institutional and administrative capacity, and appropriate macroeconomic policies. This environment should encourage an increase in private investment, especially in forestry, mining, and telecommunications. Public investment in infrastructure would help revive agriculture, which dominates economic activity. With these assumptions, the projected growth rate is significantly higher than the historical average, which was characterized by conflicts and civil strife.

Inflation: After unexpectedly high inflation in 2008, the GDP deflator is projected to increase by 2½ percent on average for 2009–29; this assumes that inflation will moderate promptly from the current level. The projected inflation rate is in line with the Central African Economic and Monetary Community (CEMAC) convergence criterion of 3 percent (defined by the CPI).

Current account balance: The current account deficit (including grants) is projected to average 7 percent for 2009–29. The trade balance is projected to improve over time, driven by stronger export performance as a result of structural reforms and infrastructure investments that will enhance competitiveness and diversification of the export base; the deficits in the services balance would remain large. The current account deficits would be financed primarily by official development assistance (project loans), foreign direct investment, and regional capital inflows from the future regional government securities market. A major gold mining project is assumed to start in 2011. The new forestry and mining codes should prepare the ground for sustained FDI inflows in these sectors.

Government balance: The domestic primary balance would be in surplus until 2019 and then decline to zero between 2020–29. The overall fiscal deficit (including grants) is projected to average about 1.2 percent of GDP for 2009–29; with the primary deficit consistently higher than the one needed to stabilize the debt-to-GDP ratio. Domestic revenue is projected to rise from 10½ percent of GDP in 2009 to some 14 percent at end-2029, mainly as a result of steady tax and customs administration improvements and tax policy reform to render the tax code more growth compatible. Total expenditures are projected to rise from about 17 percent of GDP in 2009 to about 20 percent in 2029 with most of the increases concentrated in infrastructure investments.

External assistance: Annual grants and loans are assumed to amount to about 5.4 percent of nominal GDP in the long run. Grants are assumed to account for about 80 percent of total external assistance, with the grant element of new external loans averaging 52 percent for the period.

Domestic borrowing: It is assumed that in 2010, the government will start accessing the securities markets that are being developed in the CEMAC region. This will allow it to reduce financing costs, improve liquidity managements, and repay domestic arrears. Given the continued prudent fiscal policy stance, domestic debt is expected to decline during the projection period.

Real interest rate on domestic currency debt: The average real interest rate on domestic currency debt (including bonds from the regional markets) should converge to about 4.8 percent in the long run.

72. **After full delivery—at the completion point—of HIPC debt relief, additional bilateral assistance beyond HIPC, and MDRI, C.A.R.'s external public debt would be considerably reduced, and external debt indicators would be expected to improve over time**. The NPV of debt-to-exports ratio at end-2009 would fall to 74.8 percent after delivery of MDRI assistance; this ratio would increase to 91.3 percent by end-2011 due to the high volume of new borrowing but subsequently decline to 56.1 percent in 2028 (Table 9). The NPV of debt-to-GDP and NPV of debt-to-revenue ratios would also decline gradually in the long run.

73. **C.A.R.'s debt service ratios are projected to increase over the medium term and will start to decline only after 2016**. Debt service-to-exports ratio after HIPC debt relief, additional assistance beyond HIPC and MDRI would increase from 3.7 percent in 2010 to 10 percent in 2015 (Table 9), reflecting a rescheduling assumption for arrears to non-Paris Club creditors. However, debt service indicators decline substantially in the longer term. Nominal debt service would decrease on average by a combined effect of about US$29 million per year over the projection period (Table 7).

F. Sensitivity Analysis and Long-Term Debt Sustainability

74. **This section analyzes the impact on debt dynamics of three alternative scenarios (Table 10 and Figure 4)**. The analysis suggests that the debt sustainability outlook would be robust to possible alternative assumptions—which are considered to evaluate the risks in the country-specific context—with respect to GDP, exports growth, and concessionality of external financing. For the cases of lower GDP and exports growth, all debt indicators would show downward trends in the long run (Alternative Scenarios 1 and 2). However, when external financing relies mostly on loans, the increases in debt ratios in the initial years are more pronounced and the NPV of debt-to-exports ratio would remain high throughout the projection period (Alternative Scenario 3).

Alternative Scenario 1: Lower GDP growth

75. **This scenario assumes no growth acceleration after 2010, resulting in a reduction in real GDP growth by 1.3 percentage points on average over the projection period relative to the baseline scenario**. In the context of C.A.R., such a scenario would reflect the risk of not stabilizing the security situation, in which case the country growth prospects would diminish significantly. Specifically, lower GDP growth may result from slower implementation of structural reforms, concerns on governance, or insufficient investment. Consequently, export growth is reduced, and import volume growth is also lower. Similarly, there is a negative impact on revenue growth and the government needs to reduce expenditures including public investments in infrastructure in order to preserve the same domestic primary balance as in the baseline scenario. As transportation infrastructure is necessary for a landlocked country like the C.A.R., this scenario implies that the country is caught in a permanent low growth trap of insufficient public investment, less government revenue, and lower growth. As a result, all indicators of NPV of debt would deteriorate,

compared to the baseline scenario. The NPV of debt-to-revenue ratio would increase by 12.7 percentage points by 2018 and by 15.4 percentage points on average in 2019–28, reaching 74.6 percent in 2028. Over the long term, debt service indicators would also increase.

Alternative Scenario 2: Lower export growth

76. **This scenario assumes a reduction in export volume growth of goods by 30 percent from 2010 onward**.[17] This reduced export volume growth represents a substantial worsening from the baseline projections, which might materialize if C.A.R.'s transport infrastructure is not improved, which would make export growth more difficult to achieve. Compared to the baseline scenario, which assumes that the exports-to-GDP ratio steadily increases, this ratio will remain almost unchanged under this scenario. The lower exports may result from failure of diversifying export products due to delayed foreign investment in key sectors such as gold, uranium, and in higher value-added for wood products. Under this scenario, compared to the baseline, the NPV of the debt-to-exports ratio would be higher on average by 10.5 percentage points during 2008–18 and 23.5 percentage points during 2019–28, reaching 89.8 percent in 2028.

Alternative Scenario 3: Less grants

77. **This scenario assumes a change in the composition of external assistance by replacing budget-support and project grants with external borrowing**. This scenario assumes that the disbursements of budget-support and project grants fall short of the baseline projections by 50 percent from 2010 onward; instead, the same level of expenditure as in the baseline scenario is financed by additional borrowing on concessional terms. The lower grants may result from concerns about governance as well as donors' budget constraints due a tight fiscal position. This scenario leads to a higher ratio of loan financing to GDP at 3.2 percent of GDP in 2029, compared to 1 percent in the baseline scenario. Over the long-term projection period, all debt indicators would deteriorate substantially. The NPV of debt as a share of GDP, exports, and revenues would on average be more than double than in the baseline scenario for the period 2019–28.

78. **The results of the sensitivity analysis underscore the importance of continuing prudent fiscal policies and relying on grants to finance additional capital spending**. The authorities' commitment to macroeconomic stability and structural reforms to recover and accelerate growth is critical in this respect. Although it is expected that the economy's resilience to external shocks would strengthen as the export base diversifies, forward-looking debt management and readiness to respond unexpected shocks would be required to keep debt sustainable.

[17] Miscellaneous goods are excluded because there is no data on volumes; these exports represent 14.4 percent of total exports in value terms in 2008.

IV. Conclusions

79. **In the view of the staffs of IDA and IMF, C.A.R. has met the requirements established in September 2007 for reaching the completion point under the enhanced HIPC initiative**.

80. **The staffs of IDA and the IMF consider that C.A.R.'s performance in implementing the conditions specified for reaching the completion point has been satisfactory**. It has satisfactorily implemented all eight triggers. The poverty reduction strategy is well grounded on the authorities' economic reform agenda, laid out in consultation with civil society. The government has recently prepared its first annual PRSP progress report. C.A.R.'s implementation and monitoring of the PRSP have been satisfactory. As a reflection of stronger policy implementation, anchored on a prudent fiscal stance, C.A.R. has maintained satisfactory performance under the current PRGF-supported program. C.A.R. has also made progress in implementing structural reform measures in the critically important forestry and mining sectors as evidenced by the establishment of a legal and regulatory framework that reflects best practices in both sectors, and implementation of the Extractive Industries Transparency Initiative (EITI) in the mining sector. C.A.R. has carried out a range of governance reforms, which have focused on actions to fight corruption, increase transparency and accountability in the use of public resources, and improve public financial management. The government has satisfactorily launched its civil service reform agenda, developed an education sector strategy that has been endorsed by the EFA/FTI partnership, and satisfactorily implemented reforms in the health sector as well as measures that strengthened the public debt management system as attested by the publication of the first annual public debt statistics bulletin.

81. **Revision to the end-2006 debt and export data has resulted in a downward revision in the amount of HIPC debt relief**. As a result of the changes the common reduction factor has declined from 68.1 percent to 67.5 percent, and the amount of HIPC debt relief required to reduce the NPV of debt to 150 percent of exports on the basis of end-December 2006 data has been revised downward from US$583 million estimated at the decision point to US$578 million. Assurances have been received regarding participation in the enhanced HIPC Initiative from creditors representing 82 percent of the NPV of HIPC debt relief estimated at the decision point.

82. **Full delivery of HIPC debt relief, additional bilateral assistance beyond HIPC, and MDRI would considerably reduce Central African Republic's external public debt**. In NPV terms, the stock of debt at end-2009 would decline by US$483.4 million due to delivery of HIPC assistance and further by US$200.4 million due to delivery of additional bilateral assistance beyond HIPC and MDRI assistance, going down to US$156 million.

83. **In light of the above, the staffs of IDA and IMF recommend that the Executive Directors determine that C.A.R. has reached the completion point under the enhanced HIPC Initiative**.

V. Issues For Discussion

84. Executive Directors may wish to consider this report in terms of the following questions:

- **Completion point**. Do Directors agree that C.A.R. has reached the completion point under the enhanced HIPC Initiative?

- **Data Revision**. Do Directors agree with staffs' recommendation that the revised export data and the updated stock of debt in end-2006 NPV terms warrant a revision in the proposed amount of HIPC assistance?

- **HIPC assistance from the IMF**. Do IMF Directors agree with the downward revision in IMF HIPC assistance from SDR 17.33 million to SDR 17.19 million?

- **Topping-up**. Do Directors agree that C.A.R. does not meet the requirements for exceptional topping-up at the completion point?

- **MDRI/HIPC debt relief**. Do IMF Directors agree that C.A.R. qualifies for an amount of debt relief from the IMF equal to SDR 14.9 million, of which an estimated SDR 1.9 million would be financed from the MDRI-I Trust, and the rest from the C.A.R.'s HIPC Umbrella sub-account?

- **Creditor Participation**. Do Directors agree that C.A.R.'s creditors have given sufficient assurances to irrevocably commit HIPC Initiative assistance to the C.A.R.?

Figure 1. Central African Republic: Composition of Stock of External Debt as of December 31, 2006 by Creditor Group

(Nominal stock: $1.088 billion)

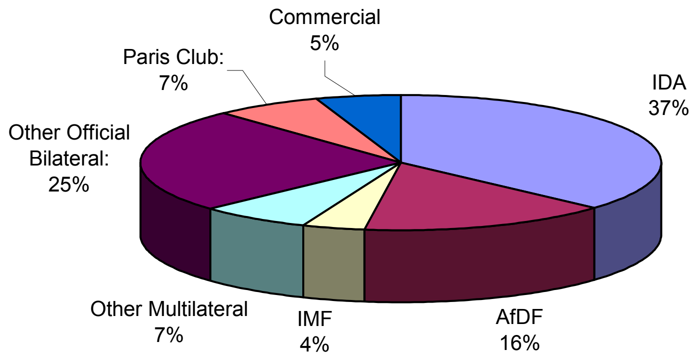
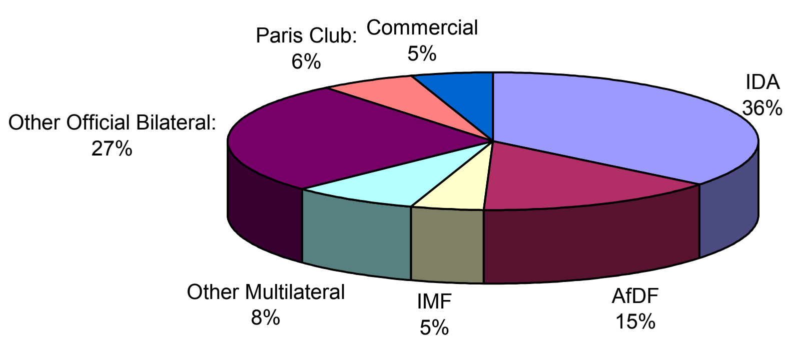


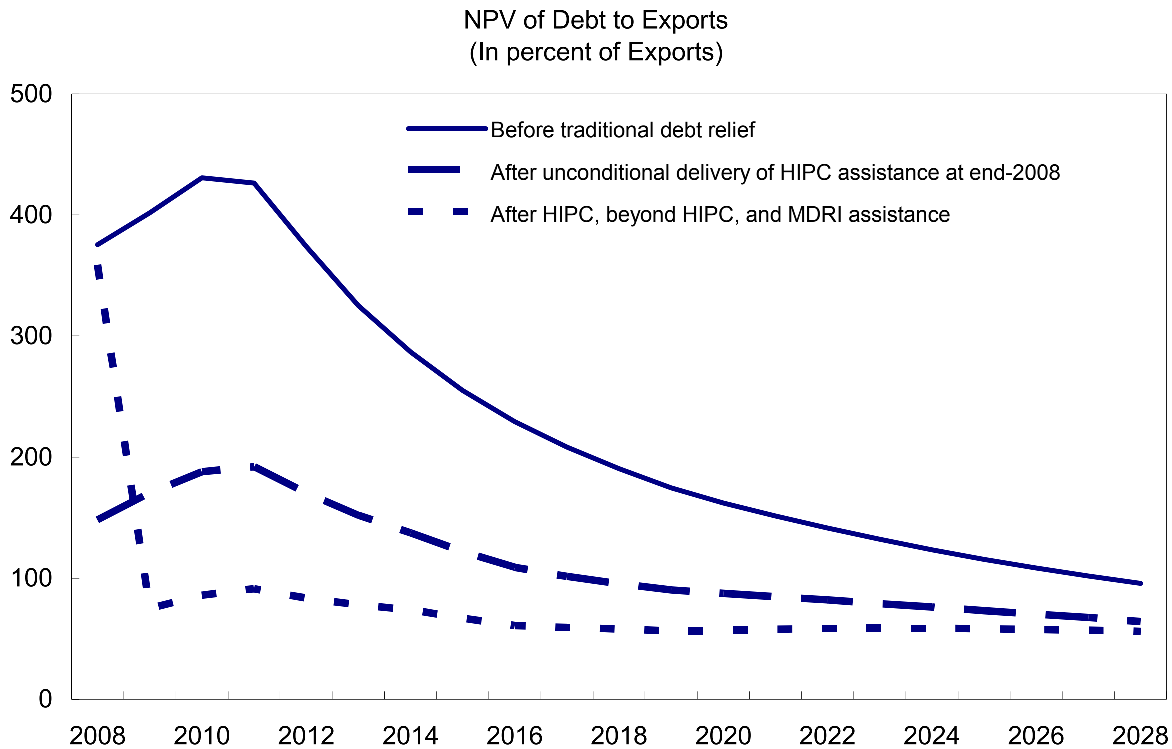
Figure 2. Central African Republic: Potential Costs of the HIPC Initiative as of December 31, 2006 by Creditor Group

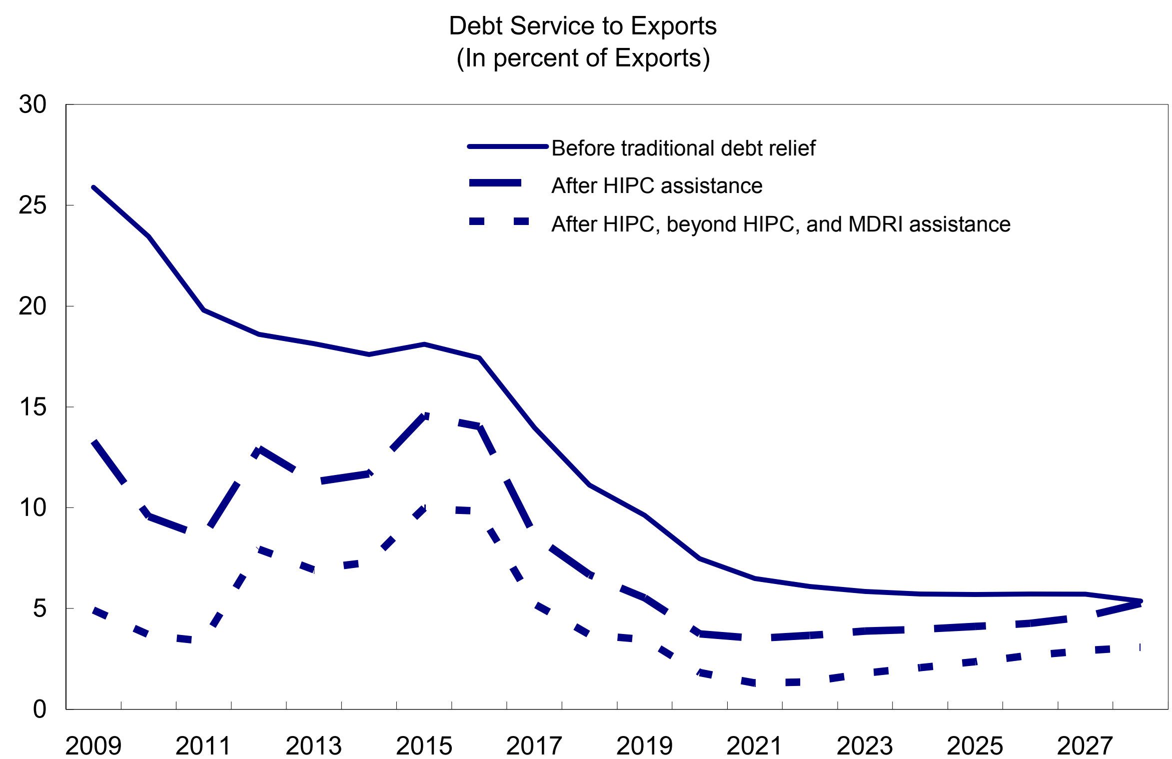
(Total Estimated HIPC Enhanced Assistance: $583 million, end-2006 NPV terms)



Sources: C.A.R. authorities; and IMF and World Bank staff estimates and projections.

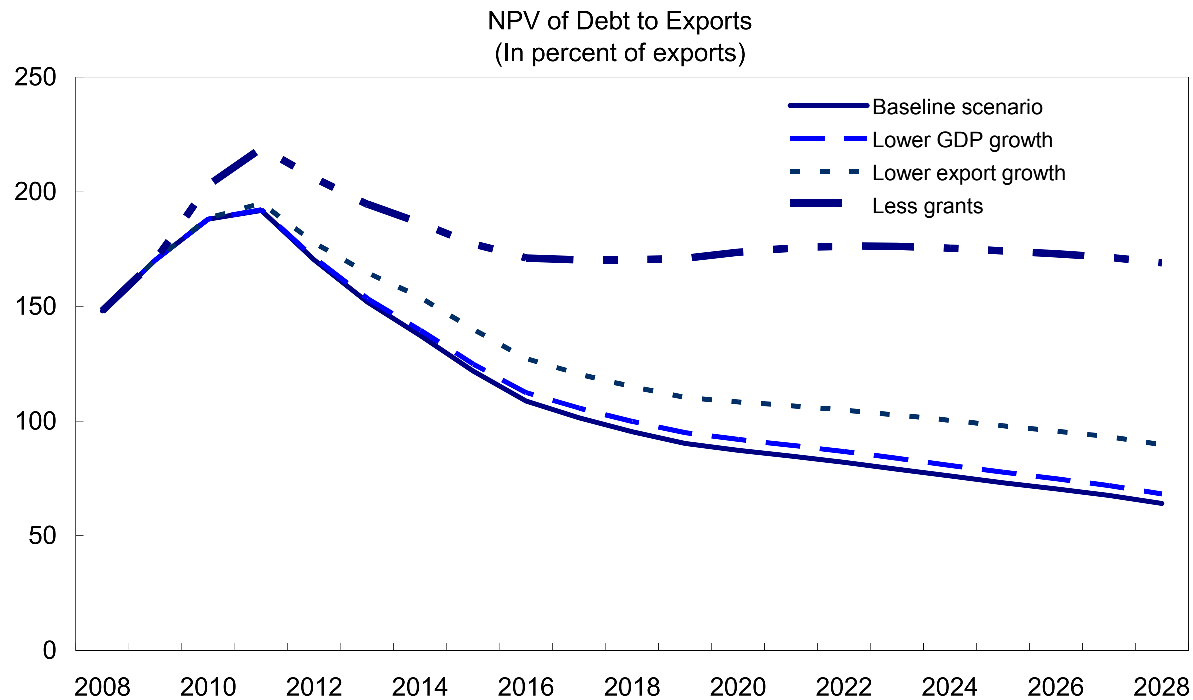
Figure 3. Central African Republic: External Debt Burden Indicators, 2008–28

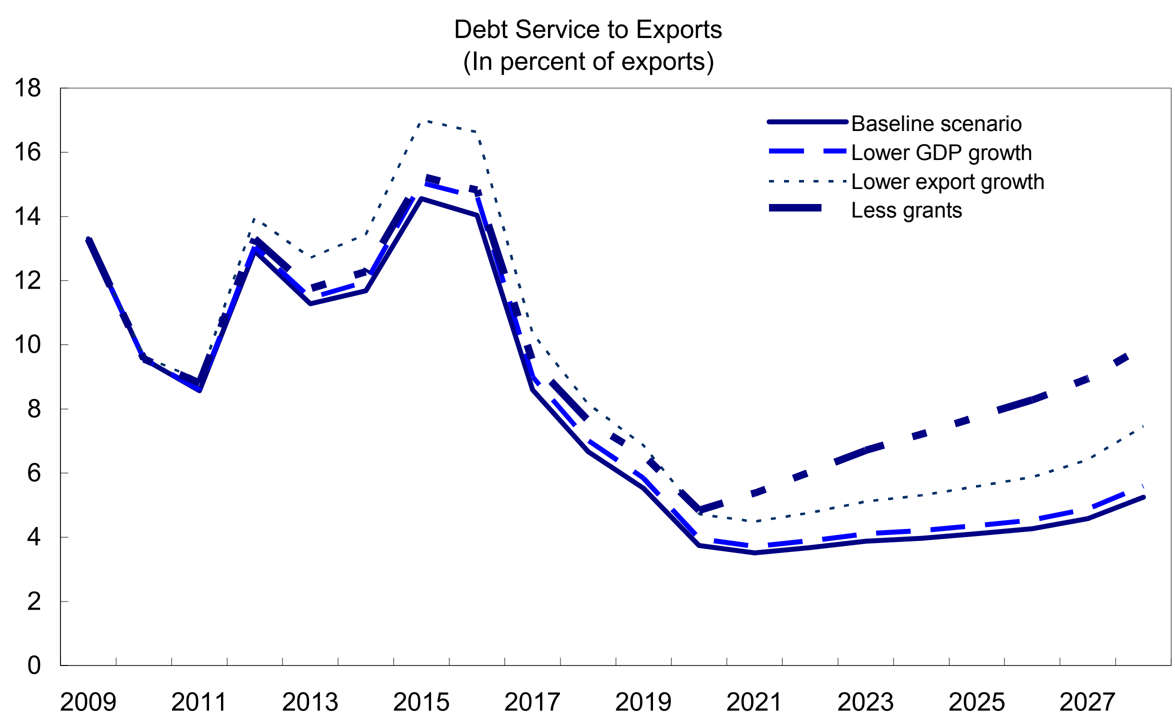




Sources: C.A.R. authorities; and IMF and World Bank staff estimates and projections.

Figure 4. Central African Republic: Sensitivity Analysis, 2008–28





Sources: C.A.R. authorities; and IMF and World Bank staff estimates and projections.

Table 3. Central African Republic: Nominal Stock and Net Present Value of Debt as of December 31, 2006, by Creditor Groups

	Nominal Debt Stock 1/				NPV of Debt Before Rescheduling 1/				NPV of Debt After Arrears Clearance and Traditional Debt Relief 2/ 3/				
	At decision point		Revised at completion point		At decision point		Revised at completion point		At decision point		Revised at completion point		
	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total	
Total	1086.8	100.0	1087.5	100.0	842.6	100.0	843.5	100.0	855.9	100.0	856.6	100.0	
Multilateral	686.1	63.1	686.1	63.1	469.5	55.7	469.5	55.7	536.7	62.7	536.7	62.7	
IDA	398.1	36.6	398.1	36.6	242.6	28.8	242.6	28.8	306.5	35.8	306.5	35.8	2/
AfDF	169.5	15.6	169.5	15.6	125.5	14.9	125.5	14.9	125.5	14.7	125.5	14.6	
IMF	42.1	3.9	42.1	3.9	39.6	4.7	39.6	4.7	39.6	4.6	39.6	4.6	
IFAD	34.1	3.1	34.1	3.1	22.9	2.7	22.9	2.7	22.9	2.7	22.9	2.7	
BDEAC	11.8	1.1	11.8	1.1	13.1	1.6	13.1	1.6	13.1	1.5	13.1	1.5	
BADEA	12.7	1.2	12.7	1.2	9.5	1.1	9.5	1.1	12.8	1.5	12.8	1.5	2/
OFID	9.5	0.9	9.5	0.9	9.5	1.1	9.5	1.1	9.5	1.1	9.5	1.1	
European Investment Bank	7.7	0.7	7.7	0.7	6.2	0.7	6.2	0.7	6.2	0.7	6.2	0.7	
Other 4/	0.8	0.1	0.8	0.1	0.8	0.1	0.8	0.1	0.8	0.1	0.8	0.1	
Bilateral and Commercial	400.8	36.9	401.4	36.9	373.1	44.3	373.9	44.3	319.2	37.3	319.9	37.3	3/
Bilateral	344.6	31.7	345.0	31.7	317.0	37.6	317.7	37.7	275.6	32.2	276.2	32.2	
Paris Club:	72.0	6.6	72.5	6.7	64.5	7.7	65.6	7.8	47.3	5.5	48.3	5.6	
Post-cutoff date	8.7	0.8	9.0	0.8	8.7	1.0	9.0	1.1	8.6	1.0	8.8	1.0	
ODA	2.2	0.2	2.2	0.2	2.2	0.3	2.2	0.3	2.2	0.3	2.2	0.3	
Non-ODA	6.5	0.6	6.8	0.6	6.5	0.8	6.8	0.8	6.4	0.7	6.7	0.8	
Pre-cutoff date	63.3	5.8	63.5	5.8	55.8	6.6	56.7	6.7	38.8	4.5	39.5	4.6	
ODA	0.3	0.0	0.3	0.0	0.3	0.0	0.3	0.0	0.1	0.0	0.1	0.0	
Non-ODA	63.0	5.8	63.2	5.8	55.5	6.6	56.4	6.7	38.6	4.5	39.4	4.6	
Austria	6.0	0.6	6.0	0.6	5.1	0.6	5.1	0.6	3.4	0.4	3.4	0.4	
EEC IDA administered loans	0.3	0.0	0.3	0.0	0.3	0.0	0.3	0.0	0.1	0.0	0.1	0.0	
France	12.4	1.1	12.7	1.2	12.5	1.5	12.8	1.5	10.0	1.2	10.3	1.2	
Germany	4.8	0.4	4.8	0.4	4.9	0.6	4.9	0.6	3.8	0.4	3.8	0.4	
Italy	6.4	0.6	6.7	0.6	5.2	0.6	5.9	0.7	3.7	0.4	4.4	0.5	
Japan	2.2	0.2	2.2	0.2	2.2	0.3	2.2	0.3	2.2	0.3	2.2	0.3	
Norway	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Russia	0.8	0.1	0.8	0.1	0.6	0.1	0.7	0.1	0.6	0.1	0.7	0.1	
Switzerland	26.6	2.5	26.6	2.4	21.6	2.6	21.5	2.6	14.9	1.7	14.9	1.7	
United Kingdom	0.8	0.1	0.8	0.1	0.8	0.1	0.8	0.1	0.7	0.1	0.7	0.1	
United States	11.6	1.1	11.6	1.1	11.3	1.3	11.3	1.3	7.9	0.9	7.9	0.9	
Other Official Bilateral:	272.6	25.1	272.5	25.1	252.5	30.0	252.1	29.9	228.3	26.7	227.8	26.6	
Post-cutoff date	225.9	20.8	225.8	20.8	205.9	24.4	205.4	24.4	203.4	23.8	202.9	23.7	
ODA	183.5	16.9	183.3	16.9	163.9	19.5	163.3	19.4	162.1	18.9	161.5	18.9	
Non-ODA	42.4	3.9	42.5	3.9	41.9	5.0	42.1	5.0	41.3	4.8	41.4	4.8	
Pre-cutoff date	46.7	4.3	46.7	4.3	46.7	5.5	46.7	5.5	24.9	2.9	24.9	2.9	
ODA	45.3	4.2	45.4	4.2	45.3	5.4	45.4	5.4	24.5	2.9	24.5	2.9	
Non-ODA	1.3	0.1	1.3	0.1	1.3	0.2	1.3	0.2	0.4	0.1	0.4	0.1	
Algeria	0.2	0.0	0.2	0.0	0.2	0.0	0.2	0.0	0.2	0.0	0.2	0.0	
Argentina	33.8	3.1	34.2	3.1	33.8	4.0	34.2	4.1	33.2	3.9	33.6	3.9	
Benin	0.2	0.0	0.2	0.0	0.2	0.0	0.2	0.0	0.1	0.0	0.1	0.0	
Burkina Faso	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	
Cameroon	1.4	0.1	1.4	0.1	1.4	0.2	1.4	0.2	1.0	0.1	1.0	0.1	
China	37.8	3.5	37.5	3.5	25.9	3.1	25.2	3.0	25.7	3.0	25.1	2.9	
Congo, Rep of	0.4	0.0	0.7	0.1	0.4	0.0	0.7	0.1	0.2	0.0	0.5	0.1	
Cote d'Ivoire	0.5	0.0	0.5	0.0	0.5	0.1	0.5	0.1	0.5	0.1	0.5	0.1	
Equatorial Guinea	4.1	0.4	4.1	0.4	3.7	0.4	3.7	0.4	3.7	0.4	3.7	0.4	
Iraq	5.8	0.5	5.8	0.5	5.8	0.7	5.8	0.7	0.9	0.1	0.9	0.1	
Kenya	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Kuwait	21.1	1.9	21.2	1.9	20.9	2.5	21.0	2.5	18.8	2.2	18.9	2.2	
Libya	14.0	1.3	14.0	1.3	10.1	1.2	10.1	1.2	10.1	1.2	10.1	1.2	
Mali	0.3	0.0	1.0	0.1	0.3	0.0	1.0	0.1	0.3	0.0	1.0	0.1	
Mozambique	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Niger	0.4	0.0	0.1	0.0	0.4	0.0	0.1	0.0	0.4	0.0	0.1	0.0	
Saudi Arabia	17.5	1.6	17.5	1.6	16.7	2.0	16.7	2.0	16.5	1.9	16.5	1.9	
Senegal	1.3	0.1	0.3	0.0	1.3	0.2	0.3	0.0	1.0	0.1	0.1	0.0	
Taiwan Province of China	97.5	9.0	97.5	9.0	94.7	11.2	94.7	11.2	93.5	10.9	93.5	10.9	
Chad	0.6	0.1	0.5	0.0	0.6	0.1	0.5	0.1	0.6	0.1	0.5	0.1	
Former Serbia and Montenegro	35.3	3.2	35.3	3.2	35.3	4.2	35.3	4.2	21.0	2.4	21.0	2.4	
Zimbabwe	0.4	0.0	0.4	0.0	0.4	0.0	0.4	0.0	0.4	0.0	0.4	0.0	
Commercial	56.2	5.2	56.3	5.2	56.1	6.7	56.2	6.7	43.6	5.1	43.7	5.1	
Air Afrique	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	
Air Camair	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Accor group	0.2	0.0	0.2	0.0	0.2	0.0	0.2	0.0	0.2	0.0	0.2	0.0	
Beptom	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	
Chronopost	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	
Credit Lyonnais	5.6	0.5	5.7	0.5	5.6	0.7	5.7	0.7	5.5	0.6	5.6	0.7	
France Cable Radio	1.3	0.1	1.3	0.1	1.4	0.2	1.4	0.2	1.4	0.2	1.4	0.2	
Fiduconsult	0.2	0.0	0.2	0.0	0.2	0.0	0.2	0.0	0.2	0.0	0.2	0.0	
France Telecom	1.4	0.1	1.4	0.1	1.4	0.2	1.4	0.2	1.4	0.2	1.4	0.2	
French Hospital	11.2	1.0	11.2	1.0	11.0	1.3	11.0	1.3	11.0	1.3	11.0	1.3	
French Post Office	25.2	2.3	25.2	2.3	25.2	3.0	25.2	3.0	13.1	1.5	13.1	1.5	
Glavupdk	0.3	0.0	0.3	0.0	0.3	0.0	0.3	0.0	0.2	0.0	0.2	0.0	
GERBER	5.7	0.5	5.7	0.5	5.7	0.7	5.7	0.7	5.6	0.7	5.6	0.7	
ICA - Imprimerie Centrafricaine	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Impressor suisse	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Maintex	0.5	0.0	0.5	0.0	0.5	0.1	0.5	0.1	0.5	0.1	0.5	0.1	
SAUR International	3.2	0.3	3.2	0.3	3.2	0.4	3.2	0.4	3.2	0.4	3.2	0.4	
TOM SUDE MAINTEX	1.0	0.1	1.0	0.1	1.0	0.1	1.0	0.1	1.0	0.1	1.0	0.1	
TNT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	

Sources: C.A.R. authorities; and IMF and World Bank staff estimates.

1/ Includes arrears.

2/ Adds back the grant element of the arrears clearance agreements with IDA and BADEA, as well as payments on the arrears clearance loans made in 2005 and 2006.

3/ Includes a hypothetical stock-of-debt operation on Naples terms at end-2006 and at least comparable action by other official bilateral and commercial creditors on eligible debt (pre-cutoff and non-ODA).

4/ Represents dues in arrears to the Universal Postal Union and the Pan-African Postal Union, which are agencies, respectively, of the United Nations and the African Union. Also includes arrears to the International Postal Universities at Abidjan and Brazzaville, and the African Institute of Savings Institutions, which the authorities have reported to be agencies of multilateral institutions.

Table 4. Central African Republic: HIPC Initiative Assistance Under a Proportional Burden-Sharing Approach 1/
(In millions of U.S. dollars, unless otherwise indicated)

	Debt Outstanding in NPV terms, end-2006 (A)		Debt Outstanding in NPV terms, post-HIPC (B)		Reduction of the NPV of debt due to HIPC (A-B) 2/	
	At decision point	Revised at completion point	At decision point	Revised at completion point	At decision point	Revised at completion point
Total	856	856.6	273	278	583	578
(as percent of exports of goods and non-factor services)	470	462	150	150	320	312
of which:						
Multilateral	537	537	171	174	365	362
Bilateral	276	276	88	90	188	186
Paris Club:	47	48	15	16	32	33
Other Official Bilateral:	228	228	73	74	155	154
Commercial	44	44	14	14	30	30
Memorandum Items:						
Common reduction factor (percent) 2/	68.1	67.5				
Exports of goods and non-factor services 3/	182	185.5				

Sources: C.A.R. authorities; and IMF and World Bank staff estimates and projections.

1/ Includes a hypothetical stock-of-debt operation on Naples terms (end-December 2006) and comparable treatment by other official bilateral creditors.
2/ Each creditor's NPV reduction in percent of its exposure at the reference date, end-December 2006, calculated as (A-B)/A.
The common reduction factor is applied to debt remaining after traditional mechanisms. For non-concessional bilateral or commercial debt this would imply a total reduction of 89 percent.
3/ Based on the three-year backward-looking average (2004–06).

Table 5. Central African Republic: Discount and Exchange Rate Assumptions as of end-December 2006 and end-December 2008

Currency Name	Discount Rate 1/ (In percent per annum)		Exchange Rate 2/ (Currency per U.S. dollar)	
	end-2006	end-2008	end-2006	end-2008
Canadian Dollar	5.22	4.40	1.17	1.22
CFA Franc	4.80	5.27	498.07	471.34
Swiss Franc	3.51	3.80	1.22	1.06
Chinese Yuan	5.13	4.63	7.81	6.83
Danish Krone	4.81	5.05	5.66	5.28
Euro	4.80	5.27	0.76	0.72
U.K. Pound	5.68	5.75	0.51	0.69
Japanese Yen	2.57	2.26	118.95	90.75
Norwegian Kroner	5.05	5.67	6.26	7.00
Special Drawing Rights	5.13	4.63	0.66	0.65
Swedish Krona	4.73	5.11	6.86	7.81
U.S. Dollar	5.89	4.45	1.00	1.00
Memorandum item:				
Paris Club cutoff date	January 1, 1983			

Sources: OECD; and IMF, *International Financial Statistics* .

1/ The discount rates used are the average commercial interest reference rates over the six-month period piror to the end of the period for which actual debt and export data are available, which is end-2006 and end-2008.
2/ The exchange rates are expressed as national currency per U.S. dollar at end-2006 and end-2008.

Table 6. Central African Republic: Net Present Value of External Debt, 2008–28
(in millions of U.S. dollars, unless otherwise indicated)

														Averages	
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2023	2028	2008-2018	2019-2028
Before traditional debt-relief 1/															
NPV of total debt	832.2	840.0	829.8	822.3	819.3	816.0	812.6	800.6	784.1	774.0	767.5	795.5	841.2	809.0	800.5
NPV of outstanding debt	832.2	812.9	792.5	773.1	749.3	719.2	685.1	650.8	615.1	586.6	564.8	462.1	362.9	707.4	453.0
Official bilateral and commercial	370.5	362.7	353.5	346.4	337.4	327.9	318.1	308.9	299.2	293.8	290.5	273.6	265.2	328.1	274.3
Paris Club	52.7	51.4	48.7	45.9	42.8	39.6	36.8	34.5	31.9	28.9	28.0	21.1	13.3	40.1	20.4
Other official bilateral	265.0	262.8	258.5	254.2	248.4	242.0	235.0	228.1	221.0	218.6	216.3	206.2	205.7	240.9	207.6
Commercial	52.9	48.5	46.3	46.3	46.3	46.3	46.3	46.3	46.3	46.3	46.3	46.3	46.3	47.1	46.3
Multilateral	461.6	450.3	439.0	426.7	411.9	391.4	367.0	341.9	315.9	292.8	274.2	188.5	97.7	379.3	178.7
World Bank	257.4	252.9	246.6	238.6	229.9	220.7	211.3	201.5	191.3	180.9	170.1	109.8	41.0	218.3	101.6
AfDB Group	91.7	90.0	87.7	85.3	82.5	79.6	76.7	73.7	70.6	67.5	64.2	46.8	28.5	79.1	44.8
IMF	49.2	46.2	45.6	46.2	45.4	39.5	30.3	20.7	10.7	3.0	0.0	0.0	0.0	30.6	0.0
Other multilateral	63.3	61.2	59.1	56.7	54.1	51.5	48.7	46.0	43.3	41.4	40.0	31.9	28.2	51.4	32.3
NPV of new borrowing	0.0	27.1	37.3	49.2	70.0	96.7	127.6	149.8	169.0	187.4	202.8	333.5	478.3	101.5	347.5
After traditional debt relief 1/ 2/															
NPV of total debt	790.8	800.0	792.4	787.6	750.9	714.0	676.6	629.9	578.9	571.1	564.7	591.7	630.3	696.1	595.2
NPV of outstanding debt	790.8	772.9	755.1	738.4	680.9	617.3	549.1	480.1	409.9	383.7	362.0	258.2	152.1	594.6	247.7
Official bilateral and commercial	329.2	322.6	316.1	311.7	269.0	225.9	182.1	138.2	94.0	90.9	87.7	69.7	54.4	215.2	69.0
Multilateral	461.6	450.3	439.0	426.7	411.9	391.4	367.0	341.9	315.9	292.8	274.2	188.5	97.7	379.3	178.7
World Bank	257.4	252.9	246.6	238.6	229.9	220.7	211.3	201.5	191.3	180.9	170.1	109.8	41.0	218.3	101.6
AfDB Group	91.7	90.0	87.7	85.3	82.5	79.6	76.7	73.7	70.6	67.5	64.2	46.8	28.5	79.1	44.8
IMF	49.2	46.2	45.6	46.2	45.4	39.5	30.3	20.7	10.7	3.0	0.0	0.0	0.0	30.6	0.0
Other multilateral	63.3	61.2	59.1	56.7	54.1	51.5	48.7	46.0	43.3	41.4	40.0	31.9	28.2	51.4	32.3
NPV of new borrowing	0.0	27.1	37.3	49.2	70.0	96.7	127.6	149.8	169.0	187.4	202.8	333.5	478.3	101.5	347.5
After conditional delivery of enhanced HIPC assistance 3/															
NPV of total debt	795.5	356.6	361.9	369.7	372.7	381.1	388.9	382.1	371.7	376.8	384.2	475.8	563.1	412.8	483.7
NPV of outstanding debt	795.5	329.5	324.6	320.6	302.7	284.4	261.4	232.3	202.6	189.4	181.4	142.3	84.8	311.3	136.1
Official bilateral and commercial	344.3	112.2	109.3	107.7	91.2	74.4	57.4	40.6	23.6	21.0	19.3	10.9	7.5	91.0	11.4
Multilateral	451.2	217.3	215.3	212.9	211.5	209.9	203.9	191.7	179.1	168.4	162.1	131.5	77.3	220.3	124.7
World Bank	252.6	114.6	112.9	110.5	107.9	105.1	102.3	99.3	96.3	93.2	90.0	72.1	41.0	116.8	68.4
AfDB Group	90.0	52.3	52.6	52.9	53.1	53.3	53.6	53.9	54.2	54.6	55.0	46.8	28.5	56.9	44.1
IMF	46.4	30.2	30.2	30.9	32.1	33.4	30.3	20.7	10.7	3.0	0.0	0.0	0.0	24.4	0.0
Other multilateral	62.2	20.5	19.8	18.9	18.6	18.3	18.0	18.1	18.1	17.8	17.4	12.8	8.1	22.5	12.5
NPV of new borrowing	0.0	27.1	37.3	49.2	70.0	96.7	127.6	149.8	169.0	187.4	202.8	333.5	478.3	101.5	347.5
After unconditional delivery of enhanced HIPC assistance 4/															
NPV of total debt	328.0	355.6	362.2	370.0	373.0	381.3	389.2	382.3	371.9	377.1	384.4	476.0	563.3	370.5	483.9
NPV of outstanding debt	328.0	328.5	324.9	320.8	302.9	284.6	261.6	232.6	202.9	189.7	181.7	142.6	85.1	268.9	136.4
Official bilateral and commercial	108.7	110.9	109.3	107.7	91.2	74.4	57.4	40.6	23.6	21.0	19.3	10.9	7.5	69.5	11.4
Paris Club	22.7	22.4	22.6	21.5	19.3	17.0	14.9	12.9	10.9	9.7	9.3	6.5	3.4	16.6	6.3
Other official bilateral	77.1	79.9	78.2	77.6	65.1	52.2	39.0	25.7	12.4	11.1	9.8	4.1	3.8	48.0	4.9
Commercial	8.9	8.5	8.5	8.5	6.9	5.2	3.6	1.9	0.3	0.3	0.3	0.3	0.3	4.8	0.3
Multilateral	219.3	217.6	215.5	213.1	211.7	210.2	204.2	192.0	179.3	168.6	162.3	131.7	77.6	199.4	125.0
World Bank	115.7	114.6	112.9	110.5	107.9	105.1	102.3	99.3	96.3	93.2	90.0	72.1	41.0	104.3	68.4
AfDB Group	51.9	52.3	52.6	52.9	53.1	53.3	53.6	53.9	54.2	54.6	55.0	46.8	28.5	53.4	44.1
IMF 7/	30.3	30.2	30.2	30.9	32.1	33.4	30.3	20.7	10.7	3.0	0.0	0.0	0.0	22.9	0.0
Other multilateral	21.4	20.5	19.8	18.9	18.6	18.3	18.0	18.1	18.1	17.8	17.4	12.8	8.1	18.8	12.5
NPV of new borrowing	0.0	27.1	37.3	49.2	70.0	96.7	127.6	149.8	169.0	187.4	202.8	333.5	478.3	101.5	347.5
After beyond HIPC assistance 5/															
NPV of total debt	795.5	333.2	340.2	348.5	353.7	364.4	374.3	369.4	361.0	367.4	375.2	469.5	559.9	398.4	477.6
NPV of outstanding debt	795.5	306.1	302.9	299.3	283.7	267.6	246.7	219.6	192.0	180.0	172.4	136.1	81.7	296.9	130.1
Official bilateral and commercial	344.3	88.5	87.3	86.2	72.0	57.4	42.6	27.7	12.7	11.4	10.0	4.4	4.1	76.4	5.1
Multilateral	451.2	217.6	215.5	213.1	211.7	210.2	204.2	192.0	179.3	168.6	162.3	131.7	77.6	220.5	125.0
NPV of new borrowing	0.0	27.1	37.3	49.2	70.0	96.7	127.6	149.8	169.0	187.4	202.8	333.5	478.3	101.5	347.5
After conditional delivery of enhanced HIPC, beyond HIPC, and MDRI assistance 3/ 5/ 6/															
NPV of total debt	795.5	156.4	165.6	176.1	183.2	195.9	209.5	210.5	208.2	219.9	233.5	353.8	493.0	250.4	368.2
NPV of outstanding debt	795.5	129.3	128.3	126.9	113.2	99.2	81.9	60.7	39.2	32.5	30.8	20.3	14.7	148.9	20.6
Official bilateral and commercial	344.3	88.5	87.3	86.2	72.0	57.4	42.6	27.7	12.7	11.4	10.0	4.4	4.1	76.4	5.1
Multilateral	451.2	40.8	40.9	40.8	41.2	41.7	39.3	33.1	26.5	21.2	20.7	16.0	10.6	72.5	15.5
NPV of new borrowing	0.0	27.1	37.3	49.2	70.0	96.7	127.6	149.8	169.0	187.4	202.8	333.5	478.3	101.5	347.5

Sources: C.A.R. authorities; and IMF and World Bank staff estimates and projections.

1/ The NPV of debt to the World Bank, the AfDB Group and BADEA includes the grant element of the arrears clearance operations as well as any payments made under these operations.
2/ Shows the external debt situation after the full use of traditional debt-relief mechanisms, and assuming at least comparable treatment from official bilateral creditors.
3/ Assumes the full delivery of HIPC assistance at completion point (end-June 2009).
4/ Assumes full delivery of estimated HIPC initiative debt relief as end-December 2008.
5/ Includes additional debt relief provided on a voluntary basis by the Paris Club and some commercial creditors beyond the requirements of the enhanced HIPC framework as specified on Table 16.
6/ MDRI assistance applies to the World Bank, the IMF and the AfDB Group, and starts after the completion point (July 2009).

Table 7. Central African Republic: External Debt Service, 2009–28 1/

(in millions of U.S. dollars, unless otherwise indicated)

													Averages	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2023	2028	2009-2018	2019-2028
Before traditional debt relief														
Total	44.4	44.7	42.8	46.5	52.0	55.1	61.8	64.6	56.2	48.6	38.1	50.7	51.7	42.6
Existing debt 2/	44.2	44.5	42.5	46.1	51.2	53.9	52.5	52.3	43.5	35.5	29.5	23.3	46.6	28.8
Multilateral	31.0	30.4	30.9	32.9	37.9	40.8	40.5	40.2	36.2	30.6	26.5	20.7	35.1	25.4
Official bilateral	8.5	11.8	11.7	13.1	13.3	13.1	12.0	12.1	7.3	5.0	3.1	2.5	10.8	3.4
Commercial	4.7	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0
New debt 3/	0.2	0.2	0.3	0.4	0.8	1.2	9.3	12.3	12.7	13.0	8.6	27.4	5.0	13.7
Debt service to exports ratio	25.9	23.5	19.8	18.6	18.1	17.6	18.1	17.4	14.0	11.1	5.9	5.4	18.4	6.4
Debt service to revenue ratio	22.5	21.2	18.6	18.1	18.6	17.8	18.0	17.1	13.5	10.6	5.6	5.2	17.6	6.1
After traditional debt relief 4/														
Total	52.9	52.0	50.0	90.3	94.2	96.2	102.0	103.1	56.3	50.9	41.0	54.9	74.8	45.8
Existing debt 2/	52.8	51.8	49.8	89.9	93.4	95.0	92.7	90.8	43.6	37.9	32.4	27.5	69.8	32.0
Multilateral	31.0	30.4	30.9	32.9	37.9	40.8	40.5	40.2	36.2	30.6	26.5	20.7	35.1	25.4
Official bilateral	15.4	17.4	17.3	49.9	48.7	47.7	46.0	44.6	7.0	6.9	5.4	5.9	30.1	6.0
Commercial	6.4	4.0	1.7	7.0	6.8	6.5	6.2	6.0	0.4	0.4	0.6	0.8	4.5	0.6
New debt 3/	0.2	0.2	0.3	0.4	0.8	1.2	9.3	12.3	12.7	13.0	8.6	27.4	5.0	13.7
Debt service to exports ratio	30.9	27.3	23.1	36.1	32.8	30.7	29.9	27.8	14.0	11.7	6.3	5.8	26.4	6.8
Debt service to revenue ratio	26.8	24.6	21.7	35.1	33.7	31.0	29.7	27.3	13.5	11.2	6.0	5.6	25.5	6.5
After HIPC assistance 5/														
Total	22.8	18.2	18.5	32.3	32.3	36.6	49.7	52.0	34.6	29.1	25.2	49.5	32.6	29.6
Existing debt 2/	22.6	18.0	18.3	31.9	31.5	35.4	40.4	39.7	21.9	16.1	16.7	22.1	27.6	15.8
Multilateral	20.1	11.6	11.8	10.8	10.8	15.2	21.1	21.0	18.5	13.6	15.3	21.1	15.4	14.3
Official bilateral	1.7	6.0	6.1	19.1	18.8	18.3	17.4	17.0	3.4	2.5	1.4	1.0	11.0	1.6
Commercial	0.8	0.4	0.4	2.1	2.0	1.9	1.8	1.7	0.0	0.0	0.0	0.0	1.1	0.0
New debt 3/	0.2	0.2	0.3	0.4	0.8	1.2	9.3	12.3	12.7	13.0	8.6	27.4	5.0	13.7
Debt service to exports ratio after HIPC assistance	13.3	9.6	8.6	12.9	11.3	11.7	14.6	14.0	8.6	6.7	3.9	5.3	11.1	4.3
Debt service to revenue ratio after HIPC assistance	11.5	8.6	8.0	12.6	11.6	11.8	14.5	13.8	8.3	6.4	3.7	5.1	10.7	4.1
Reduction in debt service as a result of														
HIPC Initiative assistance 6/	...	33.8	31.5	58.0	61.8	59.6	52.3	51.1	21.7	21.9	15.7	5.4	43.5	16.2
After beyond HIPC assistance 7/														
Total	21.6	16.8	17.1	29.2	29.2	33.7	47.1	49.4	32.9	28.3	24.4	48.5	30.5	28.7
Existing debt 2/	21.4	16.6	16.8	28.8	28.4	32.5	37.8	37.1	20.2	15.2	15.8	21.1	25.5	14.9
Multilateral	20.1	11.6	11.8	10.8	10.8	15.2	21.1	21.0	18.5	13.6	15.3	21.1	15.4	14.3
Official bilateral	0.5	4.6	4.6	15.9	15.7	15.4	14.9	14.3	1.7	1.7	0.5	0.0	8.9	0.7
Commercial	0.8	0.4	0.4	2.1	2.0	1.9	1.8	1.7	0.0	0.0	0.0	0.0	1.1	0.0
New debt 3/	0.2	0.2	0.3	0.4	0.8	1.2	9.3	12.3	12.7	13.0	8.6	27.4	5.0	13.7
Debt service to exports ratio after HIPC assistance	12.6	8.8	7.9	11.7	10.2	10.8	13.8	13.3	8.2	6.5	3.7	5.1	10.4	4.1
Debt service to revenue ratio after HIPC assistance	10.9	8.0	7.4	11.3	10.5	10.9	13.7	13.1	7.9	6.2	3.6	5.0	10.0	3.9
Reduction in debt service as a result of														
Beyond HIPC Initiative assistance	...	1.4	1.5	3.1	3.1	2.9	2.6	2.6	1.7	0.8	0.9	1.0	2.2	0.9
After HIPC, beyond HIPC, and MDRI assistance 8/														
Total	8.5	7.0	7.3	19.9	19.8	22.9	34.1	36.4	21.0	16.1	11.6	29.1	19.3	16.2
Existing debt 2/	8.3	6.9	7.0	19.4	19.1	21.7	24.8	24.1	8.3	3.1	3.1	1.6	14.3	2.4
Multilateral	7.0	1.8	2.1	1.4	1.4	4.3	8.1	8.1	6.5	1.4	2.6	1.6	4.2	1.8
Official bilateral	0.5	4.6	4.6	15.9	15.7	15.4	14.9	14.3	1.7	1.7	0.5	0.0	8.9	0.7
Commercial	0.8	0.4	0.4	2.1	2.0	1.9	1.8	1.7	0.0	0.0	0.0	0.0	1.1	0.0
New debt 3/	0.2	0.2	0.3	0.4	0.8	1.2	9.3	12.3	12.7	13.0	8.6	27.4	5.0	13.7
Debt service to exports ratio after HIPC and MDRI assistance	4.9	3.7	3.4	7.9	6.9	7.3	10.0	9.8	5.2	3.7	1.8	3.1	6.3	2.3
Debt service to revenue ratio after HIPC and MDRI assistance	4.3	3.3	3.2	7.7	7.1	7.4	9.9	9.7	5.0	3.5	1.7	3.0	6.1	2.2
Reduction in debt service as a result of														
MDRI assistance	…	9.8	9.8	9.3	9.4	10.9	13.0	13.0	11.9	12.2	12.7	19.5	11.0	12.5
Memorandum items:														
Exports of goods and nonfactor services 9/	171.5	190.6	216.3	250.2	286.7	313.3	341.5	370.6	402.2	436.3	651.1	942.9	297.9	689.3
Government revenues 10/	197.7	211.2	230.5	257.6	279.2	310.2	344.0	377.1	415.9	456.3	681.5	977.0	308.0	720.6

Sources: C.A.R. authorities; and IMF and World Bank staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt and are defined after rescheduling, unless otherwise indicated. Fiscal year ends in December.
2/ Includes only principal and interest due on debt outstanding as of the reference date (12/31/2008) and does not include projected penalty interest on arrears.
3/ Reflects debt service on the projected borrowing needed to close the current account gap.
4/ Assumes a hypothetical stock of debt operation on Naples terms and comparable treatment from other bilateral creditors.
5/ Bilateral and commercial creditors are assumed to provide a Cologne flow rescheduling on eligible debt during the interim period and a Cologne stock of debt operation at the completion point. Multilateral creditors are assumed to provide HIPC debt relief as of the decision point, except for IFAD, BADEA and OFID, which are assumed to provide relief at the completion point.
6/ The reduction is measured as the difference between the projected debt service after full use of traditional debt relief and debt service after the application of HIPC relief.
7/ Includes additional debt relief provided on a voluntary basis by the Paris Club and some commercial creditors beyond the requirements of the enhanced HIPC framework as specified on Table 16.
8/ MDRI assistance applies to the World Bank, the IMF and the AfDB and starts after the assumed completion point.
9/ As defined in IMF, Balance of Payments Manual, 5th edition, 1993. Refers to current year exports.
10/ Revenues are defined as central government revenues, excluding grants.

Table 8. Central African Republic: Nominal and Net Present Value of External Debt outstanding at End-December 2008 1/
(In millions of US$, unless otherwise indicated)

	Legal Situation 2/				Net Present Value of Debt 3/ 4/		
	Nominal Debt	Percent of total	NPV of debt	Percent of total	After enhanced HIPC relief	After additional bilateral relief	After additional bilateral relief (In percent of total)
Total	1050.1	100.0	832.2	100.0	328.0	305.3	100.0
Multilateral	658.6	62.7	461.6	55.5	219.3	219.3	71.8
IDA	386.0	36.8	257.4	30.9	115.7	115.7	37.9
AfDF	133.2	12.7	91.7	11.0	51.9	51.9	17.0
IMF	63.0	6.0	49.2	5.9	30.3	30.3	9.9
IFAD	35.6	3.4	26.2	3.1	9.5	9.5	3.1
BDEAC	11.3	1.1	11.4	1.4	3.9	3.9	1.3
BADEA	12.9	1.2	10.6	1.3	3.9	3.9	1.3
OFID	9.6	0.9	9.6	1.2	2.0	2.0	0.7
European Investment Bank	6.1	0.6	4.8	0.6	1.9	0.0	0.0
Other	0.8	0.1	0.8	0.1	0.2	0.2	0.1
Bilateral and Commercial	391.5	37.3	370.5	44.5	108.7	86.0	28.2
Bilateral	338.4	32.2	317.7	38.2	99.8	77.1	25.3
Paris Club:	58.5	5.6	52.7	6.3	22.7	0.0	0.0
Post-cutoff date	4.2	0.4	4.2	0.5	…	…	…
ODA	2.9	0.3	2.9	0.3	…	…	…
Non-ODA	1.3	0.1	1.3	0.2	…	…	…
Pre-cutoff date	54.3	5.2	48.5	5.8	…	…	…
ODA	0.3	0.0	0.3	0.0	…	…	…
Non-ODA	54.0	5.1	48.3	5.8	…	…	…
Austria	5.5	0.5	5.8	0.7	…	…	…
EEC IDA administered loans	0.3	0.0	0.3	0.0	…	…	…
France	10.5	1.0	9.7	1.2	…	…	…
Germany	4.4	0.4	4.4	0.5	…	…	…
Italy	5.3	0.5	5.1	0.6	…	…	…
Japan	2.9	0.3	2.9	0.3	…	…	…
Norway	0.0	0.0	0.0	0.0	…	…	…
Russia	0.9	0.1	0.7	0.1	…	…	…
Switzerland	19.4	1.8	14.1	1.7	…	…	…
United Kingdom	0.7	0.1	0.7	0.1	…	…	…
United States	8.7	0.8	9.0	1.1	…	…	…
Other Official Bilateral:	280.0	26.7	265.0	31.8	77.1	77.1	25.3
Post-cutoff date	229.5	21.9	214.5	25.8	69.3	69.3	22.7
ODA	184.0	17.5	169.3	20.4	56.8	56.8	18.6
Non-ODA	45.4	4.3	45.1	5.4	12.5	12.5	4.1
Pre-cutoff date	50.5	4.8	50.5	6.1	7.8	7.8	2.6
ODA	49.4	4.7	49.4	5.9	0.0	0.0	0.0
Non-ODA	1.1	0.1	1.1	0.1	7.8	7.8	2.6
Algeria	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Argentina	37.0	3.5	37.0	4.4	10.2	10.2	3.3
Benin	0.2	0.0	0.2	0.0	0.0	0.0	0.0
Burkina Faso	0.1	0.0	0.1	0.0	0.0	0.0	0.0
Cameroon	1.5	0.1	1.5	0.2	0.2	0.2	0.1
China	30.0	2.9	19.4	2.3	11.1	11.1	3.6
Congo, Rep of	0.5	0.1	0.5	0.1	0.0	0.0	0.0
Cote d'Ivoire	0.5	0.0	0.5	0.1	0.1	0.1	0.0
Equatorial Guinea	4.4	0.4	4.1	0.5	1.4	1.4	0.4
Iraq	6.4	0.6	6.4	0.8	0.5	0.5	0.2
Kenya	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kuwait	23.1	2.2	23.1	2.8	5.7	5.7	1.9
Libya	14.9	1.4	12.1	1.5	4.1	4.1	1.4
Mali	1.1	0.1	1.1	0.1	0.3	0.3	0.1
Mozambique	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Niger	0.1	0.0	0.1	0.0	0.0	0.0	0.0
Saudi Arabia	18.1	1.7	17.5	2.1	5.2	5.2	1.7
Senegal	0.3	0.0	0.3	0.0	0.0	0.0	0.0
Taiwan Province of China	102.7	9.8	102.0	12.3	30.6	30.6	10.0
Chad	0.5	0.0	0.5	0.1	0.1	0.1	0.0
Former Serbia and Montenegro	38.2	3.6	38.2	4.6	7.3	7.3	2.4
Zimbabwe	0.3	0.0	0.3	0.0	0.0	0.0	0.0
Commercial	53.1	5.1	52.9	6.4	8.9	8.9	2.9
Air Afrique	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Air Camair	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accor group	0.2	0.0	0.2	0.0	0.1	0.1	0.0
Beptom	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chronopost	0.1	0.0	0.1	0.0	0.0	0.0	0.0
Credit Lyonnais	6.1	0.6	6.1	0.7	2.2	2.2	0.7
France Cable Radio	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fiduconsult	0.2	0.0	0.2	0.0	0.1	0.1	0.0
France Telecom	1.9	0.2	1.9	0.2	1.0	1.0	0.3
French Hospital	6.8	0.6	6.6	0.8	0.6	0.6	0.2
French Post Office	26.7	2.5	26.7	3.2	0.7	0.7	0.2
Glavupdk	0.3	0.0	0.3	0.0	0.1	0.1	0.0
GERBER	6.5	0.6	6.5	0.8	2.4	2.4	0.8
ICA - Imprimerie Centrafricaine	0.1	0.0	0.1	0.0	0.0	0.0	0.0
Impressor suisse	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Maintex	0.5	0.1	0.5	0.1	0.2	0.2	0.1
SAUR International	3.7	0.4	3.7	0.4	1.6	1.6	0.5
TOM SUDE MAINTEX	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TNT	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Sources: C.A.R. authorities; and IMF and World Bank staff estimates and projections.

1/ Figures are based on data as of end-2008.
2/ Includes the 1988 and 1990 Toronto, 1994 London, 1998 and 2007 Naples flows, as well as the December 2007 Cologne flow and debt relief from non-Paris Club creditors.
3/ Assumes full delivery of HIPC assistance as of end-2008.
4/ Paris Club creditors deliver their share of assistance as a group. Actual delivery modalities are defined on a case-by-case basis.

Table 9. Central African Republic: External Debt Indicators, 2008–28 1/

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Averages 2008-2018	Averages 2019-2028
	(In percent, unless otherwise indicated)																						
Before traditional debt relief 1/																							
NPV of debt-to-GDP ratio	45.0	44.5	41.7	38.7	35.8	33.0	30.4	27.8	25.3	23.2	21.5	20.0	18.8	17.8	16.9	16.0	15.2	14.4	13.6	12.9	12.2	33.4	15.8
NPV of debt-to-exports ratio 2/ 3/	375.5	401.9	430.8	426.5	374.1	325.0	286.8	255.1	229.4	208.4	190.4	174.7	162.1	151.2	141.3	132.1	123.5	115.5	108.3	101.7	95.7	318.5	130.6
NPV of debt-to-revenue ratio 4/	401.2	424.3	393.0	357.1	318.4	292.3	261.9	232.7	207.9	186.0	168.2	152.2	140.5	132.2	124.2	116.7	109.7	103.3	97.2	91.4	86.1	294.8	115.3
Debt service-to-exports ratio	...	25.9	23.5	19.8	18.6	18.1	17.6	18.1	17.4	14.0	11.1	9.6	7.5	6.5	6.1	5.9	5.7	5.7	5.7	5.7	5.4	18.4	6.4
Debt service-to-revenue ratio 4/	...	22.4	21.2	18.6	18.1	18.6	17.8	18.0	17.1	13.5	10.6	9.1	7.0	6.1	5.8	5.6	5.5	5.5	5.5	5.5	5.2	17.6	6.1
After traditional debt relief 5/																							
NPV of debt-to-GDP ratio	42.8	42.3	39.8	37.1	32.8	28.9	25.3	21.8	18.7	17.2	15.8	14.7	13.9	13.2	12.5	11.9	11.4	10.8	10.2	9.7	9.2	29.3	11.7
NPV of debt-to-exports ratio 2/ 3/	356.9	382.7	411.3	408.5	342.8	284.4	238.8	200.7	169.4	153.7	140.1	128.3	119.2	111.6	104.7	98.3	92.1	86.4	81.1	76.1	71.7	280.9	97.0
NPV of debt-to-revenue ratio 4/	381.3	404.1	375.3	342.0	291.8	255.8	218.1	183.1	153.5	137.3	123.7	111.7	103.3	97.6	92.0	86.8	81.8	77.3	72.8	68.4	64.5	260.5	85.6
Debt service-to-exports ratio	...	30.9	27.3	23.1	36.1	32.8	30.7	29.9	27.8	14.0	11.7	10.2	8.0	7.0	6.6	6.3	6.1	6.2	6.2	6.2	5.8	26.4	6.8
Debt service-to-revenue ratio 4/	...	26.7	24.6	21.7	35.1	33.7	31.0	29.7	27.3	13.5	11.2	9.6	7.5	6.6	6.2	6.0	5.9	5.9	6.0	5.9	5.6	25.5	6.5
After conditional delivery of enhanced HIPC assistance																							
NPV of debt-to-GDP ratio	43.0	18.9	18.2	17.4	16.3	15.4	14.6	13.2	12.0	11.3	10.8	10.3	10.1	10.0	9.8	9.6	9.4	9.1	8.9	8.6	8.2	17.4	9.4
NPV of debt-to-exports ratio 2/ 3/	359.0	170.6	187.9	191.8	170.2	151.8	137.2	121.7	108.7	101.4	95.3	90.2	87.3	84.7	82.0	79.0	76.0	73.1	70.4	67.5	64.1	163.2	77.4
NPV of debt-to-exports ratio (existing debt only)	359.0	157.6	168.5	166.3	138.2	113.3	92.2	74.0	59.3	51.0	45.0	40.3	36.0	31.6	27.5	23.6	20.3	17.5	15.0	12.5	9.7	129.5	23.4
NPV of debt-to-revenue ratio 4/	383.5	180.1	171.4	160.6	144.8	136.5	125.3	111.1	98.5	90.6	84.2	78.6	75.6	74.0	72.0	69.8	67.5	65.4	63.2	60.7	57.6	153.3	68.5
Debt service-to-exports ratio	...	13.3	9.6	8.6	12.9	11.3	11.7	14.6	14.0	8.6	6.7	5.5	3.7	3.5	3.7	3.9	4.0	4.1	4.3	4.6	5.3	11.1	4.3
Debt service-to-revenue ratio 4/	...	11.5	8.6	8.0	12.6	11.6	11.8	14.4	13.8	8.3	6.4	5.2	3.5	3.3	3.5	3.7	3.8	4.0	4.1	4.4	5.1	10.7	4.1
After unconditional delivery of enhanced HIPC assistance 6/																							
NPV of debt-to-GDP ratio	17.7	18.8	18.2	17.4	16.3	15.4	14.6	13.3	12.0	11.3	10.8	10.3	10.1	10.0	9.8	9.6	9.4	9.1	8.9	8.6	8.2	15.1	9.4
NPV of debt-to-exports ratio 2/ 3/	148.0	170.1	188.0	191.9	170.3	151.9	137.3	121.8	108.8	101.5	95.4	90.3	87.3	84.7	82.0	79.1	76.1	73.2	70.4	67.6	64.1	144.1	77.5
NPV of debt-to-exports ratio (existing debt only)	148.0	157.2	168.6	166.4	138.3	113.4	92.3	74.1	59.4	51.1	45.1	40.4	36.1	31.7	27.5	23.7	20.4	17.5	15.0	12.6	9.7	110.3	23.4
NPV of debt-to-revenue ratio 4/	158.1	179.6	171.5	160.7	144.9	136.6	125.4	111.1	98.6	90.6	84.2	78.7	75.7	74.1	72.0	69.8	67.6	65.5	63.2	60.7	57.6	132.9	68.5
Debt service-to-exports ratio	...	13.3	9.6	8.6	12.9	11.3	11.7	14.6	14.0	8.6	6.7	5.5	3.7	3.5	3.7	3.9	4.0	4.1	4.3	4.6	5.3	11.1	4.3
Debt service-to-revenue ratio 4/	...	11.5	8.6	8.0	12.6	11.6	11.8	14.4	13.8	8.3	6.4	5.2	3.5	3.3	3.5	3.7	3.8	4.0	4.1	4.4	5.1	10.7	4.1
After beyond HIPC assistance 7/																							
NPV of debt-to-GDP ratio	43.0	17.6	17.1	16.4	15.5	14.7	14.0	12.8	11.6	11.0	10.5	10.1	9.9	9.8	9.7	9.5	9.3	9.0	8.8	8.5	8.1	16.8	9.3
NPV of debt-to-exports ratio 2/ 3/	359.0	159.4	176.6	180.7	161.5	145.1	132.1	117.7	105.6	98.9	93.1	88.3	85.6	83.2	80.7	78.0	75.1	72.4	69.8	67.1	63.7	157.2	76.4
NPV of debt-to-exports ratio (existing debt only)	359.0	146.4	157.2	155.2	129.5	106.6	87.1	70.0	56.2	48.5	42.8	38.4	34.3	30.1	26.2	22.6	19.4	16.7	14.4	12.1	9.3	123.5	22.4
NPV of debt-to-revenue ratio 4/	383.5	168.3	161.1	151.3	137.5	130.5	120.6	107.4	95.7	88.3	82.2	76.9	74.2	72.7	70.9	68.9	66.8	64.8	62.7	60.3	57.3	147.9	67.5
Debt service-to-exports ratio	...	12.6	8.8	7.9	11.7	10.2	10.8	13.8	13.3	8.2	6.5	5.4	3.6	3.3	3.5	3.7	3.9	4.0	4.2	4.5	5.1	10.4	4.1
Debt service-to-revenue ratio 4/	...	10.9	8.0	7.4	11.3	10.5	10.9	13.7	13.1	7.9	6.2	5.0	3.3	3.2	3.3	3.6	3.7	3.9	4.0	4.3	5.0	10.0	3.9
After conditional delivery of enhanced HIPC, beyond HIPC, and MDRI assistance 7/ 8/																							
NPV of debt-to-GDP ratio	43.0	8.3	8.3	8.3	8.0	7.9	7.8	7.3	6.7	6.6	6.5	6.5	6.6	6.8	7.0	7.1	7.2	7.3	7.3	7.2	7.2	10.8	7.0
NPV of debt-to-exports ratio 2/ 3/	359.0	74.8	85.9	91.3	83.7	78.0	73.9	67.1	60.9	59.2	57.9	56.5	56.9	57.8	58.6	58.8	58.6	58.2	57.6	56.9	56.1	99.3	57.6
NPV of debt-to-exports ratio (existing debt only)	359.0	61.9	66.6	65.8	51.7	39.5	28.9	19.3	11.5	8.8	7.6	6.6	5.6	4.7	4.1	3.4	2.9	2.5	2.2	1.9	1.7	65.5	3.6
NPV of debt-to-revenue ratio 4/	383.5	79.0	78.4	76.5	71.2	70.2	67.5	61.2	55.2	52.9	51.2	49.2	49.3	50.5	51.4	51.9	52.0	52.0	51.7	51.2	50.4	95.2	51.0
Debt service-to-exports ratio	...	4.9	3.7	3.4	7.9	6.9	7.3	10.0	9.8	5.2	3.7	3.5	1.8	1.3	1.4	1.8	2.1	2.4	2.7	2.9	3.1	6.3	2.3
Debt service-to-revenue ratio 4/	...	4.3	3.3	3.2	7.7	7.1	7.4	9.9	9.7	5.0	3.5	3.3	1.7	1.2	1.3	1.7	2.0	2.3	2.6	2.8	3.0	6.1	2.2

Sources: C.A.R. authorities; and IMF and World Bank staff estimates and projections.
1/ All debt indicators refer to public and publicly guaranteed (PPG) debt at end-December 2008.
2/ Exports are defined as in IMF, *Balance of Payments Manual* , 5th edition, 1993.
3/ Based on a three-year average of exports on the previous year (e.g., export average over 2006–08 for NPV of debt-to-exports ratio in 2008).
4/ Revenue is defined as central government revenue, excluding grants.
5/ Assumes a hypothetical stock of debt operation on Naples terms and comparable treatment from other bilateral creditors.
6/ Assumes full delivery of estimated HIPC initiative debt relief at end-December 2008.
7/ Includes additional debt relief provided on a voluntary basis by the Paris Club and some commercial creditors beyond the requirements of the enhanced HIPC framework as specified on Table 16.
8/ Assumes MDRI assistance from the World Bank, the IMF and the African Development Bank after the completion point (July 2009). Also assumes that MDRI has no impact on the C.A.R.'s new borrowing over the projection period.

Table 10. Central African Republic: Sensitivity Analysis, 2008–28 1/

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Averages 2008-2018	Averages 2019-2028
											(In percent, unless otherwise indicated)												
I. Baseline scenario 2/																							
NPV of debt-to-GDP ratio	17.7	18.8	18.2	17.4	16.3	15.4	14.6	13.3	12.0	11.3	10.8	10.3	10.1	10.0	9.8	9.6	9.4	9.1	8.9	8.6	8.2	15.1	9.4
NPV of debt-to-exports ratio 3/ 4/	148.0	170.1	188.0	191.9	170.3	151.9	137.3	121.8	108.8	101.5	95.4	90.3	87.3	84.7	82.0	79.1	76.1	73.2	70.4	67.6	64.1	144.1	77.5
NPV of debt-to-revenue ratio 5/	158.1	179.6	171.5	160.7	144.9	136.6	125.4	111.1	98.6	90.6	84.2	78.7	75.7	74.1	72.0	69.8	67.6	65.5	63.2	60.7	57.6	132.9	68.5
Debt service-to-exports ratio	...	13.3	9.6	8.6	12.9	11.3	11.7	14.6	14.0	8.6	6.7	5.5	3.7	3.5	3.7	3.9	4.0	4.1	4.3	4.6	5.3	11.1	4.3
Debt service-to-revenue ratio	...	11.5	8.6	8.0	12.6	11.6	11.8	14.4	13.8	8.3	6.4	5.2	3.5	3.3	3.5	3.7	3.8	4.0	4.1	4.4	5.1	10.7	4.1
II. Sensitivity analysis																							
II.(a) Lower GDP growth 6/																							
NPV of debt-to-GDP ratio	17.7	18.8	18.2	17.6	16.7	16.2	15.7	14.6	13.4	12.9	12.5	12.1	12.0	12.0	11.9	11.8	11.7	11.5	11.3	11.0	10.7	15.9	11.6
NPV of debt-to-exports ratio 3/ 4/	148.0	170.1	188.0	192.1	171.1	153.5	139.6	124.8	112.4	105.6	99.8	94.9	92.1	89.5	86.7	83.8	80.7	77.7	74.9	71.9	68.3	145.9	82.0
NPV of debt-to-revenue ratio 5/	158.1	179.6	171.5	161.8	148.4	143.1	134.3	121.7	109.9	102.8	96.9	91.8	89.3	88.4	87.0	85.3	83.5	81.8	79.9	77.7	74.6	138.9	83.9
Debt service-to-exports ratio	...	13.3	9.6	8.6	13.1	11.5	12.0	15.0	14.6	9.0	7.0	5.8	4.0	3.7	3.9	4.1	4.2	4.4	4.5	4.9	5.6	11.4	4.5
Debt service-to-revenue ratio	...	11.5	8.6	8.1	12.9	12.1	12.6	15.8	15.4	9.4	7.3	6.1	4.1	4.0	4.2	4.5	4.7	4.9	5.2	5.6	6.6	11.4	5.0
II.(b) Lower export growth 7/																							
NPV of debt-to-GDP ratio	17.7	18.8	18.2	17.4	16.3	15.4	14.6	13.3	12.0	11.3	10.8	10.3	10.1	10.0	9.8	9.6	9.4	9.1	8.9	8.6	8.2	15.1	9.4
NPV of debt-to-exports ratio 3/ 4/	148.0	170.1	188.5	195.0	177.7	164.7	153.9	140.0	127.2	120.4	114.9	110.4	108.4	106.7	104.9	102.7	100.3	98.0	95.7	93.2	89.8	154.6	101.0
NPV of debt-to-revenue ratio 5/	158.1	179.6	171.5	160.7	144.9	136.6	125.4	111.1	98.6	90.6	84.2	78.7	75.7	74.1	72.0	69.8	67.6	65.5	63.2	60.7	57.6	132.9	68.5
Debt service-to-exports ratio	...	13.3	9.6	8.9	13.9	12.7	13.4	17.0	16.6	10.3	8.1	6.9	4.7	4.5	4.8	5.1	5.3	5.6	5.9	6.4	7.5	12.4	5.7
Debt service-to-revenue ratio	...	11.5	8.6	8.0	12.6	11.6	11.8	14.4	13.8	8.3	6.4	5.2	3.5	3.3	3.5	3.7	3.8	4.0	4.1	4.4	5.1	10.7	4.1
II.(c) Less grants 8/																							
NPV of debt-to-GDP ratio	17.7	18.8	19.6	19.9	19.7	19.7	19.8	19.3	18.9	19.0	19.2	19.6	20.2	20.7	21.1	21.4	21.6	21.7	21.8	21.8	21.6	19.2	21.1
NPV of debt-to-exports ratio 3/ 4/	148.0	170.1	203.0	219.1	206.1	194.6	186.3	177.3	171.1	170.3	170.3	171.1	173.6	175.4	176.3	176.2	175.3	174.2	173.0	171.5	169.0	183.3	173.6
NPV of debt-to-revenue ratio 5/	158.1	179.6	185.2	183.4	175.4	175.0	170.2	161.7	155.0	152.0	150.4	149.0	150.5	153.4	154.9	155.6	155.8	155.8	155.4	154.2	152.0	167.8	153.7
Debt service-to-exports ratio	...	13.3	9.6	8.8	13.3	11.8	12.3	15.2	14.8	9.5	7.6	6.6	4.8	5.4	6.0	6.7	7.2	7.7	8.3	8.9	9.9	11.6	7.2
Debt service-to-revenue ratio	...	11.5	8.6	8.3	12.9	12.1	12.4	15.1	14.6	9.2	7.3	6.2	4.5	5.1	5.7	6.4	6.9	7.5	8.0	8.6	9.6	11.2	6.8

Sources: C.A.R. authorities; and IMF and World Bank staff estimates and projections.
1/ All debt indicators refer to public and publicly guaranteed (PPG) debt and are defined after HIPC debt relief assumed delivered unconditionally at end-December 2008.
2/ The baseline scenario is described in Section III.
3/ As defined in IMF, *Balance of Payments Manual* , 5th edition, 1993.
4/ Based on a three-year average of exports on the previous year (e.g., export average over 2006–08 for NPV of debt-to-exports ratio in 2008).
5/ Revenue is defined as central government revenue, excluding grants.
6/ Assumes lower GDP growth: real GDP growth is 3.1 percent on and after 2010.
7/ Assumes lower export growth: 30 percent reduction of exports of goods in volume on and after 2010.
8/ Assumes less grants: 50 percent reduction of program and project grants replaced by program and project loans respectively on and after 2010.

Table 11. Central African Republic: Status of Creditor Participation under the Enhanced HIPC Initiative 1/

	Debt relief in NPV terms (US$ millions)	Percentage of total assistance	Modalities to deliver debt relief
IDA	207	35.8	Debt relief delivered through the clearance of arrears on grant terms in November 2006 and debt service reduction during the interim period amounts to US$81.1 million in end-2006 NPV terms or 40 percent of total HIPC relief estimated at the decision point. IDA is assumed to provide the remaining amount of relief through a 63 percent reduction of C.A.R.'s debt service to IDA through September 2027.
AfDB Group	85	14.6	Debt relief amounting to US$49.4 million or 58 percent of AfDB Group's total debt relief has been delivered through the clearance of arrears on grant terms in December 2006 and debt service reduction during the interim period. The reminder of the AfDB Group's HIPC relief is assumed to be delivered through a 80 percent reductions of C.A.R.'s debt service reduction until January 2021.
IMF	27	4.6	US$10.3 million in NPV terms has been disbursed as of end-June 2009 in the form of interim assistance. At completion point, the IMF will provide the remaining HIPC assistance, amounting to US$16.1 million in NPV terms.
IFAD	15	2.7	Assistance will be delivered at the completion point, through a reduction of debt service payments on eligible debt by up to 100 percent until the target in NPV terms is reached. IFAD is also expected to deliver debt relief through a concessional treatment of C.A.R.'s arrears.
BDEAC	9	1.5	Debt service payments have been suspended until the completion point. Full delivery of relief at completion point is not guaranteed at this time.
BADEA	9	1.5	BADEA agreed in November 2005 on an arrangement to reschedule outstanding arrears, which has been amended in October 2007. The rescheduling reduced the NPV of debt outstanding at decision point by US$3 million.
OPEC Fund	6	1.1	The OPEC Fund has agreed to provide debt relief at the completion point.
EU/EIB	4	0.7	Interim assistance amounting to US$1.8 million has been provided through the clearance of arrears on grant terms and 100 percent debt service reduction on selected loans during the interim period. The reminder of the HIPC assistance is assumed to be delivered through debt service reduction up to 100 percent on selected loans.
Others 2/	1	0.1	
Total multilateral	**362**	**62.7**	
Paris Club Creditors	33	5.6	Interim assistance will be delivered through a Cologne flow during the interim period. South Africa cancelled 100% of its debt in October 2006.
Non-Paris Club Creditors	154	26.6	
Algeria	0	0.0	
Argentina	23	3.92	The creditor in principle agreed to provide debt relief at completion point.
Benin	0	0.0	
Burkina Faso	0	0.01	The creditor in principle agreed to provide debt relief at completion point.
Cameroon	1	0.1	
China	17	2.9	In early January 2007, two loans representing 29% of the outstanding nominal stock were cancelled.
Congo, Rep of	0	0.06	The creditor in principle agreed to provide debt relief at completion point.
Cote d'Ivoire	0	0.1	
Equatorial Guinea	2	0.4	
Iraq	1	0.1	
Kenya	0	0.0	
Kuwait	13	2.21	The creditor in principle agreed to provide debt relief at completion point.
Libya	7	1.18	The creditor in principle agreed to provide debt relief at completion point.
Mali	1	0.12	The creditor in principle agreed to provide debt relief at completion point.
Mozambique	0	0.0	
Niger	0	0.01	The creditor in principle agreed to provide debt relief at completion point.
Saudi Arabia	11	1.92	The creditor in principle agreed to provide debt relief at completion point.
Senegal	0	0.0	
Taiwan Province of China	63	10.9	
Chad	0	0.1	
Former Serbia and Montenegro	14	2.45	The creditor in principle agreed to provide debt relief at completion point.
Zimbabwe	0	0.0	
Commercial creditors	30	5.1	Some commercial creditors in principle agreed to provide debt relief at completion point. The debt owed to these creditors is estimated at 3.1 percent of total HIPC-eligible debt.
Total bilateral and commercial	**216**	**37.3**	
TOTAL	**578**	**100.0**	

Sources: C.A.R. authorities; and IMF and World Bank staff estimates.

1/ The data are in end-2006 NPV terms as revised at completion point.

2/ Includes the Universal Postal Union and the Pan-African Postal Union, which are agencies, respectively, of the United Nations and the African Union. Also includes the International Postal Universities at Abidjan and Brazzaville, and the African Institute of Savings Institutions, which the authorities have reported to also be agencies of multilateral institutions.

Table 12. Central African Republic.: Delivery of IDA Assistance Under the Enhanced HIPC Initiative and the MDRI, 2007–41 1/

(In millions of U.S. dollars, unless otherwise indicated)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	2030	2040	2041	Cumulative 2009-20	Cumulative 2007-41
I. Relief under the Enhanced HIPC Initiative															
Debt service before HIPC assistance 1/	14.3	15.2	16.4	17.9	19.5	19.7	19.8	19.6	19.6	19.0	9.5	0.2	0.1	228.5	450.0
of which principal	11.3	12.3	13.5	15.2	16.8	17.2	17.4	17.4	17.4	17.6	9.3	0.2	0.1	202.2	409.6
of which interest	3.0	2.9	2.9	2.8	2.6	2.5	2.4	2.3	2.1	1.5	0.2	0.0	0.0	26.3	40.4
Debt service after HIPC assistance 1/	12.7	5.8	6.4	7.0	7.6	7.7	7.8	7.7	7.7	7.5	9.5	0.2	0.1	89.5	224.1
of which principal	10.1	4.7	5.3	5.9	6.6	6.7	6.8	6.8	6.8	6.9	9.3	0.2	0.1	79.0	205.6
of which interest	2.6	1.1	1.1	1.1	1.1	1.0	1.0	0.9	0.8	0.6	0.2	0.0	0.0	10.4	18.5
Savings on debt service to IDA 2/	1.5	9.4	10.0	11.0	11.9	12.0	12.0	11.9	11.9	11.6	0.0	0.0	0.0	139.0	225.9
of which principal	1.2	7.6	8.2	9.3	10.3	10.5	10.6	10.6	10.6	10.7	0.0	0.0	0.0	123.2	204.0
of which interest	0.3	1.8	1.7	1.7	1.6	1.5	1.4	1.4	1.3	0.9	0.0	0.0	0.0	15.8	21.9
II. Relief under the MDRI 3/															
Projected stock of IDA credits outstanding at implementation date 4/			379.1												
Remaining IDA credits after MDRI			6.0												
Debt stock reduction on eligible credits 3/ 5/			373.1												
Due to HIPC relief 6/			191.1												
Due to MDRI			182.0												
Debt service due after HIPC relief and the MDRI			3.3	0.0	0.1	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.0	5.0	10.0
Memorandum item:															
Debt service to IDA covered by HIPC assistance (in percent) 7/	10.6	64.3	63.4	62.6	62.7	62.7	62.7	62.7	62.7	62.7	0.0	0.0	0.0	60.8	50.2
Debt service to IDA covered by HIPC assistance and MDRI (in percent) 8/			80.0	99.7	99.5	99.2	99.2	99.2	99.2	99.2	97.1	0.0	100.0	97.8	97.8
IDA debt service relief under the MDRI (in SDR) 9/			2.1	4.5	4.9	5.0	5.0	5.0	4.9	4.8	6.1	0.0	0.0	55.6	128.2

Source: IDA staff estimates.

1/ Debt service till end 2008 is estimated on debt outstanding as of December, 2006. From January 2009 onwards, principal and interest due to IDA correspond to prorated projections on disbursed and outstanding debt as of end-December 2008, converted to U.S. dollar.
2/ Enhanced HIPC assistance till June 2009 as approved by the Board of IDA in September 2007 (IDA/R2007-0239). After July 2009, HIPC assistance based on revised schedule.
3/ Stock of debt and debt service denominated in SDRs are converted into U.S. dollar by applying the end-2008 exchange rate.
4/ Stock of debt outstanding on July 1st, 2009.
5/ Debt disbursed as of December, 31 2003 and still outstanding at the end-June 2009.
6/ HIPC relief is assumed to proportionally reduce repayments of principal and charges on IDA credits disbursed as of end-December 2003 and still outstanding as of June, 30 2009.
7/ Based on debt disbursed and outstanding as of end-2006.
8/ Based on debt disbursed and outstanding as of end-2008.
9/ For SDR denominated credits, debt relief under the MDRI is estimated as debt service on SDR denominated credits minus USD-based HIPC debt relief on these credits. HIPC debt relief is converted into SDR equivalent amounts, from July 2009 onwards, by applying the IDA15 foreign exchange reference rate of 1.524480 U.S. dollars per SDR. For USD denominated credits, debt relief under the MDRI is estimated as debt service on USD denominated credits minus USD-based HIPC debt relief on these credits. The resulting MDRI debt relief amounts are converted into SDR equivalent amounts by applying the IDA15 foreign exchange reference rate.

Table 13. Central African Republic: Possible Delivery of IMF Assistance under the Enhanced HIPC Initiative, 2007–17 1/

(In millions of SDRs, unless otherwise indicated)

	2007 Oct.-Dec.	2008	2009 Jan-Jun	2009 Jul-Dec	2010	2011	2012	2013	2014	2015	2016	2017
I. Pre-MDRI Debt relief (under the HIPC Initiative only) 2/												
HIPC-eligible debt service due on IMF obligations 3/	0.1	5.0	1.7	1.7	1.7	0.9	1.9	4.2	4.2	4.2	4.2	2.4
Principal	-	4.9	1.6	1.6	1.6	0.8	1.8	4.1	4.1	4.1	4.1	2.4
Interest	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0
HIPC assistance--deposits into member's Umbrella Account												
Interim assistance		6.6										
Completion point disbursement			11.4									
Completion point assistance 4/			10.6									
Completion point interest 5/			0.8									
IMF assistance--drawdown schedule from member's Umbrella Account	-	3.5	1.6	0.8	0.8	0.5	0.8	2.8	2.8	2.6	2.5	1.0
IMF assistance without interest	-	3.5	1.6	0.8	0.8	0.4	0.1	2.2	2.2	2.3	2.3	0.9
Estimated interest earnings 5/	-	-	0.0	0.0	0.1	0.1	0.7	0.6	0.5	0.3	0.2	0.1
Debt service due on current IMF obligations after IMF assistance	0.1	1.6	0.1	0.8	0.9	0.4	1.0	1.4	1.4	1.5	1.6	1.4
Delivery schedule of IMF assistance (in percent of the total assistance; on a flow basis)	-	20.2	9.1	4.6	4.6	2.3	0.6	13.0	13.0	13.6	13.6	5.3
Share of debt service due on IMF obligations covered by HIPC assistance (in percent)	-	68.8	94.2	50.0	49.1	52.7	44.4	66.5	66.4	63.0	60.8	42.3
Proportion (in percent) of each repayment falling due during the period to be paid by HIPC assistance from the principal deposited in Umbrella Account	-	70.8	96.0	49.0	49.0	50.0	5.8	54.1	54.1	56.6	56.6	38.5
II. Post-MDRI Debt relief (under both MDRI and HIPC Initiatives)			**14.9**									
Projected pre MDRI cutoff date debt at completion point 6/			4.0									
Delivery of debt relief (on stock basis):												
from the MDRI-I Trust 7/			1.9									
from the HIPC Umbrella Account 8/			2.1									
Delivery of remaining HIPC assistance for post MDRI cutoff date debt (on stock basis):			10.9									
III. Debt service due to the IMF after HIPC and MDRI debt relief 9/	0.1	1.6	0.1	0.1	0.1	0.1	0.1	0.1	3.0	7.1	7.1	5.3
Memorandum items:												
(Based on debt service data and exchange rates as of end-2008 exchange rate)												
Total debt service due (in millions of U.S. dollars)	-	-	22.1	22.1	44.5	42.5	46.1	51.2	53.9	52.5	52.3	43.5
Debt service due on IMF obligations (in millions of U.S. dollars)	0.1	7.8	2.6	2.6	2.6	1.4	2.9	6.5	6.5	6.4	6.4	3.7
Debt service due on current IMF obligations after IMF assistance (in percent of current year exports of goods and nonfactor services)	-	1.1	0.2	0.1	0.1	0.1	0.1	0.1	1.5	3.2	3.0	2.0
Share of total debt service covered by IMF assistance (in percent)	-	-	10.8	11.3	5.5	2.8	5.8	12.3	3.3	-	-	-

Source: IMF staff estimates and projections.

1/ Total IMF assistance under the enhanced HIPC Initiative is SDR 17.19 million in NPV terms calculated on the basis of data available at the decision point, excluding interest earned on Central African Republic's account and on committed but undisbursed amounts as described in footnote 6. IMF assistance committed at the decision point is adjusted downwards from SDR 17.33 million to SDR 17.19 million owing to data revisions.
2/ Estimated delivery of HIPC assistance in the absence of MDRI decision.
3/ Data as of decision point. Interest obligations exclude net SDR charges and assessments which are not eligible for HIPC assistance.
4/ A final disbursement of SDR 10.6 million will be deposited into Central African Republic's Umbrella Account at the completion point in June 2009.
5/ Includes estimated interest earnings on: (a) amounts held in Central African Republic's Umbrella Account; and (b) up to the completion point, amounts committed but not yet disbursed. The projected interest earnings are estimated based on assumed interest rates which are gradually rising to 4.5 percent in 2014 and beyond; actual interest earnings may be higher or lower.
6/ Associated with disbursements made prior to December 31, 2004.
7/ Credit outstanding at end-2004 that has not been repaid by the member or with HIPC assistance at the completion point and is not scheduled to be repaid by HIPC assistance, as defined in the MDRI-I Trust Instrument.
8/ It is estimated that 16.3 percent of the completion point HIPC assistance would be used for financing of the MDRI debt relief.
9/ Estimates as of end-March 2009.

Table 14. Central African Republic: Selected Economic and Financial Indicators, 2004–28 [1]

	2004-08	2009-13	2014-18	2019-23	2024-28
		Projections			
	(Annual percentage change)				
National income and prices					
Real GDP Growth	2.6	4.0	5.1	4.3	4.3
CPI (end-of-period)	4.5	2.3	2.5	2.5	2.5
External sector					
Exports, f.o.b. (US$ basis)	3.8	11.1	9.9	9.3	8.4
Imports, f.o.b. (US$ basis)	20.9	6.4	7.2	6.5	6.2
Export volume of goods	0.4	12.2	6.4	5.8	5.8
Import volume of goods	6.1	6.4	5.2	4.7	4.6
	(Percent of GDP, unless otherwise indicated)				
Central government finance					
Total revenue (including grants)	15.3	15.9	16.6	17.9	18.4
Total expenditure	-14.7	-16.8	-17.8	-19.2	-19.7
Overall balance					
Excluding grants	-5.3	-5.9	-5.6	-5.7	-5.7
Including grants	0.6	-0.9	-1.2	-1.3	-1.3
Gross domestic savings	0.8	1.2	5.2	7.3	8.9
Gross investment	10.0	13.3	15.8	16.3	16.4
External Sector					
External current account balance	-5.4	-9.4	-7.9	-6.5	-5.2
Gross official foreign reserves (months of imports, f.o.b.)	4.6	2.7	3.5	3.5	3.5
Memorandum item:					
Nominal GDP (CFAF billions)	771	1066	1555	2185	3031

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

[1] Period averages.

Table 15. HIPC Initiative: Status of Country Cases Considered Under the Initiative, March 31, 2009

Country	Decision Point	Completion Point	Target NPV of Debt-to- Exports (in percent)	Gov. revenue	Assistance Levels 1/ (In millions of U.S. dollars, present value) Total	Bilateral and commercial	Multilateral Total	IMF	World Bank	Percentage Reduction in NPV of Debt 2/	Estimated Total Nominal Debt Service Relief (In millions of U.S. dollars)
Completion point reached under enhanced framework (24)											
Benin	Jul. 00	Mar. 03	150		265	77	189	24	84	31	460
Bolivia					1,302	425	876	84	194		2,060
original framework	*Sep. 97*	*Sep. 98*	*225*		*448*	*157*	*291*	*29*	*54*	*14*	*760*
enhanced framework	*Feb. 00*	*Jun. 01*	*150*		*854*	*268*	*585*	*55*	*140*	*30*	*1,300*
Burkina Faso					553	83	469	57	231		930
original framework	*Sep. 97*	*Jul. 00*	*205*		*229*	*32*	*196*	*22*	*91*	*27*	*400*
enhanced framework	*Jul. 00*	*Apr. 02*	*150*		*195*	*35*	*161*	*22*	*79*	*30*	*300*
topping-up	…	*Apr. 02*	*150*		*129*	*16*	*112*	*14*	*61*	*24*	*230*
Burundi	Aug. 05	Jan. 09	150		833	127	706	28	425	92	1,366
Cameroon	Oct. 00	Apr. 06	*150*		1,267	879	322	37	176	27	4,917
Ethiopia					1,982	637	1,315	60	832		3,275
enhanced framework	*Nov. 01*	*Apr. 04*	*150*		*1,275*	*482*	*763*	*34*	*463*	*47*	*1,941*
topping-up		*Apr. 04*	*150*		*707*	*155*	*552*	*26*	*369*	*31*	*1,334*
Gambia, The	Dec. 00	Dec. 07	150		67	17	49	2	22	27	112
Ghana	Feb. 02	Jul. 04	144	250	2,186	1,084	1,102	112	781	56	3,500
Guyana					591	223	367	75	68		1,354
original framework	*Dec. 97*	*May 99*	*107*	*280*	*256*	*91*	*165*	*35*	*27*	*24*	*634*
enhanced framework	*Nov. 00*	*Dec-03*	*150*	*250*	*335*	*132*	*202*	*40*	*41*	*40*	*719*
Honduras	Jul. 00	Mar-05	110	250	556	215	340	30	98	18	1,000
Madagascar	Dec. 00	*Oct-04*	150		836	474	362	19	252	40	1,900
Malawi					1,057	171	886	45	622		1,628
enhanced framework	Dec. 00	*Aug-06*	150		646	164	482	30	333	44	1,025
topping-up	…	*Aug-06*	150		411	7	404	15	289	35	603
Mali					539	169	370	59	185		895
original framework	*Sep. 98*	*Sep. 00*	*200*		*121*	*37*	*84*	*14*	*43*	*9*	*220*
enhanced framework	*Sep. 00*	*Mar. 03*	*150*		*417*	*132*	*285*	*45*	*143*	*29*	*675*
Mauritania	Feb. 00	Jun. 02	137	250	622	261	361	47	100	50	1,100
Mozambique					2,023	1,270	753	143	443		4,300
original framework	*Apr. 98*	*Jun. 99*	*200*		*1,717*	*1,076*	*641*	*125*	*381*	*63*	*3,700*
enhanced framework	*Apr. 00*	*Sep. 01*	*150*		*306*	*194*	*112*	*18*	*62*	*27*	*600*
Nicaragua	Dec. 00	Jan. 04	150		3,308	2,175	1,134	82	191	73	4,500
Niger					663	235	428	42	240		1,190
enhanced framework	*Dec. 00*	*Apr. 04*	*150*		521	211	309	28	170	53	944
topping-up	…	*Apr. 04*	*150*		143	23	119	14	70	25	246
Rwanda					696	65	631	63	383		1,316
enhanced framework	*Dec. 00*	*Apr-05*	*150*		452	56	397	44	228	71	839
topping-up	…	*Apr-05*	*150*		243	9	235	20	154	53	477
São Tomé and Príncipe					124	31	93	1	47	128	263
enhanced framework	Dec. 00	*Mar-07*	150		99	29	70	-	24	83	215
topping-up	…	*Mar-07*	150		25	2	23	1	23	45	49
Senegal	Jun. 00	Apr. 04	133	250	488	212	276	45	124	19	850
Sierra Leone	Mar. 02	Dec. 06	150		675	335	340	125	123	81	994
Tanzania	Apr. 00	Nov. 01	150		2,026	1,006	1,020	120	695	54	3,000
Uganda					1,003	183	820	160	517		1,950
original framework	*Apr. 97*	*Apr. 98*	*202*		*347*	*73*	*274*	*69*	*160*	*20*	*650*
enhanced framework	*Feb. 00*	*May 00*	*150*		*656*	*110*	*546*	*91*	*357*	*37*	*1,300*
Zambia	Dec. 00	Apr-05	150		2,499	1,168	1,331	602	493	63	3,900
Decision point reached under enhanced framework (11)											
Afghanistan	Jul. 07	Floating	150		571	436	135	-	75	51	1,272
Central African Rep.	Sept. 07	Floating	150		583	217	365	27	209	68	782
Chad	May. 01	Floating	150		170	35	134	18	68	30	260
Cote d'Ivoire	Mar. 09	Floating	250	250	3,005	2,311	694	38	402	24	3,129
Congo, Democratic Rep. of	Jul. 03	Floating	150		6,311	3,837	2,474	472	831	80	10,389
Congo Rep. of	Mar. 06	Floating		250	1,679	1,561	118	8	49	32	2,881
Guinea	Dec. 00	Floating	150		545	215	328	31	152	32	800
Guinea-Bissau	Dec. 00	Floating	150		416	212	204	12	93	85	790
Haiti	Nov. 06	Floating	150		140	20	120	3	53	15	213
Liberia	Mar. 08	Floating	150		2,846	1,420	1,426	732	375	91	4,008
Togo	Nov. 08	Floating		250	270	120	150	0.3	98	19	360
Total assistance provided/committed					**42,695**	**21,907**	**20,689**	**3,407**	**9,731**		**71,642**

Sources: IMF and World Bank Board decisions, completion point documents, decision point documents, preliminary HIPC documents, and staff calculations.

1/ Assistance levels are at countries' respective decision or completion points, as applicable.

2/ In percent of the net present value of debt at the decision or completion point (as applicable), after the full use of traditional debt-relief mechanisms.

3/ Equivalent to SDR 1,698 million at an SDR/USD exchange rate of 0.644524 , as of October 4, 2007.

Table 16. Paris Club Creditors' Delivery of Debt Relief under Bilateral Initiatives Beyond the HIPC Initiative 1/

	Countries covered	ODA (in percent)		Non-ODA (in percent)		Provision of relief	
		Pre-cutoff date debt	Post-cutoff date debt	Pre-cutoff date debt	Post-cutoff date debt	Decision point (In percent)	Completion point
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Australia	HIPCs	100	100	100	100		
Austria	HIPCs	100	-	100	-	Case-by-case, flow	Stock
Belgium	HIPCs	100	100	100	-	100 flow	Stock
Canada	HIPCs 2/	- 3/	- 3/	100	100	100 flow	Stock
Denmark	HIPCs	100	100 4/	100	100 4/	100 flow	Stock
France	HIPCs	100	100	100	-	100 flow 5/	Stock
Finland	HIPCs	100	- 6/	100	- 6/	-	-
Germany	HIPCs	100	100	100	100	100 flow	Stock
Ireland	-	-	-	-	-	-	-
Italy	HIPCs	100	100 7/	100	100 7/	100 flow	Stock
Japan	HIPCs	100	100	100	-	-	Stock
Netherlands, the	HIPCs	100 8/	100	100	-	90-100 flow 8/	Stock 8/
Norway	HIPCs	9/	9/	10/	10/	-	-
Russia	HIPCS	- 11/	- 11/	100	100	-	Stock
Spain	HIPCs	100	Case-by-case	100	Case-by-case	-	Stock
Sweden	HIPCs	-	- 12/	100	-	-	Stock
Switzerland	HIPCs	- 13/	- 13/	90-100 14/	-	90-100 flow	Stock
United Kingdom	HIPCs	100	100	100	100 15/	100 flow 15/	Stock
United States	HIPCs	100	100	100	100 16/	100 flow	Stock

Source: Paris Club Secretariat.

1/ Columns (1) to (7) describe the additional debt relief provided following a specific methodology under bilateral initiatives and need to be read as a whole for each creditor. In column (1), "HIPCs" stands for eligible countries effectively qualifying for the HIPC process. A "100 percent" mention in the table indicates that the debt relief provided under the enhanced HIPC Initiative framework will be topped up to 100 percent through a bilateral initiative.

2/ Canada: including Bangladesh. Canada has granted a moratorium of debt service as of January 2001 on all debt disbursed before end-March 1999 for 13 out of 17 HIPCs with debt service due to Canada. Eligible countries are Benin, Bolivia, Cameroon, Dem. Rep. Of Congo, Ethiopia, Ghana, Guyana, Honduras, Madagascar, Rwanda, Senegal, Tanzania, and Zambia. 100% cancellation will be granted at completion point. As of July 2004, Canada has provided completion point stock of debt cancellation for Benin, Bolivia, Guyana, Senegal and Tanzania.

3/ 100 percent of ODA claims have already been cancelled on HIPCs, with the exception of Myanmar's debt to Canada.

4/ Denmark provides 100 percent cancellation of ODA loans and non-ODA credits contracted and disbursed before September 27, 1999.

5/ France: cancellation of 100 percent of debt service on pre-cutoff date commercial claims on the government as they fall due starting at the decision point. Once countries have reached their completion point, debt relief on ODA claims on the government will go to a special account and will be used for specific development projects.

6/ Finland: no post-COD claims

7/ Italy: cancellation of 100 percent of all debts (pre- and post-cutoff date, ODA and non-ODA) incurred before June 20, 1999 (the Cologne Summit). At decision point, cancellation of the related amounts falling due in the interim period. At completion point, cancellation of the stock of remaining debt.

8/ The Netherlands: 100 percent ODA (pre- and post-cutoff date debt will be cancelled at decision point); for non-ODA: in some particular cases (Benin, Bolivia, Burkina Faso, Ethiopia, Ghana, Mali, Mozambique, Nicaragua, Rwanda, Tanzania, Uganda and Zambia), the Netherlands will write off 100 percent of the consolidated amounts on the flow at decision point; all other HIPCs will receive interim relief up to 90 percent reduction of the consolidated amounts. At completion point, all HIPCs will receive 100 per cent cancellation of the remaining stock of the pre-cutoff date debt.

9/ Norway has cancelled all ODA claims.

10/ Due to the current World Bank/IMF methodology for recalculating debt reduction needs at HIPC completion point, Norway has postponed the decisions on whether or not to grant 100% debt reduction until after the completion point.

11/ Russia has no ODA claims

12/ Sweden has no ODA claims.

13/ Switzerland has cancelled all ODA claims.

14/ In some particular cases (Central African Republic, Liberia, Republic of Congo, Sierra Leone, Togo), Switzerland will write off 100 percent of the remaining debt stock at completion point; all other HIPCs will receive debt relief according to Paris Club terms.

15/ United Kingdom: "beyond 100 percent" full write-off of all debts of HIPCs as of their decision points, and reimbursement at the decision point of any debt service paid before the decision point.

16/ United States: 100 percent post-cutoff date non-ODA treated on debt assumed prior to June 20, 1999 (the Cologne Summit).

APPENDIX I

CENTRAL AFRICAN REPUBLIC
DEBT MANAGEMENT

85. C.A.R. is progressively building the foundations for a sound debt management framework. Over the recent past, the government has achieved significant progress in improving the debt management system including:

(i) the signature of the CEMAC regulation on debt management, which covers most relevant aspects of debt management and reinforces its legal framework. This regulation requires clear coordination of all entities involved in debt management operations; establishing and following a consistent debt strategy; publishing a yearly report covering debt management activities; coordination with macroeconomic policies; and establishing a manual of procedures;

(ii) issuance of a Presidential decree on April 30, 2009 to establish the National Committee for Public Debt (NCPD). The NCPD has the mandate to coordinate and monitor implementation of the government's debt management strategy, coordinate debt management with fiscal and monetary policy, inform the public on the national strategy and policy for debt management, report on the performance of the strategy, ensure the flow of information on debt issues among all State institutions involved in debt management activities, and produce debt statistics bulletins; and

(iii) institutional strengthening of the debt department through improving its computerized system and hiring new staff. The government acquired a computerized Debt Management and Financial Analysis System (DMFAS) produced by UNCTAD to process all external debt data. Also, the debt department hired new employees in charge of processing and recording all debt transactions. UNCTAD trained the new staff on the use and maintenance of DMFAS.

86. The most important challenge going forward is to consolidate the gains achieved so far in debt management. The immediate priorities are:

(iv) making the NCPD fully operational. In particular, the mandates provided to the Technical Commission and the Permanent Secretariat need to be implemented progressively, until both develop institutional routines that are going to ensure the full functioning of the NCPD as the main authority overseeing the debt management framework;

(v) consolidating the mandate of the debt department in the context of the NCPD. In particular, the debt department needs to strengthen its capacity to formulate the national debt strategy and debt management, and implement the manual of procedures covering the chain of transactions involved in borrowing operations.

(vi) reinforcing the operational capacity of domestic debt management, including the analytical capacity of the staff, to ensure that there is a full coverage of domestic debt for non-central government institutions and agencies (public and publicly guaranteed debt by institutions other than the central government, particularly public enterprises), an appropriate follow-up on the transactions, particularly in terms of closing the "conventions" with commercial banks on outstanding debt, and processing of data on sub-regional and municipal domestic debt; and

(vii) reinforcing the analytical capacity of debt management to provide policy makers with different scenarios and policy options.

APPENDIX II

CENTRAL AFRICAN REPUBLIC
DEBT SUSTAINABILITY ANALYSIS USING THE LOW-INCOME COUNTRY FRAMEWORK

According to the analysis based on the joint IMF-World Bank debt sustainability framework for low-income countries,[18] Central African Republic (C.A.R.) has a moderate risk of debt distress.[19] Thanks to debt relief under the enhanced HIPC initiative and MDRI, C.A.R.'s external and public debt burden indicators improve significantly through the projection period. The debt sustainability analysis shows, however, that C.A.R. continues to be vulnerable to certain shocks and could breach the policy-related threshold for the NPV of external debt-to-exports ratio in the most extreme scenario.

I. BACKGROUND

87. **This analysis is based on the forward-looking debt sustainability framework for low-income countries (LIC DSA)**. The LIC DSA uses the reconciled debt database prepared for the completion point HIPC DSA, and incorporates the impact of HIPC, additional bilateral assistance beyond HIPC, and MDRI relief in the baseline scenario. The LIC DSA varies from the HIPC DSA because of three key differences in the methodologies applied: (i) the discount rate in the LIC DSA is fixed at 5 percent, compared to the currency-specific 6-month averages of commercial interest reference rates (CIRR) used in the HIPC DSA; (ii) WEO exchange rate assumptions are used for calculating the present value of debt in the LIC DSA, while an actual exchange rate at end-2008 is used in the HIPC DSA; and (iii) the exports denominator in the LIC DSA is based on the current level of exports of goods and services, rather than the three-year backward-looking average in the HIPC DSA.

88. **This LIC DSA incorporates four key updates relative to the previous one**:[20] (i) debt relief is based on the calculations for the HIPC completion point rather than earlier preliminary estimates; (ii) the baseline scenario assumes lower real GDP growth, larger current account deficit, and worse fiscal balance outcomes in the near term, mainly due to the negative impact of the current global crisis; (iii) real GDP growth is assumed to be lower by

---

[18] See "Debt Sustainability in Low-Income Countries: Proposal for an Operational Framework and Policy Implications" (http://www.imf.org/external/np/pdr/sustain/2004/020304.htm) and "Debt Sustainability in Low-Income Countries: Further Considerations on an Operational Framework and Policy Implications" (http://www.imf.org/external/np/pdr/sustain/2004/091004.htm)

[19] The LIC DSA compares the evolution over the projection period of debt-burden indicators against policy-dependent indicative thresholds, using the three-year average of the World Bank's Country Policy and Institutional Assessment (CPIA). C.A.R.'s policies and institutions, as measured by the World Bank's (CPIA), are classified as a "weak performer."

[20] The previous joint LIC DSA was published in December 2008 (IMF Country Report No. 09/43; IDA Report No. 47247).

about 0.7 percentage point over the period; and (iv) the historical data for real GDP growth were recently revised by the authorities following technical updates, which affect the level of nominal GDP in 2009 and thereafter.

89. **Total public debt including domestic arrears of C.A.R. is estimated at 79.4 percent of GDP at the end of 2008**. External public and publicly guaranteed debt amounts to 56.8 percent of GDP, of which multilateral creditors account for more than half and official bilateral creditors for about one-third. Domestic public debt (including budgetary arrears and domestic debt of public enterprises) amounts to 23 percent of GDP. It consists of outstanding credits to the government from domestic commercial banks (10 percent), government debt with the Bank for Central African States (BEAC, 30 percent), budgetary arrears (52 percent), public enterprise debt (4 percent), and nonbanks (5 percent).

II. Underlying DSA Assumptions

90. **The near-term macroeconomic outlook is influenced by the adverse impact of the international financial crisis**. Despite favorable developments for the import price of oil, the sudden drop of timber and diamonds exports implies lower GDP growth and a worse external current account balance. Along with lower revenue projected for 2009, the additional spending necessary to consolidate the peace process and finance the 2010 elections moves the domestic primary balance into negative territory in 2009; however, the primary balance including grants remains in surplus.

91. **Over the medium and long term, C.A.R. is presumed to achieve a steady-state growth path, supported by political and social stability**. A sustained improvement in business confidence and higher investment should underpin these growth projections (Box 1). Growing exports of a diversified range of primary goods, including gold and uranium, are expected to lift real GDP growth to 5.5 percent in the medium term. Stronger exports will help improve the external current account deficit over time to around 4 percent of GDP, with financing primarily provided by private investment, highly concessional project loans, and the regional market for government securities expected to be launched in 2010. In order to preserve debt sustainability, fiscal policy would remain prudent. The authorities' fiscal anchor is the domestic primary balance, which would be in surplus until 2019. The primary balance including grants would be higher than the primary balance needed to stabilize the debt-to-GDP ratio for the projection period; thus, the debt-to-GDP ratio could decline by some 10 percentage points to 20 percent of GDP by 2029.

92. **The risks to C.A.R.'s macroeconomic outlook, however, remain significant**. Potentially, political uncertainty and a worsening social and security situation could hamper donor support and investor confidence. Exogenous shocks, including a prolonged impact of the global economic crisis on exports, could lead to slower growth, lower revenue, and a deterioration in debt indicators. Moreover, insufficient investments in infrastructure, such as

roads, could cause delays in private sector investment projects that are needed to boost the C.A.R. economy and reduce poverty.

Box 1. Baseline Macroeconomic Assumptions

Real GDP growth: Average annual real GDP growth for 2009–29 is projected at 4.4 percent, which is predicated on sustained security and political stability, an improvement in the country's institutional and administrative capacity, and appropriate macroeconomic policies. This environment should encourage an increase in private investment, especially in forestry, mining, and telecommunications. Public investment in infrastructure would help revive agriculture, which dominates economic activity. With these assumptions, the projected growth rate is significantly higher than the historical average, which was characterized by conflicts and civil strife.

Inflation: After unexpectedly high inflation in 2008, the GDP deflator is projected to increase by 2½ percent on average for 2009–29; this assumes that inflation will moderate promptly from the current level. The projected inflation rate is in line with the Central African Economic and Monetary Community (CEMAC)'s convergence criterion of 3 percent (defined by the CPI).

Current account balance: The current account deficit (including grants) is projected to average 7 percent for 2009–29. The trade balance is projected to improve over time, driven by stronger export performance as a result of structural reforms and infrastructure investments that will enhance competitiveness and diversification of the export base; the deficits in the services balance would remain large. The current account deficits would be financed primarily by official development assistance (project loans), foreign direct investment, and regional capital inflows from the future regional government securities market. A major gold mining project is assumed to start in 2011. The new forestry and mining codes should prepare the ground for sustained FDI inflows in these sectors.

Government balance: The domestic primary surplus would be in surplus until 2019 and then decline to zero between 2020–29. The overall fiscal deficit (including grants) is projected to average about 1.2 percent of GDP for 2009–29; with the primary balance consistently higher than the one needed to stabilize the debt-to-GDP ratio. Domestic revenue is projected to rise from 10½ percent of GDP in 2009 to some 14 percent at end-2029, mainly as a result of steady tax and customs administration improvements and tax policy reform to render the tax code more growth compatible. Expenditures are projected to rise from about 17 percent of GDP in 2009 to about 20 percent in 2029 with most of the increases concentrated in infrastructure investments.

External assistance: Total grants and loans are assumed to contribute about 5.4 percent of nominal GDP in the long run. Grants are assumed to account for about 80 percent of total external assistance, with the grant element of new external loans averaging 52 percent for the period.

Domestic borrowing: It is assumed that in 2010, the government will start accessing the securities markets that are being developed in the CEMAC region. This will allow it to reduce financing costs, improve liquidity managements, and repay domestic arrears. Given the continued prudent fiscal policy stance, domestic debt is expected to decline during the projection period.

Real interest rate on domestic currency debt: The average real interest rate on domestic currency debt (including bonds from the regional markets) should converge to about 4.8 percent in the long run.

III. External Debt Sustainability analysis

93. **Following HIPC and MDRI relief, all debt indicators are expected to remain below the relevant thresholds throughout the projection period in the baseline scenario (Text Table 1, Figure 1, and Table 1a)**. The debt service-to-export ratio and the debt service-to-revenue ratio increase temporarily over the medium term due to debt service payments on new debts following the standard grace periods, but the ratios would stay well below the thresholds that define an excessive debt burden. All other debt indicators remain well below the thresholds for the projection period and show stable downward trends.

Text Table 1. Central African Republic: Policy-Based Thresholds and External Debt Burden Indicators

	Thresholds [1]	Baseline Scenario Ratios		
		2008 Est.	2009–29[2] Proj.	2009–29 Peak
NPV of external debt in percent of:				
GDP	30	34.9	7.3	8.2
Exports	100	323.5	60.7	90.0
Revenue	200	336.4	58.0	78.0
External debt service in percent of:				
Exports	15	27.5	4.8	15.3
Revenue	25	28.6	4.6	13.3

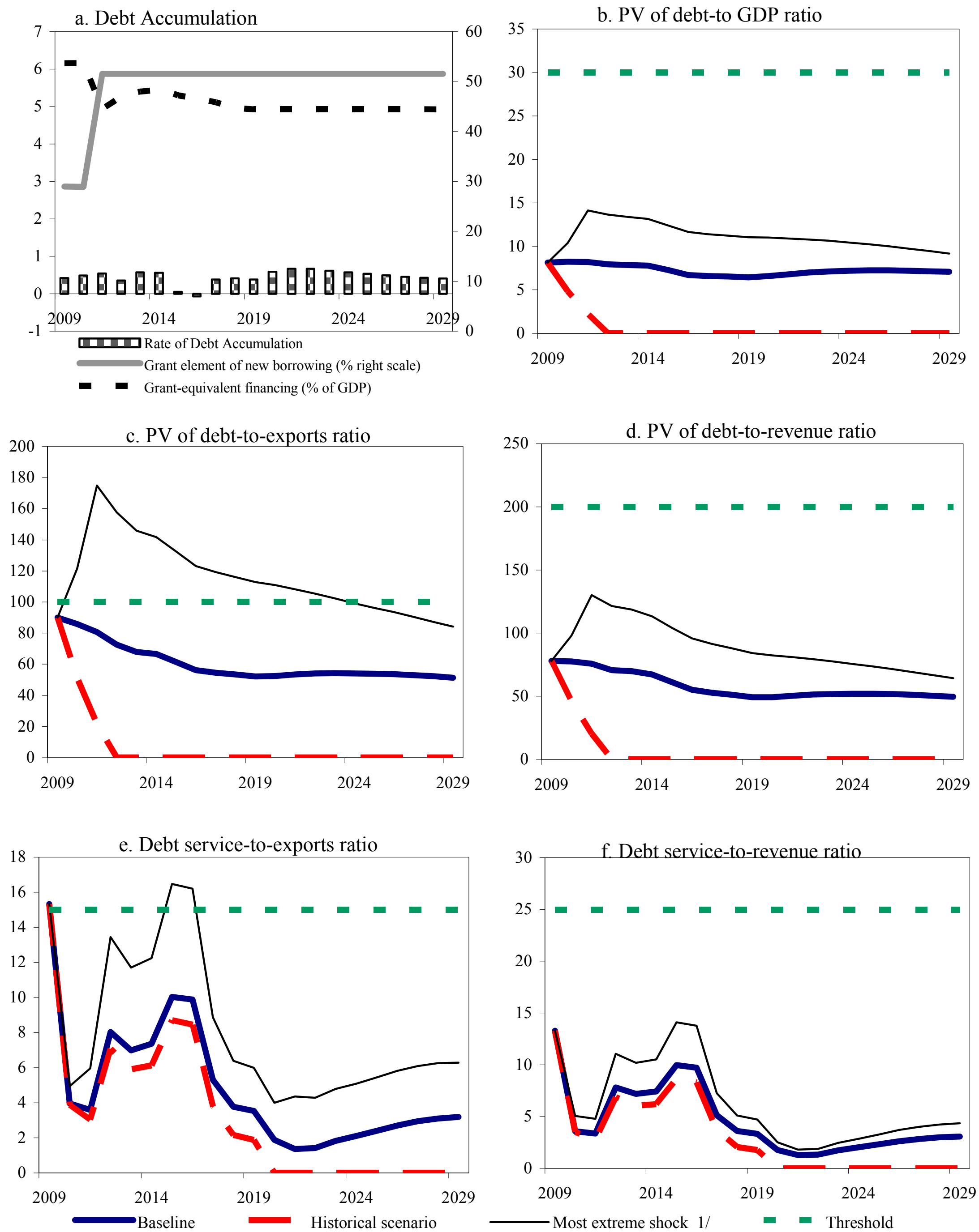
Sources: C.A.R. authorities; and IMF and World Bank staffs estimates.

[1] Policy-dependent thresholds used in the joint IMF-WB LIC DSA framework is for a weak policy performer. C.A.R. received an average rating of 2.43 in 2005–07 in the World Bank's Country Policy and Institutional Assessment (CPIA), which qualifies it as a weak policy performer.

[2] Simple average.

94. **The historical scenario appears much more favorable than the baseline scenario because of severely compressed imports during C.A.R.'s history of conflict (Figure 1 and Table 1b)**. Thus, the historical scenario is based on the average noninterest current account deficit of only 2.2 percent of GDP, compared to the projected deficit of 7 percent of GDP under the baseline scenario; such scenario would be unlikely given recent trends and detrimental to economic growth and integration of C.A.R. into the world economy.

Figure 1. Central African Republic: Indicators of Public and Publicly Guaranteed External Debt under Alternatives Scenarios, 2009–29 1/



Source: C.A.R. authorities; and IMF and World Bank staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in 2019. In figure b. it corresponds to a Combination shock; in c. to a Combination shock; in d. to a Combination shock; in e. to a Exports shock and in picture f. to a One-time depreciation shock

95. **The bound tests underscore potential risks, especially regarding lower export growth**. The most extreme stress test, which assumes a combination of shocks but mostly affected by lower export value growth in the C.A.R.'s case, would raise the NPV of the debt-to-exports ratio above the threshold for a prolonged period (Figure 1c and Table 1b).[21] The debt service-to-exports ratio would also exceed the threshold during 2015–16 under the low export growth scenario (Figure 1e and Table 1b). The deterioration of debt indicators under these scenarios underline that continuous efforts are necessary to develop C.A.R.'s exports, including improving the business climate for foreign investments, reducing transport costs, and improving productivity.

IV. Public Debt Sustainability analysis

96. **HIPC and MDRI debt relief will improve public debt indicators significantly since public external debt accounts for almost half of public debt stock (Figure 2 and Table 2a)**. With an assumption of lower program grants than in the recent past (0.7 percent of GDP over the long term), and with well-managed financing, all debt indicators are expected to decline gradually. It is assumed that the government would continue its prudent fiscal policy by maintaining a domestic primary balance surplus in the medium term and balance over the long term; mobilizing a higher domestic revenue-to-GDP ratio; and securing relatively low-cost financing such as highly concessional loans. Accessing the regional government securities markets starting in 2010 would help eliminate expensive credits from commercial banks over the next several years and clear domestic arrears. Under these assumptions, the NPV of the public debt-to-GDP ratio would decline from 28 percent of GDP in 2009 to 17 percent of GDP in 2029, while the NPV of public debt-to-revenue ratio would fall from 174 percent to 90 percent.

97. **All debt indicators would deteriorate rapidly if real GDP growth were slower or debt-creating flows were to increase (Figure 2 and Table 2b)**. Lower GDP growth represents the most extreme scenario: in this case, both the NPV of the debt-to-GDP ratio and the NPV of the debt-to-revenue ratio as well as the debt service-to-revenue ratio would rise overtime.

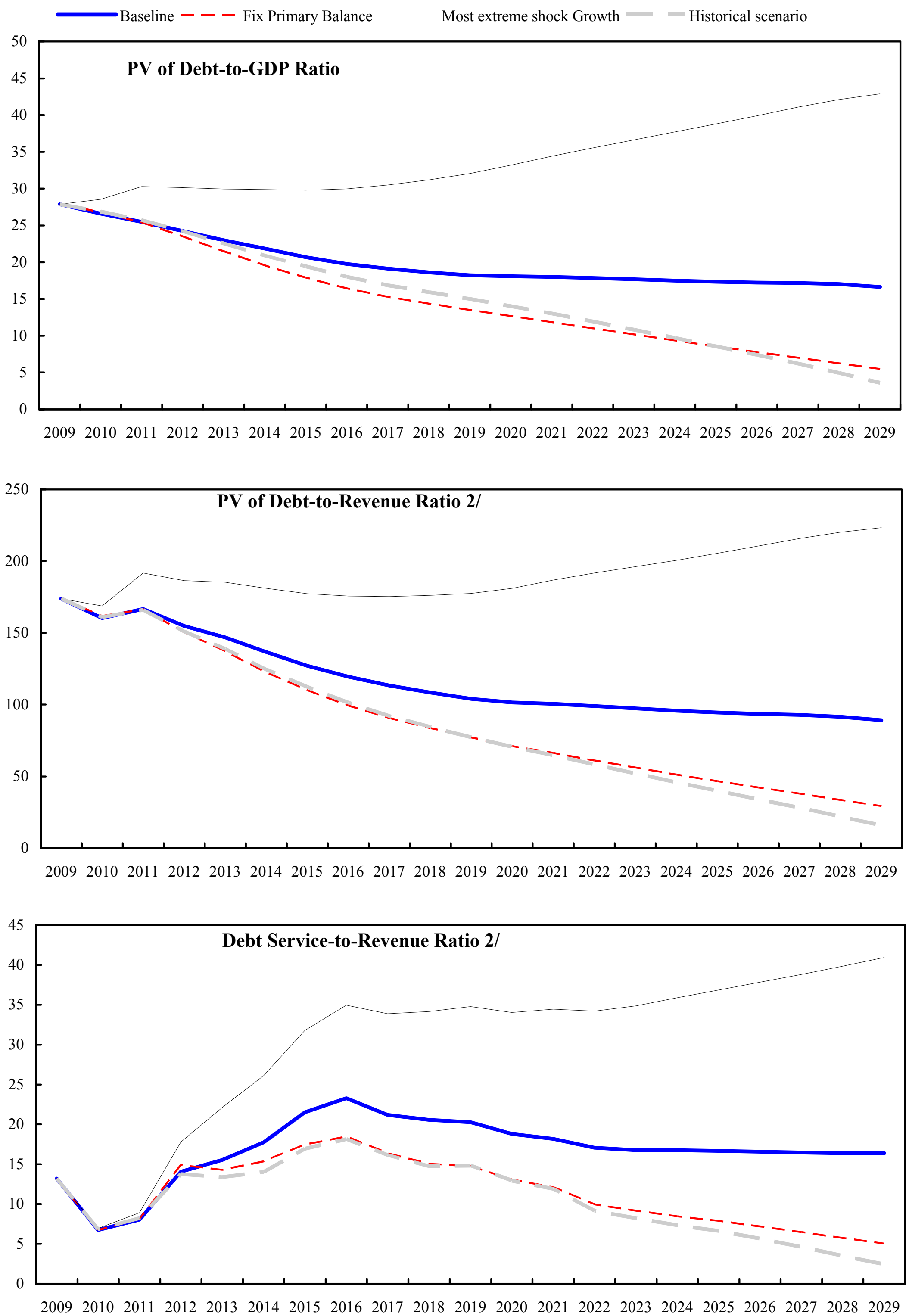
V. Debt Distress Qualification and Conclusions

98. **C.A.R. qualifies as having a "moderate risk of debt distress"**. All debt indicators improve dramatically following the HIPC completion point and debt relief under the MDRI,

[21] As shown on the Table 1b, the combination of shocks consists of (i) real GDP growth at historical average minus one-half standard deviation in 2010–11; (ii) export value growth at historical average minus one-half standard deviation in 2010–11; (iii) US dollar GDP deflator at historical average minus one-half standard deviation in 2010–11; and (iv) net non-debt creating flows at historical average minus one standard deviation in 2010–11.

but its overall debt position could still be vulnerable to a variety of shocks. The external debt indicators are particularly sensitive to export growth, indicating that diversifying the export base is essential for preserving external debt sustainability. The public debt indicators are vulnerable to slower GDP growth and an increase in debt-creating flows, confirming that C.A.R. needs to pursue prudent fiscal policies over the medium-term and to consolidate the basis for growth by fostering domestic security, maintaining political stability, and improving the country's institutional and administrative capacity.

Figure 2. Central African Republic: Indicators of Public Debt Under Alternative Scenarios, 2009–29 1/



Sources: C.A.R. authorities; and IMF and World Bank staff estimates and projections.
1/ The most extreme stress test is the test that yields the highest ratio in 2019.
2/ Revenues are defined inclusive of grants.

Table 1a. Central African Republic: External Debt Sustainability Framework, Baseline Scenario, 2006–29 1/
(In percent of GDP, unless otherwise indicated)

	Actual			Historical 0 Average 0	Standard Deviation	Projections									
	2006	2007	2008			2009	2010	2011	2012	2013	2014	2009-2014 Average	2019	2029	2015-2029 Average
External debt (nominal) 1/	**70.1**	**54.6**	**56.8**			**9.8**	**9.8**	**10.0**	**10.3**	**10.9**	**11.5**		**11.1**	**11.7**	
o/w public and publicly guaranteed (PPG)	70.1	54.6	56.8			9.8	9.8	10.0	10.3	10.9	11.5		11.1	11.7	
Change in external debt	-11.6	-15.4	2.2			-47.0	0.0	0.2	0.3	0.6	0.6		-0.1	-0.1	
Identified net debt-creating flows	-6.0	-6.4	-4.6			6.3	6.7	5.7	4.8	4.1	3.8		2.6	0.7	
Non-interest current account deficit	**2.4**	**5.7**	**8.8**	**2.9**	**3.2**	**9.0**	**9.6**	**9.6**	**9.3**	**8.6**	**8.4**		**7.0**	**4.0**	6.1
Deficit in balance of goods and services	7.7	9.4	12.6			12.5	13.0	12.5	12.1	11.4	11.1		9.6	6.7	
Exports	14.2	14.1	10.8			9.1	9.6	10.2	10.9	11.6	11.7		12.4	13.8	
Imports	21.9	23.5	23.4			21.6	22.6	22.7	23.0	23.0	22.8		22.0	20.5	
Net current transfers (negative = inflow)	-5.5	-3.8	-3.8	-4.0	1.1	-4.1	-3.5	-2.9	-2.9	-2.9	-2.9		-2.8	-2.7	-2.8
o/w official	-5.3	-3.5	-3.3			-3.8	-3.2	-2.7	-2.7	-2.7	-2.7		-2.8	-2.8	
Other current account flows (negative = net inflow)	0.2	0.1	0.1			0.6	0.1	0.1	0.1	0.1	0.1		0.1	0.1	
Net FDI (negative = inflow)	**-2.3**	**-3.3**	**-6.2**	**-2.0**	**1.8**	**-1.8**	**-2.8**	**-3.8**	**-4.2**	**-4.2**	**-4.2**		**-4.0**	**-3.0**	-3.7
Endogenous debt dynamics 2/	**-6.0**	**-8.8**	**-7.2**			**-0.9**	**-0.1**	**-0.2**	**-0.3**	**-0.4**	**-0.4**		**-0.4**	**-0.4**	
Contribution from nominal interest rate	0.6	0.4	1.0			0.6	0.2	0.2	0.2	0.2	0.1		0.1	0.1	
Contribution from real GDP growth	-2.9	-2.2	-1.0			-1.4	-0.3	-0.4	-0.5	-0.5	-0.6		-0.5	-0.5	
Contribution from price and exchange rate changes	-3.7	-7.0	-7.1			…	…	…	…	…	…		…	…	
Residual 3/4/	**-5.6**	**-9.0**	**6.7**			**-53.3**	**-6.7**	**-5.5**	**-4.5**	**-3.5**	**-3.2**		**-2.7**	**-0.7**	
o/w exceptional financing	5.3	-0.1	-1.9			-2.2	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
PV of external debt 5/	...	...	34.9			8.2	8.2	8.2	8.0	7.9	7.8		6.5	7.1	
In percent of exports	...	...	323.5			90.0	85.8	80.6	72.7	67.9	66.6		52.2	51.4	
PV of PPG external debt	**...**	**...**	**34.9**			**8.2**	**8.2**	**8.2**	**8.0**	**7.9**	**7.8**		**6.5**	**7.1**	
In percent of exports	**...**	**...**	**323.5**			**90.0**	**85.8**	**80.6**	**72.7**	**67.9**	**66.6**		**52.2**	**51.4**	
In percent of government revenues	**...**	**...**	**336.4**			**78.0**	**77.5**	**75.7**	**70.6**	**69.8**	**67.3**		**49.2**	**49.6**	
Debt service-to-exports ratio (in percent)	**18.6**	**14.1**	**27.5**			**15.3**	**4.0**	**3.6**	**8.0**	**7.0**	**7.4**		**3.5**	**3.2**	
PPG debt service-to-exports ratio (in percent)	**18.6**	**14.1**	**27.5**			**15.3**	**4.0**	**3.6**	**8.0**	**7.0**	**7.4**		**3.5**	**3.2**	
PPG debt service-to-revenue ratio (in percent)	**27.8**	**19.4**	**28.6**			**13.3**	**3.6**	**3.4**	**7.8**	**7.2**	**7.4**		**3.3**	**3.1**	
Total gross financing need (Billions of U.S. dollars)	0.0	0.1	0.1			0.2	0.1	0.1	0.1	0.1	0.1		0.1	0.1	
Non-interest current account deficit that stabilizes debt ratio	14.0	21.2	9.7			56.0	9.6	9.4	9.0	8.1	7.8		7.0	4.1	
Key macroeconomic assumptions															
Real GDP growth (in percent)	3.8	3.7	2.2	1.1	3.2	2.4	3.1	4.0	5.0	5.5	5.5	4.3	4.5	4.3	4.5
GDP deflator in US dollar terms (change in percent)	4.8	11.1	15.0	6.1	10.1	-7.5	2.0	2.5	2.7	2.6	2.3	0.8	2.4	2.4	2.4
Effective interest rate (percent) 6/	0.8	0.7	2.1	1.2	0.5	1.0	2.5	2.4	2.0	1.7	1.4	1.8	0.9	0.9	1.0
Growth of exports of G&S (US dollar terms, in percent)	21.3	14.6	-10.0	0.9	12.0	-20.5	11.2	13.4	15.7	14.6	9.3	7.3	8.3	7.5	8.1
Growth of imports of G&S (US dollar terms, in percent)	14.6	23.6	17.0	5.9	14.4	-12.4	9.8	7.1	9.4	8.2	7.2	4.9	6.3	5.9	6.2
Grant element of new public sector borrowing (in percent)	...	...	...	...	...	28.9	28.9	51.5	51.5	51.5	51.5	44.0	51.5	51.5	51.5
Government revenues (excluding grants, in percent of GDP)	9.5	10.3	10.4			10.5	10.6	10.9	11.3	11.3	11.6		13.1	14.3	13.4
Aid flows (in Billions of US dollars) 7/	0.2	0.1	0.1			0.1	0.1	0.1	0.1	0.2	0.2		0.2	0.4	
o/w Grants	0.2	0.1	0.1			0.1	0.1	0.1	0.1	0.1	0.1		0.2	0.3	
o/w Concessional loans	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.1		0.0	0.1	
Grant-equivalent financing (in percent of GDP) 8/	...	...	...			6.2	6.2	4.9	5.3	5.4	5.4		4.9	4.9	5.0
Grant-equivalent financing (in percent of external financing) 8/	...	...	...			81.1	93.1	91.1	86.5	84.8	84.3		91.0	91.0	90.2
Memorandum items:															
Nominal GDP (Billions of US dollars)	1.5	1.7	2.0			1.9	2.0	2.1	2.3	2.5	2.7		3.8	7.4	
Nominal dollar GDP growth	8.8	15.3	17.5			-5.3	5.1	6.6	7.8	8.3	8.0	**5.1**	7.0	6.8	7.0
PV of PPG external debt (in Billions of US dollars)			0.1			0.2	0.2	0.2	0.2	0.2	0.2		0.2	0.5	
(PVt-PVt-1)/GDPt-1 (in percent)						0.4	0.5	0.5	0.4	0.6	0.6	0.5	0.4	0.4	0.4

Source: C.A.R. authorities; IMF and World Bank staff estimates and projections.

1/ Includes both public and private sector external debt.
2/ Derived as [r - g - r(1+g)]/(1+g+r+gr) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and r = growth rate of GDP deflator in U.S. dollar terms.
3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.
4/ The figure for Year 2009 reflects debt relief under the HIPC initiative and MDRI.
5/ Assumes that PV of private sector debt is equivalent to its face value.
6/ Current-year interest payments divided by previous period debt stock.
7/ Defined as grants, concessional loans, and debt relief.
8/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

Table 1b. Central African Republic: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2009–29
(In percent)

	Projections																				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	**2019**	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
PV of debt-to GDP ratio																					
Baseline	8	8	8	8	8	8	7	7	7	7	**6**	7	7	7	7	7	7	7	7	7	7
A. Alternative Scenarios																					
A1. Key variables at their historical averages in 2009–29 1/	8	5	2	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0
A2. New public sector loans on less favorable terms in 2009–29 2	8	8	9	9	9	10	10	9	10	10	**10**	10	10	11	11	11	11	12	12	12	12
B. Bound Tests																					
B1. Real GDP growth at historical average minus one standard deviation in 2010–11	8	9	9	9	9	9	8	8	7	7	**7**	7	8	8	8	8	8	8	8	8	8
B2. Export value growth at historical average minus one standard deviation in 2010–11 3/	8	9	11	11	11	10	10	9	9	9	**9**	9	9	9	9	9	9	8	8	8	8
B3. US dollar GDP deflator at historical average minus one standard deviation in 2010–11	8	9	9	9	9	9	8	8	7	7	**7**	7	8	8	8	8	8	8	8	8	8
B4. Net non-debt creating flows at historical average minus one standard deviation in 2010–11 4/	8	10	12	11	11	11	10	10	9	9	**9**	9	9	9	9	9	9	9	8	8	8
B5. Combination of B1-B4 using one-half standard deviation shocks	8	10	14	14	13	13	12	12	11	11	**11**	11	11	11	11	10	10	10	10	9	9
B6. One-time 30 percent nominal depreciation relative to the baseline in 2010 5/	8	12	12	11	11	11	10	10	9	9	**9**	9	10	10	10	10	10	10	10	10	10
PV of debt-to-exports ratio																					
Baseline	90	86	81	73	68	67	62	56	55	53	**52**	53	53	54	54	54	54	54	53	52	51
A. Alternative Scenarios																					
A1. Key variables at their historical averages in 2009–29 1/	90	51	22	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0
A2. New public sector loans on less favorable terms in 2009–29 2	90	87	85	81	80	83	81	78	79	79	**79**	80	82	83	84	85	85	86	86	86	86
B. Bound Tests																					
B1. Real GDP growth at historical average minus one standard deviation in 2010–11	90	86	81	73	68	67	62	56	55	53	**52**	53	53	54	54	54	54	54	53	52	51
B2. Export value growth at historical average minus one standard deviation in 2010–11 3/	90	120	174	157	146	142	132	122	119	116	**113**	111	110	108	106	104	101	99	97	94	91
B3. US dollar GDP deflator at historical average minus one standard deviation in 2010–11	90	86	81	73	68	67	62	56	55	53	**52**	53	53	54	54	54	54	54	53	52	51
B4. Net non-debt creating flows at historical average minus one standard deviation in 2010–11 4/	90	103	115	103	96	93	87	81	78	76	**74**	73	72	70	69	67	65	64	62	60	58
B5. Combination of B1-B4 using one-half standard deviation shocks	90	122	175	158	146	142	132	123	119	116	**113**	111	108	106	102	99	96	93	90	87	84
B6. One-time 30 percent nominal depreciation relative to the baseline in 2010 5/	90	86	81	73	68	67	62	56	55	53	**52**	53	53	54	54	54	54	54	53	52	51
PV of debt-to-revenue ratio																					
Baseline	78	78	76	71	70	67	61	55	53	51	**49**	49	50	51	52	52	52	52	51	50	50
A. Alternative Scenarios																					
A1. Key variables at their historical averages in 2009–29 1/	78	46	20	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0
A2. New public sector loans on less favorable terms in 2009–29 2	78	78	80	79	82	83	80	77	76	76	**74**	75	77	79	80	81	82	83	83	83	83
B. Bound Tests																					
B1. Real GDP growth at historical average minus one standard deviation in 2010–11	78	82	85	79	78	75	68	62	59	57	**55**	55	56	57	58	58	58	58	57	56	55
B2. Export value growth at historical average minus one standard deviation in 2010–11 3/	78	87	103	96	94	90	82	75	72	69	**67**	65	65	65	64	62	61	60	58	57	55
B3. US dollar GDP deflator at historical average minus one standard deviation in 2010–11	78	82	86	80	79	76	69	63	60	58	**56**	56	57	58	59	59	59	59	58	57	56
B4. Net non-debt creating flows at historical average minus one standard deviation in 2010–11 4/	78	93	108	101	99	94	86	79	76	73	**70**	68	68	67	66	64	63	61	60	58	56
B5. Combination of B1-B4 using one-half standard deviation shocks	78	98	130	121	119	113	104	96	91	88	**84**	82	81	79	78	76	74	71	69	67	64
B6. One-time 30 percent nominal depreciation relative to the baseline in 2010 5/	78	110	107	100	99	95	87	78	75	72	**70**	70	72	73	73	74	74	73	72	71	70

Table 1b. Central African Republic: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2009–29 (concluded)
(In percent)

	Projections																				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	**2019**	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Debt service-to-exports ratio																					
Baseline	15	4	4	8	7	7	10	10	5	4	**4**	2	1	1	2	2	2	3	3	3	3
A. Alternative Scenarios																					
A1. Key variables at their historical averages in 2009–29 1/	15	4	3	7	6	6	9	8	4	2	**2**	0	0	0	0	0	0	0	0	0	0
A2. New public sector loans on less favorable terms in 2009–29 2	15	4	4	8	7	8	11	10	6	4	**4**	3	3	3	4	4	4	4	4	5	5
B. Bound Tests																					
B1. Real GDP growth at historical average minus one standard deviation in 2010–11	15	4	4	8	7	7	10	10	5	4	**4**	2	1	1	2	2	2	3	3	3	3
B2. Export value growth at historical average minus one standard deviation in 2010–11 3/	15	5	6	13	12	12	16	16	9	6	**6**	4	4	4	5	5	5	6	6	6	6
B3. US dollar GDP deflator at historical average minus one standard deviation in 2010–11	15	4	4	8	7	7	10	10	5	4	**4**	2	1	1	2	2	2	3	3	3	3
B4. Net non-debt creating flows at historical average minus one standard deviation in 2010–11 4/	15	4	4	9	7	8	10	10	6	4	**4**	3	3	3	3	3	4	4	4	4	4
B5. Combination of B1-B4 using one-half standard deviation shocks	15	5	5	12	11	11	15	14	8	6	**5**	4	5	5	5	5	6	6	6	6	6
B6. One-time 30 percent nominal depreciation relative to the baseline in 2010 5/	15	4	4	8	7	7	10	10	5	4	**4**	2	1	1	2	2	2	3	3	3	3
Debt service-to-revenue ratio																					
Baseline	13	4	3	8	7	7	10	10	5	4	**3**	2	1	1	2	2	2	3	3	3	3
A. Alternative Scenarios																					
A1. Key variables at their historical averages in 2009–29 1/	13	3	3	7	6	6	9	8	4	2	**2**	0	0	0	0	0	0	0	0	0	0
A2. New public sector loans on less favorable terms in 2009–29 2	13	4	3	8	8	8	11	10	6	4	**4**	3	3	3	3	4	4	4	4	4	4
B. Bound Tests																					
B1. Real GDP growth at historical average minus one standard deviation in 2010–11	13	4	4	9	8	8	11	11	6	4	**4**	2	1	1	2	2	3	3	3	3	3
B2. Export value growth at historical average minus one standard deviation in 2010–11 3/	13	4	4	8	8	8	10	10	5	4	**4**	2	3	3	3	3	3	4	4	4	4
B3. US dollar GDP deflator at historical average minus one standard deviation in 2010–11	13	4	4	9	8	8	11	11	6	4	**4**	2	1	2	2	2	3	3	3	3	3
B4. Net non-debt creating flows at historical average minus one standard deviation in 2010–11 4/	13	4	4	8	8	8	10	10	5	4	**4**	3	3	3	3	3	3	4	4	4	4
B5. Combination of B1-B4 using one-half standard deviation shocks	13	4	4	9	9	9	12	11	6	4	**4**	3	4	4	4	4	4	4	5	5	5
B6. One-time 30 percent nominal depreciation relative to the baseline in 2010 5/	13	5	5	11	10	11	14	14	7	5	**5**	3	2	2	2	3	3	4	4	4	4
Memorandum item:																					
Grant element assumed on residual financing (i.e., financing required above baseline) 6/	48	48	48	48	48	48	48	48	48	48	**48**	48	48	48	48	48	48	48	48	48	48

Source: IMF and World Bank staff estimates and projections.

1/ Variables include real GDP growth, growth of GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.
2/ Assumes that the interest rate on new borrowing is by 2 percentage points higher than in the baseline., while grace and maturity periods are the same as in the baseline.
3/ Exports values are assumed to remain permanently at the lower level, but the current account as a share of GDP is assumed to return to its baseline level after the shock (implicitly assuming an offsetting adjustment in import levels).
4/ Includes official and private transfers and FDI.
5/ Depreciation is defined as percentage decline in dollar/local currency rate, such that it never exceeds 100 percent.
6/ Applies to all stress scenarios except for A2 (less favorable financing) in which the terms on all new financing are as specified in footnote 2.

Table 2a. Central African Republic: Public Sector Debt Sustainability Framework, Baseline Scenario, 2006–29
(In percent of GDP, unless otherwise indicated)

	Actual			Average	Standard Deviation	Estimate	Projections								
	2006	2007	2008			2009	2010	2011	2012	2013	2014	2009-14 Average	2019	2029	2015-29 Average
Public sector debt 1/	93.9	79.1	79.4			29.5	28.1	27.3	26.6	26.0	25.5		22.9	21.2	
o/w foreign-currency denominated	70.1	54.6	56.8			9.8	9.8	10.0	10.3	10.9	11.5		11.1	11.7	
Change in public sector debt	-12.1	-14.8	0.3			-49.9	-1.4	-0.9	-0.7	-0.6	-0.5		-0.4	-0.4	
Identified debt-creating flows	-23.3	-12.4	-2.9			-1.7	-1.2	-0.8	-0.7	-0.6	-0.5		-0.4	-0.4	
Primary deficit	-9.9	-2.5	-1.5	-0.9	3.6	-0.4	-0.7	-0.1	0.3	0.4	0.5	0.0	0.2	0.2	0.3
Revenue and grants	22.9	14.4	15.1			16.0	16.6	15.3	15.6	15.7	16.0		17.5	18.7	
of which: grants	13.4	4.1	4.7			5.6	6.0	4.4	4.4	4.4	4.4		4.4	4.4	
Primary (noninterest) expenditure	13.0	11.9	13.6			15.6	15.9	15.2	15.9	16.1	16.4		17.7	18.9	
Automatic debt dynamics	-13.4	-9.9	-1.4			-1.3	-0.5	-0.7	-1.0	-1.0	-1.0		-0.5	-0.6	
Contribution from interest rate/growth differential	-6.3	-4.3	-2.5			-1.9	-0.4	-0.6	-0.9	-1.0	-0.9		-0.5	-0.5	
of which: contribution from average real interest rate	-2.4	-1.0	-0.8			0.0	0.5	0.5	0.4	0.4	0.4		0.5	0.4	
of which: contribution from real GDP growth	-3.9	-3.4	-1.7			-1.9	-0.9	-1.1	-1.3	-1.4	-1.4		-1.0	-0.9	
Contribution from real exchange rate depreciation	-7.1	-5.6	1.1			0.6	-0.2	-0.1	-0.1	-0.1	0.0		...	...	
Other identified debt-creating flows	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Privatization receipts (negative)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Recognition of implicit or contingent liabilities	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Debt relief (HIPC and other)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Other (specify, e.g. bank recapitalization)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Residual, including asset changes	11.3	-2.4	3.3			-48.2	-0.1	0.0	0.0	0.0	0.0		0.0	0.0	
Other Sustainability Indicators															
PV of public sector debt	23.9	24.5	30.5			27.9	26.6	25.5	24.2	23.0	21.9		18.2	16.6	
o/w foreign-currency denominated	0.0	0.0	7.9			8.2	8.2	8.2	7.9	7.9	7.8		6.5	7.1	
o/w external	...	...	7.9			8.2	8.2	8.2	7.9	7.9	7.8		6.5	7.1	
PV of contingent liabilities (not included in public sector debt)	...	...	...			...	...	...	...	...	...		...	...	
Gross financing need 2/	-6.9	0.2	2.3			1.7	0.5	1.1	2.5	2.9	3.3		3.7	3.3	
PV of public sector debt-to-revenue and grants ratio (in percent)	104.3	170.2	201.8			173.9	160.2	166.7	154.9	146.9	136.7		103.9	89.1	
PV of public sector debt-to-revenue ratio (in percent)	250.6	238.2	294.0			266.5	250.4	234.6	215.2	203.7	188.1		138.7	116.6	
o/w external 3/	…	…	76.1			78.1	77.5	75.6	70.6	69.8	67.3		49.2	49.6	
Debt service-to-revenue and grants ratio (in percent) 4/	13.1	18.8	25.3			13.2	6.7	8.0	14.1	15.5	17.7		20.3	16.4	
Debt service-to-revenue ratio (in percent) 4/	31.5	26.3	36.9			20.2	10.5	11.3	19.5	21.5	24.4		27.1	21.4	
Primary deficit that stabilizes the debt-to-GDP ratio	2.1	12.3	-1.8			49.5	0.7	0.8	1.0	1.0	1.0		0.6	0.6	
Key macroeconomic and fiscal assumptions															
Real GDP growth (in percent)	3.8	3.7	2.2	1.1	3.2	2.4	3.1	4.0	5.0	5.5	5.5	4.3	4.5	4.3	4.5
Average nominal interest rate on forex debt (in percent)	0.8	0.7	2.1	1.2	0.5	1.0	2.5	2.4	2.0	1.7	1.4	1.8	0.9	0.9	1.0
Average real interest rate on domestic debt (in percent)	-2.5	1.3	-3.0	-1.5	1.9	-0.5	1.6	2.1	2.4	2.9	3.3	2.0	5.2	5.0	4.8
Real exchange rate depreciation (in percent, + indicates depreciation)	-9.2	-8.4	2.0	-5.4	8.8	1.0	...	...	...	...	...	...	...	...	...
Inflation rate (GDP deflator, in percent)	4.2	1.8	7.1	2.8	2.1	3.9	2.3	2.4	2.4	2.4	2.4	2.6	2.4	2.4	2.4
Growth of real primary spending (deflated by GDP deflator, in percent)	-0.2	0.0	0.2	0.0	0.2	0.2	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0	0.1
Grant element of new external borrowing (in percent)	...	...	...	…	…	28.9	28.9	51.5	51.5	51.5	51.5	44.0	51.5	51.5	...

Sources: C.A.R. authorities; and IMF and World Bank staff estimates and projections.

1/ Includes public and publicly-guaranteed external debt, domestic public debt, budgetary arrears of the central government, and domestic debt of state-owned enterprises.

2/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period.

3/ Revenues excluding grants.

4/ Debt service is defined as the sum of interest and amortization of medium and long-term debt.

Table 2b. Central African Republic: Sensitivity Analysis for Key Indicators of Public Debt 2009–29

	Projections							
	2009	2010	2011	2012	2013	2014	2019	2029
PV of Debt-to-GDP Ratio								
Baseline	28	27	25	24	23	22	18	17
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	28	27	26	24	23	21	15	4
A2. Primary balance is unchanged from 2009	28	27	25	24	21	20	14	5
A3. Permanently lower GDP growth 1/	28	27	26	25	24	24	24	37
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2010–11	28	29	30	30	30	30	32	43
B2. Primary balance is at historical average minus one standard deviations in 2010–11	28	30	31	30	29	27	23	21
B3. Combination of B1-B2 using one half standard deviation shocks	28	29	30	30	29	29	29	36
B4. One-time 30 percent real depreciation in 2010	28	30	29	27	25	24	19	17
B5. 10 percent of GDP increase in other debt-creating flows in 2010	28	36	35	33	32	31	26	23
PV of Debt-to-Revenue Ratio 2/								
Baseline	174	160	167	155	147	137	104	89
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	174	161	166	151	139	124	77	16
A2. Primary balance is unchanged from 2009	174	162	166	150	137	122	77	29
A3. Permanently lower GDP growth 1/	174	161	170	160	154	147	133	192
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2010–11	174	169	192	187	185	181	177	223
B2. Primary balance is at historical average minus one standard deviations in 2010–11	174	180	206	192	183	171	131	110
B3. Combination of B1-B2 using one half standard deviation shocks	174	173	193	185	182	175	161	188
B4. One-time 30 percent real depreciation in 2010	174	181	188	173	161	148	109	94
B5. 10 percent of GDP increase in other debt-creating flows in 2010	174	218	229	214	204	191	148	123
Debt Service-to-Revenue Ratio 2/								
Baseline	13	7	8	14	16	18	20	16
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	13	7	8	14	13	14	15	2
A2. Primary balance is unchanged from 2009	13	7	8	15	14	15	15	5
A3. Permanently lower GDP growth 1/	13	7	8	15	17	19	26	36
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2010–11	13	7	9	18	22	26	35	41
B2. Primary balance is at historical average minus one standard deviations in 2010–11	13	7	9	28	27	26	24	21
B3. Combination of B1-B2 using one half standard deviation shocks	13	7	9	21	21	26	31	35
B4. One-time 30 percent real depreciation in 2010	13	7	9	17	19	22	25	21
B5. 10 percent of GDP increase in other debt-creating flows in 2010	13	7	12	51	20	39	25	23

Sources: C.A.R. authorities; and IMF and World Bank staff estimates and projections.
1/ Assumes that real GDP growth is at baseline minus one standard deviation divided by the square root of the length of the projection period.
2/ Revenues are defined inclusive of grants.