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Central African Republic: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding

June 5, 2009

The following item is a Letter of Intent of the government of Central African Republic, which describes the policies that Central African Republic intends to implement in the context of its request for financial support from the IMF. The document, which is the property of Central African Republic, is being made available on the IMF website by agreement with the member as a service to users of the [IMF](#) website.

CENTRAL AFRICAN REPUBLIC
LETTER OF INTENT

Bangui, June 5, 2009

Mr. Dominique Strauss-Kahn
Managing Director
International Monetary Fund
700 19th Street, NW
Washington, DC, 20431
USA

Mr. Strauss-Kahn:

1. The government of the Central African Republic has successfully implemented the measures contained in the economic and financial program with the support of the International Monetary Fund through its Poverty Reduction and Growth Facility (PRGF).
2. The attached memorandum of economic and financial policies (MEFP) supplements previous memoranda attached to the letters dated November 30, 2006, September 7, 2007, June 3, 2008, and December 4, 2008. The last sets out quantitative and structural performance criteria for end-December 2008 for completion of the fourth review (fifth disbursement) of the PRGF arrangement.
3. All quantitative performance criteria for completion of the fourth review under the PRGF arrangement were observed except for the ceiling on commercial bank borrowing. For the ceiling on commercial bank borrowing we request a waiver because the deviation was minor. On the basis of our overall performance and on the strength of the policies set forth in the attached memorandum, we request completion of the fourth PRGF review. We are requesting an augmentation of access under the PRGF arrangement by 45 percent of quota in view of unexpected external shocks stemming from the global slowdown and the time needed to adjust our policies. We request disbursement of the fifth loan in the amount of SDR 14.24 million, including SDR 11.14 million (20 percent of quota) from the augmentation. We also request extension of the program until June 30, 2010, to allow the last reviews of the program to take place on a biannual basis.
4. The government believes that the policies set forth in the attached MEFP will enable it to meet its program objectives but is ready to take any other measures that might be necessary. The Central African Republic will, in accordance with Fund policy, consult with the Fund on the adoption of any measures that may be appropriate and before revising the policies set out in the attached MEFP. The fifth review (sixth disbursement) of the PRGF arrangement is expected to be completed no later than the end of December 2009, and the sixth review (seventh disbursement) no later than the end of June 2010.

5. The government intends to make the contents of this letter, the attached MEFP, the Technical Memorandum of Understanding (TMU), and the related staff report available to the public. Therefore, it authorizes the IMF to post these documents on its web site once the Executive Board has concluded the review.

Sincerely yours,

_____/s/_____

Prof. Faustin Archange Touadéra
Prime Minister

Attachments: - Memorandum of Economic and Financial Policies
- Technical Memorandum of Understanding

CENTRAL AFRICAN REPUBLIC
MEMORANDUM OF ECONOMIC AND FINANCIAL POLICIES, 2009–10

Bangui, June 5, 2009

1. Economic conditions have improved noticeably since the government of the Central African Republic (C.A.R.) began implementing its medium-term macroeconomic and financial program in late 2006 with Fund support. Political and social stability has been strengthened as a result of the Inclusive Political Dialogue (IPD) held in December 2008. The recommendations of the IPD also entail new expenditures, notably those related to the Demobilization, Disarmament and Reintegration (DDR) program, and the organization of the 2010 elections. In recent months and with support of donors, we have taken steps to solve the crisis in the energy sector that caused power outages and disruptions in economic activity in 2008.

2. We are also in the process of restoring debt sustainability. We reached the decision point for the enhanced Heavily Indebted Poor Countries (HIPC) Initiative in September 2007 and are working steadfastly to reach the completion point soon. The total debt relief under the HIPC Initiative and the Multilateral Debt Relief Initiative (MDRI) amounts to CFAF 557 billion (59 percent of GDP), a large part of which will be provided upon reaching the completion point, allowing a reduction of our external debt to CFAF 93 billion by the end of 2009. We are very grateful to the international community, including the IMF, for granting this debt relief and the interim assistance that is being provided until C.A.R. reaches the completion point. Debt relief will allow us to spend more on poverty-reducing projects than would have been possible otherwise.

3. More recently, however, our economy has been severely affected by the global slowdown, which has had a serious impact on our major exports, economic growth, and government revenues since October 2008. We are therefore confronted with additional challenges, but we are convinced that strong policies and program implementation with support from the international community will help us maintain economic stability and create the basis for sustainable economic growth. Nonetheless, given the severity of the crisis and in view of the time needed to adjust our policies to these external shocks, we request an augmentation of access under the current PRGF arrangement by 45 percent of quota, and we are redoubling our efforts to seek additional support from other donors. The increase in access would bring total access to 125 percent of quota, which is consistent with the new access norm for second-time users of the PRGF.

4. This memorandum reviews the medium-term macroeconomic framework and presents the economic and financial policies that will be conducted in the context of the government's program until June 30, 2010. The measures and objectives of the program are consistent with the Poverty Reduction and Strategy Paper (PRSP) adopted on June 30, 2007, and the first annual report of the implementation of the PRSP adopted in early 2009, both after extensive consultations with major stakeholders. The main conclusions from

implementation of the PRSP process are the following: (i) the resources mobilized so far are insufficient to satisfy the financing needs that were identified in the PRSP, and they are concentrated in the area of humanitarian assistance; (ii) resources need to continue to be mobilized and aligned with national priorities; (iii) the effects of the international economic crisis on the C.A.R. economy are strong and require an urgent response to maintain the growth and reform momentum started in 2006; and (iv) the strengthening of human, institutional and technical capacities, and the collaboration with foreign development partners are essential for effective implementation of the PRSP.

I. RECENT ECONOMIC PERFORMANCE AND POLICIES

A. Macroeconomic Performance and Program Implementation

5. As a result of a lack of regular electricity supply over several months and a slowdown in our main exports, GDP growth slowed to 2.2 percent in 2008 compared to 3.5 percent expected previously. The most important contribution toward economic growth came from agriculture, whereas forestry was the sector with the most negative contribution. Agriculture, which accounts for 29 percent of GDP, grew by 3.2 percent. Mostly because of food price developments, average inflation reached 9.3 percent in 2008, compared with a projected 8.6 percent.

6. The global slowdown severely affected the exports of our two main commodities, timber and diamonds, and there is little sign of recovery yet. In the period from November 2008 to February 2009, exports of wood and diamonds dropped by 44 percent in volume terms relative to the same period a year before. Fortunately, a continuing expansion of activity in construction and parts of the services sector—including transportation and telecommunications—compensated for some of the negative external shocks. This is reflected in a solid growth (13 percent in 2008) in credit to the private sector. The banking system has so far been insulated from the global financial crises, and the liquidity position of commercial banks remains strong. In this connection, the entry of a new bank into the C.A.R. market in October 2008 was a very welcome development.

7. Fiscal performance in 2008 was encouraging considering the difficult economic conditions and the electricity crisis. Total domestic revenue was in line with expectations (the related quantitative PC was met). Profits and property taxes were slightly lower than expected, already reflecting the first effects of the economic crisis. Nonetheless, we were able to increase the domestic revenue-to-GDP ratio to 10.4 percent, compared to 8.2 percent in 2005. We missed our target for the floor on accumulation of tax arrears by CFAF 0.7 billion, in part because of poor financial performance of public enterprises, but we were able to reduce substantially the amount of contested tax liabilities.

8. We maintained tight control on cash expenditures, which allowed us to meet the performance criterion (PC) on the domestic primary balance (quantitative PC). Spending in priority areas, notably health and education, reached the related quantitative benchmark, and we were able to meet the quantitative indicative targets on domestic arrears repayments. Cash spending on transfers and goods and services accelerated toward the end of the year to avoid the accumulation of arrears. Domestically financed capital spending was slowed down to

meet the primary surplus target, in light of the fact that grant-financed capital spending was much stronger than expected. The PC on net claims of the commercial banking system on the government was not observed by a small amount (CFAF 0.1 billion), which mostly reflects the fact that we received the disbursement from the third PRGF review only on December 29, 2008, which was too late to reduce our credit with commercial banks. The quantitative benchmark (QB) on the net present value (NPV) of external debt was met.

B. Progress in Structural Reforms

9. The government has recently implemented a number of important structural reform measures, particularly in the petroleum sector. The automatic quarterly petroleum product pricing formula adopted on June 1, 2008, ensures full pass-through to consumers of all costs, distribution margins, and taxes, including VAT at the regular rate. We adjusted domestic petroleum prices in January 2009 in line with the agreed mechanism; as a result, subsidies on diesel fuel and heavy fuel oil were fully eliminated, and those on kerosene were substantially reduced. Moreover, we applied the mechanism again in April 2009. In light of the substantial decrease in international oil prices, there was no need to increase any domestic fuel prices; however, to offset other revenue losses we decided to leave domestic fuel prices unchanged, thus eliminating subsidies on kerosene transported by river, although not yet for kerosene transported by road, and safeguarding our domestic tax revenues from petroleum products.

10. Progress has been made in revenue administration reform. We have made significant progress with computerizing the large taxpayer office (LTO) and registering new taxpayers identified in a census. We substantially met the structural benchmark related to increasing the number of audits to reach 30 percent of large taxpayers, all stop-filers, and all VAT declarations with a credit balance. For the VAT declarations, we were able to audit 33 out of 47 cases (70 percent) with a two-month delay, but we have conducted issue-oriented audits for the remaining taxpayers as of February 2009. The creation of an audit department in early April 2009 is also expected to strengthen tax administration. In April 2009, we made the necessary changes to use turnover as the sole criterion for taxpayer classification, with a turnover of CFAF 30 million as the minimum threshold for large taxpayers (end-December 2008 structural benchmark). Initially the LTO will cover some 300 taxpayers. However, to fully implement the benchmark we still need to implement some legislative changes to the VAT, which are discussed below and will be introduced as part of the revised 2009 budget law. The delay was due to the need to receive technical assistance to set up the new system.

11. In the area of public financial management, we redoubled our reform efforts to address deficiencies discovered by the Public Expenditure and Financial Accountability (PEFA) assessment. In particular, we created a liquidity committee (*Comité de suivi de la liquidité*) in late 2008, with its technical secretariat established in early 2009. The committee works to align expenditure commitments with available resources, taking into account projected cash inflows and outflows, and provides technical inputs and recommendations to the treasury committee. In the context of the 2009 budget law, all revenue, expenditure, and financing items of public agencies (notably the petroleum, telecommunications, and electricity regulatory agencies) were integrated into the government budget. A new budget classification was introduced for the 2008 budget, and a related chart of accounts was developed and adopted in January 2009. We made important progress in the computerization

of the expenditure chain. In addition, we have improved the monthly reconciliation of government accounts between the treasury and the central bank to ensure that data regarding the net treasury position are consistent. In December 2008, we established and published a plan to clear domestic arrears and restore confidence in our fiscal management. The plan includes a summary of all arrears as of end-2007 and a timetable for payments. We intend to eliminate domestic payment arrears over the next decade, and we will accelerate payments should more financing become available. Given the supply constraints in the economy, some priority is given to repaying arrears to suppliers, in particular those related to utilities and petroleum companies. We will not securitize any of our arrears and will pay cash only.

II. THE PROGRAM FOR 2009 AND MEDIUM-TERM OBJECTIVES

12. The government plans to address the impact of the global financial crisis by adjusting to the challenging economic outlook while continuing to adhere to its medium-term objectives. We are committed to maintaining a prudent fiscal stance, reducing arrears, continuing the reform of the petroleum sector, and addressing the financial weakness of state-owned enterprises (SOEs). Despite continued growth in agricultural production estimated at about 3.3 percent and continued expansion of the services sector, real GDP growth is expected at 2½ percent, a small increase over the 2008 result. However, the new projections are significantly lower than the 4.5 percent previously projected under the program, mainly reflecting weak export activities. We consider these growth projections to be conservative given several ongoing investment projects, the peace process, and better prospects for electricity supply. A good harvest, together with stable international commodity prices, is expected to reduce price pressures; we forecast year-on-year inflation of 1.0 percent for December 2009. Because of price increases in late 2008, average inflation in 2009 would be higher at 4.7 percent, but it is expected to comply with the related CEMAC convergence criterion in 2010.

13. The external shocks stemming from the global slowdown affect the economy mainly through the trade sector. Total exports of goods in 2009 are projected to fall further by CFAF 11.1 billion to CFAF 54.7 billion and will be CFAF 35.4 billion lower than programmed. Imports also will be severely compressed and are projected to increase only by 1.4 percent in volume terms. The current account balance is projected to be almost 10 percent of GDP, similar to the 2008 result despite favorable developments in world oil prices. More significantly, private financial inflows including foreign direct investment are likely to drop significantly—reflecting investors' caution in an uncertain global environment—from an unusually high level realized in 2008. These developments would lead to a reduction in official foreign reserves to 2.6 months of import cover in 2009 from 3.3 months in 2008, despite the augmentation of access requested from the IMF. On the monetary side, the drop in net foreign assets would result in a lower level of broad money (by 7 percent) despite a projected solid increase in credit to the economy (by 7 percent).

14. Our priorities for 2009 are to address the impact of the global crisis on our export sectors while preserving a prudent fiscal stance. Specifically, we will (i) continue improving our domestic revenue-raising capacity; (ii) stabilize domestic demand by maintaining budgeted expenditures and integrating expenditures related to the DDR process into a revised budget; (iii) pay all current government obligations and reduce domestic arrears as per the

strategy adopted in December 2008; and (iv) maintain the momentum in fiscal structural reforms.

A. Fiscal Policy for 2009

15. Despite the ongoing economic crisis domestic revenues should rise by 0.1 percentage points to 10.5 percent of GDP. This improvement is the result of the positive impact of fuel taxes, VAT law changes, and more effective revenue administration, which will more than compensate for lower tax receipts from C.A.R.'s main export products and indirect taxes on consumption. Net petroleum revenues should increase by CFAF 6 billion (0.6 percent of GDP) relative to 2008, while export tax receipts could fall by CFAF 3 billion (0.3 percent of GDP). Nontax revenue will fall by 0.2 percent of GDP because one-time receipts in 2008 related to the sale of telecommunication licenses will not recur in 2009. The new revenue projections imply lower revenues of CFAF 9 billion compared to the program or CFAF 12 billion (1.3 percent of GDP) compared to the budget. These losses are an indication of the severity of the economic crisis. We will work to ensure that taxes are collected effectively and efficiently and there is no new net accumulation of tax arrears (quantitative benchmark).

16. We intend to support domestic demand in the face of the economic crisis and lower projected revenues by maintaining budgeted expenditures and integrating new priority spending programs related to the peace process. Domestic current primary spending will increase to 9.9 percent of GDP from 9.1 percent of GDP in 2008 in part to reflect spending on the DDR and the preparations for the 2010 elections and to fully pay for current government utility consumption. The wage bill is projected to increase by 0.3 percent of GDP to accommodate an expansion in the number of teachers and health personnel and the unfreezing (*débloquage*) of salaries from the 1986–96 period. Savings in transfers, mainly because of lower subsidies for petroleum products, will allow for higher expenditure on goods and services, including some repairs of the energy facilities, as well as fully providing for government consumption of electricity, water, and telecommunications. We are committed to fully paying all our current utility bills (quantitative benchmark). Domestically financed capital expenditure will increase by 0.8 percentage points of GDP over 2008; it is directed at improvement of infrastructure that was poorly maintained for many years.

17. The additional expenditure needs related to the peace process and the 2010 elections will require the adoption of a revised budget by July 2009. Expenditure projections include CFAF 10 billion (1.1 percent of GDP, mostly recorded in transfers) for the DDR, which is financed by the UN Peace Consolidation Fund (\$4 million) and the CEMAC (CFAF 8 billion). The five other countries in the CEMAC region have agreed to provide a grant of CFAF 1 billion each to C.A.R. (two countries have already provided the assistance), and CFAF 3 billion is provided as an exceptional advance from BEAC, for which the agreement was signed in April 2009. The projections also take into account implementation of recommendations from the IPD, including the domestic contribution to preparation for the 2010 elections (which requires some CFAF 1 billion in 2009).

18. The domestic primary balance declines in response to peace process spending and the economic crisis. The fall in the domestic primary balance compared to program (1.6 percent of GDP) is mainly explained and financed by greater than previously expected donor financing for the peace process and some carry-overs from 2008 (1.2 percent of GDP). The remainder is due to the debt-financed part of the peace process (0.3 percent of GDP) and revenue losses related to the crisis, which are financed domestically. The available financing would allow for further repayment of arrears (1.1 percent of GDP) and reduction of the most onerous credits from commercial banks. This fiscal stance will also allow for continuing reduction of public debt, which will decline from 79.4 percent of GDP in 2008 to 29.6 percent of GDP in 2009, mostly related to HIPC completion point debt relief (estimated at 41.5 percent of GDP).

B. Medium-Term Objectives

19. We are confident that the structural reform measures we are implementing in the context of the PRGF-supported program and the enhanced HIPC initiative will strengthen our growth prospects and our fiscal and balance of payments positions. Growth should recover and accelerate as private and public investment increases and world demand recovers. In this regard, new investments following implementation of the recently adopted forestry and mining codes will be key; already there are some large mining projects in the pipeline that should start production over the next few years. Our balance of payments position should also recover, although more slowly than desirable, as our main export commodities recover and we start diversifying our export base. Our medium-term fiscal anchor is a domestic primary surplus of about 1 percent of GDP, which we intend to achieve by steadily increasing our tax-to-GDP ratio while stabilizing and later increasing domestic priority expenditures. This fiscal anchor should help us decrease our debt-to-GDP ratio over time as GDP expands.

C. Structural Reforms

20. The government has started to harmonize its structural reform program with the support of the donors operating in C.A.R. with the view of improving the predictability of aid. In addition to the IMF, which provides balance of payments support, the donors participating in this process are the African Development Bank, the European Commission, France, and the World Bank. The goal of the harmonized program is to mutually agree on a reform agenda that would also be supported by technical assistance. We will work with the above donors on a program over the coming months.

Tax policy and revenue administration reforms

21. We continue to make the tax system work better. In January 2009, we started applying VAT on all petroleum products, increased the minimum excise on gasoline and diesel, and reduced subsidies on kerosene in line with the automatic adjustment mechanism for petroleum products, that was converted into a continuous structural benchmark instead of a structural performance criterion. Excises on kerosene will be increased every quarter by some CFAF 40 per liter to completely eliminate any residual subsidies and to reduce the price differential with diesel, which is a close substitute for and often mixed with kerosene in transportation. Moreover, we will create a difference in the margin for importation of

petroleum products by river versus by road of CFAF 10 per liter to provide a greater incentive to import by river, which is much less costly for the budget and less environmentally risky. As a result, the gross increase in petroleum-related resources for the government budget in 2009, including VAT, is projected at CFAF 13 billion, and the net revenue increase is CFAF 6 billion after subtracting savings in fuel subsidies and VAT input credits.

22. We eliminated the lower VAT rate on building materials and the 10 percent VAT withholding that were introduced in the 2008 budget law. We also now allow for the deductibility of VAT credits for petroleum products used in the process of production and are working to improve the payment of VAT refund requests (structural benchmark for end-2009): for reliable taxpayers, who submit refund requests in line with legislative requirements, we intend to pay 50 percent of the refund request within 30 days and the remainder after 90 days, although the final amount could be reduced as part of the verification of the refund request. In the context of the revised 2009 budget, we will amend Article 247 of the tax code to clarify that turnover is the only criterion for whether taxpayers are subject to the VAT, independent of their legal status (physical or legal person).

23. Taxpayer compliance is a permanent priority. In 2009 again, we will audit at least 30 percent of large taxpayers, all stop-filers among large taxpayers, and all VAT declarations with a credit or zero balance. This should allow us to achieve a nonfiler rate of less than 10 percent. To achieve a better targeting of audits we will nominate a director of the audit department and related personnel by end-June 2009 and create an audit plan, which will be reviewed with respect to its effectiveness in 2010. We will increase the resources available for the tax and customs administrations to ensure that they are in line with the increased demands and expectations that are placed on them, including by providing adequate office space to the large taxpayer office. The tax and customs administrations' information systems (SYSTEMIF and ASYCUDA) are now interconnected, but in order to meet the related end-June 2009 structural benchmark, we still have to enhance the system's capability to allow for the automatic exchange of relevant taxpayer-specific information in a user-friendly way.

24. Customs revenue collection will continue to play an important role, and we intend to reinforce our policy and administrative efforts in this area. Making good use of the ASYCUDA system will help improve customs administration, and we intend to expand its use and capabilities forcefully in cooperation with our technical assistance partners. We have already reduced customs exemptions from CFAF 17 billion in 2007 to CFAF 12 billion in 2008. Customs exemptions will be reduced further with a view to eliminating discretionary exemptions altogether and to limiting statutory exemptions only to those with a clear economic rationale: the scope of this rationalization of exemptions will be identified in the context of the fifth review under the PRGF arrangement, and implementation is expected by end-December 2009 (structural benchmark). To this effect, the interministerial committee in charge (CICEFD) will prepare a comprehensive review of discretionary and statutory customs exemptions by end-June 2009. In addition, we will further increase the efficiency of customs administration by providing adequate resources and stepping up efforts to train personnel in various priority areas, and we will work toward facilitating transit procedures between the Douala port and the final destination.

25. We will also strengthen border control, particularly with respect to petroleum products, given incentives for smuggling stemming from differences in petroleum product prices compared to those in neighboring countries. We have recently decided to limit the activities of the private company SODIF and the state agency CEMIFI to ex post controls in order to strengthen the capacity of the tax and customs administrations in revenue collection. This will also avoid the duplication of collection and enforcement work, which is sometimes perceived as an unnecessary burden on taxpayers. Thus, SODIF and CEMIFI will coordinate their ex post verification plan with the customs and tax departments, to whom they will supply any relevant enforcement information resulting from their activities. We will continue to assess the performance of SODIF and CEMIFI on a quarterly basis.

26. The government is committed to improving data availability for the petroleum sector and eliminate progressively any related fraud. With the help of the World Bank, we have arranged for technical assistance for the control of the quality and volumes of imported petroleum products at the place of origin before transit and at the point of unloading in C.A.R. Also, we will carefully monitor the implementation of differentiated kerosene prices for small and other consumers—introduced in February 2009—with the view of limiting fraudulent use of kerosene. The government has also contracted technical assistance supported by the World Bank to help revise the existing legislation and regulation of the petroleum sector with a view to harmonizing the legal text and clarifying the roles of the respective operators.

27. In preparation for comprehensive tax reform, we unified all tax-related legislation into a single tax code and published it on the Internet, and we will keep this information base updated. In addition, we intend to request technical assistance from the IMF for the second half of 2009 for a comprehensive revision of the tax code with a view to making it simpler, more efficient, and revenue-enhancing. Already we have started to prepare for the reform by requesting technical assistance from the European Union in preparation for this reform. This would allow us to make important progress with tax policy reforms during 2010 and put in place a new tax code with the 2011 budget.

Public financial and debt management reforms

28. Government's priorities for public financial management reforms are to (i) strengthen liquidity management; (ii) improve expenditure tracking; (iii) enhance debt management; and (iv) increase budget transparency. To this end, we intend to take the following steps:

- We will strengthen the work of the liquidity committee. The liquidity committee is an important tool in implementing our fiscal policies and responding to developments in the course of the budget year. The liquidity committee will prepare rolling projections of expenditure commitments, revenues, and debt service requirements for the forthcoming week, month, quarter, and remainder of the year. Based on these constantly updated projections, the liquidity committee will provide written recommendations on adjusting expenditure commitments in line with the forecasts to the treasury committee, which is in charge of strategic policy decisions related to budget implementation.

- We will establish a treasury single account (TSA). We have made significant progress toward creating a TSA by closing 51 accounts at commercial banks and auditing most accounts between end-June 2008 and end-March 2009. However, more time is needed to properly implement the TSA, which is now expected to be fully operational by end-December 2009 (structural benchmark). The reason for the delay is that more technical work is needed to design the operation of commercial bank accounts on a zero-balance basis. We intend to work closely with FAD/AFRITAC technical assistants to resolve these problems.
- We will ensure that all expenditure commitments are integrated into Gesco and that payment orders are issued as soon as the related service has been delivered. The new expenditure tracking system will also include all expenditures without prior commitment or payment order, as for example those for debt service, salaries, and utility bills or petroleum product consumption. To better monitor our expenditures, we will measure delays in processing expenditure at all stages after commitment by extending the Gesco system to the treasury and ensuring that all spending, including that of line ministries, is reflected in the system (structural benchmark for end-December 2009). A further extension of Gesco, which will include the recording of transactions by the revenue agencies, is planned for the first half of 2010.
- We will ensure that the stock of arrears declines on a net basis during 2009 (quantitative benchmark). For program purposes, expenditure arrears are defined as payment orders issued (*ordonnancement*) and not paid after 60 days. Moreover, we will record all domestic arrears from previous years in the computerized debt database of the debt department on an arrear by arrear basis (structural benchmark for end-December 2009). This will help implement the arrears repayment strategy by integrating the repayment plan for arrears in the debt service forecasts of the debt department.
- We will revise the conventions between the government and domestic commercial banks to ensure that commercial banks no longer have control over government resources and will consolidate past loans into one new loan with lower interest rates, a grace period, and a 3-year maturity. All conventions signed between the government and domestic commercial banks were audited as a first step toward consolidation and refinancing of our debt with them. All government receipts are deposited in the main treasury account at the central bank (BEAC) (end-June 2009 structural benchmark).
- We will revise the 1988 law and decree on government guarantees and require that the recipient pay a fee for any such guarantee to strengthen our legal framework for issuing government guarantees. In this context, we have made it clear that all domestic and external guarantees need to be prepared by the debt department (the lead government agency with respect to guarantees), signed by the Minister of Finance, and recorded in the debt statistics. Moreover, these guarantees also need to

be included ex post in the annual budget law. The legal amendments will be included in the revised 2009 budget law and therefore the timing of this structural benchmark will be changed from end-June to end-September 2009.

- We will continue to improve debt management to reduce our financing costs. Effective implementation of our financial strategy would require issuance of government securities in the regional market; we expect this to take place only in 2010 because of the preparations still needed at the regional and national levels. We have asked the Fund to assist us in this process with technical assistance, which we expect to receive by mid-year.
- We will publish quarterly budget execution reports to increase transparency and better communicate government fiscal policies. In 2008, we started preparing quarterly budget execution reports, which we shared with donors. We believe that these reports are an important tool for informing the public about recent fiscal developments, including difficulties in implementing policies.

Public utilities and municipalities

29. We are determined to work to improve the financial performance of the public utility companies. We will keep up the monitoring of the combined collection ratio (cash collections divided by amount billed) for the three major utility companies (electricity, water, and telecommunications). The collection ratio was 67 percent at end-2008, and we are targeting a gradual increase of 15 percentage points during 2009 (quantitative benchmark); full payment of current utility bills by the government will help achieve this improvement (quantitative benchmark). The arrears repayment plan adopted in December 2008 allows for the gradual reduction of utility payment arrears of the government. This will contribute to improving the financial situation of the public utility companies and will make it possible for them, in turn, to repay their tax arrears, which are as follows: ENERCA (CFAF 1½ billion), SOCATEL (CFAF 3½ billion), and SODECA (almost CFAF 1 billion). For ENERCA, we are benefiting from technical and financial support from the World Bank (\$8 million) and the French Development Agency (€4.2 million) for rehabilitation of the system and maintenance of the currently installed capacity of 18 megawatts of electricity. We intend to work closely with donors to identify financing for the installation of turbines in Boali, our main hydro-generation facility, to increase electricity production to 28 megawatts, which would be a great step forward in ensuring stable energy supplies to consumers and facilitating economic growth. We will also accelerate our work with donors to stabilize and secure the existing electricity supply.

30. We also envisage repaying part of the government's arrears to the municipality of Bangui. Since the municipality has accumulated arrears with the electricity company ENERCA, the central government will pay part of its debt to the municipality directly to ENERCA to enable the company to acquire additional meters and improve tariff collection. We will continue to fully transfer any shared revenues and disburse the regular transfers to the municipality of Bangui (about CFAF 350 million) to help the municipality become

current on its payments. We will also analyze the appropriate way to address payment for public lighting in Bangui.

D. Program Monitoring

31. The program will be monitored through biannual reviews of quantitative performance criteria (PCs) for end-June and end-December 2009 (Table 1), and benchmarks for 2009/10 (Table 2). Detailed definitions and reporting requirements for all quantitative PCs and structural conditions are contained in the accompanying Technical Memorandum of Understanding (TMU, Attachment II). The government will make available to Fund staff all core data, appropriately reconciled, on a regular and timely basis, as specified in the TMU.

Table I.1. Central African Republic: Quantitative Performance Criteria and Benchmarks under the PRGF Arrangement, December 2008-December 2009
(billions of CFA francs; cumulative from December 31, 2007 for 2008 and from December 31, 2008 for 2009; ceilings, unless otherwise indicated)

	End-Dec. 2008	End-Mar. 2009	End-Jun. 2009		End-Sep. 2009		End-Dec. 2009
	Outcome	Benchmark Program	Performance Criteria		Benchmark		Performance Criteria
			Program	Revised program	Program	Revised program	Program
Performance criteria							
Floor on total government revenue ¹	92.5	26.0	51.4	47.6	78.4	73.5	98.1
Floor on domestic primary balance ²	0.7	2.9	4.3	1.5	4.1	-1.6	-9.7
Change in net claims of the commercial banking system on the government, excluding bonds issued on the regional market	6.9	0.6	-3.8	-2.6	0.0	-7.9	-5.0
New nonconcessional external debt ^{3,4}	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accumulation of government external payments arrears ⁴	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indicative targets							
NPV of external debt	336	...	...	...	...	...	114
Floor on poverty-related spending ⁵	19.7	5.0	10.0	10.0	15.0	15.0	21.0
Floor on reduction in domestic payments arrears	10.5	2.0	1.0	1.0	7.5	6.0	9.0
Net accumulation of tax arrears	2.1	0.0	0.0	0.0	0.0	0.0	0.0
Floor on cash collections of utility companies (in percent)	67.4	69.4	73.4	73.4	77.4	77.4	82.4
Floor on government payment of utility bills (in percent)	...	98.0	98.0	98.0	98.0	98.0	98.0
Memorandum items:							
Projected grants for budget support	12.6	2.4	5.7	6.8	5.7	14.2	17.2
Projected bonds issued in the regional market	0.0	0.0	0.0	0.0	15.5	0.0	0.0
<i>Of which:</i> held by domestic commercial banks	0.0	0.0	0.0	0.0	10.5	0.0	0.0
Maximum adjustor for government net claims on commercial banks in case of grants shortfalls	...	2.4	5.0	5.0	5.0	6.0	6.0
External financing without project loan disbursement	5.8	2.0	3.1	3.9	5.1	6.3	7.9
Repayments to oil companies and on commercial loans ⁶	...	...	...	6.1	...	8.1	10.1

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

¹ Domestic revenue, which excludes foreign grants and divestiture receipts (see the Technical Memorandum of Understanding for more details).

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

³ Contracted or guaranteed by the government (see the TMU).

⁴ These performance criteria will be monitored continuously.

⁵ Total spending on health and education including wages and salaries and goods and services.

⁶ Debt owed to oil companies and loan covenants with financial groups domiciliated in the CEMAC, classified as nonbanks.

Table I.2. Central African Republic: Structural Benchmarks, 2009–10

Measure	Timeline	Macroeconomic Rationale
REVENUE ADMINISTRATION AND TAX POLICY		
Continue applying the automatic quarterly petroleum product pricing formula that ensures full pass-through to the consumer of all costs, distribution margins, VAT, and a specific excise by product. The formula includes a timetable for petroleum taxation (MEFP ¶21 and TMU ¶15).	Continuous (used to be a structural performance criterion)	Protect the budget from risks of fluctuating petroleum prices; create room for well-targeted measures to mitigate the social impact of petroleum price changes.
For reputable taxpayers that demand VAT refund requests, pay 50 percent of refund request within 30 days, and the remainder after 90 days unless verification shows lower payment is warranted (MEFP ¶22).	End-December 2009	Make exports more competitive by allowing zero rating of VAT liabilities in line with international best practice.
Interconnect the tax administration's SYSTEMIF and customs administration's ASYCUDA++ computer systems to share relevant taxpayer information (MEFP ¶23).	End-June 2009	Enhance revenue-generation potential by reducing the scope for tax evasion.
Reduce customs exemptions with the aim of eliminating discretionary exemptions and statutory exemptions with limited economic rationale (MEFP ¶24).	End-December 2009	Enhance revenue-generation potential.
PUBLIC FINANCIAL AND DEBT MANAGEMENT		
Implement a treasury single account (TSA) (MEFP ¶28).	Delayed from end-June to end-December 2009	Reduce financing costs for the government and increase transparency of government operations.
Revise the 1988 law and decree on government guarantees to strengthen our legal framework for issuing government guarantees by requiring that the recipient pay a fee for any guarantee. Clarify that all domestic and external guarantees need to be signed by the Minister of Finance after consultation with the debt department, and recorded in the debt statistics (MEFP ¶28).	Delayed from end-June to end-September 2009	Limit contingent liabilities for the budget and provide better incentives for public or private enterprises.
Revise conventions with commercial banks to ensure that they no longer have control over government money. Thus, all government receipts will be deposited in the main treasury account at the central bank (BEAC) (MEFP ¶28).	End-June 2009	Reestablish government control over its finances and increase the transparency of government operations.
Finalize the implementation of the government financial management system by fully applying Gesco to all stages of the expenditure process from commitment to payment (MEFP ¶28).	End-December 2009	Improve fiscal control and avoid arrears.
Integrate all domestic arrears from previous years in the computerized debt database of the debt department (MEFP ¶28).	End-December 2009	Enhance capacity to manage domestic debt.

Source: IMF staff estimates.

CENTRAL AFRICAN REPUBLIC
TECHNICAL MEMORANDUM OF UNDERSTANDING

Bangui, June 5, 2009

1. This Technical Memorandum of Understanding describes the definitions that are intended to clarify the measurement of the quantitative performance criteria and indicators in Table 1 of the Memorandum of Economic and Financial Policies, 2009, attached to the authorities' Letter of Intent. It also specifies the periodicity and deadlines for transmission of data to the staff of the International Monetary Fund (IMF) for program monitoring purposes. Unless otherwise specified, all 2009 quantitative performance criteria and indicative targets will be evaluated in terms of cumulative flows from December 31, 2008.

A. Provision of Data to the Fund

2. Data with respect to all variables subject to performance criteria and indicative targets will be provided to Fund staff on a regular basis—with the data and timing indicated in Table 1—including any revisions, which will be transmitted in a timely manner. In addition, the authorities will consult with IMF staff on any information and data that become available that are relevant for assessing or monitoring performance against the program's objectives but are not specifically defined in this memorandum.

B. Definitions

3. Unless otherwise indicated, the **government** is defined as the central government of the Central African Republic (C.A.R.) and does not include local governments, the central bank, or any public entity with autonomous legal personality (i.e., wholly or partially owned state enterprises) not currently covered by the consolidated government financial operations table (*Tableau des opérations financières de l'État*—TOFE).

4. **Government expenditure** on a commitment (*engagement*) basis (except for interest payments, which are on a due basis) includes all earmarked spending, treasury operations, the domestic counterparts to foreign-financed projects, and offsetting operations. Poverty-related spending on health and education will be reported from the functional classification of government expenditure. Starting in 2009, detailed government expenditure in the TOFE will be reported on a commitment (*engagement*) basis, and this information would be complemented by the change in the aggregate stock of expenditures committed without payment order (*dépenses engagées non-ordonnancées*) and the change in the aggregate stock of expenditures with payment orders not paid (*dépenses ordonnancées non-payées*), which would be divided into those younger than 60 days and those older than 60 days.

5. For the purposes of this memorandum, the definitions of “debt” and “concessional borrowing” are as follows:

- The term “debt” has the meaning set forth in point No. 9 of the Guidelines on Performance Criteria with Respect to Foreign Debt (Executive Board Decision

No. 12274–00/85, August 24, 2000) but also to commitments contracted or guaranteed for which value has not been received. For purposes of these guidelines, the term “debt” is understood to mean a current, that is, not contingent, liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, at some future point(s) in time; these payments will discharge the principal and/or interest liabilities incurred under the contract. Debts can take a number of forms, the primary ones being as follows: (i) loans, that is, advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans, and buyers’ credits) and temporary exchanges of assets that are equivalent to fully collateralized loans, under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements); (ii) suppliers’ credits, that is, contracts where the supplier permits the obligor to defer payments until some time after the date on which the goods are delivered or services are provided; and (iii) leases, that is, arrangements under which property is provided that the lessee has the right to use for one or more specified periods of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purpose of the guideline, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement, excluding those payments that cover the operation, repair, or maintenance of the property. Under the definition of debt set out above, arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt are debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.

C. Quantitative Performance Criteria

Government domestic revenue (floor)

6. **Government domestic revenue** is as reported in the TOFE, and it includes offsetting operations in revenue and current-period expenditure—between the government and all suppliers of goods and services—excluding foreign grants and divestiture receipts. Government revenue includes all tax and nontax revenue, as well as earmarked revenue, checks for project-related customs duties, and withholdings from civil service wages and salaries actually paid.

Domestic primary fiscal balance (floor)

7. The **domestic primary fiscal balance**, on a cash basis, is defined as the difference between **government domestic revenue** and **government expenditure**, excluding all interest payments and externally financed capital expenditure. Starting in 2009, the domestic primary balance will be measured on a commitment basis (*base engagement*). The **domestic**

primary fiscal balance will be calculated from above the line with the data provided in the TOFE.

Adjuster

8. The floor on the domestic primary fiscal balance will be adjusted downward for any excess in foreign budget support grants relative to program projections.

Change of net claims of the commercial banking system on the government (ceiling)

9. The end-of-period **stock of net claims of the commercial banking system on the government (net of purchases of government securities)** is defined as the difference between deposits held by the government in commercial banks and outstanding loans and overdrafts as reported in the monetary survey minus commercial bank purchases of government securities.

Adjuster

10. The ceiling on the **change of net claims of the commercial banking system on the government (net of purchases of government securities)** will be

- i. increased by 100 percent of any cumulative shortfalls in external budget support grants compared to program projections up to the limit specified in Table 1 of the MEFP;
- ii. decreased by 57 percent of regional bond issuances;
- iii. increased (decreased) by 100 percent of any cumulative excess (shortfall) compared to program projections in external financing (without project loan disbursements); and
- iv. decreased (increased) by 100 percent of any cumulative shortfall (excess) repayments of debt to domestic petroleum companies and/or CEMAC-based commercial banks (for borrowing before December 31, 2008).

Nonconcessional external debt or guarantees (ceiling, continuous)

11. The performance criterion on the contracting of **new nonconcessional external debt** applies to both short- (original maturity of one year or less) and medium- and long-term (original maturity of more than one year) external debt contracted or guaranteed by the government. Purchases from the IMF are excluded from this limit.

12. Loan concessionality is assessed on the basis of the commercial interest reference rates (CIRRs) established by the Organization for Economic Cooperation and Development (OECD). A loan is said to be on concessional terms if, on the date the contract is signed, the ratio of the present value of the loan, calculated on the basis of the reference interest rates, to its nominal value is less than 65 percent (that is, a grant element of at least 35 percent, which does not apply to refinancing operations). For debts with a maturity exceeding 15 years, the 10-year CIRR published by the OECD is used to calculate the grant element. For shorter

maturities, the 6-month market reference rate is used. To both the 10-year and 6-month averages of the reference rate, the following margins will be added: 0.75 percent for repayment periods of less than 15 years; 1 percent for 15–19 years; 1.15 percent for 20–29 years; and 1.25 percent for 30 years or more.

13. The concept of government for the purpose of the indicator on external debt includes government as defined in paragraph 3, administrative public institutions, public enterprises authorized to contract, guarantee, or accommodate nonconcessional borrowing, scientific and technical public institutions, professional public institutions, industrial and commercial public institutions, and local governments.

External payment arrears (ceiling, continuous)

14. **External payment arrears** are deemed to accrue when undisputed interest or amortization payments of the government are not made within the terms of the contract or in conformity with any future deferral agreed with the Paris Club or other bilateral and commercial creditors.

D. Structural Benchmarks

Automatic petroleum product pricing formula (continuous structural benchmark)

15. The automatic petroleum product pricing formula is designed to ensure full pass-through to the consumer of all costs, distribution margins, a minimum specific excise inclusive of customs duties by product, and VAT at the regular rate.

- The minimum retail price for gasoline (*super*), kerosene (*pétrole lampant*), diesel (*gasoil*), and fuel oil (*fuel 1%*) will be calculated by using the price structure of petroleum products transported by river through the Democratic Republic of the Congo by applying the specific excise as shown in Table 2.
- The formula will be calculated at the end of each quarter, using the average f.o.b. price for the previous 90 days for each product (see Table 2), and this retail price will apply for the 3 months of the next quarter.
- The formula adds all costs, distribution margins, a specific excise by product, and VAT. Thus, the minimum retail price will be the sum of (i) the f.o.b. import price, (ii) all costs and margins, (iii) the minimum specific excise, and (iv) VAT, which is applied at the regular rate to the sum of (i)–(iii).
- The minimum specific excise is defined to include the following items (i) *droit de douane*; (ii) *taxe communautaire d'intégration*; (iii) *redevance d'usage routier*; (iv) *redevance équipement informatique finances*; (v) *C.C.I.*; (vi) *constitution du stock de sécurité*; (vii) *financement extension capacités de stockage*; (viii) *péréquation sur le transport*; (ix) *redevance ASRP*; (x) *contrôle qualité et quantité des produits*, and (xi) *soutien ou reversement de l'État*, which was previously called negative or positive TUPP, as the residual.

- Should one or more actual fuel excises as defined in the preceding bullet fall below the minimum excise specified in Table 2 but the projected excise revenue for all fuel products for the relevant month exceeds the monthly program target, then for program purposes, the continuous SB on the automatic adjustment would be considered met.
- The same amount of VAT will be charged for petroleum products imported by road via Cameroon or by river via Kinshasa because the retail price is the same; the specific excise will be adjusted to yield the same final price as specified above.
- The retail price for each product would remain fixed for the quarter; however, the price structure would be issued on a monthly basis with the excise adjusting as a function of the changes in other costs. The VAT would remain unchanged.

E. Quantitative Benchmarks

Net present value of external debt (ceiling)

16. The NPV of **external debt** is estimated using the IMF's external debt sustainability analysis template for low-income countries.

Reduction in domestic payments arrears (floor)

17. The reduction in domestic payment arrears measures the change in the stock of total arrears during the period. Thus, a repayment of existing arrears reduces the stock of arrears whereas the accumulation of new arrears adds to the stock. For purposes of the program new arrears are defined on a payment order basis, i.e., as an expenditure for which a payment order has been issued (*dépense ordonnancée*), that has not been paid after 60 days.

Adjuster

18. The floor on the reduction in **domestic payments arrears** will be increased by 29 percent of the regional bond issuance.

Net accumulation of tax arrears (ceiling)

19. **Net accumulation of tax arrears** is defined as the difference in the stock of tax arrears (excluding any amount in litigation) during the period plus any write-offs during that period.

Poverty-related spending (floor)

20. **Poverty-related spending** comprises spending on the following sectors: education, health, rural development, and social affairs, both spending for the current year and arrears repayment related to these sectors.

Government payment of utility bills (floor, cumulative)

21. The quantitative benchmark applies to utility bills issued by public enterprises Enerca, Socatel, and Sodeca, and is deemed met when at least 98 percent of the combined

utility bills issued by these companies are paid within 60 days of the bill issue date. For example, the benchmark for end-March 2009 would measure payments on utility bills from January to March 2009 divided by the utility bills issued November 2008 through January 2009. The benchmark for end-June would measure the payments on utility bills from January to June divided by the utility bills issued November through April.

Collection ratio of utility companies (floor, cumulative)

22. The target is measured as the cumulative ratio of total period-t cash collections to total bills issued during the period with a two-month lag. The target is defined jointly for ENERCA, SOCATTEL, and SODECA. For example, the target for the first quarter would be the sum of cash collections for the three companies for January–March, 2009, divided by the value of bills issued November 2008–January 2009. The benchmark for end-June would measure the sum of cash collections from January to June 2009 divided by the value of bills issued November 2008 through April 2009.

Table 1. Central African Republic: Data Provision under the PRGF Arrangement

Data Description	Reporting Lag
Quarterly evaluation report of quantitative and structural measures (particularly regarding structural conditionality, see Table 2 of the MEFP), including supporting documentation.	Four weeks after each quarter's end.
Monthly monetary survey and central bank and commercial bank accounts.	Four weeks after the end of each month.
Table on monthly treasury operations.	Four weeks after the end of each quarter.
Government budget operations (TOFE).	Four weeks after the end of each month.
End-of-period stock of domestic arrears on goods and services and wages, including unpaid pensions and bonuses.	Four weeks after the end of each month.
End-of-period stock of external arrears.	Four weeks after the end of each month.
Breakdown of expenditures recorded in the TOFE (goods and services, wages, interest, etc.).	Four weeks after the end of each quarter.
Summary report on actual spending in priority sectors, including health, education, and security.	Four weeks after the end of each quarter.
Breakdown of revenue by institution and economic classification.	Four weeks after the end of each quarter.
Revenues and expenditures offset against each other without cash payment (by expenditure and revenue type).	Four weeks after the end of each quarter.
Breakdown of external debt service and arrears, by interest and principal and by principal creditor.	Four weeks after the end of each month.
Amount of new nonconcessional and concessional external debt contracted or guaranteed by the government.	Four weeks after the end of each month.
Actual disbursements of project and program external financial assistance, and external debt relief granted by external creditors (including date, amount, and donor).	Four weeks after the end of each quarter.
Stock of tax arrears and amount recovered.	Four weeks after the end of each quarter.
Indicators to assess overall economic trends, such as the consumer price index, and oil product sales.	Four weeks after the end of each month.
Import/export flows (in volume and value), activity in the forestry and mining sector.	Four weeks after the end of each quarter.
A monthly report on the structure of petroleum prices.	One week after the end of each month.

Table 2. Central African Republic: Minimum Excises, Estimated VAT and Minimum Retail Prices of Petroleum Products, 2009–10

	2009	2009	2009	2009	2010
	Jan.	Apr.	Jul.	Oct.	Jan.
	(CFAF per liter)				
Fob price (via Kinshasa) ¹ (1)					
Gasoline (<i>Super</i>)	215.4	175.4	176.0	185.6	237.2
Kerosene (<i>Pétrole</i>)	292.0	197.8	225.8	238.4	304.6
Diesel (<i>Gasoil</i>)	281.0	195.7	230.5	243.3	305.2
Fuel oil (<i>Fuel 1%</i>)	188.9	141.5	152.9	160.8	204.5
Distribution margin ¹ (2)					
Gasoline (<i>Super</i>)	192.5	194.5	202.9	203.4	201.2
Kerosene (<i>Pétrole</i>)	193.1	193.4	203.5	204.0	206.4
Diesel (<i>Gasoil</i>)	198.9	198.7	209.5	210.0	207.9
Fuel oil (<i>Fuel 1%</i>)	202.5	204.2	214.0	214.3	211.3
Minimum excises including customs revenues (via Kinshasa) (3)					
Gasoline (<i>Super</i>)	242.2	249.2	249.2	249.2	251.8
Kerosene (<i>Pétrole</i>)	-16.7	23.3	63.2	103.2	143.2
Diesel (<i>Gasoil</i>)	168.2	175.2	175.2	175.2	177.0
Fuel oil (<i>Fuel 1%</i>)	73.1	73.1	73.1	73.1	73.9
VAT (estimate) ¹ (4)					
Gasoline (<i>Super</i>)	123.5	117.6	119.3	121.3	131.1
Kerosene (<i>Pétrole</i>)	89.0	78.8	93.6	103.7	124.3
Diesel (<i>Gasoil</i>)	123.1	108.2	116.9	119.4	131.1
Fuel oil (<i>Fuel 1%</i>)	88.2	79.6	83.6	85.2	93.1
Minimum retail price (estimate) ¹ (5) = (1)+(2)+(3)+(4)					
Gasoline (<i>Super</i>)	773.6	736.7	747.5	759.5	821.3
Kerosene (<i>Pétrole</i>)	557.3	493.3	586.1	649.3	778.5
Diesel (<i>Gasoil</i>)	771.2	677.8	732.1	747.9	821.2
Fuel oil (<i>Fuel 1%</i>)	552.7	498.3	523.6	533.4	582.8
<i>Memorandum item:</i>					
WEO oil price (\$/barrel)	43.5	51.8	55.0	57.8	62.5

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

¹ Estimates based on program projections for fob import prices based on a 90-day moving average.