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CENTRAL AFRICAN REPUBLIC

THIRD AND FOURTH REVIEWS UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUESTS FOR WAIVERS OF NONOBSERVANCE OF PERFORMANCE CRITERIA, AND FINANCING ASSURANCES REVIEW

June 2025

In the context of the Combined Third and Fourth Review under the Extended Credit Facility, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on June 4, 2025, following discussions that ended on March 18, 2025, with the officials of the Central African Republic on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on May 21, 2025.
- A **Debt Sustainability Analysis** prepared by the staffs of the IMF and the World Bank.
- A **Staff Supplements** updating information on recent developments and staff's oral statement at the Board Meeting on June 4, 2025.
- A **Statement by the Executive Director** for the Central African Republic.

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PRESS RELEASE

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IMF Executive Board Completes the Third and Fourth Reviews under the Extended Credit Facility Arrangement and Approves US$58 Million Disbursement for the Central African Republic

FOR IMMEDIATE RELEASE

• *The IMF Executive Board today completed the third and fourth reviews under the Extended Credit Facility Arrangement for the Central African Republic (CAR). The completion of the third and fourth reviews allows for an immediate disbursement of SDR 43.22 million (about US$58 million) to CAR to address protracted balance of payment needs and sustaining priority spending on basic public services.*

• *Economic growth is expected to accelerate to 3 percent in 2025, up from 1.9 percent in 2024, while inflation is projected to decline gradually. The outlook depends on faster fuel market and governance reforms, and increased grant and concessional financing.*

• *Program performance was mixed, while downside risks remain substantial.*

Washington, DC – **June 4, 2025:** The Executive Board of the International Monetary Fund (IMF) completed today the third and fourth reviews of the Extended Credit Facility (ECF) arrangement for the Central African Republic (CAR). The ECF arrangement, with access of SDR 147.48 million (about US$197 million), was approved by the IMF Executive Board in April 2023 (see Press Release No. 23/129). The completion of these reviews allows for the immediate disbursement of SDR 43.22 million (about US$58 million) bringing total disbursements under the ECF arrangement to SDR 92.29 million (around US$124 million).

In completing the reviews, the Executive Board also approved the authorities' request for waivers of nonobservance of the performance criteria (PC) for the end-June 2024 and end-December 2024 domestic primary fiscal balance and net domestic financing. The Executive Board also approved the authorities' request for a waiver of nonobservance of the continuous PC on non-accumulation of new external arrears. Further, the Executive Board completed the financing assurances review under the ECF arrangement.

The ECF arrangement is part of coordinated efforts by international financial institutions to support the people of CAR. It will continue to help the country meet the protracted balance of payments needs and sustain spending on basic public services, including in the health and education sectors. Program implementation has helped anchor structural reforms and financing. Fuel supply and revenue have improved. Progress is being made in digitalizing the revenue administration and PFM systems, along with enhancements to the Financial Intelligence Unit and the Court of Audit. Completing the combined reviews creates new opportunities for positive outcomes.

Economic activity is projected to expand by 3 percent in 2025, up from 1.9 percent in 2024, driven by higher energy use, mining recovery, infrastructure projects, and improved security. Inflation would ease by end-2025, in part helped by the cut in pump prices in May 2025. Still, a tighter fiscal stance is needed to arrest rising debt vulnerabilities. The domestic primary deficit would narrow to 2.1 percent of GDP in 2025 from 4.9 percent in 2024, assuming bold political backing for the agreed measures on tax administration and compliance. Reinforced spending controls are also key ahead of elections and cuts in humanitarian aid.

The overhaul of the fuel market remains pivotal for macroeconomic stabilization and both sustained and inclusive growth in CAR. The fuel procurement audit should be accelerated to underpin price reforms and address persistent inefficiencies. Despite recent supply increases and price cuts, pump prices remain high due to costly and opaque imports. Transparent use of the recent diesel grant and a thorough audit of costs and margins could help enhance competition, improve supply efficiency, and boost fiscal revenue.

Following the Executive Board's discussion, Mr. Kenji Okamura, Deputy Managing Director and Acting Chair, issued the following statement:

"The Central African Republic (CAR) has shown renewed commitment to structural reforms under the ECF-arrangement despite facing deep-rooted fragility and significant uncertainty. Both financial and technical support from development partners remain vital to the program's success, to overcome weak capacity, elevated revenue volatility, and to alleviate humanitarian needs.

"Program performance for the combined third and fourth reviews was mixed, which is being addressed with strong corrective actions. Half of the six PCs for end-June and end-December 2024 were met. Still, the domestic primary deficit and net domestic financing targets were missed by wide margins, as was the continuous PC on non-accumulation of external arrears. The indicative targets for social spending and expenditures via extraordinary procedures were also missed.

"Strengthening tax compliance and controls is key to boosting revenue but requires strong political support. Accelerating the fuel procurement audit is also essential to address inefficiencies and enable further reductions in pump prices. A well-functioning fuel market is vital for fiscal and macroeconomic stability.

"Program performance depends on stronger public financial management (PFM), particularly spending controls ahead of the elections. Improved PFM is essential to prevent arrears, limit extraordinary procedures, and ensure effective social spending. It would also help mobilize grants and concessional financing, reduce costly regional borrowing, and safeguard debt sustainability.

"Enhancing governance will reinforce PFM efforts. Progress in strengthening the Financial Intelligence Unit and the Court of Audit is welcome. Adopting the new forestry code and implementing the mining code are key to unlocking CAR's growth potential. Prompt operationalization of the asset declaration system is also critical to maintaining donor support.

"Policies to enhance growth potential and improve equality should be anchored on the National Development Plan (NDP) (2024-2028). A steadfast execution of the NDP is also crucial to catalyze donor support and start attracting foreign private investment flows.

CAR's economic program will remain supported by the implementation of policies and reforms agreed among CEMAC regional institutions, which notably aim at supporting an increase in regional net foreign assets which are ultimately critical to program's success."

INTERNATIONAL MONETARY FUND

CENTRAL AFRICAN REPUBLIC

May 21, 2025

THIRD AND FOURTH REVIEWS UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUESTS FOR WAIVERS OF NONOBSERVANCE OF PERFORMANCE CRITERIA, AND FINANCING ASSURANCES REVIEW

EXECUTIVE SUMMARY

Context. CAR's ECF-supported program has helped support crucial governance and transparency reforms, aided by improvements in the security environment. Nonetheless, fiscal pressures persist, as revenue mobilization has not kept pace with rising spending and debt service. Particularly, fuel supply constraints and subpar tax compliance have continued to weigh on revenue collection, while weak public financial management (PFM) and limited spending controls have hindered budget execution. Grants have materialized broadly as expected but remain well below pre-2020 levels, undermining debt sustainability. Staff finalized CAR’s Country Engagement Strategy (CES) (Annex III), outlining key fragility drivers and how IMF support can help address them.

Outlook and risks. The medium-term outlook remains uncertain. The baseline scenario hinges on: (i) restoring budget credibility via improved tax compliance, administration, and spending controls; (ii) boosting the recovery of tax arrears along with fuel-related revenues via proper price structures and a successful hydrocarbon import campaign through the Ubangi River; (iii) refinancing maturing debt; and (iv) strengthening governance to retain donor support. Still, downside risks—fuel supply disruptions, spending overruns, debt rollover pressures, security challenges, and falling foreign aid—cloud the outlook, especially ahead of local and presidential elections. If realized, these risks could severely limit the government’s ability to deliver services, pay wages, and avoid arrears. CAR stays at a high risk of overall and external debt distress.

Program performance. Performance was mixed for the third and fourth reviews. Half of the six Performance Criteria (PC) for end-June and end-December 2024 were met. The domestic primary deficit and net domestic financing targets were missed by wide margins, highlighting weaknesses in PFM. The continuous PC on non-accumulation of new external arrears was missed due to liquidity pressures and poor coordination between cash and debt units. Further, Indicative Targets for social spending and expenditures via extraordinary procedures were also missed. Conversely, two out of seven Structural Benchmarks (SB) for the third and fourth reviews were met, with a third implemented with a delay.

Policy Recommendations. Budget discipline is essential for meeting the 2025 program targets and ensuring debt sustainability. Revenue collection should prioritize: (i) implementing appropriate pricing structures for all imported fuel, along with strategies to maximize the monetization of the in-kind grant from Russia received in early 2025; (ii) accelerating the recovery of tax arrears, particularly from fuel marketers and telecom companies; (iii) reducing unwarranted tax exemptions; (iv) enhancing tax return controls via cross-checks among tax agencies and banks; (v) expediting duty collection from the forestry sector; (vi) fully enforcing tax measures adopted in 2023–24, and (vii) focusing on the collection of dues from 4G-network license sales. Further, reinforcing budget controls through the financial control software SIM_Ba is essential to contain the deficit and curb exceptional spending. Fiscal discipline will reduce rollover risks and prevent new external arrears, while strong institutions ensure transparent, effective budget management.

Program issues. The authorities request waivers for nonobservance of the PCs for the end-June 2024 and end-December 2024 domestic primary fiscal balance and net domestic financing. The authorities also request a waiver of nonobservance of the continuous PC on non-accumulation of new external arrears. They also seek to reschedule the SB on the audit of fuel procurement costs from the third to the fifth review, the SB to adopt a quarterly pump price adjustment mechanism from the fourth to the sixth review, and the SB on the fiscal risk statement on the Sango project from the third to the sixth review. The authorities commit to leave 90 percent of access in CAR's SDR account to prefinance payments to the Fund for the next six months. Ten percent of access will be deposited at CAR's escrow account at BEAC to continue supplementing a WB's operation to finance certain non-discretionary spending in critical service delivery areas.

Updated conditionality. Three prior actions were set for the combined third and fourth reviews. First, the authorities are expected to submit to Parliament a revised Budget Law for 2025 consistent with the program's macroeconomic framework, incorporating credible revenue and spending projections. Second, the authorities submitted to the Parliament the Court of Audit Law that regulates its statute and functions and ensures its financial and operational independence. Third, the authorities are expected to strengthen the tax compliance certificate regime, in line with IMF recommendations. Five new SBs were added for the fifth review to (i) ensure the effective use of e-Tax platform by all large taxpayers for the online payment of their taxes and duties by the end of 2025Q3; (ii) regularize all expenses paid payment orders from the Treasury and the Budget during the 2023 budget year; (iii) enhance the monitoring of customs exemptions, (iv) assess the progress at mid-term of the implementation of the April 2025 IMF TA action plan on manual tax data cross-checks for FY2023 and (v) replicate the manual cross-check of taxpayer data for the 2024 fiscal year. Four SBs were added for the sixth review: (i) implement the new DGID structure by appointing staff to the new Directorates, and (ii) submit to Parliament the draft of the new law on fuel sector aligned with IMF comments, (iii) assess the completion of the April 2025 IMF TA action plan on manual tax data cross-checks for FY2023; and (iv) assess mid-term progress in implementing the action plan for manual FY2024 tax data cross-checks.

Approved By
Vitaliy Kramarenko (AFR) and Anna Ivanova (SPR)

Discussions on the combined Third and Fourth Reviews under the Extended Credit Facility Arrangement took place in Bangui during March 19 – 28, 2025. The mission team consisted of Mr. Touna Mama (head), Mr. Hatcherian, Mr. Essiane, Mr. Kiendrebeogo (all AFR), and Mr. Tuuli (SPR). Mr. Mbaye (resident representative), Mr. Zoungarani, and Ms. Mbonde from the local office supported the mission. Mrs. Nkusu (OED) participated in the meetings. The IMF team met with President Touadéra, Prime Minister Moloua, Finance Minister Ndoba, Economy Minister Filakota, BEAC National Director Chaïbou, and other senior government officials, development partners, and representatives from the private sector. Mr. Vaval Pierre-Charles and Mr. Stabile (AFR) ably contributed to the preparation of this report.

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CONTEXT

1. **CAR has recently reached key milestones in its journey towards long-term recovery but dependency on external support remains, notably for security and national budget.** Last year, intensive diplomatic efforts culminated in the lifting of decade-long embargoes on arms import and on diamond export. Planned local and presidential elections this year offer an opportunity to consolidate peace under the 2019 Peace and Reconciliation Agreement and the 2021 Luanda Road Map though the political landscape remains highly polarized. Improved security around the country, with external support, has come with the extension of State authority but also with growing pressures on public spending. Notwithstanding advancements in several areas, progress has been slow in filling in the loss of grant and concessional financing since 2021—of around 5 percent of GDP per annum—and the absence of external concessional debt for the national budget since 2018. As a result, the government has relied on borrowing from the regional market to close financing gaps, though the cost of that strategy has become increasingly prohibitive since early 2024. Against this background, the IMF-supported program has remained a key anchor for fiscal and governance reforms, as well as for financing and catalyzing support of other IFIs and bilateral donors.

2. **The completion of the third review had been delayed following challenges to secure regional policy assurances, obtain financing assurances, and identify funding for the 2025 budget.** Following the strong commitment expressed at the extraordinary Heads of State Summit in December 2024 to address macroeconomic imbalances and strengthen regional institutions, the completion of the CEMAC review on February 24 established the regional policy assurances. At the same time, one-off revenues from the sale of 4G licenses, coupled with new revenue measures, stand to ease the pressures on the 2025 budget. Finally, by way of financing assurances, the World Bank (WB) has confirmed the renewal of its recurrent cost operations whereas France has committed to a concessional loan. Thus, the authorities have requested to combine the third and fourth reviews, which should help avoid a fiscal cliff in the second half of the year.

3. **Program implementation for the combined third and fourth reviews was mixed but strong corrective actions are being implemented.** Half of the performance criteria (PCs) for end-June and end-December 2024 were met. However, targets for the domestic primary deficit and net domestic financing were missed due to weaknesses in revenue collection and PFM. The continuous PC on the non-accumulation of new external arrears was missed because of liquidity pressures and poor coordination between cash and debt units. Indicative targets (ITs) for social spending and extraordinary expenditures were also missed. Regarding structural reforms, two out of seven structural benchmarks (SBs) for the reviews were met, with a third implemented with a delay. In addition, the authorities reached key milestones with the operationalization of e-Tax, the strengthening of the Court of Audit, and the allocation of some funding to operationalize parts of the institutional plan of the Financial Intelligence Unit. The fulfillment of the three proposed prior actions is considered critical for the successful implementation of the program.

RECENT ECONOMIC DEVELOPMENTS

4. Macroeconomic developments have been mixed during 2024:

- *Real GDP growth is estimated at 3.0 percent this year, up from 1.9 percent in 2024 and a 0.1 percent contraction in 2023 (Text Table 1).* This recovery is driven by higher fuel and electricity consumption *(Text Figure 1)*, the 4G rollout, a mining rebound from better security, the diamond embargo lift, and AfDB-supported Corridor-13 infrastructure works. Inflation will decline at end-2025 after rising in late 2024 due to food supply shocks and a pump price cut in May 2025 (Text Table 3). A large in-kind grant of fuel from Russia last January should improve hydrocarbon supply.

Text Table 1. Central African Republic: Selected Economic Indicators

	2024 act.	2025 proj.	2026 proj.	2027 proj.
Output and prices				
GDP at constant prices (%)	1.9	3.0	3.3	3.6
CPI (end-of-period)	4.2	1.3	3.5	3.1
Central government finances				
Domestic revenue (% of GDP)	9.1	9.8	9.6	9.7
Domestic primary expenses (% of GDP)	14.0	11.9	11.1	10.7
Domestic primary balance (% of GDP)	-4.9	-2.1	-1.5	-1.0
Public sector debt (% of GDP)	60.7	57.4	52.9	47.8
Domestic	*28.7*	*27.2*	*24.5*	*21.8*
External	*32.0*	*30.2*	*28.4*	*26.0*
Balance of payments				
Current account (with grants, % of GDP)	-9.0	-7.1	-4.1	-3.1

Source: CAR authorities and IMF staff calculations.

- *The fiscal deficit widened due to spending overruns, with the primary deficit reaching 4.9 percent of GDP in 2024, up from 3.5 percent in 2023.* This includes 1 percent of GDP in accrued expenditures from December 2023 but paid in January 2024 (including salaries and good and services), capital transfers, and regional syndication fees. Overruns also occurred in security spending (0.4 percent of GDP) and mission travel (0.2 percent of GDP). These were partially offset by improved fuel revenue (+0.2 percent of GDP vs. 2023) and the sale of a 4G license (0.6 percent of GDP) in December.

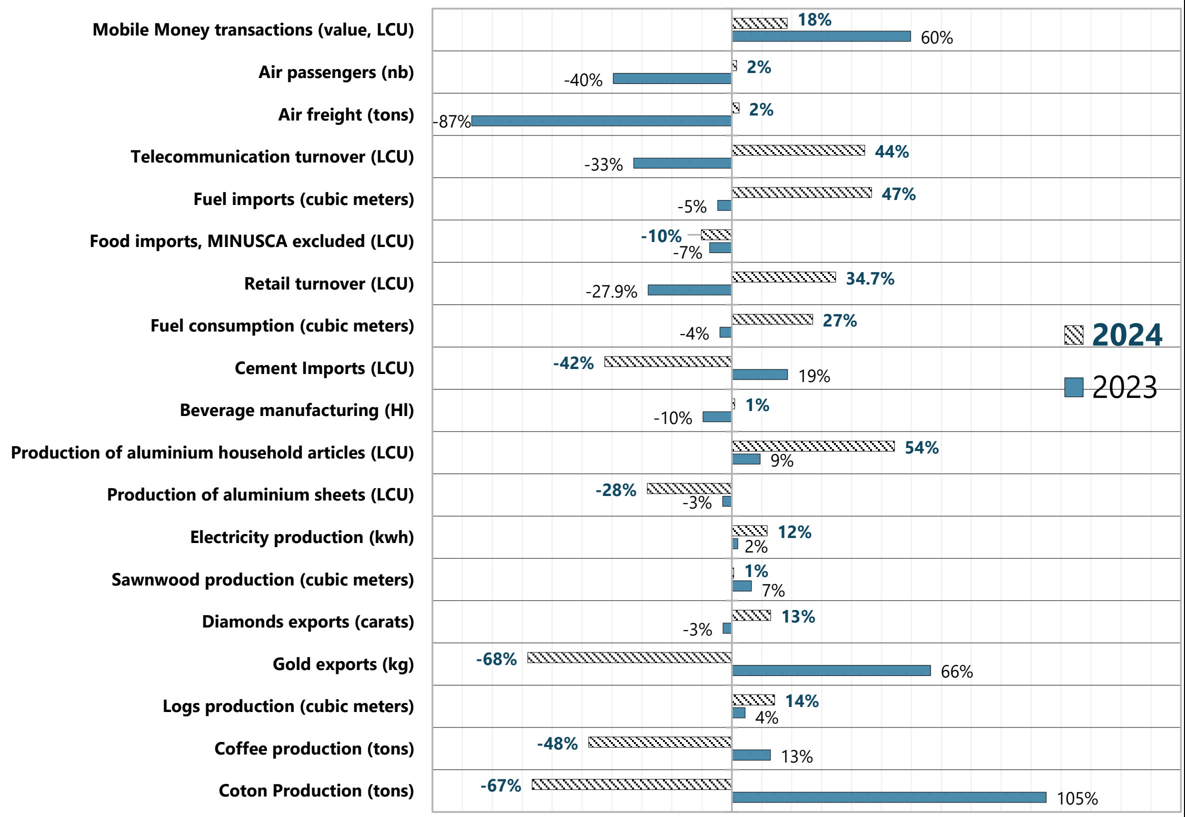
- *Tightening financing conditions.* In 2024, subscription rates on primary auctions plummeted amid declining liquidity in the regional market due to credit events by some CEMAC member countries. As a result, the government has turned to borrowing through syndicated regional debt issuances despite their expensive fees. This trend has continued this year.

- *Banking weaknesses persist.* As of December 2024, the NPL ratio was 12.7 percent, with only 72.8 percent covered by loan-loss reserves. The capital adequacy ratio was approximately 19 percent at end-2023 (last data point available), and liquid assets comprised one-quarter of total assets. Private sector loans slid by 10 percent year-on-year, to just 13 percent of GDP. Significant liquidity gaps and NPL concentration require increased vigilance by regulators to ensure that banks' profitability and capital buffers are adequate to absorb a sudden deterioration in the operating environment.

- *The external position is weak and deteriorated marginally in 2024.* The current account deficit (including grants) is expected to have widened to 9 percent of GDP in 2024, from 8.8 percent in 2023. This is due to higher fuel import transportation costs, partially offset by increased diamond and wood exports and more donor support. In December, France disbursed a EUR 10 million grant, half for budget support and the rest for specific expenditures, including EUR 3 million for this year's elections.

- *Delivery of food assistance under stress from cuts in foreign aid.* Some 2 million people (31 percent of the population) have faced acute food insecurity from September 2024 to March 2025. Despite many waivers under the recent US aid cuts, funding for logistical costs—which is paramount given CAR's dearth of infrastructure—has been impacted causing disruptions in the operations of some agencies delivering food assistance.

Text Figure 1. Selected Economic Activity Indicators
(y-o-y Change)



Source: Staff calculations, based on CAR authorities' surveys, 2025.
Notes: Last data point in end-September 2024 for telcos.

PROGRAM PERFORMANCE

5. Program performance has been mixed:

- **Half of the six Performance Criteria (PC) for the third and fourth reviews were met (Table 8).** Domestic revenues reached CFAF 79.9 billion at end-June and CFAF 155.5 billion at end-December, surpassing the respective targets of CFAF 75 billion and CFAF 155 billion. This improvement was driven by increased revenues from fuel sales, the sale of the 4G license, proceeds from a wheat donation (CFAF 4.1 billion), and the annual BEAC dividend (CFAF 3.6

billion). Domestic revenue mobilization has improved markedly since program approval—1.5 percent of GDP since end-2022—led by an average increase of 40 percent per year for fuel revenue which is a key objective under the program. The continuous PCs on no new external non-concessional debt contracted or guaranteed by the government and no disbursement of external non-concessional debt were met as well, as has been the case since program approval. However, the domestic primary deficit was CFAF 44.5 billion at end-June, exceeding the target of CFAF 22 billion, and CFAF 83.5 billion at end-December, above the target of CFAF 50 billion. The overrun was in part driven by accrued expenditures from December 2023 paid in January 2024, along with spending on mission travel, security, as well as syndication fees. Concurrently, net domestic financing reached CFAF 47.7 billion, against a target of CFAF 30 billion at end-June, and CFAF 90.3 billion at end-December 2024, above an adjusted target of CFAF 57.3 billion.

- **One of three Indicative Targets (IT) for end-June and for end-December 2024 was met.** The ceiling on new external concessional debt was met, whereas the floor on social spending was missed by CFAF 0.9 billion at end-June and by CFAF 9.4 billion at end-December. This underperformance stems from liquidity pressures that have hampered the execution of education and health programs, which account for most of budgeted social spending. Further, spending using extraordinary procedures reached CFAF 18.6 billion at end-June and CFAF 34.1 billion at end-December, well above the respective ceilings of CFAF 5 billion and CFAF 8 billion. Weak PFM has hindered spending controls and the budgeting process, resulting in fiscal slippages and ineffective spending execution.

- **Two out of the seven Structural Benchmarks (SBs) for the combined third and fourth reviews were met (Table 9a).** The SB for official taxpayer recognition criteria was met, as was the operationalization of SIM_Ba. The Asset Declaration law was operationalized, though with a delay. These milestones further illustrate the authorities' efforts to strengthen revenue mobilization, along with improvements in budget management and transparency. However, the fiscal risk analysis of the Sango project has not been initiated, which reflects the dormant status of the venture. Two of the remaining unmet SBs are interdependent and related to fuel price reforms—the continuous SB on the publishing of monthly fuel price structures and the audit of fuel procurement costs—which cannot be implemented so long as there is a disagreement between the authorities and the monopoly on the price structure. The audit of the fuel procurement is now expected to start in 2025Q2 after the authorities managed to mobilize funding from the UNDP. As a result, the authorities have requested a rescheduling of those two last SBs (MEFP ¶27). The results of the audit will then be used to make progress on the pump price adjustment mechanism.

- **The two end-March 2025 fiscal ITs were met, signaling an improved performance compared to 2024.** Domestic revenues reached CFAF 45.1 billion, above the IT of CFAF 39 billion, owing in part to CFAF 8 billion from the sale of another 4G network license in January. The domestic primary deficit was CFAF 9.8 billion, compared to an IT of CFAF 10 billion. The improved performance is driven by deliberate efforts to prioritize spending—including, limiting mission travels, efforts to tighten up public procurements, and control spending through extraordinary procedures. In turn, net domestic financing totaled CFAF 12.6 billion against an adjusted IT target of CFAF 6.3 billion. Driven by the government's decision to use a portion of the funds raised in regional markets last year to repay external creditors. The ITs on social spending and spending using extraordinary procedures were missed. All remaining ITs were met. The Continuous Performance Criteria on non-accumulation of new external arrears was missed as the country ran CFAF 1.6 billion in external arrears between January 1, 2025 and end-April 2025.

6. **Against this backdrop, a package of corrective measures has been identified with a view of safeguarding the achievement of the program objectives.** This includes: (i) digitalization of tax collection, (ii) IMF TA-supported tax compliance reforms, (iii) streamlining of exemptions and modernization of tax administration (MEFP ¶25), (iv) improvement of debt and liquidity management (MEFP ¶21-22), (v) continued collaboration with the IMF staff on fuel market reforms (MEFP ¶28), as well as (vi) anti-corruption and governance reforms (MEFP ¶33). Three prior actions and nine new SBs have been proposed (¶25-26).

OUTLOOK AND RISKS

7. **The macroeconomic outlook relies on improved energy supply and further reform progress.** Growth is projected at 3.0 percent in 2025 and 3.3 percent in 2026, assuming improved fuel supply consistent with the trend since 2022 and further helped by the sizeable in-kind grant of from Russia early this year. In addition, the rollout of the 4G cellular technology, the lifting of diamond export sanctions, and the launch on AfDB-supported Corridor-13 infrastructure works would further boost the service, mining and construction sectors. Inflation would decline to 1.3 percent by the end of 2025 from 4.2 percent in 2024, largely due to a base effect from the surge in food prices late last year. Inflation is subsequently expected to stabilize at around 3 percent. Medium-term growth prospects remain positive, supported by enhanced security and fuel supply, along with continued access to various financing sources and further reform progress.

8. **Despite the improving medium-term baseline outlook, risks are tilted to the downside:**

- *Rollover risks for domestic debt.* Further erosion in investor sentiment in the CEMAC regional debt market, rising interest rates, or a sudden deterioration in the balance sheet of banks, may hinder the government's ability to refinance large maturities in 2025 and beyond.
- *External financing challenges.* Grant financing may be further undermined by an ongoing reprioritization of foreign aid by major donor countries, and by rising global geopolitical risks.
- *Fuel supply.* Poor coordination between the government and the monopoly importer could prolong challenges to import fuel into CAR despite receiving the in-kind grant of fuel this year.
- *Election-driven slippages.* The local and presidential elections in 2025H2 could lead to significant expenditure overruns, including financed through arrears accumulation. The authorities have

tightened up spending using the extraordinary procedures—the main channel for slippages—by introducing new directives early this year.

- *Humanitarian and security risks*. A deterioration in the security environment could disrupt economic activity and donor financing, undermining fiscal performance and human development indicators. Most USAID-related projects meet the "lifesaving" exemptions and were therefore maintained. In absence of such exemptions, the authorities would not have had the financial or operational capacity to replace USAID-related projects. Beyond this year funding for the UN peacekeeping mission and UN agencies is subject to significant uncertainty given funding withdrawal from several bilateral partners.

- *Failure to implement reforms*—such as strengthening PFM, governance, anti-corruption, and the AML/CFT framework—could further undermine official and private financing.

- *Notwithstanding, the recent surge in global uncertainty and trade tensions should have a limited impact given CAR's limited trade with advanced economies*. Gold exports could benefit from the price rally though volumes remain small.

9. CAR remains at high risk of overall and external debt distress. Public debt is projected to remain sustainable though liquidity and refinancing risks persist. Maturities on the CEMAC debt market total CFAF 9.1 billion for the remaining of 2025 (8.5 percent of anticipated domestic revenues during 2025H2) and CFAF 68 billion for 2026 (33 percent of anticipated domestic revenues).

POLICY DISCUSSIONS

The policy discussions focused on: (i) strengthening the credibility of the 2025 budget and ensuring its alignment with financing constraints; (ii) mitigating refinancing risks and rising borrowing costs; (iii) carrying on the reforms agreed for the fuel sector; and (iv) accelerating medium-term reforms in revenue administration, public financial management, governance, and financial integrity.

A. Fiscal Policy: Improving Budget Credibility

10. The 2025 revised Budget is aligned with program commitments. The revised budget projects domestic revenues of CFAF 186 billion, or 9.8 percent of GDP, and a domestic primary deficit of CFAF 40 billion, or 2.1 percent of GDP. Gross financing needs are estimated at 6.2 percent of GDP, with about 3.4 percent to be financed via the CEMAC debt market, 1 percent from the WB, 0.35 percent from the AfDB (carried over from last year), 0.9 percent from the concessional loan from France and 0.55 percent from net IMF disbursements.

11. The envisaged fiscal adjustment is appropriate given the large slippages in 2024 and rising financing constraints. The primary deficit would decrease by 2.8 percentage points of GDP versus last year, with 2.1 percentage points attributed to reduced spending. However, 1 percent of GDP of current expenditures in 2024 were non-recurrent. Excluding these, nominal spending is expected to remain broadly stable between 2024 and 2025. Structural domestic revenue collection is projected at CFAF 158 billion (8.3 percent of GDP), incorporating buoyant fuel imports owing to a successful river campaign, CFAF 8 billion already received from the sale of the 4G license to another operator, and around CFAF 7 billion expected in annual dividend from BEAC. To achieve the CFAF 186 billion in revenue projected in the revised 2025 Budget, credible measures are needed (MEFP ¶14 and MEFP ¶15). The revenue measures shown below total CFAF 32 billion, of which CFAF 4 billion comprise a buffer to account for possible revenue underperformance.

- *Recoveries of tax arrears* (CFAF 7 billion), of which half would come from the fuel sector.
- *A portion of the proceeds from the monetization of the in-kind grant of fuel from Russia* (CFAF 6 billion).
- *Collection of the second installment from the sale of a 4G license* (CFAF 5 billion) which would require some efforts from the authorities.
- *Uptick in Telco tax collection* (CFAF 2 billion) following the rollout of the 4G cellular network in the country which has increased data usage and mobile money transactions.
- *Uptick in transfer of fees and charges from line ministries to the Treasury Single Account* (CFAF 2 billion) from the improved coordination between the ministry of finance and line ministries.
- *Sale of artisanal forestry permits* (CFAF 1 billion), for which new regulations were introduced in the revised 2024 budget.
- *Compliance with the VAT on the transportation of goods imported from other CEMAC countries* (CFAF 1 billion), following outreach campaign to targeted taxpayers. In addition, VAT collection is also expected to rise due to increased fuel sales and improved tax compliance.
- *Streamlining tax exemptions for companies with outstanding tax arrears* (CFAF 1 billion). This would help in two ways: (i) it would increase customs revenue, as imports would be withheld at the border until duties are paid, thereby exerting operational pressure on noncompliant firms; and (ii) it would create an incentive for these companies to regularize their tax situation.
- *Tightening up compliance with customs procedures* (CFAF 2 billion), especially the domiciliation requirements for import transactions as well customs valuation accuracy (MEFP ¶25).
- *Tightening up tax compliance* (CFAF 5 billion), with the setup of an IMF TA-supported interagency task force to conduct manual cross-checks of the 2023 tax returns against customs and FX transactions with commercial banks. This measure is backed by a new SB (¶18).

12. **Beyond 2025, projected revenue growth hinges on** (i) progress in revenue administration with the optimization of the e-Tax system and the implementation of a new organizational chart at the Tax Agency (DGID) following the February 2025 FAD TA (¶19); (ii) improved tax compliance (¶20); (iii) the optimization of revenues from the fuel sector based on the Action Plan of reforms under the program; and (iv) the optimization of the mining and forestry taxation (MEFP ¶35 and Annex III).

13. **The authorities have committed to keep spending under control despite pressures (MEFP ¶14).** Early this year, the Minister of Finance introduced a directive capping spending and

curbing spending using extraordinary procedures, which helped improve the fiscal performance at end-March. The directive is expected to be extended further to end-June. The revised 2025 budget sets spending at CFAF 226 billion slightly above the CFAF 222 billion spent last year (excluding one-offs). The wage bill is capped at CFAF 109.3 billion, up from CFAF 101 billion in 2024 (excluding accrued expenditures from December 2023 paid in January 2024), allowing for controlled recruitment of civil servants. Excluding one-offs, goods and services spending would be reduced to about CFAF 46 billion from CFAF 55 billion, while transfers are expected to increase slightly to CFAF 61.9 billion from CFAF 59 billion, as will domestically-financed capital expenditure, to about CFAF 9 billion from CFAF 7 billion in 2024. These efforts in part reflect cuts in mission travels, a full review of spending prioritization and lower syndication fees.

B. Public Debt Management: Unwinding Debt Vulnerabilities

14. Large refinancing risks persist amid tightening market conditions. In 2024, CAR raised nearly CFAF 155 billion in gross issuances from the regional debt market (after discount to face value), of which CFAF 10 billion used to make up for delays in disbursements from the AfDB, WB, and IMF for the third ECF review. The increased reliance on syndications—averaging 12 percent yields—costed about CFAF 6 billion (0.35 percent of GDP), worsening the primary deficit in 2024. In late April and early May 2025, the authorities raised CFAF 65 billion through a domestic syndication, of which around CFAF 13.5 billion was used to repay debt maturing this year. With still large amortizations beyond 2025, issuing long-term instruments to rollover maturing debt will remain a challenge. Thus, CAR should continue to prioritize grants and concessional financing to gradually reduce regional debt, with the view of reducing debt vulnerabilities (MEFP ¶18).

Text Table 2. Central African Republic: Composition of Public Sector External Debt Arrears

CFAF million	*Net Arrears end-2024*	*end-April 2025 Arrears*	*Total Outstanding Arrears*
Bilateral [1]	3,316	1,395	8,885
China	1,242		5,416
India	1,676	870	2,546
Kuwait	213		213
Serbia		303	303
Saudi Arabia	185	222	407
Multilateral	-	205	205
BADEA		197	197
FIDA		1	1
FAD		7	7
Total	3,316	1,600	9,090
% of GDP	0.19	0.09	0.53
	Legacy Arrears		
Argentina			20,696
CT-Consolides			452
Equatorial Guinea			3,587
Iraq			2,919
Libya			8,114
Taiwan, Province of China			95,005
UAPT			1,056
OFID			6,141
Total			137,970
% of GDP			8.10

Sources: IMF Staff calculations and country authorities.

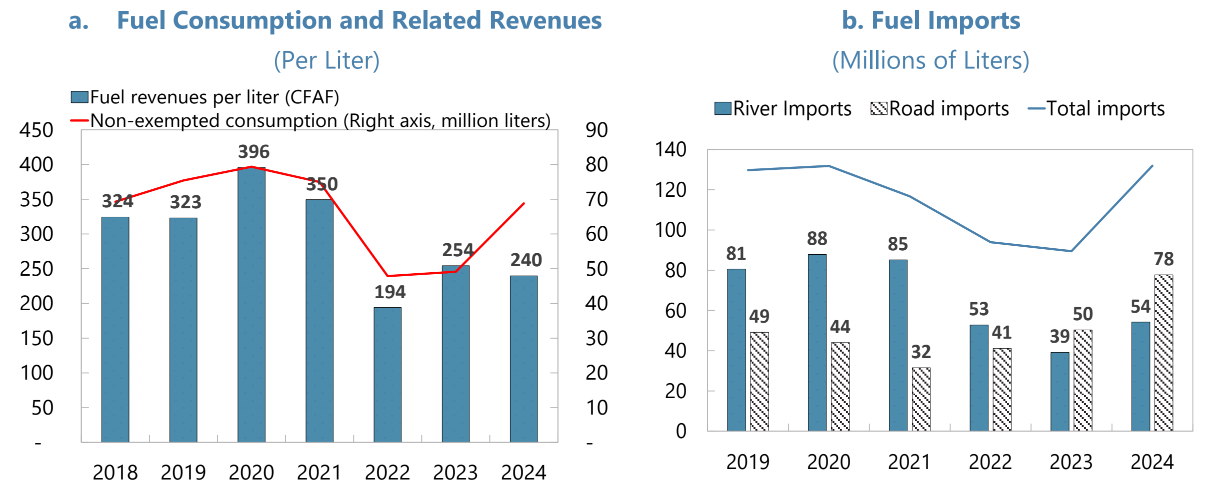
1/ There are arrears to Angola amounting to about CFAF 1.8 billion. This amount of arrears is provided by the CAR authorities. There is uncertainty about the exact amount since the loan was dormant for a while and has been under active negotiation since 2022 with the possibility of a standstill.

15. Addressing external arrears is a key priority. In 2024, CAR incurred gross arrears of CFAF 6.2 billion (0.36 percent of GDP), primarily to India, China, Saudi Arabia, and BADEA due to liquidity pressures and coordination issues between the debt unit and treasury. At the same time, CFAF 2.9 billion in old and new external arrears was cleared using domestic financing, for a net increase in arrears of CFAF 3.3 billion (Text Table 2). In 2025Q1, CAR accumulated new arrears for CFAF 1 billion, to Saudi Arabia, India, Serbia, BADEA, FAD, and FIDA in part due to technical challenges, as some payment transfers were returned because of human errors, which took time to resolve. The authorities continue to explore solutions for legacy external debt with assistance from the African Legal Support Facility. A Treasury committee formed in October has prioritized debt service and will meet weekly to improve oversight and limit new arrears (MEFP ¶20 and ¶21).

C. Fuel Market: Staying the Course on Fuel Price Reforms

16. The increase in fuel supply and tax revenues last year masks protracted inefficiencies. Fuel-related fiscal revenues jumped 42 percent year-on-year in 2024, driven by improved supply and consumption from a very low base. In fact, substantial opportunity costs persist as long as the monopoly importer does not prioritize imports via the Ubangi River and continues to charge hefty costs and margins to procure and transport the fuel to CAR. Meanwhile, tax revenues per liter fell by 5.5 percent last year (Text Figure 2) even though global prices declining by a 1.8 percent and pump prices remained unchanged.

Text Figure 2. Fuel Imports and Related Revenues



Source: IMF Staff estimations, based on customs and SOCASP data,

Sources: SOCASP, 2025

17. No agreement could be reached with the monopoly importer to cap its margins, despite the recommendations set out in the fuel market reform Action Plan. The audit of fuel procurement is expected to clarify cost structures and profit margins, with the aim of establishing an appropriate margin cap. At the same time, the importer has not yet finalized the registration of a local entity (MEFP ¶27). Nevertheless, the authorities intend to enforce tax compliance on the basis of its first year of operations, as part of the revenue measures under the revised budget.

18. The authorities' bargaining power has improved slightly with the in-kind grant of fuel from Russia. The 30,000 metric tons of diesel covers about half of annual consumption. The authorities plan to setup a revolving scheme using part of the proceeds from the monetization of the in-kind grant (excluding taxes) to import fuel through the more efficient and cost-effective route (Ubangi River). Part of the proceeds will be used to finance the budget (¶11). Finally, the authorities have seized this opportunity to assuage consumers by reducing fuel prices at the pump (Text Table 3). The authorities committed to ensure transparency around this operation, including through disclosure in the revised budget and financial disclosure from the *Société Panafricaine du pétrole et des produits Raffinés* (SOPRAF)—the SOE in charge of the revolving scheme. This fuel grant and the adopted strategy seek to address the country's structural fuel supply deficit and reduce the current reliance on the monopoly importer.

Text Table 3. Central African Republic Petroleum Product Prices Before and After the May 2025 Revision

	Pump price (Per liter)		Variation (percent)
	Old	New	
Gasoline			
CFAF	1100	1050	-4.5
US$	1.91	1.82	-
Diesel			
CFAF	1350	1250	-7.4
US$	2.34	2.17	-
Kerosene			
CFAF	850	700	-17.6
US$	1.47	1.21	-

Sources: CAR authorities and IMF staff calculations.
Notes: The April End of Period exchange rate was used for the conversion.

D. Structural Reforms: Exercise in Risk Mitigation

Revenue Administration

19. The authorities are advancing digital and institutional tax reforms. A November 2024 TA report by Fund staff outlined steps for the full rollout of e-Tax modules at the Tax Agency (DGID). Progress includes the successful implementation of the e-payments module and mandatory e-declaration for large taxpayers. The introduction of a unique taxpayer identification number and enhanced access to digital databases has improved control and cross-checking among tax agencies. The IMF TA-supported new DGID structure will be operationalized through staff appointments (***SB, sixth review***), while all large taxpayers will be required to use the e-Tax platform for online payments by end-September 2025 (***SB, fifth review***).

20. Institutional upgrades and new compliance tools are being deployed. With the support of the April 2025 TA by Fund staff, the authorities adopted an action plan to strengthen tax compliance and controls, supported by a sequenced monitoring framework. As part of these efforts, the authorities committed to strengthen the current tax certificate (*quitus fiscal*) regime (***prior***

action), to submit to the Public Finance Monitoring Committee chaired by the President an interim report on the implementation of the manual tax data cross-check action plan for FY2023 (***SB, fifth review***), followed by a final report demonstrating at least 80 percent implementation in critical areas (***SB, sixth review***). A similar approach will be applied to FY2024 taxpayer data (***SB, fifth review***) and a submission of an interim report by April 2026 (***SB, sixth review***). In parallel, the authorities will improve oversight of customs exemptions, including through enhanced monitoring (***SB, fifth review***) and follow-up measures (MEFP ¶25).

21. Several challenges remain to fully unlock the potential of revenue administration reforms. Critical investments in IT infrastructure and human resources are needed but are currently constrained by limited funding, making continued donor support essential. In addition, political economy constraints persist, underscoring the importance of strengthening capacity and securing sustained high-level political support to ensure successful reform implementation.

Public Financial Management and Anti-corruption

22. The authorities are strengthening PFM systems. Efforts include setting high-level PFM and treasury committees to enhance fiscal transparency and spending controls. The operationalization of SIM_Ba is already effective with related training for accounting staff at the Agence Comptable Centrale du Trésor, ACCT) and necessary IT equipment (***SB, third review***). A medium-term plan aims to improve SIM_Ba functionalities and extend its rollout beyond Bangui. However, challenges persist, including limited IT access and software issues. Steps are also being taken to regularize expenses paid by Treasury and Budget payment orders (OPT and OPB) for the 2023 budget year (***SB, fifth review***). Additional measures to boost revenue forecasting, budget preparation, execution, internal controls, and capacity building are key to prevent slippages.

Financial Integrity and Tokenization Law

23. Progress on mitigating risks from crypto-related ventures have been mixed, also reflecting the lack of success of such ventures. The authorities have allocated partial funding to the operationalization of the institutional plan for the Financial Intelligence Unit (ANIF) which should help improve the financial integrity framework. However, the Sango fiscal risk assessment remains delayed (***SB, requested to be rescheduled to the sixth review***). BEAC's legal opinion on the compliance of the CAR's Tokenization Law with CEMAC community provisions, including Articles 8 and 18, is still pending. Though the introduction of a "meme-coin" ($CAR) on February 9 has revived the attention around previous State-sponsored cryptocurrency ventures, there is limited available data on any related inflows for the government. The authorities have been reluctant to proceed with actions that could reveal limited success.

PROGRAM MODALITIES AND OTHER ISSUES

24. The authorities request waivers for non-observance of PCs and structural conditionality modifications. Specifically, the authorities request waivers for nonobservance of the

PCs related to the end-June 2024 and end-December 2024 domestic primary deficit and net domestic financing. The authorities also request a waiver for nonobservance of the continuous PC on non-accumulation of external arrears. Further, due to the delays in securing funding for the audit on fuel procurement costs, the authorities request to reschedule the completion of the related SB from the third to the fifth review. Consequently, the authorities also request to reschedule the completion for the SB on the adoption of a quarterly pump price adjustment mechanism from the fourth to the sixth review, and to revise the scope of the continuous SB on fuel price structure publication (MEFP ¶27). Also, due to operational delays, the authorities request to reschedule the completion of the SB on the preparation of a fiscal risk statement on the Sango project from the third to the sixth review which the authorities prefer to complete after the end-year election.

25. Despite these slippages, staff assess that the program will be successfully implemented based on corrective measures. These measures include the directive issued earlier this year that capped spending and restricted the use of extraordinary procedures through the end of March, leading to a cut of such spending by 72 percent year-over-year in 2025Q1. The directive was extended until end-June, with the authorities aiming at issuing a circular that will specifically target spending using extraordinary procedures (MEFP ¶25). In addition, the new prior actions were set for the combined third and fourth reviews to enhance the credibility of the 2025 budget, strengthen governance and reinforce the tax compliance framework for improved revenue collection. These involved:

- Submit to Parliament a revised Budget Law for 2025 consistent with the program's macroeconomic framework, incorporating credible revenue and spending projections.
- Submit to Parliament the Court of Audit Law that regulates its statute and functions and ensures its financial and operational independence.
- Strengthen the tax clearance certificate (quitus fiscal) regime in line with IMF recommendations (MEFP ¶25).

26. Furthermore, new conditionalities are proposed to modernize revenue collection, sustain tax compliance and controls efforts, reinforce the fuel market regulations, and improve public spending monitoring. Nine new SBs were added (see Table 9b):

- (i) ensure the effective use of e-Tax by all large taxpayers (***SB, fifth review***);
- (ii) regularize all expenses paid by payment orders from the Treasury and the Budget during the 2023 budget year (***SB, fifth review***);
- (iii) enhance the monitoring of exemptions by digitizing clearance procedures and submitting quarterly reports (***SB, fifth review***);
- (iv) replicate the manual cross-check of taxpayer data for the 2024 fiscal year using the methodology developed with IMF technical assistance (***SB, fifth review***);

- (v) submit to the Public Finance Monitoring Committee chaired by the President a progress report on the implementation of the IMF TA action plan related to the manual tax data cross-checks for FY2023 (***SB, fifth review***); (vi) implement the new DGID structure by appointing staff to the new Directorates (***SB, sixth review***);

- (vii) submit to Parliament the draft of the new law on the fuel sector aligned with IMF staff comments (***SB, sixth review***);

- (viii) submit to the Public Finance Monitoring Committee chaired by the President the final report on the implementation of the April 2025 IMF TA action plan on manual tax data cross-checks for FY2023, showing at least a 80 percent performance rate in critical areas (***SB, sixth review***); and

- (ix) submit to the Public Finance Monitoring Committee chaired by the President a progress report on the implementation of the action plan related to the manual tax data cross-checks for FY2024 (***SB, sixth review***).

27. CAR accumulated external arrears in 2024 due to liquidity challenges. In 2024, CAR incurred gross arrears of CFAF 6.2 billion (0.36 percent of GDP), primarily to India, China, Saudi Arabia, Kuwait, and BADEA due to continued liquidity pressures and coordination challenges between the debt unit and Treasury (Table 12). During 2025Q1, CAR accumulated new arrears totaling CFAF 1 billion, to Saudi Arabia, India, Serbia, BADEA, FAD, and FIDA partly due to technical challenges, as some payment transfers were returned because of errors, which took time to resolve. All official bilateral creditors to which there are outstanding legacy external arrears have consented to Fund financing notwithstanding the arrears. The country remains current on its remaining external debt service obligations. Staff assesses that a credible plan is in place to clear the new arrears with BADEA, FAD, and FIDA (MEFP ¶20). Staff supports the completion of a financing assurance review on the basis that adequate safeguards remain in place for the further use of the Fund's resources in the Central African Republic's circumstances and that the Central African Republic's adjustment efforts have not been undermined by developments in debtor-creditor relations.

28. Corrective actions have been adopted to prevent new external arrears. These include (i) establishment of a public debt monitoring committee that oversees debt servicing, following up on an IMF mission's recommendations for debt management; (ii) the addition of external debt service as priority spending; and (iii) clearance of all arrears incurred to multilateral creditors in 2024—which has already been done—and 2025.

29. At the time of the second review, the authorities requested a waiver for the nonobservance of the CPC on the non-accumulation of external arrears, which was conditioned on the provision of accurate information (Country Report No. 2024/198). While the authorities provided the accurate underlying data before the Board date, staff failed to include the 2024H1 data on external arrears (i.e., about CFAF 2 billion) when assessing the conditions for the waiver of the CPC and updating the Executive Board on CAR's performance under the program in the context of the second review (see Table 12 for details). Having correctly reported the underlying data and staff not having raised any issue of nonobservance, the member was entitled to believe that it had met all the conditions for requesting the waiver. Thus, this does not amount to a non-complying disbursement.

30. Capacity to repay the Fund (Table 11). Capacity to repay the Fund remains weak, and it only becomes adequate after a successful implementation of the reforms outlined under the program. Those reforms are expected to reduce program and financing risks, thereby mitigating the risks to the capacity to repay the Fund, rendering the capacity to repay adequate. Debt service to the Fund out of total external debt service would slightly increase, as repayments to the Fund are projected to rise over the medium term, peaking in 2026 at around SDR 36 million (about 11 percent of exports of goods and services, and around 17 percent of revenue excluding grants). These relatively elevated levels of scheduled debt service to the Fund may pose risks to capacity to repay over the medium term. Downside risks to the capacity to repay the Fund include a slower-than-expected pace of reforms, natural disasters, a deterioration of security situation, as well as persistence of difficulties with domestic revenue mobilization. However, these downside risks are mitigated by the authorities' strong collaboration with the Fund, strong commitment to the program objectives, regional policy assurances provided by BEAC, as well as several other factors outlined in the original program request documents (Country Report No. 2023/155).

31. Safeguards. The authorities request that ten percent of access continues to be deposited in the escrow account at the BEAC to supplement the WB's operation to finance certain non-discretionary fiscal expenditures in critical service delivery areas. In line with the WB, the Fund disbursements will continue to benefit from verification processes and safeguarded disbursement arrangements to limit the risk of ineligible expenditures, mitigating reputational risks for the IMF. The authorities commit to continue leaving 90 percent of access in CAR's SDR account, part of which will be used to pre-fund 100 percent of the obligations to the Fund for the upcoming 6 months thereby helping to mitigate capacity to repay risks.

32. Safeguards assessment. The 2022 safeguards assessment found that BEAC maintained strong governance and external audit arrangements, while internal audit and risk management practices needed strengthening. A safeguards monitoring mission took place at end-2023 to follow up on the outstanding recommendations and developments in the governance arrangements. The mission's recommendations included need to strengthen onboarding for new members of senior management and the Board, and establishment of an enhanced delegation framework for executive decision-making. The BEAC is in the process of addressing these recommendations, although additional efforts are needed to implement the recommendations of the 2022 assessment.

33. Financing assurances. While there are downside financing risks, the program remains fully financed, with firm commitments from the WB, the AfDB, and France until June 2026. It is anticipated that the WB will disburse US$30 million during 2025 (about CFAF 18 billion), in addition to CFAF 2.1 billion carried over from 2024 and disbursed in January 2025. Similarly, the AfDB disbursed last February CFAF 6.6 billion in carried-over budget support from 2024. Furthermore, France committed EUR 25 million through a new concessional loan.

34. Regional Assurances. BEAC has provided updated policy assurances for CEMAC countries' Fund-supported programs[1], as discussed at the Extraordinary Summit of the Heads of State on December 16, 2024. This review of regional policies and assurances was presented to the IMF Executive Board on February 24, 2025,[2] with adequate policies being a prerequisite for completing the review. Regional assurances on the NFA are essential for the success of CAR's Fund-supported program and for enhancing the region's external sustainability. Thus, completion of the fifth review is based on BEAC's commitment to implement measures to meet the newly established March 2025 NFA target.

35. In line with Fund policy on Poverty Reduction Strategies, the authorities have provided their Poverty Reduction and Growth Strategy (PRGS), based on their 4-year National Development Plan (NDP) 2024-2028. The NDP centers around five strategic pillars: (i) strengthening security and governance; (ii) enhancing human capital and access to quality social services; (iii) developing resilient infrastructure; (iv) promoting inclusive economic growth; and (v) preserving environmental sustainability. The NDP meets the minimum standards for PRGS and aligns with program objectives, the CES, and the UN SDGs (MEFP ¶5).

CAPACITY DEVELOPMENT

36. Authorities requested an improved time allocation of the Resident Advisor on PFM (MEFP ¶41), as they consider it essential for ongoing support and hands-on training aligned with the Fund's FCS strategy. The recent extension of a Japan-funded project until April 2026 would pave the way for an improved access to the service of a part-time Resident Advisor. Further, some resources from AFRITAC Centre will complement the support to address key PFM weaknesses.

37. Strengthening statistical capacity remains a top priority. Data quality, particularly external sector statistics, is weak, and there are significant delays in reporting external debt due to poor interagency coordination. Authorities have started collaborating with the IMF to develop their National Summary Data Page to boost data sharing (MEFP ¶39).

STAFF APPRAISAL

38. Despite continued challenges, the IMF-supported program has been an anchor for structural reforms. Two years into the program, economic growth has bounced back though per capita output remains below the levels observed before the 2013 civil war. Fuel supply and revenue improved by an average of 40 percent per year whereas greater transparency was brought to the fuel price structure, the operationalization of all revenue administration and PFM systems is well advanced, and steps were taken to improve the operations of both the Financial Intelligence Unit

[1] Central African Economic and Monetary Community – IMF Country Report No. 25/64,

[2] Acting Chair's Summing Up – CEMAC Board Meeting (SU/25/21), February 24, 2025.

and the Court of Audit. The completion of the combined third and fourth reviews further extend the window of opportunity for positive outcomes in the country.

39. Program performance for the combined third and fourth reviews was mixed, which is being addressed through strong corrective actions. Half of the six PCs for end-June and end-December 2024 were met. However, the domestic primary deficit and net domestic financing targets were missed by wide margins. The continuous PC on non-accumulation of external arrears was missed. Further, indicative targets for social spending and expenditures via extraordinary procedures were also missed. In turn, two out of seven SBs for the third and fourth reviews were met, with a third implemented with a delay. Against this backdrop, a package of corrective measures has been identified which would ensure that the program objectives are achievable.

40. Achieving program fiscal targets relies on effectively implementing revenue measures and maintaining strict budget discipline. End-March 2025 indicative targets for domestic revenues and domestic primary balance were met, albeit the net domestic financing IT was missed due to the government's decision to use a portion of the funds raised in regional markets last year to repay external creditors. Still, to meet the end-June and end-December PCs, sustained efforts in tax administration and compliance are necessary across fuel and non-fuel sectors. Further, spending management must remain strong amid pressures from upcoming elections and potential cuts in foreign humanitarian aid.

41. The programmed fiscal adjustment is crucial for reducing the external imbalance, safeguarding debt sustainability, and enhancing repayment capacity. The medium-term revenue-led fiscal consolidation strategy is suitable given the country's untapped tax potential. Strong political commitment is essential for improving revenue collection. Additionally, CAR should prioritize grants and highly concessional resources for social spending and infrastructure, as debt service costs are crowding out critical expenditures. The authorities should consult closely with the Fund regarding new financing opportunities.

42. Strengthening tax compliance and controls are essential to improve revenue mobilization but require strong political backing. The April 2025 IMF TA mission identified multiple discrepancies and risks of fraudulent tax declarations, which may have resulted in significant revenue losses. Effective implementation of the action plan on tax compliance by the task force established will be key to support revenue gains over the short and medium term. Sustained political commitment will be equally important to ensure the successful execution of the action plan.

43. The audit of fuel procurement should be expedited to advance fuel price reforms. The increase in fuel supply last year still masks protracted inefficiencies in the sector that ought to be addressed. Despite recent price cuts, pump prices remain elevated, which weigh on the economic potential, as costly and opaque imports limit room for further cuts. A transparent and efficient use of the proceeds from the in-kind grant of diesel from Russia would help address structural shortfall of fuel imports and improve the government's bargaining power in the sector. The authorities should expedite the audit of cost and margins of fuel procurement and leverage its findings to boost revenue, including via increased competition on various segments of the value chain.

44. Efforts to enhance the business climate, governance, financial integrity, and combat corruption must continue. Staff commend the progress in strengthening the Financial Intelligence Unit and the Court of Audit. Advancing governance reforms and empowering relevant institutions will support PFM reforms. Additionally, adopting the new forestry code and implementing the mining code are essential to unlocking CAR's growth potential. Similarly, a swift operationalization of the new asset declaration system remains critical.

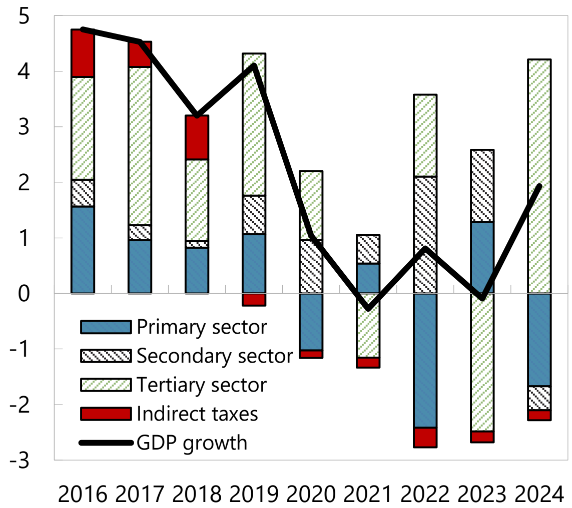
45. Policies to enhance growth potential and improve equality should be anchored on the National Development Plan (NDP) (2024-2028) (Annex II). The NDP emphasizes the enhancement of human and physical capital, the strengthening of resilience and economic inclusion, and the improvement of governance and the rule of law. A steadfast execution of the NDP is crucial to catalyze donor support and start attracting foreign private investment flows.

46. Considering the strength of the authorities' corrective actions, the corrective actions at the regional-level anchoring policy assurances, commitment to prudent macroeconomic policies and structural reform agenda, staff supports the requests of waivers for nonobservance of PCs, the completion of the financing assurances review, and completion of the third and fourth reviews under the ECF-supported program. The authorities understand the importance of closely engaging with creditors to ensure obligations are current. Staff proposes that completion of the fifth review be conditional on the implementation of critical policy assurances at the union level, as established in the February 2025 union-wide background paper.

Figure 1. Recent Economic Developments

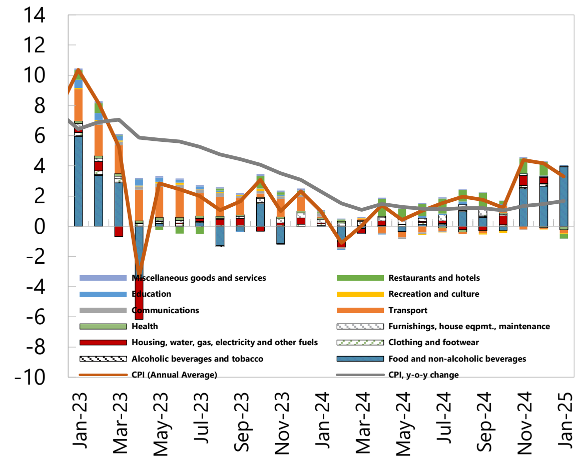
Growth rebounded in 2024, driven by a marked improvement in energy supply.

Contribution to Growth
(Percent)



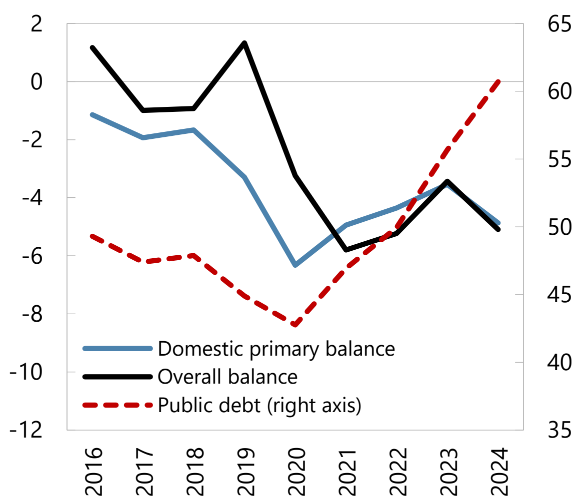
Inflation spiked in the final quarter of 2024, largely due to surging food prices.

Contribution to Inflation
(Percent)



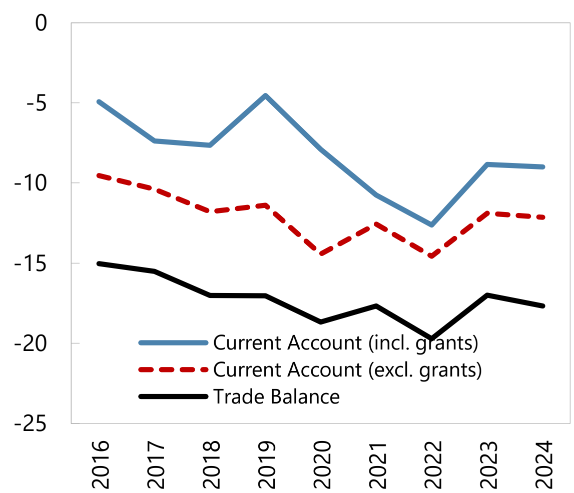
Public debt has increased reflecting mounting debt issuances in the CEMAC market.

Debt and Fiscal Deficit
(Percent of GDP)



The current account widened slightly in 2024 due to an uptick in service imports.

External Sector
(Percent of GDP)

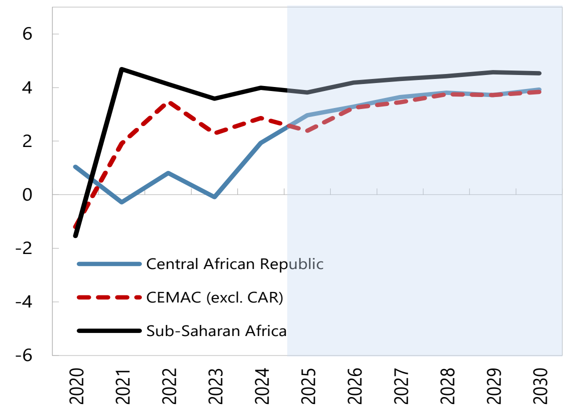


Sources: CAR authorities and IMF staff estimates

Figure 2. Medium-Term Economic Prospects, 2020-2030

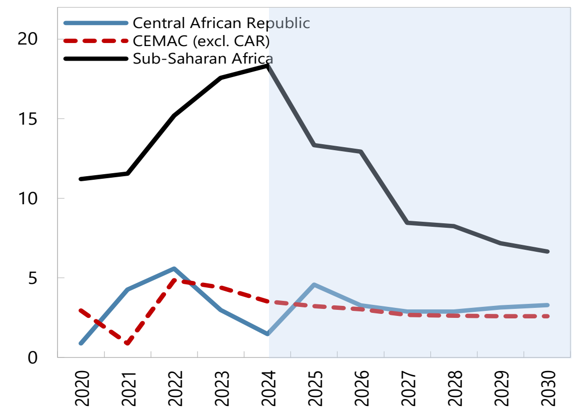
Growth should accelerate as fuel supply improves while donor support and private investment strengthen.

Real GDP
(Percent Change)



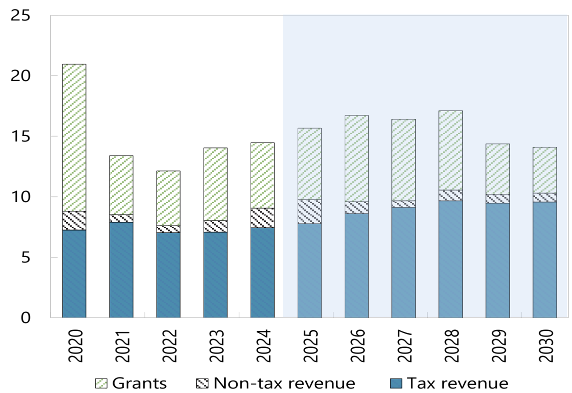
Inflation would hover around 3 percent supported by lower energy prices, transportation costs, and food supply.

CPI Average
(Percent Change)



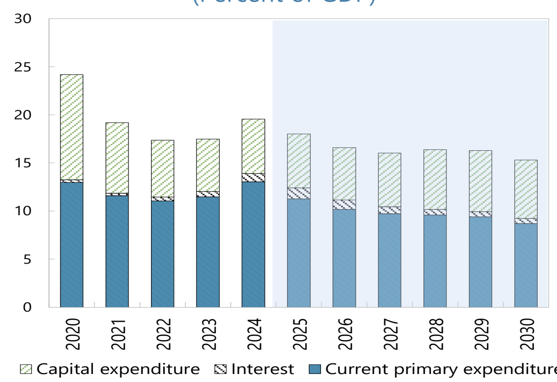
Domestic revenue mobilization should increase in line with fiscal structural reforms…

Government Revenue
(Percent of GDP)



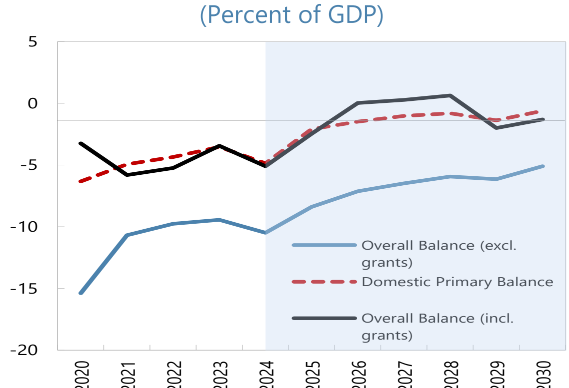
…increasing fiscal space to reallocate expenditure to favor the provision of public goods and services.

Government Expenditure
(Percent of GDP)



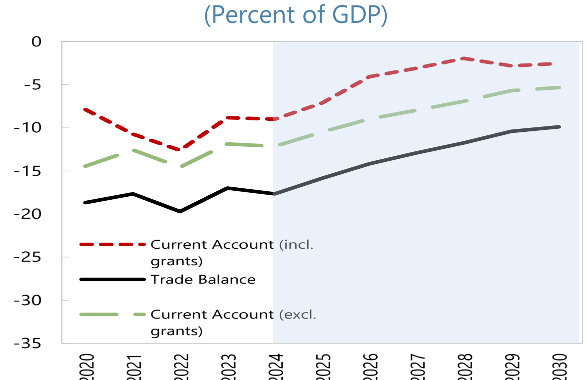
As a result of these fiscal efforts, deficits would narrow…

Fiscal Position
(Percent of GDP)



…with a concomitant reduction in the current account deficit.

External Position
(Percent of GDP)



Sources: CAR authorities and IMF Staff estimates.

Table 1. Central African Republic: Selected Economic and Financial Indicators, 2022-2030

	2022	2023	2024		2025	2026	2027	2028	2029	2030
	Act.	Act.	ECF 2nd. Review	Act.	Projections					
	(Annual percentage change; unless otherwise indicated)									
National income and prices										
GDP at constant prices	0.8	-0.1	1.4	1.9	3.0	3.3	3.6	3.8	3.7	3.9
GDP per capita at constant prices	0.0	-1.8	-0.6	-1.3	-0.3	-0.1	0.3	0.5	0.5	0.8
GDP at current prices	5.6	5.4	7.5	4.0	11.1	8.5	10.8	8.2	8.2	8.9
GDP deflator	4.8	5.5	6.0	2.0	7.9	5.1	6.9	4.3	4.3	4.7
CPI (annual average)[1]	5.6	3.0	4.7	1.5	4.6	3.3	2.9	2.9	3.1	3.3
CPI (end-of-period)	7.6	2.3	5.0	4.2	1.3	3.5	3.1	3.3	2.9	3.0
Money and credit										
Broad money	2.5	7.3	4.5	13.5	11.8	8.0	10.1	6.8	9.2	9.3
Credit to the economy	28.2	0.4	5.1	-10.7	4.8	4.8	4.8	5.4	5.5	0.0
External sector										
Export volume of goods	2.6	9.0	12.0	17.5	9.5	5.8	3.0	14.6	14.7	3.6
Import volume of goods	-5.6	1.4	10.7	6.5	6.0	6.3	9.5	6.6	7.4	4.6
Terms of trade	-9.2	10.2	6.8	-2.7	9.1	7.9	16.8	2.1	3.4	2.9
	(Percent of GDP; unless otherwise indicated)									
Gross national savings	2.2	6.1	7.2	6.7	9.0	12.4	14.1	16.5	16.3	17.0
Of which: current official transfers	0.0	1.1	1.4	1.2	1.4	2.9	2.8	2.9	0.9	0.8
Gross domestic savings	-4.9	-2.0	-1.7	-2.0	0.3	2.3	4.3	6.7	8.7	9.6
Government	-3.8	-4.0	-2.7	-4.7	-2.7	-1.6	-0.8	0.4	0.3	1.1
Private sector	-1.1	1.9	1.0	2.7	3.0	3.9	5.1	6.3	8.5	8.6
Consumption	104.9	102.0	101.7	102.0	99.7	97.7	95.7	93.3	91.3	90.4
Government	8.2	8.2	8.0	9.6	8.1	7.3	7.1	7.0	6.9	6.4
Private sector	96.7	93.8	93.7	92.5	91.6	90.3	88.6	86.3	84.3	84.0
Gross investment	14.8	15.0	15.8	15.7	16.1	16.5	17.2	18.4	19.2	19.5
Government	5.9	5.4	5.8	5.6	5.6	5.5	5.6	6.2	6.4	6.1
Private sector	8.9	9.5	10.0	10.0	10.5	11.1	11.6	12.2	12.8	13.4
External current account balance										
with grants	-12.6	-8.8	-8.6	-9.0	-7.1	-4.1	-3.1	-2.0	-2.8	-2.5
without grants	-14.6	-11.9	-12.0	-12.1	-10.5	-9.0	-8.0	-5.1	-5.7	-5.4
Overall balance of payments	-7.7	-2.8	-3.3	-3.7	-0.8	1.5	3.7	4.8	5.7	5.5
Central government finance										
Total revenue (including grants)	12.1	14.0	14.8	14.5	15.7	16.7	16.4	17.1	14.4	14.1
of which: domestic revenue	7.6	8.0	9.2	9.1	9.8	9.6	9.7	10.6	10.2	10.3
Total expenditure[2]	17.4	17.5	17.8	19.6	18.1	16.7	16.1	16.5	16.4	15.4
of which: capital spending	5.9	5.4	5.8	5.6	5.6	5.5	5.6	6.4	6.4	0.0
Overall balance										
Excluding grants	-9.8	-9.4	-8.6	-10.5	-8.4	-7.1	-6.5	-5.9	-6.1	-5.1
Including grants	-5.2	-3.4	-3.1	-5.1	-2.5	0.0	0.3	0.6	-2.0	-1.3
Domestic primary balance[3]	-4.4	-3.5	-2.8	-4.9	-2.1	-1.5	-1.0	-0.8	-1.4	-0.6
Public sector debt	50.0	55.7	57.3	60.7	57.4	52.9	47.8	43.8	41.5	38.1
Of which: domestic debt[4]	17.8	24.3	26.1	28.7	27.2	24.5	21.8	16.9	15.6	14.3
Of which: external debt	32.1	31.4	31.2	32.0	30.2	28.3	26.0	26.9	25.9	23.8
Memorandum items:										
GDP per capita (US dollars)	490	537	539	531	567	599	642	672	704	743
Nominal GDP (CFAF billions)	1,564	1,649	1,714	1,715	1,906	2,068	2,291	2,480	2,684	2,922

Sources: CAR authorities and IMF Staff estimates and projections.

[1] Updated CPI weights and COICOP 1999 implemented in 2020.

[2] Expenditure is on a cash basis.

[3] Excludes grants, interest payments, and externally-financed capital expenditures.

[4] Comprises government debt to BEAC, commercial banks, and government arrears.

Table 2a. Central African Republic: Central Government Financial Operations, 2022-2030

(CFAF Billion)

	2022	2023	2024		2025	2026	2027	2028	2029	2030
	Act.	Act.	ECF 2nd. Review	Act.	Projections					
Revenue	189.8	231.5	253.0	248.1	298.8	345.8	376.2	424.4	385.7	411.8
Domestic revenue	119.0	132.5	158.0	155.5	186.0	198.1	221.2	261.9	274.1	301.2
Tax revenue	110.2	116.7	139.9	127.7	148.3	178.1	208.8	239.9	254.1	279.7
Income and property tax	30.9	32.8	37.9	36.6	40.2	44.1	48.9	58.0	60.1	64.0
Taxes on goods and services	49.2	50.6	63.6	56.3	67.5	82.4	93.9	104.4	109.8	120.0
Of which: VAT	22.9	27.0	32.9	36.2	46.0	50.0	58.4	64.0	70.0	79.7
Taxes on international trade	30.1	33.3	38.4	34.8	40.5	51.6	66.0	77.4	84.2	95.7
Non-tax revenue	8.8	15.8	18.2	27.8	37.8	20.0	12.4	22.0	19.9	21.5
Grants	70.8	99.0	95.0	92.7	112.7	147.7	155.0	162.5	111.6	110.7
Program	0.0	18.1	23.4	21.1	26.6	60.0	65.0	73.0	23.0	23.0
Project	70.8	80.9	71.6	71.6	86.1	87.7	90.0	89.5	88.6	87.7
Expenditure[1]	271.7	288.2	305.7	335.4	345.8	345.3	369.8	408.9	439.1	449.9
Current primary expenditure	173.1	189.2	189.1	223.9	217.0	212.0	224.4	239.8	254.4	256.1
Wages and salaries	86.9	88.2	96.0	105.2	109.3	107.5	115.8	122.8	131.4	132.0
Transfers and subsidies	45.2	53.7	51.7	60.0	61.8	60.4	62.1	65.8	68.0	69.1
Goods and services	40.9	47.3	41.4	58.7	45.9	44.1	46.5	51.2	55.0	54.9
Interest	6.2	9.5	17.4	14.8	21.8	20.2	17.0	14.3	14.1	15.9
External	1.5	0.9	1.9	1.9	1.8	1.8	2.0	2.0	2.0	1.7
Domestic	4.8	8.6	15.5	12.9	20.0	18.4	15.0	12.3	12.1	14.2
Capital expenditure	92.3	89.6	99.2	96.7	107.0	113.1	128.4	154.8	170.6	178.0
Domestically financed	14.0	1.6	17.6	15.1	9.0	16.8	20.4	42.3	56.6	63.0
Externally financed	78.3	87.9	81.6	81.6	98.0	96.3	108.0	112.5	114.0	115.0
Overall balance										
Excluding grants	-152.7	-155.8	-147.7	-179.9	-159.7	-147.1	-148.5	-147.0	-165.0	-148.8
Of which: domestic primary balance[2]	-68.1	-58.3	-48.7	-83.5	-40.0	-30.7	-23.6	-20.1	-36.9	-17.9
Including grants	-81.8	-56.7	-52.7	-87.3	-47.0	0.5	6.4	15.6	-53.4	-38.1
Primary balance	-75.6	-47.2	-35.3	-72.5	-25.2	20.7	23.4	29.9	-39.3	-22.3
Net change in arrears ((-) = reduction)	0.0	0.6	0.0	-6.2	0.0	0.0	0.0	0.0	0.0	0.0
Domestic	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External	0.0	0.6	0.0	-6.2	0.0	0.0	0.0	0.0	0.0	0.0
Errors and omissions	-7.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance, cash basis	-89.2	-56.1	-52.7	-93.5	-47.0	0.5	6.4	15.6	-53.4	-38.1
Identified financing	89.2	56.2	52.7	93.4	47.0	-0.5	-6.4	-15.6	53.4	38.1
External, net	0.5	2.4	3.3	5.7	18.9	13.6	37.9	43.3	96.0	87.8
Project loans	7.5	7.0	10.0	10.0	11.8	8.6	18.0	23.0	25.4	27.3
Program loans[3]	0.0	0.0	0.0	0.0	16.4	15.0	30.0	30.0	80.0	80.0
Amortization	-6.4	-4.6	-5.6	-4.3	-8.9	-9.6	-9.7	-9.7	-9.4	-19.5
Exceptional financing (DSSI)	-0.7	0.0	-1.1	0.0	-0.4	-0.4	-0.4	0.0	0.0	0.0
Domestic, net	88.7	53.8	49.4	87.8	28.1	-14.1	-44.3	-58.8	-42.6	-49.7
Banking system	84.7	51.9	49.4	87.1	28.1	-14.1	-44.3	-58.8	-42.6	-49.7
BEAC	53.0	-23.8	-1.2	16.2	3.6	-4.1	-38.7	-26.6	-24.2	-17.3
Loans	0.0	0.0	0.0	0.0	-3.8	-3.8	-3.8	-3.8	-3.8	-3.8
Use of SDR allocation	50.5	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Counterpart to IMF credits (BEAC)	-1.7	-2.0	3.4	-2.7	10.4	2.2	-33.4	-21.3	-18.9	-12.0
Deposit withdrawals	4.3	-24.0	-4.6	18.8	-3.0	-2.5	-1.5	-1.5	-1.5	-1.5
Commercial banks	31.7	75.7	50.6	70.9	24.5	-10.0	-5.6	-32.2	-18.4	-32.4
Nonbank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptional financing (CCRT)[4]	2.2	0.0	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0
Privatization receipts and others	1.8	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residual financing need	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:										
Fuel Revenue	9.3	12.5	17.0	17.8	17.1	27.0	36.7	40.0	48.3	52.0
Primary Spending	187.1	190.8	206.7	239.0	226.0	228.8	244.8	282.1	311.0	319.1
Total government debt	781.4	918.3	981.7	1041.1	1094.6	1093.0	1096.2	1086.0	1112.9	1112.8
Government domestic currency debt[5]	278.9	400.7	446.8	492.9	519.0	507.0	500.6	468.2	418.1	417.8
Nominal GDP	1,564	1,649	1,714	1,715	1,906	2,068	2,291	2,480	2,684	2,922

Sources: CAR authorities and IMF Staff estimates and projections.

[1] Expenditure is on a cash basis.

[2] Excludes grants, interest payments, and externally-financed capital expenditure.

[3] Budget support loans to be identified from 2026 onward.

[4] Covers debt service relief covering all payments due to the IMF from April 14, 2020 to April 13, 2022 under Catastrophe Containment and Relief Trust (CCRT).

[5] Comprises government debt to BEAC, commercial banks, and government arrears.

Table 2b. Central African Republic: Central Government Financial Operations, 2022-2030

(Percent GDP)

	2022	2023	2024		2025	2026	2027	2028	2029	2030
	Act.	Act.	ECF 2nd. Review	Act.	Projections					
Revenues	12.1	14.0	14.8	14.5	15.7	16.7	16.4	17.1	14.4	14.1
Domestic revenue	7.6	8.0	9.2	9.1	9.8	9.6	9.7	10.6	10.2	10.3
Tax revenue	7.0	7.1	8.2	7.4	7.8	8.6	9.1	9.7	9.5	9.6
Income and property tax	2.0	2.0	2.2	2.1	2.1	2.1	2.1	2.3	2.2	2.2
Taxes on goods and services	3.1	3.1	3.7	3.3	3.5	4.0	4.1	4.2	4.1	4.1
Of which: VAT	1.5	1.6	1.9	2.1	2.4	2.4	2.5	2.6	2.6	2.7
Taxes on international trade	1.9	2.0	2.2	2.0	2.1	2.5	2.9	3.1	3.1	3.3
Non-tax revenue	0.6	1.0	1.1	1.6	2.0	1.0	0.5	0.9	0.7	0.7
Grants	4.5	6.0	5.5	5.4	5.9	7.1	6.8	6.6	4.2	3.8
Program	0.0	1.1	1.4	1.2	1.4	2.9	2.8	2.9	0.9	0.8
Project	4.5	4.9	4.2	4.2	4.5	4.2	3.9	3.6	3.3	3.0
Expenditure[1]	17.4	17.5	17.8	19.6	18.1	16.7	16.1	16.5	16.4	15.4
Current primary expenditure	11.1	11.5	11.0	13.1	11.4	10.3	9.8	9.7	9.5	8.8
Wages and salaries	5.6	5.3	5.6	6.1	5.7	5.2	5.1	4.9	4.9	4.5
Transfers and subsidies	2.9	3.3	3.0	3.5	3.2	2.9	2.7	2.7	2.5	2.4
Goods and services	2.6	2.9	2.4	3.4	2.4	2.1	2.0	2.1	2.0	1.9
Interest	0.4	0.6	1.0	0.9	1.1	1.0	0.7	0.6	0.5	0.5
External	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Domestic	0.3	0.5	0.9	0.8	1.0	0.9	0.7	0.5	0.5	0.5
Capital expenditure	5.9	5.4	5.8	5.6	5.6	5.5	5.6	6.2	6.4	6.1
Domestically financed	0.9	0.1	1.0	0.9	0.5	0.8	0.9	1.7	2.1	2.2
Externally financed	5.0	5.3	4.8	4.8	5.1	4.7	4.7	4.5	4.2	3.9
Overall balance										
Excluding grants	-9.8	-9.4	-8.6	-10.5	-8.4	-7.1	-6.5	-5.9	-6.1	-5.1
Of which: domestic primary balance[2]	-4.4	-3.5	-2.8	-4.9	-2.1	-1.5	-1.0	-0.8	-1.4	-0.6
Including grants	-5.2	-3.4	-3.1	-5.1	-2.5	0.0	0.3	0.6	-2.0	-1.3
Net change in arrears ((-) = reduction)	0.0	0.0	0.0	-0.4	0.0	0.0	0.0	0.0	0.0	0.0
Domestic	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External	0.0	0.0	0.0	-0.4	0.0	0.0	0.0	0.0	0.0	0.0
Errors and omissions	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance, cash basis	-5.7	-3.4	-3.1	-5.5	-2.5	0.0	0.3	0.6	-2.0	-1.3
Identified financing	5.7	3.4	3.1	5.4	2.5	0.0	-0.3	-0.6	2.0	1.3
External, net	0.0	0.1	0.2	0.3	1.0	0.7	1.7	1.7	3.6	3.0
Project loans	0.5	0.4	0.6	0.6	0.6	0.4	0.8	0.9	0.9	0.9
Program loans[3]	0.0	0.0	0.0	0.0	0.9	0.7	1.3	1.2	3.0	2.7
Amortization	-0.4	-0.3	-0.3	-0.3	-0.5	-0.5	-0.4	-0.4	-0.4	-0.7
Exceptional financing (DSSI)	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic, net	5.7	3.3	2.9	5.1	1.5	-0.7	-1.9	-2.4	-1.6	-1.7
Banking system	5.4	3.1	2.9	5.1	1.5	-0.7	-1.9	-2.4	-1.6	-1.7
BEAC	3.4	-1.4	-0.1	0.9	0.2	-0.2	-1.7	-1.1	-0.9	-0.6
Loans	0.0	0.0	0.0	0.0	-0.2	-0.2	-0.2	-0.2	-0.1	-0.1
Use of SDR allocation	3.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Counterpart to IMF credits (BEAC)	-0.1	-0.1	0.2	-0.2	0.5	0.1	-1.5	-0.9	-0.7	-0.4
Deposit withdrawals	0.3	-1.5	-0.3	1.1	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1
Commercial banks	2.0	4.6	3.0	4.1	1.3	-0.5	-0.2	-1.3	-0.7	-1.1
Nonbank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptional financing (CCRT)[4]	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Privatization receipts and Others	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residual financing need	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:										
Fuel Revenue	0.6	0.8	1.0	1.0	0.9	1.3	1.6	1.6	1.8	1.8
Primary Spending	12.0	11.6	12.1	13.9	11.9	11.1	10.7	11.4	11.6	10.9
Total government debt	50.0	55.7	57.3	60.7	57.4	52.9	47.8	43.8	41.5	38.1
Government domestic debt[5]	17.8	24.3	26.1	28.7	27.2	24.5	21.8	18.9	15.6	14.3

Sources: CAR authorities and IMF Staff estimates and projections.

[1] Expenditure is on a cash basis.

[2] Excludes grants, interest payments, and externally-financed capital expenditure.

[3] Budget support loans to be identified from 2026 onward.

[4] Covers debt service relief covering all payments due to the IMF from April 14, 2020 to April 13, 2022 under Catastrophe Containment and Relief Trust (CCRT).

[5] Comprises government debt to BEAC, commercial banks, and government arrears.

Table 3. Central African Republic: Monetary Accounts, 2022-2030

(CFAF Billion, unless otherwise indicated)

	2022	2023	2024	2024	2025	2026	2027	2028	2029	2030
	Act.	Act.	ECF 2nd. Review	Act.	Projections					
(CFAF billions, unless otherwise indicated)										
Net foreign assets	13.9	71.5	16.8	105.8	72.9	96.1	133.7	233.8	272.8	353.3
Bank of Central African States (BEAC)	-56.6	-4.3	-55.6	23.7	-0.3	34.5	80.5	124.4	154.5	224.6
Foreign Assets	242.6	298.0	249.7	327.4	313.8	350.8	363.4	385.4	396.1	453.9
Foreign Liabilities	299.2	302.2	305.3	303.7	314.1	316.3	282.9	261.0	241.6	229.3
SDR allocation	131.6	127.9	127.9	131.8	131.8	131.8	131.8	131.8	131.8	131.8
Use of IMF credit	166.8	173.0	175.6	171.6	182.0	184.2	150.8	128.9	109.5	97.2
Other foreign liabilities	0.8	1.5	1.8	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Commercial banks	70.5	75.7	72.4	82.1	73.2	61.6	53.2	109.3	118.3	128.8
Net domestic assets	528.4	563.3	593.2	638.7	665.7	653.5	607.5	547.7	504.0	447.5
Domestic credit	653.4	706.2	766.7	769.6	807.1	802.9	769.1	722.6	693.3	653.5
Credit to the public sector	433.0	484.9	534.3	572.0	600.1	585.9	541.6	482.8	440.2	390.5
Credit to central government (net)	433.0	484.9	534.3	572.0	600.1	585.9	541.6	482.8	440.2	390.5
BEAC	366.5	342.7	341.5	358.8	362.4	358.3	319.6	293.0	268.8	251.5
Loans	115.0	115.0	115.0	115.0	111.2	107.4	103.6	99.8	96.0	92.2
Use of SDR allocation	85.5	87.7	87.7	87.7	87.7	87.7	87.7	87.7	87.7	87.7
IMF credit (net)	166.8	173.0	175.6	171.6	182.0	184.2	150.8	128.9	109.5	97.2
Deposits	-2.8	-33.0	-36.8	-15.4	-18.4	-20.9	-22.4	-23.3	-24.3	-25.5
Commercial banks	66.6	142.2	192.8	213.2	237.6	227.6	222.0	189.8	171.4	139.0
Credit to the economy	220.3	221.2	232.4	197.6	207.0	217.0	227.5	239.8	253.0	263.0
Public enterprises	18.3	10.2	10.2	22.6	22.6	22.6	22.6	22.6	22.6	22.6
Private sector	202.1	211.0	222.2	175.0	184.4	194.4	204.9	217.2	230.4	240.4
Other items (net)	-125.0	-142.8	-173.5	-130.9	-141.4	-149.4	-161.6	-174.9	-189.3	-206.0
Money and quasi-money	488.9	524.4	548.2	595.2	665.6	718.8	791.2	845.1	923.2	1009.1
Currency	254.8	270.6	280.9	311.6	356.2	386.6	428.3	463.6	501.7	545.2
Deposits	234.1	253.7	267.2	283.6	309.4	332.3	362.9	381.4	421.5	463.9
Demand deposits	158.8	171.8	178.7	202.2	228.7	252.2	283.4	316.8	346.8	377.5
Term and savings deposits	75.3	81.9	88.5	81.3	80.7	80.1	79.5	64.7	74.7	86.4
(Annual percentage change)										
Net foreign assets	-80.6	412.3	-76.5	48.0	-31.1	31.9	39.1	74.9	16.7	29.5
Net domestic assets	31.3	6.6	5.3	13.4	4.2	-1.8	-7.0	-9.9	-8.0	-11.2
Monetary base	4.1	5.9	5.6	18.6	15.7	13.6	12.0	8.2	8.2	8.9
Credit to the economy	28.2	0.4	5.1	-10.7	4.8	4.8	4.8	5.4	5.5	3.9
Public enterprises	54.0	-44.1	0.0	121.3	0.0	0.0	0.0	0.0	0.0	0.0
Private sector	26.2	4.4	5.3	-17.1	5.4	5.4	5.4	6.0	6.1	4.3
Memorandum items:										
NDA of the central bank (CFAF billions)	349.8	314.7	383.2	344.6	426.5	449.6	461.5	462.2	480.3	466.4
Monetary base (CFAF billions)	293.2	310.4	327.7	368.3	426.2	484.1	541.9	586.6	634.8	691.0
Nominal GDP (CFAF billions)	1564	1649	1714	1715	1906	2068	2291	2480	2684	2922
Velocity (GDP/broad money)										
End of period	3.2	3.1	3.1	2.9	2.9	2.9	2.9	2.9	2.9	2.9

Sources: CAR authorities and IMF Staff estimates and projections.

Table 4a. Central African Republic: Balance of Payments, 2022-2030

(CFAF Billion)

	2022	2023	2024		2025	2026	2027	2028	2029	2030
	Act.	Act.	ECF 2nd. Review	Act.	Projections					
Current account	-197.4	-145.8	-147.6	-154.3	-135.9	-84.5	-71.1	-48.7	-75.5	-74.2
Balance on goods	-259.4	-231.5	-232.9	-236.0	-225.8	-223.8	-220.1	-217.1	-206.8	-211.1
Exports, f.o.b.	104.2	119.0	136.7	135.3	157.4	177.1	207.7	247.6	295.5	315.9
of which: Diamonds	9.6	13.8	17.9	17.9	23.6	28.6	35.6	44.6	56.2	58.4
of which: Wood products	47.8	54.6	63.9	64.8	74.2	81.1	99.4	117.0	138.3	149.1
Imports, f.o.b.	-363.6	-350.6	-369.7	-371.3	-383.3	-400.9	-427.8	-464.6	-502.2	-527.0
of which: Petroleum products	-107.3	-76.6	-88.3	-84.2	-75.9	-74.5	-80.3	-91.5	-97.8	-104.6
Services (net)	-49.0	-48.9	-66.8	-67.1	-76.3	-69.5	-76.0	-74.8	-72.6	-78.5
Credit	105.2	115.6	116.5	116.2	130.9	141.4	149.5	158.2	166.0	173.1
Debit	-154.2	-164.6	-183.2	-183.2	-207.3	-210.9	-225.5	-233.0	-238.6	-251.6
Income (net)	-2.0	-6.8	-7.9	-7.8	-6.0	-6.0	-5.9	-5.9	-5.9	-5.9
Credit	13.2	13.2	13.5	13.4	14.1	14.6	15.1	15.7	16.2	16.9
Debit	-15.2	-20.0	-21.5	-21.3	-20.1	-20.5	-21.0	-21.6	-22.1	-22.8
Transfers (net)	113.0	141.4	160.0	156.6	172.1	214.8	231.0	249.1	209.7	221.3
Private	82.4	91.2	102.6	102.7	108.1	113.7	119.6	125.7	132.2	139.0
Official	30.7	50.2	57.4	53.9	64.0	101.1	111.4	123.3	77.5	82.3
of which: Program	0.0	18.1	23.4	21.1	26.6	60.0	65.0	73.0	23.0	23.0
Capital account	70.8	80.9	71.6	71.6	86.1	86.9	90.0	89.5	88.6	87.7
Project grants	70.8	80.9	71.6	71.6	86.1	86.9	90.0	89.5	88.6	87.7
Other transfers (debt forgiveness)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial account	6.1	18.8	19.1	19.1	35.4	29.0	66.0	78.9	140.5	148.2
Direct investment	15.0	23.5	24.5	24.5	25.5	29.5	37.3	44.0	50.2	56.1
Portfolio investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Investment	-8.9	-4.7	-5.4	-5.4	9.9	-0.5	28.8	34.9	90.3	92.1
Public sector (net)	1.1	0.3	-0.4	-0.4	14.9	9.5	33.8	39.9	95.3	97.1
Project disbursement	7.5	7.0	10.0	10.0	11.8	8.6	18.0	23.0	25.4	27.3
Program disbursement	0.0	0.0	0.0	0.0	16.4	15.0	30.0	30.0	80.0	80.0
Scheduled amortization	-6.4	-6.7	-10.4	-10.4	-13.4	-14.1	-14.2	-13.1	-10.2	-10.2
Monetary authorities (SDR allocation)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other short-term flows	-10.0	-5.0	-5.0	-5.0	-5.0	-10.0	-5.0	-5.0	-5.0	-5.0
Errors and omissions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-120.4	-46.1	-56.9	-63.6	-14.4	31.4	84.9	119.7	153.6	161.7
Identified financing	120.4	46.2	56.9	63.6	14.4	-32.2	-84.9	-119.7	-153.6	-161.7
Net IMF credit	-1.7	10.5	9.8	-5.8	27.1	-4.1	-28.8	-21.3	-18.9	-12.0
IMF purchase	0.0	-24.7	-30.9	-15.0	-53.7	-25.9	0.0	0.0	0.0	0.0
IMF repurchase	1.7	14.1	21.1	20.8	26.6	30.0	28.8	21.3	18.9	12.0
Other reserves (increase = -)	120.6	36.8	48.3	70.5	-12.2	-26.9	-55.6	-98.4	-134.7	-149.7
Exceptional financing	1.5	-1.1	-1.1	-1.1	-0.4	-1.2	-0.4	0.0	0.0	0.0
Debt rescheduling (DSSI)	-0.7	-1.1	-1.1	-1.1	-0.4	-0.4	-0.4	0.0	0.0	0.0
Other exceptional financing (CCRT)[1]	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt payment arrears (reduction=-)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residual financing need	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:										
Terms of trade (percent change)	-9.2	10.2	6.8	-2.7	9.1	7.9	16.8	2.1	3.4	2.9
Unit price of exports	11.7	4.8	2.1	-3.2	6.3	6.2	13.9	4.0	4.1	3.2
Unit price of imports	23.0	-4.9	-4.4	-0.6	-2.6	-1.6	-2.5	1.8	0.7	0.3
Current account (percent of GDP)	-12.6	-8.8	-8.6	-9.0	-7.1	-4.1	-3.1	-2.0	-2.8	-2.5
Capital account (percent of GDP)	4.5	4.9	4.2	4.2	4.5	4.2	3.9	3.6	3.3	3.0
Nominal GDP (CFAF billions)	1,564	1,649	1,714	1,715	1,906	2,068	2,291	2,480	2,684	2,922

Sources: CAR authorities and IMF Staff estimates and projections.

[1] Covers debt service relief covering all payments due to the IMF from April 14, 2020 to April 13, 2022 under Catastrophe Containment and Relief Trust (CCRT).

Table 4b. Central African Republic: Balance of Payments, 2022-2030

(Percent GDP)

	2022	2023	2024		2025	2026	2027	2028	2029	2030
	Act.	Act.	ECF 2nd. Review	Act.	Projections					
Current account	-12.6	-8.8	-8.6	-9.0	-7.1	-4.1	-3.1	-2.0	-2.8	-2.5
Balance on goods	-16.6	-14.0	-13.6	-13.8	-11.8	-10.8	-9.6	-8.8	-7.7	-7.2
Exports, f.o.b.	6.7	7.2	8.0	7.9	8.3	8.6	9.1	10.0	11.0	10.8
of which: Diamonds	0.6	0.8	1.0	1.0	1.2	1.4	1.6	1.8	2.1	2.0
of which: Wood products	3.1	3.3	3.7	3.8	3.9	3.9	4.3	4.7	5.2	5.1
Imports, f.o.b.	-23.2	-21.3	-21.6	-21.6	-20.1	-19.4	-18.7	-18.7	-18.7	-18.0
of which: Petroleum products	-6.9	-4.6	-5.2	-4.9	-4.0	-3.6	-3.5	-3.7	-3.6	-3.6
Services (net)	-3.1	-3.0	-3.9	-3.9	-4.0	-3.4	-3.3	-3.0	-2.7	-2.7
Credit	6.7	7.0	6.8	6.8	6.9	6.8	6.5	6.4	6.2	5.9
Debit	-9.9	-10.0	-10.7	-10.7	-10.9	-10.2	-9.8	-9.4	-8.9	-8.6
Income (net)	-0.1	-0.4	-0.5	-0.5	-0.3	-0.3	-0.3	-0.2	-0.2	-0.2
Credit	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.6	0.6	0.6
Debit	-1.0	-1.2	-1.3	-1.2	-1.1	-1.0	-0.9	-0.9	-0.8	-0.8
Transfers (net)	7.2	8.6	9.3	9.1	9.0	10.4	10.1	10.0	7.8	7.6
Private	5.3	5.5	6.0	6.0	5.7	5.5	5.2	5.1	4.9	4.8
Official	2.0	3.0	3.3	3.1	3.4	4.9	4.9	5.0	2.9	2.8
of which: Program	0.0	1.1	1.4	1.2	1.4	2.9	2.8	2.9	0.9	0.8
Capital account	4.5	4.9	4.2	4.2	4.5	4.2	3.9	3.6	3.3	3.0
Project grants	4.5	4.9	4.2	4.2	4.5	4.2	3.9	3.6	3.3	3.0
Other transfers (debt forgiveness)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial account	0.4	1.1	1.1	1.1	1.9	1.4	2.9	3.2	5.2	5.1
Direct investment	1.0	1.4	1.4	1.4	1.3	1.4	1.6	1.8	1.9	1.9
Portfolio investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Investment	-0.6	-0.3	-0.3	-0.3	0.5	0.0	1.3	1.4	3.4	3.2
Public sector (net)	0.1	0.0	0.0	0.0	0.8	0.5	1.5	1.6	3.6	3.3
Project disbursement	0.5	0.4	0.6	0.6	0.6	0.4	0.8	0.9	0.9	0.9
Program disbursement	0.0	0.0	0.0	0.0	0.9	0.7	1.3	1.2	3.0	2.7
Scheduled amortization	-0.4	-0.4	-0.6	-0.6	-0.7	-0.7	-0.6	-0.5	-0.4	-0.3
Other short-term flows	-0.6	-0.3	-0.3	-0.3	-0.3	-0.5	-0.2	-0.2	-0.2	-0.2
Errors and omissions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-7.7	-2.8	-3.3	-3.7	-0.8	1.5	3.7	4.8	5.7	5.5
Identified financing	7.7	2.8	3.3	3.7	0.8	-1.6	-3.7	-4.8	-5.7	-5.5
Net IMF credit	-0.1	0.6	0.6	-0.3	1.4	-0.2	-1.3	-0.9	-0.7	-0.4
IMF purchase	0.0	-1.5	-1.8	-0.9	-2.8	-1.3	0.0	0.0	0.0	0.0
IMF repurchase	0.1	0.9	1.2	1.2	1.4	1.5	1.3	0.9	0.7	0.4
Other reserves (increase = -)	7.7	2.2	2.8	4.1	-0.6	-1.3	-2.4	-4.0	-5.0	-5.1
Exceptional financing	0.1	-0.1	-0.1	-0.1	0.0	-0.1	0.0	0.0	0.0	0.0
Debt rescheduling (DSSI)	0.0	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Other exceptional financing (CCRT)[1]	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt payment arrears (reduction=-)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residual financing need	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:										
Terms of trade (percent change)	-9.2	10.2	6.8	-2.7	9.1	7.9	16.8	2.1	3.4	2.9
Unit price of exports	0.7	0.3	0.1	-0.2	0.3	0.3	0.6	0.2	0.2	0.1
Unit price of imports	1.5	-0.3	-0.3	0.0	-0.1	-0.1	-0.1	0.1	0.0	0.0
Nominal GDP (CFAF billions)	1,564	1,649	1,714	1,715	1,906	2,068	2,291	2,480	2,684	2,922

Sources: CAR authorities and IMF Staff estimates and projections.

[1] Covers debt service relief covering all payments due to the IMF from April 14, 2020 to April 13, 2022 under Catastrophe Containment and Relief Trust (CCRT).

Table 5. Central African Republic: External Financing Requirements, 2022-2030

(CFAF Billion)

	2022	2023	2024		2025	2026	2027	2028	2029	2030
	Act.	Act.	ECF 2nd. Review	Act.	Projections					
1. Total financing requirements	84.8	148.0	154.2	136.0	214.8	215.4	234.8	254.5	262.2	269.1
Current account deficit (excl. budget support)	197.4	163.9	171.0	175.4	162.5	144.5	136.1	121.7	98.5	97.2
Debt amortization	6.4	6.7	10.4	10.4	13.4	14.1	14.2	13.1	10.2	10.2
Repayment to the Fund	1.7	14.1	21.1	20.8	26.6	30.0	28.8	21.3	18.9	12.0
Change in other reserves	-120.6	-36.8	-48.3	-70.5	12.2	26.9	55.6	98.4	134.7	149.7
2. Total available financing	83.3	106.4	101.1	101.1	118.5	116.0	141.2	152.5	160.2	167.1
Capital transfers	70.8	80.9	71.6	71.6	86.1	86.9	90.0	89.5	88.6	87.7
Foreign direct investment (net)	15.0	23.5	24.5	24.5	25.5	29.5	37.3	44.0	50.2	56.1
Portfolio investment (net)	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0	1.0
Debt financing	7.5	7.0	10.0	10.0	11.8	8.6	18.0	23.0	25.4	27.3
Public Sector	7.5	7.0	10.0	10.0	11.8	8.6	18.0	23.0	25.4	27.3
SDR allocation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other net capital inflows	-10.0	-5.0	-5.0	-5.0	-5.0	-10.0	-5.0	-5.0	-5.0	-5.0
3. Financing gap	1.5	41.6	53.1	35.0	96.3	99.4	93.6	102.0	102.0	102.0
4. Expected sources of financing	0.0	18.1	23.4	21.1	43.0	75.0	95.0	103.0	103.0	103.0
of which: Budget support (grants)[1]	0.0	18.1	23.4	21.1	26.6	60.0	65.0	73.0	23.0	23.0
of which: Budget support (loans)[2]	0.0	0.0	0.0	0.0	16.4	15.0	30.0	30.0	80.0	80.0
5. Residual financing gap	1.5	23.5	29.7	13.9	53.3	24.4	-1.4	-1.0	-1.0	-1.0
ECF arrangement	0.0	24.7	30.9	15.0	53.7	25.9	0.0	0.0	0.0	0.0
RCF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CCRT[3]	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
G20 DSSI[4]	-0.7	0.0	-1.1	0.0	-0.4	-0.4	-0.4	0.0	0.0	0.0
Unidentified financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Sources: CAR authorities and IMF Staff estimates and projections.

[1] Good prospects for the WB financing exist for the remainder of the program period provided that CAR demonstrate satisfactory performance under IMF and WB operations, that reforms are progressing, and the country addresses concerns about the use of budgetary resources for security arrangements that led to stopping budget support.

[2] Budget support loans to be confirmed starting 2026H2.

[3] Covers debt service relief covering all payments due to the IMF from April 14, 2020 to April 13, 2022 under Catastrophe Containment and Relief Trust (CCRT).

[4] Under the G20 Debt Service Suspension Initiative (DSSI), debt service payments to G20 creditors due from May-December 2021 are postponed to 2022-28.

Table 6. Central African Republic: Financial Soundness Indicators, 2018-2023
(Percent)

Core FSIs for Deposit Takers	2018	2019	2020	2021	2022	2023
Capital adequacy						
Total bank regulatory capital to risk-weighted assets[1]	28.5	30.3	23.9	21.0	23.5	18.9
Total capital(net worth) to assets	15.1	15.9	13.8	13.9	14.0	11.1
Asset quality						
Non-performing loans to total loans	17.6	16.1	17.5	13.9	14.5	16.2
Non-performing loans net of provisions to capital	6.2	14.6	12.9	10.7	12.8	25.4
Earnings and profitability						
Net income to average assets (ROA)	1.7	1.7	0.4	1.1	1.5	0.6
Net income to average capital (ROE)[2]	6.9	7.6	1.5	6.2	8.3	3.8
Non interest expense to gross income	90.5	78.9	71.5	82.0	75.1	76.1
Liquidity						
Liquid assets to total assets	29.9	26.3	32.2	26.9	28.3	25.7
Liquid assets to short-term liabilities	198.6	165.8	199.3	162.2	151.8	146.1

Source: Banking Commission of Central Africa (COBAC). Last data-points available as of end-2023.
[1] Calculated according to the Basel I guidance.
[2] Return in ROE is calculated based on annualized net profit before tax.

Table 7. Central African Republic: Access Under the ECF Arrangement

Condition for Disbursement	Date	Amount of Disbursement	
		Millions of SDR	Percent of quota
First disbursement upon program approval	April 28, 2023	SDR 11.30 million	10.14
Second disbursement upon observance of the performance criteria for June 30, 2023 and the continuous performance criteria, and the completion of the first review.	October 30, 2023	SDR 19.17 million	17.21
Third disbursement upon observance of the performance criteria for December 31, 2023 and the continuous performance criteria, and the completion of the second review.	April 30, 2024	SDR 18.60 million	16.70
Fourth disbursement upon observance of the performance criteria for June 30, 2024 and the continuous performance criteria, and the completion of the third review.	October 30, 2024	SDR 19.15 million	17.19
Fifth disbursement upon observance of the performance criteria for December 31, 2024 and the continuous performance criteria, and the completion of the fourth review.	April 30, 2025	SDR 24.07 million	21.61
Sixth disbursement upon observance of the performance criteria for June 30, 2025 and the continuous performance criteria, and the completion of the fifth review.	October 30, 2025	SDR 23.19 million	20.81
Seventh disbursement upon observance of the performance criteria for December 31, 2025 and the continuous performance criteria, and the completion of the sixth review.	April 30, 2026	SDR 32.00 million	28.73
Total		SDR 147.48 million	132.39

Note: CAR's quota is SDR 111.4 million

Table 8a. Central African Republic: Proposed Quantitative Performance Criteria and Indicative Targets, 2024-25

(CFAF Billion; Cumulative from Beginning of the Year, Unless Otherwise Specified)

	End-March 2024				End-June 2024			End-September 2024				End-December 2024				End-March 2025				End-June 2025	End-September 2025	End-December 2025
	IT	Adjusted Target[6]	Actual	Status	PC	Actual	Status	IT	Adjusted Target[7]	Actual	Status	PC	Adjusted Target[8]	Actual	Status	IT	Adjusted Target[9]	Actual	Status	PC	IT (Proposed)	PC (Proposed)
Quantitative performance criteria																						
Net domestic financing of the government (ceiling, cumulative flows for the year)	18.0	12.0	25.3	Not Met	30.0	47.7	Not Met	40.0	38.4	69.2	Not Met	55.0	57.3	90.3	Not Met	15.0	6.3	12.6	Not Met	17.0	18.0	20.0
Domestic government revenue (floor, cumulative for the year)[1]	34.0	--	40.7	Met	75.0	79.9	Met	115.0	--	112.1	Not Met	155.0	--	155.5	Met	39.0	--	45.1	Met	80.0	125.0	180.0
Domestic primary fiscal balance (floor, cumulative for the year)[2]	-13.0	--	-26.7	Not Met	-22.0	-44.5	Not Met	-33.0	--	-67.9	Not Met	-50.0	--	-83.5	Not Met	-10.0	--	-9.8	Met	-17.0	-30.0	-40.0
Continuous performance criteria																						
New external nonconcessional debt contracted or guaranteed by the Government (ceiling, cumulative)[3,4]	0.0	--	0.0	Met	0.0	0.0	Met	0.0	--	0.0	Met	0.0	--	0.0	Met	0.0	--	0.0	Met	0.0	0.0	0.0
Disbursement of external nonconcessional debt (ceiling, cumulative)[3,4]	0.0	--	0.0	Met	0.0	0.0	Met	0.0	--	0.0	Met	0.0	--	0.0	Met	0.0	--	0.0	Met	0.0	0.0	0.0
Non accumulation of new external payments arrears by the government (ceiling, cumulative)[3,4]	0.0	--	1.2	Not Met	0.0	3.0	Not Met	0.0	--	4.4	Not Met	0.0	--	6.2	Not Met	0.0	--	1.6	Not Met	0.0	0.0	0.0
Indicative targets																						
Social spending (floor, cumulative for the year)[5]	4.0	--	3.2	Not Met	8.0	7.1	Not Met	17.0	--	10.3	Not Met	22.0	--	12.6	Not Met	4.0	--	3.6	Not Met	8.0	17.0	22.0
Spending using extraordinary procedures (ceiling, cumulative for the year)	2.0	--	11.1	Not Met	5.0	18.6	Not Met	7.0	--	28.3	Not Met	8.0	--	34.1	Not Met	2.0	--	3.1	Not Met	5.0	7.0	8.0
New external concessional debt contracted or guaranteed by the government (ceiling, cumulative for the year)	20.0	--	0.0	Met	20.0	0.0	Met	20.0	--	0.0	Met	20.0	--	0.0	Met	20.0	--	0.0	Met	20.0	20.0	20.0
Memorandum items:																						
Budget support	0.0	--	6.0		6.0	6.0		12.3	--	13.9		23.4	--	21.1		0.0	--	8.7		15.0	15.0	26.6
Privatization receipts	0.0	--	0.7		0.0	0.7		0.0	--	0.7		0.0	--	0.7		0.0	--	0.0		0.0	0.0	0.0

Source: CAR authorities and IMF Staff estimates.

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

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

[3] These objectives will be monitored continuously.

[4] Contracted or guaranteed by the government.

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

[6] The ceiling on net domestic government financing as of end-March 2024 was adjusted-down to reflect the disbursement from the African Development Bank in early January.

[7] The ceiling on net domestic government financing as of end-September 2024 was adjusted-down to reflect the disbursement from the African Development Bank in early January, along with the disbursement of a portion of the funds from the WB.

[8] The ceiling on net domestic government financing as of end-December 2024 was adjusted-up to reflect the delay of the total disbursements from the AfDB and the WB.

[9] The ceiling on net domestic government financing as of end-March 2025 was adjusted-down to reflect the disbursements from the AfDB and the WB carried-over from 2024.

Table 8b. Central African Republic: Standard Continuous Performance Criteria Under the ECF Arrangement

- Not to impose or intensify restrictions on the making of payments and transfers for current international transactions,
- Not to introduce or modify multiple currency practices,
- Not to conclude bilateral payment agreements which are inconsistent with Article VIII, and
- Not to impose or intensify import restrictions for balance of payment reasons.

Table 9a. Central African Republic: Structural Benchmarks

Program Objectives	Structural Benchmarks	Macroeconomic Rationale	Timeline	Status
Revenue Administration	Issue a ministerial decree outlining minimal criteria for official taxpayer recognition by the tax office.	Improve revenue collection	SB **third** review (October 2024)	Met
Fuel market efficiency	From July 25, 2024, issue on the websites of the ministries of Energy or Finance new fuel price structures on the 25th of each month to be applied to the transactions of the following month. The new fuel price structures will be consistent with the fuel action plan, and based on predefined international reference prices, augmented by taxes and quasi-taxes provided by the current regulations, margins, transportation costs, and an import premium. This continuous action should be transparently reflected as amendments to Presidential Decree No. 18.295, which regulates fuel import prices.	Improve transparency and efficiency in the fuel market.	Continuous structural benchmark starting **July 25, 2024**	Unmet
	Adopt a quarterly pump price adjustment mechanism through a ministerial decree signed by the Ministers of Finance and Energy with a corridor that allows pump price to fluctuate in response to international oil price changes.	Improve transparency and efficiency in the fuel market and reduce volatility of fuel revenues	SB **fourth** review (April 2025)	Unmet, [proposed to be rescheduled for the **sixth** review]
	Conduct an audit of fuel procurement costs, including margins and fees, to establish optimal levels that reflect efficient operations by suppliers. Adapt the price structure based on the findings of this audit.	Improve transparency and efficiency in the fuel market	SB **third** review (October 2024)	Unmet, [proposed to be rescheduled for the **fifth** review]
Governance and transparency	Prepare a fiscal risk statement on the Sango project, disclosing existing fiscal commitments and assessing how the platform's activities could affect the government's fiscal position and overall debt sustainability, to be presented to the Cabinet. The assessment should be conducted following a framework developed with the support of the IMF TA and recommend legal measures to mitigate the risks identified.	Improve fiscal risks management	SB **third** review (October 2024)	Unmet, [proposed to be rescheduled for the **sixth** review]
	Pursuant to Art. 22 of the asset declaration law (n. 21.011) and Art. 4 of the anti-corruption law (n. 23.009), the Cabinet will adopt and implement regulation to allow the Haute Autorité de la Bonne Gouvernance (HABG) to operationalize the asset declaration law with a focus on receiving and publishing asset declarations of senior public officials. The implementing regulation should include (i) a specific timeline for the operationalization of the asset declaration requirements at the latest by the end of 2025, (ii) a monetary threshold of at least 50 million CFAF for simplified declarations contemplated in Art. 22 of the asset declaration law, and (iii) asset declaration forms.	Improve tranparency and governance	SB **third** review (October 2024)	Unmet, but implemented with a delay
Public Financial Management	Make effective the systematic use of the SIM_Ba application by all staff in charge of the accounting function at the Treasury (Agence Comptable Centrale du Trésor): i) by providing them with the necessary IT equipment; ii) by training them on the technical and regulatory functions involved in this software.	Improve budget management and transparency	SB **third** review (October 2024)	Met

Table 9b. Central African Republic: Prior Actions and Newly proposed Structural Benchmarks

Program Objectives	Structural Benchmarks	Macroeconomic Rationale	Timeline	Status
Prior Action	Submit to Parliament a revised Budget Law for 2025 consistent with the program's macroeconomic framework, incorporating credible revenue and spending projections.	Improve budget credibility	**Five days** before the board date for the combine **third/fourth** reviews	
	Submit to the Parliament the Court of Audit Law that regulates its statute and functions and ensures its financial and operational independence.	Improve accountability and governance	**Five days** before the board date for the combine **third/fourth** reviews	
	Strengthen the tax clearance certificate (quitus fiscal) regime, in line with IMF recommendations	Improve tax compliance and revenue collection	**Five days** before the board date for the combine **third/fourth** reviews	
Revenue Administration	Ensure the effective use of the eTax platform by all large taxpayers for the online payment of their taxes and duties by the end of the third quarter of 2025.	Improve efficiency of the tax administration	SB **fifth** review (October 2025)	Proposed
	Implement the new DGID structure by appointing staff to the new Directorates.	Improve efficiency of the tax administration	SB **sixth** review (April 2026)	Proposed
	Submit to the Public Finance Monitoring Committee chaired by the Head of State a progress report on the implementation of the April 2025 IMF TA action plan on manual tax data cross-checks for FY2023. The report should present performance results across five areas, based on the taxpayer population identified through the manual cross-check exercise: (i) identification and localization of taxpayers, (ii) reclassification into the appropriate tax segments, (iii) controls conducted, (iv) notifications of tax liabilities, and (v) taxes recovered. The report should confirm that at least 50 percent of planned controls were conducted, 75 percent of controlled taxpayers were notified, 25 percent of assessed taxes were recovered, and that all identified taxpayers were reclassified into the correct tax segments.	Improve efficiency of the tax administration	SB **fifth** review (October 2025)	Proposed
	Replicate the manual cross-check of taxpayer data for the 2024 fiscal year using the methodology developed with IMF technical assistance and submit to the IMF the summary tables of identified anomalies.	Improve efficiency of the tax administration	SB **fifth** review (October 2025)	Proposed
	Submit to the Public Finance Monitoring Committee chaired by the President the final report on the implementation of the April 2025 IMF TA action plan on manual tax data cross-checks for FY2023. The report should present performance results across five areas, based on the taxpayer population identified through the manual cross-check exercise: (i) identification and localization of taxpayers, (ii) reclassification into the appropriate tax segments, (iii) controls conducted, (iv) notifications of tax liabilities, and (v) taxes recovered. The report should confirm that at least 90 percent of identified taxpayers were controlled, 95 percent of controlled taxpayers were notified, 80 percent of assessed taxes were recovered, and that all identified taxpayers were reclassified into the correct tax segments.	Improve efficiency of the tax administration	SB **sixth** review (April 2026)	Proposed
	Submit to the Public Finance Monitoring Committee chaired by the President a progress report on the implementation of the April 2025 IMF TA action plan on manual tax data cross-checks for FY2024. The report should present performance results across five areas, based on the taxpayer population identified through the manual cross-check exercise: (i) identification and localization of taxpayers, (ii) reclassification into the appropriate tax segments, (iii) controls conducted, (iv) notifications of tax liabilities, and (v) taxes recovered. The report should confirm that at least 70 percent of planned controls were conducted, 75 percent of controlled taxpayers were notified, 60 percent of assessed taxes were recovered, and that all identified taxpayers were reclassified into the correct tax segments.	Improve efficiency of the tax administration	SB **sixth** review (April 2026)	Proposed
Fuel market efficiency	Submit to Parliament the draft of the new law on fuel sector aligned with IMF comments.	Improve regulatory framework of the fuel sector	SB **sixth** review (April 2026)	Proposed
	From June 25, 2025, issue on the websites of the ministry of energy or ministry of finance new fuel price structures by the 25th of each month to be applied to the transactions of the following month. The new fuel price structures will be based on international reference prices, augmented by taxes and quasi-taxes provided by the current regulations, margins, transportation costs, and an import premium.	Improve transparency and efficiency in the fuel market	Continuous structural benchmark starting June 25, 2025	Modified continuous structural benchmark
Public Financial Management	Regularize all expenses paid by payment orders from the Treasury and the Budget (OPT and OPB) during the 2023 budget year.	Improve budget management and transparency	SB **fifth** review (October 2025)	Proposed
Customs Administration	Enhance the monitoring of customs exemptions by (i) adopting a Ministerial Order that formalizes the procedure for the digitization and monitoring of the clearance of lists of goods admitted under exemption for each importer benefiting from an exemption regime, and (ii) submitting to the Minister of Finance and the Committee in charge of exemptions a quarterly report detailing the clearance status of said lists of exempted goods for each importer.	Improve customs administration and exemptions monitoring	SB **fifth** review (October 2025)	Proposed

Table 10. Central African Republic: External Borrowing Program

PPG external debt contracted or guaranteed	Volume of new debt, US million 1/	Present value of new debt, US million 1/
Sources of debt financing	**18.6**	**10.4**
Concessional debt, of which 2/	18.6	10.4
Multilateral debt	7.5	4.8
Bilateral debt	11.2	5.6
Non-concessional debt, of which 2/	0.0	0.0
Semi-concessional debt 3/		
Commercial terms 4/	0.0	0.0
Uses of debt financing	**18.6**	**10.4**
Infrastructure		
Budget financing	18.6	10.4
Memorandum items		
Indicative projections		
Year 2	37.1	28.9
Year 3	76.0	69.2

1/ Contracting and guaranteeing of new debt. The present value of debt is calculated using the terms of individual loans and applying the 5 percent program discount rate.
2/ Debt with a grant element that exceeds a minimum threshold. This minimum is typically 35 percent but could be established at a higher level.
3/ Debt with a positive grant element which does not meet the minimum grant element.
4/ Debt without a positive grant element. For commercial debt, the present value would be defined as the nominal/face value.

Table 11. Central African Republic: Indicators of Capacity to Repay the IMF, 2023-2033

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
IMF obligations based on existing credit											
(SDR millions)											
Principal	17.5	25.8	32.9	37.1	35.7	26.4	23.4	14.8	8.5	6.1	5.0
Charges and interest	5.5	6.4	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
IMF obligations based on existing and prospective credit											
(SDR millions)											
Principal	17.5	25.8	32.9	37.1	35.7	26.4	25.3	24.8	28.7	29.5	28.4
Charges and interest	5.5	6.4	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
IMF obligations based on existing and prospective credit											
(CFA billions)											
Principal	14.0	21.2	26.6	29.9	28.8	21.3	20.4	20.0	23.2	23.8	22.9
Charges and interest	3.3	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Outstanding IMF Credit											
SDR Millions	215.6	227.6	241.9	236.8	201.2	174.8	149.5	124.7	96.0	66.6	38.2
CFAF Billions	173.0	186.9	195.3	191.2	162.4	141.1	120.7	100.7	77.5	53.7	30.8
Percent of government revenue	130.6	120.2	105.0	96.5	73.4	53.9	44.0	33.4	23.5	14.4	7.7
Percent of exports of goods and services	73.7	74.3	67.7	60.0	45.5	34.8	26.2	20.6	14.5	9.5	5.5
Percent of debt service	294.7	229.2	204.0	191.0	125.2	147.4	141.4	391.3	152.2	99.2	53.3
Percent of GDP	10.5	10.9	10.2	9.2	7.1	5.7	4.5	3.4	2.5	1.6	0.9
Percent of quota	193.5	204.3	217.1	212.6	180.6	156.9	134.2	112.0	86.2	59.7	34.3
Net use of IMF credit (SDR millions)											
Disbursements	30.5	37.8	47.3	32.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments and repurchases	23.0	32.1	39.4	43.5	42.1	32.8	31.7	31.3	35.1	36.0	34.8
Memorandum items:											
Nominal GDP (billions of CFA francs)	1649.5	1715.2	1905.7	2067.9	2291.4	2480.2	2683.9	2921.7	3127.9	3347.8	3573.2
Exports of goods and services (billions of CFA francs)	234.7	251.5	288.4	318.5	357.2	405.8	461.5	489.0	534.4	563.2	565.1
Government revenue (billions of CFA francs)	132.5	155.5	186.0	198.1	221.2	261.9	274.1	301.2	330.5	372.6	398.2
Debt service (billions of CFA francs)	58.7	81.6	95.7	100.1	129.7	95.8	85.4	25.7	51.0	54.1	57.9
IMF Quota (SDR millions)	111.4	111.4	111.4	111.4	111.4	111.4	111.4	111.4	111.4	111.4	111.4

Source: IMF staff projections. Based on existing and prospective credit.

Table 12. Central African Republic: Composition of Newly Accumulated Public Sector Debt Arrears in 2024

CFAF million	Jan-Jun 2024 Reported	Reported at end-Jun 2024*	Total Jan-June 2024	July-Dec 2024	Total Gross Arrears 2024	Total Net Arrears 2024
Bilateral	1,542	693	2,235	2,673	4,908	3,316
China	887	-	887	355	1,242	1,242
India	462	128	590	1,369	1,959	1,676
Kuwait	5	30	35	208	243	213
Saudi Arabia	188	246	434	454	888	185
Serbia	-	288	288	288	577	-
Multilateral	361	401	763	543	1,305	-
BADEA	325	70	395	372	767	-
FIDA	30	298	327	131	458	-
FAD	7	33	40	40	80	-
Total	1,903	1,094	2,997	3,216	6,214	3,316
% of GDP	0.11	0.06	0.18	0.19	0.36	0.19

Sources: IMF Staff calculations and country authorities.
*These are overdue payments that were not arrears before the Board meeting because they were within the payment grace period but were subsequently reported to the team after they became official arrears.

Annex I. Risk Assessment Matrix[1]

Risks	Relative Likelihood	Time Horizon	Expected Impact If Realized	Policies to Mitigate the Risks
Conjunctural Risks				
Trade policy and investment shocks. Higher trade barriers or sanctions reduce external trade, disrupt FDI and supply chains, and trigger further U.S. dollar appreciation, tighter financial conditions, and higher inflation.	**High**	**Short Term**	**Medium** • The main impact would be through tighter global financial conditions affecting the CEMAC market. Trade is moderate at 30 percent of GDP, with exports at just 9 percent and focused on markets without tariffs. FDI will remain low due to structural economic and governance challenges.	• Execute the fiscal consolidation recommended to retain market access. • Implement the reforms on the fuel market as to avoid disruptions in the provision of energy. • Ramp-up the efforts to strengthen governance and transparency to attract private investment and gradually foster diversification. Intensify cooperation with humanitarian agencies, including the WFP.
Sovereign debt distress. Higher interest rates, stronger U.S. dollar, and shrinking development aid amplified by sovereign-bank feedback result in capital outflows, rising risk premia, loss of market access, abrupt expenditure cuts, and lower growth in highly indebted countries.	**High**	**Short Term**	**High** • Any credit event in the CEMAC will further restrain regional liquidity and increase refinancing risks for CAR.	• Execute the fiscal recommended fiscal consolidation. • Refinance 2026 maturities as much as possible. • Accelerate governance reforms as to avoid a renewed fall in donor financing.

[1] The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path. The relative likelihood is the Staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects Staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly. The conjunctural shocks and scenarios highlight risks that may materialize over a shorter horizon (between 12 to 18 months) given the current baseline. Structural risks are those that are likely to remain salient over a longer horizon.

Risks	Relative Likelihood	Time Horizon	Expected Impact If Realized	Policies to Mitigate the Risks
Tighter financial conditions and systemic instability. Higher-for-longer interest rates and term premia amid looser financial regulation, rising investments in cryptocurrencies, and higher trade barriers trigger asset repricing, market dislocations, weak bank and NBFI distress, and further U.S. dollar appreciation, which widens global imbalances, worsens debt affordability, and increases capital outflow from EMDEs.	Medium	Short to Medium Term	High • A spillover to the CEMAC will imply higher funding costs and shorter maturities for CAR paper, increasing refinancing risks for the sovereign.	• Fiscal prudency amid engagement with bondholders to curb borrowing costs and secure longer-term debt maturities. • Regular engagement with COBAC to actively monitor the health of CAR's and CEMAC's banking systems, and their ability to continue to finance the sovereign.
Regional conflicts. Intensification of conflicts (e.g., in the Middle East, Ukraine, Sahel, and East Africa) or terrorism disrupt trade in energy and food, tourism, supply chains, remittances, FDI and financial flows, payment systems, and increase refugee flows.	Medium	Short to Medium Term	High • A renewed inflow of refugees would hinder the security environment and add to the fiscal pressures. • Also, a heightening in the domestic conflict could result in supply chain disruptions and lead to higher prices for essential imports such as fuel and wheat.	• Fiscal prudency amid active engagement with bondholders to curb borrowing costs and secure longer-term debt maturities.
Commodity price volatility. Supply and demand volatility (due to conflicts, trade restrictions, OPEC+ decisions, ae energy policies, or green transition) increases commodity price volatility, external and fiscal pressures, social discontent, and economic instability.	Medium	Short to Medium Term	High • Higher energy prices would stoke inflation and would also add to fiscal pressures, given the fixed pump prices.	• Application of the pump price adjustment mechanism to avoid expectations of a subsidy and to safeguard critical revenues. • Introduce measures to mitigate the shock, e.g., by expanding the social safety net. Intensify cooperation with humanitarian agencies (eg WFP).

Risks	Relative Likelihood	Time Horizon	Expected Impact If Realized	Policies to Mitigate the Risks
Global growth acceleration. Easing of conflicts, positive supply-side surprises (e.g., oil production shocks), productivity gains from ai, or structural reforms raise global demand and trade.	Low	**Short to Medium Term**	Low • CAR growth path would remain relatively unchanged, as it largely depends on strengthening the energy sector and governance.	
		Structural Risks		
Deepening geoeconomic fragmentation. Persistent conflicts, inward-oriented policies, protectionism, weaker international cooperation, labor mobility curbs, and fracturing technological and payments systems lead to higher input costs, hinder green transition, and lower trade and potential growth.	High	**Short to Medium Term**	High	• Active engagement with development partners on development financing, including budget support.
Cyberthreats. Cyberattacks on physical or digital infrastructure (including digital currency and crypto assets), technical failures, or misuse of AI technologies trigger financial and economic instability.	High		Medium	• Mitigate the risks related to all CAR's crypto assets projects, in collaboration with the CEMAC monetary and regulatory authorities.
Climate change. Extreme climate events driven by rising temperatures cause loss of life, damage to infrastructure, food insecurity, supply disruptions, lower growth, and financial instability.	Medium		High • A climate shock can have compounding effects on CAR's social and political stability, reform momentum, and the overall security context.	• Deepen the engagement with development partners to strengthen CAR's infrastructure against climate shocks and promote economic diversification. • Continued fiscal prudency to allow authorities to rapidly react when climate events occur.

Risks	Relative Likelihood	Time Horizon	Expected Impact If Realized	Policies to Mitigate the Risks
Social discontent. Real income loss, spillovers from conflicts, dissatisfaction with migration, and worsening inequality ignite social unrest, populism, polarization, and resistance to reforms or suboptimal policies. This weakens growth and leads to policy uncertainty and market repricing.	**Medium**		**High** • Increased cost of living from increased inflation and supply chain disruption could provide a recipe for increased tension and social unrest. • If the supply chain disruption is related to a weather shock, its impact on living standards will be more severe. Thus, the social unrest could be more severe than otherwise.	• Continued cooperation with international organizations to support social programs. Attention should also be paid to the evolution of social sentiments and provide solutions to ease tensions.
Regional and Domestic Risks				
Increased insecurity and political instability	**High**	**Short to Medium Term**	**High** • Domestic and external political factors could lead to an escalation in insecurity, particularly in the runup to the local and presidential elections this year. • Renewed weather events would only reinforce the risk of security disruptions.	• Maintain dialogue with relevant stakeholders. • Prepare a budget contingency plan.

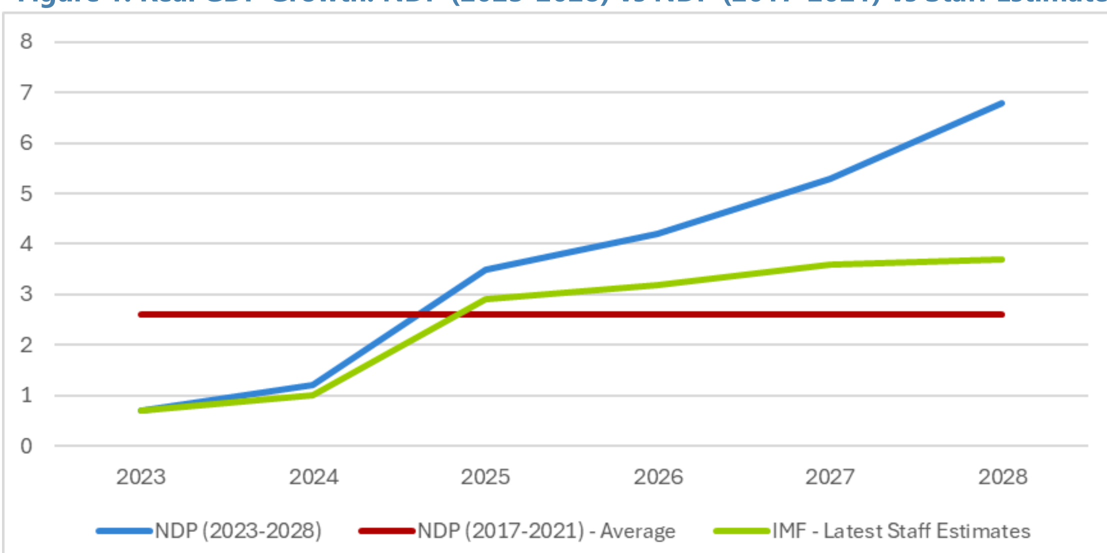
Risks	Relative Likelihood	Time Horizon	Expected Impact If Realized	Policies to Mitigate the Risks
Resumption in fiscal slippages (e.g., due to social discontent, political instability, and/or capacity constraints).	**Medium**	**Short to Medium Term**	**High** • Delays in revenue and PFM reforms (particularly related to the fuel market), and spending overruns from in light of the elections, could hinder fiscal consolidation and jeopardize debt sustainability.	• Ramp-up PFM as recommended to protect budget execution. • Enforce the proposed caps in spending throughout the year, particularly that executed through extraordinary procedures. • Put in place social programs to address potential adverse impacts on the most vulnerable groups.
Donor support vulnerabilities. Grant financing may be further undermined by an ongoing reprioritization of foreign aid by major donor countries.	**High**	**Short to Medium Term**	**High** • Scarcer donor support would increase debt sustainability and BOP risks.	• Speed governance and PFM reforms are critical to keep donor engagement.

Annex II. Central African Republic's Development Strategy

1. Central African Republic adopted, in December 2024, a National Development Plan as part of its Poverty Reduction and Growth Strategy. This new NDP, which takes over from the *2017-2021 National Plan for Recovery and Peace Consolidation*, covers the period 2024-2028. It serves as a roadmap for the country's long-term development vision and strategy to exit fragility, emphasizing the enhancement of human and physical capital, the strengthening of resilience and economic inclusion, and the improvement of governance and the rule of law. The plan is the culmination of an extensive process of consultations and collaboration among the government, technical and financial partners (TFPs), the private sector, civil society, and local communities.

2. The NDP is formulated around five strategic pillars that align with regional and international development objectives. Building on the key priorities identified during the nationwide consultations, the plan is organized around five strategic pillars: (i) strengthening security and promoting governance and the rule of law, (ii) ensuring human capital development and facilitating equitable access to quality basic social services; and (iii) developing resilient and sustainable infrastructure, (iv) boosting inclusive and sustainable economic growth, and (iv) preserving environmental sustainability and strengthening resilience to climate change. In this respect, the NDP is aligned with achieving developmental goals under the African Union's development agenda, as well as with the UN's Sustainable Development Goals.

Figure 1. Real GDP Growth: NDP (2023-2028) vs NDP (2017-2021) vs Staff Estimates



Source: NDP (2024-2028) and Staff estimates

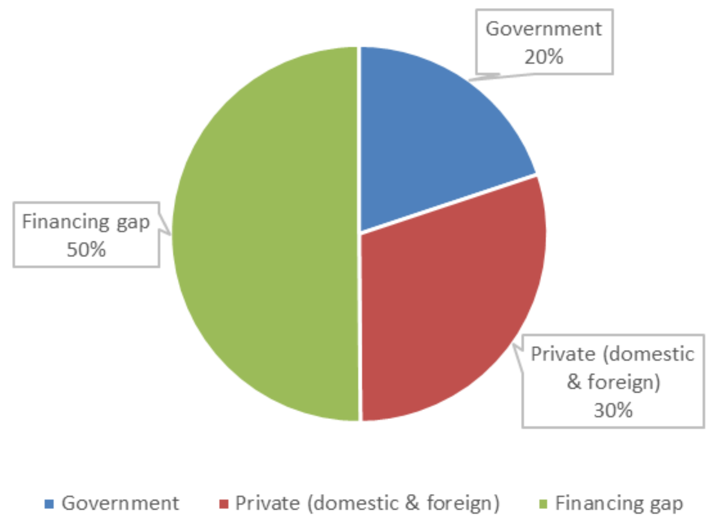
3. However, the anticipated outcomes appear ambitious in light of the achievements of the previous plan and the historical record of reform implementation. Real GDP is projected to grow at a rate exceeding historical averages, with an anticipated growth rate of 6.8 percent by 2028. (Figure 1). This would represent the highest growth rate the country has achieved since 1995, exceeding the historical average growth rate by nearly threefold. Staff has a more conservative outlook for growth, projecting that real GDP will increase gradually and modestly, reaching 3.7 percent by 2028. Other macroeconomic outcomes also look ambitious compared to staff estimates (Table 1): tax revenue to GDP ratio (9 percent vs 8.2 percent), grants to GDP ratio (9.6 percent versus 5,5 percent). Spending plans are projected to be twice as high as staff current estimates, which could further raise the fiscal deficit given the optimistic revenue projections. As a result, government debt is projected to be about 9 percentage points of GDP higher than staff estimates. The plan is more optimistic about access to external financing (49.9 percent of GDP) relative to staff estimates (31.7 percent of GDP).

Table 1. Central African Republic: Other Macroeconomic Indicators

	NDP	IMF - Latest Staff Estimates
Tax revenue (% GDP)	9	8.2
Grants (% GDP)	9.6	5.5
Expenditures (% of GDP)	36.6	18.8
Interest payment (% of GDP)	2.8	1.0
Wages (% of GDP)	8.5	5.8
Goods & Services (% of GDP)	5	2.9
Government gross debt (% of GDP)	67.6	58.7
Domestic (% of GDP)	20.7	27.0
External (% of GDP)	46.9	31.7

Source: NDP (2024-2028) and Staff estimates

Figure 2. Financing Needs



Source: NDP (2024-2028)

4. **The NDP still has a substantial financing gap that needs to be closed.** To achieve its key objectives, the plan outlines an ambitious budget aimed at enhancing economic, social, and institutional development over the next five years. The financing of the NDP is estimated at CFAF 7,040 billion, with only 20 percent of this amount expected to be generated through domestic revenue mobilization (Figure 2). The private sector is expected to account for 30 percent of the financing of the NDP. Authorities still need to identify how this private sector financing will be mobilized. The outstanding financing gap that needs to be closed with external financing has yet to be identified.

5. **Public investment and structural reforms outlined in the National Development Plan are expected to enhance potential growth in the medium term.** The NDP roadmap has a very ambitious investment plan estimated at $12.8 billion over 2024-28. Key priority sectors include (i) scaling up basic rural infrastructure (31.3 percent), (ii) expanding access to basic social services for the most vulnerable groups of the population (27.3 percent), and (iii) boosting agro-industrial growth along the value chains (23.4 percent). By raising the productive capacity and improving the labor force quality, this investment plan is expected to boost potential output. Furthermore, the structural reform agenda—notably in the areas of structural fiscal, transparency, governance, and peacebuilding—under the NDP will help enhance resource allocation and total factor productivity.

6. **The NDP is aligned with the authorities' reform priorities, supported by the Extended Credit Facility (ECF) arrangement**. Successful implementation of this ambitious plan will help: (i) preserve macroeconomic stability, (ii) reduce debt vulnerabilities, (iii) build local institutional capacity, (iv) improve governance, (v) build the foundation for inclusive and sustainable growth. Domestic revenue mobilization—especially in the fuel sector—is a central element of the ECF program. The plan will build on the recently adopted fuel action to boost domestic tax collection. It has transformative action plans in each pillar to meet its key objectives.

7. The authorities are also committed to implementing transformative reforms to address rising vulnerabilities to climate change. Despite its rich and diverse ecosystem, CAR is highly vulnerable to climate shocks. Seasonal floods and droughts have been giving rise to significant output losses and volatility. By generating emergency spending needs, these climate shocks have also been a major fiscal risk. The government is steeping up climate-friendly reforms. A National Climate Adaptation Plan (PNA) and a related Investment Framework (REDD+) were adopted in 2019 and 2020, respectively. With support from the World Bank, the authorities have initiated a study on Natural Capital Accounting and Climate Finance (NCA) in the Congo Basin forests, aimed at assessing the value of forest resources and their impact on domestic revenues. They have expedited efforts to expand protected forest areas in view of benefiting from carbon credits.[1]

8. Continued IMF engagement could play a central role in supporting the implementation of this NDP. The catalytic role of Fund engagement will be of paramount importance to close the NDP financing gap. Most notably, IMF engagement will help build reform momentum and catalyze donor financing, by providing a sound macroeconomic framework for domestic economic policies and reforms. It will also contribute to government efforts to exit fragility by further strengthening of PFM systems, fiscal institutions, and overall governance. Given the country's fragility and weak institutional capacity, hands-on and field-based TA is needed to support reform momentum and improve data quality and scope. The appointment of the PFM Resident Advisor is a critical element of IMF engagement with CAR's authorities.

[1] Taking advantage of the Chinko natural reserve, CAR recently received US$400,000 in carbon credits from the South African NGO, African Parks.

Annex III. Country Engagement Strategy

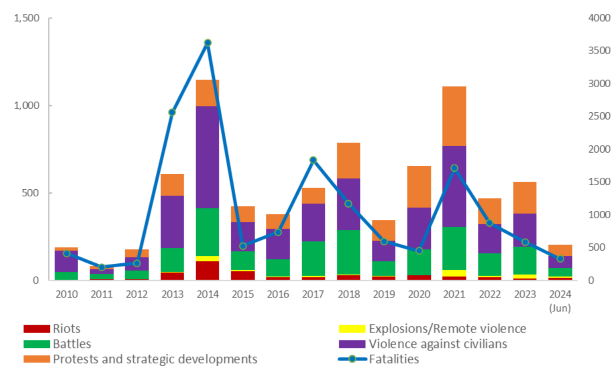
Context and Challenges

1. **The Central African Republic (CAR) is a low-income, landlocked country characterized by a paradox of rich natural resources and widespread poverty.** Home to approximately 6.4 million people, CAR spans 622,980 square kilometers—similar in size to France. Despite its wealth in minerals like gold, diamonds, uranium, and iron ore, along with a diverse ecosystem, over two-thirds of its population lives below the poverty line. The nation ranks 191st out of 193 countries in the 2024 Human Development Index, highlighting severe deficiencies in life expectancy and educational attainment. This situation reflects a deep-rooted fragility due to a history of conflict, weak governance, resource-driven power struggles, political instability, geographic isolation, and low population density. All these factors have undermined development and triggered humanitarian crises..

2. **CAR stands at a critical juncture as it seeks to transition from humanitarian reliance to economic development, aiming to harness peace dividends.** The current regime has shifted its focus from mere survival to regaining control over the nation's destiny. However, this political momentum faces challenges, including limited fiscal space and critical needs in public service delivery, particularly outside the capital, Bangui. For example, only 15.7 percent of the population has access to electricity, significantly lower than in other fragile or conflict-affected nations.

3. **To address these challenges, the government unveiled a new National Development Plan (NDP) for 2024-2028,** focusing on five pillars: improved security, governance, human capital development, infrastructure, and private sector growth. However, the estimated financing required for this plan remains unclear, with external funding sources declining and shifting towards humanitarian agendas, intensifying tensions with the government's development objectives.

Figure 1. Number of Conflict events and Related Fatalities



Source: ACLED

4. **The Fund plays a crucial role in advocating for a stronger political focus on economic issues in CAR.** Given the historical dominance of geopolitics in policy discourse, the IMF's advocacy should emphasize macroeconomic stability, governance strengthening, and private sector development. A robust economy can contribute to improved livelihoods, reduced poverty, and enhanced social cohesion.

Drivers of Fragility

5. **According to the FY25 IMF's classification of fragile and conflict-affected states, CAR is among the most fragile, primarily due to its tumultuous history marked by numerous coups and the civil war that erupted in 2013.** This war caused widespread destruction of infrastructure and displaced a quarter of the population. Despite a reduction in conflict events since 2021, the country remains at risk of instability and humanitarian crises. These conflicts have led to increased internally displaced persons (IDP), refugees, food insecurity, malnutrition, and social instability. The current ECF program advances the country's poverty reduction and growth objectives, particularly though structural reforms to strengthen revenue administration, governance, PFM, and the efficiency of the fuel market (Tables 9a and 9b).

6. **The fragility in CAR stems from multiple interrelated factors, including:**

- **Resource curse**: The dependence on the natural resource sector has led to corruption and elite contestation, weakening governance. The struggle for control of resources has fueled violence and instability.
- **Weak governance**: Power is concentrated among a small elite, hindering inclusive governance and perpetuating economic fragility. Corruption and elite capture undermine effective policymaking and public service delivery.
- **Political instability**: CAR has experienced numerous political coups since its independence, characterized by struggles among elites to capture resources. This instability fosters a culture of exploitation and weakens governance.
- **Geographical challenges**: CAR's landlocked position and poor infrastructure complicate trade and access to services, hindering economic development. The lack of paved roads and reliable transportation as well as the prohibitive price and reliability of fuel supply increase costs for businesses.
- **Low population density**: With a population density of around 8-9 people per square kilometer, the government faces challenges in providing services across vast areas, further complicating economic development.

Constraints to Reform*s*

7. **Reforms in CAR are potentially constrained by several factors:**

- **Centralized power structures**: Concentration of political power among a small elite leads to resistance against inclusive reforms.
- **Weak institutions**: Corruption and ineffective regulatory frameworks hinder private sector investment and economic growth.
- **Socioeconomic conditions**: High levels of poverty and food insecurity create resistance to long-term reforms, as populations prioritize immediate survival needs.

- **Security challenges**: Ongoing violence and the presence of armed groups divert attention and resources away from reform initiatives.
- **Limited international support**: External pressures and conflicting interests complicate the reform process, limiting the effectiveness of international assistance.

Macroeconomic Policies for Recovery

8. CAR's exit from fragility could be anchored around four key pillars:

- **Macroeconomic stability.** A robust medium-term fiscal strategy is essential, focusing on increasing fiscal space for social and developmental needs while ensuring debt sustainability. Currently, CAR's tax-to-GDP ratio is below 10 percent, below the African average of 20 percent. Strengthening domestic revenue mobilization and optimizing natural resource revenue (mining and forestry) should become a core pillar of a medium-term revenue-led fiscal consolidation strategy. Effective public debt management and securing concessional financing are also crucial.
- **Public services and infrastructure.** Enhancing public services and infrastructure is vital for economic activity and living standards. Only 11 percent of the population has access to electricity, and substantial investment in roads, electricity, and healthcare is necessary.
- **Governance and transparency.** Strengthening governance frameworks and combating corruption are vital for fostering public trust and investor confidence. Learning from successful anti-corruption measures in other countries can inform CAR's strategy.
- **Developing new growth drivers.** The weak economy and lack of job opportunities are central to CAR's challenges. Over 92 percent of Central Africans prioritize job access, necessitating stronger private sector development. The National Development Plan (NDP) 2024-28 emphasizes active policies to stimulate productive sectors alongside governance reforms. Key sectors for growth include agriculture and livestock, forestry, and mining.

Capacity Development Priorities

9. The authorities' capacity development (CD) priorities focus on addressing fragility and building institutions while coordinating with partners. CD efforts target the root causes of fragility and aim to enhance public financial management, revenue administration, and governance. Despite progress, implementation remains slow due to low capacity. The CD strategy is presented in Annex III.

Collaboration with Other Development Partners

10. Coordinating with other partners is essential for effectively tailoring the IMF's engagement with the CAR. Key multilateral and regional partners, including the African Development Bank (AfDB), European Union (EU), and World Bank (WB), provide crucial grants and concessional financing aligned with the National Development Plan (2024-28). Their focus areas include infrastructure development, poverty reduction, human development, and access to basic public services. They also address cross-cutting issues such as conflict, gender equality, climate change, and digital technology.

11. **These multilateral institutions offer technical assistance aimed at enhancing capacity in various development sectors, including rural infrastructure and public investment management.** The EU Delegation in CAR is particularly focused on peacekeeping, humanitarian aid, rural development, and strengthening democracy, while also improving public financial management.

12. **Specialized organizations continue to play a critical role. For example, the World Food** Programme (WFP) and Food and Agriculture Organization (FAO) provide essential humanitarian assistance and focus on food security and sustainable agriculture, addressing high food insecurity in the country. The UN Development Programme (UNDP) and World Health Organization (WHO) are also key players, focusing on human development and health services, respectively. UNICEF targets humanitarian aid for children, while the UN Multidimensional Integrated Stabilization Mission in CAR (MINUSCA) works to protect civilians and support transitional processes.

13. **Finally, systematic debriefing of Fund missions with CAR-based partners will enhance collaboration and knowledge exchange,** amplifying the IMF's impact and improving coordination in capacity development.

Potential Risks to IMF Engagement

14. **The IMF-supported program remains a key anchor for reforms, as well as for financing and catalyzing support of other IFIs.** Going forward, continued Fund engagement would facilitate exit from fragility and made necessary by the protracted BoP problems.

15. **Past and Current IMF Engagement.** The CAR has maintained a long-standing relationship with the IMF since joining, engaging in 18 arrangements focused on the Poverty Reduction and Growth Trust, primarily through Extended Credit Facility (ECF) arrangements. CAR has also benefited from HIPC initiatives, debt relief under MDRI, and participated in the DSSI. Recent ECF programs have been on track despite challenges.

16. **Current Reforms and Challenges.** Reforms initiated in 2023 have improved macroeconomic stability, bolstered fiscal institutions, and supported social spending, leading to economic growth, and improved revenue collection. However, risks remain, and the reform agenda is crucial for sustainable progress. Lessons from previous engagements suggest a focus on depth in reforms, assessing authorities' commitment, and ensuring adequate technical assistance.

17. **Main Risks to IMF Engagement.** The IMF's engagement with CAR faces significant risks, including ongoing security issues, weak state legitimacy, corruption, and high staff turnover, which threaten program performance and long-term reforms. The involvement of foreign forces could further strain diplomatic relationships.

18. Mitigation Strategies. To mitigate these risks, the Fund should balance the need for technical assistance with local capacity limitations and enhance program monitoring through closer collaboration with local entities.

Annex IV. Capacity Development Strategy

1. **Authorities' CD priorities focus on addressing CAR's fragilities while considering the local context and coordinating with partners.** The CD engagement, coordinated with TA experts and field-based partners, targets the root causes of fragility, promotes digitization, and reduces debt vulnerabilities, food insecurity, gender disparities, and climate change (Table 1). These priorities align with the 2024 Country Engagement Strategy and the authorities' agenda outlined in the 2024-28 National Development Plan. Intensive technical assistance has facilitated reforms, including a new convention with banks for transferring public revenues to the TSA, integrating extra-budgetary revenues into the budget, and strengthening revenue administration. Despite this progress, capacity remains low, and implementation has been slower than anticipated. From 2019 to 2022, the authorities reached an understanding with the Fund on the updated capacity-building strategy within the context of the CBF pilot project.

Table 1: Central African Republic: CD Growth Areas in Order of Priority for 2024

Order	Growth areas
1	Fragile and Conflict States (FCS)
2	Public Digitalization
3	Debt
4	Food Security
5	Poverty
6	Gender
7	Climate Change
8	Fragile Countries (on previous FCS list no longer on latest FCS list)

2. **CD delivery is predominantly centered around public finances, reflecting CAR's weakness in fiscal capacity (Figure 1)**. In 2024, CD spending on public finances was nearly 75 percent of total CD spending, followed by statistics (20 percent) and monetary and financial systems (5 percent). CD delivery in public finances, in turn, is dominated by Public Financial Management (PFM), Expenditure Policy (EP) and Domestic Revenue Mobilization (DRM). CD spending in CAR is primarily financed though non-regional sources (78 percent).

3. **Authorities have pursued a dynamic reform agenda as part of the Capacity Building Framework (CBF) pilot project**. After reviewing the reform progress from 2017-18, the CBF strategy was revised in June 2019. Although the National Statistical Institute (ICASEES) has a website, it still lacks sufficient capacity to produce and publish data online. The CD strategy will be closely aligned with program objectives, and hands-on, field-based technical assistance from IMF and AFRITAC Central will be crucial for the successful implementation of reforms supported by the ECF program. For FY25, the CD workplan for CAR is focused on public financial management (41 percent), revenue administration (36 percent), debt management (10 percent), National Accounts (6 percent), and Government Finance (6 percent). The total CD budget is estimated at USD 1.7 million, of which 83.5 percent is externally financed. As part of the IMF data standards initiatives, a TA

mission is under discussion with ICASEES to launch the National Summary Data Page, which would improve data transparency and enhance dissemination standard.

4. Fuel market reform: In 2022H2, persistent disruptions in fuel supply drove up local prices and transportation costs, hampering economic activity and significantly reducing government revenue. A key reform under the ECF program aims to restore a well-functioning fuel market by introducing a new pricing structure. Although the government has adopted an action plan to achieve this, lingering challenges are slowing down the reform's progress. The plan's design has benefited from IMF technical assistance. Given the critical role of the fuel sector in CAR's economy, continued support to ensure a stable and affordable supply should be a top priority on the CD agenda.

5. Domestic revenue mobilization (tax and customs administration): IMF's technical assistance through the Revenue Mobilization Trust Fund has supported DRM reforms over the years, but significant challenges in revenue collection remain. A Tax Expenditures Assessment is essential to pinpoint the root causes of gaps in tax policy and compliance. Efforts should prioritize broadening the tax base and addressing potential loopholes, particularly in the informal sector. The government has started to tackle this issue, with a focus on the agricultural, forestry, and land sectors. Despite some policy shortcomings, progress has been made since the current program was approved. Recent DRM reforms include E-Tax, *Menues Recettes*, and Sydonia World.

6. Public financial management: Many of the factors contributing to CAR's fragility stem from weaknesses in public financial management (PFM). PFM reforms are a key component of the ECF program. Current and upcoming capacity development (CD) priorities in this area include: (i) establishing the treasury single account, particularly its expansion to entities beyond the central government; (ii) enhancing commitment controls and integrating them into the budget execution process to manage spending more effectively; (iii) implementing the IFMIS, with a focus on the SIM_BA application; (iv) clearing the backlog in public accounting to allow production of accounts for the last four fiscal years (2021–2024); (v) shifting to medium-term budgeting and accrual accounting over the medium term; (vi) utilizing digital technology to ensure effective revenue collection and monitoring; and (vii) linking the tax and customs administrations.

7. Public procurement: The EU's latest PEFA report identified significant gaps in public procurement and obstacles to spending efficiency. The report also outlined priority reforms aimed at enhancing the effectiveness of public service delivery. Further, TA efforts could target areas such as fiscal risk management, public wage policies, and the management and oversight of state-owned enterprises.

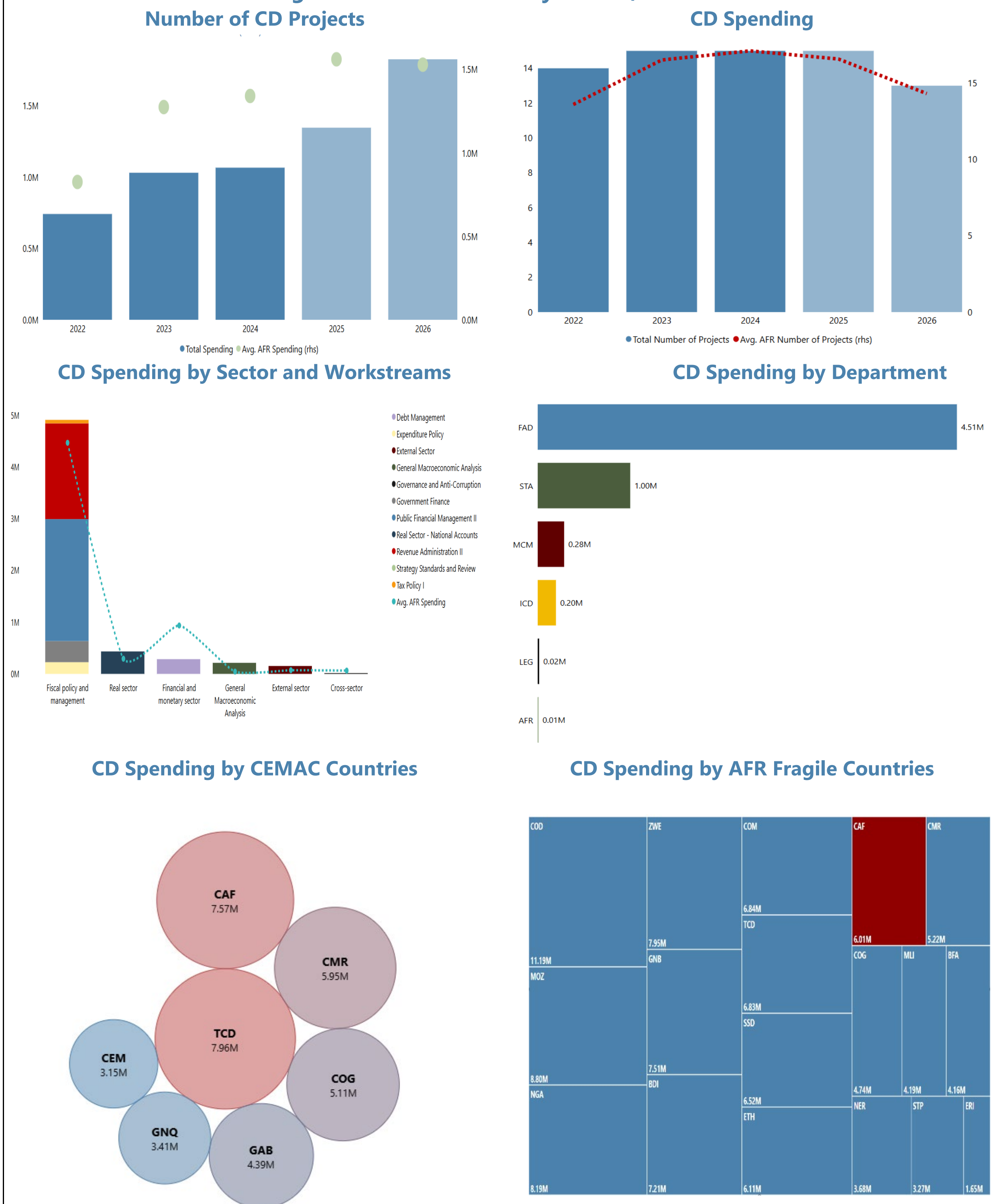
8. Fiscal Transparency and Financial Integrity: The 2021 Governance Diagnostics report by the IMF identified significant gaps in transparency and financial integrity (IMF, 2021) and proposed reforms to enhance transparency, strengthen legal frameworks against corruption, digitize legal processes, and reinforce oversight institutions. Although there have been delays, some reforms, including ANIF, have been implemented. Conducting a stocktaking exercise and updating the 2021 report would further advance this agenda. Further, technical assistance on Fiscal Responsibility

Legislation and a Fiscal Transparency Assessment would identify gaps in reporting and align with international best practices though not contemplated at this stage.

9. Economic, financial, and external sector statistics: CAR's limited administrative capacity results in significant gaps in the production and transparency of statistics, which may hinder the data needed for Fund surveillance and program monitoring. An LTX at AFRITAC Central was assigned at end-2023 to assist with the external sector statistics compilation. Capacity development should focus on improving reporting in key areas, including discrepancies in debt flows and stocks, central and general government records, the sovereign-banking nexus, auditing, and the classification and registration of public arrears (domestic and external), as well as government guarantees and contingent liabilities. IMF and AFRITAC Central Technical assistance, along with the new Resident Advisor for Monetary Policy and Operations, is essential for strengthening local statistical capacity. To effectively tailor capacity development, technical assistance should support the government's National Strategy for the Development of Statistics, which focuses on four pillars: (i) enhancing the legal framework and governance of the National Statistical System, (ii) building local data production capacity, (iii) improving the scope, quality, and geographical coverage of national statistics, and (iv) enhancing the dissemination, analysis, archiving, and management of statistics.

10. Public debt management: Limited capacity to manage public debt has placed CAR at high risk of debt distress. Additionally, the debt portfolio is exposed to interest rate risks due to minimal access to grants and concessional loans, combined with an increasing reliance on costly domestic financing. The country also faces ongoing issues with both domestic and external arrears. The establishment of the debt management office has been supported by the ECF program and technical assistance from the IMF and other donors. Additionally, the country has been developing a Medium-term Debt Management Strategy, with support from AFRITAC Center. Capacity development priorities should focus on enhancing the technical expertise of the debt management office, taking stock of existing arrears, and devising a clear and credible plan for clearing these arrears.

Figure 1. Fund CD Delivery in CAR, FY22-26



Source: AFR Customized Capacity Development Dashboard.
Notes: 1) Includes projects in "Approval", "Execution", and "Complete" stages and Single CD Country. 2) Sector was defined by CD departments, each CD workstream was categorized into Economic and Financial Topic. 3) Current FY and onward data is projection and subject to change.

Appendix I. Letter of Intent

Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
700 19th Street, NW
Washington, DC 20431
USA

Bangui, May 19, 2025

Madam Managing Director:

1. **The Central African Republic continues to make strides towards consolidating peace and laying the foundation for sustained economic development**. Our government's significant investments in consolidating peace since the 2013 military-political crisis, are paying off, as the national army regained near-total control of the CAR territory. Aside from occasional incidents, most major localities have been pacified, paving the way for a redeployment of the administration across the national territory. Local elections—the first in 36 years—are planned in 2025 and should help consolidate these gains and strengthen public service provision at the grassroots level. Geopolitical tensions have also eased, as evidenced by France's recent EUR 10-million budget grant. Building on these major achievements, the focus of our government has resolutely shifted towards laying the foundation for sustainable economic development, as recently outlined in our new National Development Plan (NDP) 2024-2028.

2. **However, with the peacebuilding dividends come greater expectations on the role of the government, exacerbated by international aid contraction**. Demand for public services has exponentially increased as the government pursuits the redeployment of public entities across the country. This includes new staffing, infrastructure, and equipment needs for financial authorities, police, and local administrations throughout the country. Moreover, we have initiated the process of restructuring our national army from forces centralized in Bangui, the capital city, to a decentralized system of independent garrisons to reinforce peacebuilding achievements. Further, the suspension and funding cuts of some USAID-financed projects, compounded with pre-existent trend of international aid withdrawal could increase food insecurity and social service's needs. These factors come in addition to the existing humanitarian and economic investment needs, estimated at CFAF 7,040 billion (approx. USD 12.8 billion) over the next 5 years under the new NDP.

3. **As the result, fiscal performance under the program has suffered in 2024 but we have adopted corrective measures to meet the 2025 targets**. Despite higher revenues, the primary deficit target in June 2024 was exceeded by CFAF 22.5 billion, and CFAF 33.5 billion at end-December 2024, reflecting increased social and security pressures as detailed above. Moreover, the ceiling on net domestic financing at end-June and end-December 2024 was exceeded in part to compensate for delays in donor disbursements. However, we have taken corrective measures to meet 2025 quantitative performance criteria (QPC), notably including (i) the adoption of a revised 2025 budget in line with Fund recommendations, (ii) new emergency revenue measures, such as the suspension of

all exceptional tax exemptions and the setup of an IMF TA-supported task force on tax compliance controls and (iii) a tightening of spending, especially through extraordinary procedures.

4. **We successfully managed to meet most of the March 2025 indicative targets, demonstrating our commitment to the ECF-supported program.** Our domestic revenue-mobilization efforts continue to pay off, as domestic revenues reached CFAF 45.1 billion at end-March 2025. The revised budget has domestic revenues growing to a record CFAF 186 billion by end-2025—i.e., a gain of 1.8 percent as a share of GDP over the last two years. We are determined to pursue reforms in this area, including the ongoing rollout of our new domestic tax management system, eTax, which recently recorded its first online tax payments. We are also taking steps to expedite the operationalization of eTax's cross-check module, while already leveraging existing cross-institutions taxpayer databases to manually detect and control suspicious tax declarations with IMF TA support. In addition, our efforts to contain spending helped us meet the domestic primary deficit IT for end-March, while we missed the net domestic financing IT as we had to use a portion of the funds raised in regional markets last year to repay external creditors. The revised budget has the nominal domestic primary deficit reduced by half, to CFAF 40 billion or 2.1 percent of GDP, therefore protecting debt sustainability.

5. **The implementation of our structural reform agenda has been challenging, but corrective measures have been proposed**. Two out of seven structural benchmarks (SBs) for the combined third and fourth reviews have been met, including (i) the issuance of a ministerial decree outlining minimal criteria for official taxpayer recognition by the tax office and (ii) improving the effective use of SIM_Ba by providing to all staff in charge of the accounting function at the Treasury with the necessary IT equipment and training. The adoption of the decree to operationalize the new asset declaration requirements under the ECF-sponsored new anticorruption framework has been implemented with a delay. In addition, other important structural reforms were implemented, notably: (i) the operationalization of the Financial Intelligence Unit (ANIF) in the 2025 budget; (ii) the issuance of a ministerial circular restricting expenditure eligible for extraordinary procedures, and (iii) the optimization of the exemptions module of ASYCUDA World and its effective use. Unfortunately, the fuel reform-related SBs as well as the preparation of a fiscal risk statement covering Sango-related initiatives have not been met due to delays in procuring the necessary technical assistance from donors. However, we commit to implementing on time nine new SBs related to revenue administration, fuel market efficiency and public financial management to strengthen our institutional framework and fiscal performances.

6. **Despite the recent progress, the economic and social situation remains precarious, necessitating further support from the international community**. We have made significant progress in improving relationships with our international partners and securing the necessary grant financing to meet our budget needs, as reflected in the 2025 revised budget with grant financing from the WB. Given the existing debt vulnerabilities, increased grant support from the international community will be needed to help us meet the growing humanitarian and economic needs of the population, while continuing to build our revenue mobilization capacity. Indeed, our ongoing reliance

on commercial borrowing in the regional market has resulted in the rapid build-up of refinancing risks and is not sustainable in the long run.

7. To support our efforts, we request the completion of the third and fourth reviews under the Extended Credit Facility, which will make available an amount equivalent to SDR 43.22 million and the completion of the financing assurances review. The amount of the disbursement includes the full amount allocated for the third and fourth reviews. In addition, we request a waiver for nonobservance of the PCs related to the end-June 2024 and end-December 2024 domestic primary deficit, net domestic financing, and non-accumulation of external arrears. Due to the delays in securing funding for the audit on fuel procurement costs, we also request to reschedule the completion of the related SB from the third to the fifth review. We also request to reschedule the completion for the SB on the adoption of a quarterly pump price adjustment mechanism from the fourth to the sixth review and to revise the scope of the continuous SB on fuel price structure publication, as these SBs are dependent on the completion of the abovementioned audit. Finally, due to operational delays, we request to reschedule the completion of the SB on the preparation of a fiscal risk statement on the Sango project from the third to the sixth review.

8. We intend to use the IMF financing through the safeguards defined at the time of program approval. We commit to leave 90 percent of access in CAR's SDR account to prefinance payments to the Fund for the next six months. We also request that the remaining 10 percent of access be deposited at CAR’s escrow account at BEAC to continue supplementing a WB’s operation to finance certain spending in critical service delivery areas.

9. We are convinced that the measures and policies set forth in the MEFP are appropriate for meeting the objectives of the ECF arrangement. Nevertheless, we stand ready to take any additional measures that might be necessary to achieve these objectives. The government plans to consult with the IMF in advance of any revisions to the policies contained in the MEFP, in accordance with the rules on such consultation. Moreover, we will provide Fund staff with all data and information necessary to assess the policies and measures presented in the Technical Memorandum of Understanding (TMU).

10. We intend to publish the IMF staff report, including this letter of intent and the attached MEFP and TMU. We therefore authorize Fund staff to publish these documents on the IMF website once the Executive Board has completed the combined third and fourth reviews of the ECF arrangement.

Very truly yours,

_____________/s/_____________	_____________/s/_____________
Hervé Ndoba	Félix Moloua
Minister of Finance and Budget	Prime Minister

Attachments:
- Memorandum of Economic and Financial Policies (MEFP)
- Technical Memorandum of Understanding (TMU)

Attachment I. Memorandum of Economic and Financial Policies

This Memorandum of Economic and Financial Policies (MEFP) discusses recent macroeconomic developments, medium-term outlook and risks, as well as the International Monetary Fund's (IMF) Extended Credit Facility (ECF) program objectives. It also lays out the economic policies and structural reforms that we intend to implement to achieve these objectives.

A. Background

1. The Central African Republic continues to face several challenges. The situation of the fuel market remains precarious. Although fuel imports increased compared to 2023, the weak implementation of some reforms under the ECF-supported arrangement has not made it possible to carry out the river import campaign adequately, achieve the country's potential fuel revenues, and reduce pump prices. We recognize the need to strengthen control of hydrocarbon import costs, increase the proportion of river imports and improve the transparency and application of fuel sector regulations. This approach will help, among other things, to increase fuel revenue and create space for the adoption of a mechanism to adjust pump prices based on international oil price changes.

2. The government will continue reforms under the ECF-supported arrangement. Since the second review of the program, our efforts have been focused on enhancing the functioning of the tax administration through digitalization, improving spending and fiscal risk management, transparency and anticorruption, as well as public financial management. In particular, the strengthening of the Financial Intelligence Unit (ANIF) and the submission to Parliament of the law governing the status and functioning of the Court of Auditors as well as its financial and operational independence (***prior action***) are key measures to attract the support of development partners and investments to thus generate strong and inclusive economic growth.

3. The adequate provision of basic public services to the population remains one of our priorities to support economic growth and social development. Demand for social protection and basic infrastructure, including electricity, has increased recently with the improvement in the security situation in most of the country's territory. Despite the limited fiscal space, efforts are being made to meet these demands while consolidating security gains.

4. In a difficult macroeconomic context, we have remained current on IMF obligations. Those obligations amounted to SDR 17.3 million (around CFAF 13.5 billion, or 0.8 percent of GDP) between end-December 2024 and early May 2025. We are committed to remaining current with the IMF, while creating fiscal space to ensure the vital functions of the State. Capacity building and technical assistance, remain necessary to achieve the Government's objectives.. We are also committed to ensuring utmost transparency in macroeconomic management to conduct successful public policies and reassure development partners. Continued collaboration with the international financial community is essential to support the country's reform and macroeconomic stabilization efforts.

5. We have developed a National Development Plan 2024-2028 (NDP), with a transformative vision and reforms to lift the country out of fragility. Weak growth and high poverty, sporadic incidents of violence, internally displaced people and refugees, are factors accounting for the country's fragility. Moreover, the consequences of the crisis in Ukraine, conflicts in the Central African region, climatic hazards and deteriorating terms of trade are other challenges with dramatic impacts. The NDP "*From recovery to sustainable and inclusive development of the Central African Republic*" includes a strategy to address these challenges and the country's fragility. The Plan is aimed at structural economic transformation, through the following pillars: (i) equal access to basic social services strengthening security, promoting governance and the rule of law; (ii) ensuring equitable access to quality basic social services and promoting the development of quality human capital; (iii) developing resilient and sustainable infrastructure; (iv) accelerating production and development of value chains in productive sectors for strong, inclusive and sustainable economic growth; (v) environmental sustainability and resilience to crises and the effects of climate change. These strategic pillars are fully aligned with the priorities of the international development agendas to which the Central African Republic has committed.

B. Recent Macroeconomic Developments

6. Growth remained subdued in 2024, following a challenging year in 2023. Real GDP grew by 1.9 percent, following a 0.1 percent contraction the previous year. High operating costs, pockets of insecurity, and erratic energy supplies continue to weigh on activity. Timber exports remained resilient, but gold exports declined due to insecurity in mining areas, despite favorable global prices. Fiscal constraints and fuel supply difficulties dampened demand and increased uncertainty. Inflationary pressures eased in 2024, despite a surge in food prices in the fourth quarter.

7. Domestic revenues increased significantly between 2023 and 2024, rising from 132.5 billion to 155.5 billion FCFA, above the target of CFAF 155 billion. Such performance results from an increase in revenues from fuel imports (to CFAF 17.8 billion) as well as the sale of an operating license for the new 4G network (CFAF 10 billion), an external donation of wheat (CFAF 4.1 billion) and BEAC dividends (CFAF 3.8 billion).

8. On the other hand, the primary fiscal deficit deteriorated substantially. At end-December 2024, the deficit stood at CFAF 83.5 billion, above the target of CFAF 50 billion (cash basis). This deviation was due to some accrued expenditures from December 2023 paid in January 2024 (CFAF 7.5 billion), exceptional investment costs (CFAF 4.2 billion), and fees on regional syndicated debt (about CFAF 6 billion). Spending overruns were also found for the procurement of military motorbikes and food allowance (total of CFAF 4 billion), mission travels (CFAF 6.7 billion), and conference organization (CFAF 2.2 billion). These overruns occurred in the context of the use of exceptional procedures. The excess in the deficit made net domestic financing reach CFAF 90.3 billion, surpassing the adjusted target of CFAF 57.3 billion.

9. We recognize the need to strengthen fiscal discipline and have implemented corrective measures that have enabled us to achieve most of the program's fiscal targets by end-March 2025. Our fiscal performance during the first quarter allowed us to meet the indicative performance criteria for domestic revenue and the domestic primary budget balance. This performance is the result of continued revenue mobilization efforts, including from the granting of 4G licenses. It is also explained by deliberate measures to rationalize spending, such as reducing mission travels, strengthening public procurement controls, and controlling expenditure incurred through exceptional procedures.

10. Tightening regional liquidity has impacted our ability to raise financing. Our government had to go through expensive syndications in the CEMAC debt market –as opposed to adjudications— to achieve full subscription to cover 2024 and part of 2025 maturities. These dynamics followed a tightening of regional liquidity, in a context of increased financing needs and a delay in the disbursements of budgetary support from certain donors. To manage maturities through 2028, it is key to strengthen the fiscal position, further rely on grants and concessional external financing, execute the medium-term debt strategy, and establish closer communication with primary dealers.

11. However, the external position remained stable, with the current account deficit (including grants) at 9 percent of GDP at end-2024. This is due to higher fuel import transportation costs, partially offset by increased diamond and wood exports and more donor support. Moreover, the external position recorded an increase in external support, including a EUR10 million grant from France last December.

C. Economic Outlook and Risks

12. The outlook hinges on improved energy supply and aggregate demand in an election year. Growth is projected to accelerate to 3.0 percent in 2025, supported in part by a diesel donation from the Russian Federation equivalent to six months of domestic consumption. The donation strengthened energy security and created some fiscal space that enabled a much-needed reduction in pump prices in May 2025. In addition, the deployment of 4G and mobile money services, the lifting of sanctions on diamond exports, and the boost to infrastructure work related to the Corridor 13 project financed by the African Development Bank could boost the services, mining, and construction sectors. Average inflation is expected to rise to 4.6 percent in 2025, then converge to around 3 percent in the medium term. Regional financing conditions are expected to remain challenging. However, the medium-term growth outlook remains favorable, supported by increased security and strengthened fuel supplies. The baseline scenario also assumes continued access to various sources of financing. If medium-term fiscal targets are met, the domestic primary deficit could decline from 4.9 percent of GDP in 2024 to less than 2 percent in 2026. At the same time, the current account deficit (including grants) is expected to decline from 9 percent to 4 percent of GDP over the same period.

13. The macroeconomic outlook remains, however, exposed to significant downside risks. These include difficulties in refinancing domestic debt, delays in accessing additional concessional external financing due to delays in implementing governance and transparency reforms, a resurgence of fuel shortages, budget overruns ahead of this year's local, legislative and presidential elections, the non-preservation of the security gains as well as an intensification of humanitarian risks following the withdrawal of USAID. Conversely, more favorable economic developments could stem from fast-tracking the implementation of structural reforms, consolidating peace throughout the entirety of the territory, and significant revenue mobilization gains and public spending control.

D. Economic and Financial Program Targets and Policies

Short- and Medium-Term Fiscal Policy

2025 Fiscal Policy

14. The revised 2025 Budget Law that will be submitted to Parliament (prior action) is in line with the objectives of the ECF program. The budget establishes domestic revenues of CFAF 186 billion, a domestic primary deficit of CFAF 40 billion (2.1 percent of GDP), down from the CFAF 83.5 billion deficit (4.9 percent of GDP) achieved in 2024. This adjustment is driven by a 2.1 percentage points contraction in primary spending and a 0.7 percentage point increase in domestic revenues. After accounting for one-off spending in 2024, nominal primary spending would remain overall unchanged overall. Key spending control measures include significant reductions in mission travels and improved modeling of unforeseen expenses. We will also focus on cutting expenditures through exceptional procedures, as outlined in a Ministerial circular issued last February. We intend to extend the scope of this circular to meet fiscal targets.

15. We intend to implement significant revenue-raising measures. These will include: (i) ensure the success of the campaign to import fuel through the Ubangi river (¶27); (ii) increase recovery of tax arrears, especially to the tax agency (DGID); (iii) perform a manual cross-check of tax returns between the different tax agencies (¶25); (iv) sale of artisanal forestry permits; (v) pause tax and customs exemptions for companies with outstanding tax arrears (vi) ensure that the higher data consumption amid the new 4G network is reflected in higher collection from the telco tax (TIC-TECH); and (vii) apply the VAT on the transportation of goods imported from other CEMAC countries. We are also committed to ensuring the effective recovery of anticipated exceptional revenues, including the sale of additional 4G licenses (0.7 percent of GDP, of which 0.4 percent has already been collected).

16. The short-term impact of the USAID withdrawal appears more limited than anticipated. Although definitive statistics on the extent of the cuts are lacking, estimates of definitive suspensions range from $11 million to $39 million (0.4 to 1.3 percent of GDP), much less than the 4 percent initially projected. This is partly because a significant portion of the funds has already been disbursed and at least $17 million (0.5 percent of GDP) has been waived for humanitarian reasons. However, these cuts have significantly affected donor operations, particularly in the areas of food security and logistics. Although some donors have temporarily maintained their operations, the full extent of the impact will only be fully known in the coming years, given the significant uncertainty surrounding future US commitments. Furthermore, the macroeconomic impact could be much greater if CAR's main financial partners, such as MINUSCA, the World Bank, and the Global Fund, were to be affected. It is possible that the government would have to absorb some of the projects that could be cancelled or restructured.

17. The bulk of the deficit will be financed through the regional market and, to a lesser extent, by development partners. These include World Bank and African Development Bank operations (including disbursements originally due for late last year). We are convinced that, given the restrictive fiscal policy, still under the umbrella of the ECF program, the regional public securities market will be able to provide the amount of gross domestic financing needed to finance the Budget this year. In this context, we will continue to promote extended maturities to smoothen the public debt payment profile.

Medium-term Fiscal Policy

18. The medium-term fiscal policy will be based on domestic revenue targets and public debt sustainability. Our medium-term strategy will focus on significantly increasing our capacity to collect domestic revenues by around 1.4 percent of GDP annually between the end of 2024 and the end of 2028. This effort will be supported by the continued implementation of the eTax tool, including the cross-checking module, as well as a comprehensive reform of our tax (DGID) and customs (DGDDI) administrations. Combined with better prioritization of public spending, this approach will reduce fiscal financing risks, bringing the domestic primary fiscal deficit below 1 percent of GDP and the public debt stock to nearly 45 percent of GDP by the end of 2028 – compared to around 60 percent of GDP at the end of 2024. At the same time, we will continue our dialogue with our donors to unlock all budgetary support, which remains crucial to mitigate the State's liquidity risks and thus preserve the sustainability of public debt. The efforts already materialized with the approval of a EUR 25 million concessional loan by France.

Public Debt Management Policy

19. There will be large refinancing risks in the short and medium term. In 2024, we raised slighty less than CFAF 155 billion from the regional debt market, of which about CFAF 10 billion were used to make up delays of the disbursements from the AfDB, the WB, and the IMF. The greater reliance on domestic syndication costed about CFAF 6 billion in 2024 (0.35 percent of GDP) adding to the primary deficit. Market access will likely continue to tighten, in part due to a regional deterioration in liquidity conditions. As a result, we are still relying on syndications this year, making refinancing costs higher. Without substantial fiscal consolidation and higher donor support, rollover risks will increase.

20. We deplore the accumulation of external arrears in 2024. We recorded arrears of CFAF 6.2 billion during 2024, of which CFAF 2.9 billion already paid as of date and efforts ongoing to settle the rest. A ministerial order was issued to make debt repayment compulsory. To prevent new arrears, a Treasury committee on public expenditure prioritization, established in October 2024, has formally prioritized debt service and plans to meet weekly to strengthen oversight and limit new arrears. We will also leverage on the recommendations from the IMF technical assistance mission of November 2024 to improve coordination between the Debt Directorate and the Central Accounting Agency of the Treasury (ACCT*)*. In addition, we commit to continuing discussions with the ADB on financing the debt management and analysis software (SYGADE), and to go beyond by developing a credible plan to clear arrears with multilateral creditors. Further, we continue to make efforts to resolve long-standing external arrears under the AfDB African Legal Support Facility.

21. Major actions are being taken to strengthen public debt management and thus avoid new arrears. In December 2023, we established a framework for public debt coordination and management, in line with IMF recommendations. Further, a public finance management committee, chaired by H.E. the President of the Republic, has been operational since last year. These structures will allow us to better plan public securities issuance operations, optimize debt service management, and improve the public debt profile and accounting system. Also, to reduce the cash flow constraints that led to the accumulation of external arrears, we operationalized the SIM_Ba software at the ACCT ***(structural benchmark for the third review)***. In this context, we continue to advocate with the IMF for the assignment of a resident public finance management advisor based in Bangui.

22. Efforts are being made to improve the management of domestic arrears to reduce fiscal risks and limit its negative impacts on the private sector. We expect to initiate the identification of all domestic arrears and develop a plan to facilitate domestic debt clearance, including through a potential securitization of those that have already been audited. Similarly, we are considering a strategy to end the accumulation of new arrears. The strategy will include at minimum: (i) a detailed timeline; (ii) the criteria to be used for clearing the arrears and avoiding any possible favoritism and corruption in the selection of beneficiaries; and (iii) the enhancement of the cash flow plan and its alignment with the consolidated accounts and the commitment plan.

23. Controlling domestic debt with public enterprises and institutions is a major objective of our economic policy. Following the audit of the arrears of three State-owned enterprises (ENERCA, SODECA and SOCATEL), we have developed a plan for clearing these arrears, including those dating from before 2019. We settled the debt with ENERCA in December 2023. We are committed to ensuring that any new debt with State-owned enterprises is duly registered. Furthermore, we are committed to updating arrears payment plans. In addition, we will ensure the strict application of the provisions of Law No. 20/004, which requires all public entities to obtain the written authorization of the Minister of Finance and Budget prior to signing any loan agreement.

24. Given high debt distress risk, we will continue to promote grants and refrain from any non-concessional borrowing. Concessional loans will be compliant with the limits agreed with the IMF. We continue to support the plan for an investment conference with funds and donors to raise concessional funding, still within the limits of the ECF-supported arrangement. These resources will be partly dedicated to financing a range of structural projects in the agriculture, energy, water access, transport, mining, digital economy, environment and social sectors. To avoid the further increase of already high ratios of debt service to exports and projected medium-term revenues, these loans will be subject to extended grace periods and/or maturities. We will consult with IMF staff whenever there are any new financing windows.

Structural Reforms

This section focuses on structural reforms to improve revenue mobilization, the business climate, social and environmental protection and fiscal transparency.

Domestic Revenue Mobilisation

25. We are committed to further strengthening fiscal discipline, through improved domestic revenue collection and better expenditure rationalization as follows:

- *Stronger collection of administrative fees and levies by Ministries, Departments and Agencies (MDAs) and their transfer to the Treasury Single Account (TSA).* This reform was successfully implemented as part of the second review of the program, with two main components: (i) issuance, in 2023, of orders establishing revenue agencies in 22 MDAs and (ii) systematic transfer of those fees and levies to the TSA. These collections reached CFAF 2 billion in 2024, despite difficulties in processing due retrocessions to the beneficiary ministries. We will promote retrocessions to boost the collection of such administrative fees. Further, we have initiated the following measures to consolidate the momentum of this reform: (i) strengthening inter-ministerial cooperation to harmonize collection processes and systematize retrocession, (ii) better communication with the general public to raise awareness on the benefits of this reform, (iii) accelerate the digitization of the collection of administrative fees, in particular with the finalization of agreements for the use of the USSD protocol for the mobile payments, (iv) inclusion of a performance criterion on the collection of these fees and levies in the performance evaluation of the ministerial departments concerned. With support from the European Union (EU), mobile payment pilot operations have recently been launched with the Ministries of Justice and Security. These measures are expected to set the path for improved collection of administrative fees.

- *Progress has been made in tax and customs recovery, including arrears***.** These efforts focus on: (i) the implementation of the ministerial order on the systematic use of electronic declarations for large enterprises; (ii) recovery of any arrears from importers and beneficiaries of public contracts, and (iii) the reclassification of companies formerly considered medium and small as large companies after the joint Tax-Customs-Trade mission in Bangui and the April 2025 FAD TA mission. In addition, we have developed a tax arrears recovery plan at the Directorate General of Taxation and Customs and at the Directorate General of Customs and Indirect Taxes. We launched the amicable recovery phase in early September 2024, with a forced recovery phase in the first quarter of 2025. The stock of outstanding arrears is estimated at CFAF 8 billion in the forestry, telecommunications and logistics sectors.

- *Securing customs revenue through the modernization of customs clearance procedures*. The transition from ASYCUDA++ to ASYCUDA World in 2023 is a significant step forward in the modernization of customs administration, with improved statistical information and better control. This transition will also improve customs administration efficiency in identifying, tracking and controlling fraudulent transactions. A significant share of trade transactions are processed through ASYCUDA World which is operational in major customs offices, in particular in the offices at PK 26 (Terminal 1 and Terminal 2), the Airport Revenue, the Postal Control Revenue, the Commitments and Hydrocarbons Service, the offices of Beloko, Gamboula, Berberati, Moungoumba and the Central African Transit Window in Douala (Cameroon).[1] As part of the medium term action plan, we undertook a training program for customs officers and economic operators on the use of ASYCUDA World in the first half of 2024. At the same time, customs offices in pacified areas such as Bria, Bambari, Bossangoa, and Bangassou, will proceed with the redeployment of customs services without initial digitization, with a view to their future computerization and interconnection with ASYCUDA World. The forthcoming commissioning of a scanner at the dry port, the implementation of transit interconnectivity in accordance with CEMAC standards, and the optimization of transit, cargo control and customs clearance procedures using tools such as Webb Fontaine should increase the operational efficiency of the Customs. In addition, we have optimized ASYCUDA World's *Exemptions* module and made it effective by: (i) conducting a more detailed categorization of exemptions, (ii) integrating the list of exempted goods, (iii) automating the monitoring and validation of this list, and (iv) automating the extraction and regular disclosure of exemptions data. An inventory of all the exemptions will be carried out and a monthly tax expenditures report published. Furthermore, we will enhance the monitoring of customs exemptions by (i) adopting a Ministerial Order that formalizes the procedure for the digitization and monitoring of the clearance of lists of goods admitted under exemption for each importer benefiting from an exemption regime, and (ii) submitting to the Minister of Finance and the Committee in charge of exemptions a quarterly report detailing the clearance status of said lists of exempted goods for each importer (***structural benchmark for the fifth review***). Also, with UNCTAD technical assistance, we will develop an action plan to operationalize the ASYCUDA World *Litigations* module. AFC's commitment to supporting these customs reforms attests to our determination to improve surveillance and corridor fluidity, while enhancing regulation and building the capacity of our customs administration.

- *Streamlining tax exemptions with the assistance of Technical and Financial Partners (TFPs), including the IMF, WB and AfDB*. We have put in place measures to contain customs exemptions, thereby enabling the mobilization of additional revenues in 2024 and beyond. From 2025, we undertake to streamline the process for granting and monitoring exemptions, in particular, by improving coordination between the Committee in charge of exemptions and the Customs

[1] Despite this good coverage, some customs offices are not yet connected to ASYCUDA World.

authorities. In addition, we are committed to publishing, no later than October 2025, the list of exemptions beneficiaries and the corresponding legal basis

- *With EU support, the gradual deployment of the new IT system (eTax) at DGID continues, enabling online reporting, payment, and registration of taxpayers.* The operationalization of the cross-check module was completed in April 2024 (***structural benchmark for the second review***). This new tool significantly extends the scope of access to tax information. Large enterprises as well as some non-governmental organizations (NGOs) are now using the remote reporting system, and its use will gradually be extended to medium-sized enterprises. However, technical challenges related to internet connectivity and the appropriation of the new tool by enterprises persist, requiring investments and a communication effort with the private sector. We undertake to ensure the effective use of the eTax platform by all large taxpayers for the online payment of their taxes and duties by the end of the third quarter of 2025. (***structural benchmark for the fifth review***).

- Remote reporting is already compulsory for large enterprises, with a coverage rate of 94.3 percent. Effectiveness tests for remote payments were successfully carried out with the four banks in the first quarter of 2025. We intend to make remote payments compulsory for all large enterprises as well. We have set up a steering committee to oversee the roll-out of eTax. The committee is also working to resolve the remaining technical difficulties, such as the lack of a suitable space for remote procedure services, the absence of a generator capable of withstanding long-term power outages, the shortage of computers in DGID departments, the lack of assistance to taxpayers in case of need, and the lack of skills transfer and support.

- *The implementation of the provisions of Article 344 of the Tax Code, which provides for a penalty for taxpayers who import goods without being on the list of companies deemed active and known to the tax administration, has been strengthened.* To optimize the application of the penalty, DGID will keep and share with DGDDI, on a monthly basis, the list of known active importers on which the penalty is not to be applied. At the same time, with the technical assistance of IMF, we published the decree clearly defining the minimum criteria for a taxpayer to be considered active and recognized by the tax administration (***structural benchmark for the third review***). This decree exempts the taxpayers concerned from the payment of this penalty, thus helping to prevent any attempt to circumvent this measure.

- *We have taken decisive steps to strengthen tax compliance and control mechanisms.* A dedicated committee was established in July 2024 to reconcile data from banks, customs, and the Ministry of Trade, with a mandate to monitor, control, and sanction noncompliant import operations. Following the recommendations of an April 2022 IMF TA mission—and leveraging the enhanced monitoring capabilities of SYDONIA World—we found that nearly 95 percent of customs import operations were noncompliant in 2024, due to missing import declarations, lack of proper domiciliation, or fraudulent valuation. A preliminary audit of 27 large taxpayers, focusing on import activities during the first half of 2024, resulted in CFAF 1.3 billion in penalties, with further recoveries expected through more systematic use of available data. To sustain these efforts, we requested a follow-up IMF TA mission in April 2025 to support manual cross-checks between tax agency data and information from line ministries (e.g., public procurement) and other third-party entities, with the goal of identifying suspicious tax declarations and further strengthening compliance in CAR. We are committed to update our ECF-supported program by adopting a sequenced approach framed by the action plan derived from the results of the mission, as reflected in Tables 2a and 2b and in the Technical Memorandum of Understanding (TMU). First, we will i) amend the General Tax Code and the Book of Tax Procedures to strengthen the tax clearance certificate (*quitus fiscal*) regime, following IMF recommendations, (***prior action***); ii) update the tax declaration obligations applicable to commercial banks and strengthen sanctions for non-compliant declarations and iii) mandated a valid tax clearance certificate for all transfers of funds outside of the CEMAC region. Second, we committed to:

- Submit to the Public Finance Monitoring Committee chaired by the Head of State a progress report on the implementation of the April 2025 IMF TA action plan on manual tax data cross-checks for FY2023. The report should present performance results across five areas, based on the taxpayer population identified through the manual cross-check exercise: (i) identification and localization of taxpayers, (ii) reclassification into the appropriate tax segments, (iii) controls conducted, (iv) notifications of tax liabilities, and (v) taxes recovered. The report should confirm that at least 50 percent of planned controls were conducted, 75 percent of controlled taxpayers were notified, 25 percent of assessed taxes were recovered, and that all identified taxpayers were reclassified into the correct tax segments. **(SB, fifth review)**;

- Replicate the manual cross-check of taxpayer data for the 2024 fiscal year using the methodology developed with IMF technical assistance and submit to the IMF the summary tables of identified anomalies. **(SB, fifth review)**;

- Submit to the Public Finance Monitoring Committee chaired by the Head of State the final report on the implementation of the April 2025 IMF TA action plan on manual tax data cross-checks for FY2023. The report should present performance results across five areas, based on the taxpayer population identified through the manual cross-check exercise: (i) identification and localization of taxpayers, (ii) reclassification into the appropriate tax segments, (iii) controls conducted, (iv) notifications of tax liabilities, and (v) taxes recovered. The report should confirm that at least 90 percent of identified taxpayers were controlled, 95 percent of controlled taxpayers were notified, 80 percent of assessed taxes were recovered, and that all identified taxpayers were reclassified into the correct tax segments (***SB, sixth review***); and

- Submit to the Public Finance Monitoring Committee chaired by the Head of State a progress report on the implementation of the April 2025 IMF TA action plan on manual tax data cross-checks for FY2024. The report should present performance results across five areas, based on the taxpayer population identified through the manual cross-check exercise: (i) identification and localization of taxpayers, (ii) reclassification into the appropriate tax segments, (iii) controls conducted, (iv) notifications of tax liabilities, and (v) taxes recovered. The report should confirm that at least 70 percent of planned controls were conducted, 75 percent of controlled taxpayers were notified, 60 percent of assessed taxes were recovered, and that all identified taxpayers were reclassified into the correct tax segments (**structural benchmark for the sixth review**).

- *The management of forestry revenues has intensified.* We have developed semi-industrial permits for medium-sized operators and established a committee in charge of the taxation of artisanal forestry activities. Expected revenue for 2025 stands at CFAF 1 billion.

- *The operationalization of the SIM_BA application at the Central Accounting Agency of the Treasury (ACCT) and its extension to other sectoral ministries continues.* The use of the application is effective at the ACCT after (i) the provision of the necessary IT equipment and (ii) the training of staff in charge of the accounting function for the technical and regulatory aspects of this software ***(structural benchmark for the third review)***. Necessary measures are also being taken to operationalize SIM_BA in other sectoral ministries such as security and justice. We are also working to strengthen SIM_BA's contribution to expenditure execution, through better management of exceptional procedures. A ministerial circular will thus be published to: (i) specify and limit the scope of expenses eligible for exceptional spending procedures; (ii) set a ceiling for each category of eligible spending; and (iii) impose their accelerated regularization (not only in terms of commitment but also in terms of production of final certified invoices) as well as the use of SIM_BA for their processing.

- *Better streamlining of expenses incurred through exceptional procedures*. These expenses consist of urgent and unplanned allocations to cover mission expenses, transfers and medical evacuations. Given their role in the 2024 budget deficit, we are resolutely committed to reducing these expenses executed by exceptional procedures. In January 2025, we began by issuing a decree from the Prime Minister's Office to limit non-priority expenditure, in particular on official missions. We have made significant progress in regularizing expenses paid by OPB/OPT, with only about CFAF 6 billion in outstanding payments for the 2024 financial year. However, some of the payment orders for 2021, 2022 and 2023 are yet to regularized. With technical assistance from the IMF, we will proceed with addressing the the 2021 balance. We are also committed to regularizing all expenses paid by payment orders from the Treasury and the Budget (OPT and OPB) during the 2023 budget year (***structural benchmark for the fifth review***).

- *Continuous improvement of financial integrity and transparency*. As part of the second review, we adopted a detailed institutional plan to strengthen the operational work of the National Financial Investigation Agency (ANIF). We remain determined to continue these efforts through gradual implementation of the measures set out in this plan through an allocation in the 2025 budget and calls for donor support.

Reforming the Fuel Market

26. Significant progress has been made in the implementation of the fuel market action plan. Accordingly, we have (i) liberalized the international jet market, (ii) formally adopted a forward-looking approach for determining the price structure, coupled with a review of the price structure lines to assess the import margins and costs dynamics in relation to the international price of crude, (iii) established a price structure for importers not storing at SOCASP, as well as a single structure per transport route (road/river) for all marketers, no later than the 25th day of month M-1 for month M, and (iv) reviewed the procedures for the settlement of some tax-related elements.

27. However, there are several persisting challenges that require strong commitment from the Government and fuel market actors:

- **Costs transparency**. The intricacies of the current import cost structure have complicated negotiations with the monopoly importer, affecting the implementation of the price structure reforms established at the end of the second review, the completion of the **continuous structural benchmark (scope proposed to be revised and implemented starting June 25, 2025, cf. TMU),** and the implementation of an automatic pump price mechanism (**structural benchmark for the fourth review, proposed to be carried forward to the sixth review**). In response to these challenges, an audit of costs and margins has been agreed upon as a structural benchmark for the third review. Given our budget limitations, donor support has been sought to finance the audit, resulting in delays. Nevertheless, we managed to obtain funding from the UNDP, which agreed to support us in conducting this audit. Terms of reference of the audit has been reviewed with the support of IMF staff and its completion is **proposed to be rescheduled for the fifth review (structural benchmark)**.

- **Compliance with commitments concerning the sole private importer.** The sole private importer has initiated the establishment of a subsidiary in accordance with Central African law and is taking steps to regularize its tax obligations for 2024, primarily through the CEMAC tax cooperation framework, which facilitates tax collection from CEMAC taxpayers operating in CAR. Furthermore, we are diligently working to ensure that the monopoly importer effectively transmits the required regulatory information and adheres to its commitment to source 80 percent of its supplies via the river.

- **Improving fuel supply**. Despite increased fuel imports in 2024, the sector continues to operate below its potential, having experienced a failed river campaign for the third consecutive year. In response, we are focused on optimizing fuel supply through the Ubangi River. To enhance coordination in the preparation and logistics of river fuel imports, we will reactivate the supply planning committee. Additionally, with a grant of 30 thousand metric tons of fuel from Russia, we are dedicated to establishing a revolving import scheme aimed at bolstering CAR's energy security. The proceeds from the domestic sale of this in-kind grant have been used to capitalize a state-owned enterprise (SOE) called *Société Panafricaine du Pétrole et des produits Raffinés (SOPRAF)* tasked with importing fuel primarily via the more efficient river route. This initiative underscores our strong commitment to ensuring successful river campaigns, with at least two key stakeholders now engaged in importing fuel through the Ubangi River. We are committed to maintaining transparency and keeping the IMF informed about the ongoing developments in the fuel sector.

28. We are also committed to working closely with the IMF to revise the law governing downstream oil sector activities in the Central African Republic. Preliminary work has begun under the auspices of the Ministry of Energy, and the draft has been submitted to the IMF teams for comments. Subsequently, the Ministry of Energy organized a validation workshop for the revised draft law reorganizing the downstream oil sub-sector in the Central African Republic, held from May 9 to 10, 2025, in Liton (PK 22, Damara road). The revised draft law resulting from this workshop will also be submitted to IMF staff for comments. We will then submit this revised draft law on the fuel sector to Parliament, having taken into account the comments from the IMF **(structural benchmark for the sixth review).** Once adopted, this new law will pave the way for a review of the decree concerning the pricing structure of petroleum products in the Central African Republic.

29. To optimize fuel supply in CAR, we are working to diversify import partner countries and improve the efficiency of current import channels. We are actively working to open new import routes in addition to the existing ones with Cameroon and the Democratic Republic of Congo. At the same time, we have started high-level negotiations with partner countries, including Cameroon, to review fuel import costs in the Central African Republic.

30. Apart from the ongoing reforms, significant investments are needed to improve the downstream fuel sector in CAR. Improving road and river infrastructure are necessary for structurally reducing import costs. Furthermore, weak storage and depot capacities undermine the country's capacity to sustainably avoid shortages. Lastly, it is necessary to increase the network of service stations in provinces to ensure regular, formal, and secured supply throughout the country. Given the limited fiscal resources of CAR, development partners' support will be critical for sustainably addressing these challenges affecting the hydrocarbons sector in CAR.

Strengthening Public Finance Management and Governance

31. We remain committed to improving budget transparency, as part of fiscal support discussions with donors:

- To ensure transparency in the management and appropriate use of development partner financing, we are committed to continue using the escrow account opened with BEAC. This account will receive IMF disbursements-after deduction of repayments and retirement of regional debt-to supplement the financing of the WB operation to support some fiscal expenditures in sectors essential to the delivery of public services.

- We will update the Strategic Plan for Public Financial Management Reforms (PS-RGFP) by June 2025, with the support of the European Union, to take into account the findings of the 2019-2021 PEFA (Public Expenditure and Financial Accountability) report.

- Budget implementation reports are regularly posted online on time. Similarly, the award notices for public contracts above the CFAF 10 million threshold are being published regularly and the unique identification numbers (UINs) of the beneficiaries disclosed in line with our commitment at the end of the second review of the ECF program.

32. Efforts are ongoing to finalize the agreement between BEAC and the Treasury on the management of the Treasury Single Account (TSA). The agreement would be signed after the conventions harmonization process by the Central bank. This initiative is part of a continuous process towards fiscal revenues centralization and traceability.

33. We have made significant progress in promoting good governance and fighting corruption:

- The Council of Ministers adopted the regulation implementing the provisions of the anti-corruption law relating to the declaration of assets (**structural benchmark for the third review**).

- In addition, a series of instruments developed with the assistance of the African Development Bank was adopted with a view to implementing the anti-corruption clusters, the gifts and benefits legal regime, and the framework to illicit assets recovery.

34. Controlling risks related to the law on the tokenization of natural resources. The analysis of fiscal risks related to the Sango project were less dynamic than expected, and did not permit to meet the corresponding ***structural benchmark*** for the ***third review***. Notwithstanding, we request the completion of the analysis to be rescheduled for ***the sixth review***.

35. Efforts to improve the business climate in the Central African Republic are ongoing on several fronts:

- The promulgation on August 21, 2024, of the new Mining Code, drawn up with the assistance of the WB, offers an opportunity to clean up the sector, attract more investors and increase public revenues. The government hopes to involve all its partners in the drafting of the code's implementing regulations.

- With the support of the WB and the FAO, work on the new Forestry Code has made significant progress. The strategic key elements of the provisional version of the new Forestry Code include: i) industrial processing, ii) carbon credits, iii) optimizing the valuation and distribution of surface areas, broadening the tax base and revising the framework for granting semi-industrial permits. The overall work plan for adoption of the Code envisages transmission to the National Assembly by the fourth quarter of 2025.

- With the support of the WB, the authorities are conducting a project to improve the competitiveness of enterprises, ultimately targeting 5,000 young entrepreneurs with the aim of operationalizing the national guarantee fund (FNGI) for VSEs and SMEs to facilitate their access to bank financing.

- Furthermore, several structuring instruments are being designed to facilitate the business climate, in particular, the revised Trade Code, the Law on Public-Private Partnerships and the new Labour Code.

36. Social spending remains a priority for the Central African Republic, despite limited fiscal space. Despite a tight fiscal space, social spending reached CFAF 12.6 billion by the end of December 2024, 21 percent above the 2023 performance, but still below the indicative target of CFAF 22 billion set under the ECF-supported agreement. We recognize that the indicative target for this year remains unchanged at CFAF 22 billion, and that its achievement is crucial to strengthening the government's commitment to the most vulnerable populations.

37. We are committed to continuing our efforts to protect the natural environment, particularly to ensure the resilience of our populations in the face of climate shocks. In light of the effects of climate change such as global warming, seasonal disruptions, pollution phenomena, deforestation and forest degradation, disasters (floods, bushfires, etc.), loss of biodiversity, land degradation, and drought, the Government intends to intensify reforms to ensure an ecological balance in which economic activities guarantee the sustainability of our natural resources. The priorities of these reforms include mobilization around the 2030 Agenda for Sustainable Development Goals (SDGs), the Nationally Determined Contribution (NDC), the National Adaptation Plan, and their alignment with Pillar 5 of the National Development Plan 2024-2028 (NDP).

38. The government remains committed to working with its technical and financial partners to bolster environmental reforms agenda. With the support of the World Bank and other partners, this year we have published the National Report on Climate and Development (RNCD, CCDR being the English acronym), the Biennial Transparency Report for the implementation of climate development activities, which is a springboard for reaffirming our priorities in terms of climate reforms. We have also initiated a study on Natural Capital Accounting and Climate Finance (CCN) in the Congo Basin forests, aimed at assessing the value of forest resources and their impact on domestic revenues. Additionally, we are seeking technical assistance to develop a National Carbon Market and strengthen its capacity to mobilize funds through international financial mechanisms. In the future, we intend to request technical assistance mission from the IMF's FAD to conduct a Climate Change Public Investment Management Assessment (C-PIMA). These two tools, namely CCDR and C-PIMA, would ultimately allow us to consider the Resilience and Sustainability Facility (RSF) to further support our efforts in combating climate change.

39. With the support of development partners, we are continuing to implement a package of measures to improve governance and statistical production:

- **Production of sub-annual economic activity indicators.** With IMF technical assistance, we are developing a monthly economic growth indicator (IMCE). This indicator will make it possible to further monitor macroeconomic developments and, ultimately, produce a quarterly GDP. The first publication was posted on the ICASEES website in September 2024.

- **Revision of national accounts.** With IMF technical assistance and World Bank support, we are committed to producing national accounts for 2020 and 2021 and to initiate a retropolation of the national accounts in line with SN 2008.

- **Improving public finance statistics:** An IMF technical assistance mission, conducted in September 2024, helped to enhance the quality of public finance statistics. Therefore, we were able to minimize statistical discrepancies by reviewing primary data and ensuring consistency of transactions with financing data, notably Treasury deposits. The mission also helped to integrate debt flows and automate the debt database within the relevant services of the Ministry of Finance.

- **Commitment to data dissemination:** Work has begun on the National Summary Data Page (NSDP), a data portal for publishing categories of data compiled by various data providers. The IMF Statistics Department and ICASEES are finalizing the formatting of data and metadata prior to an IMF technical assistance mission in 2025.

- **Censuses**. As part of the HISWACA project financed by the WB, we intend to conduct a general population and housing census as well as an agricultural census in 2025.

E. Capacity Building

40. Technical assistance and training provided by the IMF and other partners will be essential for building our institutional capacity and ensuring the successful implementation of structural reforms. Efforts are being deployed to build our technical and operational capacities for implementing the reforms, with the support of the IMF, WB, European Union, AfDB and other development partners. Our technical assistance priorities include: (i) improving domestic revenues; (ii) strengthening public expenditure management, improving fiscal governance and anti-corruption mechanisms; (iii) developing macroeconomic programing; (iv) debt management; (v) developing inflation forecasting tools; (vi) improving the quality of national accounts as well as fiscal, monetary, and external sector statistics; (vii) managing fuel supplies and legal risks; (viii) updating the public procurement system; and (ix) capacity building for the development of the carbon credit market and actors implementing the policy of population resilience to climate change.

41. We continue to seek the support of Resident Advisors, particularly in Public Financial Management and Customs, entirely dedicated to the Central African Republic and based in Bangui. The provision of these advisors would provide us with crucial support in closely monitoring reforms and practical support in line with the Fund's strategy for fragile and conflict-affected countries, provided that funding is found. The recent one-year extension of the mandate of the Public Financial Management Advisor, combined with his relocation to Bangui and the more balanced division of his time between the CAR and the Republic of Congo, constitute major progress. However, a full-time Resident Advisor, exclusively dedicated to our country, would be more useful for strengthening local capacities and completing ongoing structural reforms. In addition, the support of a Resident Advisor in Customs Administration, which we officially requested three years ago, remains as urgent as ever. The assistance provided by AFRITAC Centre will continue to be welcomed as a complement to the Resident Advisor.

F. Program Monitoring

42. The Program will be monitored using quantitative performance criteria, indicative targets and structural benchmarks as defined in the Technical Memorandum of Understanding. Quantitative performance criteria have been set for end-December 2025 (sixth review). Indicative targets have been set for end-September 2025 (Table 1a). Structural benchmarks have been set until April 2026 (Tables 2a and 2b). The sixth review of the ECF-supported program will take place on or after 30 April 2026. We will continue to provide IMF staff with the statistical data and information identified in the attached Technical Memorandum of Understanding, as well as any other information that the Fund deems necessary or that IMF staff may request for monitoring purposes.

Table 1a. Central African Republic: Proposed Quantitative Performance Criteria and Indicative Targets, 2024-25

(CFAF Billion; Cumulative from Beginning of the Year, Unless Otherwise Specified)

	End-March 2024				End-June 2024			End-September 2024				End-December 2024				End-March 2025				End-June 2025	End-September 2025	End-December 2025
	IT	Adjusted Target[6]	Actual	Status	PC	Actual	Status	IT	Adjusted Target[7]	Actual	Status	PC	Adjusted Target[8]	Actual	Status	IT	Adjusted Target[9]	Actual	Status	PC	IT (Proposed)	PC (Proposed)
Quantitative performance criteria																						
Net domestic financing of the government (ceiling, cumulative flows for the year)	18.0	12.0	25.3	Not Met	30.0	47.7	Not Met	40.0	38.4	69.2	Not Met	55.0	57.3	90.3	Not Met	15.0	6.3	12.6	Not Met	17.0	18.0	20.0
Domestic government revenue (floor, cumulative for the year)[1]	34.0	--	40.7	Met	75.0	79.9	Met	115.0	--	112.1	Not Met	155.0	--	155.5	Met	39.0	--	45.1	Met	80.0	125.0	180.0
Domestic primary fiscal balance (floor, cumulative for the year)[2]	-13.0	--	-26.7	Not Met	-22.0	-44.5	Not Met	-33.0	--	-67.9	Not Met	-50.0	--	-83.5	Not Met	-10.0	--	-9.8	Met	-17.0	-30.0	-40.0
Continuous performance criteria																						
New external nonconcessional debt contracted or guaranteed by the Government (ceiling, cumulative)[3,4]	0.0	--	0.0	Met	0.0	0.0	Met	0.0	--	0.0	Met	0.0	--	0.0	Met	0.0	--	0.0	Met	0.0	0.0	0.0
Disbursement of external nonconcessional debt (ceiling, cumulative)[3,4]	0.0	--	0.0	Met	0.0	0.0	Met	0.0	--	0.0	Met	0.0	--	0.0	Met	0.0	--	0.0	Met	0.0	0.0	0.0
Non accumulation of new external payments arrears by the government (ceiling, cumulative)[3,4]	0.0	--	1.2	Not Met	0.0	3.0	Not Met	0.0	--	4.4	Not Met	0.0	--	6.2	Not Met	0.0	--	1.6	Not Met	0.0	0.0	0.0
Indicative targets																						
Social spending (floor, cumulative for the year)[5]	4.0	--	3.2	Not Met	8.0	7.1	Not Met	17.0	--	10.3	Not Met	22.0	--	12.6	Not Met	4.0	--	3.6	Not Met	8.0	17.0	22.0
Spending using extraordinary procedures (ceiling, cumulative for the year)	2.0	--	11.1	Not Met	5.0	18.6	Not Met	7.0	--	28.3	Not Met	8.0	--	34.1	Not Met	2.0	--	3.1	Not Met	5.0	7.0	8.0
New external concessional debt contracted or guaranteed by the government (ceiling, cumulative for the year)	20.0	--	0.0	Met	20.0	0.0	Met	20.0	--	0.0	Met	20.0	--	0.0	Met	20.0	--	0.0	Met	20.0	20.0	20.0
Memorandum items:																						
Budget support	0.0	--	6.0		6.0	6.0		12.3	--	13.9		23.4	--	21.1		0.0	--	8.7		15.0	15.0	26.6
Privatization receipts	0.0	--	0.7		0.0	0.7		0.0	--	0.7		0.0	--	0.7		0.0	--	0.0		0.0	0.0	0.0

Sources: Central African authorities; IMF staff estimates.

[1] Domestic revenue, which excludes foreign grants and divestiture receipts.
[2] The domestic primary balance is defined as the difference between government domestic revenue and government total expenditure, less all interest payments and externally-financed capital expenditure.
[3] These objectives will be monitored continuously.
[4] Contracted or guaranteed by the government.
[5] Social spending is defined as domestically financed public non-wage spending on primary and secondary education, health, social action, water and sanitation, microfinance, agriculture, and rural development.
[6] The ceiling on net domestic government financing as of end-March 2024 was adjusted-down to reflect the disbursement from the African Development Bank in early January.
[7] The ceiling on net domestic government financing as of end-September 2024 was adjusted-down to reflect the disbursement from the African Development Bank in early January, along with the disbursement of a portion of the funds from the WB.
[8] The ceiling on net domestic government financing as of end-December 2024 was adjusted-up to reflect the delay of the total disbursements from the AfDB and the WB.
[9] The ceiling on net domestic government financing as of end-March 2025 was adjusted-down to reflect the disbursements from the AfDB and the WB carried-over from 2024.

Table 1b. Central African Republic: Standard Continuous Performance Criteria under the ECF-Supported Arrangement

- No setting of new restrictions or strengthening of the current restrictions on payments or transfers relating to current international transactions,
- No introduction of new multiple exchange practices or strengthening of the current practices,
- No signing of bilateral payment agreements that are not consistent with the Articles of Agreement of the IMF (Article III), and
- No setting of new restrictions or strengthening of the current restrictions on imports for the purpose of balance of payment equilibrium.

Table 2a. Central African Republic: Structural Benchmarks

Program Objectives	Structural Benchmarks	Macroeconomic Rationale	Timeline	Status
Revenue Administration	Issue a ministerial decree outlining minimal criteria for official taxpayer recognition by the tax office.	Improve revenue collection	SB **third** review (October 2024)	Met
Fuel market efficiency	From July 25, 2024, issue on the websites of the ministries of Energy or Finance new fuel price structures on the 25th of each month to be applied to the transactions of the following month. The new fuel price structures will be consistent with the fuel action plan, and based on predefined international reference prices, augmented by taxes and quasi-taxes provided by the current regulations, margins, transportation costs, and an import premium. This continuous action should be transparently reflected as amendments to Presidential Decree No. 18.295, which regulates fuel import prices.	Improve transparency and efficiency in the fuel market.	Continuous structural benchmark starting **July 25, 2024**	Unmet
	Adopt a quarterly pump price adjustment mechanism through a ministerial decree signed by the Ministers of Finance and Energy with a corridor that allows pump price to fluctuate in response to international oil price changes.	Improve transparency and efficiency in the fuel market and reduce volatility of fuel revenues	SB **fourth** review (April 2025)	Unmet, [proposed to be rescheduled for the **sixth** review]
	Conduct an audit of fuel procurement costs, including margins and fees, to establish optimal levels that reflect efficient operations by suppliers. Adapt the price structure based on the findings of this audit.	Improve transparency and efficiency in the fuel market	SB **third** review (October 2024)	Unmet, [proposed to be rescheduled for the **fifth** review]
Governance and transparency	Prepare a fiscal risk statement on the Sango project, disclosing existing fiscal commitments and assessing how the platform's activities could affect the government's fiscal position and overall debt sustainability, to be presented to the Cabinet. The assessment should be conducted following a framework developed with the support of the IMF TA and recommend legal measures to mitigate the risks identified.	Improve fiscal risks management	SB **third** review (October 2024)	Unmet, [proposed to be rescheduled for the **sixth** review]
	Pursuant to Art. 22 of the asset declaration law (n. 21.011) and Art. 4 of the anti-corruption law (n. 23.009), the Cabinet will adopt and implement regulation to allow the Haute Autorité de la Bonne Gouvernance (HABG) to operationalize the asset declaration law with a focus on receiving and publishing asset declarations of senior public officials. The implementing regulation should include (i) a specific timeline for the operationalization of the asset declaration requirements at the latest by the end of 2025, (ii) a monetary threshold of at least 50 million CFAF for simplified declarations contemplated in Art. 22 of the asset declaration law, and (iii) asset declaration forms.	Improve tranparency and governance	SB **third** review (October 2024)	Unmet, but implemented with a delay
Public Financial Management	Make effective the systematic use of the SIM_Ba application by all staff in charge of the accounting function at the Treasury (Agence Comptable Centrale du Trésor): i) by providing them with the necessary IT equipment; ii) by training them on the technical and regulatory functions involved in this software.	Improve budget management and transparency	SB **third** review (October 2024)	Met

Table 2b. Central African Republic: Prior Actions and Newly proposed Structural Benchmarks

Program Objectives	Structural Benchmarks	Macroeconomic Rationale	Timeline	Status
Prior Action	Submit to Parliament a revised Budget Law for 2025 consistent with the program's macroeconomic framework, incorporating credible revenue and spending projections.	Improve budget credibility	**Five days** before the board date for the combine **third/fourth** reviews	Met
	Submit to the Parliament the Court of Audit Law that regulates its statute and functions and ensures its financial and operational independence.	Improve accountability and governance	**Five days** before the board date for the combine **third/fourth** reviews	
	Strengthen the tax clearance certificate (quitus fiscal) regime, in line with IMF recommendations	Improve tax compliance and revenue collection	**Five days** before the board date for the combine **third/fourth** reviews	
Revenue Administration	Ensure the effective use of the eTax platform by all large taxpayers for the online payment of their taxes and duties by the end of the third quarter of 2025.	Improve efficiency of the tax administration	SB **fifth** review (October 2025)	Proposed
	Implement the new DGID structure by appointing staff to the new Directorates.	Improve efficiency of the tax administration	SB **sixth** review (April 2026)	Proposed
	Submit to the Public Finance Monitoring Committee chaired by the Head of State a progress report on the implementation of the April 2025 IMF TA action plan on manual tax data cross-checks for FY2023. The report should present performance results across five areas, based on the taxpayer population identified through the manual cross-check exercise: (i) identification and localization of taxpayers, (ii) reclassification into the appropriate tax segments, (iii) controls conducted, (iv) notifications of tax liabilities, and (v) taxes recovered. The report should confirm that at least 50 percent of planned controls were conducted, 75 percent of controlled taxpayers were notified, 25 percent of assessed taxes were recovered, and that all identified taxpayers were reclassified into the correct tax segments.	Improve efficiency of the tax administration	SB **fifth** review (October 2025)	Proposed
	Replicate the manual cross-check of taxpayer data for the 2024 fiscal year using the methodology developed with IMF technical assistance and submit to the IMF the summary tables of identified anomalies.	Improve efficiency of the tax administration	SB **fifth** review (October 2025)	Proposed
	Submit to the Public Finance Monitoring Committee chaired by the President the final report on the implementation of the April 2025 IMF TA action plan on manual tax data cross-checks for FY2023. The report should present performance results across five areas, based on the taxpayer population identified through the manual cross-check exercise: (i) identification and localization of taxpayers, (ii) reclassification into the appropriate tax segments, (iii) controls conducted, (iv) notifications of tax liabilities, and (v) taxes recovered. The report should confirm that at least 90 percent of identified taxpayers were controlled, 95 percent of controlled taxpayers were notified, 80 percent of assessed taxes were recovered, and that all identified taxpayers were reclassified into the correct tax segments.	Improve efficiency of the tax administration	SB **sixth** review (April 2026)	Proposed
	Submit to the Public Finance Monitoring Committee chaired by the President a progress report on the implementation of the April 2025 IMF TA action plan on manual tax data cross-checks for FY2024. The report should present performance results across five areas, based on the taxpayer population identified through the manual cross-check exercise: (i) identification and localization of taxpayers, (ii) reclassification into the appropriate tax segments, (iii) controls conducted, (iv) notifications of tax liabilities, and (v) taxes recovered. The report should confirm that at least 70 percent of planned controls were conducted, 75 percent of controlled taxpayers were notified, 60 percent of assessed taxes were recovered, and that all identified taxpayers were reclassified into the correct tax segments.	Improve efficiency of the tax administration	SB **sixth** review (April 2026)	Proposed
Fuel market efficiency	Submit to Parliament the draft of the new law on fuel sector aligned with IMF comments.	Improve regulatory framework of the fuel sector	SB **sixth** review (April 2026)	Proposed
	From June 25, 2025, issue on the websites of the ministry of energy or ministry of finance new fuel price structures by the 25th of each month to be applied to the transactions of the following month. The new fuel price structures will be based on international reference prices, augmented by taxes and quasi-taxes provided by the current regulations, margins, transportation costs, and an import premium.	Improve transparency and efficiency in the fuel market	Continuous structural benchmark starting June 25, 2025	Modified continuous structural benchmark
Public Financial Management	Regularize all expenses paid by payment orders from the Treasury and the Budget (OPT and OPB) during the 2023 budget year.	Improve budget management and transparency	SB **fifth** review (October 2025)	Proposed
Customs Administration	Enhance the monitoring of customs exemptions by (i) adopting a Ministerial Order that formalizes the procedure for the digitization and monitoring of the clearance of lists of goods admitted under exemption for each importer benefiting from an exemption regime, and (ii) submitting to the Minister of Finance and the Committee in charge of exemptions a quarterly report detailing the clearance status of said lists of exempted goods for each importer.	Improve customs administration and exemptions monitoring	SB **fifth** review (October 2025)	Proposed

Attachment II. Technical Memorandum of Understanding

1. This Technical Memorandum of Understanding (TMU) defines the quantitative performance criteria, indicative targets, and structural benchmarks that will be used to evaluate performance under the program for the Central African Republic (CAR) presented in the Memorandum of Economic and Financial Policies (MEFP). The TMU also establishes the framework and deadlines for the reporting of data which will enable IMF staff to evaluate the program's implementation.

A. Definitions

2. Unless otherwise specified, the government is defined as the central government of the CAR and does not include any local governments, the central bank, or any public entity with separate legal personality (i.e., enterprises wholly or partially owned by the government) that are not included in the government financial operations table (TOFE).

3. Definition of debt. The definition of debt is set out in para. 8 of the "Guidelines on Public Debt Conditionality in Fund Arrangements", adopted by Decision No. 16919-(20/103), of the Executive Board adopted on October 28, 2020[1]:

(a) "Debt" is defined as a current, i.e., 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, i.e., 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, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and

iii. Leases, i.e., arrangements under which property is provided which the lessee has the right to use for one or more specified period(s) 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 these guidelines, the debt is the PV (at the inception of the lease) of all lease

[1] Reform of the Policy on Public Debt Limits in Fund-Supported Programs 15688-(14/107) (imf.org)

payments expected to be made during the period of the agreement excluding those payments that cover the operation, repair, or maintenance of the property.

(b) Under the definition of debt set out in this paragraph, 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) **External debt** and **domestic debt** are defined on the basis of the residency of the subscriber, with the exception of: (i) Treasury bills and bonds and other securitized debt issued by the government on the CEMAC regional financial market and not held by the local banking system, which are considered part of the domestic debt; and (ii) any Bank of Central African States (BEAC) credit to the government, including the use of the SDR allocation, which is considered part of the domestic debt.

4. Guaranteed debt. The guaranteeing of a debt by the government is understood to be an explicit legal obligation to service a debt in the event of nonpayment by the borrower (by means of settlements in cash or in kind).

5. Concessional debt. Concessional debt is defined as debt with a grant element of at least 35 percent. The grant element is the difference between the nominal value of the loan and its present value, expressed as a percentage of the nominal value. The present value of the debt on the date on which it is contracted is calculated by discounting the debt service payments on the date on which the debt is contracted. The discount rate used for this purpose is 5 percent.

6. Total government revenue is tax and nontax revenue, or other revenue recorded on a cash basis. Proceeds from the sale of financial assets, revenue from privatizations or from the granting or renewal of licenses, and investment proceeds on government assets and grants are not considered government revenue for the purposes of the program.

7. Total government expenditure is understood to be the sum of expenditure on wages and salaries of government employees, goods and services, transfers (including subsidies, grants, social benefits, and other expenses), interest payments and investment expenditure, recorded on a settlement basis, unless otherwise stated. Total government expenditure also includes expenditures executed before payment authorization and not yet regularized.

8. Wages and salaries correspond to the compensation of government employees as described in paragraphs 6.8–6.18 of *GFSM 2014*, namely, all employees (permanent and temporary), including members of the armed and security forces. Compensation is defined as the sum of wages and salaries, allowances, bonuses, pension fund contributions, and any other form of monetary or non-monetary payment.

9. For the purposes of this memorandum, the term **arrears** is defined as any debt (as defined in paragraph 3 above) that has not been paid in accordance with the conditions specified in the contract establishing said debt.

10. **Domestic payment arrears** are the sum of: (i) payment arrears on expenditures; and (ii) payment arrears on domestic debt.

- **Payment arrears on expenditures** are defined as all payment orders created by the entity responsible for authorizing expenditure payments but not yet paid 90 days after authorization to pay given by the Treasury. Expenditure payment arrears so defined are part of "balances payable" (or "amounts due"). Balance payable correspond to government unpaid financial obligations and include the domestic floating debt in addition to expenditure arrears. They are defined as expenditures incurred, approved by the financial controller, validated (authorized), and assumed by the public Treasury, but which have not yet been paid. These obligations include invoices payable but not paid to public and private companies, but do not include domestic debt financing (principal and interest). For the program target, domestic payment arrears are "balances payable" whose maturity goes beyond the 90-day regulatory deadline, while floating debt represents "balances payable" whose maturity does not go beyond the 90-day deadline.

- **Payment arrears on domestic debt** are defined as the difference between the amount required to be paid under the contract and the amount actually paid after the payment deadline specified in the contract.

11. **External payment arrears** are defined as arrears on external debt obligations. They represent the difference between the amount required to be paid under the contract and the amount actually paid after the payment deadline specified in the contract.

B. Quantitative Targets

12. **The quantitative targets listed below are those specified in Table 8 of the MEFP.** Adjusters of the quantitative targets are specified in Section [C]. Unless otherwise indicated, all quantitative performance criteria and indicative targets are assessed on a cumulative basis from the beginning of the calendar year in which they are set.

Quantitative Performance Criteria

Ceiling on Net Domestic Financing of the Government

- **Net domestic financing of the government** is defined as the sum of (i) net bank credit to the government, defined below; and (ii) non-bank financing of the government, including proceeds from the sale of financial assets, proceeds from privatizations or the granting of licenses, Treasury bills and bonds and other securitized debt issued by the government in the CEMAC regional financial market, denominated in CFA francs and not held by the local banking system, and any Bank of Central African States (BEAC) credit to the government, including any drawings on the CFA franc counterpart of the allocation of Special Drawing Rights (SDRs).

- **Net bank credit to the government** is defined as the balance between the debts and claims of the government vis-à-vis the central bank, excluding the use of IMF credit, and the national commercial banks. The scope of credit to the government is that used by the BEAC and is in keeping with general IMF practice in this area. It implies a definition of government that is broader than the one indicated in paragraph 3. Government claims include the CFA franc cash balance, postal checking accounts, guaranteed tax promissory notes, and all deposits with the BEAC and commercial banks of government-owned entities, with the exception of industrial or commercial public agencies (EPICs) and government corporations, which are excluded from the calculation. Government debt to the banking system includes all debt to the central bank and local commercial banks, including Treasury bills and securities and other securitized debt.

Floor for Domestic Government Revenue

- **Domestic government revenue:** Only revenue on a cash basis (tax and nontax revenue) will be taken into account in the TOFE.

Floor for the Domestic Primary Fiscal Balance

- **The domestic primary fiscal balance** (cash basis) is defined as the difference between government domestic revenue and government expenditure, less all interest payments and externally financed capital expenditure. Payments on arrears are not included in the calculation of the domestic primary balance.

Continuous Performance Criteria

Ceilings on New External Debt Contracted or Guaranteed by the Government

- The government undertakes **not to contract or guarantee nonconcessional debt** (excluding newly contracted financing from the IMF and the General SDR allocation). This continuous quantitative benchmark is assessed on a cumulative basis from April 1, 2023.

- The government undertakes not to **disburse nonconcessional debt** (excluding newly contracted financing from the IMF and the General SDR allocation).

Non-accumulation of New External Payment Arrears by the Government

- **The government undertakes not to accumulate external payments arrears** on an external debt contracted or guaranteed by the government, with the exception of arrears relating to debt that is the subject of renegotiation or rescheduling. This quantitative benchmark is applied on a continuous basis.

Indicative Targets

Floor for Social Spending

- **Poverty-reducing social spending** comprises non-wage spending on national education (primary, secondary and higher education), health, social action (promotion of women and families, humanitarian actions), water and sanitation, microfinance (small and medium-sized enterprises and industries), agriculture, livestock and rural development. Only domestically financed spending is taken into account. Its execution is monitored on a payment-order basis during the program.

Ceiling on Spending using Extraordinary Procedures

- This ceiling is set at 7 percent of total spending excluding wage spending, debt service (principal and interest) and externally financed spending.

Ceiling on New External Concessional Debt Contracted or Guaranteed by the Government

- This ceiling is set at a cumulative CFAF 20 billion as of end-December 2023, end- 2024, and end-2025.

C. Adjusters of Quantitative Performance Criteria

13. To take into account factors or changes that are essentially outside the government's control, **various quantitative performance criteria** will be adjusted as follows:

- If total revenue from privatizations, sales of financial assets or renewals of telecommunications licenses or forestry or oil licenses is greater than the amount programmed, the following adjustments will be made:

  i. The ceiling on net domestic financing of the government will be adjusted upward by an amount equivalent to 50 percent of these additional receipts;

  ii. The floor for the primary domestic fiscal balance will be adjusted downward by an amount equivalent to 50 percent of these additional receipts.

- If total budgetary support exceeds the amount programmed, the ceiling on net domestic financing of the government will be adjusted downward by an amount equivalent to 100 percent of the difference between the programmed and actual disbursements.

- If total budgetary support is less than the amount programmed, the ceiling on net domestic financing of the government will be adjusted upward by an amount equivalent to 100 percent of the difference between the programmed and actual disbursements.

D. Structural Benchmarks

Prior Actions

14. The three measures that must be implemented at least five days before the IMF board date for the combined third/fourth reviews are:

- Submit to Parliament a revised Budget Law for 2025 consistent with the program's macroeconomic framework, incorporating credible revenue and spending projections.
- Submit to Parliament the Court of Audit Law that regulates its stature and functions and ensures its financial and operational independence.
- Strengthen the tax clearance certificate (quitus fiscal) regime, in line with IMF recommendations.

Continuous Structural Benchmarks

15. From July 25, 2024, issue on the websites of the ministries of Energy or Finance new fuel price structures on the 25th of each month to be applied to the transactions of the following month. The new fuel price structures will be consistent with the fuel action plan, and based on predefined international reference prices, augmented by taxes and quasi-taxes provided by the current regulations, margins, transportation costs, and an import premium. This continuous action should be transparently reflected as amendments to Presidential Decree No. 18.295, which regulates fuel import prices. **The authorities request to revise the scope of this continuous SB as follows:**

"From June 25, 2025, issue on the websites of the ministry of energy or ministry of finance new fuel price structures by the 25th of each month to be applied to the transactions of the following month. The new fuel price structures will be based on international reference prices, augmented by taxes and quasi-taxes provided by the current regulations, margins, transportation costs, and an import premium."

Structural Benchmarks (SB)

Third review (October 2024)

- Prepare a fiscal risk statement on the Sango project, disclosing existing fiscal commitments and assessing how the platform's activities could affect the government's fiscal position and overall debt sustainability, to be presented to the Cabinet. The assessment should be conducted following a framework developed with the support of the IMF TA and recommend legal measures to mitigate the risks identified. **The authorities request to postpone this SB to the sixth review.**
- Pursuant to Art. 22 of the asset declaration law (n. 21.011) and Art. 4 of the anti-corruption law (n. 23.009), the Cabinet will adopt an implementing regulation to allow the Haute Autorité de la

Bonne Gouvernance (HABG) to operationalize the asset declaration law with a focus on receiving and publishing asset declarations of senior public officials. The implementing regulation should include (i) a specific timeline for the operationalization of the asset declaration requirements at the latest by the end of 2025; (ii) a monetary threshold of at least 50 million FCFA for simplified declarations contemplated in Art. 22 of the asset declaration law; and (iii) asset declaration forms.

- Issue a ministerial decree outlining minimal criteria for official taxpayer recognition by the tax office.

- Conduct an audit of fuel procurement costs, including margins and fees, to establish optimal levels that reflect efficient operations by suppliers. Adapt the price structure based on the findings of this audit. **The authorities request to postpone this SB to the fifth review.**

- Make effective the systematic use of the SIM_Ba application by all staff in charge of the accounting function at the Treasury (Agence Comptable Centrale du Trésor): i) by providing them with the necessary IT equipment; ii) by training them on the technical and regulatory functions involved in this software.

Fourth review (April 2025)

- Adopt a quarterly pump price adjustment mechanism through a ministerial decree signed by the Ministers of Finance and Energy with a corridor that allows pump price to fluctuate in response to international oil price changes. **The authorities request to postpone this SB to the sixth review.**

Fifth review (October 2025)

- Ensure the effective use of the eTax platform by all large taxpayers for the online payment of their taxes and duties by the end of the third quarter of 2025.

- Regularize all expenses paid by payment orders from the Treasury and the Budget (*OPT and OPB*) during the 2023 budget year.

- Enhance the monitoring of customs exemptions by (i) adopting a Ministerial order that formalizes the procedure for the digitization and monitoring of the clearance of the lists of goods admitted under exemption for each importer benefiting from an exemption regime, and (ii) submitting to the Minister of Finance and the Committee in charge of the exemptions a quarterly report detailing the clearance status of said list of exempted goods for each importer.

- Submit to the Public Finance Monitoring Committee chaired by the Head of State a progress report on the implementation of the April 2025 IMF TA action plan on manual tax data cross-checks for FY2023. The report should present performance results across five areas, based on the taxpayer population identified through the manual cross-check exercise: (i) identification and localization of taxpayers, (ii) reclassification into the appropriate tax segments, (iii) controls conducted, (iv) notifications of tax liabilities, and (v) taxes recovered. The report should confirm that at least 50 percent of planned controls were conducted, 75 percent of controlled taxpayers were notified, 25 percent of assessed taxes were recovered, and that all identified taxpayers were reclassified into the correct tax segments.

- Replicate the manual cross-check of taxpayer data for the 2024 fiscal year using the methodology developed with IMF technical assistance and submit to the IMF the summary tables of identified anomalies.

Sixth review (April 2026)

- Implement the new DGID structure by appointing staff to the new Directorates.

- Submit to Parliament the draft of the new law on fuel sector aligned with IMF comments.

- Submit to the Public Finance Monitoring Committee chaired by the Head of State the final report on the implementation of the April 2025 IMF TA action plan on manual tax data cross-checks for FY2023. The report should present performance results across five areas, based on the taxpayer population identified through the manual cross-check exercise: (i) identification and localization of taxpayers, (ii) reclassification into the appropriate tax segments, (iii) controls conducted, (iv) notifications of tax liabilities, and (v) taxes recovered. The report should confirm that at least 90 percent of identified taxpayers were controlled, 95 percent of controlled taxpayers were notified, 80 percent of assessed taxes were recovered, and that all identified taxpayers were reclassified into the correct tax segments.

- Submit to the Public Finance Monitoring Committee chaired by the Head of State a progress report on the implementation of the April 2025 IMF TA action plan on manual tax data cross-checks for FY2024. The report should present performance results across five areas, based on the taxpayer population identified through the manual cross-check exercise: (i) identification and localization of taxpayers, (ii) reclassification into the appropriate tax segments, (iii) controls conducted, (iv) notifications of tax liabilities, and (v) taxes recovered. The report should confirm that at least 70 percent of planned controls were conducted, 75 percent of controlled taxpayers were notified, 60 percent of assessed taxes were recovered, and that all identified taxpayers were reclassified into the correct tax segments.

E. Reporting of Data to the IMF

16. Quantitative data on the government's indicative targets will be reported to IMF staff according to the frequency set out in Table III. Moreover, all data revisions will be promptly reported. The authorities undertake to consult Fund staff regarding any and all information or data not specifically addressed in this TMU, but which is necessary for program implementation, and inform Fund staff whether the program objectives have been achieved.

Table 1. Central African Republic: Reporting of Data to the IMF under the Staff-Monitored Program	
Description of data to be provided in Excel format	**Deadline**
Semi-annual evaluation report on qualitative indicators and structural measures (Tables 1 and 2 in the MEFP), accompanied by supporting documents.	Within four weeks of the end of each quarter
Monetary survey, monthly central bank and commercial bank accounts	Within four weeks of the end of each month
Table of the government's monthly cash flow operations, reconciled with the BEAC	Within 10 days of the end of each month
Government financial operations table (TOFE)	Within four weeks of the end of each month
Total monthly amount of domestic payments arrears on goods and services and on wages, including unpaid pensions and bonuses	Within four weeks of the end of each month
End-of-period stock of external debt	Within four weeks of the end of each month
Breakdown of expenditures included in the TOFE (goods, services, wages, interest, etc.)	Within four weeks of the end of each month
Summary table of actual expenditure in priority sectors, such as health, education, and security	Within four weeks of the end of each quarter
Breakdown of current and capital expenditure, whether domestically or externally funded	Within four weeks of the end of each quarter
Breakdown of revenues by institution and economic classification	Within four weeks of the end of each quarter
Revenue and expenditures netted out without a cash settlement (by expenditure and revenue type)	Within four weeks of the end of each quarter
Breakdown of debt service and external arrears, by principal and interest and by main creditors	Within four weeks of the end of each month
Amount of new non-concessional and concessional external debt contracted by the government	Within four weeks of the end of each month
Actual disbursements for projects and programs receiving foreign financial assistance and external debt relief granted by external creditors (including the date, amount, and creditor)	Within four weeks of the end of each month

INTERNATIONAL MONETARY FUND

CENTRAL AFRICAN REPUBLIC

THIRD AND FOURTH REVIEW UNDER THE ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY, REQUESTS FOR WAIVERS OF NONOBSERVANCE OF PERFORMANCE CRITERIA, AND FINANCING ASSURANCES REVIEW—DEBT SUSTAINABILITY ANALYSIS

May 21, 2025

Approved By
Vitaliy Kramarenko and Anna Ivanova (IMF), and Manuela Francisco and Abebe Adugna (IDA)

Prepared by the staff of the International Monetary Fund (IMF) and the International Development Association (IDA).

Risk of external debt distress	**High**
Overall risk of debt distress	**High**
Granularity in the risk rating	**Sustainable**
Application of judgement	**No**

The Central African Republic (CAR) remains at high risk of external debt distress and overall high risk of debt distress. Public debt is projected to be sustainable, though there are substantial liquidity risks, as shown by relevant debt indicators, stemming from possible shortfalls in donor support and substantial rollover risks on regional debt. The approval of the ECF-supported program in April 2023 helped catalyze disbursements from the African Development Bank (AfDB), while the World Bank provided disbursements for targeted recurrent spending costs, and France has recently disbursed a grant support after a long hiatus and is following up with a concessional loan in 2025. A full resumption of financing from all traditional donors remains slow amidst geopolitical tensions and governance shortfalls. Compared to the previously published DSA,[1] growth estimates were increased for 2024 to reflect the pickup in fuel consumption and stabilization in electricity provision at the financing mix in 2025 is improved with more concessional financing. At the same time, domestic revenues were adjusted down by an average of 0.7 percent of GDP between 2025 and 2029 to be more consistent with an updated assessment of the country's revenue mobilization capacity. However, there have been no new breaches of thresholds since the last DSA. Sensitivity of debt indicators to standard stress tests, significant macroeconomic and financing uncertainty, and sizeable contingent liabilities are all considerations

[1] The current DSA follows the revised Debt Sustainability Framework (DSF) for LICs and Guidance Note (2017) in effect as of July 1, 2018.

supporting the high-risk assessment. This assessment is predicated on the authorities' continued prioritization of and the ability to secure grant financing for essential current spending and developmental projects, as well as on their efforts to lengthen the profile of domestic debt. Significant downside risks, including uncertainty regarding macro-fiscal projections, the full resumption of donor support, the size of humanitarian assistance, and the recovery of the fuel market, might affect the overall sustainability analysis. [2]

PUBLIC DEBT COVERAGE

1. The coverage of public sector debt includes external and domestic contractual obligations of the central government, unchanged from the previous DSA. State and local governments do not borrow, there are no social security funds guaranteed by the public sector, and the government has not guaranteed other debt (Text Table 1). The coverage of public sector debt exhibits some gaps, notably non-guaranteed SOE debt and supplier arrears. Post-HIPC arrears of the central government account for less than 1 percent of GDP. The limited debt coverage is symptomatic of capacity weakness to effectively collect debt data, thus limiting the scope for a full-scale debt analysis.

2. The implementation of a new legal framework governing SOEs would improve their financial oversight, which, along with other steps, should lead to better debt coverage going forward. Under the World Bank Sustainable Development Financing Policy (SDFP), the government completed and published in 2021 the audits of the three largest state-owned enterprises operating in the energy, telecommunications, and water sectors (ENERCA, SODECA, SOCATEL). The objective of the audit was to assess their financial viability, increase the transparency in contingent liabilities reporting, and clarify the status of unaudited domestic arrears.[3] The government prepared and approved a cross-debt settlement plan for these SOEs based on these recent audits.[4]

[2] CAR's CI score based on the October 2024 World Economic Outlook (WEO) and the 2023 World Bank Country Policy Institutional Assessment (CPIA) data is 2.35, corresponding to a weak debt-carrying capacity (Text Table 5).

[3] Subsequently, as per the SDFP FY23 PPA#1, adopted in 2022, "the authorities plan to prepare and publish an annual report on the financial performance and fiscal risks associated with these three SOEs in order to avoid further fiscal outlays associated with weak financial performance of SOEs and improve debt management and transparency." The first annual report, released in April 2023 and covering the period from January to December 2021, offers crucial insights into corporate governance, internal controls, and the sustainability of the companies. It also aims to disclose consolidated financial and operational information to the public, with the overarching goal of averting potential arrears in the future. Furthermore, this report on the financial performance and fiscal risks of the three SOEs is expected to be annually updated and made available on the Ministry of Finance and Budget's website. In 2023, and 2024, the government completed a second and third report, the last one focusing on seven additional smaller SOEs, and covering the period from January 2021 to December 2023. These seven SOEs collectively account for only 7.2 percent of total SOE debt, compared to ENERCA (55.3 percent), SOCATEL (18.7 percent), and SODECA (15.6 percent), highlighting their smaller financial impact. Based on the 2023 numbers, the situation at ENERCA seemed to be reasonably under control, despite low revenues compared to the level of capital but with surprisingly high profits. On the opposite side, SOCATEL continues to lose money at an accelerated pace.

[4] The government cleared arrears with ENERCA in December 2023. However, due to significant treasury pressures, arrears are likely to remain with SODECA and SOCATEL.

3. **The DSA includes a combined contingent liabilities stress test, which assumes a tailored shock at 15 percent of GDP aimed at capturing the public sector exposure to arrears, SOEs, and a financial market shock.** This amount reflects the uncertainty about non-guaranteed SOE debt and arrears, potential additional domestic arrears, and financial market risks (Text Table 1). The contingent liabilities shock from SOE debt is set at 5 percent of GDP (instead of 2 percent for its default value) to reflect heightened risks associated with non-guaranteed SOE debt and potential expenditure arrears. The shock from domestic arrears is set at 5 percent of GDP to incorporate past and persisting shortcomings in the country's public expenditure management systems. The financial market risk shock has been calibrated and is kept at the default value of 5 percent of GDP, given the small size and depth of the financial sector in CAR.

Text Table 1. Central African Republic: Coverage of Public Sector Debt and Design of the Contingent Liability Stress Test

	Subsectors of the public sector	Sub-sectors covered
1	Central government	X
2	State and local government	X
3	Other elements in the general government	
4	o/w: Social security fund	X
5	o/w: Extra budgetary funds (EBFs)	
6	Guarantees (to other entities in the public and private sector, including to SOEs)	X
7	Central bank (borrowed on behalf of the government)	
8	Non-guaranteed SOE debt	

1	**The country's coverage of public debt**	The central, state, and local governments plus social security, government-guaranteed debt			
			Default	**Used for the analysis**	**Reasons for deviations from the default settings**
2	Other elements of the general government not captured in 1.	0	percent of GDP	5.0	Possible domestic payment arrears not included in debt stock
3	SoE's debt (guaranteed and not guaranteed by the government) 1/	2	percent of GDP	5.0	Limited information on SOE's financial position
4	PPP	35	percent of PPP stock	0.0	
5	Financial market (the default value of 5 percent of GDP is the minimum value)	5	percent of GDP	5.0	
	Total (2+3+4+5) (in percent of GDP)			15.0	

Sources: IMF staff estimates and country authorities.

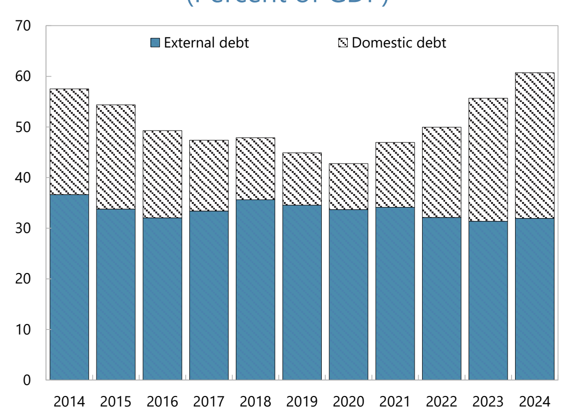
1/ The default shock of 2% GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1.). If it is already included in the government debt (1.) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

BACKGROUND ON DEBT

4. **CAR's public and publicly guaranteed (PPG) debt is anticipated to have increased to around 60 percent of GDP in 2024, from 58.2 percent in 2023.** This trend chiefly reflects the wider than anticipated domestic primary deficit due to spending overruns. After gradually declining to 44.4 percent of GDP in 2020, public sector debt resumed its upward trend on account of the security crisis, the COVID-19 pandemic, and the pause in donor-financing owing to fiscal transparency concerns, which led to a ramping up of debt issuances in the CEMAC regional market

Text Figure 1. Evolution of Public Sector Debt, 2014–24

(Percent of GDP)

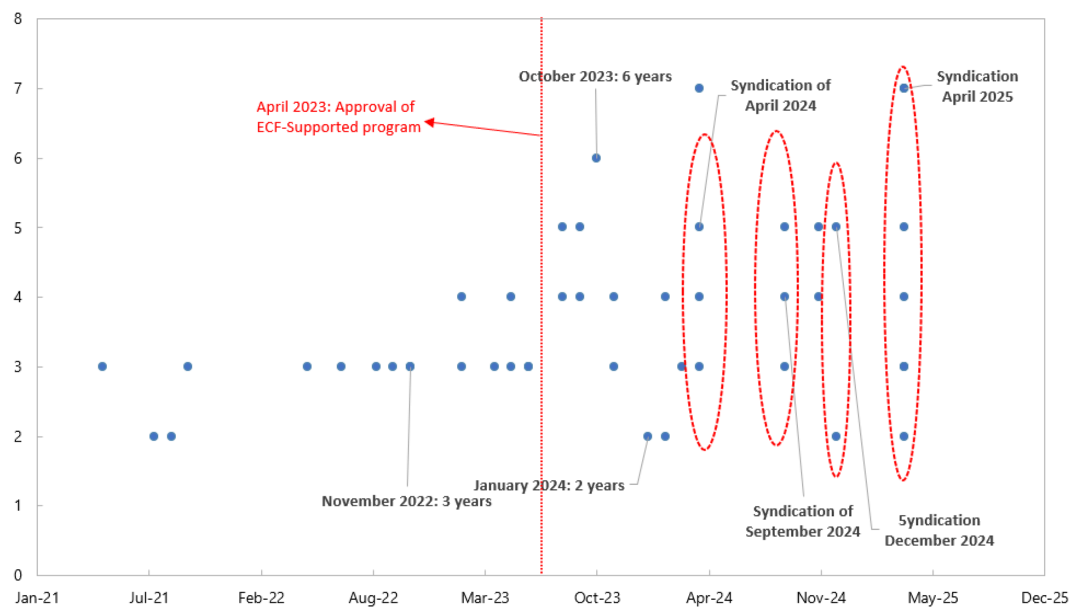


Sources: IMF Staff estimates and country authorities.

(Text Figure 1).[5] Public debt is projected to decline gradually to about 40 percent of GDP by 2030 led by a fall in domestic debt, which currently represents about 45 percent of CAR's total public indebtedness.

5. Domestic borrowing has grown substantially in the past three years. Domestic indebtedness surged from 9.4 percent of GDP in 2020 to an estimated 28.7 percent by the end of 2024. Domestic debt primarily comprises issuances in the regional CEMAC market, which have significantly increased since 2021 to address budget support shortfalls, reaching 16 percent of GDP in 2024 (about 55 percent of domestic debt). Other components include withdrawn SDR allocations (5 percent of GDP), arrears (0.9 percent of GDP), and bank loans (0.7 percent of GDP). Additionally, exceptional advances from the Bank of Central African States (BEAC) have been consolidated into a single loan of CFAF 80.5 billion (4.7 percent of GDP), which started amortizing in March 2025. Shorter maturities and declining subscription rates indicate that some banks may be nearing their internal limits on government securities exposure. Subscription rates fluctuated, rising from under 20 percent in Q1 2023 to about 70 percent following the ECF-supported program's approval in April 2023, peaking at 100 percent by mid-2023. However, tightening CEMAC market conditions in early 2024 forced CAR to rely on costly regional syndicated issuances totaling CFAF 127 billion in April, September, and December 2024. Overall, while medium-term bond coupons have hovered between 6 and 7.5 percent, yields on 3-year issuances remain high at around 12 percent, among the highest in CEMAC, increasing debt service burdens (Figure 2).

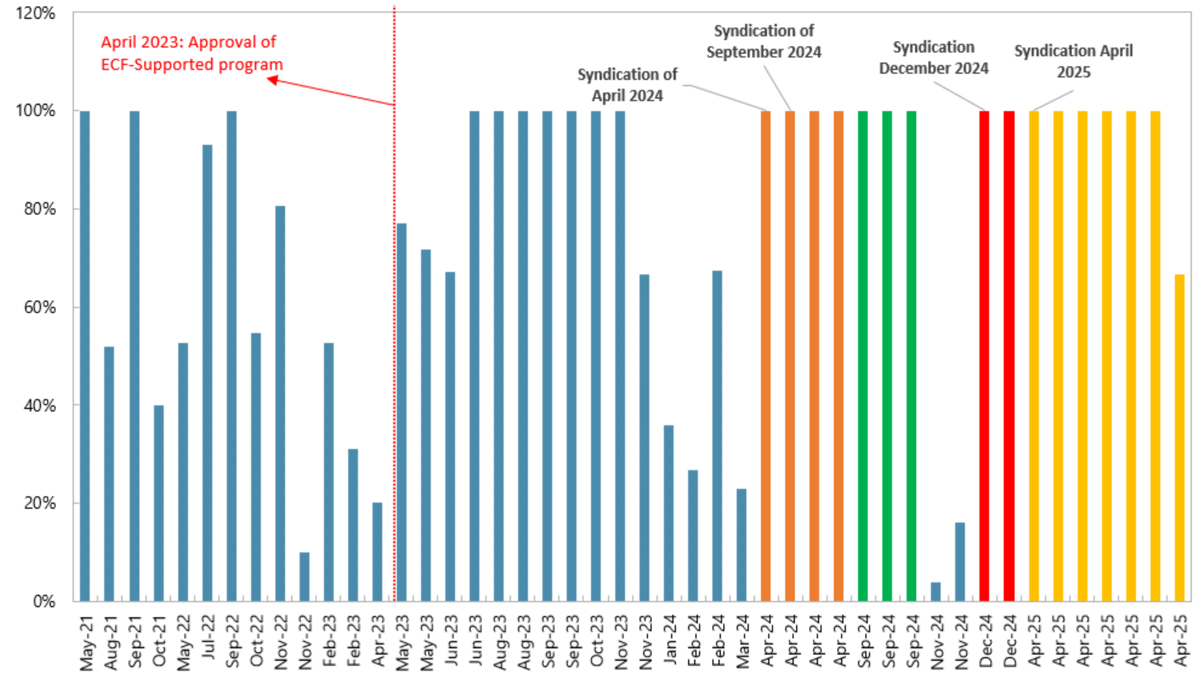
Text Figure 2. Maturities of New Issuances of Regional Medium-term Debt (OTAs)
(in years)



Source: IMF Staff
Note: Each dot represents a single issuance of regional medium-term debt in the CEMAC regional market.

[5] Previously unrecognized loan of US$20 million contracted by CAR in 2014 from Angola has been added to the debt stock resulting in a slight uptick in the external debt stock.

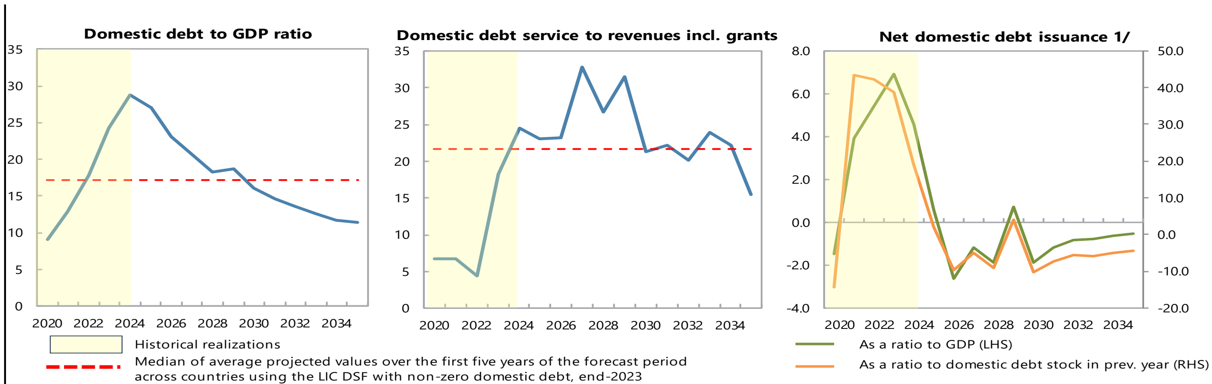
Figure 1. Subscription Rates of New Issuances of Regional Medium-term Debt



Source: IMF Staff

Note: Each bar represents a single issuance of regional medium-term debt in the CEMAC regional market.

Figure 2. Indicators of Domestic Public Debt, 2020-2035 (Percent)



Borrowing Assumptions (average over 10-year projection)	Value
Shares in new domestic debt issuance	
Medium and long-term	100%
Short-term	0%
Borrowing terms	
Domestic MLT debt	
Avg. real interest rate on new borrowing	5.4%
Avg. maturity (incl. grace period)	2
Avg. grace period	1
Domestic short-term debt	
Avg. real interest rate	2.0%

1/ Net domestic debt issuance is an estimate based on the calculated public gross financing need net of gross external financing, drawdown of assets, other adjustments, and domestic debt amortization. It excludes short-term debt that was issued and matured within the calendar year.

Sources: Country authorities; and staff estimates and projections

6. **External debt remained stable at about 32 percent of GDP in 2024.** The authorities have refrained from contracting or disbursing new external non-concessional debt consistent with the World Bank's SDFP and in line with Fund advice and the Extended Credit Facility (ECF) commitments to zero non-concessional borrowing.[6] In particular, they have not drawn from the non-concessional loans with the regional development bank (BDEAC) for CFAF 15 billion, signed in September 2021. In line with previous disbursement schedules, they drew a CFAF 1.22 billion tranche of a 2015 concessional project loan financed by the Saudi Development Fund. In line with these developments, the most significant adverse driver of external debt developments has been the exchange rate effect.

7. **Debt owed to multilateral creditors and pre-HIPC arrears continue to account for the bulk of external debt (see Table 1).** Multilateral creditors, mainly the IMF and the World Bank, held close to 50 percent of external debt in 2024. CAR has a large stock of officially recognized pre-HIPC arrears amounting to 8 percent of GDP, that pre-date the Completion Point of the HIPC initiative with non-Paris Club creditors (Argentina, Equatorial Guinea, Iraq, Libya, and Taiwan, Province of China). Total bilateral debt amounted to about 14 percent of GDP, with India, China, Saudi Arabia, Kuwait, and Angola being the main creditors. Debt to private creditors is negligible. This debt is included in the baseline.

8. **CAR has arrears to multilateral and bilateral creditors.** Legacy arrears are with OFID, with recent arrears incurred to BADEA, FAD, and FIDA. All those recent arrears to multilaterals (excluding legacy arrears) have been cleared. Recently discovered debt obligations to Angola with arrears (amounting to about CFAF 1.8 billion) are a subject of negotiation with the Angolan authorities for a path towards clearing them.[7] In 2024, CAR accumulated new bilateral arrears to China, Saudi Arabia, Kuwait, India, and Serbia amounting to about CFAF 4.9 billion (with net arrears CFAF 3.3 billion), mainly as a result of liquidity challenges and coordination challenges between the Debt Directorate and the Treasury. These did not trigger an in-distress assessment because they were treated as *de minimis (s*ee text table 2).

[6] The PPA#2 of the SDFP for FY23 is as follows: To improve debt sustainability, the Government will not enter into any contractual obligations for new external public and publicly guaranteed (PPG) non-concessional debt in FY23, except if the non-concessional debt limit is adjusted by the World Bank to a) reflect any material change of circumstances or b) in coordination with the IMF, in particular in line with adjustments in the IMF Debt Limit Policy (DLP).

[7] New arrears incurred since the second review as well as arrears to Angola, and OFID are deemed away for the purpose of assessing debt sustainability since they are assessed to be de minimis (i.e., less than 1 percent of GDP). The amount of arrears for Angola is provided by the CAR authorities. There is uncertainty about the exact amount since the loan was dormant for a while and has been under active negotiation since 2022 with the possibility of a standstill.

Table 1. Central African Republic: Composition of Public Sector Debt, 2024-2026[1]

	Debt Stock (end of period)			Debt Service					
	2024			2024	2025	2026	2024	2025	2026
	(mil US$)	*(Percent total debt)*	*(Percent GDP)*	*(In US$)*			*(Percent GDP)*		
Total	1663.1	100.0	60.7						
External	875.7	52.7	32.0	47.7	62.7	68.6	1.7	2.0	2.0
Multilateral creditors[2,3]	489.5	29.4	17.9	40.8	50.8	56.5	1.5	1.6	1.7
IMF	298.6	18.0	10.9	33.8	44.0	49.6	1.2	1.4	1.5
World Bank	115.5	6.9	4.2	3.8	3.8	3.7	0.1	0.1	0.1
ADB/AfDB/IADB	22.3	1.3	0.8	0.1	0.2	0.2	0.0	0.0	0.0
Other Multilaterals	53.1	3.2	1.9	4.2	4.1	5.2	0.1	0.1	0.2
o/w: FIDA	17.5	1.1	0.6	3.0	2.9	3.0	0.0	0.1	0.1
o/w: BDEAC	10.9	0.7	0.4	0.0	0.0	0.9	0.0	0.0	0.0
o/w: BADEA	14.9	0.9	0.5	1.2	1.2	1.3	0.3	0.0	0.0
Bilateral Creditors[2]	383.8	23.1	14.0	6.9	11.9	12.1	0.3	0.4	0.4
Paris Club	0.0	0.0	0.0	0.0	1.0	2.0	0.0	0.0	0.1
o/w: list largest two creditors									
list of additional large creditors									
Non-Paris Club	383.8	23.1	14.0	6.9	11.9	12.1	0.3	0.4	0.4
o/w: pre-HIPC arrears	216.6	13.0	7.9	0.0	0.0	1.0	0.0	0.0	0.0
o/w: India	45.2	2.7	1.7	1.9	3.2	4.3	0.1	0.1	0.1
o/w: Saudi Arabia	74.2	4.5	2.7	1.7	4.7	4.8	0.1	0.1	0.1
o/w: Kuwait	21.0	1.3	0.8	0.1	0.9	0.9	0.0	0.0	0.0
o/w: China	18.3	1.1	0.7	2.0	1.9	1.9	0.1	0.1	0.1
o/w: Congo	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial creditors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
o/w: list largest two creditors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
list of additional large creditors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other international creditors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
o/w: list largest two creditors									
list of additional large creditors									
Domestic	787.4	47.3	28.7	97.0	112.5	114.2	3.5	3.6	3.3
Held by residents, total	787.4	47.3	28.7	97.0	112.5	114.2	3.5	3.6	3.3
Held by non-residents, total									
T-Bills	17.7	1.1	0.6	25.4	17.4	0.0	0.9	0.6	0.0
Bonds	422.6	25.4	15.4	46.0	63.6	99.2	1.7	2.0	2.9
Loans	347.1	20.9	12.7	25.6	31.6	14.9	0.9	1.0	0.4
Memo items:									
Collateralized debt[4]									
o/w: Related									
o/w: Unrelated									
Contingent liabilities									
Nominal GDP	2740.0						2740.0	3149.3	3411.7

Sources: IMF Staff calculations and country authorities.
1/As reported by Country authorities according to their classification of creditors, including by official and commercial. Debt coverage is the same as the DSA, except for missing entities if applicable.
2/Some public debt is not shown in the table due to confidentiality clauses/capacity constraints.
3/"Multilateral creditors" are simply institutions with more than one official shareholder and may not necessarily align with creditor classification under other IMF policies (e.g. Lending Into Arrears).
4/Debt is collateralized when the creditor has rights over an asset or revenue stream that would allow it, if the borrower defaults on its payment obligations, to rely on the asset or revenue stream to secure repayment of the debt. Collateralization entails a borrower granting liens over specific existing assets or future receivables to a lender as security against repayment of the loan. Collateral is "unrelated" when it has no relationship to a project financed by the loan. An example would be borrowing to finance the budget deficit, collateralized by oil revenue receipts. See the joint IMF-World Bank note for the G20 "Collateralized Transactions: Key Considerations for Public Lenders and Borrowers" for a discussion of issues raised by collateral. Data on this are not currently available for CAR. The capacity to collect data on this is currently lacking.

Text Table 2. Central African Republic: Composition of Public Sector Debt Arrears, end-December 2024[1]

CFAF million	Total Gross Arrears 2024	Total Net Arrears 2024
Bilateral	4,908	3,316
China	1,242	1,242
India	1,959	1,676
Kuwait	243	213
Saudi Arabia	888	185
Serbia	577	-
Multilateral	1,305	-
BADEA	767	-
FIDA	458	-
FAD	80	-
Total	6,214	3,316
% of GDP	0.36	0.19
	Legacy Arrears[2]	
Argentina		20,696
CT-Consolides		452
Equatorial Guinea		3,587
Iraq		2,919
Libya		8,114
Taiwan, Province of China		95,005
UAPT		1,056
OFID		6,141
Total		137,970
% of GDP		8.10

Sources: IMF Staff calculations and country authorities.

1/ Arrears to Angola amount to about CFAF 1.8 billion. This amount of arrears is provided by the CAR authorities. There is uncertainty about the exact amount since the loan was dormant for a while and has been under active negotiation since 2022 with the possibility of a standstill.

2/Legacy arrears are mainly arrears that predate the HIPC completion point and have been a subject of negotiation for a long time.

UNDERLYING MACROECONOMIC ASSUMPTIONS

9. **Compared to the previous DSA, near-term risks have slightly increased due to upcoming maturities in the regional debt market, and increased liquidity pressures driven by fiscal risks.** For the second year in a row, the authorities have opted for domestic syndications, totaling CFAF 127 billion, which showed a 100 percent subscription in 2024. The proceeds of the issuance were used to roll up most maturity walls in 2024 and some of those in 2025. Between end-April and early May 2025, the authorities tapped the regional syndication market once again, raising a gross CFAF 65 billion, of which around CFAF 13.5 billion was used to repay the majority of the CFAF 29.6 billion maturing between May and the end of 2025. With still hefty amortizations beyond

2025, issuing long-term instruments to rollover maturing debt has become challenging. Thus, CAR should continue to prioritize grants and concessional financing to gradually replace regional debt, easing debt service and reducing the debt-to-GDP ratio below 45 percent by 2028.

10. CAR has faced difficulties covering its financing needs since 2021. The financing outlook hinges on the government's ability to adhere to the ECF-supported program targets while fostering good governance, transparency, and financial integrity to protect market access and eventually catalyze much-needed donor support. If the authorities do not meet those goals, acute financing needs are expected to emerge, likely prompting a very steep spending adjustment across the board. Such a disorderly adjustment will inflict significant hardship on the population. Moreover, protecting the access to the CEMAC debt market is critical to address the upcoming maturities. This needs to be done through an appropriately tight fiscal stance and continuous investor outreach.

11. Compared to the previous DSA, near- and medium-term macroeconomic projections have been revised to account for a higher primary deficit in 2024 and a milder revenue generation over the medium term.

Growth

- Real GDP growth in 2024 is estimated to have been 1.9 percent, up from the 1.4 percent included in the prior published DSA to reflect the higher fuel consumption and more stable electricity supply during 2024H2. Growth should reach 3 percent in 2025 as energy supply nears levels observed before the 2022 shortages. Additional momentum could be triggered by the 4G rollout, progress on the Corridor 13 road project, a Russian diesel donation[8], and a mining rebound after the late-2024 lifting of diamond export sanctions.

- The medium-term growth projection is broadly unchanged. Economic growth would reach 3.3 percent in 2026, 3.6 percent in 2027, and 3.8 percent in 2028. This performance assumes a continued strengthening in fuel and electricity supply, along with a continued increase in extractive and forestry exports. It also envisages a strengthening in the business environment through transparency and governance improvements, as established in the ECF-supported program. The medium-term growth improvement is further bolstered by recent enhancements in security conditions, notably observed since 2022, particularly in the greater Bangui area and major secondary urban centers. These urban havens host significant sectoral activities contributing to local value-added creation, such as food and beverage processing, construction, and wood transformation.

- Long-term growth (2029-42) is still projected at 3.4 percent, supported by the assumed normalization of relations with the international community, a progressive restoration of security with the peace agreement, a gradual redeployment of public services to the provinces, domestic arrears clearance, an increase in public and private investments, and improvements in human

[8] Last January, Russia announced a donation of 34m liters of diesel to CAR, or around a third of annual consumption.

capital and productivity thanks to steadfast implementation of reforms and ongoing investment projects.[9] Investment in broader sectors of the economy should also foster an increasing and more diversified export base.

Inflation

- Inflation is expected to drop from 4.2 percent in 2024 to 1.6 percent in 2025 (year-on-year), driven by easing food-related pressures and tightened fiscal policy. Inflation would continue to hover around CEMAC's 3 percent convergence criterion, provided that fuel supply improves and the trade corridor with Cameroon remains active. Yet, inflation projections are susceptible to upside risks given CAR's vulnerability to external shocks that could push up the prices of food and of other imported goods.

Public Finances

- The domestic primary deficit for 2024 was revised up to 4.8 percent of GDP from 2.8 percent of GDP in the prior DSA. This follows substantial spending overruns executed through extraordinary procedures and involving military motorbikes and food allowances, as well as mission travel. Financing needs during 2024 have been largely satisfied through the CEMAC regional debt market, a credit line with local banks, and IMF financing.[10] In addition, disbursements from the World Bank and the AfDB (totaling CFAF 15 billion or 0.9 percent of GDP) helped close the financing gap. Further, half of an EUR 10 million grant from France (CFAF 3.3 billion or 0.2 percent of GDP) disbursed in December was immediately available for budget support. The rest was allocated to specific spending, including local elections (EUR 3 million).

- In the medium term (2025-28), budget support grants are expected to gradually increase to almost 3.0 percent of GDP on the assumption that the government will reach an agreement with traditional donors to unblock their financing.[11] At this stage, the projected increase in grant support from development partners remains uncertain due to ongoing reduction in global aid by main donors coupled with the influence of complex geopolitical factors. In addition, domestic revenue mobilization is anticipated to increase by an average of 0.3 percent of GDP per year, chiefly led by a bolstering in revenues from fuel imports, the reduction in unwarranted tax exemptions at customs, the rollout of e-Tax, the opening of new customs offices thanks to the

[9] For instance, the World Bank approved in June 2022, a US$138 million grant to improve access to electricity, strengthen the sector and promote the provision of off-grid solar systems for schools, hospitals, administrative centers, and agricultural purposes and US$70 million in financing to strengthen and improve the quality of health care to more than 40 percent of the CAR population. Several projects have also been approved over the past years to boost agricultural productivity, support agribusiness, private sector development, digital governance, and the quality of education. The World Bank will use its ongoing portfolio to finance certain non-discretionary government expenditures, including wages and salaries, in critical service delivery areas.

[10] Part of IMF access during the life of the program has been deposited in an escrow account at the BEAC to supplement a World Bank's wage payment operation. In line with the World Bank, the Fund disbursements benefit from verification processes and safeguarded disbursement arrangements to limit the risk of ineligible expenditures.

[11] The agreement would assume an adequate macro-framework, the presence of an IMF program, and that conducive security and governance conditions are in place.

improvement in security, the implementation of a VAT electronic invoicing system, tax-compliance improvement efforts and continued efforts to recover past-due taxes.[12] Downside risks to the revenue outlook include a failure to ensure a sufficient provision of hydrocarbons at a reasonable cost and shortfall in donor grants, particularly in the case of reversals in macroeconomic and governance reforms or in the security situation. At the same time, expenditures are expected to remain overall stable as a percentage of GDP.

Financing Assumptions

- Most of financing needs in 2025 would still be covered through the regional debt market, though likely at higher costs. CAR's continued market access is supported by (i) the fact that a quarter of the original maturities for this year were already repaid through a successful syndication last September, which should help alleviate liquidity pressures; (ii) the good prospects for the authorities to deliver the fiscal consolidation incorporated in the ECF-supported program, which should keep financing needs consistent with investors lending capacity; (iii) the regular communication of the authorities with primary dealers; and (iv) the ongoing operationalization of the public debt coordination and management committee (PNDP), which should help authorities gain more predictability when planning regional debt issuances. CAR is expected to receive approximately US$45 million (CFAF 26.6 billion) in grants this year, including US$30 million from the WB (in addition to US$3.5 million in delayed disbursements from last year), and US$10 million from the AfDB –also reflecting a delayed disbursement from 2024. Further, France committed EUR 25 million in a concessional loan.

- Between 2026 and 2028, it is anticipated that external concessional borrowing would have fully been resumed, and therefore the reliance on the regional market should subside.

Text Table 3. Central African Republic: Macroeconomic Assumptions

	DSA-ECF arrangement (2nd review)		Proposed DSA-ECF arrangement (combined 3rd and 4th review)	
Percent of GDP, unless otherwise indicated	2022-28 average	2029-42 average	2022-28 Average	2029-42 Average
GDP growth (percent)	2.4	3.2	2.3	3.4
GDP deflator (percent)	4.3	2.7	5.2	3.6
Non-interest current account balance	-7.0	-4.6	-6.6	-2.4
Exports of goods and services	15.5	16.5	14.9	15.0
Primary balance	-2.4	-0.2	-2.6	-0.4
Revenues and grants	16.0	14.4	15.1	13.4

Source: IMF staff projections.

[12] The aforementioned domestic revenue mobilization projections carry a significant downside risk in their future realizations. Achieving the projected improvement in the primary fiscal deficit largely depends on the recovery of the fuel market and the sustained reform efforts by the Ministry of Finance and Budget, supported by international partners.

- In the long term (2029-42), domestic revenues (excluding grants) are assumed to follow a gradual upward trend, reaching around 12.5 percent of GDP at the end of the projection period. The projections on domestic revenue collection hinge on the implementation of fiscal structural reforms, including based on technical assistance in data collection and standards. The current revenue reforms to be implemented include i) establishment and publication of a streamlined price structure on a monthly basis, including for non-registered importers; (ii) a broadening of the usage of new software (SIM_Ba and SYDONIA World) to curb expenditure through extraordinary procedures and better register customs operations, respectively; (iii) stronger collaboration between the Tax Agency and Customs to apply the established penalty on unregistered importers; and iv) acceleration of the consolidation of all fees and expenses of services collected by the various ministries in the Treasury Single Account (TSA). Budget support grants are assumed to decline to less than 1 percent of GDP, to account for the fact that IDA regular credit terms should be applied in the projection horizon for which World Bank grant financing has not already been committed[13] The primary fiscal balance would reach a deficit of around 0.3 percent of GDP by the end of the forecast period, reflecting a faster revenue mobilization amid the continued implementation of fiscal reforms.

External

- The current account deficit (with grants) is anticipated to have increased mildly in 2024 to 9 percent of GDP from 8.8 percent in 2023. The current account balance is expected to improve to about 2.3 percent of GDP deficit by 2028, owing to the expected fiscal adjustment and an increase in exports as a result of reforms geared toward improving economic diversification and adding value to existing exports. The impact of USAID withdrawal on the capital account should be contained as about 88 percent of projects have been waived for humanitarian reasons.

- In the medium term, official budget support transfers are expected to ramp up, project-support transfers to remain relatively solid, while FDI inflows are projected to increase moderately to 1.8 percent of GDP by 2028.

REALISM OF THE BASELINE ASSUMPTIONS

12. The drivers of the debt dynamics tool show a broadly unchanged trajectory for external PPG debt and public debt compared with the previous DSA. The projected evolution of external debt is similar to the trajectory in the previous DSA. The decompositions of past and projected debt-creating flows for external debt are similar, while the unexpected changes in external debt over the past 5 years are close to the median relative to the distribution across LICs. The path of public debt is also similar compared to the previous DSA, though the projected debt-creating flows show a higher contribution of unexpected primary deficits to debt accumulation compared to

[13] The availability of World Bank financing is also linked to other conditions, such as, for example, the availability of IDA resources, and the adequacy of the macro-economic policy framework in the case of a potential budget support operation.

the past. In terms of the contribution of past forecast errors, they are above the median compared with other LICs.

13. Realism tools flag risks around the baseline scenario stemming from the growth projection, the projected fiscal consolidation, as well as the long-term private investment outlook (Figure 4). The envisaged fiscal path in terms of the projected 3-year primary balance adjustment is in the top quartile relative to the comparison group, thus appearing relatively ambitious when compared with the experience in other LICs. Fiscal consolidation in CAR will hinge on the authorities' ability to increase domestic revenue mobilization per program commitments and attract donor support. Growth in 2025 appears optimistic with the fiscal consolidation for standard values of the fiscal multipliers. This is explained by the fact that growth is mostly driven by the private sector rebound after the fuel shock shortage is resolved, in particular driven by the primary sector (agriculture, mineral extraction). The growth/investment tool shows that in both the current and the past DSAs, over time, there is a switch from public to private investment as a driver of growth, consistent with the pattern observed in countries at the same stage of development. In particular, private investment would grow as the business and governance environments strengthen, infrastructure develops, and the financial sector deepens along with a narrowing in government financing needs. These trends are also in line with the chart on the contributions to growth, which also shows that in comparison with its historical contribution, public investment is expected to play a declining role in explaining future growth, with other sources of growth more than offsetting this decline.

COUNTRY CLASSIFICATION AND STRESS TESTS

14. CAR' s debt carrying capacity is assessed as weak, unchanged from the last DSA in June 2024. The country's composite indicator (CI) is 2.35 based on the October 2024 World Economic data and 2023 CPIA scores (text table 4). Under weak debt carrying capacity, the thresholds applicable to the public and publicly guaranteed external debt are 30 percent for the PV of debt-to-GDP ratio, 140 percent for the PV of debt-to-exports ratio, 10 percent for the debt service-to-exports ratio, and 14 percent for the debt service-to-revenue ratio. The benchmark for the PV of total public debt is 35 percent of GDP.

Text Table 4. Central African Republic: Calculation of Composite Indicator and Thresholds

Country	Central African Republic
Country Code	**626**
Debt Carrying Capacity	**Weak**

Final	Classification based on current vintage	Classification based on the previous vintage	Classification based on the two previous vintage
Weak	Weak 2.35	Weak 2.22	Weak 2.28

APPLICABLE	
EXTERNAL debt burden thresholds	
PV of debt in % of	
Exports	140
GDP	30
Debt service in % of	
Exports	10
Revenue	14

APPLICABLE	
TOTAL public debt benchmark	
PV of total public debt in percent of GDP	35

Components	Coefficients (A)	10-year average values (B)	CI Score components (A*B) = (C)	Contribution of components
CPIA	0.385	2.583	0.99	42%
Real growth rate (in percent)	2.719	2.156	0.06	2%
Import coverage of reserves (in percent)	4.052	32.710	1.33	56%
Import coverage of reserves^2 (in percent)	-3.990	10.699	-0.43	-18%
Remittances (in percent)	2.022	0.066	0.00	0%
World economic growth (in percent)	13.520	2.967	0.40	17%
CI Score			2.35	100%
CI rating			**Weak**	

Sources: IMF staff estimates, Word Bank *Country Policy and Institutional Assessment*, and country authorities

DEBT SUSTAINABILITY

A. External Debt Sustainability Analysis

15. Relative to the previous DSAs, external debt solvency indicators remain broadly similar (Figure 2). The present value of the external debt-to-GDP ratio remains well below the relevant threshold under the baseline scenario. However, it comes close to the threshold for the most extreme standardized stress test. The present value of the debt-to-exports ratios declines from close to the 112 percent threshold in 2024 to well below its threshold in the medium term. Setting key variables to their historical average would result in a clear upward trend of both debt ratios, mainly because of the large shocks and conflicts that occurred in the past (such as the 2013 crisis).

16. While liquidity indicators of the external PPG debt breach their thresholds for 3 years starting from 2025 under the baseline scenario, there are mitigating factors. The external debt service-to-exports and the debt service-to-revenue ratios both breach their respective threshold for

3 years starting in 2025, driven by a significant uptick in debt service, primarily related to an increase in repayments to the Fund in that period (Figure 2). There are heightened risks in 2026, but broadly similar to the previous DSA. CAR is part of CEMAC and has access to its pool of reserves (provided it has budgetary resources to purchase them). The country also has access to the CEMAC regional debt market; however, this access has weakened during 2024H2 due to CAR's fiscal slippages, a tightening regional liquidity conditions, and some increase in investor risk aversion following recent liability management operations by other countries in the sub-region. Recent high-level commitments to regional stability by the Heads of States and increased foreign borrowing by larger CEMAC countries are expected to reduce pressures on regional securities markets. Subject to successful ECF-supported program implementation, large repayments to the Fund, which cause high liquidity ratios, are feasible based on program financing assumptions. As expected, more significant and persistent breaches of the external debt service-to-exports ratio and the external debt service-to-revenue ratio would happen under the historical scenario and the most extreme standardized stress test (standardized shocks to exports and to exchange rate depreciation, respectively).

B. Public Debt Sustainability Analysis

17. Driven by the surge in domestic debt, the total public debt indicators are high but drop below the relevant indicative benchmark starting in 2027 (Figure 4). The present value of the debt-to-GDP ratio is on a higher path, but similar to the previous DSA. Data outturn in 2024 shows heightened debt vulnerability as the PV of debt-to-GDP ratio breaches its indicative benchmark from 2025 and 2026 partly on account of rising issuances of regional debt along with domestic debt reconciliation that triggered the addition of two previously excluded bank loans. The PV of debt-to-GDP ratio shows a gradual declining trend, predicated on conservative financing assumptions that financing gaps are to be mostly covered by concessional external debt, while renewed donor support would result in substantially more favorable dynamics. The PV of the debt-to-revenue ratio also shows a declining path through the projection period. The debt-service-to-revenue and grants ratio will remain elevated, reflecting particularly higher domestic debt service payments. A standardized shock to combined contingent liabilities would trigger a breach of the indicative benchmark for the PV of the debt-to-GDP ratio and lead to a significant increase of the PV of the debt-to-revenue ratio.[14] A possible worsening of the macroeconomic outlook (e.g., if donor budget support does not resume in the medium term) would exacerbate domestic arrears accumulation and aggravate risks from vulnerable SOEs. Their contingent liabilities would severely affect the budget and, ultimately debt risks.

RISK RATING AND VULNERABILITIES

18. CAR remains at high risk of external debt distress and overall high risk of debt distress, but debt is assessed to be sustainable. The rating is driven by the persistent breaches in the medium term of the thresholds for the external debt service-to-export and, in particular, the external

[14] The shock assumes real GDP growth of one standard deviation below its historical average in the second and third year of the projection period.

debt service-to-revenue ratios where breaches are substantial under the baseline scenario. This points to potential liquidity problems, of which the risks have remained significant since the last DSA due to still subdued budget support and the weakening fiscal revenue linked to fuel shortages.

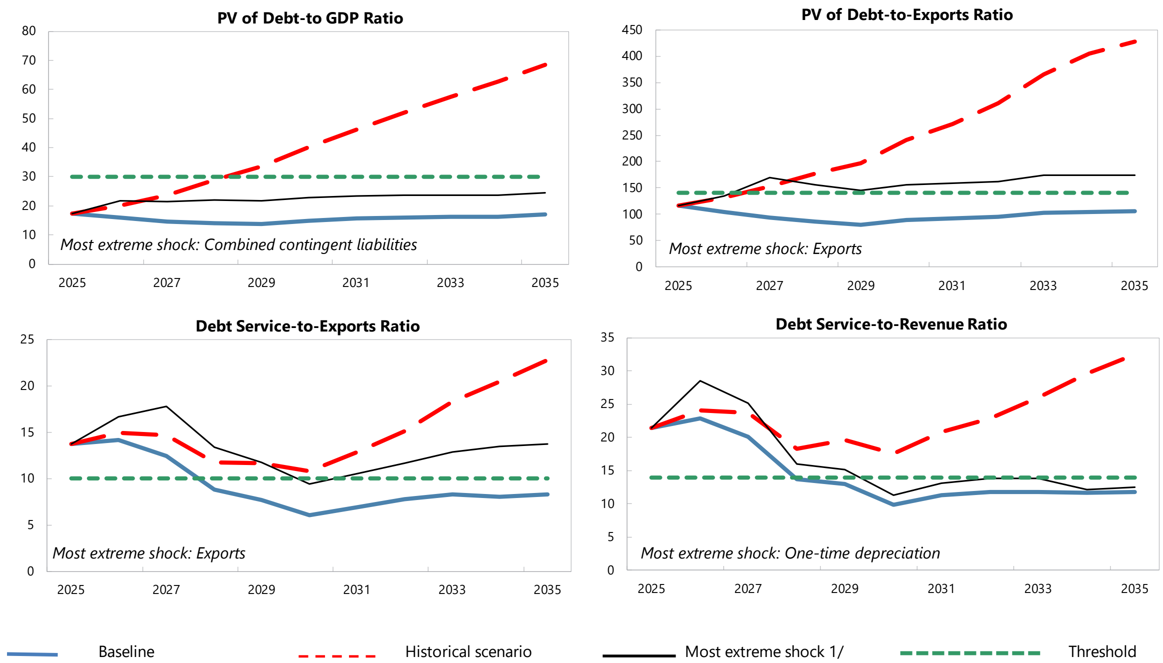
19. A few other considerations support the high-risk assessment. Macroeconomic projections are particularly uncertain in the near term, as the country is buffeted by overlapping crises, and the full resumption of full-scale donor support continues to be delayed. Significant fiscal adjustment will be required over the medium term amid limited external financing options. While the country has been increasingly tapping domestic CEMAC markets in 2021-24, large financing needs through 2026 have exacerbated rollover risks. Further delays in a full resumption of budget support would raise the risk of disorderly fiscal adjustments, weighing on growth, potentially triggering a total loss of access to the regional market, with debt sustainability repercussions.

20. Public debt is projected to be sustainable, though there exist substantial liquidity risks, as shown by relevant debt indicators, in the possible absence of sufficient donor support and domestic/regional market access. The DSA underscores the urgency of fiscal measures to strengthen revenue and renewed efforts to restore relations with donors to ensure sustainability. In the short term, fiscal prudence amid the support from the World Bank, the African Development Bank, and France, as well as disbursements under the ECF-arrangement, are expected to help close the 2025 financing gap. Further, CAR still has access to the regional CEMAC market, which should finance around half of this year's gross financing needs. Excessive regional borrowing, however, could trigger further increases in financing costs as regional liquidity tightens. Still, pooled foreign exchange reserves mitigate repayment risks provided the government has sufficient local currency resources. However, ensuring medium-term debt sustainability requires that the country reaches agreements with donors to durably unlock budget support and ensure a successful execution of the ongoing UCT (Upper Credit Tranche) program. Disbursing the highly non-concessional BDEAC loan signed in 2021 would worsen external debt sustainability indicators and staff continue to advise against it.

AUTHORITIES VIEWS

21. The authorities broadly agreed with the assessment of the vulnerabilities contained in the report. They agreed that liquidity challenges in the short to medium term remain the greatest hindrance to debt sustainability. Thus, the full implementation of the ECF-supported program, particularly revenue measures, is necessary to reduce debt service vulnerabilities. The revenue-led fiscal consolidation path envisioned in the program, coupled with strong governance and transparency reforms in the structural reform agenda, is key to improve donor relations and unlock the necessary financing. The authorities agreed that a proactive debt management system is necessary to further reduce debt vulnerabilities and the occurrence of arrears. They also agreed that grant financing, as well as concessional external financing, are needed to tackle the many developmental needs of the country while improving debt sustainability.

Figure 3. Indicators of Public and Publicly Guaranteed External Debt Under Alternatives Scenarios, 2025-2035



Customization of Default Settings		
	Size	Interactions
Tailored Stress		
Combined CL	Yes	
Natural disaster	n.a.	n.a.
Commodity price	n.a.	n.a.
Market financing	n.a.	n.a.

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

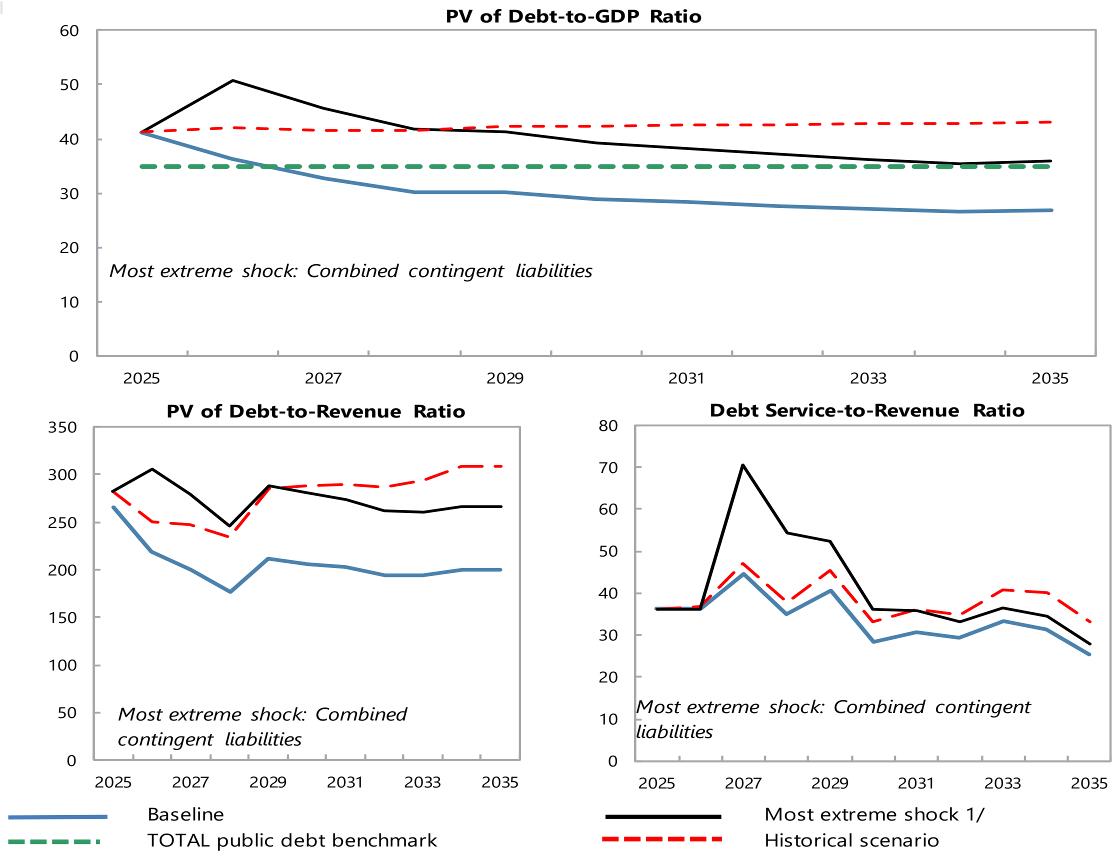
Borrowing assumptions on additional financing needs resulting from the stress tests*		
	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	2.1%	2.1%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	29	29
Avg. grace period	6	6

* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2032. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Figure 4. Indicators of Public Debt Under Alternatives Scenarios, 2025-2035



Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	52%	60%
Domestic medium and long-term	48%	14%
Domestic short-term	0%	26%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	2.1%	1.8%
Avg. maturity (incl. grace period)	29	30
Avg. grace period	6	6
Domestic MLT debt		
Avg. real interest rate on new borrowing	2.7%	5.4%
Avg. maturity (incl. grace period)	4	2
Avg. grace period	2	1
Domestic short-term debt		
Avg. real interest rate	0.0%	2.0%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

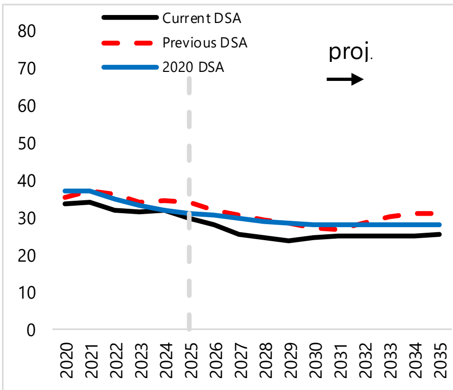
Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2032. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

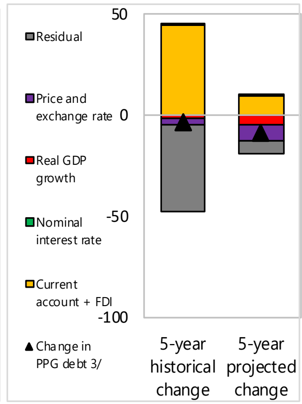
Figure 5. Drivers of Debt Dynamics Baseline Scenario

External Debt

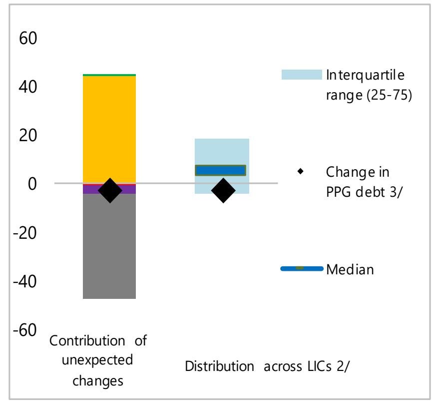
Gross Nominal PPG External Debt
(In percent of GDP; DSA Vintages)



Debt-creating Flows
(Percent of GDP)

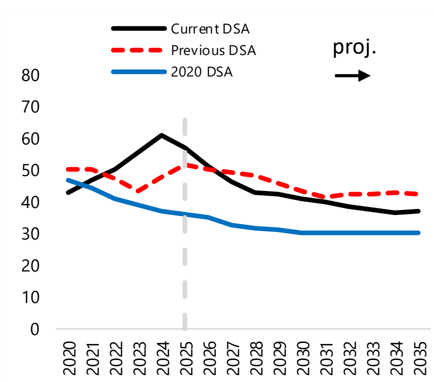


Unexpected Changes in Debt 1/
(Past 5 Years, Percent of GDP)

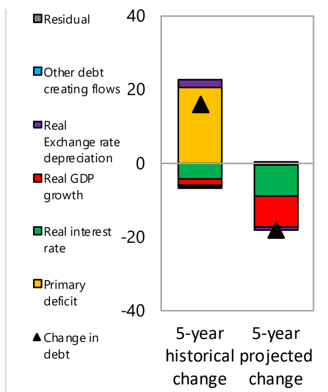


Public Debt

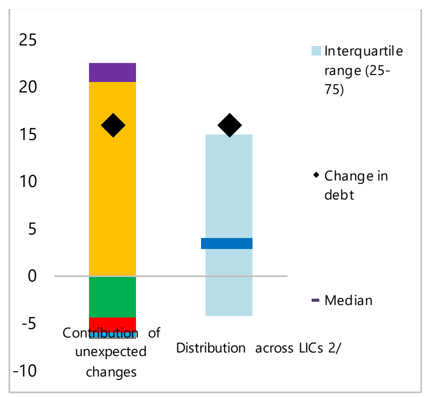
Gross Nominal PPG External Debt
(In percent of GDP; DSA Vintages)



Debt-creating Flows
(Percent of GDP)



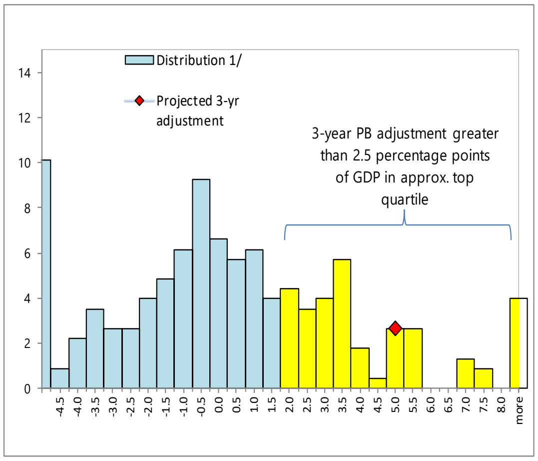
Unexpected Changes in Debt 1/
(Past 5 Years, Percent of GDP)



1/ Difference between anticipated and actual contributions on debt ratios.
2/ Distribution across LICs for which LIC DSAs were produced.
3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

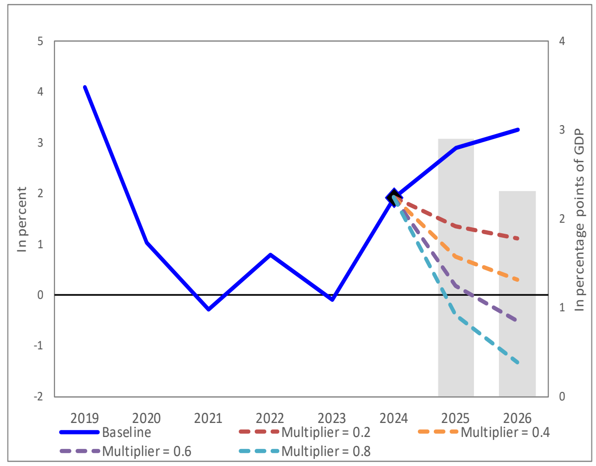
Figure 6. Realism Tools

3-Year Adjustment in Primary Balance (Percentage points of GDP)



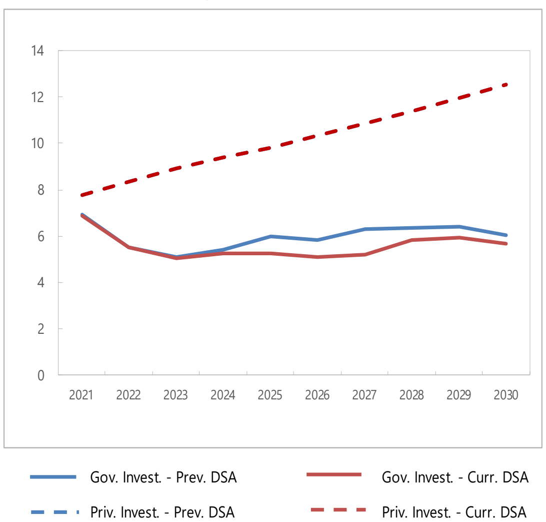
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths 1/

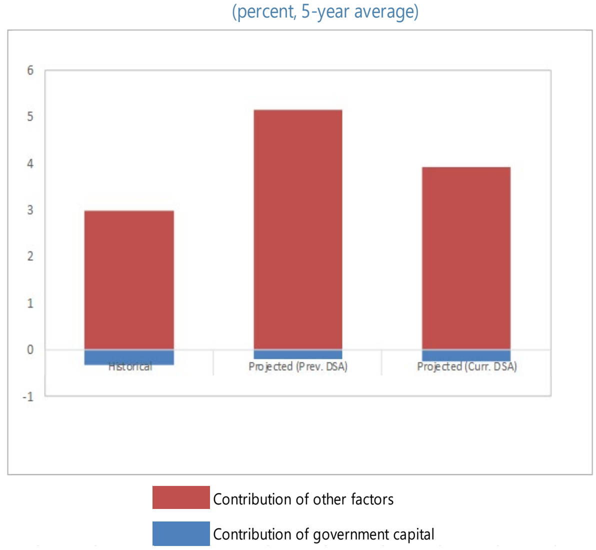


1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

Public and Private Investment Rates
(percent of GDP)



Contribution to Real GDP growth
(percent, 5-year average)



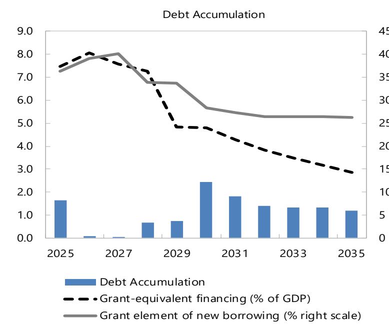
Source: IMF staff projections

Table 2. Central African Republic: External Debt Sustainability Framework, Baseline Scenario, 2022-2045

(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 8/	
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2035	2045	Historical	Projections
External debt (nominal) 1/	32.1	31.4	32.0	30.0	28.1	25.7	24.6	23.7	24.6	25.6	21.7	33.3	25.7
of which: public and publicly guaranteed (PPG)	32.1	31.4	32.0	30.0	28.1	25.7	24.6	23.7	24.6	25.6	21.7	33.3	25.7
Change in external debt	-2.0	-0.7	0.6	-2.0	-1.9	-2.4	-1.1	-0.9	0.9	0.7	-2.8		
Identified net debt-creating flows	13.8	5.0	6.4	4.9	1.7	0.5	-0.7	0.1	-0.3	-0.3	-1.8	6.5	0.5
Non-interest current account deficit	12.5	8.7	8.8	6.9	3.8	2.9	1.7	2.6	2.3	1.6	1.2	8.0	2.8
Deficit in balance of goods and services	19.7	17.0	17.7	15.7	14.1	12.8	11.7	10.3	9.8	9.2	7.1	17.3	11.2
Exports	13.4	14.2	14.7	15.0	15.3	15.5	16.2	17.1	16.6	16.0	13.0		
Imports	33.1	31.2	32.3	30.8	29.4	28.3	27.9	27.4	26.5	25.2	20.0		
Net current transfers (negative = inflow)	-7.2	-8.6	-9.1	-9.0	-10.3	-10.0	-10.0	-7.8	-7.5	-7.3	-5.3	-9.3	-8.4
of which: official	-2.0	-3.0	-3.1	-3.4	-4.9	-4.8	-5.0	-2.9	-2.8	-2.8	-2.4		
Other current account flows (negative = net inflow)	0.0	0.3	0.3	0.2	0.1	0.1	0.0	0.0	0.0	-0.3	-0.5	0.1	-0.1
Net FDI (negative = inflow)	-1.0	-1.4	-1.4	-1.3	-1.4	-1.6	-1.8	-1.9	-1.9	-2.2	-2.4	-0.7	-1.8
Endogenous debt dynamics 2/	2.3	-2.3	-1.0	-0.7	-0.7	-0.7	-0.7	-0.6	-0.6	0.3	-0.6		
Contribution from nominal interest rate	0.1	0.1	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.5	0.5		
Contribution from real GDP growth	-0.3	0.0	-0.6	-0.8	-0.9	-0.9	-0.9	-0.8	-0.9	-0.2	-1.1		
Contribution from price and exchange rate changes	2.5	-2.5	-0.6	-2.4	...	...	...	...	...	...	...		
Residual 3/	-15.8	-5.7	-5.8	-6.9	-3.7	-2.9	-0.3	-1.0	1.2	1.0	-1.0	-7.0	-1.0
of which: exceptional financing	-0.1	0.1	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0		
											0.0		
Sustainability indicators											0.0		
PV of PPG external debt-to-GDP ratio	...	...	17.8	17.4	16.0	14.5	14.1	13.7	14.8	16.9	17.2		
PV of PPG external debt-to-exports ratio	...	...	121.2	116.0	104.9	93.9	86.6	80.2	89.1	106.1	132.5		
PPG debt service-to-exports ratio	3.7	3.9	5.3	13.8	14.2	12.5	8.8	7.7	6.1	8.3	8.8		
PPG debt service-to-revenue ratio	6.6	6.9	8.5	21.4	22.8	20.1	13.7	13.0	9.9	11.8	9.1		
Gross external financing need (Million of U.S. dollars)	303.2	212.8	231.3	241.7	157.6	121.0	57.9	89.8	66.4	47.5	-6.2		
											0.0		
Key macroeconomic assumptions											0.0		
Real GDP growth (in percent)	0.8	-0.1	1.9	2.9	3.3	3.6	3.8	3.7	3.9	0.8	4.9	2.4	3.1
GDP deflator in US dollar terms (change in percent)	-6.7	8.3	2.1	8.2	5.7	6.8	4.2	4.3	4.8	2.4	3.3	1.0	4.7
Effective interest rate (percent) 4/	0.3	0.5	0.5	0.5	0.7	0.7	0.8	0.9	1.0	1.9	2.3	0.5	1.2
Growth of exports of G&S (US dollar terms, in percent)	-4.5	15.0	7.2	14.2	11.0	12.0	13.5	13.7	6.0	6.0	5.9	3.1	8.9
Growth of imports of G&S (US dollar terms, in percent)	0.9	2.1	7.7	6.0	4.2	6.7	6.7	6.2	5.1	3.1	4.7	3.0	5.5
Grant element of new public sector borrowing (in percent)	...	...	...	36.3	39.1	40.1	33.8	33.7	28.3	26.2	27.0	...	31.3
Government revenues (excluding grants, in percent of GDP)	7.6	8.0	9.1	9.7	9.5	9.6	10.5	10.1	10.2	11.2	12.5	7.9	10.4
Aid flows (in Million of US dollars) 5/	125.9	174.8	169.3	201.6	251.8	264.1	268.9	184.9	183.4	146.8	86.0		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	7.5	8.0	7.6	7.2	4.8	4.8	2.8	1.3	...	5.2
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	73.1	84.8	85.9	83.8	78.1	64.8	62.5	48.4	...	72.4
Nominal GDP (Million of US dollars)	2513.4	2719.7	2829.3	3150.8	3439.9	3807.0	4117.3	4454.9	4850.9	6559.9	10749.1		
Nominal dollar GDP growth	-6.0	8.2	4.0	11.4	9.2	10.7	8.2	8.2	8.9	3.3	8.4	3.5	8.0
											0.0		
Memorandum items:											0.0		
PV of external debt 7/	...	...	17.8	17.4	16.0	14.5	14.1	13.7	14.8	16.9	17.2		
In percent of exports	...	...	121.2	116.0	104.9	93.9	86.6	80.2	89.1	106.1	132.5		
Total external debt service-to-exports ratio	3.7	3.9	5.3	13.8	14.2	12.5	8.8	7.7	6.1	8.3	8.8		
PV of PPG external debt (in Million of US dollars)			502.8	549.3	551.7	553.2	579.4	610.2	718.5	1110.1	1847.8		
(PVt-PVt-1)/GDPt-1 (in percent)				1.6	0.1	0.0	0.7	0.7	2.4	1.2	1.2		
Non-interest current account deficit that stabilizes debt ratio	14.5	9.4	8.2	8.9	5.8	5.3	2.8	3.5	1.3	0.9	4.0		

Definition of external/domestic debt	Residency-based
Is there a material difference between the two criteria?	No



Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g) + Ɛα (1+r)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, ρ = growth rate of GDP deflator in U.S. dollar terms, Ɛ=nominal appreciation of the local currency, and α= share of local currency-denominated external debt in total external debt.

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/ Current-year interest payments divided by previous period debt stock.

5/ Defined as grants, concessional loans, and debt relief.

6/ 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).

7/ Assumes that PV of private sector debt is equivalent to its face value.

8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Note: The high residual is mainly as a result of changes in gross foreign assets, valuation adjustments as well as exchange rate changes.

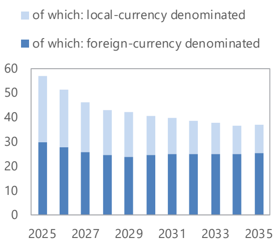
Table 3. Central African Republic: Public Sector Debt Sustainability Framework, Baseline Scenario, 2022-2045

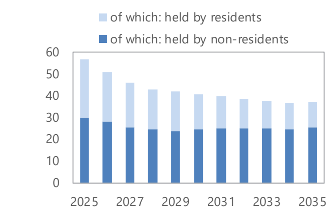
(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 6/	
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2035	2045	Historical	Projections
Public sector debt 1/	**50.0**	**55.7**	**60.7**	**57.0**	**51.2**	**46.3**	**42.9**	**42.3**	**40.7**	**37.0**	**28.3**	**50.0**	**42.7**
of which: external debt	**32.1**	**31.4**	**32.0**	**30.0**	**28.1**	**25.7**	**24.6**	**23.7**	**24.6**	**25.6**	**21.7**	**33.3**	**25.7**
Change in public sector debt	3.0	5.7	5.0	-3.7	-5.9	-4.8	-3.4	-0.6	-1.6	0.4	-3.3		
Identified debt-creating flows	**4.8**	**-0.1**	**4.3**	**-4.2**	**-4.5**	**-4.9**	**-3.4**	**-0.6**	**-1.6**	**0.6**	**-1.0**	**0.3**	**-2.0**
Primary deficit	**4.8**	**2.9**	**4.2**	**1.3**	**-1.0**	**-1.0**	**-1.2**	**1.5**	**0.8**	**0.6**	**0.6**	**1.8**	**0.3**
Revenue and grants	12.1	14.0	14.5	15.6	16.6	16.3	17.0	14.3	14.0	13.5	13.3	**14.4**	**14.8**
of which: grants	4.5	6.0	5.4	5.9	7.1	6.7	6.5	4.2	3.8	2.2	0.8		
Primary (noninterest) expenditure	17.0	16.9	18.7	16.9	15.6	15.3	15.8	15.8	14.8	14.1	13.8	**16.3**	**15.1**
Automatic debt dynamics	**0.1**	**-2.8**	**0.1**	**-5.5**	**-3.5**	**-3.8**	**-2.2**	**-2.0**	**-2.4**	**-0.1**	**-1.6**		
Contribution from interest rate/growth differential	-2.1	-2.0	-1.2	-5.5	-3.5	-3.8	-2.2	-2.0	-2.4	-0.1	-1.6		
of which: contribution from average real interest rate	-1.7	-2.0	-0.1	-3.8	-1.7	-2.0	-0.5	-0.5	-0.8	0.2	-0.1		
of which: contribution from real GDP growth	-0.4	0.0	-1.1	-1.7	-1.8	-1.8	-1.7	-1.5	-1.6	-0.3	-1.5		
Contribution from real exchange rate depreciation	2.2	-0.9	1.2	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	**-0.1**	**-0.1**	**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)	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (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		
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 debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	**-1.8**	**5.8**	**0.8**	**0.5**	**-1.4**	**0.0**	**0.0**	**0.0**	**0.0**	**-0.2**	**-2.3**	**0.0**	**-0.2**
Sustainability indicators													
PV of public debt-to-GDP ratio 2/	**...**	**...**	**45.6**	**41.3**	**36.4**	**32.7**	**30.1**	**30.2**	**29.0**	**27.0**	**22.9**		
PV of public debt-to-revenue and grants ratio	**...**	**...**	**314.9**	**265.2**	**218.8**	**200.2**	**176.6**	**211.4**	**206.5**	**200.2**	**172.7**		
Debt service-to-revenue and grants ratio 3/	**8.6**	**22.3**	**29.8**	**36.3**	**36.3**	**44.6**	**35.1**	**40.7**	**28.5**	**25.3**	**20.9**		
Gross financing need 4/	5.8	5.9	8.5	6.9	5.0	6.2	4.7	7.2	4.7	4.0	3.3		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	0.8	-0.1	1.9	2.9	3.3	3.6	3.8	3.7	3.9	0.8	4.9	**2.4**	**3.1**
Average nominal interest rate on external debt (in percent)	0.3	0.5	0.5	0.5	0.7	0.7	0.8	0.9	1.0	1.9	2.3	**0.5**	**1.2**
Average real interest rate on domestic debt (in percent)	-2.1	-2.7	1.4	-5.2	-1.8	-2.2	1.4	1.7	0.3	3.0	2.4	**-1.1**	**0.3**
Real exchange rate depreciation (in percent, + indicates depreciation)	6.8	-2.9	4.0	...	...	...	...	...	...	...	...	**1.9**	**...**
Inflation rate (GDP deflator, in percent)	4.8	5.5	2.0	8.7	5.2	6.9	4.3	4.3	4.7	2.4	3.3	**3.0**	**4.7**
Growth of real primary spending (deflated by GDP deflator, in percent)	-9.7	-0.5	12.7	-7.1	-4.3	1.5	7.2	3.3	-2.6	2.0	5.8	**6.5**	**0.6**
Primary deficit that stabilizes the debt-to-GDP ratio 5/	1.8	-2.9	-0.8	5.0	4.9	3.8	2.2	2.0	2.4	0.3	3.9	**-0.6**	**2.5**
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Definition of external/domestic debt	**Residency-based**
Is there a material difference between the two criteria?	**No**

Public sector debt 1/





Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central, state, and local governments plus social security, government-guaranteed debt. Definition of external debt is currency-based.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

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

4/ 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 and other debt creating/reducing flows.

5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilize the debt ratio only in the year in question.

6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Table 4. Central African Republic: Sensitivity Analysis for Key Indicators of Publicly Guaranteed External Debt, 2025-2035

	Projections 1/										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
PV of debt-to GDP ratio											
Baseline	17	16	15	14	14	15	16	16	16	16	17
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	17	20	24	29	**34**	**40**	**46**	**52**	**57**	**63**	**68**
B. Bound Tests											
B1. Real GDP growth	17	17	16	15	15	16	17	17	18	18	19
B2. Primary balance	17	18	19	20	20	21	21	22	22	22	22
B3. Exports	17	18	19	18	18	19	20	20	20	20	20
B4. Other flows 3/	17	19	20	19	18	19	20	20	20	20	20
B5. Depreciation	17	20	14	14	13	15	16	16	17	17	18
B6. Combination of B1-B5	17	21	20	20	19	20	21	21	21	21	22
C. Tailored Tests											
C1. Combined contingent liabilities	17	22	21	22	22	23	23	24	24	24	25
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	30	30	30	30	30	30	30	30	30	30	30
PV of debt-to-exports ratio											
Baseline	116	105	94	87	80	89	92	95	102	105	106
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	116	132	**153**	**177**	**196**	**241**	**272**	**311**	**365**	**404**	**428**
B. Bound Tests											
B1. Real GDP growth	116	105	94	87	80	89	92	95	102	105	106
B2. Primary balance	116	119	124	120	115	125	127	130	139	**140**	**141**
B3. Exports	116	135	**170**	**157**	**145**	**156**	**158**	**162**	**174**	**175**	**175**
B4. Other flows 3/	116	122	127	117	108	116	117	120	128	129	128
B5. Depreciation	116	105	73	67	62	72	75	78	85	89	91
B6. Combination of B1-B5	116	**143**	118	139	128	139	**141**	**145**	**155**	**156**	**156**
C. Tailored Tests											
C1. Combined contingent liabilities	116	**142**	139	135	127	137	138	**141**	**151**	**153**	**154**
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	140	140	140	140	140	140	140	140	140	140	140
Debt service-to-exports ratio											
Baseline	**14**	**14**	**12**	9	8	6	7	8	8	8	8
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	**14**	**15**	**15**	**12**	**12**	**11**	**13**	**15**	**18**	**20**	**23**
B. Bound Tests											
B1. Real GDP growth	**14**	**14**	**12**	9	8	6	7	8	8	8	8
B2. Primary balance	**14**	**14**	**13**	10	9	7	8	9	10	**10**	**10**
B3. Exports	**14**	**17**	**18**	**13**	**12**	9	**11**	**12**	**13**	**14**	**14**
B4. Other flows 3/	**14**	**14**	**13**	10	9	7	8	8	10	10	**10**
B5. Depreciation	**14**	**14**	**12**	8	7	6	6	7	8	7	7
B6. Combination of B1-B5	**14**	**16**	**17**	**12**	**11**	8	10	**11**	**12**	**12**	**12**
C. Tailored Tests											
C1. Combined contingent liabilities	**14**	**14**	**13**	10	9	7	8	9	9	9	9
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	10	10	10	10	10	10	10	10	10	10	10
Debt service-to-revenue ratio											
Baseline	**21**	**23**	**20**	14	13	10	11	12	12	12	12
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	**21**	**24**	**24**	**18**	**20**	**18**	**21**	**23**	**26**	**30**	**32**
B. Bound Tests											
B1. Real GDP growth	**21**	**24**	**22**	**15**	**14**	11	12	13	13	13	13
B2. Primary balance	**21**	**23**	**21**	**15**	**14**	11	13	13	14	**15**	**15**
B3. Exports	**21**	**23**	**21**	**15**	**14**	11	12	13	13	**14**	**14**
B4. Other flows 3/	**21**	**23**	**21**	**15**	**14**	11	12	13	14	**14**	**14**
B5. Depreciation	**21**	**28**	**25**	**16**	**15**	11	13	14	14	12	13
B6. Combination of B1-B5	**21**	**25**	**24**	**16**	**16**	12	13	14	**15**	**15**	**15**
C. Tailored Tests											
C1. Combined contingent liabilities	**21**	**23**	**22**	**15**	**15**	12	13	14	13	13	13
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	14	14	14	14	14	14	14	14	14	14	14

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the threshold.

2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

3/ Includes official and private transfers and FDI.

Table 5. Central African Republic: Sensitivity Analysis for Key Indicators of Public Debt, 2025-2035

	Projections 1/										
	2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**
PV of Debt-to-GDP Ratio											
Baseline	**41**	**36**	33	30	30	29	28	28	27	27	27
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	**41**	**42**	**42**	**41**	**42**	**42**	**42**	**43**	**43**	**43**	**43**
B. Bound Tests											
B1. Real GDP growth	**44**	**41**	**40**	**37**	**38**	**37**	**37**	**36**	**36**	**36**	**37**
B2. Primary balance	**44**	**43**	**43**	**40**	**39**	**37**	**36**	**35**	34	34	34
B3. Exports	**41**	**38**	**37**	34	34	33	32	31	31	30	30
B4. Other flows 3/	**41**	**39**	**38**	35	35	33	33	32	31	30	31
B5. Depreciation	**44**	**42**	**37**	33	32	30	28	27	25	24	24
B6. Combination of B1-B5	**44**	**42**	**39**	34	33	31	30	29	28	28	28
C. Tailored Tests											
C1. Combined contingent liabilities	**44**	**51**	**46**	**42**	**41**	**39**	**38**	**37**	**36**	**35**	**36**
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL public debt benchmark	35	35	35	35	35	35	35	35	35	35	35
PV of Debt-to-Revenue Ratio											
Baseline	265	219	200	177	211	207	203	195	195	199	200
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	282	250	247	234	285	289	290	287	294	308	309
B. Bound Tests											
B1. Real GDP growth	285	243	233	211	257	256	256	250	255	266	272
B2. Primary balance	285	261	265	233	274	266	260	248	247	252	252
B3. Exports	265	228	227	201	240	234	230	220	220	224	223
B4. Other flows 3/	265	235	231	205	244	238	234	225	224	227	227
B5. Depreciation	285	260	232	200	230	217	206	192	186	185	180
B6. Combination of B1-B5	285	257	240	199	232	222	216	205	204	208	208
C. Tailored Tests											
C1. Combined contingent liabilities	285	306	279	246	289	280	274	262	261	266	266
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt Service-to-Revenue Ratio											
Baseline	36	36	45	35	41	29	31	29	33	31	25
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	36	37	47	38	46	33	36	35	41	40	33
B. Bound Tests											
B1. Real GDP growth	36	37	48	39	47	35	38	37	42	41	34
B2. Primary balance	36	36	54	51	54	36	35	33	37	35	30
B3. Exports	36	36	45	36	41	29	31	30	34	33	27
B4. Other flows 3/	36	36	45	36	42	29	31	30	35	34	27
B5. Depreciation	36	37	47	37	42	30	32	31	35	33	27
B6. Combination of B1-B5	36	36	45	42	47	31	32	30	34	32	25
C. Tailored Tests											
C1. Combined contingent liabilities	36	36	71	54	52	36	36	33	36	34	28
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the benchmark.

2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

3/ Includes official and private transfers and FDI.

INTERNATIONAL MONETARY FUND

CENTRAL AFRICAN REPUBLIC

May 29, 2025

THIRD AND FOURTH REVIEWS UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUESTS FOR WAIVERS OF NONOBSERVANCE OF PERFORMANCE CRITERIA, AND FINANCING ASSURANCES REVIEW — SUPPLEMENTARY INFORMATION

Prepared By

Prepared by the African Department in consultation with the Strategy, Policy, and Review Department as well as the Legal and Fiscal Affairs Departments.

This supplement provides information that has become available since the issuance of the staff report (EBS/25/37) on May 21, 2025, related to the fulfillment of the two prior actions as well as legacy arrears to Russia. The additional information does not change the thrust of the staff appraisal.

Recent Developments

1. **The authorities completed the first prior action by submitting to Parliament on May 9 a revised Budget Law for 2025 consistent with the program's macroeconomic framework.** Subsequently, the revised budget was adopted by Parliament on May 28, 2025. The domestic revenue and domestic primary balance projections are in line with the related end-December performance criteria (PC) of the ECF-supported program. The regional financing envelope is also consistent with the end-December net domestic financing PC.

2. **The authorities completed the second prior action by strengthening the tax clearance certificate (quitus fiscal) regime, in line with IMF recommendations.** The revised Budget Law for 2025 includes amendments to the General Tax Code and the Book of Tax Procedures. Those amendments introduce requirements to obtain the tax clearance certificate, valid for 3 months, to be eligible for tax exemptions and to process transfers overseas.

Recent Developments on Official Bilateral Arrears

3. Legacy arrears to Russia have recently come to staff's attention. Central African Republic has official bilateral arrears to Russia that staff has not been aware of. The arrears (from the Soviet period) for a total amount of US$2.3 million are subject to a near total write-off under the HIPC initiative, with a residual of US$18.3 thousand which is subject to write-off within the framework of the Statement of the Government of the Russian Federation, approved by the Order of the Government of the Russian Federation. The authorities are in the process of fulfilling all the requirements for the clearance of the arrears.

4. Russia has consented to the completion of the review despite the arrears. The emergence of these legacy arrears does not change the staff's baseline assessment and appraisal of the program performance.

CENTRAL AFRICAN REPUBLIC

June 4, 2025

THIRD AND FOURTH REVIEWS UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUESTS FOR WAIVERS OF NONOBSERVANCE OF PERFORMANCE CRITERIA, AND FINANCING ASSURANCES REVIEW—FURTHER SUPPLEMENTARY INFORMATION

Prepared By

Prepared by the African Department in consultation with the Strategy, Policy, and Review Department as well as the Legal and Fiscal Affairs Departments.

This supplement provides information that has become available since the issuance of the staff report (EBS/25/37) on May 21, 2025, related to arrears. The additional information does not change the thrust of the staff appraisal.

Recent Developments on Official Arrears

1. Arrears to Kuwait and International Fund for Agricultural Development (FIDA) have recently been reported to staff. Central African Republic has incurred additional official arrears to Kuwait and FIDA in May amounting to about CFAF 300 million and CFAF 100.1 million respectively. This brings the total amount of new arrears incurred as at end-May 2025 to CFAF 2 billion instead of the CAFA 1.6 billion reported in the Staff Report.

2. Kuwait has consented to the completion of the third and fourth combined review despite the new arrears and staff assess that there is a credible plan in place to clear the arrears incurred to FIDA. The emergence of these arrears does not change staff's baseline assessment and appraisal of the program performance.

Statement by Mr. Regis N'Sonde, Mr. Mbuyamu Matungulu, and Ms. Mwanza Nkusu (OEDAC) on Central African Republic
June 4, 2025

INTRODUCTION

On behalf of our Central African Republic (CAR) authorities, we would like to express our appreciation to the Executive Board, Management, and Staff for the Fund's continued engagement with CAR through constructive policy dialogue, financial support as needed, and capacity building. We would also like to thank Staff for the comprehensive reports following fruitful discussions held with the authorities in Bangui and during the 2025 Spring Meetings on the combined third and fourth reviews under the Extended Credit Facility (ECF). The authorities concur with the thrust of Staff's assessment of the development challenges and priorities facing CAR and appreciate the relevance of the policy recommendations received.

RECENT DEVELOPMENTS AND PROGRAM PERFORMANCE

During the period under review, the CAR continued to face significant challenges that have affected macroeconomic performance. While the authorities made progress in regaining control of the territory from rebel groups, security and humanitarian challenges remain. Reflecting these challenges, a significant share of the population (about 31 percent) faced food insecurity over the period spanning September 2024 to March 2025, and cuts in foreign aid put food delivery under stress. Real GDP growth for 2024 is estimated at 1.9 percent. At 4.2 percent, end-December 2024 inflation was almost 2 percentage points higher than during the same period in 2023 though it was below the projection made at the time of the second review. In the external sector, the current account deficit edged up to 12.1 percent of GDP in 2024, 0.2 percent of GDP higher than in the year earlier, in the face of surges in both export and import volumes and a deterioration of the terms of trade. The primary fiscal deficit widened by nearly 1.5 percent of GDP in 2024, to 4.9 percent, due to spending pressures, mainly on security outlays. The completion of the third review had been delayed owing to challenges that have since been addressed, including securing regional policy assurances under the Central African Economic and Monetary Union (CEMAC) framework, obtaining needed financing assurances for the ECF-supported program, and identifying credible funding sources for the 2025 budget.

Amid challenging external and domestic circumstances, program performance for the combined third and fourth reviews was broadly satisfactory albeit mixed in some respects, and the authorities have implemented strong corrective actions. The authorities have met half of the six quantitative performance criteria (QPCs) for end-June and end-December 2024. However, targets for the domestic primary deficit and net domestic financing were missed due to weaknesses in revenue collection and public financial management (PFM). The continuous PC on the non-accumulation of new external arrears was missed owing to liquidity pressures and sub-optimal coordination between the Debt Directorate and the Central Accounting Agency of the Treasury (ACCT). Indicative targets (ITs) for social spending and extraordinary expenditures were also not observed. On structural reforms, three out of seven structural measures for the reviews were met, including one implemented with a delay. Three structural benchmarks (SBs) on the enhancement of the fuel market efficiency— conduct of an audit of the fuel procurement system, adoption of a quarterly pump price adjustment mechanism through a ministerial decree, and publication of new fuel price structure each 25th of the month starting in July 2024—were missed due to delays the authorities experienced in securing funding for the audit of the fuel procurement on which the other two measures depend. The authorities have requested that two of these SBs be rescheduled and the scope of the third one (the publication of the fuel price structure) be revised. They have implemented three proposed prior actions considered critical for safeguarding the achievement of the program's objectives. Further, they have reached key milestones with the operationalization of e-Tax, the strengthening of the Court of Audit, and the allocation of some funding to operationalize parts of the institutional plan of the Financial Intelligence Unit.

OUTLOOK AND RISKS

The macroeconomic outlook is broadly favorable. Economic growth is projected to accelerate, predicated on continued improvement in fuel supply, the lifting of diamond export sanctions, and progress in the implementation of structural reforms. In addition, a boost to the services and construction sectors is expected, owing to the rollout of the 4G cellular technology and the launch of infrastructure work with the financial assistance of the African Development Bank (AfDB). Real GDP growth is projected at 3.0 percent in 2025 and 3.3

percent in 2026 compared with an estimate of just under 2.0 percent in 2024. Inflation would decline to 1.3 percent by the end of 2025 compared with 4.2 percent for the same period in 2024 that stemmed from a surge in food prices. Over the medium-term, growth is projected to accelerate to nearly 4 percent by 2030 and average about 3.6 percent during 2026–2030. After a sharp decline in the last month of 2024 reflecting base effects, year-on-year inflation is projected to reach 3.5 percent at end-2025 and stabilize at around the CEMAC convergence threshold of 3 percent over the medium-term.

The authorities concur with Staff that the balance of risks is tilted to the downside but stress that those risks can be mitigated by progress in structural reforms, fiscal consolidation and peace process. Downside risks include funding pressures from difficulties in refinancing domestic debt and postponements in securing additional concessional external financing owing to delays in implementing governance and transparency reforms, elections-related budget pressures ahead of this year's general elections, a setback on the security front, and challenges on fuel availability. Conversely, faster implementation of structural reforms, significant revenue mobilization gains and enhanced expenditure controls, and a consolidation of peace across the country could result in more favorable economic developments going forward.

POLICIES AND REFORMS FOR THE REMAINDER OF 2025 AND BEYOND

The ECF-supported program priorities are aligned with the objectives of CAR's National Development Plan (NDP), adopted in December 2024. The authorities are determined to improve fiscal performance—including by enhancing public financial management—strengthen fiscal buffers, contribute to the buildup of reserves at the CEMAC regional level, as well as enhance debt sustainability. Importantly, the authorities are also keen on deepening reforms to promote economic resilience and inclusion and bolstering governance and the rule of law.

Fiscal Policy and Reforms

The authorities envisage to implement a fiscal consolidation plan based on both stronger revenue mobilization and bold expenditure-control measures. They intend to implement significant revenue-raising measures, focused on broadening the tax base and increasing the recovery of tax arrears. These measures include a manual cross-check of tax returns between the different tax agencies, stopping tax and customs exemptions for companies with outstanding tax arrears, ensuring that the higher data consumption amid the new 4G network is reflected in higher collection from the telco tax (TIC-TECH), applying the VAT on the transportation of goods imported from other CEMAC countries, and ensuring the effective recovery of anticipated exceptional revenues. On the expenditure side, the authorities are committed to exercising tight control despite pressures. In the short run, they envisage to cap the wage bill, curb spending on goods and services, and cut mission travels.

Plans to improve fiscal performance are also predicated on critical fiscal reforms to reduce fiscal risks. On the revenue front, they envisage to advance digital and institutional tax reforms. Related policy actions include a full operationalization of e-Tax modules at the tax agency (*Direction Générale des Impôts et des Domaines*, DGID) through appointment of relevant staff and requirement of the use of e-Tax platform for online tax payments for all large taxpayers. Further, the authorities are planning to deploy institutional upgrades and compliance tools. They are also strengthening PFM systems, including by setting up high-level PFM and treasury committees to enhance fiscal transparency and spending controls. The authorities have also committed to restricting expenditures executed under extraordinary procedures and a ministerial circular has been issued to restrict spending eligible for such procedures. Additional measures to boost revenue forecasting, budget preparation and execution, internal controls, and capacity building will be key to preventing slippages.

The authorities envisage to address protracted inefficiencies in the fuel sector. They plan to setup a revolving mechanism using part of the proceeds from the monetization of the in-kind fuel grant provided by Russia to import fuel through more efficient and cost-effective routes. They are committed to ensuring enhanced transparency in the use of the fuel grant, including through financial disclosure from the *Société Panafricaine du pétrole et des produits Raffinés* (SOPRAF)—the state-owned enterprise in charge of the revolving scheme under consideration. The adopted strategy for the use of the fuel grant seeks to address the country's structural fuel supply deficit and reduce its current reliance on the monopoly importer. The planned audit of the fuel procurement system is expected to clarify the cost structures and profit margins in the sector, with the aim of establishing an appropriate margin cap.

Other Structural Reforms

The authorities are cognizant that efforts to improve the business climate, governance, and financial integrity must continue as part of reforms needed to address the root causes of CAR's fragility, unlock the country's growth potential, and promote inclusive growth. Weak institutions and governance hamper effective policymaking and public service delivery, hinder private investment, and perpetuate economic fragility. Reforms to promote transparency and strengthen governance and security under the 2024–2028 NDP are expected to help enhance resource allocation and total factor productivity. As CAR is a resource-rich country, adopting the new forestry code and implementing the mining code are essential to unlocking the country's growth potential. Continued capacity development, with the assistance of development partners is important to advance the implementation of reforms.

Climate-related Reforms

The authorities are engaged in efforts to protect the natural environment and implement transformative reforms to address rising vulnerabilities to climate change. They have published this year the National Report on Climate and Development (CCDR) and the Biennial Transparency Report for the implementation of climate development activities, which is a springboard for reaffirming their climate reforms priorities. The authorities have also initiated a study on Natural Capital Accounting and Climate Finance (CCN) in the Congo Basin forests with the aim of assessing the value of CAR's forest resources and their potential impact on domestic revenues. To enhance resilience to shocks arising from climate change, the authorities intend to intensify reforms to ensure an ecological balance in which economic activities do not put the sustainability of natural resources at excessive risk. The priorities of these reforms include mobilization around the 2030 Agenda for Sustainable Development Goals (SDGs), the Nationally Determined Contribution (NDC), the National Adaptation Plan, and their alignment with Pillar 5 of the 2024–2028 National Development Plan.

The authorities remain committed to working with their international partners to bolster CAR's environmental reforms agenda. They are seeking technical assistance to develop a National Carbon Market and strengthen the country's capacity to mobilize funds through international financial mechanisms. The authorities intend to request IMF technical assistance to conduct a Climate Change Public Investment Management Assessment (C-PIMA). They would, in due course, leverage the CCDR and C-PIMA to identify reform measures that could support an eventual request for financial assistance under the IMF's Resilience and Sustainability Facility (RSF) to further support the implementation of their strategy to enhance resilience to climate change.

CONCLUSION

The CAR authorities remain committed to implementation of their IMF-supported economic and financial program despite the challenges they face. These challenges have adversely affected macroeconomic indicators and program performance over the period under review, but the authorities have made efforts to keep the program broadly on track. Considering the generally satisfactory program implementation, the measures the authorities have taken to correct missed PCs, and their renewed commitment to the program's objectives, they are requesting waivers for the missed PCs and the completion of the third and fourth reviews under the ECF arrangement. We would greatly appreciate Executive Directors' favorable consideration of these requests.