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Gabon: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding

April 15, 2007

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

Libreville, April 15, 2007

Mr. Rodrigo de Rato
Managing Director
International Monetary Fund
Washington, D.C. 20431

Dear Mr. de Rato:

Gabon's economic performance has improved since 2005: the pace of growth has accelerated, budget surpluses are solid, and the burden of external debt has been reduced. However, the government of Gabon is fully aware of the need to address rapidly the difficult challenges going ahead, notably the anticipated decline in oil production over the medium term, and the pressing need to reduce poverty and improve the quality of life of the Gabonese people. To this end, our medium-term economic program aims to put public finances on an irreversible course toward long-term sustainability, increase the quality and efficiency of public spending, and promote the diversification of the Gabonese economy.

The attached Memorandum of Economic and Financial Policies sets out the objectives and policies of the government of Gabon for 2007-10. In support of these policies, the government of Gabon is requesting a three-year Stand-By Arrangement with the IMF in the amount of SDR 77.15 million, equivalent to 50 percent of Gabon's IMF quota. The government does not intend to make any drawing under this arrangement.

The government believes that the policies and measures described in the attached Memorandum are adequate to achieve the program objectives, but it stands ready to take any further measures that may become appropriate for this purpose. We will consult with the IMF regularly, in accordance with Fund policies on such consultations, and we will provide the Fund staff with any information that it may request for monitoring progress in program implementation.

Program execution will be monitored through quarterly quantitative performance criteria and structural performance criteria and benchmarks set forth in Tables 1 and 2 of the Memorandum of Economic and Financial Policies for 2007-2010 and by means of six semi-annual reviews with the Fund, the first expected to be completed by mid-September 2007, the second by mid-March 2008.

The government authorizes the publication by the IMF of its Memorandum of Economic and Financial Policies for 2007-10, and of the IMF staff report on Gabon's request for a Stand-By Arrangement.

Sincerely yours,

/sgd/

Paul Toungui
Minister of State in charge of Economy, Finance,
Budget, and Privatization

Annexes: Memorandum of Economic and Financial Policies and Technical Memorandum of Understanding.

**Memorandum on Economic and Financial Policies
of the Government of the Gabonese Republic for 2007–10
under a Three-Year Stand-By Arrangement**

I. INTRODUCTION

1. **This memorandum describes our economic program for the period April 2007–March 2010** and outlines the measures we intend to implement during the first year of the program. The main objectives are to foster socio-economic development and the transition toward the post-oil era. For the economic program outlined in this memorandum, we are requesting support from the IMF under a new three-year Stand-By Arrangement. Given our strong balance of payments position, we do not expect to make any drawings under this arrangement.
2. **Between May 2004 and July 2005, within the framework of an economic program supported by a Stand-By Arrangement with the IMF, we made considerable progress,** which enabled us to restore macroeconomic stability, eliminate all external and most domestic payment arrears, and launch a comprehensive structural reform program. The favorable effects of the rise in international crude oil prices have led to substantial improvement in our fiscal and external balances, and macroeconomic stability contributed to a robust economic recovery driven by other export products, such as manganese and timber, and by the service industries.
3. **Since mid-2005, we have been pursuing our economic reform program in a setting of non-oil growth of 4.5 percent in 2005-06, the highest level since 2001.** Air Gabon, whose losses were a heavy burden on government finances, was liquidated. Gabon Télécom was privatized. Furthermore, the transparency of oil revenue was improved by participating in the Extractives Industries Transparency Initiative (EITI) and publishing the first EITI report on the African continent.
4. **Despite good growth performance, macroeconomic imbalances appeared in late 2005 and late 2006, against the backdrop of a packed political calendar.** In particular, the non-oil primary deficit¹ far exceeded budgetary targets, reaching 17.5 percent of non-oil GDP in 2005 and 18 percent in 2006, mainly owing to a sharp increase in government spending. At the same time, average inflation accelerated to 4 percent in 2006.
5. **The Gabonese government set out its long-term vision in its Growth and Poverty-Reduction Strategy Paper (PRSP).** Following an in-depth poverty analysis, which revealed that almost a third of the population still lives below the poverty line, the PRSP was built on four basic pillars: (i) fostering robust, sustainable growth that benefits the poor; (ii) improving

¹ The non-oil primary deficit includes fuel price subsidies and all externally financed capital expenditure, but does not include oil revenues or interest expenditure on public debt (see attached Technical Memorandum of Understanding).

infrastructure; (iii) expanding access to essential services; and (iv) strengthening governance. This strategy, which was prepared in close collaboration with civil society, recognizes that a decisive reduction in poverty requires sustained economic growth and job creation. This in turn requires a solid macroeconomic framework underpinned by a sustainable fiscal position and structural policies conducive to private-sector development.

II. ECONOMIC POLICY OBJECTIVES FOR 2007–10

6. **For Gabon, the main challenge underlying the three-year program for which we are requesting IMF assistance, is to prepare the economy for the post-oil era so as to achieve the goal of reducing poverty.** For this reason, our economic policy for 2007–10 is built around three main objectives:

- significantly lowering the non-oil fiscal deficit to a sustainable level by the end of the program;
- strengthening public financial management, notably to ensure the inclusion of all revenue and expenditure in the government budget and to improve the quality and effectiveness of spending; and
- accelerating structural reforms to foster private sector development, the principal engine of job creation and poverty reduction.

7. **The main macroeconomic objectives for 2007-10 are to achieve a non-oil growth rate of about 5 percent while containing inflation below 3 percent.** Our fiscal policy will play a key role in attaining these objectives. We intend to reduce the non-oil primary deficit to about 6 percent of non-oil GDP by 2011, a level that would be sustainable over the long term. The aim of the budgetary framework included in the program is to lower the non-oil primary deficit from 18 percent of non-oil GDP (including subsidies on oil products) in 2006 to 11.6 percent in 2007, 10 percent in 2008, 8.8 percent in 2009, and 7.4 percent in 2010. This remarkable adjustment is justified by the findings of various studies showing that because oil reserves will be depleted within 30 years, the sustainable level of the non-oil primary deficit relative to non-oil GDP should be limited to around 6 percent per year if fiscal management is to be viable in the long term. It should be stressed that the level of the sustainable non-oil primary deficit would fall to 3.75 percent of non-oil GDP if oil prices were to return to the 2000-05 average (US\$30/bbl). The oil revenue windfall to be expected in the medium term from tapping Gabon's reserves should therefore be used for fiscal consolidation, notably by considerably reducing the public debt burden and increasing budget surpluses to ensure the financial stability of future generations.

III. THE FIRST YEAR OF THE PROGRAM: APRIL 2007–MARCH 2008

Fiscal policy

8. For 2007, we intend to contain the non-oil primary deficit to CFAF 311 billion, that is, 11.5 percent of non-oil GDP. To this end, we have taken several measures, notably on the expenditure side. Fuel price subsidies will be reduced by around CFAF 50 billion in relation to the level anticipated in 2007 based on the February 2007 IPPs (see paragraph 10); sovereign and security expenditure will be limited to CFAF 27.5 billion; subsidies to parastatal enterprises to CFAF 20.6 billion; and other public transfers to CFAF 110.7 billion. Maintaining central control over the payroll will enable us to limit the public sector wage bill to CFAF 294.0 billion, and to keep the impact of recent increases in the minimum wage (SMIG) and the index point at the level set in the budget. We recognize that in order to ensure the success of our fiscal adjustment strategy, any increase in the wage bill beyond this level will have to be offset by a reduction in expenditure on other budget items. As regards the investment budget, capital expenditure will reach CFAF 237.6 billion—including CFAF 42.6 billion of external financing. On the revenue side, our oil revenues are estimated at CFAF 938 billion, while non-oil revenues could reach CFAF 651.5 billion, excluding grants (CFAF 5.4 billion). This budgetary framework will be fully reflected in a supplementary budget that we will present to parliament by end-June 2007.

9. The civil service reform initiated in 2005 will enable better management of public servants. Human resources management will be more effective, particularly owing to the introduction of prior budget approval for the creation of new posts. The remuneration of government employees will be linked more directly to the post they occupy. Moreover, promotion will be merit-based and early retirement will be facilitated. However, the wage bill may rise owing to certain provisions of the new staff regulations, such as a higher retirement age and the creation of various government posts covered by separate regulations. To minimize the potential impact on the wage bill, the government will ensure that the implementing legislation is adopted only after a simulation of the effect on the wage bill has been performed and measures have been drawn up to guarantee that the overall impact on the budget will be neutral.

10. We have decided to reduce fuel price subsidies significantly while taking steps to mitigate the social impact. These subsidies have increased considerably in recent years, totaling over CFAF 70 billion in 2005 and exceeding CFAF 100 billion in 2006. We showed clearly the extent of the subsidies by reflecting them in the 2006 supplementary budget and in the 2007 budget law. To reduce them, we increased the price of Jet A1 fuel by raising the SOGARA ex-refinery price to bring it into line with international prices (import price parity - IPP) as of August 1, 2006, and on March 3, 2007 premium gasoline and diesel fuel prices were increased by about 25 percent. As of April 23, 2007, any increase in international prices will be passed through to the price structure in Gabon. Accordingly, we will ensure that any increase in IPPs over and above the March 2007 levels will trigger an automatic adjustment

in step with the ex-SOGARA prices of all the products concerned. As a result, we estimate that fuel price subsidies will amount to no more than CFAF 34.6 billion in 2007. During the second quarter of 2007, we will prepare a fuel price adjustment strategy to ensure that the subsidies are further reduced by end-2008. In this strategy a distinction will be drawn between products that have a social impact, such as domestic kerosene, which will be adjusted gradually, and other products, which will be adjusted more quickly.

11. **Concomitantly, we have identified offsetting measures to alleviate the impact that reduced subsidies will have on the poor.** Thus, we have decided to apply the following measures: supplying water at no charge to households with a monthly water bill of less than CFAF 2,288 (threshold for the low-income rate, 15m³/month); providing electricity free of charge to households with an electricity bill of less than CFAF 13,625 (threshold for the low-income rate, 240 kwh/month); waiver of school fees and free textbooks; benefits for lower income citizens and single mothers; a higher budget allocation for retroviral drugs to fight AIDS; support for microcredit; and an appropriation made available to the Banque gabonaise de l'habitat to subsidize interest rates on loans. We have also decided to conduct a new census of the poorest households throughout the country before reassessing their benefits. On the basis of the PRSP, we plan to increase capital expenditure on social projects, notably in the field of health, in the energy sector, such as rural electrification, and drinking-water supply projects. We have also decided to restructure SOGATRA to enable it to improve service in Libreville. We estimate that the total cost of these social projects will be CFAF 19.3 billion over and above the 2007 budget.

12. **The sustained high level of oil prices requires an appropriate strategy to manage our foreign exchange reserves and public debt.** We will work with the other members of the subregion, in the context of Bank of Central African States (BEAC) reforms, to find a solution that will ensure financial stability while affording each country greater flexibility in investing their reserves on a long-term basis in order to secure higher rates of return, comparable to the yields of long-term financial instruments on the international markets. The recent BEAC increases in the rate of remuneration of deposits made in the Fund for Future Generations already reflect this approach, but they are not sufficient. At end-2006, the Directorate General of Government Accounting (DGCP) completed a census of all public sector liabilities, including guarantees given by the central government for the debt of local governments and state enterprises. By end-2007, we will finalize a strategy with our main creditors for paying off our external debt, with a view to significantly reducing the debt burden. This government strategy could be based on the early repayment of debt in return for an effort on the part of creditors to forgo some of what is owed to them. At the same time, we will pursue a prudent borrowing policy, bearing in mind the sustainability of our debt in the long term. On the domestic debt front, we will continue to reduce BEAC statutory advances significantly and support their eventual elimination in favor of securities that can be traded within the CAEMC. We also intend to eventually eliminate investment credit (*bons d'équipement*), a costly government financing tool that is no longer suited to current circumstances. The liquidation of a number of public enterprises, including Air Gabon and

Gabon Poste, entailed the assumption of debt by the government, and in early 2007 we also concluded a fourth agreement on the rescheduling and settlement of long-standing claims on the government within the Libreville Club. A final agreement could be considered, concerning FER (road maintenance fund) arrears, the amount of which has to be confirmed by an audit report by the Audit Office by end-2007.

Public financial management

13. **Reforms to strengthen public financial management comprise the core of our reform program.** Notably, the strategy includes measures to improve the quality and effectiveness of expenditure management and budgetary processes, as well as the management of oil and non-oil revenues.

14. **We have devised measures to improve budget preparation within a consistent medium-term framework.** In order to facilitate multiyear budget programming, a medium-term expenditure framework (MTEF) is being prepared. By end-2007, we plan to prepare, for each ministry, a priority action program, grouping programs together by strategic objective with detailed timetables and well-identified borrowing requirements. In principle, projects already under way are considered high priority and no new projects may be entered in the budget without the corresponding feasibility studies. These sectoral programs will be consolidated in a three-year global MTEF at end-2007. The aim is to fully integrate the MTEF in the preparation of the 2009 budget. Better coordination between the Ministry of Planning, the Ministry of Finance, and the sectoral ministries will from now on yield opportunities for consistent integration of the operating and capital budgets, and a more accurate assessment of recurrent spending associated with capital expenditures.

15. **Improving the transparency of the budget presentation is an important objective.** Since 2006, fuel price subsidies have been included in the budget. To improve the clarity of the budget presentation, we will introduce in the economic and financial report annexed to the 2008 budget law, summary budget execution reports for the previous two fiscal years, by major category. Furthermore, to facilitate expenditure monitoring in the priority sectors, we will introduce a functional classification. This is already available for most current expenditure and we intend to cover all government expenditure by end-2007. We will also include an estimate of tax expenditures in the economic and financial report attached to the 2008 budget law.

16. **We will improve the monitoring and efficiency of budget execution.** Measures have been taken to ensure that the budget can be implemented speedily. The 2007 budget law was promulgated before end-December 2006 and the budget took effect at end-January 2007. To facilitate the monitoring of budget execution, our reporting system is being overhauled so that by end-2007, the Directorate General of the Budget will be able to produce execution reports which record, budget line by budget line, the different phases of budget execution (appropriations confirmed, appropriations committed, appropriations authorized) within a

maximum of two months; this is also the period within which the Directorate General of the Treasury Department will be able to produce the overall balance of the treasury accounts. We will then proceed to implementation of the automatic compilation of the TOFE from the general government accounts and the budget execution reports of the Directorate General of the Budget by end-2008. At present we are also preparing a cash-flow plan that will enable us to optimize expenditure management on the basis of the available resources, which should be available by September 15, 2007. This enhanced cash-flow management will be implemented concomitantly with an actual commitment schedule, in consultation with appropriations managers. It will be steered by the Treasury Committee chaired by the Minister of Finance and comprising the Treasurer/Paymaster General, Commissioner General for Planning, the Director General of the Budget, the Director General of Public Accounting, and the Director General of Taxes. At the same time, we plan to further reduce the period for treasury settlement. Having been reduced from 120 to 90 days since October 2006, it will be progressively reduced to 60 days by end-2007 and to 30 days by end-2008. To reduce the time lags, which have led to major backlogs in collecting oil revenues, we have agreed with the commercial banks to accelerate the check-cashing procedure, which will now take no longer than five days. To strengthen the principle of the single treasury account, we have created inside the Treasury a central accounting agency for deposits and consignments that should bring all state's financial resources under a single accounting post. Before becoming operational, the new agency's structure and operations will be discussed with staff during the first review of the program. We will prepare an enhanced mechanism for the future monitoring of Security and Sovereignty Fund expenditure. As far as the physical monitoring of services rendered is concerned, we will ensure that coordination among the various monitoring bodies is enhanced.

17. **We have begun to implement certain measures to raise the quality of public investment expenditure.** First, we have adopted measures designed to achieve more efficient government procurement, while strengthening monitoring of its execution. Since September 30, 2006, we have been publishing all tenders for government contracts as well as the actual awards on the website of the Directorate General of Government Procurement (DGMP). A government procurement gazette will be published by end-June 2007 to facilitate broader dissemination of this information in the national press. Our objective is to ensure that from now on all contracts of CFAF 30 million or more are processed by the DGMP. Eventually, our intention is to reduce appreciably the share of directly negotiated government contracts, in an effort to bring it down to below 50 percent of the total value of contracts of CFAF 30 million or more by end-2007, and to 30 percent by end-2008. Secondly, we are determined to increase the quality and efficiency of expenditure on our *fêtes tournantes* (regional independence celebrations). The audit of the 2003-04 *fêtes tournantes* uncovered several deficiencies. The requirement to complete all projects by August 17 led to weaknesses in both the preparation and the implementation of the projects. From now on there will be no obligation to complete work before the start of the *fêtes tournantes* if this will compromise the quality of the projects. To improve the quality of these expenditures, we

plan to submit them fully to the current budgetary procedures, including those for government procurement. To improve monitoring of this expenditure, we intend to publish in the national press by end-April 2007 a list of the 2007 *fêtes tournantes* projects in the Estuaire province. The list of 2008 *fêtes tournantes* projects will also be published in the national press by end-2007. This should facilitate preparation of the projects and their inclusion in the MTEF, which is under preparation. To ensure proper follow up, we have decided to submit the 2005-06 *fêtes tournantes* to a new audit, which will be completed by end-2008.

18. **We will continue to enhance the transparency of oil revenue management.** The 2004 EITI report pointed up the need to strengthen oil revenue administration to provide reasonable assurances that we are receiving all oil revenue due under the current laws and contracts. For this purpose, on July 10, 2006 we established an oil revenue monitoring committee (COSUREP), composed of the departments responsible for finance and oil. The main mission of this committee is to identify all government oil revenues; ensure that the government actually receives the revenues identified; help the authorities prepare oil revenue forecasts; identify measures to facilitate information-sharing among the departments involved in oil resource management; and check the consistency of oil information. The committee will be responsible for monitoring the work of the consultants tasked with preparing a model to verify and forecast oil revenues. The model should allow monthly oil revenues receivable to be calculated by applying the tax and contract parameters, field by field, to production, prices, and real costs. On April 12, 2007, we signed a contract with a consultant recruited on the basis of an international call for tender. The model will be submitted to the government by end-September 2007 and will become operational in the final quarter of 2007. It will then be applied to evaluate monthly oil revenue payments collected by the Treasury in 2007 and to identify reasons for discrepancies in the oil revenues received. We will also ensure that all oil revenues—including the provisions for diversified investments (PID) and hydrocarbon investments (PIH)—are reflected transparently in the budget beginning with the 2008 budget law. COSUREP will also put in place a mechanism for regular monitoring of transactions relating to the government's shareholding interests in exploration and production sharing contracts (CEPP).

19. **We undertook several measures to improve non-oil revenue administration.** The Large Taxpayer Unit (LTU), created in September 2004, is now operational. It is entrusted with the task of collecting taxes from enterprises with sales of more than CFAF 1.5 billion, exclusive of taxes. We are also in the process of finalizing the new general tax code, incorporating all changes made in past years, which will be presented to parliament by end-September 2007. In this connection, we have begun to re-think the various prevailing tax exemptions, which reduce the assessment of value-added tax (VAT), the tax on individuals, and customs duties. The aim is to start a thorough reform of exemptions and tax expenditure in 2008, based on an inventory of all tax expenditure prepared by end-June 2007. The return to the public domain of the first wave of forestry permits held by delinquent taxpayers will have a positive impact on the collection of taxes in this sector (see paragraph 23).

Governance and transparency

20. **We are determined to strengthen governance in Gabon.** We will therefore redouble our efforts to fight corruption and the misappropriation of public funds, which are both scourges impeding our development. The Audit Court, the highest fiscal oversight agency, has enhanced its role. Moreover, the National Commission Against Illicit Enrichment (CNLCEI), established in 2004, has already made significant strides in educating the public. However, much remains to be done, especially in the area of asset disclosure. Only 1,700 civil servants have submitted their declarations to the commission, out of an initial target group of 3,000 subject to the requirement. Accordingly, the chair of the commission has sent a list of recalcitrants to the competent authorities for application of the penalties provided for by law. Civil servants who have still not submitted their declaration by end-April 2007 will have their names published in the national press by end-June 2007. In the international arena, we have been participating in NEPAD's Peer Review Mechanism. We are expecting that Gabon will be evaluated in 2007 and that the public report will be prepared by end-2008. In 2005, we ratified the United Nations Convention against Corruption. Lastly, we expect to institute bidding procedures for exploration and production licenses in the oil sector as of 2008.

21. **We are pursuing our policy of increased transparency.** The second report on our participation in the EITI was published on April 6, 2007. The coverage of this second report was expanded to include all oil revenue flows, including the profit oil excluded from the first report, as well as the mining sector. We have set up a special website for the EITI containing all the relevant information, including the taxation of oil and mining activities and model oil and mining contracts. We also launched a national initiative known as Gabon—Open Government, the aim of which is to make available to the general public all important documents of public interest. We began by posting on the Ministry of Finance's website (i) the 2004, 2005, and 2006 supplementary budgets; (ii) the Audit Court report on budget execution in 2003 and 2004; (iii) the report on the audit of the *fêtes tournantes* and the arrears of the Road Maintenance Fund (FER) prepared in 2005; and (iv) the annual reports of the CNLCEI for 2005 and 2006. By end-2007 we will begin timely publishing of the official gazette of Gabon on the Internet.

Structural reforms

22. **We have made considerable progress in restructuring and privatizing public enterprises.** The liquidation of Air Gabon is being finalized. The majority of assets have been sold and the liquidator has begun to repay liabilities. We expect the liquidation to be completed by end-September, at which time the government will assume the remaining liabilities. A wholly private airline is currently being set up; this company will not receive any government budget support. In February 2007, the government sold 51 percent of the capital of Gabon Télécom to a private investor to improve the management of the company. Gabon Poste, which is also in liquidation, has been replaced by La Poste, a new state

enterprise. The payment of allowances to former staff and the settlement of social security debts have begun and should be completed by end-June 2007. The staff of the new entity will be appreciably smaller, which will reduce costs. However, to carry out its public service mission, it will continue to receive a budget subsidy, the amount of which will gradually diminish. Finally, SOGATRA, an urban transport public enterprise, is on the verge of bankruptcy. It has been decided to immediately embark on the restructuring of SOGATRA with the objective, over time, to introduce a more efficient management model, such as management contract, so as to ensure a sustainable high-quality public service for the end-user.

23. **We are strengthening our reforms in the forestry industry.** To begin with, we have begun revoking the forestry permits held by persons in breach of their tax obligations. In early April, we have adopted a decree to begin returning to the public domain, in a first wave, 116 permits in arrears since 2002 or 2003, representing a surface area of 1.8 million hectares. The remaining permits in arrears will be subject to the same procedures by end-2007. Secondly, after much thought, we have decided to suspend parliamentary consideration of the draft law on the National Forestry Fund. In its current form, the draft law is fraught with major risks, especially concerning the earmarking of a sizable share of the tax revenues, a provision which runs counter to good budgetary practice.

24. **We are continuing to strengthen the financial system, a key element in private-sector growth and development.** Within the CEMAC, we have supported the liberalization of interest rates, especially minimum lending rates, which represent a significant cost for banks. We will also work with our partners in the subregion to streamline the BEAC administrative procedures that burden current transactions, to facilitate efficient banking transactions and so promote private sector development. The credit bureau (*centrale des risques*) will be strengthened to help financial institutions conduct better analyses and in the long run improve private sector access to bank credit. The reforms under way to encourage the registration of real property should also play an important role in improving access to bank credit for the private sector, especially SMEs. At the same time, we will continue to foster microfinance development in line with the corresponding national strategy, the main aim of which is to establish throughout the country more institutions that can help poor and low-income households as well as micro entrepreneurs gain access to viable and sustainable local financial services.

25. **We are determined to take firm measures to improve the business climate.** Progress was made with the arrangements put in place to promote business startups and development. Some problems remain, owing to the complexity and slowness with which the reforms already adopted by the government are being implemented. However, by adopting the GPRSP, the government has endorsed an action plan drawn up following a series of seminars and workshops involving the private sector. The action plan provides for the restructuring of the Private Investment Promotion Agency (APIP). For the moment, the APIP is focusing on improving its one-stop-shop to reduce the time needed to start up a new

business to a maximum of seven days. The APIP will bring together on its website all legislation on private investment (e.g., the Mining Code, the Forestry Code, the Law on Tourism Investment, the General Tax Code, the Registration Code, the Procurement Code, and the Law on Competition). On the legal front, work is under way to bring Gabon law into line with the provisions of the OHADA, to allow its uniform acts to be incorporated into the domestic legislation and improve enforcement of the acts by the courts. Finally, the PAPSUT (Priority Action Program for the Urban Sector and Transportation) study identified the infrastructure constraints facing the private sector. In 2007, we will define the priority projects and study in particular the case of the port of Owendo, through which 90 percent of Gabon's non-oil trade passes and which constitutes a major obstacle to the country's growth.

26. Trade liberalization, especially within the subregion, remains an important element in our economic policy. For this purpose, we will continue to work with our partners within the CAEMC to lower the high common external tariff.

27. In order to improve the monitoring and analysis of our economic policy, we will strengthen the quality and reliability of our economic statistics. For this purpose, the government has launched its National Statistical Development Strategy (SNDS). The drafting of the strategy is due to start in 2007 and end in 2008. It is a medium-term frame of reference that will redefine the institutional framework (statistical law, National Statistical Council, bylaws of the Directorate General of Statistics and Economic Research—DGSEE) and establish a work program with the same time frame. In the 2008 budget law, the government will include a budget allocation based on a detailed formulation of needs. By end-June 2007 we will publish a new price index: CAEMC Harmonized Consumer Price Index (HCPI). We will then overhaul the national accounts, based on the methodology of the new United Nations *System of National Accounts (SNA93)*, the first usable results of which are expected in 2009-10.

IV. PROGRAM MONITORING

28. Monitoring of the first year of the three-year Fund-supported program will be conducted based on quarterly quantitative performance criteria at end-June, end-September, and end-December 2007 (see Table 1) and structural performance criteria and benchmarks. The prior actions, structural performance criteria and benchmarks are set out in Table 2. The definitions of the economic variables and reporting procedures are contained in the attached Technical Memorandum of Understanding.

Table 1. Gabon: Quantitative Performance Criteria Under the Stand-By Arrangement 2007-10

(Billions of CFA francs; end-period data; cumulative flows from January 1st) ¹

| | 2006 | 2007 | 2007 | | Dec. |
|---|------------|----------|--------|--------------|--------|
| | Dec. Prel. | Mar. Est | Jun. | Sep. Program | |
| Performance criteria | | | | | |
| Floor on the primary fiscal balance, excluding oil revenue and restructuring costs (on a payments order basis) ² | -435.8 | -83.2 | -150.4 | -246.5 | -314.1 |
| Ceiling on the net claims of the banking system on the central government ³ | -39.6 | -71.5 | -128.8 | -125.4 | -209.0 |
| Ceiling on the contracting or guaranteeing of new external debt by the central government ⁴ | 164.5 | 129.5 | 140.0 | 155.0 | 165.2 |
| Ceiling on the accumulation of external payments arrears by the central government ⁵ | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Ceiling on the accumulation of new payment arrears on domestic liabilities by the central government | ... | 0.0 | 0.0 | 0.0 | 0.0 |
| Memorandum items | | | | | |
| Foreign financed projects | 63.3 | 11.0 | 21.0 | 30.7 | 42.6 |
| Non-project external financing | 14.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| Oil revenue | 1,012.9 | 234.0 | 463.9 | 685.8 | 938.0 |
| Privatization receipts | 0.0 | 13.1 | 19.0 | 19.0 | 19.0 |
| External debt service (excluding IMF) | 324.6 | 105.1 | 172.1 | 273.4 | 327.2 |
| Domestic debt service | 107.9 | 38.1 | 75.3 | 107.5 | 145.1 |
| Public enterprises restructuring costs | 39.8 | 4.7 | 12.9 | 17.1 | 22.5 |
| Net change in unpaid payment orders at the treasury | -27.8 | -5.3 | -10.5 | -15.8 | -21.0 |
| Change in outstanding wage arrears (<i>rappels de solde</i>) | -20.6 | -5.0 | -10.0 | -15.0 | -20.0 |
| Banks' purchases of outstanding government domestic debt (<i>rachat de créances</i>) | | 0.0 | 0.0 | 0.0 | 0.0 |

Sources: Gabonese authorities and Fund staff estimates and projections.

¹ Indicative target for March, 2007. Targets for June, September and December are performance criteria under the Stand-by Arrangement. Detailed definitions of the performance criteria are provide in the Technical Memorandum of Understanding.

² The performance criterion will adjusted upward/downward for any lower/higher execution of foreign financed investment. The downward adjustemnt is capped at CFAF 25 billion.

³ The performance criterion will be adjusted upward/downward for any lower/higher than programmed oil revenue and lower/higher than programmed privatization receipts. The performance criterion will also be adjusted upward/downward for any higher/lower payments of external debt service, higher/lower payments of domestic debt service, higher/lower public enterprises restructuring costs, higher/lower reduction of unpaid payment orders at the treasury, higher/lower reduction of wage arrears related to the ongoing reconstruction of government employees' careers (*rappels de la solde*). The upward adjustments for domestic debt service, restructuring costs, reductions in unpaid orders at the treasury and reductions in *rappels de la solde* are limited to CFAF 5 billion in addition to the programmed levels. Finally, the performance criterion will be adjusted upward for any increase in commercial banks credit to the government reflecting new purchases by commercial banks of existing government domestic debt towards non-banks (*rachat des créances*).

⁴ This performance criterion applies not only to debt as defined in point No. 9 of the Guidelines on Performance Criteria with Respect to Foreign Debt, adopted by the IMF Executive Board on August 24, 2000, but also to commitments contracted or guaranteed from which value has not been received. The performance criterion will be adjsuted upward to include new external loans contracted in the context of a debt buy-back operation that could be concluded with Gabon's bilateral external creditors.

⁵ The non accumulation of new external payments arrears will constitute a continuous performance criterion.

Table 2. Gabon—Prior Actions, and Structural Performance Criteria and Benchmarks Under Proposed Stand-By Arrangement, 2007–10

| | Actions | Date ¹ | PC or Benchmark |
|----------------------|--|-------------------|-----------------|
| Prior actions | Reaching an understanding on a fiscal framework for 2007 consistent with a reduction in the NOPD to 11½ percent of non-oil GDP. | Done | |
| | Increase in retail fuel prices consistent with a reduction in subsidies of at least CFAF 50 billion over the expected level in 2007. | Done | |
| | Implement the agreement between the government and the oil refinery SOGARA for the settlement of its tax arrears and the resumption of the government's compensation payments. | Done | |
| | Signature of a contract between the government and a private company for the development of a contract-based, monthly oil-revenue model. | Done | |
| | Return to the public domain of 116 forestry permits with tax arrears since 2002-03, representing a total surface of 1.8 million hectares. | Done | |
| | Conclude the privatization on Gabon Telecom by divesting a majority of the share capital to a private investor. | Done | |
| First year | | | |
| First review | 1 Apply the automatic adjustment formula to ex-refinery fuel product prices to reflect changes in international prices. ² (para. 10) | Continuous | PC |
| | 2 Subject all 2007 spending for the <i>fêtes tournantes</i> to regular budgetary procedures. (para. 17) | Continuous | PC |
| | 3 Strengthen treasury cash management by establishing a annual treasury cash plan. (para. 16) | Sep. 15, 2007 | PC |
| | 4 Prepare a compilation of all tax expenditures. (par. 15) | Jun. 2007 | BM |
| | 5 Submit to Parliament a new tax code, incorporating all the modifications made in recent years. (para. 19) | Sep.15, 2007 | BM |
| | 6 Publish the names of all government officials who have not complied with the asset declaration requirement by end-April 2007. (para. 20) | Jun. 2007 | BM |
| | 7 Disseminate to the wider public key documents of public interest by posting on the Ministry of Finance's website (i) the 2004, 2005, and 2006 supplementary budgets; (ii) the reports of the Audit Court (<i>Cour des comptes</i>) on budget execution in 2003 and 2004; (iii) the reports on the audit of the <i>fêtes tournantes</i> and the arrears of the Road Maintenance Fund (FER) prepared in 2005; and (iv) the annual reports of the CNLCEI for 2005 and 2006. (para. 21). | Jun. 2007 | BM |

| | Actions | Date ¹ | PC or Benchmark |
|--------------------|--|-------------------|-----------------|
| | 8 Adopt new CPI with weights based on 2005 household expenditure survey. (para. 27) | Jun. 2007 | BM |
| Second review | 1 Present to Parliament a 2008 budget that includes in the accompanying economic and financial report (i) summary budget execution reports for 2005–06 and estimates for 2007; and an annex with estimates of all tax expenditures by type of taxes. (para. 15) | Dec. 2007 | PC |
| | 2 Make operational the oil-revenue projection model that links oil revenue to production, prices, costs, and fiscal parameters on a contract by contract basis, apply it to evaluate oil revenue payments collected by the treasury in 2007, and identify reasons for discrepancies in realized oil revenues. (para. 18) | Feb. 2008 | PC |
| | 3 Publish the list of projects under the 2008 <i>fêtes tournantes</i> in the national press. (para. 17) | Dec. 2007 | BM |
| | 4 Prepare a comprehensive government asset and liability strategy. (para. 11) | Dec. 2007 | BM |
| | 5 Develop a three-year, rolling medium-term expenditure framework including consistent sectoral programs for 2008-10. (para. 14) | Dec. 2007 | BM |
| | 6 Reduce Treasury payment period to 60 days and announce it on the Treasury website. (para. 16) | Dec. 2007 | BM |
| | 7 Prepare monthly budget execution reports with a maximum lag of 2 months. (para. 16) | Dec. 2007 | BM |
| | 8 Reduce the proportion of government procurement contracts awarded on a single-source basis on exceptional grounds to below 50 percent of the total value of contracts submitted to the public procurement office. (para. 17) | Dec. 2007 | BM |
| | 9 Publish the official gazette on the internet. (para. 21) | Dec. 2007 | BM |
| Second year | Indicative | | |
| | 1 Present to Parliament a 2009 budget that includes (i) oil-revenue projections resulting from the oil revenue model; (ii) a functional classification of expenditure; and (iii) a medium-term expenditure framework for 2009–11 | | PC |
| | 2 Reduce Treasury payment period to 30 days by end 2008. | | BM |
| | 3 Prepare six-monthly assessments of oil revenue based on the oil-revenue model and identify reasons for discrepancies in realized oil revenues. | | BM |
| | 4 Reduce the proportion of single-source government procurement contracts awarded on a single-source basis on exceptional grounds to below 30 percent of the total value of contracts submitted to the public procurement office. | | BM |
| | 5 Prepare an audit of the <i>fêtes tournantes</i> for 2006–07. | | BM |

| | Actions | Date ¹ | PC or Benchmark |
|-------------------|--|-------------------|-----------------|
| | 6 Prepare a comprehensive review of all VAT and PIT tax exemptions with the objective of curtailing them significantly. | | BM |
| Third year | Indicative | | |
| | 1 Present to Parliament a 2010 budget that includes (i) oil-revenue projections resulting from the oil revenue model; (ii) a functional classification of expenditure; and (iii) a medium-term expenditure framework for 2010–12 | | PC |
| | 2 Adopt new VAT and PIT laws in line with best international practice. | | BM |
| | 3 Introduce new national accounts methodology based on the United Nations SNA93. | | BM |

¹ Unless otherwise specified, all dates refer to the end of the month.

² The functioning of the adjustment mechanism to ensure a gradual convergence to international market prices is specified in the technical memorandum of understanding.

Technical Memorandum of Understanding

1. This memorandum spells out the understandings for the monitoring of program implementation, and the reporting requirements for the period April 2007–March 2010. In this context, it defines (a) the quantitative performance criteria; (b) the structural performance criteria and benchmarks; (c) the adjusters for the quantitative performance criteria; and (d) the key assumptions used in the formulation of the program for 2007–10 presented in the Memorandum for Economic and Financial Policies (MEFP) of the government of Gabon attached to the letter from the Minister of Economy, Finance, Budget, and Privatization to the Managing Director of the International Monetary Fund dated April 15, 2007.

A. Monitoring of Program Implementation

2. Monitoring of the implementation of the program will be made on the basis of an assessment of the observance of quarterly quantitative performance criteria as well as of the structural performance criteria and benchmarks at specified dates.

B. Quantitative and Structural Performance Criteria, Definition, Computation and Adjusters

Quantitative performance criteria

3. The quantitative performance criteria are specified in Table 1 of the MEFP. The quantitative performance criteria are the following:

- a floor on the primary fiscal balance of the central government on a payments order basis, excluding oil revenue and restructuring costs posted as “financing”;
- a ceiling on the net claims of the banking system on the central government;
- a zero limit on the accumulation of external payments arrears by the central government (a continuous performance criterion);
- a zero limit on the accumulation of arrears on central government domestic liabilities;
- a ceiling on new external debt contracted or guaranteed by the government with original maturities of more than one year;

4. The program includes adjusters for the quantitative performance criteria as specified in paragraph 16 below and summarized in footnotes 2, 3 and 4 of Table 1 of the MEFP.

Definitions and computation

5. For the purpose of this TMU, the term “central government” covers all agencies, institutions, and special funds (including the Road Fund), the operations of which fall under the definition of 'Central Government' in the IMF's Government Finance Statistics Manual, 2001, paragraphs 2.48-50. The authorities will inform the Fund staff of any new funds, or other special budgetary and extra-budgetary programs that may be created during the program period to carry out operations of a fiscal nature and will ensure that these will be incorporated within the definition of central government.

6. **The non-oil primary fiscal balance**, on a payment order basis (*ordonnancements*), is defined as the difference between (a) total central government revenue on a cash basis (excluding oil revenue); and (b) total central government expenditure on a payment order basis (*ordonnancements*) excluding interest payments.

7. **Total central government revenue** is measured on a cash basis and includes offsetting revenue and expenditure operations, including private sector tax obligations offset against central government obligations to the private sector. Tax receipts are specified in the Table of central government financial operations (*Tableau des opérations financières de l'Etat-TOFE*), including all earmarked revenues (Road Fund and special funds). Oil revenue includes payments received in cash and in crude. Oil revenue under PID (*provisions pour investissements diversifiés*) and PIH (*provisions pour investissement en hydrocarbures*), which have so far been excluded from reporting in budget documents will be included once they become available. Revenue received by the treasury will be registered after encashment, which will be at most 7 days after the date of receipt; oil revenue received in kind will be recorded at transaction value on the day of sale.

8. **Total central government expenditure** includes spending on a payment order basis (*ordonnancements*), and treasury advances (*avances à régulariser*), and outlays on special funds and from earmarked revenues. It excludes restructuring costs for public enterprises as defined in paragraph 9 and other financial treasury operations as described in paragraph 10.

9. **The restructuring costs** excluded from total government expenditure and posted as “financing” represent the redundancy costs relating to the public enterprises to be liquidated or privatized in the context of the central government’s divestiture of its productive sector holdings, the operating costs (consultants, etc.) of the Secretariat of the Privatization Committee, and administrative and legal costs arising from legal challenges related to these divestment operations. The restructuring costs to be classified as financing in 2007 are capped at CFAF 22.45 billion and comprise the following:

| Enterprise | Costs in billions of CFAF |
|---|----------------------------------|
| Gabon Poste | 10.0 |
| CNGS | 2.0 |
| SOGATRA | 2.6 |
| APIP | 0.5 |
| SNBG | 2.5 |
| Administrative and legal cost related to social plans | 4.0 |
| Current expenditure of Privatization Committee | 0.85 |
| Total | 22.45 |

10. **The financial operations specified in the *TOFE*** relating to treasury correspondents (*correspondants du Trésor*), local governments (*collectivités locales*), and other treasury operations (*autres opérations de trésorerie*) correspond to the change from period to period in the balance of these accounts.

11. **The outstanding amount of the net claims of the banking system on the central government** is measured in accordance with the accounting practice at the central bank, the BEAC (“IMF format”), excluding deposits of the postal checking account system.² As of December 31, 2006, this outstanding amount was CFAF 39.6 billion, and its breakdown was as follows:

| Net Claims of the Banking System on the Central Government as of December 31, 2006 (CFAF billions) | |
|---|-------------|
| Statutory advances from the BEAC | 60.9 |
| Plus: CFA franc counterpart of use of Fund resources | 28.4 |
| Plus: consolidated advances | 0.7 |
| Minus: deposits at the BEAC and treasury cash | 176.4 |
| <i>Of which: Account for Future Generations</i> | 120.1 |
| Plus: Commercial banks claims on government | 88.3 |
| <i>Of which: Bons d’équipements</i> | 70.4 |
| Minus: government deposits with commercial banks | 41.7 |
| Total | 39.6 |

12. **The accumulation of external payments arrears** by the central government, which is a continuous performance criterion with a zero limit, is calculated as the difference between (a) the amount of each maturity falling due on account of contractual external debt-service obligations (interest and/or principal, including moratorium and late/penalty interest,

² The deposits of the postal checking account system are excluded since they are not at the disposal of the treasury.

where applicable); and (b) the amount of actual payments made for each debt service payment due during the period under consideration. Arrears resulting from the nonpayment of the debt service for which a rescheduling agreement is sought are excluded from this definition.

13. **The total stock of central government domestic liabilities** is defined as the stock of government's outstanding liabilities to bank and non-bank domestic creditors scheduled to be extinguished in the future. Domestic non-bank liabilities include all the domestic debt registered at the National Debt Office (DGCP), all other documented domestic liabilities registered at the treasury, which have not been accounted for at the DGCP and the stock of wage arrears³. It also includes public enterprise domestic debt taken over by the government in the context of restructuring operations. This definition excludes intragovernmental debt, and the treasury float. The outstanding stock of domestic debt at end-December 2006 was CFAF 475.6 billion and the stock of domestic non-bank liabilities was CFAF 297.4 as shown in the following summary table:

| Gabon: Stock of Domestic Government Liabilities As Of End-December 2006 | |
|--|--------------|
| (Billions of CFA francs) | |
| Stock of domestic debt | 475.6 |
| <i>Liabilities to the domestic Banking system</i> | 178.2 |
| BEAC | 89.9 |
| <i>of which Avances statutaires</i> | 60.9 |
| Commercial banks | 88.3 |
| <i>of which Bons d'Equipement</i> | 70.4 |
| Non-Bank domestic debt | 297.4 |
| Registered at the DGCP | 75.5 |
| Registered at the treasury | 109.9 |
| Club de Libreville | 17.9 |
| Other | 92.0 |
| Wage arrears (<i>rappels de la solde</i>) | 112 |

14. **The treasury float** consists of the “payment orders at the treasury” and the “other treasury float.” The “payment orders at the treasury” corresponds to the difference between the cumulative payment orders (*ordonnancements*) and the cumulative actual payments on a cash basis (cashed checks, bank transfers or cash payment). The “other treasury float” includes the accounts on “subsidies,” “consignments,” “accounting agencies,” including “transfers between accounting offices” related to budgetary operations, and “installments to be allocated.” At end-December 2006, the treasury float amounted to CFAF 26.8 billion, comprising CFAF 39.2 billion in “payment orders” and CFAF -12.4 billion in “other treasury

³ The wage arrears (*rappels de la solde*) correspond to the unpaid salary component resulting from delayed regularization of automatic promotions (*avancements*) of civil servants.

float.” For 2007, the net reduction of the treasury float is defined as the reduction in the float existing at end-2006, less the accumulation of new float during 2007.

15. **The performance criterion on the contracting and guaranteeing of new external debt** with maturity of over one year by the central government applies not only to debt as defined in point 9 of the *Guidelines on Performance criteria with Respect to Foreign Debt*, adopted by the IMF on August 24, 2000, but also to commitments contracted or guaranteed for which no value has yet been received.

Adjustments to quantitative performance criteria

16. The quarterly performance criteria will be adjusted as follows:

- The primary non-oil fiscal balance of the central government will be adjusted to reflect **expenditure related to the inclusion of PID and PIH oil revenue** into the budget reporting.
- The floor on the non-oil primary fiscal balance of the central government will be adjusted downward for higher-than-programmed external financing up to the equivalent of CFAF 25 billion per year.
- With the objective of shielding fiscal objectives from **uncertainties regarding oil prices and output**, the ceiling on the net claims of the banking system will be adjusted upward/downward if oil revenue is below/above the baseline projections in a given quarter. If the Brent oil price projections as reported by the IMF-WEO decline by more than 30 percent from the baseline program projection for 2007 (US\$60.75 per barrel), then a consultation between the IMF and the government is required;
- The ceiling on net credit from the banking system to the central government will be adjusted upward/downward for higher/lower-than programmed **external debt service** effectively paid;⁴
- The ceiling on net claims from the banking system to the central government will be adjusted upward/downward for higher/lower-than programmed **domestic debt service payments**. The upward adjustment is limited to CFAF 5 billions;
- The ceiling on net claims from the banking system to the central government will be adjusted upward/downward for lower/higher-than-programmed net **reduction in the treasury float**. The upward adjustment is limited to CFAF 5 billions;

⁴ External debt service due minus any accumulation of external arrears minus debt relief obtained. The programmed amounts of debt service, payments arrears, debt relief, and non-project external financing are calculated in CFA franc terms based on end 2006 exchange rates. The actual amounts are calculated in CFA franc terms based on the actual transactions in foreign currency and the exchange rates published by the Fund.

- The ceiling on net claims from the banking system to the central government will be adjusted downward for lower-than-programmed restructuring costs as defined in paragraph 8;
- The ceiling on net claims from the banking system to the central government will be adjusted upward to reflect any purchase by commercial banks of outstanding contractual government credit held by non-bank private sector creditors as of end 2006 (*rachat de créances*).
- The ceiling on net claims from the banking system to the central government will be adjusted downward/upward for higher/lower-than-programmed privatizations receipts.
- The ceiling on the contracting or guaranteeing by the government of new external debt will be adjusted to reflect new debt that could be contracted in the context of an external debt buy-back/restructuring operation that would result in a net present value reduction of Gabon external public debt .

17. The structural performance criteria and benchmarks are specified in Table 2 of the MEFP attached to the letter of April 15, 2007. The relevant definitions are described in paragraphs 18–20.

18. **The fuel price subsidy** is defined as the transfer by the government to the refinery (SOGARA)—including through the delivery of crude oil to be valued at the official sale price (*prix de cession officiel*)—to compensate it for differences between import parity prices (PPI) and government controlled ex-refinery fuel prices. PPI are calculated on the basis of the formula detailed in government decree No. 01217/PR/MFEBPP of September 25 1998. Ex-ante, the subsidy is projected as the difference between the expected PPI and ex-SOGARA price for each fuel product , multiplied by the expected sale volumes. Ex-post, the subsidy equals the difference between the actual PPI and ex-SOGARA prices, multiplied by the actual sale volumes, as illustrated in the following table:

Example: Calculation of Fuel Price Subsidy, June 2005

| | Super gasoline | Lighting kerosene | Jet kerosene | Diesel | Butane | Fuel oil | Asphalt |
|---|----------------|-------------------|--------------|---------|---------|----------|---------|
| Import parity price, PPI (in CFAF/M3 or T) ¹ | 288,424 | 269,293 | 321,021 | 277,369 | 229,663 | 181,701 | 200,432 |
| Actual ex-refinery price (in CFAF/M3 or T) | 214,404 | 145,693 | 197,693 | 172,313 | 155,717 | 142,348 | 146,857 |
| Difference (in CFAF/M3 or T) | 74,020 | 123,600 | 123,328 | 105,056 | 73,946 | 39,353 | 53,575 |
| Quantity sold on domestic market (M3 or T) ¹ | 4,735 | 3,707 | 5,959 | 31,609 | 2,098 | 8,897 | 122 |
| Fuel price subsidy for the month (million CFAF) | 350.5 | 458.2 | 734.9 | 3,320.7 | 155.1 | 350.1 | 6.5 |

¹ Asphalt, butane, and fuel oil quantities are expressed in metric tones (T). The remaining products are expressed in cubic meters (M3).

19. **The adjustment mechanism of ex-refinery SOGARA prices** will be applied as follows. Any increase in the PPI will be fully reflected into an equivalent and automatic adjustment of the relevant ex-refinery price. Once the ex-refinery price has converged to the PPI level, any decrease in the PPI will be fully passed through into the ex-refinery price. However, for products with an ex-refinery prices lower than the PPI, the PPI declines will not be passed through into the ex-refinery price.

20. The **treasury payment period** consists of the time-lag between the date in which the budget general direction (DGB) certify the payment order (*visa de la journée comptable*) and the date the payment is effectively made by the Treasury.

C. Reporting Requirements

21. To facilitate monitoring of program implementation, the government of Gabon will prepare and send to the IMF by e-mail or by fax data and monthly reports within six weeks following the end of the preceding month. Such data will include (but are not limited to) the following:

(a) the comprehensive monetary survey, the central bank balance sheet, and the consolidated balance sheet of the commercial banks (electronic file);

(b) the net financial position of the central government (PNG) with the BEAC and the banking system, with separate lines for (i) the balance on the account of the Fund for Future Generations and (ii) the outstanding amount of government securitized domestic debt purchased by the banks from commercial creditors (electronic file);

(c) the central government financial operations (*opérations financières de l'Etat*) on a payment order basis (*ordonnancements*), identifying any discrepancy between the fiscal deficit and changes in domestic and external arrears and in the treasury float, on the one hand, and total net domestic bank/nonbank and net external financing, on the other (electronic file);

(d) the detailed breakdown of oil revenue by type of revenue (royalties, profit tax, dividends, boni and other) and by company/type of contract, and the underlying information when available (e.g. production, prices, turnover, costs, etc.), as well as the detailed breakdown of non-oil tax revenue (by type of tax) and nontax revenue (electronic file);

(e) the detailed breakdown of total central government expenditure, on an adjusted commitment basis, adjusted payment order basis, and cash basis as presented in the *Tableau Intégré* produced by the Statistical Committee (*Comité statistique*) (electronic file);

(f) the details for domestic and external debt-service obligations, on a contractual and actual payments basis, respectively, with a breakdown into interest and principal and by creditor, as well as any possible accumulation of domestic or external arrears (electronic file);

(g) the details on the stock of external and domestic debt at the end of each quarter prepared by the DGCP. The external debt stock is to be evaluated at end-of-quarter exchange rates (electronic file);

(h) the details for the outstanding stock of the treasury float (month to month) and the cumulative flows from January 1, 2007; the net accumulation of new float during 2007, defined in paragraph 6 as the difference between payment orders (*ordonnancements*) and payments made (cash basis), as well as the repayment of pre-2007 float, with both items to be broken down by wages and salaries, goods and services, transfers and subsidies, interest, capital expenditure, and net lending; any stock-flow adjustment not consistent with flows should be explained (electronic file).

(i) information on the balance of the accounts relating to treasury correspondents (*correspondants du Trésor*), local governments (*collectivités locales*), and other treasury financial operations specified in the TOFE.

(j) the amount of new external debt contracted or guaranteed by the central government, with the detailed information on the original terms and conditions (currency of denomination, interest rate, grace period, and maturity) and the envisaged path of disbursement;

(k) actual disbursements on external debt, including on newly contracted loans, by creditors and by projects/programs and the amounts of debt relief, if any, granted to Gabon by external creditors (electronic file);

(l) monthly information on the oil sector: export prices, effective exchange rate, production per oil field, volume of exports and volumes provided to SOGARA based on data from the Direction Générale des Hydrocarbures (electronic file);

(m) quarterly information on number of forestry permits with tax arrears returned to the public domain, number of outstanding forestry permits with tax arrears, forestry tax arrears recovered and forestry tax arrears outstanding;

(n) quarterly report on numbers and value of procurement contracts treated by the Direction Générale des Marchés Publics (DGMP) by type of contracting;

(o) indicators and other statistical data on recent economic developments, such as the household consumer price index, merchandise imports and exports (in value and volume terms) by major categories on the basis of customs data, timber production

and exports by categories (in value and volume terms), as well as the quarterly reports on economic activity prepared by the General Directorate of the Economy (DGE) and six-monthly report of the balance of payments by the BEAC;

(p) quarterly data on the finances of local authorities; and

(q) a status report on the implementation of the structural reforms specified in Table 2 attached to the letter of April 15, 2007.

22. The Technical Support Unit of the Interministerial Committee for Monitoring the Structural Adjustment Program will provide the African Department of the IMF with any other information that the latter may deem necessary or that may be requested by the staff of the IMF for the effective monitoring of the program.