**The Republic of Gabon**

**Fiscal Consolidation and Inclusive Growth Development Policy Financing**

**Chair Summary\***

**November 7, 2017**

Executive Directors approved a Development Policy Financing operation (R2017-0221) for the Republic of Gabon in the amount of Euro 168.7 million (US$200 million equivalent) on the terms and conditions set out in the Memorandum and Recommendation of the President.

Directors commended the close collaboration with the IMF and welcomed the three pillars of the operation: Strengthening fiscal balance; Enhancing competitiveness; and Protecting the poor. They recognized that the reforms and policy actions under these three pillars are at the core of macroeconomic stability, fiscal balance, diversified growth, and improved service delivery for the poor. Directors underscored the necessity for Gabon, its Central African neighbors, and key development partners, including the World Bank Group, to support diversification of the economy to create job growth and mitigate against commodity price shocks, in part by supporting the stabilization fund. They appreciated Gabon’s catalytic role in responding to the economic crisis of other CEMAC countries.

Directors took note of the political and governance, macroeconomic, and institutional capacity risks associated with the operation. They emphasized the need for close and pro-active monitoring of regional and country macro-fiscal developments, and external and domestic arrears’ payment, in coordination with the IMF. They emphasized that reform efforts should represent a strong level of ambition, and urged the Government to remain engaged in tackling income inequality, improve institutional capacities and strengthen governance. They also urged the Government to utilize reforms to help improve the business climate. Finally, they underscored timely implementation, appropriate sequencing of policy options, and monitoring of reform implications on tax systems and social tensions.

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\*This summary is not an approved record.