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LETTER DATED 4 FEBRUARY 1999 FROM THE SECRETARY-GENERAL
ADDRESSED TO THE PRESIDENT OF THE SECURITY COUNCIL

I have the honour to convey the attached letter dated 23 December 1998 from Mr. James D. Wolfensohn, President of the World Bank, concerning the Central African Republic (see annex).

I should be grateful if you would bring the letter to the attention of the members of the Security Council.

(Signed) Kofi A. ANNAN

Annex

Letter dated 23 December 1998 from the President of the
World Bank addressed to the Secretary-General

I understand that you will soon report to the Security Council on progress made by the Central African Republic towards restoring peace and security, and present your recommendations on the future of the United Nations Mission in the Central African Republic (MINURCA) presently there. I would like to share with you our assessment of the prospects of the Central African Republic's financial consolidation and the economic reform programme being implemented with the Bretton Woods institutions, and our views on the link between this programme and peacekeeping arrangements.

The international community entered into an unwritten compact when it decided to help restore peace and reverse increasing poverty in the Central African Republic. In a series of mutually reinforcing actions, the Security Council dispatched a peacekeeping force and the Bretton Woods institutions pledged their support for an economic reform programme, while other partners are assisting in the organization and monitoring of legislative elections. So far, the results are yielding fruit - security has improved, the first round of legislative elections have passed peacefully and the economic situation has stabilized. The International Monetary Fund (IMF) approved an enhanced structural adjustment facility last July. The International Development Association sponsored a donors' meeting last June, and is currently preparing a quick disbursing credit to support economic policy reform. We plan to return to the Central African Republic in January together with IMF, with a view to assessing the feasibility of such an operation in the spring of 1999.

Should MINURCA forces start withdrawing on 15 January, as envisaged by Security Council resolution 1201 (1998) of 15 October 1998, the prospects for continued economic improvement would be considerably weakened. The security situation could well deteriorate again. Political tensions would likely intensify during the approach to presidential elections scheduled for August, while the task of restructuring the armed forces remains incomplete. These heightened security concerns would be bound to influence our decision on whether to present a policy-based credit to our Board.

I would like to ask you to consider these factors when preparing your recommendation to the Security Council. We believe that the Central African Republic will be at a turning point in 1999. The premature withdrawal of international support in any of the key areas could easily undermine and even reverse the fragile progress made so far.

(Signed) James D. WOLFENSOHN
