

REGIONAL TECHNICAL ASSISTANCE CENTER FOR CENTRAL AFRICA

Improving Macroeconomic Policy
Frameworks in Central Africa



AFRITAC
Central

ANNUAL REPORT 2021



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Republic of Cameroon



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Republic of Gabon



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Central African Republic



Democratic Republic of the Congo



São Tomé and Príncipe



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**IMPROVING MACROECONOMIC
POLICY FRAMEWORKS IN
CENTRAL AFRICA**



**ANNUAL
REPORT
2021**



A MESSAGE FROM THE AFRITAC CENTRAL STEERING COMMITTEE CHAIRMAN



His Excellency

Mr. Louis-Paul MOTAZE

*Minister of Finance of the Republic of Cameroon
Chair of the Steering Committee during the 2020 and
2021 fiscal years*

I would like to thank the Directors of AFRITAC Central—first and foremost, Mr. Paulo Drummond, who left this position in September 2020 after serving our country for four years, and then his successor Mr. Philippe Egoume—as well as the entire AFRITAC Central staff, which spared no effort in supporting the development of our governments’ capacities. I would also like to take this opportunity to commend the representatives of subregional institutions and the technical and financial partners, who, together with our governments, make a decisive contribution to the Center’s financing.

Since the beginning of this pandemic, the Center, like every other entity with capacity development as its primary objective, has had to adapt to the new reality in order to carry out its activities. This is a chance for me, not just

on my own behalf, but also on behalf of all the other countries that received technical assistance in various forms throughout the 2021 fiscal year, to acknowledge the efforts that AFRITAC Central and all member countries have made in adapting to the new way of working. I note with keen interest how well the Center adjusted and carried out all of its activities remotely, which enabled member countries to continue to receive its technical assistance in all its areas of intervention. This is praiseworthy.

We were particularly grateful for the way in which the Center modified its activities to tackle the challenges posed by the COVID-19 pandemic head on. Examples include the specific technical assistance provided to correctly identify, track, and report expenditures associated with COVID-19, the recommendations made to bolster bank stability in this difficult context, and the assistance provided to ensure that the data used to establish the consumer price index could continue to be collected without interruption, despite the lockdowns and curfews.

Like other nations in the international community, AFRITAC Central member countries are still coping with a health and economic crisis that is putting the development progress that has been made under threat. In this climate of uncertainty, despite the availability of vaccines, the current health crisis risks wiping out our countries’ economic and social development efforts.

This health crisis is disrupting the implementation of various economic and financial programs and reforms agreed with the IMF. This is a genuine disaster that has

hit rich and poor countries alike and that is having an unprecedented impact on economic fundamentals, with major social consequences, especially for our countries.

In the face of all these challenges, we rely on the resilience and adaptation capacities of AFRITAC Central's technical assistance, which remains more than vital for our member countries to implement emergency economic and financial reforms in order to deal with the current declines in economic performance.

With the uncertainty that lies ahead, and in order to implement structural reforms, there is no doubt that we need technical, institutional, and financial assistance from bilateral and multilateral partners, particularly from AFRITAC Central in its areas of intervention. This is why I invite all Steering Committee members to actively search for viable solutions for our economies.

Judging by the number and quality of attendees, the AFRITAC Central Steering Committee meeting on June 1 was a solid platform for reflection and the exchange of experiences. I therefore appeal to your extensive, diverse expertise to make the most of this collaboration so that the path taken since the creation of this Center is consolidated and strengthened with the development and modernization of our governments in mind.

As São Tomé and Príncipe begins its term as Chair of the AFRITAC Central Steering Committee, I would like to take the opportunity to thank my colleagues the ministers, the development partners, and the entire AFRITAC Central team for making Cameroon's term as Chair of this committee a successful one.

FOREWORD BY THE DIRECTOR OF AFRITAC CENTRAL



Mr. Philippe EGOUME

AFRITAC Central Director

Dear Readers:

During the 2021 fiscal year, the Center continued to deliver its activities remotely in a context marked by new waves of the COVID-19 pandemic, travel restrictions, and low vaccination rates in our region's countries.

Despite this challenging situation, the Center was able to adapt to the COVID-19 reality and carry out 89 percent of the activities scheduled in its work program. Notable results were achieved during the capacity development activities conducted in member countries with the support of development partners.

First and foremost, I would like to thank the highest authorities of the Republic of Cameroon, particularly His Excellency Louis Paul MOTAZE, Minister of Finance, who has played the role of Chair on a rotating basis over the past year, for his involvement and availability as well as that of his teams over the course of these two years at the helm of the AFRITAC Central Steering Committee.

The main objectives of this report are to outline all of AFRITAC Central's accomplishments during the 2021 fiscal year, including the support provided in connection with the COVID-19 pandemic, and to list the objectives and priorities of the work program for 2022.

The 2021 fiscal year wrapped up with many remarkable achievements in all domains covered by the Center. These successes include the following:

- audit of the tax information system of the Directorate General of Taxes and Domains of the Central African Republic;
- design of a draft strategic document and a draft action plan to strengthen customs value control in Burundi;
- support for the improvement of financial governance in public institutions in member countries;
- support for the development of a draft 2021 budget law in the context of COVID-19 in the Democratic Republic of the Congo;
- development of methodological guides on government internal accounting control in Gabon;
- development of a practical guide on macrobudgetary forecasting in São Tomé and Príncipe;
- improvement of the quality of TOFE statistical data and compliance with eGDDS standards for coverage of government finance statistics in the region; maintenance of continuity in CPI production activities in the region;

development of procedures for operations on the Treasury securities primary market within the Bank of Central African States; and improvement of prudential supervision instruments and processes within COBAC.

Drawing on the experience it gained during the 2020 and 2021 fiscal years, the Center will continue to support its member countries in 2022 in a context of new waves of the COVID-19 pandemic and ongoing travel restrictions. The objectives for this fiscal year are those of our work plan, as reiterated in this report. We will remain attentive to the new capacity development needs that our member countries might have as a result of the pandemic and will continue to support the inclusion of new priority areas, such as gender promotion, adaptation to climate change, and the improvement of economic and financial governance.

Our center welcomed new staff, including two advisors, one in revenue administration, Mr. Hasina Rakotondrainibe, and one in public financial management (budget component), Mr. Ephrem Makiadi Ghonda, and a results based management project officer, Mr. Brolin Mbadinga, who joined us in January 2021. I too am a new member of the staff, having taken office in October 2020. I would also like to express my deep gratitude to our partners, who continued to provide the Center with financial support. We will do everything to keep earning their trust.

I would, once again, like to thank Cameroon for the high level support that it has provided to the Center during its term as Chair of the Steering Committee and to congratulate São Tomé and Príncipe on taking over this role for the 2022 and 2023 fiscal years. I would also like to extend my appreciation to the authorities of all the member countries and all my colleagues at the Center for their professional dedication, their resilience in addressing the COVID-19 crisis, and their contributions to improving macroeconomic capacities in Central Africa.

ACRONYMS AND ABBREVIATIONS

ACBF	African Capacity Building Foundation	CPI	Consumer price index
AFD	French Development Agency	DMF	Debt Management Facility
AFRISTAT	Economic and Statistical Observatory for Sub-Saharan Africa	DRC	Democratic Republic of the Congo
AFRITAC Central (AFC)	Regional Technical Assistance Center for Central Africa	GDP	Gross domestic product
ANA	Annual national account	GFSM	Government Finance Statistics Manual
BRB	Bank of the Republic of Burundi	GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit <i>German development agency</i>
CAR	Central African Republic	ICAAP	Internal Capital Adequacy Assessment Process
CCBM	Macroeconomic and Budgetary Framework Committee <i>Comité de Cadrage Macroéconomique et Budgétaire</i>	ICD	Institute for Capacity Development
CDMAP	Capacity Development Management and Administration Program	IFRS	International Financial Reporting Standards
CEMAC	Economic and Monetary Community of Central Africa	ILAAP	Internal Liquidity Adequacy Assessment Process
COBAC	Central Africa Banking of Commission	IMF	International Monetary Fund
COVID-19	Coronavirus disease 2019	ISTEEBU	Institute of Statistics and Economic Studies of Burundi
		MTDS	Medium term debt strategy

- N.A.** Not applicable
- PEFA** Public expenditure and financial accountability
- QNA** Quarterly national account
- RBM** Results based management
- RMTF** Revenue Mobilization Trust Fund
- SADC** Southern African Development Community
- SNA** System of National Accounts
- UNCTAD** United Nations Conference on Trade and Development
- UN Women** United Nations entity dedicated to gender equality and the empowerment of women
- WAEMU** West African Economic and Monetary Union
- WTO** World Trade Organization

CONTENTS

ii

A message from the AFRITAC Central
Steering Committee Chairman

iv

Foreword by the Director
of AFRITAC Central

vi

Acronyms and Abbreviations

viii

Contents

1

SECTION I

Introduction and Background

- 2 **A** The Program
- 3 **B** Vision Underlying the Work Program
- 4 **C** Regional Context
- 5 **D** Macroeconomic Context and the Consequences of the COVID-19 Pandemic
- 8 **E** Core Objective
- 9 **F** Strategic Objectives
- 10 **G** Collaboration with IMF Staff and Other Partners
- 11 **H** Challenges and Risks Involved in Carrying-out the Work Program
- 12 **I** Performance Indicators for Capacity Development
- 21 **J** A Few Key Outcomes from the Fiscal Year 2021
- 22 **K** Center Priorities for the Fiscal Year 2022, the Final Year of Phase III
- 23 **L** Independent Evaluation of Phase III
- 24 **M** Actions Envisaged and Operational Modalities
- 26 **N** Resource Programming and Execution

32

SECTION II

Work Program: 2021 Performance
& 2022 Programming

- 33 **A** Revenue Administration
- 37 **B** Public Financial Management
- 42 **C** Macroeconomic and Fiscal
Analysis and Forecasting
- 45 **D** Government Finance
Statistics
- 47 **E** Real Sector Statistics
- 49 **F** Public Debt Management
- 51 **G** Banking Supervision
and Regulation

54

ANNEXES

- 55 **Annex 1.** Status of Expenditure
for Phase III as of April 30, 2021
- 56 **Annex 2.** Status of Financial
Contributions for Phase
III as of April 30, 2021
- 57 **Annex 3.** Administration

CHARTS

- 6 **Chart 1.** Real GDP Growth (percent)
- 6 **Chart 2.** Consumer Price Inflation (annual average, percent change)
- 6 **Chart 3.** Overall Fiscal Balance (including grants; percent of GDP)
- 7 **Chart 4.** External Current Account Balance (including grants; percent of GDP)
- 7 **Chart 5.** Government Debt (percent of GDP)
- 13 **Chart 6.** Logical Frameworks by Domain (in numbers)
- 13 **Chart 7.** Distribution of Milestones by Domain (in numbers)
- 13 **Chart 8.** Overall Performance of Milestones (in numbers and percentage)
- 14 **Chart 9.** Performance of Milestones by Domain (in numbers)
- 15 **Chart 10.** Outcomes by Domain (in numbers)
- 15 **Chart 11.** Overall Performance of Outcomes (in numbers and percentage)
- 15 **Chart 12.** Performance of Outcomes by Domain (in numbers)
- 26 **Chart 13.** Activities by Country (in numbers)
- 27 **Chart 14.** Activities by Domain (in numbers)
- 27 **Chart 15.** Resources by Country (in person-weeks)
- 28 **Chart 16.** Resources by Domain (in person-weeks)
- 28 **Chart 17.** Distribution of Resources by Country (in percentage)
- 29 **Chart 18.** Distribution of Resources by Domain (in percentage)
- 29 **Chart 19.** Distribution of Resources According to the Fragility of the Recipient Country (in percentage)

IMPACT STUDIES

- 17 **Impact Study 1.** Project To Resume Government Securities Issuances In the Democratic Republic of the Congo
- 18 **Impact Study 2.** Maintain Continuity In CPI Production Activities in the Context of COVID-19

SUCCESS STORIES

- 34 **Success Story 1.** Audit of the Tax Information System (Systemif 4) of the Central African Republic DGID
- 36 **Success Story 2.** Strengthening of the Customs Valuation Function in the OBR
- 38 **Success Story 3.** Support for the Improvement of Financial Governance in Public Institutions
- 40 **Success Story 4.** Support for the Development of the Draft 2021 Budget Law in the Context of COVID-19
- 41 **Success Story 5.** Capacity Development on Government Internal Accounting Control
- 44 **Success Story 6.** Development of a Practical Guide on Macrobudgetary Forecasting
- 46 **Success Story 7.** Appropriation of the TOFE Development Methodology in GFSM 2014 Format by the Countries.
- 48 **Success Story 8.** Production of the Consumer Price Index
- 50 **Success Story 9.** Development of Procedures for Operations on the Treasury Securities Primary Market
- 52 **Success Story 10.** Improvement of Prudential Supervision Instruments and Processes

SECTION I

**INTRODUCTION AND
BACKGROUND**

A

THE PROGRAM

This report outlines the work program for the fiscal year 2021 (from May 1, 2020, to April 30, 2021) and for the fiscal year 2022 (from May 1, 2021, to April 30, 2022) of the Regional Technical Assistance Center for Central Africa (AFRITAC Central or the Center) of the International Monetary Fund (IMF).

The COVID-19 pandemic forced the Center to find different ways of working. Since March 2020, it has modified the way it carries out its capacity development activities to maintain its support to countries and regional institutions. Although the travel restrictions imposed due to COVID-19 prevented AFRITAC Central experts from conducting on site missions, our work program continued to be implemented remotely. In this unique context, we also undertook to help member countries to overcome, to the extent possible, the new challenges posed by the COVID-19 pandemic in our field of expertise.

Despite the restrictions, the Center actively continued its capacity development activities in all of its areas of intervention by adapting its operational work methods. All of the 2021 capacity development missions that had initially been scheduled to be on site were carried out remotely. This required us to learn to work with our counterparts long distance, become accustomed to longer missions, and organize more effectively due to often unreliable Internet connections. Aside from conducting its traditional missions, the Center helped to draft technical notes, organize numerous webinars using various digital remote communication tools, and provide ad hoc advice, particularly in connection with challenges posed by the COVID-19 pandemic.

B

VISION UNDERLYING THE WORK PROGRAM

The work program is based on AFRITAC Central's vision to be the regional center of excellence in capacity development. The Center delivers high level capacity development activities to country authorities and regional institutions. AFRITAC Central ensures the quality of its activities by carefully selecting its experts and by having IMF core

staff systematically conduct ex post quality control. The Center is always attentive to the specific requirements of its member countries and tailors its capacity development activities to their needs in cooperation with other development partners in order to facilitate synergy and the coordination of efforts.

C

REGIONAL CONTEXT

Overcoming economic development challenges, including through sound natural resource management and regional integration, is a priority for these member countries. With the exception of the Central African Republic, all countries of the Central African Economic and Monetary Community (CEMAC) export oil at different scales. Of the member countries, Burundi and the Democratic Republic of the Congo are also members of the Common Market for Eastern and Southern Africa (COMESA). São Tomé and Príncipe has been a member of AFRITAC Central since November 2017 and belongs to the Economic Union of Central African States (CEEAC). Burundi joined the East African Community (EAC), while the DRC is also a member of the Southern African Development Community (SADC). For the six CEMAC member countries, the work program covers regional integration as well as currency and common banking supervision through the Central African Banking Commission (COBAC). Lastly, a number of member countries faced significant security challenges, meaning that the Center has had to keep its intervention program flexible and accommodative on an ongoing basis.

The Center's capacity development objective is to help member countries adopt and implement economic policies that foster inclusive growth.

Although revenue per capita varies considerably from one country to the next, all member countries are dealing with major human development issues. Gabon and Equatorial Guinea have significantly higher revenue per capita than the average of sub-Saharan Africa. The Republic of Congo, the Central African Republic, and Chad in the CEMAC zone, as well as Burundi, the DRC, and São Tomé and Príncipe are fragile countries.

D

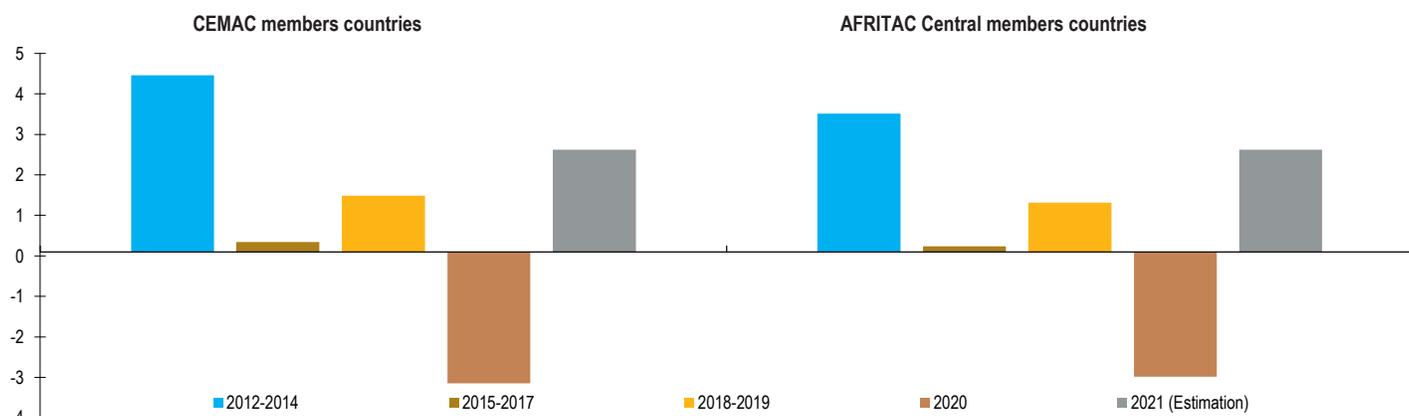
MACROECONOMIC CONTEXT
AND THE CONSEQUENCES
OF THE COVID-19 PANDEMIC

Sub-Saharan Africa is still in the throes of an unprecedented health and economic crisis. In the months following the publication of the 2020 edition of the *Regional Economic Outlook: Sub-Saharan Africa*, the region was hit by a second wave of coronavirus infections, which quickly surpassed the first in terms of breadth and speed. Although this second wave has eased for the time being, many countries are preparing for further waves, especially as access to vaccines remains insufficient. According to the latest estimates, economic activity in 2020 contracted by a remarkable, never before seen 1.9 percent. This new estimate is a downward revision of the 3.0 percent contraction initially expected in October 2020.

In 2021, the economic recovery in sub-Saharan Africa will be strongly influenced by poor access to vaccines. The uncertainty risks dominating the economic trajectory in the immediate future because the continent could be hit by new, successive waves of the pandemic. Access to financing is uncertain, and political crises and armed conflicts remain prevalent. Against this backdrop, the region's governments must pursue sound policies while prioritizing health

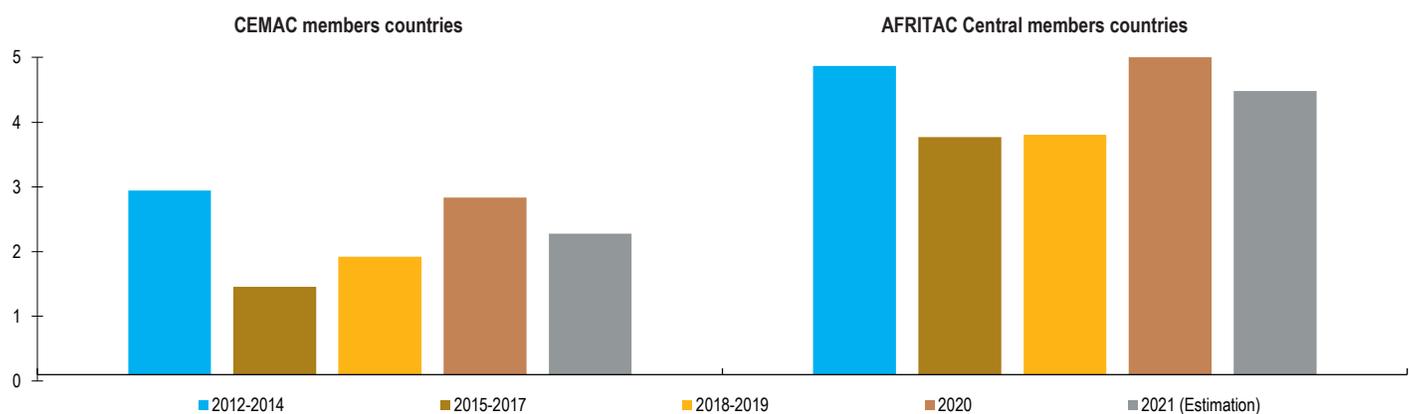
spending, as saving lives is still a priority under economic policies. To this end, spending will have to be increased not only to strengthen local health systems and containment measures, but also to ensure that conditions crucial to vaccination campaigns are in place from a logistical and administrative perspective. At the same time, public finances must be put on a healthy footing and government deficits must be reduced. In this sense, revenue mobilization will have to be based on the broadening of the tax base, prioritization, and expenditure streamlining. Aside from these revenue and expenditure measures, the authorities can also optimize fiscal space by improving budget frameworks. The pandemic hit the region at a time when most countries lacked the fiscal space to absorb such a shock, complicating government response. The international solidarity expressed through the Debt Service Suspension Initiative put in place by G20 countries will have to continue to apply in order to give the region's countries additional leeway. For 2021, growth in sub-Saharan Africa is forecast to recover modestly to 3.4 percent, compared to the 3.1 percent forecast in October 2020.

CHART 1. REAL GDP GROWTH (percent)



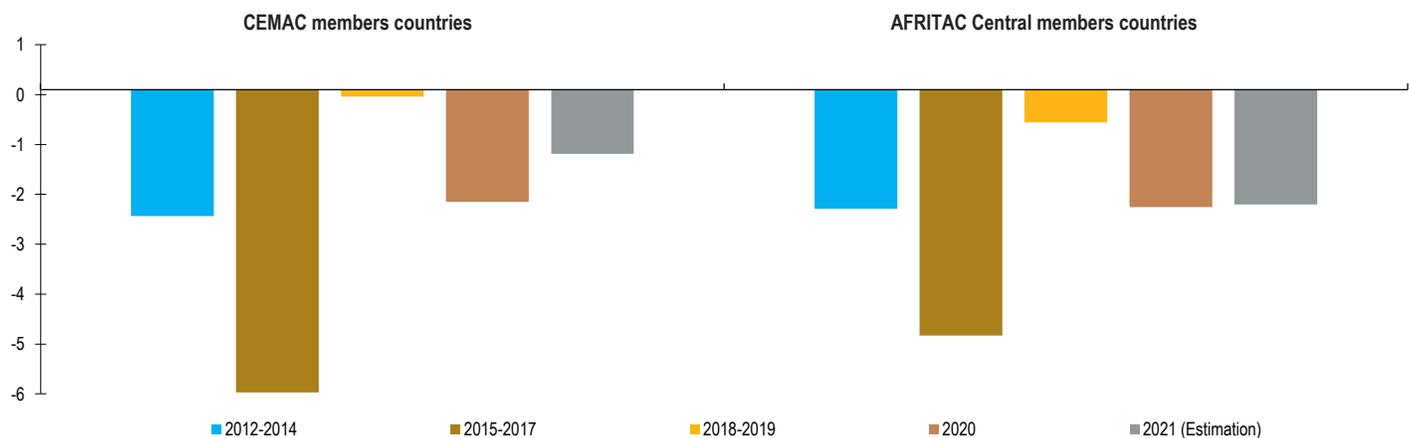
Sources: IMF, African Department database and *Regional Economic Outlook: Sub-Saharan Africa*, April 2021

CHART 2. CONSUMER PRICE INFLATION (annual average, percent change)



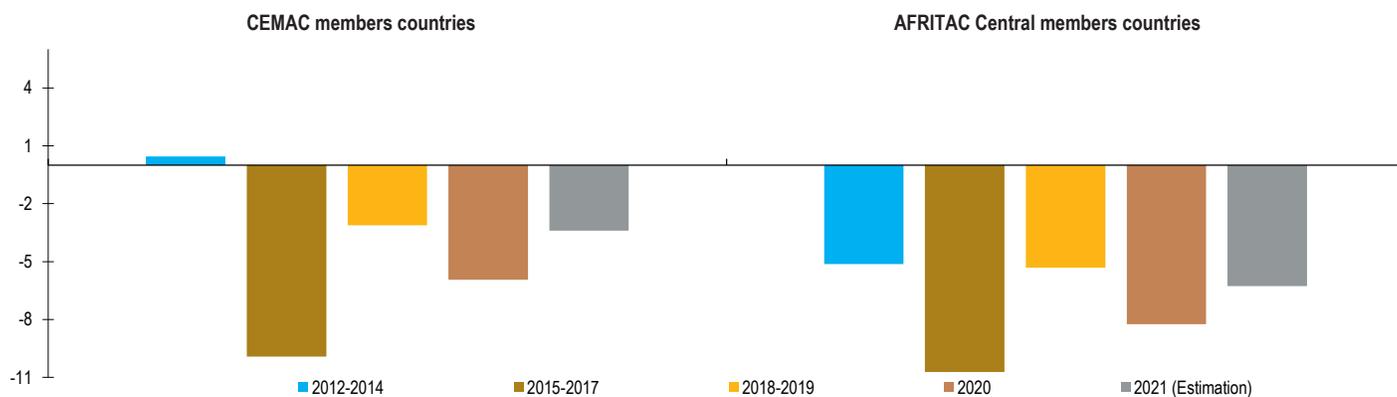
Sources: IMF, African Department database and *Regional Economic Outlook: Sub-Saharan Africa*, April 2021

CHART 3. OVERALL FISCAL BALANCE (including grants; percent of GDP)



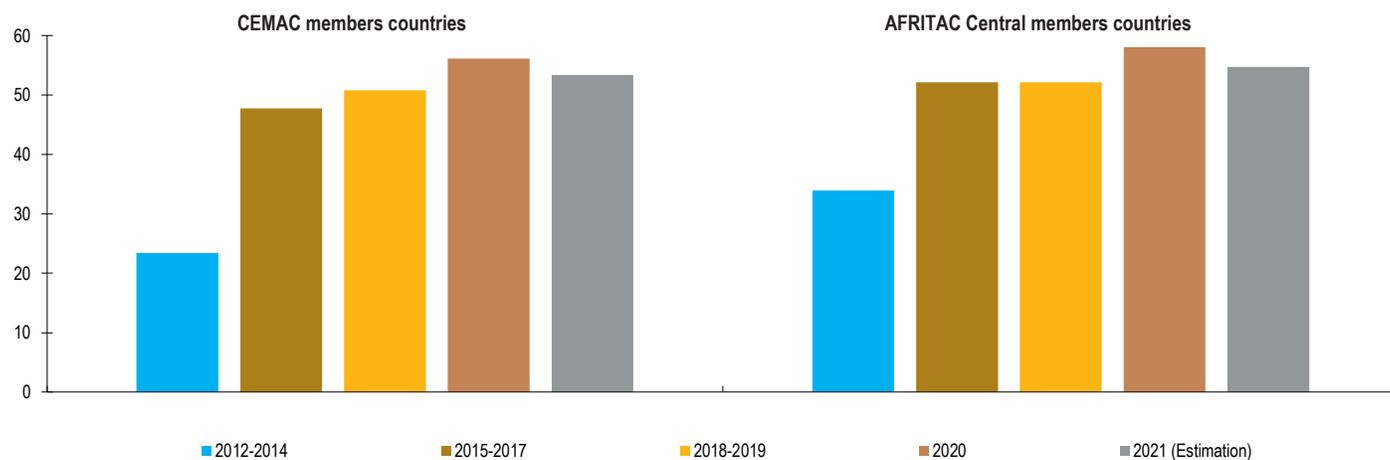
Sources: IMF, African Department database and *Regional Economic Outlook: Sub-Saharan Africa*, April 2021

CHART 4. EXTERNAL CURRENT ACCOUNT BALANCE (including grants; percent of GDP)



Sources: IMF, African Department database and *Regional Economic Outlook: Sub-Saharan Africa*, April 2021

CHART 5. GOVERNMENT DEBT (percent of GDP)



Sources: IMF, African Department database and *Regional Economic Outlook: Sub-Saharan Africa*, April 2021

E

CORE OBJECTIVE

The core objective of the work program is to contribute to the institutional, technical, and human capacity development of countries and regional institutions that are members of AFRITAC Central in order to help them to address macroeconomic challenges and assist them in achieving the Sustainable Development Goals (SDGs).

This objective fits into the capacity development strategy of the IMF African Department. The Center leverages its macroeconomic and financial expertise and its regional reach to support member countries in their efforts to develop human and institutional capacities. The capacity development program also takes into account the objectives of regional integration and policy alignment between member countries and is rooted in the capacity development strategies established for each country in consultation with the IMF African Department.

F

STRATEGIC OBJECTIVES

The work program carried out during the period under review is consistent with the strategic objectives set as part of AFRITAC Central's third financial cycle covering the period from November 2017 to April 2022.¹

The Center modified this program to factor in new priorities arising from the COVID-19 pandemic. These objectives are as follows:

- Modernize institutional frameworks and strengthen the main functions of tax and customs administrations to increase government revenue mobilization while helping to improve the business climate;
- Improve public financial management, including the legal framework, budget preparation and execution oversight, and support for the implementation of regional guidelines at the country level
- Support reliable and regular budget forecasting, including forecast revenue from oil and other natural resources, particularly in fragile countries;
- Strengthen macroeconomic and government finance statistics, contribute to catching up on the publication of national accounts, and harmonize regional statistics;
- Reduce the cost of public debt while maintaining risk at an acceptable level and develop domestic debt markets as part of sound public debt management and support for investment in the region;²
- Improve the regulation and supervision of financial institutions, in particular by strengthening the convergence of regulatory frameworks applicable to them in accordance with the relevant international standards and good practices in risk based supervision; and
- Take into account new priorities tied to the COVID-19 pandemic and incorporate new methods of delivering capacity development activities in the age of remote work.

¹ Program Document for the Third Financial Cycle (November 2017–April 2022), downloadable from our website at www.afritaccentre.org.

² Effective October 1, 2020, public debt management activities are financed through the Debt Management Facility (DMF), a multidonor fund set up by the World Bank and the IMF. Debt management activities are presented in this report for information only.

G

COLLABORATION WITH IMF
STAFF AND OTHER PARTNERS

The annual work program is developed in close collaboration with IMF staff based on the needs expressed by member countries.

The AFRITAC Central program is therefore integrated into the general capacity development framework made available to member countries by the IMF to support their reforms. The program for the fiscal year 2022 is also marked by increased capacity development integration into the IMF's surveillance and lending activities.

To foster synergies and avoid potential duplication, activities are coordinated and sometimes carried out jointly with other partners involved in the implementation of reforms in member countries. These partners are the following: African Capacity Building Foundation (ACBF), French Development Agency (AFD), Economic and Statistical Observatory for sub-Saharan Africa (AFRISTAT), World Bank, African Development Bank (AfDB), Banque de France, United Nations Conference on Trade and Development (UNCTAD), Coopération française, Expertise France, GIZ, UN Women, and European Union.

H

CHALLENGES AND RISKS INVOLVED IN CARRYING-OUT THE WORK PROGRAM

The challenges and risks involved in carrying out the work program have the following main components:

the risk of an unstable security and health situation in a few member countries, insufficient commitment to reforms, significant human capacity development needs, high staff turnover and technical limitations (for example, lack of IT and telecommunications infrastructure), unavailability of national and/or regional teams, withdrawal after confirmation of participation, cancellation of certain activities due

to changes in priorities, and insufficient financial resources. The COVID-19 pandemic also added an extra layer of specific difficulties. It affected some authority contacts, shedding light on the difficulty of telework for officials who do not always have a high speed Internet connection. Data collection, recommendation follow up, reform implementation, and report preparation all suffered as a result of the new situation, even though authorities did their best to adapt.

PERFORMANCE INDICATORS FOR CAPACITY DEVELOPMENT

RESULTS BASED MANAGEMENT INDICATORS

All of the Center's activities for the fiscal year 2021 are outlined in the work program's logical frameworks for Phase III. The work program's logical framework serves as a basis for guiding, organizing, and implementing capacity development activities in the Center's various areas of expertise. It sets the objectives and outcomes and allows for better activity monitoring in the medium term.

The (133) logical frameworks comprise objectives, expected outcomes, indicators, milestones, and risks related to the capacity development objectives. Chart 6 shows the number of logical frameworks by domain.

The performance described below applies only to the fiscal year 2021. The details on performance were obtained based on information provided by resident advisors in CD PORT, an internal IMF results based management (RBM) tool. The analysis of the performance of the Center's capacity development activity is based on information extracted from CD PORT on March 4, 2021.

Milestones are input into the IMF's RBM tool (CD PORT). These milestones are defined by advisors, in liaison with the authorities (during the development of annual work programs), and then validated by the IMF based on the RBM logical framework (RBM catalog of strategic capacity development objectives). These milestones, assessed by resident advisors, contribute to the attainment of the expected outcomes predefined in the logical framework described in the RBM catalog, which lists the strategic objectives to be achieved by the capacity development activity and which is used to analyze the performance of the Center's activities.

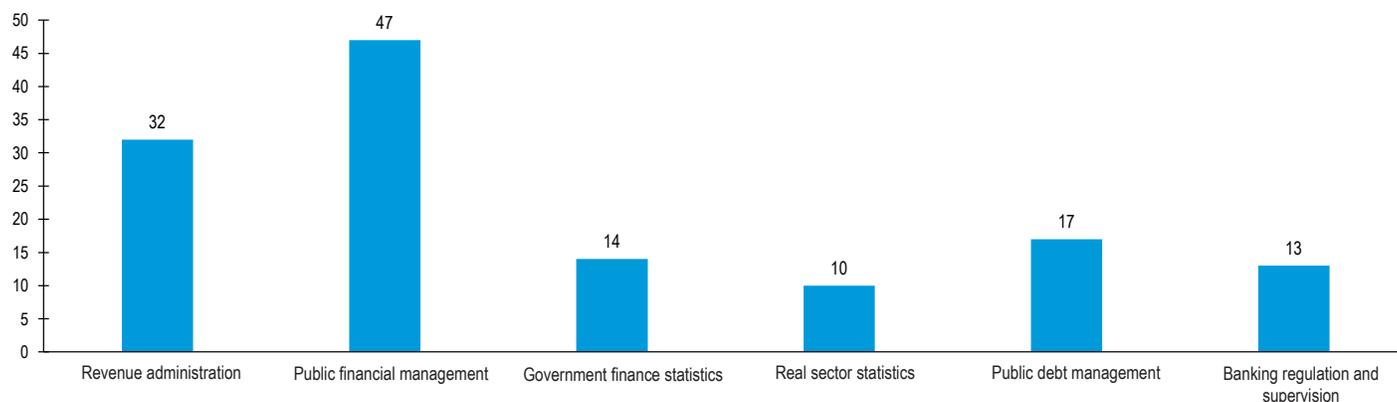
To adapt to the challenging context of the COVID-19 pandemic, the Center had to reorganize its operations and shuffle its priorities based on the priority and essential, if not urgent, needs of its member countries. At the end of the fiscal year 2021, the Center contributed to and implemented 190 milestones (Chart 7), including 22 created in response to new COVID-19 requests primarily in customs and tax administration domains.

Overall Center performance figures indicate that 115 milestones (61 percent) were achieved by the end of the fiscal year 2021 (Chart 8).

There are a number of reasons to explain the 50 milestones (26 percent) that were partially achieved. With respect to recipient countries, the slow implementation of recommendations or deliverables stemming from the capacity development activity remains a determining factor in achieving objectives. At the organizational level, the introduction of telework and the adaptation to this new work model by the recipient authorities led to longer milestone implementation times.

The milestones that have not been achieved (23, or 12 percent) are essentially those whose achievement falls exclusively to the recipient authorities (banking supervision and regulation activities) and those which have been postponed. The milestones that have not been evaluated (2, or 1 percent) are headquarters missions in which an AFRITAC Central advisor participated or ad hoc missions not subject to follow up or evaluation.

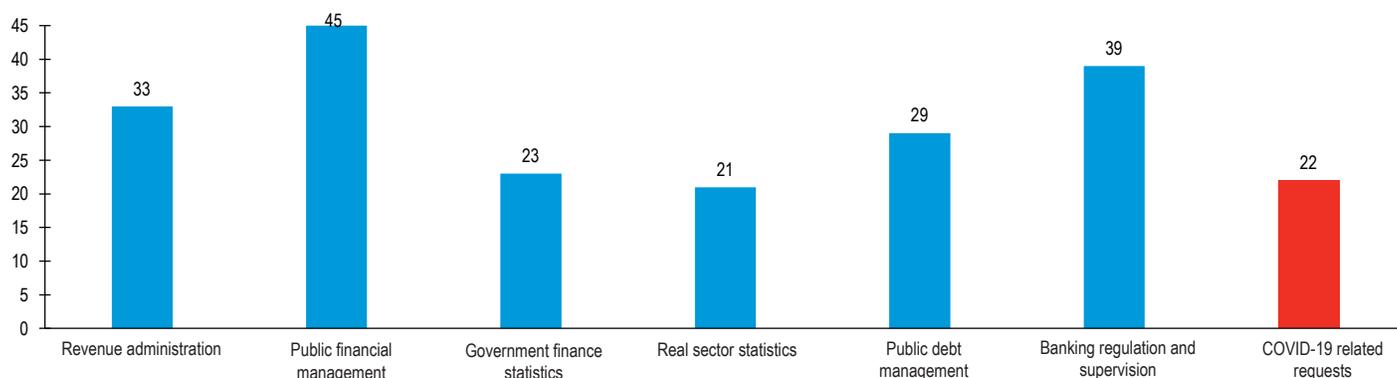
CHART 6. LOGICAL FRAMEWORKS BY DOMAIN (in numbers)



Source: AFRITAC Central.

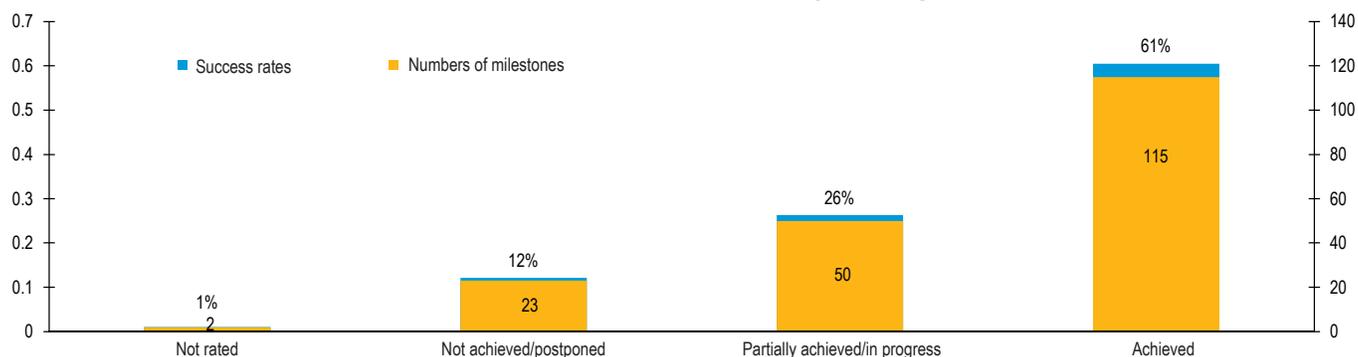
Note: The public financial management domain includes the budget, public accounting, and cash management, as well as macroeconomic and budgetary analysis and forecasting.

CHART 7. DISTRIBUTION OF MILESTONES BY DOMAIN (in numbers)



Source: AFRITAC Central.

CHART 8. OVERALL PERFORMANCE OF MILESTONES (in numbers and percentage)



Source: AFRITAC Central.

Chart 9 shows milestone performance by domain. The Center’s performance is satisfactory overall. In most domains, the number of milestones achieved exceeds the number of those that were partially achieved or postponed.

The milestones that were not achieved in banking supervision and regulation are primarily the responsibility of recipient authorities. For this domain, there are a number of reasons to explain why the milestones were either partially achieved or not achieved:

- The authorities have a chronic lack of available resources to quickly implement action plans.
- The authorities were able to reallocate their resources and adjust their internal management priorities to the detriment of full and quick completion of work undertaken as part of the capacity development activity.
- The authorities had to deal with external shocks that mobilized their resources.

- For all countries, the authorities’ action plans were significantly disrupted by the emergence and evolution of the COVID-19 pandemic throughout the first half of the fiscal year 2021.

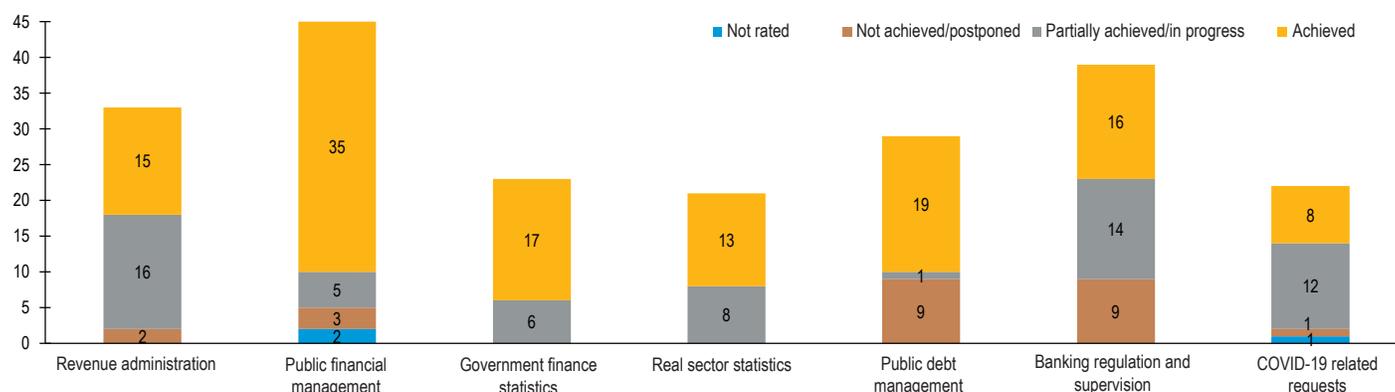
During the 2020 fiscal year, the Center continued to rate and update the expected outcomes contained in the Center’s logical frameworks (241 expected outcomes identified in 2021 for the program period (November 2017–April 2022), a 12 percent decline from 2020). The expected outcomes are used to measure progress in achieving the Center’s strategic objectives and, as such, are a key component of the chain of outputs. **Chart 10 shows the number of expected outcomes by domain.** We should point out that expected outcome performance is measured in light of milestone performance for all fiscal years covering Phase III of the program (2017–22).

Performance in terms of expected outcomes by domain is presented in Chart 11. By the end of the fiscal year 2021, 59 expected outcomes

were achieved (which is 24 percent, compared to 22 percent in 2020), whereas 171 are in progress (or 71 percent, compared to 70 percent in 2020). The number of expected outcomes as well as the performance presented are provisional and may change during the coming fiscal years to reflect progress made in carrying out capacity development missions. The overall performance in terms of expected outcomes will affect the achievement of the Center’s strategic objectives.

Chart 12 shows expected outcome performance by domain. By the end of the fiscal year 2021, the public financial management and statistics domains had the largest number of expected outcomes achieved. Many expected outcomes in the following domains are in progress: public financial management (44), tax and customs administration (42), banking supervision and regulation (26), macroeconomic statistics (26), government finance statistics (20), and public debt management (13).

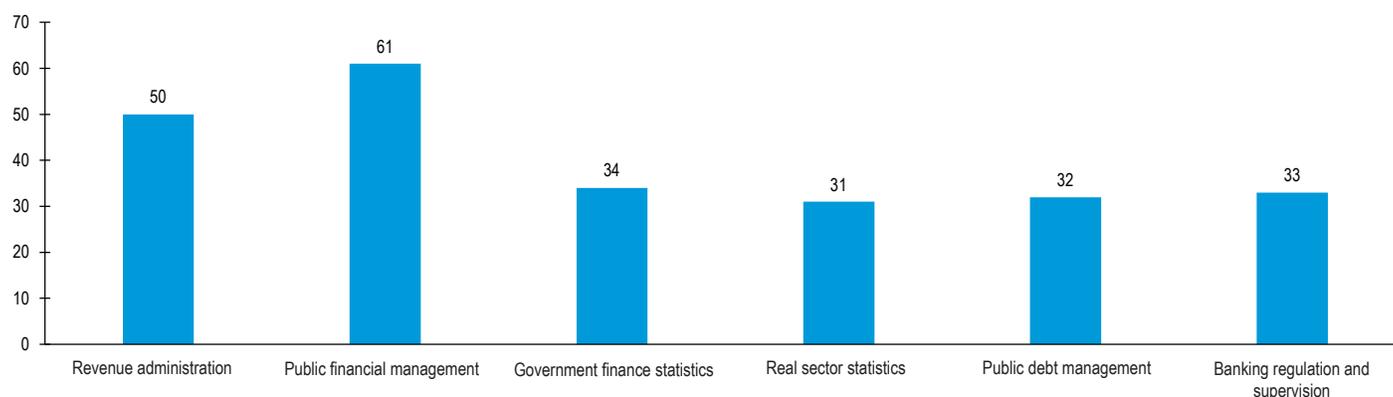
CHART 9. PERFORMANCE OF MILESTONES BY DOMAIN (in numbers)



Source: AFRITAC Central.

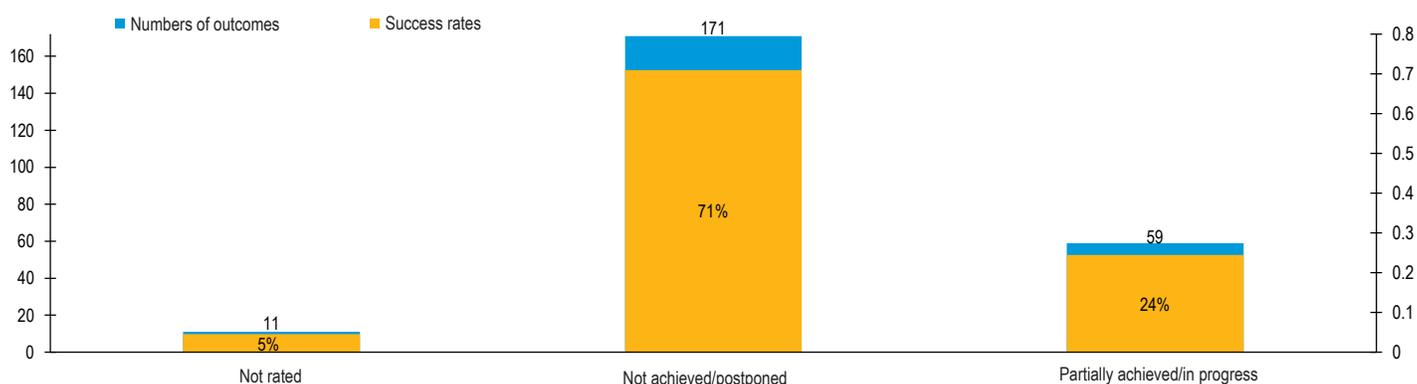
Note: The rating data are not necessarily comparable among themselves as the domains of intervention are quite disparate.

CHART 10. OUTCOMES BY DOMAIN (in numbers)



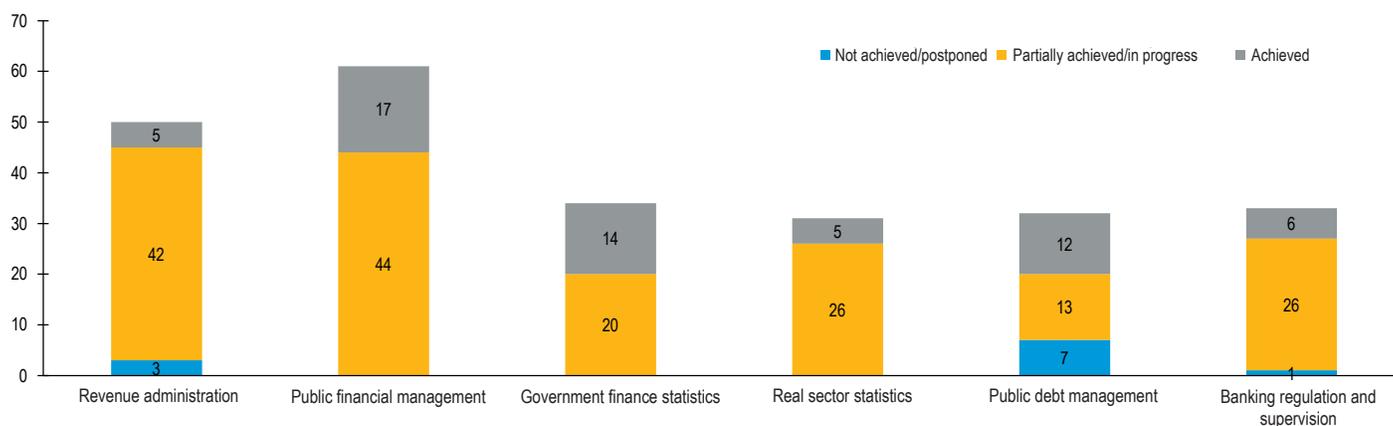
Source: AFRITAC Central.

CHART 11. OVERALL PERFORMANCE OF OUTCOMES (in numbers and percentage)



Source: AFRITAC Central.

CHART 12. PERFORMANCE OF OUTCOMES BY DOMAIN (in numbers)



Source: AFRITAC Central.

Note: The rating data are not necessarily comparable among themselves given that the areas of intervention are quite disparate.

TRANSITION FROM CD PORT TO CDMAP

To better meet capacity development needs, the IMF developed a new tool called Capacity Development Management and Administration Program (CDMAP). This tool will replace the Capacity Development Project Outputs and Results Tracking (CD PORT) tool, which had been used by the IMF to manage capacity development activities since 2017.

CONSOLIDATION OF RBM ACCOMPLISHMENT

During this fiscal year, the Center consolidated its RBM accomplishments and improved its approach to developing its areas of intervention. This consolidation stems from the following:

- **RBM governance which presents the methodology for the RBM approach and good practices for better monitoring of capacity development activities.** The appropriation of the new RBM governance published in August 2020 made it possible to not only integrate member countries' requests for mitigating the impact of COVID-19 into the work program, but also make adjustments in this new work context.
- **Exchange and sharing meetings with IMF country teams.** During the fiscal year 2021, the Center's Director initiated meetings with IMF country teams from our member countries. The objectives of these meetings were to share experience, present member countries' priority areas of intervention, and pool synergies to achieve the objectives of the Center's work program contained in logical frameworks.
- **Consideration of the Steering Committee's recommendations, particularly in terms of the presentation of pilot cases to study the impact of the Center's activities.** To this end, the Center conducted two impact studies for the capacity development activity in the areas of public debt management and macroeconomic statistics (**Impact studies 1 and 2**). The Center also continues to create success stories in its areas of intervention.
- **Training on the new CDMAP work tool, which will be the reference tool for monitoring and evaluating activities.** The CDMAP tool will incorporate the RBM catalog, based on which advisors and short term experts will be able to develop milestones to achieve the expected outcomes.

IMPACT STUDY 1: PROJECT TO RESUME GOVERNMENT SECURITIES ISSUANCES IN THE DEMOCRATIC REPUBLIC OF THE CONGO

Recipient Country: Democratic Republic of the Congo

Area of Intervention: Public debt management

Implementation Date: 2016–20

RELEVANCE OF THE PROJECT:

Since the suspension of Treasury bond issuances in 1995 due to degraded creditworthiness, the government of the Democratic Republic of the Congo (DRC) relied on external financing sources and advances from its central bank to cover some of its expenditures. The lack of resource mobilization opportunities on the market to pre finance expected revenue also limited budget execution effectiveness because expenditure payments were made based on available cash.

To diversify its financing sources and build on the success of government finance and monetary policy reforms in the early 2010s, which kept inflation under control and stabilized the country's franc, the Congolese government included the resumption of government securities issuances in its action program. With AFRITAC Central's support, a roadmap was prepared in 2016 to guide actions for the resumption of government securities issuances.

EFFECTIVENESS OF THE PROJECT:

The implementation of the roadmap agreed with the authorities led to the achievement of the following outcomes: (i) define the characteristics of government securities in the DRC; (ii) develop an operating procedure and a procedure for the redemption of government securities; (iii) set up market infrastructure; (iv) implement the monitored governance framework for the preparation and management of government securities issuance operations; and (v) put in place a strategy to launch government securities issuances.

The resumption of Treasury bond issuances in October 2019 marked an important step in the diversification of DRC financing sources. Since then, the government has been issuing Treasury bonds to cover some of its cash flow needs.

EFFICIENCY OF THE PROJECT:

The efficiency of the project stems from the following factors:

- (1) The quality of the advice provided by AFRITAC Central experts.
- (2) Peer learning: AFRITAC Central facilitated a study visit for four officials from the DRC who soaked up Tunisia's experience in creating and developing the domestic government securities market.
- (3) Implementation of a project management team consisting of officials from the Ministry of Finance and the Central Bank of Congo.

SUSTAINABILITY OF THE EFFECTS:

Sustainability of the effects: Despite the difficulties with which the Congolese government is currently dealing due to the effects of the COVID-19 crisis, government securities issuances on the local market are now among the potential financing sources that the government could tap in order to cover some of its cash flow needs. Furthermore, the government has market infrastructure it can use at any time to introduce new government securities. For example, the Congolese government intends to soon introduce a new indexed debt instrument through the mechanism put in place in this project to increase its issuance capacity on the local market.

IMPACT ASSESSMENT:

The project's impact is measured in terms of the following:

- (1) Reduced dependence on external financing: financing opportunities on own local market;
- (2) Budgetary: More certainty in debt servicing, including the budget balance, due to a reduction in debt exposed to exchange rate fluctuations;
- (3) More investment vehicle choices on the local market: banks, insurance companies, and pension funds as well as other investors have new instruments in local currency in which they can invest their cash.
- (4) Secondary market: expansion of the class of instruments that can be used as collateral in central bank borrowing operations and repo transactions on the secondary market.

IMPACT STUDY 2: MAINTAIN CONTINUITY IN CPI PRODUCTION ACTIVITIES IN THE CONTEXT OF COVID-19

Recipient Country: All AFRITAC Central member countries

Area of Intervention: Macroeconomic statistics

Implementation Date: 2020–21

RELEVANCE OF THE PROJECT :

The consumer price index (CPI) provides essential data for economic policy development, particularly during periods of economic uncertainty.

The COVID-19 pandemic and the measures taken to curb its spread have been impacting the usual CPI compilation and dissemination activities since March 2020. Price reporting in particular has become increasingly difficult. Obstacles include an increase in the number of missing articles in the sampled points of sale, the temporary closure of retail points of sale, and travel restrictions. In a growing number of cases, statistical institute staff is working remotely and enumerators responsible for collecting data are being asked to stay home.

These difficulties pose an unprecedented challenge to continuity in price reporting. CPI programs must remain dynamic and flexible to make adaptation to the ever changing situation possible and to provide continuous dissemination of a reliable index, while ensuring that data collection activities do not break emergency rules and/or go against authorities' recommendations and that they do not put staff in danger.

EFFECTIVENESS OF THE PROJECT :

The main objective of the CPI continuity project in a context of COVID-19 is to develop the capacities of statistical institute officials in AFRITAC Central member countries in order to maintain continuity in CPI production activities.

Three of the five key targets were achieved as a result of the project's implementation, as follows:

- (1) Issue a reminder that efforts should be made to avoid introducing bias in the index through appropriate imputation methods for all temporarily unavailable prices using one of the methods described in the Consumer Price Index Manual: Concepts and Methods, available on the IMF website at <https://www.imf.org/en/Data/Statistics/cpi-manual>. To illustrate, if an entire index is missing, it is recommended that a higher aggregation level be used for the imputation. Therefore, if no price for oranges is available, for example, the citrus index can be used for the imputation. If citrus prices cannot be accessed, then the fruit index is used. In the absence of a fruit index, the index for fruits and vegetables can serve this purpose. If the fruits and vegetables index is unavailable, the foodstuffs index is used. If the foodstuffs index is missing, the option is to use the foodstuffs and non alcoholic beverages index. And, lastly, if this latter index is missing as well, then the general price index would serve as the basis of imputation.
- (2) Ensure data security and put in place the necessary protocols to guarantee CPI data security and confidentiality (price, respondent identity).
- (3) Consider relaxing some rules: many statistical institutes have placed a limit on the number of periods during which a variety of goods and services can be considered as temporarily unavailable before a replacement is selected for subsequent reports. For example, if the rule is to replace a variety that is unavailable for three months, it may be worthwhile to relax this rule given the current circumstances.

- (4) Process, according to a pre-established practice, prices missing due to seasonal unavailability; they must all be imputed using one of the appropriate methods for every month of unavailability.
- (5) Establish metadata on the number of missing and imputed prices. These data are particularly important in the current situation because they build user confidence and transparency. It would also be wise to count the closed points of sale and those that have remained open. These metadata should be made available to users upon request and published on statistical institute websites.

SUSTAINABILITY OF THE EFFECTS:

In view of the results obtained, the webinar organized to develop the capacities of statistical institute officials as well as the discussions between peers and IMF experts have undoubtedly contributed to continuity in the production and dissemination of the CPI, one of the key macroeconomic aggregates, namely inflation, in all AFRITAC Central member countries.

IMPACT ASSESSMENT:

Officials from AFRITAC Central member countries have managed to adapt and implement practical solutions—tailored to the needs and realities of each country—in response to new challenges associated with COVID-19. All AFRITAC Central member countries continued to publish the CPI, and a network of CPI experts was created to enable officials to share their COVID-19 experiences.

PRIORITIZATION OF RESULTS BASED MANAGEMENT

The implementation of results based management within AFRITAC Central is a long term effort. The Center's first step was to lay the groundwork for the RBM approach, developing tools for its effective implementation. The Center then continued to make these tools operational during the 2020 fiscal year. The transition and consolidation of the accomplishments continued during the fiscal year 2021. The Center will implement the following priorities for the next fiscal year:

- Incorporation of requests associated with COVID-19 into the Center's priority areas of intervention and alignment with the work program. During the fiscal year 2021, the Center gave priority to missions responding to COVID-19 requests. For the fiscal year 2022, the Center will include in its work program activities undertaken in response to the impact of COVID-19, which will allow for better monitoring and evaluation of these activities through the RBM approach.
- Appropriation of the new CDMAP work tool for better monitoring and evaluation. The CDMAP monitoring and evaluation features will make it possible to monitor activity progress through the RBM approach. In becoming adept at using these features, the Center's administrative team will be able to conduct better monitoring and evaluation.

KEY INDICATORS FOR 2020 WORK PROGRAM IMPLEMENTATION

- 124 activities were carried out (including 112 missions, 8 regional seminars, 2 courses, and 2 professional visits).
- 989 officials were trained.

- Overall program execution rate. This rate is derived from the ratio between the number of activities carried out and the number of activities programmed: 89 percent.
- 119 percent implementation of regional activities: 19 in total, including 7 at CEMAC.
- 420 person-weeks were devoted to strengthening the administrations of member countries.
- 55 percent of resources were used in support of government finance reforms.
- 50 percent of resources used benefited CEMAC countries.
- 71 percent of resources were devoted to fragile member countries.
- 326 technical assistance reports have been made available to date in the secure area of the Center's website (www.afritaccentre.org).

CLOSE COORDINATION WITH TECHNICAL AND FINANCIAL PARTNERS COORDINATION

Through an effective, coordinated approach, the programmed activities were carried out in close collaboration with staff from the IMF and from other development partners, which included joint activities with some. We should bear in mind that AFRITAC Central's activities are part of the general capacity development framework that the IMF made available to member countries in support of economic reforms.

Accordingly, coordination with other partners continued, specifically in the areas of government finance (revenue and expenditure), statistics, debt management, and banking supervision and regulation. The support offered

by AFRITAC Central is coordinated and can sometimes involve joint activities with the Center's main partners, such as the AFD, AFRISTAT, the AfDB, Banque de France, the World Bank, CEMAC, Coopération française, GIZ, UN Women, the United Nations Development Programme (UNDP), and the European Union.

The objective of these partnerships is to find areas of complementarity in the implementation of technical assistance projects in order to promote synergies and avoid duplication.

Accordingly, AFRITAC Central:

- (1) maintained its partnership with UN Women and GIZ in connection with the promotion of gender sensitive budgeting in the countries covered by the Center, particularly Cameroon;
- (2) continued the partnership with the World Bank in organizing the 9th edition of the Forum of Senior Budget Officials of AFRITAC Central Member Countries (FoHBAC) in January 2021, the theme of which revolved around strengthening supervision of public institutions; and
- (3) strengthened its partnership with the CEMAC Commission and the World Bank in supporting the implementation of guidelines on the harmonized government finance framework in the CEMAC zone. At the end of the workshop organized in January 2021, a medium term action plan was produced, and AFRITAC Central undertook to develop guides on the reforms promoted by these guidelines with a view to facilitating implementation;
- (4) organized semiannual seminars, jointly with AFRISTAT and the CEMAC Commission, designed

- to develop the capacities of officials from member countries in the areas of cyclical economic activity monitoring and economic forecasting, as well as simulation of the macrobudgetary impacts of the COVID-19 pandemic;
- (5) continued efforts to support the strengthening of the macrobudgetary framework and analysis mechanisms, in synergy with the European Union in Chad and with the World Bank through the AGIR project and the UNDP in the CAR;
 - (6) collaborated with the World Bank and with the CEMAC Commission to identify areas for strengthening the implementation of regional guidelines in member countries and the implementation of a dedicated project.
 - (7) worked with CEMAC (Government Finance Directorate) on the adoption and implementation of Directive No. 05/11 UEAC 190 CM 22 on the table of government financial operations (TOFE), or the "TOFE Directive," by organizing and facilitating a joint webinar in April 2021 on the TOFE methodology, pursuant to the Government Finance Statistics Manual 2001/2014 (GFSM 2001/2014) and the TOFE Directive, and on the production of the underlying tables;
 - (8) collaborated with the World Bank on the statistics improvement project in the CAR regarding changing the base year for national accounts. This project has been underway for the past few years and will continue during the fiscal year 2022;
 - (9) collaborated with other partners on the rebasing of DRC national accounts. This synergy led to the proposed implementation of major data collection operations for the rebasing as well as the coordination strategy of various partners, including the World Bank, the AfDB, and, notably, the African Union's Pan African Statistics Programme;
 - (10) continued its partnership with Banque de France in the area of banking supervision and regulation to make its staff available to conduct short term technical assistance missions programmed by the Center.

J

A FEW KEY OUTCOMES FROM THE FISCAL YEAR 2021

The key outcomes from the fiscal year 2021 are outlined for each of the Center's areas of intervention.

They are presented in the form of success stories in part 4 of this report in connection with the achievements for the fiscal year 2021 and with upcoming activities.

Key outcomes for the fiscal year 2021 include the following:

- Audit of the tax information system of the **Central African Republic** Directorate General of Taxes and Domains (*Direction générale des impôts et des domaines* - DGID);
- Design of a draft strategic document and a draft action plan to strengthen customs value control in **Burundi**;
- Support for the improvement of financial governance in public institutions in member countries;
- Support for the development of a draft 2021 budget law in the context of COVID-19 in the **Democratic Republic of the Congo**;
- Development of methodological guides on government internal accounting control in **Gabon**;
- Development of a practical guide on macrobudgetary forecasting in **São Tomé and Príncipe**;
- Improvement of the quality of TOFE statistical data and compliance with eGDDS standards for coverage of government finance statistics in the **region**;
- Maintenance of continuity in CPI production activities in the **region**;
- Development of procedures for operations on the Treasury securities primary market within the **Bank of Central African States (BEAC)**; and
- Improvement of prudential supervision instruments and processes within **COBAC**.

K

CENTER PRIORITIES FOR THE FISCAL YEAR 2022, THE FINAL YEAR OF PHASE III

ALIGNMENT WITH CAPACITY DEVELOPMENT STRATEGIES AND SDGs.

The work program for the fiscal year 2022 is in line with the Phase III program (November 2017-April 2022) and takes into account the new priorities arising from the COVID-19 pandemic. The work program priorities for the fiscal year 2022 are fully aligned with the capacity development strategies put in place for member countries, particularly those more fragile, with the involvement of key stakeholders. In this respect, the Center welcomes the resumption of cooperation with authorities from the Republic of Burundi in 2021, which will intensify in 2022 in many of the Center's areas of intervention, to respond to the Burundian authorities' request for AFRITAC Central guidance. More broadly, the Center will continue to support member countries in the implementation of reforms, including those arising from the COVID-19 pandemic, such as the adaptation of banking supervision one year after the start of the pandemic in order to take stock of the implementation of special measures for the countries to emerge from the crisis.

The work program priorities are closely tied to the IMF commitments under the Development Financing Program (Pfd) to facilitate the achievement of the SDGs. AFRITAC Central will continue to help member countries to overcome the challenges in achieving the SDGs and in responding to COVID-19 given their respective significance and interconnection. With this in mind, the essential areas of support for capacity development are to contribute to increased mobilization of national resources and restore sound government finance in this difficult context, while supporting the acceleration of reforms in all our areas of intervention. The Center will continue to support priorities arising from COVID-19 in our countries.

EMERGING ISSUES: INEQUALITY REDUCTION, THE ENVIRONMENT, AND GENDER.

The Center will contribute to the reduction of inequalities, to the proper preservation of the environment, and to the fight against poverty, while focusing on gender related issues. In this respect, the Center supported,

in complementarity with GIZ and UN Women, the preparation of a guide on gender sensitive budgeting to reflect the identification of gender in the design and implementation of public policies in Cameroon. This activity concluded with a workshop on the presentation and appropriation of tools that will allow for the implementation of gender sensitive budgeting.

During the fiscal year 2022, the Center will continue to support member countries as new problems arise. These efforts could help member countries to mobilize national resources and improve government resource use to achieve their development objectives. In Cameroon, the Center will maintain its support for the implementation of gender sensitive budgeting.



INDEPENDENT EVALUATION OF PHASE III

The independent evaluation of AFRITAC Central’s Phase III has been launched, and the recruitment of the expert firm that will be conducting it is underway. The terms of reference for this task have been fully validated. Steering Committee members will be contacted at the

appropriate time by the selected evaluators to share their opinions and comments on the capacity development activities delivered by the Center. AFRITAC Central is ready to provide any assistance the evaluators might need to do their work.

M

ACTIONS ENVISAGED AND OPERATIONAL MODALITIES

OPERATIONAL MODALITIES

The COVID-19 pandemic forced the Center to modify the way in which it delivers its capacity development activities.

The first consequence was the shift to remote work as a standard arrangement. During the fiscal year 2021, the Center carried out its entire work program remotely. This arrangement may be maintained in 2022 for all activities given: (1) the great uncertainty hovering over the resumption of on site missions; (2) the new waves of the pandemic sweeping around the world; (3) the emergence of a multitude of COVID-19 variants; and (4) the currently low vaccination rates in African countries in general.

The activities planned are the following:

- **Missions carried out by resident advisors.** During the fiscal year 2022, the Center's resident advisors will continue to carry out missions remotely. However, missions carried out in this format sometimes take longer because of the fairly small session size and the time it takes to convey data and documents.
- **Missions carried out by short term experts** to supplement the work of resident advisors. These missions are also carried out remotely due to the travel restrictions imposed as a result of the COVID-19 pandemic. Like resident advisors, the short term experts will provide their advice and support from home.
- **Regional seminars and workshops.** In 2021, the Center continued to organize regional seminars through virtual platforms. Despite this remote delivery method, participation by officials from member countries remained very high. Countries have shown that they are able to adapt well. These seminars will continue to offer hands on training and a platform for sharing knowledge and experiences between peers. Given the results from the previous fiscal year and the effectiveness of delivering seminars remotely, the Center plans to organize nine seminars during the fiscal year 2022. The themes proposed are based on the problems identified with member countries.
- **Training activities.** In 2021, the Institute for Capacity Development (ICD) organized two regional courses held remotely: one on macroeconomic management in resource rich countries and another on fiscal policy analysis. The Center was very pleased with the delivery of these distance learning courses, which did not affect the quality of the content or the level of the audience. The Center will organize two regional courses during the fiscal year 2022, one on macroeconomic management in resource rich countries and another on nowcasting in SSA countries. The other online courses offered and delivered remotely by the ICD will complement this training.
- **Peer-to-peer learning visits.** During the fiscal year 2021, the Center organized two remote professional immersion visits for the Republic of Congo and the DRC, despite our apprehension about such activities being carried out properly in the context of the current travel restrictions. This format worked well overall, and the practice will expand. The Center also noted with great satisfaction that the remote immersion enabled participating officials to hear

experiences from many countries in a short amount of time, something that would not have been possible with an on site format. The Center will continue with this mode of delivery given the persistent uncertainty. A visit is scheduled during the fiscal year 2022 for Gabonese officials on inventory accounting record keeping.

- **Coordination with backstopping at IMF HQ** to ensure that the capacity development activities provided by the Center are high quality and consistent with the IMF's economic policies and with international best practices. Backstopping also enables ongoing close coordination between AFRITAC Central's capacity development activities and those of the IMF.
- **For fragile countries**, efforts will continue to be made to deliver training through more extensive capacity development missions in order to improve absorption in light of the recalibration of mission agendas to tackle the new challenges brought about by the COVID-19 pandemic. These new requests require greater resident advisor and expert mobilization to member countries. For the fiscal year 2022, the Center will continue to dedicate more remote working time to its fragile countries.

COMMUNICATION AND VISIBILITY STRATEGY

Despite the difficult context associated with the COVID-19 pandemic, the Center continued to improve its visibility. The Center continued:

- **Communication through its website and Facebook page.** The Center updated its website daily and made work programs, quarterly letters, semiannual reports, and annual reports available to the public. Through the Facebook page, more information on the Center's activities, particularly end of mission notes, could be shared with partners and all stakeholders.
- **Update of its SharePoint (secure sharing space) and use of the Partners Connect platform.** SharePoint is a secure private site run by the IMF reserved for Steering Committee members. The Partners Connect platform provides member country representatives and development partners with access to reports on the Center's activities and to financial reports.
- **Publication of its quarterly newsletter and its mid-year report,** taking regular stock of the Center's activities and accomplishments and reporting on the activities planned for the coming months.

It will continue to be distributed to Steering Committee members on the Center's website, on the secure shared space (SharePoint), and by email. It is published on the Center's website for broader dissemination of the achievements and results attained in connection with the Center's capacity development activity. Plans for the fiscal year 2022 include improving the publication with new headings and interactive links to the website.

Unfortunately, the COVID-19 situation in 2021 prevented the Director from meeting with development partners, authorities, and media in member countries. For the next fiscal year, the Center has embarked on a process of reflection and improvement as far as its communication strategy is concerned. The aim of this process will be to reorganize its website for a better browsing experience, offer new communication content and media, and reach a new audience.

N

RESOURCE PROGRAMMING
AND EXECUTION

During the fiscal year 2021, the Center maintained a high level of execution of its activities due to greater capacity development demand from member countries and the need to support economic programs undertaken by some of them with the IMF. In 2022, the Center plans to maintain its capacity development activities for member countries with the budgetary means made available to it in order to continue to support the economic reforms being implemented in those countries through support from the IMF and from development partners.c

ACTIVITIES

During the fiscal year 2021, the Center completed 89 percent of the activities planned in its work program (or 124 activities). The Center's capacity development missions covered all of its areas of intervention (charts 13 and 14). Under the regional institutions component (CEMAC and BEAC), the Center carried out more activities than planned due to new requests from authorities.

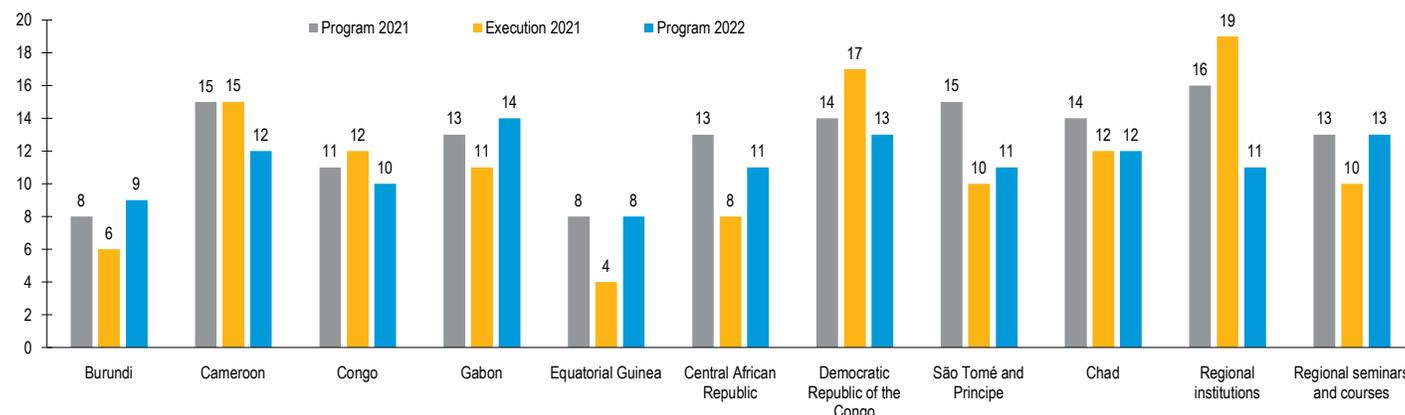
For the fiscal year 2022, the Center anticipates carrying out activities covering all domains

(Charts 13 and 14). This includes 110 missions, 11 regional seminars, 1 peer learning visit, and 2 courses.

RESOURCES

During the fiscal year 2021, the Center devoted 420 person weeks, equivalent to 90 percent of its programmed resources, to developing the capacities of member country governments (Charts 15 and 16). The programmed resources for fragile countries (240 person-weeks) were used to the tune of 94 percent, whereas those programmed for CEMAC countries were used to the tune of 83 percent.

CHART 13. ACTIVITIES BY COUNTRY (in numbers)



Source: AFRITAC Central.

For the fiscal year 2022, the Center plans to increase its committed resources in person-weeks, with CEMAC countries receiving 55 percent of the programmed resources (Charts 15 and 16).

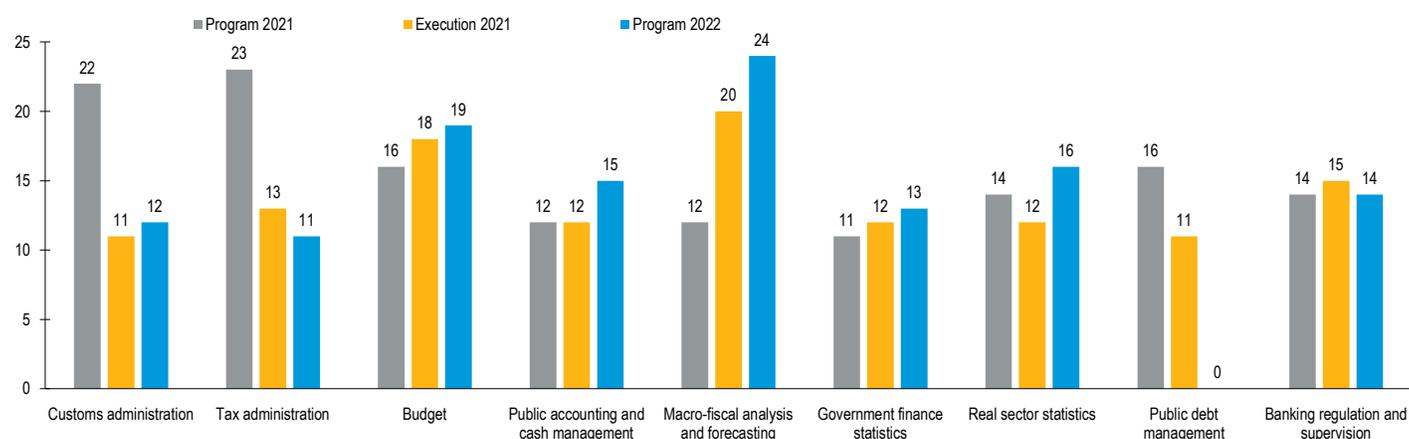
During the fiscal year 2021, the Center mobilized a larger proportion of its resources to arrange support for regional institutions and regional seminars (Chart 17), particularly in the field of macroeconomic statistics. This approach is in response to the ad hoc requests related to the COVID-19 crisis. As regards cash management, most of the Center’s missions were postponed until the second half of the year because of the unavailability of teams

in the countries. During this period, the Center devoted 55 percent of the resources used to support government finance reforms (revenue administration and public financial management), 14 percent of its resources to banking supervision and regulation, and close to one fifth to improving statistics. Public debt management support required 12 percent of resources, with a large portion being financed through the DMF mechanism (Chart 18).

During the fiscal year 2021, the Center dedicated 71 percent of the resources used (excluding seminars and support to regional institutions) to fragile member countries (Chart 19). In so doing, the Center contributes to

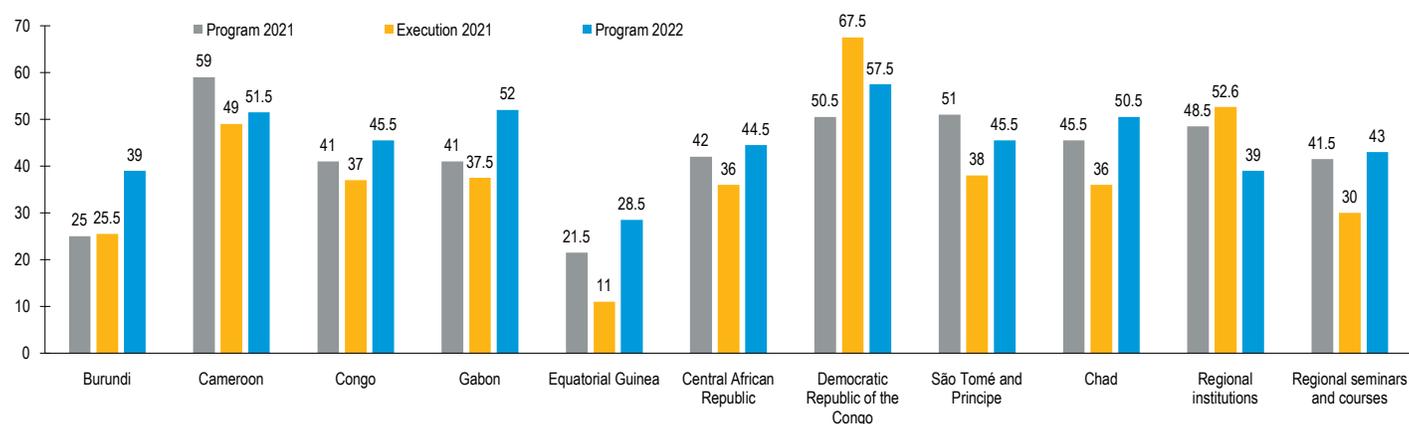
the continued implementation of the IMF’s initiative for fragile countries and the capacity development priorities set by the Fund. More specifically, the Center increased support to countries notably as part of the response to the COVID-19 pandemic to enable them to develop their capacities in implementing revenue securing measures and supply chain support. In 2022, the Center will dedicate 68 percent of its programmed resources to them (excluding seminars and support to regional institutions).

CHART 14. ACTIVITIES BY DOMAIN (in numbers)



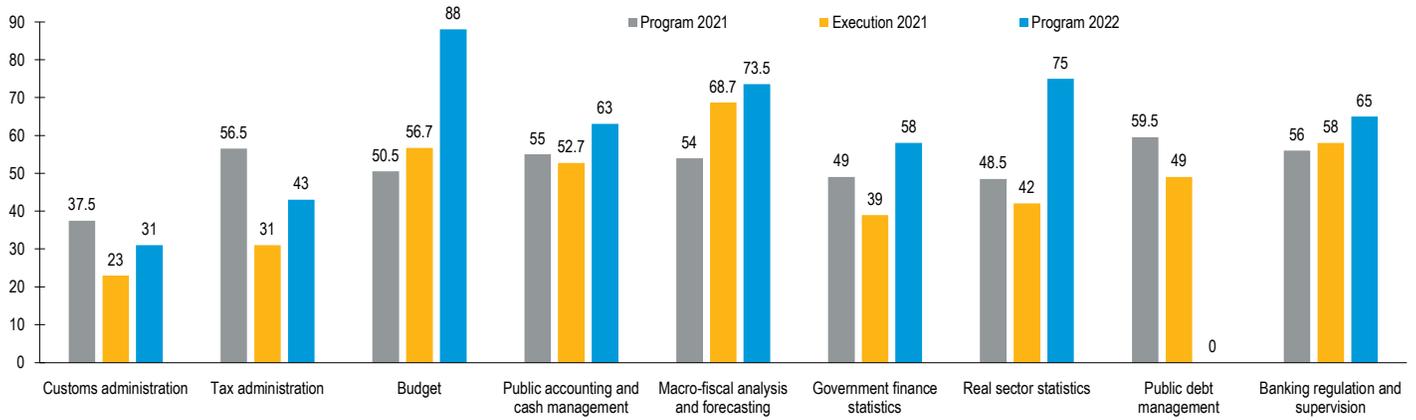
Source: AFRITAC Central.

CHART 15. RESOURCES BY COUNTRY (in person-weeks)



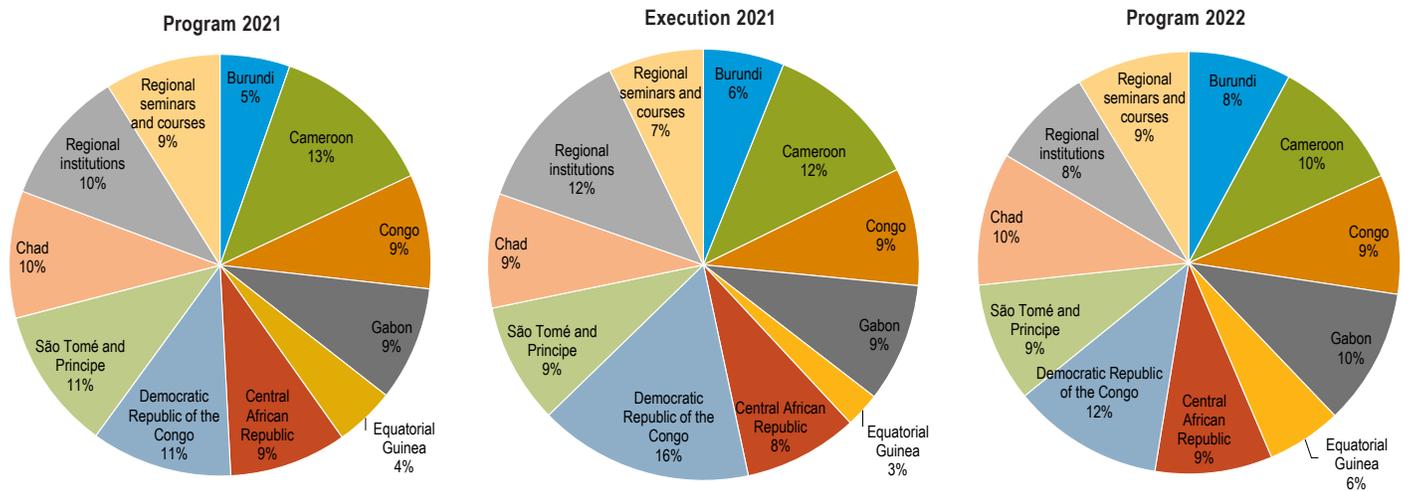
Source: AFRITAC Central.

CHART 16. RESOURCES BY DOMAIN (in person-weeks)



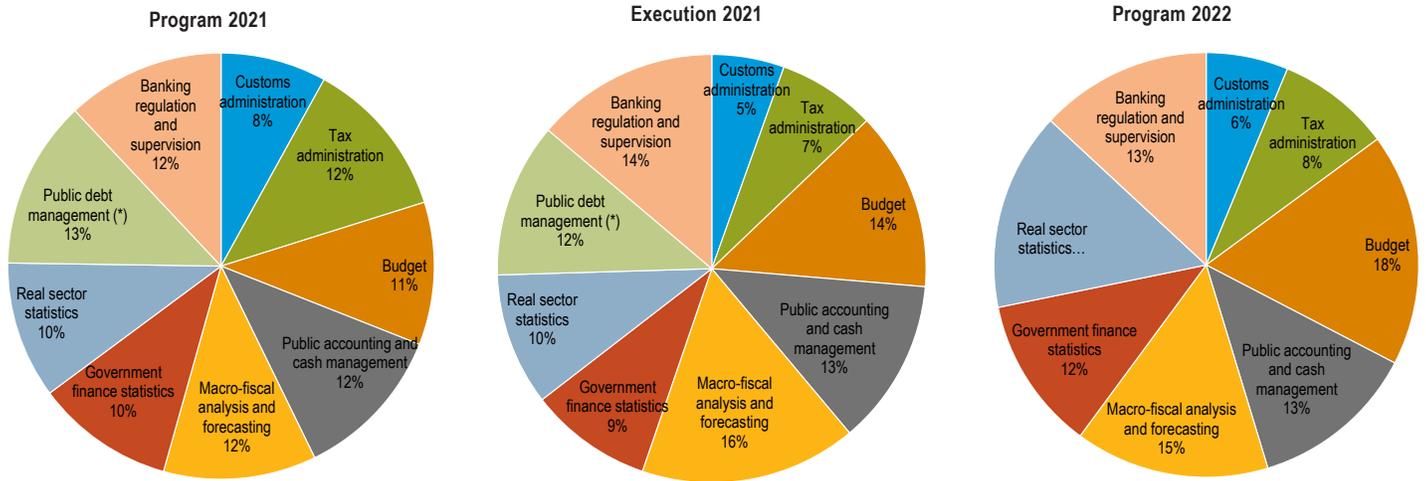
Source: AFRITAC Central.

CHART 17. DISTRIBUTION OF RESOURCES BY COUNTRY (in percentage)



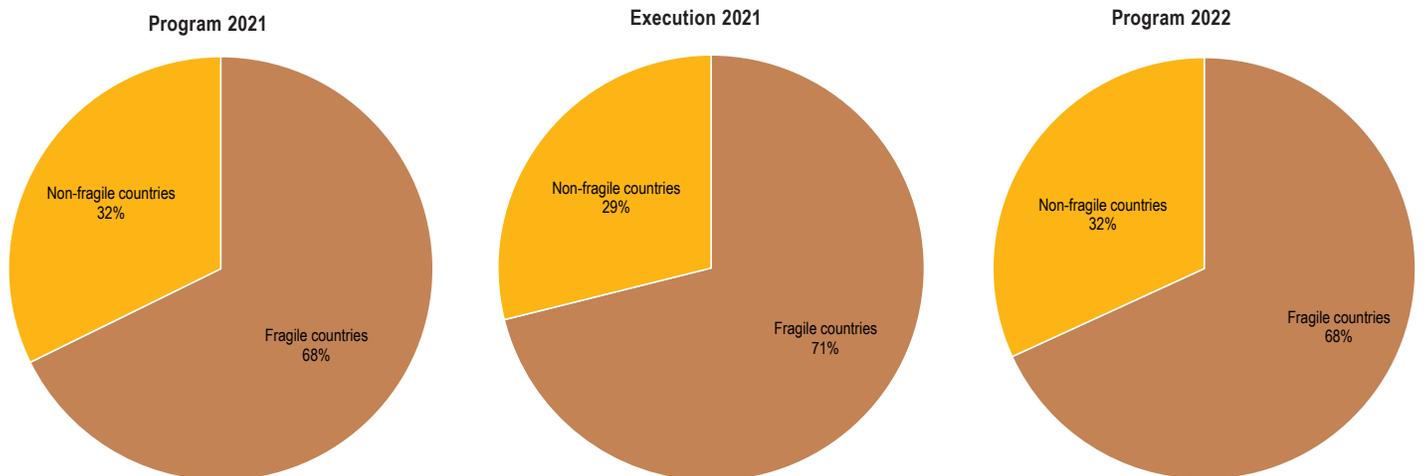
Source: AFRITAC Central.

CHART 18. DISTRIBUTION OF RESOURCES BY DOMAIN (in percentage)



Source: AFRITAC Central.

CHART 19. DISTRIBUTION OF RESOURCES ACCORDING TO THE FRAGILITY OF THE RECIPIENT COUNTRY (in percentage)



Source: AFRITAC Central.

SECTION II

**WORK PROGRAM:
2021 PERFORMANCE &
2022 PROGRAMMING**

A

REVENUE ADMINISTRATION



Hasina Rakotondrainibe is the resident advisor in revenue administration at AFRITAC Central since June 2020.

Modernize revenue administration for better tax resource mobilization

STRENGTHENED REVENUE ADMINISTRATION MANAGEMENT AND GOVERNANCE ARRANGEMENTS

During the fiscal year 2021, the Center provided assistance in preparing draft legislation on community initiatives provided for by the CEMAC Customs Code in connection with trade facilitation and electronic payment of duties and taxes. In collaboration with the IMF Fiscal Affairs Department, the Center actively participated in the design and proposal of the structure and content of the first part of CEMAC's Book of Tax Procedures.

In 2022, the Center will continue to support the drafting of legislation implementing the new amended CEMAC Customs Code. It will also move ahead with finalizing CEMAC's Book of Tax Procedures and with setting up the regional observatory for monitoring the implementation of community legislation, in collaboration with the IMF Fiscal Affairs Department. In São Tomé and Príncipe, the Center will step up its support for the modernization of tax procedures.

STRENGTHEN CORE TAX ADMINISTRATION FUNCTIONS

In 2021, the Center supported the digitalization of tax procedures in Cameroon by designing a digitalization strategy for improving compliance management so as to safeguard short term domestic revenues and improve revenue performance through a better medium term compliance management capacity. The Center also contributed to the identification of short and medium term measures for improving tax compliance against opportunistic fraud potentially caused by the health crisis in the Republic of Congo and Gabon. In Burundi and Gabon, the Center supported mobile phone tax reporting and payment for small taxpayers. In the Republic of Congo, the Center worked on the proper implementation of measures taken by the government and the DGID in response to the COVID-19 crisis and took part in reviewing the reform programs of tax administrations (DGID), such as the digitalization of core processes, support for the taxation of the informal sector, particularly through mobile phone use, and the design of a short term action plan post TADAT (Tax Administration Diagnostic Assessment Tool) focused

on the main weaknesses. In the Central African Republic, the Center participated in the audit of the DGID information system (**Success story 1**). In Chad, AFRITAC Central was involved in preparing the new measures matrix, whose implementation will include a new Revenue Mobilization Thematic Fund (RMTF) project, as applicable, for the 2021-2024 period.

During the fiscal year 2022, the Center will support the programming and conduct of tax audits in Burundi,

Equatorial Guinea, and Chad. In Cameroon, the Center will support the modernization of management structures in medium sized enterprises. In the Congo and the Central African Republic, the Center will work with the authorities on projects to digitalize tax procedures. In Gabon, AFRITAC Central will share its experience in automating performance indicators to improve management of tax administrations. Support for the implementation of mobile phone tax reporting and payment will remain a key priority

in the Democratic Republic of the Congo. In the region, the Center will organize a seminar on support for the establishment of modern governance frameworks in tax administrations and/or the digitalization of services and mobile phone use for tax payments as well as training for the region's officials on macroeconomic management in resource rich countries.

SUCCESS STORY 1. AUDIT OF THE TAX INFORMATION SYSTEM (SYSTEMIF 4) OF THE CENTRAL AFRICAN REPUBLIC DGID

CONTEXT: In devising the digital strategy of the CAR Ministry of Finance and Budget, the authorities requested assistance to adapt the tax information system in order to meet new electronic reporting and payment needs, including the payment of taxes via mobile phone.



Central African Republic

Area of Intervention:

Tax Administration

Implementation Date:

November–December 2020

Objectives of the support

The purpose of the assistance was to identify the conditions needed to bring the DIGD information system (Systemif 4) up to standard and ensure it has the capacity to perform electronic procedures, produce performance indicators, and handle new online services, especially USSD mobile technology.

AFRITAC Central's roles in the support

Analysis of the functional architecture, operational processes, and technical architecture of Systemif 4 in view of the implementation of electronic procedures and electronic payments, with the option of payment via mobile phone.

Analysis of IT security as it relates to risks to confidentiality and data loss caused by the implementation of electronic procedures and electronic payments.

Key outcomes

Possible areas for Sytemif 4 improvement; general and technical guidelines for enhancing the technical infrastructure and IT organization as well as recommendations on IT security to secure the data processed in light of the electronic procedure and electronic payment projects.

Project impact

The DGID business information system operates with digitalized information from new online electronic reporting and electronic payment services.

Factors for success

Authorities' open collaboration in sharing all requested information and strategic project leadership at the Minister's Office level.

Lessons learned

The adaptation of assistance to authorities' priority needs led to the mission's success.

IMPROVED CUSTOMS ADMINISTRATION FUNCTIONS

During the fiscal year 2021, capacity development in securing customs revenue and in supply chain support to respond to the COVID-19 health crisis was at the heart of our intervention in Burundi, Cameroon, the Republic of Congo, Gabon, Equatorial Guinea, the DRC, and São Tomé and Príncipe. More specifically, the Center supported the Burundian authorities in developing valuation procedures in keeping with the requirements of the World Trade Organization (WTO) agreement and international best practices and in preparing a strategy and an action plan detailing the activities, responsibilities, and timelines for implementing the revised procedures within the Office of the Customs and Excise Commissioner (**Success story 2**). Furthermore, the Center contributed to enhancing monitoring and control of the customs value of merchandise imported in the same country. In the Republic of Congo, the Center provided support for the implementation of business continuity plans and customs revenue safeguard

“ In addition to your apt statements, allow me to also mention the satisfaction and gratitude of my government, which was reassured during these exchanges, as they highlighted the great professional qualities of AFRITAC Central mission experts, especially the generous flexibility of a colleague with long standing and wide ranging experience.”

Mr. Edwin NUVAGA FONGOD
*Director General of Customs
Republic of Cameroon*

measures in response to the COVID-19 crisis. In Chad, AFRITAC Central contributed to improved control and tracking to the destination of exempt merchandise and to strengthened management, monitoring, and control of exemptions and suspensive duty and tax regimes (*régimes suspensifs*).

During the fiscal year 2022, the Center will support strengthening control of the value of merchandise declared to Customs in Burundi and Cameroon. In the Congo and CAR, the Center will provide support in the control and tracking to the destination of exempt merchandise. In São Tomé and Príncipe, AFRITAC Central will support the setup of a customs valuation office. In Chad, the Center will assist the authorities in strengthening tracking and control of exemptions and suspensive regimes. The Center will also organize a regional capacity development seminar for regional officials on managing and controlling exemptions and suspensive regimes as well as putting in place digitized solutions.

SUCCESS STORY 2. STRENGTHENING OF THE CUSTOMS VALUATION FUNCTION IN THE OBR

CONTEXT: The IMF Fiscal Affairs Department and AFRITAC Central continue their assistance to the Burundian Revenue Office [Office Burundais des Recettes (OBR)] as part of the identification of actions and measures to be implemented with a view to improving the performance of the Office of the Customs Commissioner toward a substantial mobilization of customs revenue.



Burundi

Area of intervention:

Customs Administration

Implementation Date:

September–October 2020

Objectives of the support

The objectives of the support were to: (i) develop valuation procedures in keeping with best practice standards and with the requirements of the WTO agreement on the valuation of imported products; and (ii) prepare a strategy and action plan detailing the activities, responsibilities, and timelines for implementing the procedures.

AFRITAC Central's roles in the support

Expertise in designing the strategy and action plan to strengthen the customs valuation function validated by the administration.

Key outcomes

A draft strategic document and a draft action plan have been prepared to strengthen customs value control.

Project impact

Customs control during the clearance process more effectively guarantees the accuracy of declarations.

Factors for success

Support for OBR authorities and adoption of the support provided.

Lessons learned

Support in setting the country's priorities facilitates appropriation of proposed reforms and the mission's success.

PUBLIC FINANCIAL MANAGEMENT



Makiadi Ephrem Ghonda joined AFRITAC Central in August 2020 as a resident advisor on budgeting issues.



Blaise Yehouenou joined AFRITAC Central in August 2018. He brings experience in government accounting and cash management.

Promote effective public financial management

IMPROVED PFM LAWS AND EFFECTIVE INSTITUTIONS

In 2021, the Center produced draft decrees on the organization and powers of the Ministry of Finance and Budget, its directorates general, and the organic bodies arising therefrom in the Republic of Congo. The Center also took part in the adoption of a regional action plan 2021–23, comprising activities for the implementation of public financial management guidelines within CEMAC. In Chad, the Center proposed a draft framework law to govern the administrative and financial governance of national public institutions and an action plan for the implementation of this reform. At the regional level, the Center organized two regional seminars, including one on improving the financial governance of public institutions in AFRITAC Central's member countries (**Success story 3**) and another on raising awareness among the region's officials as to the consequences that uncontrolled development of national public institutions has on public financial management.

During the fiscal year 2022, the Center will take part in developing the government's detailed chart of accounts and bringing it in line with the government's budget nomenclature in Equatorial Guinea. In São Tomé and Príncipe, the Center will help the authorities to develop a government chart of accounts. AFRITAC Central will also provide assistance with notices of compliance and will attend capacity development seminars organized by CEMAC. In addition, the Center will organize regional seminars on support for the implementation of government finance reforms, the promotion of the computerization of budget and accounting management, and the status of accounting reforms in the CEMAC and WAEMU regions.

COMPREHENSIVE, CREDIBLE, AND POLICY-BASED BUDGET PREPARATION

During the fiscal year 2021, the Center supported the implementation of a revamped, efficient organization of inventory accounting in Cameroon. In the Democratic Republic of the Congo, the Center helped the authorities to develop tools for the proper budgeting of COVID-19 operations,

SUCCESS STORY 3. SUPPORT FOR THE IMPROVEMENT OF FINANCIAL GOVERNANCE IN PUBLIC INSTITUTIONS

CONTEXT: AFRITAC Central supported the organization of the 9th edition of the FoHBAC on the theme of public institutions and public financial management from January 18 to 22, 2021. The World Bank also took part in this forum by providing comparative analyses of the governance of public entities in the subregion based on international best practices. The questionnaire on the governance of public entities reveals that the general average for the 12 items characteristic of effective governance in public institutions is 1.9 out of 5. Relevant training modules were therefore designed and shared with participants to help them take corrective action. This forum was attended by 40 officials from Budget and Treasury administrations who committed to guidelines for improving the governance of State owned enterprises, particularly by strengthening financial supervision for the next 12 months.

<p>Countries:</p> <p>All AFRITAC Central member countries</p>	<p>Area of Intervention:</p> <p>Public financial management</p> <p>Implementation Date:</p> <p>January 18-22, 2021</p>
<p>Objectives of the support</p>	<p>To raise awareness among Budget and Treasury administration officials as to the uncontrolled development of public institutions in a context where their financial supervision is uncontrolled by ministries of finance and budget and to undertake to introduce improvements so as to strengthen financial supervision and ensure better coordination with technical supervision.</p>
<p>AFRITAC Central's roles in the support</p>	<p>The FoHBAC is an initiative of officials from the budget administrations of countries covered by AFRITAC Central intended to provide a platform for discussions and exchanges on topics relating to public financial management, in a context marked by innovations promoted by second generation fiscal reforms initiated in the late 2010s that have been affecting the countries ever since. For this 9th edition, the countries wanted to improve their public expenditure and financial accountability (PEFA) scores, particularly for indicator PI 6 regarding the governance of extrabudgetary entities whose score is below the base score overall. To this end, AFRITAC Central developed training modules on best practices in financial governance within these entities and provided a forum for the exchange of experiences with countries to enable them to identify ways and means of improving this governance.</p>
<p>Key outcomes</p>	<p>The major outcome of the 9th edition of the FoHBAC was participants' commitment to guidelines for improving the financial governance of public institutions, particularly financial supervision by directorates responsible for the budget. These guidelines revolve around the following three areas of action: (i) the legal and regulatory framework; (ii) organizational and institutional aspects; and (iii) operational aspects.</p>
<p>Project impact</p>	<p>Overall, the support that AFRITAC Central provided to member countries raised awareness of the gradual improvements to be made to the financial governance of public entities. The implementation of guidelines to which the participants committed will, in the short term, improve member countries' PEFA scores for indicator PI 6, thus consolidating the relevant reforms.</p>
<p>Factors for success</p>	<p>The recommendations of AFRITAC Central's capacity development missions in some member countries and the responses to the questionnaire on the 12 items of governance in public entities enabled facilitators to develop customized training modules and to mobilize the World Bank, which is also working on this issue. Moreover, the presentations of the various countries as well as the presentation given by Côte d'Ivoire, which had been invited to share its experience, played a decisive role in this activity's success.</p>
<p>Lessons learned</p>	<p>Countries can improve the governance of public entities by taking a progressive approach to actions that are easy to implement, but bring significant value added. At present, the challenge lies in the firm determination to implement the commitments contained in the guidelines adopted during this forum for an evaluation in the next 12 months.</p>

for both revenues and expenditures, by improving the 2015 budget nomenclature (**Success story 4**). In the Central African Republic, the Center assisted the authorities in reviewing the draft decree implementing Law No. 20,004 of January 13, 2020, governing State owned enterprises and agencies. The preparation of terms of reference on budget execution management procedures and instruments, on the actors involved, and on their roles was the main achievement in São Tomé and Príncipe.

In 2022, the Center will continue to work on the program budget, annual performance projects, and the management of investments in commitment authorization / payment appropriation (AE/CP) in the Republic of Congo. In the Democratic Republic of the Congo, the Center supported a review of the quality of annual performance projects and reports. Support for the implementation of the new government budget nomenclature was the main achievement in Equatorial Guinea. In Chad, AFRITAC Central continued its technical assistance for the supervision of other public entities.

IMPROVED BUDGET EXECUTION AND CONTROL

During the fiscal year 2021, the Center took part in preparing a joint FAD/AFRITAC Central note for the region's countries to encourage discussions on current initiatives in those countries and prospects for optimal management of the response plan to the COVID-19 crisis. This note was the first in a series containing practical guidance for

the implementation of various tools: decree on advances, support funds, and special management. In São Tomé and Príncipe, the Center focused on preparing terms of reference on budget execution management

procedures and instruments, on the actors involved, and on their roles as well as a proposed draft decree implementing the organic law on budget laws. In Cameroon, the development, release, and validation of draft functional specifications on the computerization of inventory accounting was made possible with the Center's support. In Gabon, the Center's support enabled the development of functional specifications for the computerization of the commitment plan development process. In Chad, AFRITAC Central assisted the authorities in producing two sets of improved technical terms of reference on the government budget nomenclature and the government chart of accounts for executing and recognizing the government's budgetary, financial, and accounting operations.

In 2022, the Center will assist the authorities in developing a payroll processing macroprocess in Cameroon. In Gabon, capacity development will focus on improving inventory accounting record keeping and on continued support for the implementation of the commitment plan in the VECTIS information system. In the Central African Republic, AFRITAC Central will continue its support for AE/CP implementation. In São Tomé and Príncipe, the Center will

keep working on setting up budget regulation and spending commitment plans in the information system.

IMPROVED ASSET AND LIABILITY MANAGEMENT

During the fiscal year 2021, the Center strengthened cash management and the implementation of the Treasury single account in Cameroon, Gabon, and Chad.

IMPROVED COVERAGE AND QUALITY OF FISCAL REPORTING

In 2021, the Center created and developed tools for government internal accounting control in Gabon: the guide on government internal accounting control (strategic approach), the instruction on mapping accounting risks by cycles and accounting processes (operational approach), and the instruction on determining the budgetary result (budget execution balance) and accounting result (**Success story 5**). In Cameroon, the Center helped to improve the government accounting system. In the Republic of Congo, the Center will continue work to increase the reliability of balance sheet accounts. Moreover, AFRITAC Central worked on improving the quality of accounting information in Gabon, the Central African Republic, the Democratic Republic of the Congo, and Chad. Regionally, AFRITAC Central organized training for the region's officials on government accounting standards during a regional seminar.

SUCCESS STORY 4. SUPPORT FOR THE DEVELOPMENT OF THE DRAFT 2021 BUDGET LAW IN THE CONTEXT OF COVID-19

CONTEXT: Since the start of the COVID-19 pandemic in March 2020, the IMF Fiscal Affairs Department has introduced a series of technical notes to guide countries in providing an appropriate budgetary response to the various response plan requests. At the request of the DRC Ministry of Finance, the Fiscal Affairs Department provided methodological support in drafting the 2020 supplementary budget law and the 2021 initial budget law, with special focus on the management of COVID-19 funds. AFRITAC Central was mobilized to this end.

 <p>Democratic Republic of the Congo</p>	<p>Area of Intervention: Public Finance Management</p> <p>Implementation Date: September–October 2020</p>
<p>Objectives of the support</p>	<p>Methodological support for the development of a macroeconomic framework, the strengthening of the macrobudgetary function, particularly in forecasting mining revenues, the identification of COVID 19 expenditures, and cash management.</p>
<p>AFRITAC Central's roles in the support</p>	<p>A headquarters mission in which AFRITAC Central contributed to methodological support provided to the authorities to improve the identification of both resources and expenditures, budgeting, and the accrual/ deferral of emergency expenditures incurred in response to COVID-19.</p>
<p>Key outcomes</p>	<p>Budget earmarking for activities under the Multisectoral Emergency Program to Mitigate the Impacts of COVID-19 (PMUAIC) was completed and the budget nomenclature was improved for both revenues and expenditures. On the revenue side, support funds were codified. In relation to expenditures, the administrative classification was enriched through the introduction of a uniquely codified and harmonized budget chapter for all budget sections involved in the response. Functional codification was used to highlight the major government functions mobilized for the response, particularly health, social protection, and economic affairs. Budgetary tools were developed for both the draft 2020 supplementary budget law and the draft 2021 budget law with a view to improving budget comprehensiveness and transparency, especially in relation to COVID-19 operations.</p>
<p>Project impact</p>	<p>Overall, this project will eventually and gradually help to improve budget creditability owing to sound budget forecasts based on a solid macroeconomic model and enhanced macrobudgetary functions. In particular, the project ensures the traceability of COVID-19 operations through the budget vehicle and facilitates sufficiently comprehensive reporting.</p>
<p>Factors for success</p>	<p>AFRITAC Central co produced with the authorities tools to improve the management of COVID-19 operations, which contributed to the appropriation of the methodology by budget staff.</p>
<p>Lessons learned</p>	<p>Emergency situations should not be a pretext for not following good budgetary practices. A good budgetary framework through the mobilization of tools provided for in organic laws relating to budget laws helps to avoid drifts.</p>

In 2022, AFRITAC Central aims to improve the government accounting system in Cameroon. In the Republic of Congo, the Center will collaborate with the authorities on developing operational guides on government accounting standards. In Gabon, capacity development will focus on

a quality review of the economic segment of budget execution and the government chart of accounts. In Central African Republic, AFRITAC Central will review the quality of the government chart of accounts and alignment with the government budget nomenclature. In the Democratic

Republic of the Congo, meanwhile, the Center will focus on reviewing the quality of accounting procedures manuals. In Chad, the Center will provide its technical expertise to develop terms of reference on governance of government internal accounting control.

SUCCESS STORY 5. CAPACITY DEVELOPMENT ON GOVERNMENT INTERNAL ACCOUNTING CONTROL

CONTEXT: Changing the dimension of general government accounting leads to a shared approach as to its quality with authorizing officers (ordonnateurs) behind the operations in national level accounting processes and cycles. In particular, it entails deploying a mechanism for government internal accounting control, headed by the DGCPT in coordination with the authorizing officers. This control is based on the usual definition employed internationally, that is, all of the procedures and methods enabling a unit manager to ensure that the unit operates smoothly and that risks are properly managed (Article 84 of the Organic Law on Budget Laws and Budget Execution (LOLFEB) and Article 156 of the Decree on the General Regulation on Public Accounting (RGCP)).

 <p>Gabon</p>	<p>Area of Intervention:</p> <p>Public Finance Management (Government Accounting)</p> <p>Implementation Date:</p> <p>October 2020</p>
<p>Objectives of the support</p>	<p>To develop tools for government internal accounting control.</p>
<p>AFRITAC Central's roles in the support</p>	<p>Three work tools were developed: the guide on government internal accounting control (strategic approach), the instruction on mapping accounting risks by cycles and accounting processes (operational approach), and the instruction on determining the budgetary result (budget execution balance) and accounting result. These tools were developed under AFRITAC Central's supervision through a remote mission.</p>
<p>Key outcomes</p>	<p>The guide and two instructions are available. On site training on how to use the tools is planned.</p>
<p>Project impact</p>	<p>The guide and instructions describe the methodology and procedures for managing accounting risks in order to produce quality financial information and financial statements that can be certified by the Court of Auditors.</p>
<p>Factors for success</p>	<p>The authorities' commitment to implementing tools for government internal accounting control. The production of available documents for the mission and the need to improve the methodological approach to producing financial statements and determining the budgetary execution and accounting result balance.</p>
<p>Lessons learned</p>	<p>In drafting these working documents, a need for training on government internal accounting control was noted: objectives, approach, scope, modalities, and purposes. The documents prepared are a milestone. AFRITAC Central will continue to provide assistance in the area for better governance of government internal accounting control in Gabon.</p>

C

MACROECONOMIC AND FISCAL ANALYSIS AND FORECASTING



Séverin Kamgna is the resident advisor in macrobudgetary analysis. He joined AFRITAC Central in November 2017.

Improve public financial management through sound budgetary projections

IMPROVED PFM LAWS AND EFFECTIVE INSTITUTIONS

In 2021, AFRITAC Central participated actively in supporting the validation of 2008-12 statistical program evaluation study reports and CEMAC's new subregional statistics program.

COMPREHENSIVE, CREDIBLE, AND POLICY-BASED BUDGET PREPARATION

In 2021, the Center provided its expertise to update the files of the macroeconomic forecasting model of the Republic of Congo and to develop an updated version of that country's guide to using the macroeconomic forecasting model. In the Central African Republic, AFRITAC Central prepared a draft multiyear macroeconomic guideline for 2020-23 based on available data. In this member country, our actions also focused on updating and enhancing the IT tool used to develop the first draft of the medium term

budget framework for 2021-23 and finalizing the methodological manual on its use. In São Tomé and Príncipe, capacity development actions led to the development of a practical guide on macrobudgetary forecasting (**Success story 6**). At the regional level, the Center organized remote training for the region's officials on thematic and methodological aspects associated with the monitoring of cyclical economic activity and macroeconomic and budgetary forecasting during the joint regional seminar with AFRISTAT and CEMAC. The Center also developed regional officials' capacity to strengthen their institutional public expenditure forecasting frameworks and to identify needs for additional assistance with a view to improving existing processes in their countries. The Center also contributed to drafting the methodological guide on public expenditure forecasting in AFRITAC Central member countries. Training for the region's officials entitled "Nowcasting GDP in sub-Saharan African Countries" was organized in cooperation with IMF staff

In 2022, the Center will assist in identifying and formalizing macro-budgeting capacity development

needs in Burundi. In Cameroon, meanwhile, it will work on strengthening fiscal policy analysis. The continued development of the macroeconomic framework model will be at the heart of priorities in the Republic of Congo, the Central African Republic, and São Tomé and Príncipe. In the Democratic Republic of the Congo, the Center will concentrate on enhancing the features of the macrobudgetary forecasting model. In Equatorial Guinea, capacity development will focus on improving annual budget programming and preparation. The Central African Republic will continue to work on the medium term budgetary framework and medium term expenditure framework. In Chad, the Center will take part in evaluating public investment management according to the PIMA methodology with the IMF Fiscal Affairs Department. In São Tomé and Príncipe, following up on the Macrobudgetary Unit's operationalization will be one of AFRITAC Central's top priorities. The Center will work on strengthening budget revenue forecasts and revising the government finance reform strategy in Chad. At the regional level, the Center will support economic and forecasting work in AFRITAC Central member countries, organized by AFRISTAT in collaboration with the CEMAC Commission, AFRITAC Central, and the BEAC. The Center will organize training for the region's officials on models used to forecast revenue from natural resource exploitation through the FARI Model.

" We are infinitely grateful to AFRITAC Central for the technical assistance it provided to the Macroeconomic and Budgetary Framework Committee on March 26, 2018. This assistance enabled us on the CCMB to currently have a macroeconomic forecasting model, called PREMA CONGO, and to resume regular production of a macroeconomic and budgetary framework document. We hope to continue to receive guidance from AFRITAC Central to enhance the PREMA CONGO model and to integrate the analyses conducted based on deliverables from this model into our country's economic decision making process."

Mr. Antoine NGAKEGNI
Director General of Economy
Republic of Congo

STRENGTHENED IDENTIFICATION, MONITORING, AND MANAGEMENT OF FISCAL RISKS

In 2021, capacity development focused on the review, evaluation, and recommendation of improvements to fiscal risk reports in the Republic of Congo, Gabon, the Central African Republic, and Chad.

In 2022, the Center will provide methodological support for the development of an annual report on fiscal risks in Cameroon, Gabon, and the Central African Republic. Monitoring of fiscal risk management will be strengthened in the Republic of Congo, Gabon, and the Democratic Republic of the Congo. At the regional level, the Center will provide its expertise to drafting a practical guide for identifying, monitoring, and managing fiscal risks for CEMAC.

SUCCESS STORY 6. DEVELOPMENT OF A PRACTICAL GUIDE ON MACROBUDGETARY FORECASTING

CONTEXT: The shortcomings identified during the PEFA evaluation in October 2019 include: (i) poor capacity to prepare macroeconomic forecasts and develop budgetary and fiscal strategies; and (ii) weak anchoring of the annual budget in medium term expenditure projections, national development strategies, and sectoral strategic plans. To address this, AFRITAC Central organized a series of activities that led to the development of a methodological manual on macrobudgetary forecasting.

 <p>São Tomé and Príncipe</p>		<p>Area of Intervention:</p> <p>Macroeconomic and Budgetary Analysis and Forecasting</p> <p>Implementation Date:</p> <p>June–December 2020</p>
Objectives of the support	To produce a practical guide on macrobudgetary forecasting and to get the Macrobudgetary Unit up and running.	
AFRITAC Central's roles in the support	The guide was developed under AFRITAC Central's supervision through a remote mission (June 2020), monthly webinars (between August and November 2020), and a remote validation workshop (December 2020). This guide was enriched by work from previous AFRITAC Central missions in the field of macrobudgeting.	
Key outcomes	The guide is available, and an action plan for its appropriation by Macrobudgetary Unit staff was developed.	
Project impact	The guide describes the methodology used to prepare macroeconomic and budgetary projections in São Tomé and Príncipe. It will be used as a reference document for national capacity development in the field of macroeconomic and budgetary modeling.	
Factors for success	This guide was prepared as part of a participatory process involving all Macrobudgetary Unit staff from all economic and financial administrations and from the central bank. The methodological approach adopted was guided by international standards and requirements in this field through: (i) the definition of the objectives pursued in light of the country's macroeconomic structure; (ii) the description of the basic steps and tools used to guarantee the robustness of the macrobudgetary framework process, taking account of the situation specific to São Tomé and Príncipe; and (iii) an analysis of the institutional configuration and its development areas.	
Lessons learned	The production of guides and technical and methodological notes should feature prominently among the Center's intervention modalities and should be either forward looking in order to address any new problems or backward looking in order to build on the accomplishments from past interventions. This can easily be done remotely.	

D

GOVERNMENT FINANCE
STATISTICS

Francis Gahizi is the resident advisor in government finance statistics. He joined AFRITAC Central in March 2016.

Promote consistent fiscal and budgetary policies through harmonized financial statistics

**STRENGTHEN FINANCIAL STATISTICS
COMPILATION AND DISSEMINATION
FOR DECISION-MAKING**

During the fiscal year 2021, the Center noted an increasingly sustained appropriation of the TOFE development methodology in GFSM 2014 format by the Republic of Congo, Gabon, and Equatorial Guinea (**Success story 7**). Capacity development also entailed statistical updates through the development of TOFEs for 2019, covering the budgetary central government in Cameroon and the government in Gabon, that is, the budgetary and extrabudgetary central governments and local authorities. In the Democratic Republic of the Congo, the Center's support made possible the development of TOFEs for 2017 and 2018, whereas in the Central African Republic, the Center worked with the authorities on developing the 2019 TOFE. In Equatorial Guinea and São Tomé and Príncipe, the Center followed up on the recommendations to create a TOFE standing committee and produce a 2019 TOFE for the budgetary central government. In Chad, the

Center supported the collection and reprocessing of source data and the development of a draft statistical series (TOFEs for the period 2012-19). Regionally, the Center organized two regional webinars, including one on processing and recording government interventions in government finance statistics (in connection with the response to COVID-19) and another on recording transactions of national public institutions in government finance statistics (TOFE).

During the fiscal year 2022, the Center will continue its support to expand government finance statistics coverage to extrabudgetary units, social security, and local authorities in Burundi, Equatorial Guinea, Gabon, the Democratic Republic of the Congo, and São Tomé and Príncipe, in addition to the Republic of Congo, which already produces statistics for all the aforementioned government subsectors. Regionally, the Center will organize two training sessions, including one on the procedure for developing the TOFE in GFSM 2014 format for the social security subsector and consolidating statistical data from local authorities across all governments in Cameroon, Congo, and Gabon, and another on processing borderline cases according to GFSM 2014 (transactions and sectorization).

SUCCESS STORY 7. APPROPRIATION OF THE TOFE DEVELOPMENT METHODOLOGY IN GFSM 2014 FORMAT BY THE COUNTRIES.

CONTEXT: For the first time, the countries have themselves compiled and reported government finance statistics (annual TOFE) to the IMF Statistics Department. This reporting work was carried out during COVID-19 with minimum support from the Center.

<p>Countries:</p> <p>Republic of Congo, Gabon, Equatorial Guinea.</p>	<p>Area of Intervention:</p> <p>Government finance statistics (TOFE).</p> <p>Implementation Date:</p> <p>March–December 2020</p>
<p>Objectives of the support</p>	<p>To use the Enhanced General Data Dissemination System (eGDDS), an IMF initiative to encourage member countries to report government finance statistics themselves. Countries are supposed to use this system to report statistical data themselves, after which the IMF experts in charge determine the level of compliance of these statistical data with the (quality) standards prescribed by the most recent methodological manuals. Both GFSM 2001/2014 and Directive No. 05/11 UEAC 190 CM 22 establishing the TOFE (the “TOFE Directive” for member countries of the Central African economic bloc, CEMAC) come into play in TOFE statistics.</p>
<p>AFRITAC Central’s roles in the support</p>	<p>The technical support provided to countries in government finance statistics over the past four years enabled national experts in charge of TOFE compilation to not only master the new methodology, but also take on the annual reporting role, by responding favorably to the annual data request circular from the IMF Statistics Department.</p>
<p>Key outcomes</p>	<p>Improved quality of TOFE statistical data and compliance with eGDDS standards as well as appropriation, by national authorities, of their share of responsibility for reporting statistical data to the IMF for worldwide dissemination.</p>
<p>Project impact</p>	<p>The Center will gradually dedicate less effort to guidance on the compilation of daily statistics, instead focusing more on teaching the more advanced compilation methodology, particularly the gradual extension of statistical data coverage beyond the current budgetary central government to extrabudgetary units, social security, local authorities, and even the public sector as a whole.</p>
<p>Factors for success</p>	<p>(i) Mastery attained by national experts through annual regional seminars and/or on site assistance missions on the GFSM 2014 methodology; and (ii) need for exhaustive statistical data produced on a timely basis or within the prescribed times by the countries’ management chain during negotiations with various financial partners, including the IMF.</p>
<p>Lessons learned</p>	<p>This success achieved by the three countries will serve as an example to other AFRITAC Central member countries and encourage them to comply with and use the eGDDS.</p>

REAL SECTOR STATISTICS



Sébastien Manzi is the resident advisor in macroeconomic statistics at AFRITAC Central since November 2018.

Support the development of reliable macroeconomic statistics

STRENGTHEN COMPILATION AND DISSEMINATION OF REAL SECTOR STATISTICS - NATIONAL ACCOUNTS

In the area of real sector statistics, the Center supported work on the new 2016 base year, the migration to SNA 2008, and the implementation of rebased quarterly national accounts (QNAs) at the Institute of Statistics and Economic Studies of Burundi (*Institut de Statistiques et d'Études Économiques du Burundi - ISTEEDU*). In Cameroon, meanwhile, the Center contributed to the publication of results according to the new 2016 base year under SNA 2008 (rebasings of national accounts). In Gabon, capacity development enabled the introduction of QNA development and the drafting of a methodological note for annual national accounts (ANAs) and the 2005-19 ANA series release note. In the Democratic Republic of the Congo, AFRITAC Central support made it possible to develop 2019 ANAs and the ANA methodological note as well as to prepare release notes for the 2005-19 national accounts series. In Equatorial

Guinea, the Center developed officials' capacities in mastering QNA development techniques. In São Tomé and Príncipe, the Center supported work to develop the 2008-19 ANAs. At the regional level, the Center organized a webinar on continuity in CPI production activities in light of the challenges related to COVID-19 for all AFRITAC Central member countries (**Success story 8**)

During the fiscal year 2022, the Center will continue work to support the migration to SNA 2008 with the change in the base year in Burundi, Congo, Gabon, Equatorial Guinea, the Central African Republic, the Democratic Republic of the Congo, and São Tomé and Príncipe. In Cameroon, the Center will support financial account work. The Center will work on improving the consistency of rebased ANAs and quarterly accounts in Cameroon, Gabon, and Chad. QNA development will be a top priority in the Central African Republic, Equatorial Guinea, the Democratic Republic of the Congo, and São Tomé and Príncipe. At the regional level, the Center will develop the capacity of the region's national accountants to use tax declaration data.

SUCCESS STORY 8. PRODUCTION OF THE CONSUMER PRICE INDEX

CONTEXT: AFRITAC Central member countries are facing challenges with continuing regular collection of the data needed to produce the CPI during the COVID-19 crisis.

<p>Countries: All AFRITAC Central member countries</p>		<p>Area of Intervention: Price Statistics</p>
		<p>Implementation Date: September 2020</p>
<p>Objectives of the support</p>	<p>To develop officials' capacities to maintain continuity in CPI production activities.</p>	
<p>AFRITAC Central's roles in the support</p>	<p>AFRITAC Central organized a webinar to support member countries in continuing work on the CPI despite the COVID-19 situation.</p>	
<p>Key outcomes</p>	<p>Regular price collection in various cities and regions has proven particularly difficult during the COVID-19 lockdown. It was therefore extremely important to find practical solutions and then train experts in charge of the CPI in all countries to allow them to maintain continuity in CPI production and publication activities in all AFRITAC Central member countries, as the CPI is a very important indicator for decision making.</p>	
<p>Project impact</p>	<p>All AFRITAC Central member countries continued to publish the CPI, and a network of CPI experts was created to enable officials to share their COVID-19 experiences.</p>	
<p>Factors for success</p>	<p>Political goodwill and officials' determination to overcome the challenges associated with COVID-19.</p>	
<p>Lessons learned</p>	<p>Officials from AFRITAC Central member countries have managed to adapt and implement practical solutions—tailored to the needs and realities of each country—for responding to new challenges associated with COVID-19.</p>	

PUBLIC DEBT MANAGEMENT



Oumar Dissou is the resident advisor in public debt management. He joined AFRITAC Central in September 2019.

Contribute to better public debt management

FORMULATE AND IMPLEMENT A MEDIUM-TERM DEBT MANAGEMENT STRATEGY (MTDS)

With regard to this objective, the Center helped to improve the content of the debt management strategy document prepared by Cameroon. At least five Cameroonian officials can use the analytical tool to prepare the medium term debt management strategy (MTDS) without assistance. In the Democratic Republic of the Congo, two officials from the Directorate General of Public Debt are able to use the analytical tool to prepare the MTDS. In Equatorial Guinea, a dozen officials were trained on calculating the main aggregates and indicators used in debt management. The Center's capacity development helped to bring the 2021 financing plan developed by Cameroon more in line with the guidelines of the debt management strategy adopted.

DEVELOP MARKET INFRASTRUCTURE AND CAPACITY FOR COST EFFECTIVE FINANCING

With regard to this objective, the Democratic Republic of the Congo adopted the characteristics and modalities of the issuance and redemption of government securities indexed to the exchange rate between the U.S. dollar and the Congolese franc. In this member country, a strategy for the issuance of government securities indexed to the exchange rate between the U.S. dollar and the Congolese franc was also prepared, and institutional investors began to participate in government securities issuances in the Democratic Republic of the Congo. During the fiscal year 2021, the BEAC, public treasuries, and securities dealers (specialists in treasury securities) adopted procedures for operations on CEMAC's Treasury securities primary market (**Success story 9**).

ESTABLISH EFFICIENT INSTITUTIONAL FRAMEWORK FOR DEBT MANAGEMENT

During the fiscal year 2021, a dozen officials from Equatorial Guinea were trained on governance issues in relation to public debt management and the interconnections between debt and cash management, fiscal policy, and monetary policy.

DEVELOP/STRENGTHEN PROCESSES FOR ACCURATE DEBT RECORDING, REPORTING, AND MONITORING

During the fiscal year 2021, the Center helped to improve the structure and content of the quarterly debt newsletter and the annual debt management report in the Democratic Republic of the Congo.

The architecture and content of the website through which public debt information is disseminated were also improved in that country.

SUCCESS STORY 9. DEVELOPMENT OF PROCEDURES FOR OPERATIONS ON THE TREASURY SECURITIES PRIMARY MARKET

CONTEXT: As part of efforts to revitalize the regional government securities markets, CEMAC regional authorities adopted a new regulation on Treasury securities in December 2019 containing new issuance procedures for which application modalities must be defined.

Institution : Bank of Central African States (BEAC)		Domaine d'intervention: Development of the Government Securities Market
		Implementation Date: March–November 2020
Objectives of the support	To define the operating procedures for new issuance modalities under the Regulation on Treasury Securities of CEMAC countries.	
AFRITAC Central's roles in the support	Following the adoption in December 2019 by the regional authorities of a new Regulation on Treasury Securities, a mission was organized in March–April 2020 to develop protocols to be followed in establishing new modalities for the issuance of Treasury securities. The definition of protocols was enriched by AFRITAC Central's participation in defining the innovations included in the Regulation.	
Key outcomes	Adoption by the BEAC, public treasuries, and securities dealers of operating procedures for new Treasury securities issuance modalities.	
Project impact	The operating procedures will serve as a reference for updating the electronic systems used to manage Treasury securities issuance operations. They will also serve as a guide for developing the capacities of BEAC and public treasury officials in applying the new issuance procedures.	
Factors for success	The BEAC's commitment to revitalizing the regional government securities market.	
Lessons learned	The capacity to take account of the constraints of various market participants (public treasuries, the BEAC, and securities dealers) in formulating advice to authorities.	

G

BANKING SUPERVISION
AND REGULATION

Didier Casier is the Center's new resident advisor in banking supervision and regulation.



Alexis Boher was the resident advisor in banking supervision and regulation between 2016 and 2021.

Strengthen financial stability through a robust banking supervision and regulation framework

DEVELOP/STRENGTHEN BANKING REGULATIONS AND PRUDENTIAL NORMS

In 2021, the Center reviewed Instruction No. 24 of the Central Bank of Congo (BCC) on the issuance of electronic money and on electronic money institutions in order to develop a framework adapted to the regulation and supervision of payment services and payment institutions. With the Center's support, the BCC was able to adjust special banking supervision measures in response to the COVID-19 pandemic.

In 2022, the Center will review all of the regulations relating to credit risk management standards and rules in São Tomé and Príncipe.

IMPLEMENT A RISK-BASED SUPERVISION (RBS) SYSTEM AND UPGRADE OTHER SUPERVISORY PROCESSES

In 2021, AFRITAC Central supported the review of a number of documents, including the SYSCO 2 credit institution rating model to bring it in line with international good practices and standards on risk based supervision, within COBAC. The Center also proposed a new microfinance institution rating model comprising criteria for the quantitative and qualitative evaluation of their risk profile, adapted to the previously revised SYSCO 2 model, according to the risk based supervision approach in COBAC (**Success story 10**).

Within COBAC, the Center also revised the outline of situation and risk analysis notes for the banking sector and offered suggestions for highlighting risk issues better. A methodological guide for on site inspections of payment institutions and payment services was developed for COBAC. The capacity development actions made it possible to revise the automated monitoring and alert indicators for supervised credit institutions with a view to developing

SUCCESS STORY 10. IMPROVEMENT OF PRUDENTIAL SUPERVISION INSTRUMENTS AND PROCESSES

CONTEXT: COBAC continues the operational implementation of risk based supervision.

<p>Institution: Central African Banking Commission (COBAC)</p>	<p>Area of Intervention: Banking Supervision and Regulation</p> <p>Implementation Date: May–November 2020</p>
<p>Objectives of the support</p>	<p>AFRITAC Central supported the COBAC Secretariat General in implementing its strategic plan on risk based supervision in order to improve the early detection of difficulties in credit and microfinance institutions and to allow COBAC to take action earlier to remedy the situation with a view to strengthening financial stability and the financial sector’s capacity to contribute to the subregion’s development.</p>
<p>AFRITAC Central’s roles in the support</p>	<p>In response to the capacity development needs expressed by the COBAC Secretariat General in connection with specific operational themes, AFRITAC Central conducted seven capacity development missions from May 2020 to January 2021. Workshops were organized via videoconference due to the pandemic. The “customized” prior development of expected “deliverables” helped to maximize the value added of interactive workshop exchanges.</p>
<p>Key outcomes</p>	<p>This series of missions enabled the COBAC Secretariat General to make significant progress in implementing its strategic plan: (i) the complete review of the SYSCO credit institution rating model according to the risk based approach to better assess credit institutions’ risk profile; (ii) the adaptation of this model to microfinance institutions; (iii) the review of warning signs of deterioration in the situation and risks of credit institutions in order to react promptly to worrying developments; (iv) the evolution of the format of COBAC notes to provide more guidance in determining the priorities of prudential supervision policy on risks; (v) the review of the operating procedures for processing regulatory violations and managing disciplinary proceedings to increase the effectiveness of remedies to noncompliance with prudential regulations; (vi) the on site control methodology for payment services and payment institutions.</p>
<p>Project impact</p>	<p>The COBAC Secretariat General will be able to fully implement its strategic plan, and COBAC will be able to take more effective action in resolving banking problems.</p>
<p>Factors for success</p>	<p>Working remotely during the pandemic, AFRITAC Central adapted to meet COBAC’s changing, targeted needs. The availability of qualified experts and the resident advisor allowed for agility and commitment in meeting expectations in practical terms. Active participation by the COBAC Secretariat General contributed to the value added of the workshops.</p>
<p>Lessons learned</p>	<p>Highly operational capacity development missions can be held remotely if they are thoroughly prepared in advance with the authorities and provided there is sufficient time.</p>

an early response to banking problems within COBAC. The Center reviewed the processes involved in (i) processing prudential regulation violations; and (ii) sanctioning supervised institutions within COBAC for the potential revision of CEMAC Regulation No. 02/14 on dealing with struggling credit institutions. At the BCC, AFRITAC Central supported the review of the methodological guide for the on site inspection of IT risk in credit institutions. At the BRB, capacity development led to the production and dissemination of two draft detailed methodological notes: one on the on site inspection of operational risk in credit institutions and the other on the on site inspection of the accounting function and the quality control of data in credit institutions. At the Central Bank of São Tomé and Príncipe, a new manual on banking supervision according to the risk based approach was produced.

In 2022, with this objective in mind, the Center will work on developing an on site inspection methodology for market risks in the banking sector within COBAC. The Center will continue to support the implementation of actions from the strategic plan relating to risk based supervision within COBAC. At the Central Bank of the Democratic Republic of the Congo, the Center will train banking supervisors on on site inspections of IT risk in the banking sector and will prepare a progress report on the roadmap for Pillar 2—internal capital adequacy assessment process (ICAAP) / internal liquidity adequacy assessment process (ILAAP)—with a training reminder. At the regional level, the Center will

organize two regional seminars: one on the implementation of special banking supervision measures to be taken during the COVID-19 pandemic and on the outlook for the subregion's emergence from the crisis, and another on the regulation and supervision of liquidity and financing risk in the banking sector, according to the risk based approach, in the subregion.

IMPLEMENT BASEL II AND BASEL III STANDARDS

The 2022 work program for the BRB provides for the review of Circular No. 24/2019 on the financial reporting and transparency requirements recommended in the Basel system as well as training for BRB banking supervisors. A training session for BRB banking supervisors on the recent changes to the Basel system and the compliance assessment as well as the establishment of a roadmap for closing the gaps are also envisaged. The Center will support the implementation of a regulatory framework for the assessment of the economic capital of credit institutions: (i) produce a draft circular on the ICAAP; and (ii) prepare directives on the minimum stress test requirements for credit institutions within the BRB. As part of the implementation of the Basel system, the Center plans to review COBAC's draft prudential regulations. Within the BCC, the work program will focus on the revision of BCC Instruction No. 14 on prudential ratios, with a focus on liquidity and the transformation of credit institutions in order to transpose the liquidity coverage and net stable funding ratios (Basel III).

IMPROVE ACCOUNTING AND PRUDENTIAL PROVISIONING REGULATORY GUIDELINES

In 2021, the Center reviewed the prudential regulation on loan classification and provisioning in credit institutions, in accordance with IFRS 9, within the BRB.

In 2022, the work program provides for the review of BCC Instruction No. 16 on loan classification and provisioning in order to align it with IFRS 9 and strengthen the evaluation of nonperforming loan provisioning adequacy within the Central Bank of the Democratic Republic of the Congo.

ANNEXES

ANNEX 1. STATUS OF EXPENDITURE FOR PHASE III AS OF APRIL 30, 2021

Projects	Expenses (in US Dollars)			
	Fiscal Year 2018 ¹	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Public Financial Management	740,568	2,163,039	1,989,777	1,370,722
Customs Administration	329,479	463,529	180,566	126,298
Tax Administration	362,231	1,081,725	678,260	222,194
Banking Supervision and Regulation	455,561	919,939	721,021	510,640
Public Debt Management	296,946	669,935	364,983	160,957
Real Sector Statistics	258,760	774,696	589,442	323,173
Government Finance Statistics	339,482	878,696	566,927	344,995
Financial and Fiscal Law Administration	16,020	11,691	-	-
Customized Training	-	57,082	-	-
Training	107,860	318,139	104,064	92,817
Gouvernance and evaluation	131,525	257,982	78,443	35
Sub-total	3,540,369	8,867,289	6,479,427	4,186,297
Trust Fund Management	247,826	620,710	453,560	293,041
Sub-total	3,788,195	9,487,999	6,932,987	4,479,338
IMF	515,894	434,046	506,303	373,205
Grand Total	4,304,089	9,922,045	7,439,290	4,852,543

Source: IMF, Institute for Capacity Development.

1/ Between November 1, 2017 and April 30, 2018.

ANNEX 2. STATUS OF FINANCIAL CONTRIBUTIONS FOR PHASE III AS OF APRIL 30, 2021

Information on the agreement				in US Dollars			
Contributors	Signature Date	Currency ¹	Amount	Amount of agreement	Contributions received	Contributions pending	Future contributions
				(A)	(B)	(C)	(D)
Total partners				29,625,895	24,763,472	1,171,783	3,515,350
Germany	12/11/2018	EUR	2,000,000	2,278,820	2,278,820	-	-
Germany	11/30/2017	EUR	3,000,000	3,531,300	3,531,300	-	-
European Investisment bank	4/19/2018	EUR	200,000	237,180	237,180	-	-
China	7/13/2018	USD	2,000,000	2,000,000	2,000,000	-	-
European Commission	11/6/2020	EUR	6,000,000	6,835,923	5,628,980	1,171,783	-
France	12/15/2020	EUR	10,000,000	12,038,311	8,382,831	-	3,515,350
The Netherlands	11/6/2015	EUR	1,000,000	1,159,562	1,159,562	-	-
Swiss	12/18/2019	CHF	1,500,000	1,544,799	1,544,799	-	-
Total member countries				8,000,000	3,775,063	4,224,937	-
Cameroon	12/5/2017	USD	2,000,000	2,000,000	937,463	1,062,537	-
Gabon (Host country)	5/18/2018	USD	4,000,000	4,000,000	837,600	3,162,400	-
Democratic Republic of the Congo	4/6/2018	USD	2,000,000	2,000,000	2,000,000	-	-
Total internal transfers				2,338,714	2,338,714	-	-
China				1,294,813	1,294,813	-	-
European Commission				1,043,901	1,043,901	-	-
Total partners, member countries and internal transfers				39,964,609	30,877,249	5,396,720	3,515,350
IMF				2,500,000	2,500,000		
Initial budget of the program²				37,780,859	37,780,859		
Deficit³					(4,403,610)		

Source: IMF, Institute for Capacity Development.

1/ Contributions in currencies other than U.S. dollars are converted using the exchange rate in effect on the date of signature of the convention.

2/ The program's budget has decreased due to the funding of the Public Debt Management portfolio activities by the DMF project since October 2020. Currently, it stands at \$35.3 million.

3/ The financing of Phase III of the Center is conditioned by the disbursement of contributions from partners and committed member countries, and the payment of contributions from other member countries. The calculated gap takes into account the total of the contributions received.

ANNEXE 3. ADMINISTRATION



OFFICE MANAGER

Marie-Hélène Issembe



PROJECT OFFICER

Armel Houtsa



RBM PROJECT OFFICER

Brolin Mbadinga



ADMINISTRATIVE ASSISTANT

Carine Mboumba



ADMINISTRATIVE ASSISTANT

Larissa Mabika Balenga



ADMINISTRATIVE ASSISTANTE

Djena Laetitia Djembo



ADMINISTRATIVE ASSISTANT

Gildas Loundou Mayoukou



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