

# REGIONAL TECHNICAL ASSISTANCE CENTER FOR CENTRAL AFRICA

Improving Macroeconomic Policy  
Frameworks in Central Africa



**AFRITAC**  
Central

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# ANNUAL REPORT 2019

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AFRITAC Central is an IMF initiative supported by the following member countries and development partners:



Republic of Burundi



Republic of Cameroon



Republic of Congo



Republic of Gabon



Republic of Equatorial Guinea



Central African Republic



Democratic Republic of the Congo



São Tomé and Príncipe



Republic of Chad

.....



European Union





# A MESSAGE FROM THE AFRITAC CENTRAL STEERING COMMITTEE CHAIRMAN



His Excellency,  
**Jean-Marie Ogandaga**

*Minister of Economy, Prospective,  
and Development Planning responsible  
for the promotion of public and private  
investment in Gabon until June 2019*

*Currently Minister of Trade, Crafts, Small and  
Medium Enterprises (SMEs), and Industry*

This report covers a watershed period for AFRITAC Central characterized by numerous operations to benefit member countries facing a host of macroeconomic challenges.

The collapse of oil prices at the beginning of 2014 led to a shock in the economies of the Central African Economic and Monetary Community (CEMAC) member countries, resulting in a slowdown in economic growth, deterioration in budget balances, increasing trends in public debt, and deterioration in the public accounts, combined with a significant contraction in foreign exchange reserves that threatened the stability of the common currency.

While there has been a trend towards improvement in the situation since end-2018, we should bear in mind that this

slight uptick has yet to become more durable, if we consider the early signs of recovery observed in our economies. The technical assistance that AFRITAC Central has provided during the 2019 fiscal year has enabled the member countries to build on these optimistic dynamics.

The effectiveness of AFRITAC Central's support to the member countries is undeniable. The results that have been confirmed and presented in this report are proof of the Center's success in areas such as public financial management, production of reliable statistics, debt management, and supervision of the banking and financial system.

The same performance will be reflected in the cycle covering the 2020 workplan and the outlook for the period 2021-2022 in connection with the strengthening of the technical and institutional capacities of our respective governments to promote inclusive growth.

In an international economic context characterized by substantial trade tensions between the major economic powers potentially impacting the economic recovery at the global level, and having spinoff effects on our economies, there is an even greater need for the technical support from AFRITAC Central.

In addition, the programs supported by the IMF in the region represent an opportunity for our countries to build on the major reforms that have already been undertaken to reinforce the fiscal space, enhance the quality of public expenditure, to manage sovereign debt more effectively, and foster the oversight of the financial system.

As Gabon is turning over the Chair of the AFRITAC Central Steering Committee to Cameroon, I would like to take this opportunity to thank my fellow ministers, the development partners, and all of the AFRITAC Central team for all of the support that they have provided during the past two years.







# FOREWORD FROM THE COORDINATOR, AFRITAC CENTRAL



**Paulo Drummond**

During the 2018 and 2019 fiscal years, the Center has implemented results-based management for all of its technical assistance activities, with stronger foundations for future years, enabling noteworthy progress to be made in planning and monitoring of activities as well as in rationalizing the budget.

For the first time, the Center has established a three-year programming framework designed to enhance the visibility of its medium-term workplan. The Center reached its peak level of activity during the fiscal year.

The results the Center achieved during this fiscal year are illustrated in this report by the success stories of the beneficiary countries and institutions. This year was characterized by strengthened coordination with the development partners operating in our member countries along with a capacity development strategy for the Center, under which the beneficiary countries became involved in the design and updating of the logical frameworks.

The 2019 fiscal year concluded with many successes in the areas covered by the Center. These accomplishments include the drafting of implementing texts for a new CEMAC Regional Customs Code, strengthening of joint customs and tax controls, improved budget preparation and control instruments, reactivation of macrofiscal framing committees, compilation and publication of financial statistical data, the launch of real sector statistical base recalculations, preparation of realistic debt strategies, and the alignment of prudential rules with international standards in the banking sector. The Center also proved its great flexibility in organizing a number of off-site workshops for member countries and peer professional training visits. Support for fragile member countries represented 70 percent of the Center's resources. These outputs are also the product of close collaboration with our development partners, to which we are grateful for their steadfast support.

During the 2020 fiscal year, AFRITAC Central will fulfill its commitment to strengthen the capacities of institutions and member countries, relying on support from them and from the development partners. The Center is prepared to pursue its program to support the reforms promoted by these countries for that purpose.

I would like to thank Gabon for the excellent support that it has provided to the Center during its term as Chair of the Steering Committee, and to congratulate Cameroon as it will serve in this capacity during the 2020 and 2021 fiscal years. I would also like to thank the authorities from all of the member countries, as well as my colleagues at the Center for their professional commitment and for their contributions to the strengthening of macroeconomic capacities in Central Africa.



# ACRONYMS AND ABBREVIATIONS

**ACBF** African Capacity Building Foundation

**AfDB** African Development Bank

**AFD** French development agency

**AFRISTAT** Economic and Statistical Observatory for Sub-Saharan Africa

**AFRITAC** Regional Technical Assistance Center for Africa

**AFRITAC Central** or **AFC** Regional Technical Assistance Center for Central Africa

**AFRITAC South** Regional Technical Assistance Center for Southern Africa

**AFRITAC West** Regional Technical Assistance Center for West Africa

**BEAC** Bank of Central African States

**BRB** Bank of the Republic of Burundi

**CAR** Central African Republic

**CEMAC** Central African Economic and Monetary Community

**CET** Common External Tariff

**COBAC** Central African Banking Commission

**DRC** Democratic Republic of the Congo

**FAD** Fiscal Affairs Department

**GDP** Gross domestic product

**GFS** Government Finance Statistics

**GFSM** Government Finance Statistics Manual



<b>ICAAP</b>	Internal Capital Adequacy Assessment Process	<b>UN Women</b>	The United Nations Entity for Gender Equality and the Empowerment of Women
<b>IFRS</b>	International Financial Reporting Standards	<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>IMF</b>	International Monetary Fund	<b>UNDP</b>	United Nations Development Programme
<b>MTDS</b>	Medium-term debt strategy	<b>VAT</b>	Value-added tax
<b>NBE</b>	State budget nomenclature		
<b>SNA</b>	System of National Accounts		
<b>STP</b>	São Tomé and Príncipe		
<b>TOFE</b>	Table of Government financial operations		
<b>TSA</b>	Treasury single account		
<b>UN</b>	United Nations		



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SECTION I

# AFRITAC CENTRAL







# GENERAL PRESENTATION OF AFRITAC CENTRAL

AFRITAC Central is one of the five Regional Technical Assistance Centers (the AFRITACs) of the International Monetary Fund (IMF) operating in Africa. The Center embodies the joint efforts of its member countries, the development partners, and the IMF to meet the macroeconomic challenges that these countries face. AFC and the other Centers constitute the main component of the Fund's response to the request from the heads of state of the subregion for more technical assistance in the economic and financial areas for the institutions to function more effectively.

AFRITAC Central covers all countries of the Central African Economic and Monetary Community (Cameroon, Republic of Congo, Gabon, Equatorial Guinea, the Central African Republic—CAR, and Chad), as well as the Republic of Burundi, the Democratic Republic of the Congo (DRC), and the Democratic Republic of São Tomé and Príncipe. Since its creation in 2007, AFRITAC Central has been based in Libreville, the capital of Gabon.

The financial arrangement prevailing in AFRITAC Central clearly illustrates the member countries' interest in the services it provides, as the contributions expected from the countries for Phase



DRC's Representatives to the twenty-first meeting of the AFC Steering Committee, Libreville, March 2019

3 should account for approximately 40 percent of the budget for the overall cycle, while donors and the IMF account for 60 percent. This financial arrangement is indicative that the Center's activities meet the requirements of the member countries and regional institutions.

Technical Assistance from AFC combines strategic advice prepared in connection with missions organized by the technical departments at IMF Headquarters and their implementation in the field. The latter is ensured by Resident Advisors during on-site

visits and in connection with missions conducted by the international experts.

Of course, all of these missions are part of the IMF's overall technical assistance activities (an approach that ensures their consistency and coordination), and they are subject to review by staff from IMF Headquarters (which is an assurance of their quality). The strategic options that guide the Center's activities are discussed by the Steering Committee, which is comprised of representatives from the member countries, development partners, and other organizations participating as



observers. The Steering Committee meets annually to validate the workplan and to monitor its implementation. Cameroon is currently serving as Chair of the Steering Committee, for the 2020 and 2021 fiscal years.

AFRITAC Central is managed by a Coordinator who ensures that its operations run smoothly. Capacity development is carried out by Resident Advisors in the areas of tax and customs administration (one advisor),

public financial management (two advisors), macroeconomic and budget analysis and forecasting (one advisor), government finance statistics (one advisor), macroeconomic statistics (one advisor), public debt management (one advisor), banking regulation and supervision (one advisor), and results-based management (one advisor).

In addition to the missions mentioned above, AFRITAC Central contributes to the development of the institutional

capacities of the member countries with the organization of regional seminars, national workshops, and peer training visits. Under the supervision of resident advisors and international experts rigorously selected by the Center, the seminars and workshops provide an opportunity to disseminate replicable best practices to professional staff from the nine member countries, while promoting the sharing of experiences and networking.



AFRITAC Central staff, 21<sup>st</sup> Steering committee, Libreville, March 2019



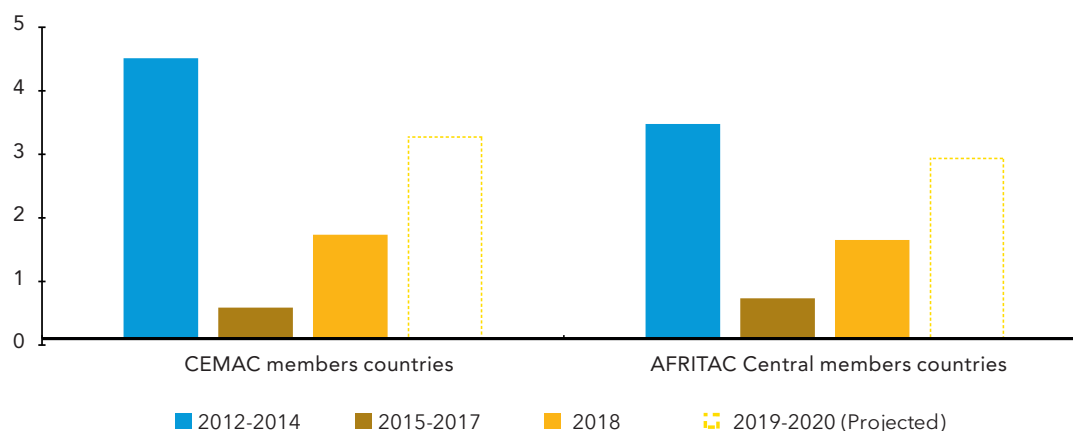
# MACROECONOMIC CONTEXT

As in Sub-Saharan Africa, the AFC's member countries have faced macroeconomic and financial challenges. After robust growth accompanied by a stable macroeconomic situation during the period 2012-2014, member countries encountered problems in their economic and social development between 2015 and 2017 as the result of

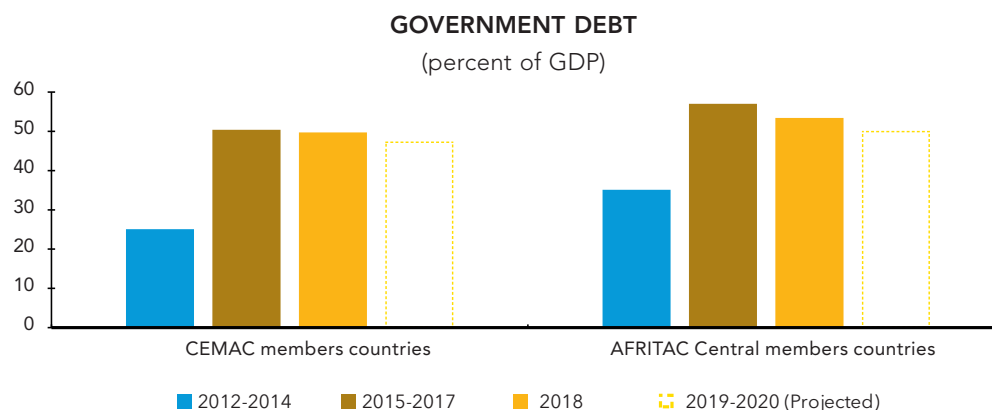
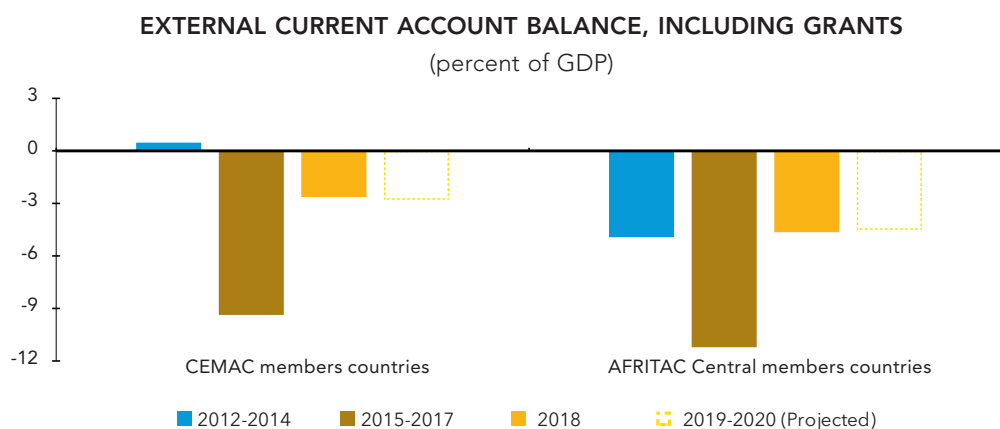
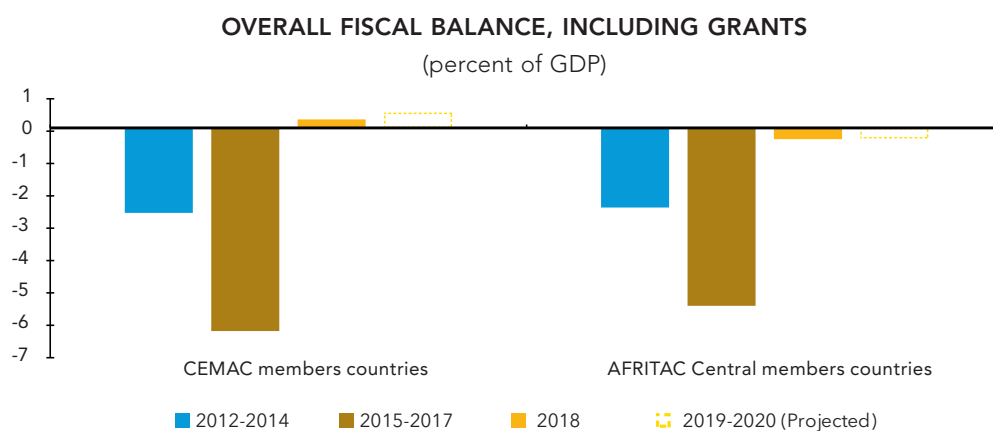
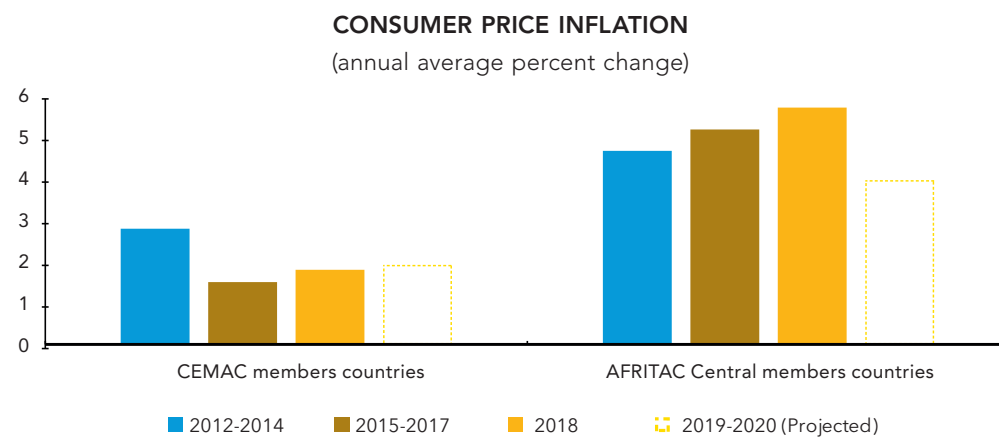
the sharp decline in commodities prices. This situation led to increased deficits, a rise in public debt, and greater vulnerabilities in banks and financial institutions. In 2017, the rationalization of budget decisions was launched in most AFC member countries. This effort was made possible by the member countries' economic reform programs

with support from the IMF and other development partners. Ambitious fiscal policies and structural reforms continue to be needed to preserve macroeconomic stability, restore robust growth, strengthen the business climate, and promote regional integration.

**GDP GROWTH**  
(percent)







Source: IMF, African Development databases, and Regional economic outlook, April 2019.



SECTION II

WORKPLAN:  
2019 PERFORMANCE  
AND 2020 WORKPLAN





Twenty-first meeting of the AFRITAC Central Steering Committee, Libreville, March 2019



## A

SUMMARY  
AND OVERVIEW

During the 2019 fiscal year, the strategic objectives of the 2017-2022 logical framework for AFRITAC Central served as a benchmark for the Center's activities.

Accordingly, to meet the needs of the member countries more effectively, technical assistance activities were supplemented with joint regional seminars, national workshops, and professional visits that enabled the Center to maintain a high level of execution.

#### **ALIGNMENT WITH THE CAPACITY DEVELOPMENT STRATEGIES AND SUSTAINABLE DEVELOPMENT GOALS**

The priorities of the workplan for the 2019 fiscal year are aligned with the capacity development strategies implemented for all member countries, with their direct involvement. They reflect capacity development requirements expressed by members, including the most fragile ones (more specifically Burundi, Congo, the CAR, the DRC, São Tomé and Príncipe, and Chad).

The priorities of the workplan are also related to the IMF's commitments in connection with the Financing for Development Agenda to facilitate the attainment of the Sustainable Development Goals (SDGs) through the enhanced mobilization of national resources, more effective use of public resources, expanded financial inclusion while maintaining financial stability, and the improved compilation and dissemination of statistics to improve consistency in economic policy decision making. The Center maintained its support in regard to debt management and banking supervision, prerequisites for financial inclusion and the strengthening of the banking sector's role in supporting the

economy. Moreover, AFC will continue its training activities in the areas of tax administration and macroeconomic and budget forecasting and analysis.

AFRITAC Central's programs are fully aligned with the conclusions and recommendations from the five-year review in 2018 of the IMF capacity development strategy. In this connection, the Center has prioritized technical assistance activities that have contributed to the reduction of gender inequalities and the promotion of sustainable natural resource management. The Center has also made substantial progress in consolidating management based on the results of its activities. This approach was reflected in the adoption of a three-year programming arrangement that has led to more effective planning of its activities. During the 2019 fiscal year, AFRITAC Central devoted more than two thirds of its resources to support its fragile member countries.



# PERFORMANCE INDICATORS FOR THE TECHNICAL ASSISTANCE PROVIDED BY THE CENTER



*Philippe Athanassiou  
joined the AFC in  
August 2017 as Results-  
Based Management  
Advisor.*

The accomplishments described below relate to the 2019 fiscal year, based on information reported in the IMF results-based management platform by the Center's resident advisors in their respective areas. The information presented in the charts below was extracted from the platform at April 30, 2019. The logical frameworks include the objectives, expected outcomes, indicators, milestones, and risks associated with the technical assistance objectives.

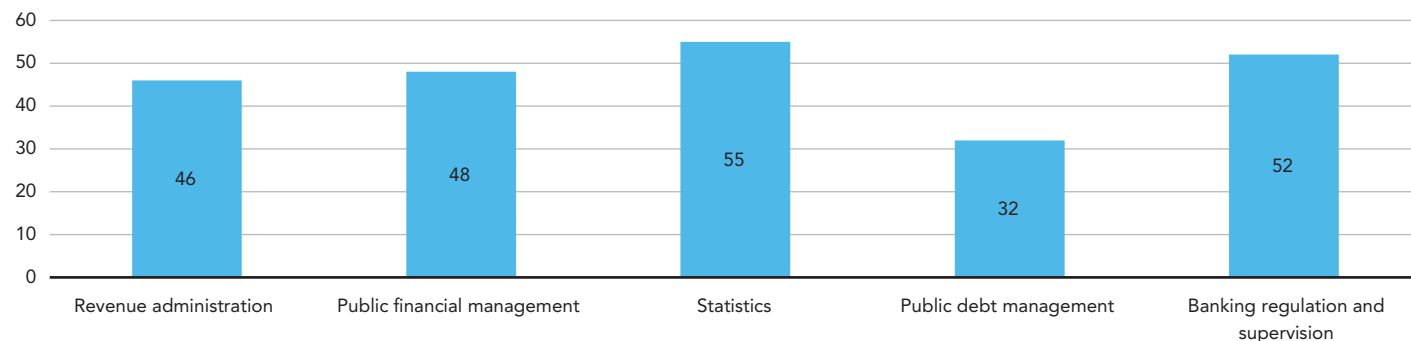
Milestones are an important link in AFRITAC Central's chain of results. They reflect progress towards the attainment of results and objectives. During the 2019 fiscal year, the Center accelerated implementation of its technical assistance program, along with more effective planning and better sequencing of the milestones. Chart 1 indicates the number of milestones by

domain (233 milestones for the 2019 fiscal year, equivalent to an increase of 42 percent as compared with the 2018 fiscal year). This increase can be explained primarily by the increasing internalization by the advisors of the Center's results-based management approach. The Center has also significantly developed its activities in the areas of macroeconomic and budget analysis and forecasting. In addition, the Resident Advisors responsible for public accounting and macroeconomic statistics joined AFRITAC Central during the fiscal year.



## CHART 1. MILESTONES BY DOMAIN (IN NUMBERS)

Source: AFRITAC Central



- Revenue administration includes the customs and tax administrations.
- Public financial management includes the budget, public accounting and cash management, and macroeconomic and fiscal analysis and forecasting.
- Statistics include government finance statistics and macroeconomic statistics.

At the end of the 2019 fiscal year, the Center's overall performance information indicates that 169 milestones (73 percent) were achieved (Chart 2).

The 45 milestones (19 percent) that were partially achieved can be attributed to a number of factors. At the institutional level, human, technical, and financial resource constraints in certain countries and insufficient capacities continue to impede implementation of the envisaged reforms. The Center will make further efforts during the coming years to take these institutional limits into account.

The milestones not reached or postponed (19 milestones, equivalent to 8 percent of the milestones) are accounted for by insufficient available resources in certain member countries, particularly the most fragile ones. In other countries, periods of institutional instability have affected performance, and more generally speaking, the success of the reforms. Institutional instability has also led to frequent changes in priorities, with the result that certain milestones that had been set at the beginning of the fiscal year have become obsolete.

## CHART 2. MILESTONES – OVERALL PERFORMANCE AT APRIL 30, 2019 (IN NUMBERS)

Source: AFRITAC Central

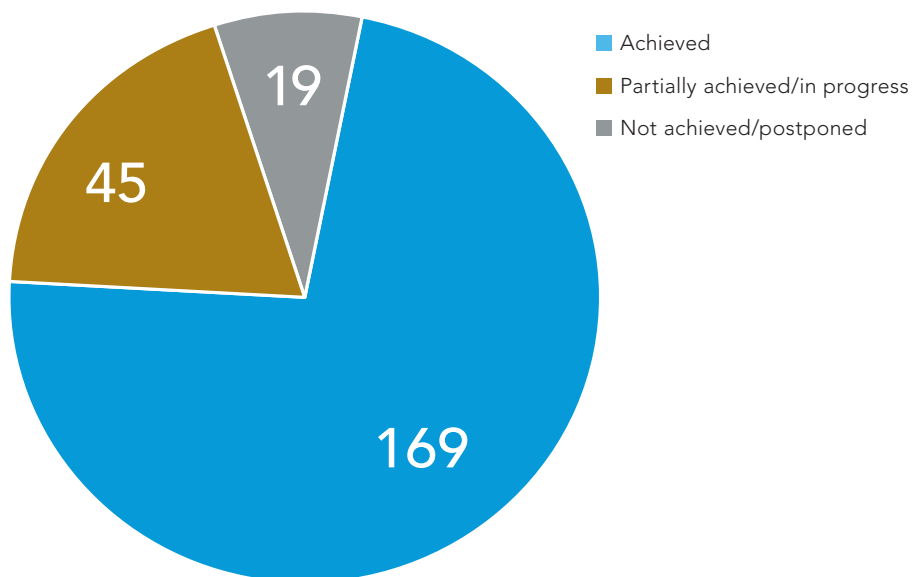


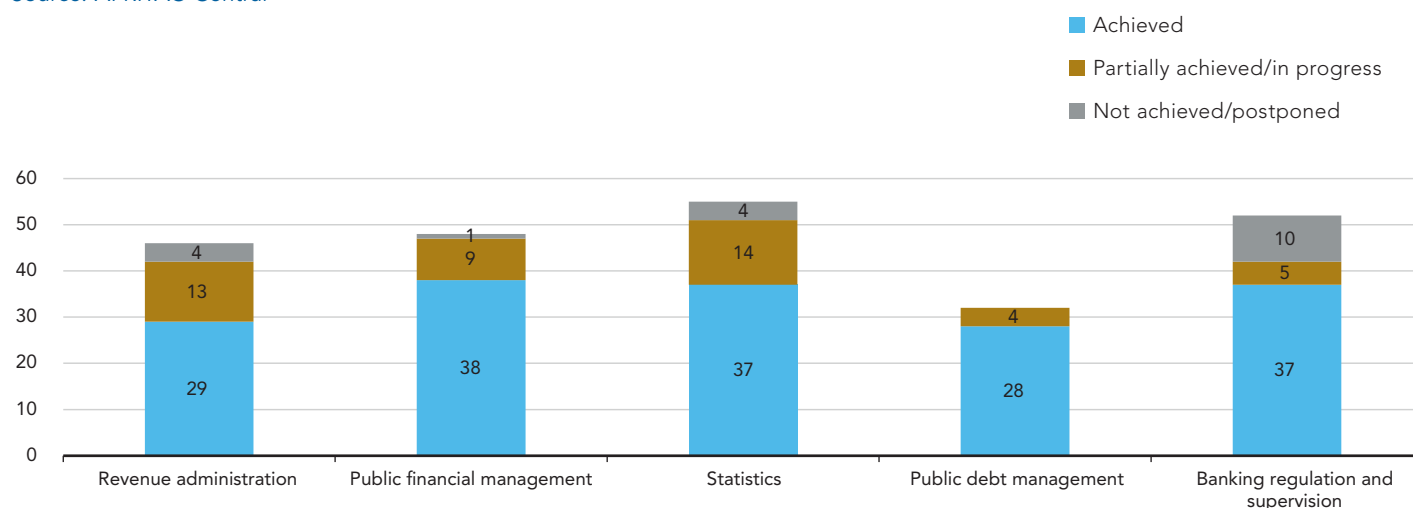
Chart 3 shows milestone performance by domain. In this connection, performance levels are quite satisfactory, as the number of milestones achieved in all domains clearly exceeds the number of milestones that have been partially achieved, not achieved, or postponed.

Accordingly, despite a difficult socioeconomic context in several countries in the region, the beneficiary institutions and member countries in general have effectively applied the roadmap for the reforms proposed by the Center.



### CHART 3. MILESTONES PERFORMANCE BY DOMAIN (IN NUMBERS)

Source: AFRITAC Central



During the 2019 fiscal year, results-based management contributed to:

- **Adequate planning and full appropriation of the Center's activities by members countries.** The logical frameworks of the Center were prepared before the beginning of the fiscal year with an inclusive approach.
- **Effective communication on activities and results.** The Center used all of its communication tools to place more emphasis on the results and impact of its technical assistance activities.
- **The Center's systematic compilation of its significant successes, i.e.,** specific technical assistance activities that have produced conclusive results and a sustainable impact. They are intended to be replicated by other AFC member countries and regional institutions and to improve existing practices.
- **Rationalization of the Center's missions.** A pre- and post-mission procedure was also systematized during the 2019 fiscal year, according to which the advisors specify the objectives and anticipated outcomes of their missions, reflecting the logical frameworks for their respective areas.

### CONSOLIDATION OF ACCOMPLISHMENTS IN 2020

The implementation of results-based management within AFRITAC Central is a long-term effort. The processes of transition and consolidation of the accomplishments will continue during the 2020 fiscal year with the following priorities:

- **Planning of milestones in the results-based management platform.** A substantial number of milestones were added during the fiscal year. This creates a challenge for AFC to report on results attained at the end of the fiscal year. Accordingly, AFC will make the necessary efforts to improve the planning of milestones.

- **Consolidation of reforms and more elaborate logical frameworks.** Implementation of results-based management in AFRITAC Central's activities has made it possible to develop a number of tools that have improved planning, monitoring, activity reports, as well as communication and accountability. It must be possible during the 2020 fiscal year and subsequent years to consolidate these reforms so that they can be sustainably established in the long term.
- **More comprehensive follow-up of recommendations.** During the 2019 fiscal year, the Center began to consider the introduction of a mechanism for monitoring recommendations formulated during technical assistance missions that would make it possible to determine the exact level to which the beneficiaries have implemented them, as well as any changes to which they have contributed.



## KEY IMPLEMENTATION INDICATORS FOR THE 2019 WORKPLAN

- 133 activities were carried out (including 110 missions, 13 seminars, 2 courses, and 8 professional visits);
- 443 professional staff members were trained;
- Overall program execution rate: 94 percent;
- 100 percent implementation for regional activities: a total of 15, including 7 with the COBAC;
- 485 person weeks were devoted to strengthening the administrations of the member countries;
- 50 percent of the resources were used in support of the fiscal reforms;
- 58 percent of the resources benefited CEMAC countries;
- 69 percent of the resources were devoted to fragile member countries;
- 217 technical assistance reports have been made available to date in the secure area of the Center's website ([www.afritaccentre.org](http://www.afritaccentre.org)).

## SIGNIFICANT SUCCESSES

The most noteworthy accomplishments this year include the following: (1) contribution to the drafting of implementing texts for the new regional customs code with CEMAC; (2) establishment and operational startup of a unit responsible for financial oversight of national public institutions and monitoring of public enterprises in *Gabon*; (3) publication of Government Finance Statistics (GFS) in the IMF yearbook for *Cameroon, Congo, Gabon, the DRC, and São Tomé and Príncipe*; (4) strengthening of joint customs and tax controls for *Cameroon and Gabon* to increase tax resources; (5) organization of the Eighth forum for senior budget officers from AFRITAC Central member countries (FOHBAC) on gender-sensitive

budgeting and the reduction of gender inequalities; (6) strengthening of technical mechanisms for macrofiscal framing in the *CAR* and the *DRC*; (7) review of the legal framework for the public securities market to make it more accessible to CEMAC member countries and development of an action plan for COBAC's transition to risk-based supervision; and (8) review of prudential circulars of the Bank of the Republic of Burundi.

Moreover, AFRITAC Central organized eight professional visits for officials on a variety of topics such as financial oversight of public institutions, the macrofiscal framing exercise, production and publication of the table of government finance operations (TOFE), quarterly national accounts, and the debt management and analysis system. These visits promoted peer training and exchanges of experiences.

## REGIONAL SUPPORT AND SEMINARS

Activities carried also covered support for the implementation of regional reforms, involving work in collaboration with the regional institutions (CEMAC, the Bank of Central African States—BEAC, and COBAC) and activities at the country level to internalize these reforms.

Thirteen regional seminars, including two joint seminars with AFRITAC West, were conducted during the 2019 fiscal year. The joint seminars involved bank governance and financial transparency, and the use of the ISORA tax administration information platform. The other topics addressed included, in particular, customs value control, effective value-added tax (VAT) administration, issues and challenges of inventory accounting in internal budgetary control, gender-sensitive budgeting to reduce gender inequalities, control of budget risks, establishment of public sector debt statistics, preparation of the Table of Government Financial Operations

according to the GFSM, harmonization of the quarterly national accounts with the annual national accounts, preparation of the financing plan, the revised framework for debt sustainability analysis in low-income countries, and implementation of risk-based supervision. Since 2014, joint seminars have constituted a mechanism to deliver AFRITAC Central technical assistance to promote exchanges of experiences on issues of mutual concern among professionals from different regions, so that appropriate solutions can be found. This approach makes it possible to pool human and financial resources.

In terms of training, the Center organized two courses targeting professionals from the region, in partnership with the IMF Africa Training Institute (ATI) and the IMF Institute for Capacity Development (ICD) on macroeconomic management for resource-rich countries and on budget analysis and forecasting. These courses will be offered again during the 2020 fiscal year.

At the regional level, in addition to its efforts to support the CEMAC Commission in connection with the directives to harmonize the fiscal framework, the Center supported efforts to upgrade the CEMAC area customs and tax harmonization code. During the 2019 fiscal year, activities conducted to benefit the COBAC were substantially strengthened as compared with the previous fiscal year.



## CLOSE COORDINATION WITH THE TECHNICAL AND FINANCIAL PARTNERS

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

Accordingly, coordination with the other partners continued, specifically in the areas of government finance (revenue and expenditure), statistics, debt management, and banking regulation and supervision. The support proposed by AFRITAC Central is coordinated and involves joint activities with the Center's main partners: the African Capacity Building Foundation (ACBF), the French Development Agency (AFD), the Economic and Statistical Observatory for Sub-Saharan Africa (AFRISTAT), the African Development Bank (AfDB), the Banque de France, the World Bank,

the United Nations Conference on Trade and Development (UNCTAD), the French cooperation authorities, the United Nations Women, and the European Union.

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

Accordingly, AFRITAC Central:

- (1) Continued the modernization of legislation and reorganization of the customs administration and procedures in *Equatorial Guinea* with a view to the implementation of the automated customs data system ASYCUDA World, in partnership with UNCTAD;
- (2) Conducted exchanges of information with the African Development Bank on the interconnection of customs and tax services in *Gabon*;
- (3) Collaborated with the World Bank to improve the quality of statistics for the General Tax Directorate of the *DRC*;
- (4) Developed a partnership with the European Union in *Chad* on Phase 2 of the project to support government consolidation. This project finances the preparation of a manual on the use of the new budget nomenclature;
- (5) Conducted exchanges of information with the European Union in *Cameroon* in connection with the fiscal reform program, under which the Center is involved in implementing internal budget control instruments and procedures;
- (6) Established a partnership with UN Women in connection with the promotion of gender-sensitive budgeting in the countries covered by the Center;
- (7) Organized semiannual seminars, jointly with AFRISTAT and the CEMAC Commission, designed to develop the capacities of professionals from member countries in the areas of monitoring cyclical economic activity and economic forecasting;
- (8) Undertook support to strengthen the macrofiscal framing and analysis mechanisms, in synergy with the European Union in *Chad* and with the ACBF in the *CAR*;
- (9) Maintained productive exchanges with the French Development Agency and African Development Bank in the *CAR* that, based on the recommendations from the Center, will finance a project to update the balances of the treasury accounts, which are essential in the production of the table of government financial operations;



Twenty-first meeting of the AFC Steering Committee, Libreville, March 2019



- (10) Strengthened its collaboration with the World Bank in the implementation of the strategy to recover the delays in the national accounts for *Congo*, which made it possible for the country to have current national accounts from 2005 until 2017;
- (11) Collaborated with the World Bank on the development of a medium-term debt management strategy for *Chad*;
- (12) Continued its partnership with the World Bank in the organization of training seminars on the revised debt sustainability framework for low-income countries;
- (13) Continued its partnership with the Banque de France in making its professional staff available to conduct short-term technical assistance missions programmed by the Center.

## EMERGING ISSUES: REDUCTION OF INEQUALITIES, GENDER, AND ENVIRONMENT

During the 2019 fiscal year, the Center organized activities on emerging issues. These activities included the Eighth forum for senior budget officers from AFRITAC Central member countries on

reducing gender inequalities through gender-sensitive budgeting. The event culminated with the proposal of a roadmap for the implementation of gender-sensitive budgeting to the AFC member countries for the period 2019-2023. In partnership with the Institute for Capacity Development (ICD) and AFRITAC South, the Center also organized a course on macroeconomic management in resource-rich countries to make professionals from member countries more aware of sustainable natural resource management issues, with a view to impacting the development of their countries.

During the 2020 fiscal year, the Center will make every effort to help the member countries mobilize national resources and to improve the use of public resources to support their progress in reducing inequalities and fighting poverty, with a view to reaching their Sustainable Development Goals.

## COMMUNICATION AND VISIBILITY

With the ongoing concern to keep the partners abreast of the activities conducted by the Center, the advisors and experts systematically organize feedback sessions at the end of their technical assistance missions to the member countries. Similarly, the partners are always invited to the opening and

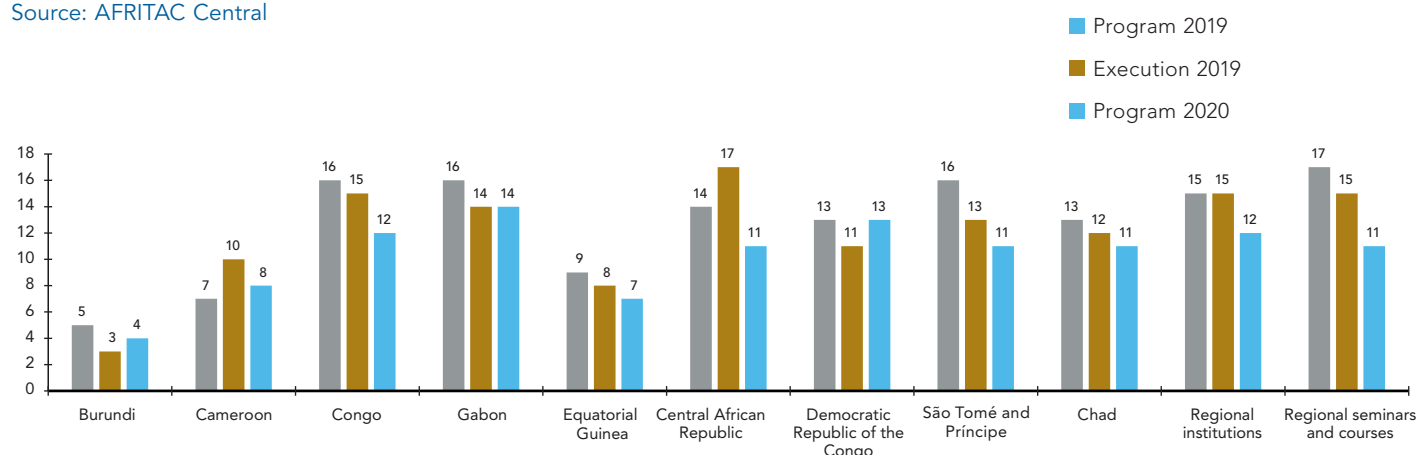
closing ceremonies of the seminars organized by the Center. During the 2019 fiscal year, the Center continued its efforts to update its website content on a regular basis so that it can keep the partners abreast of its activities. The Center also issues a quarterly newsletter and has a Facebook page to share recent information on the results of its activities.

## LEVEL OF ACTIVITY

During the 2019 fiscal year, the Center conducted its highest level of activity by executing 94 percent of the activities included in its workplan. Technical Assistance activities have covered all of the Center's countries and areas of intervention. The Center also executed all of the programmed activities in the area of support for regional institutions. In 2020, the Center will continue to carry out activities in all countries and areas of intervention. The plan includes 99 missions, nine regional seminars, two courses, and one professional visit. The Center will also finance two technical assistance missions from Headquarters in the areas of tax administration and public financial management (Charts 4 and 5).

## CHART 4. ACTIVITIES BY COUNTRY (IN NUMBERS)

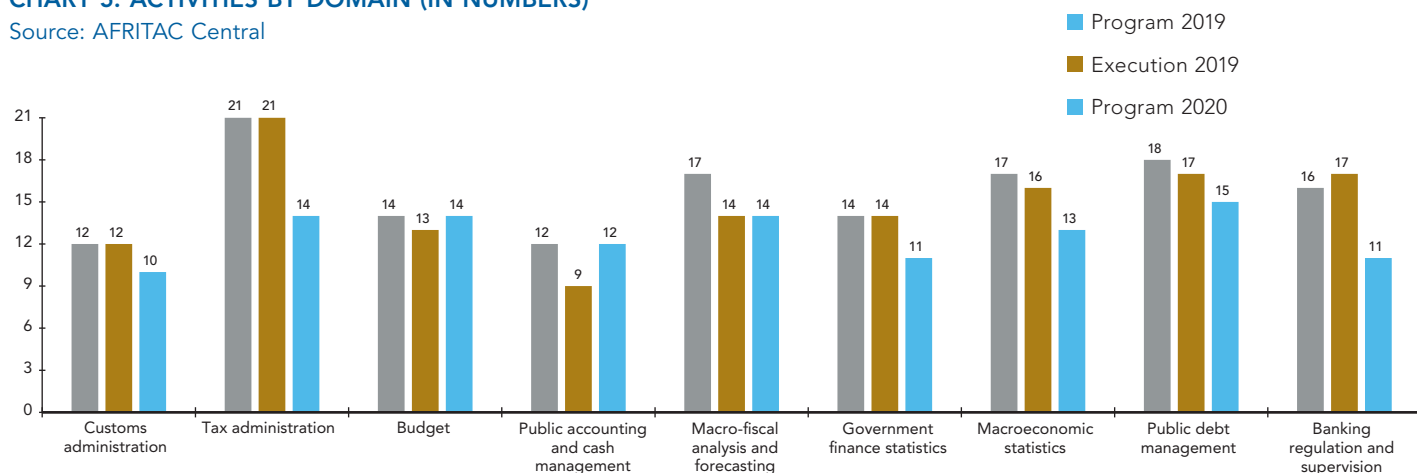
Source: AFRITAC Central





## CHART 5. ACTIVITIES BY DOMAIN (IN NUMBERS)

Source: AFRITAC Central



### LEVEL OF RESOURCES

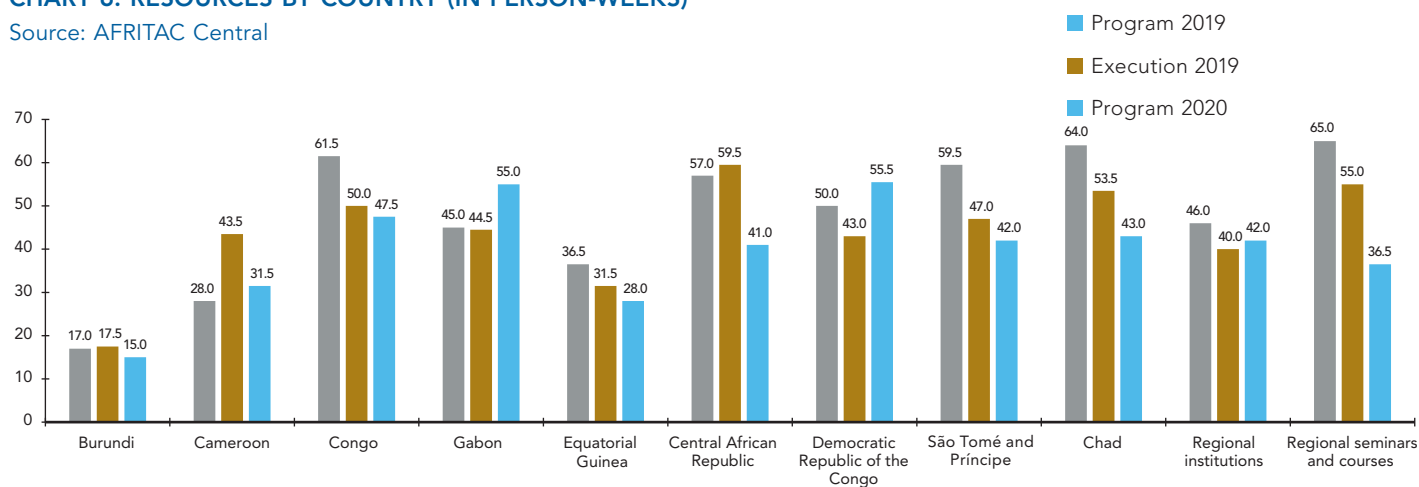
During the 2019 fiscal year, the Center devoted 485 person-weeks, equivalent to 92 percent of its programmed

resources, to strengthening the capacities of the administrations of member countries in all of its areas of intervention. In 2020, the Center plans a sustained level of resources

to strengthen capacities for member countries and regional institutions (Charts 6 and 7).

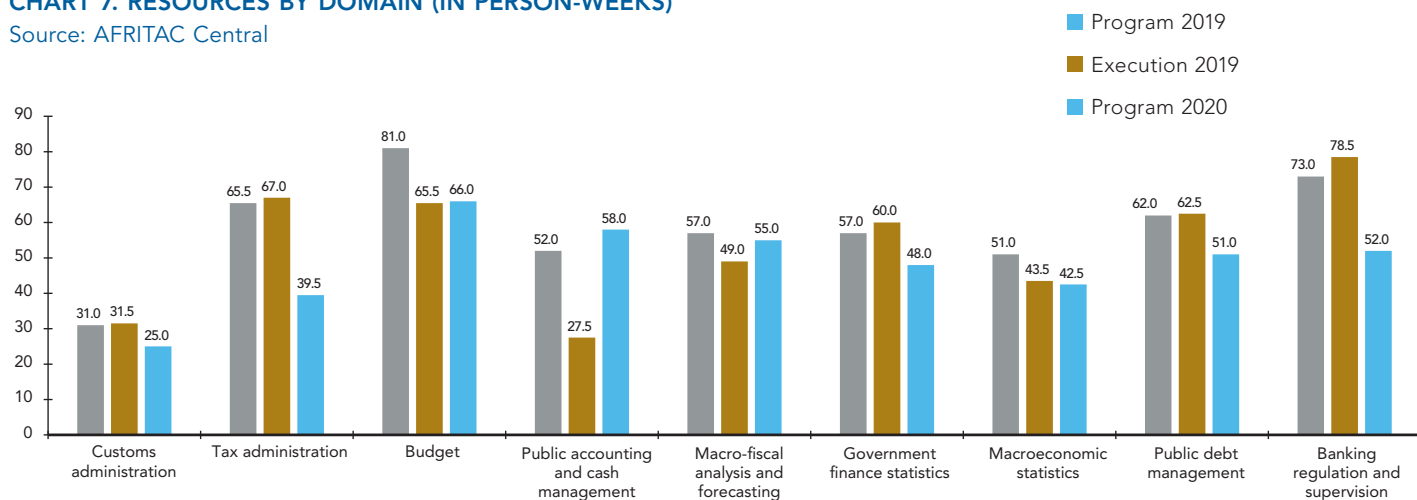
## CHART 6. RESOURCES BY COUNTRY (IN PERSON-WEEKS)

Source: AFRITAC Central



## CHART 7. RESOURCES BY DOMAIN (IN PERSON-WEEKS)

Source: AFRITAC Central



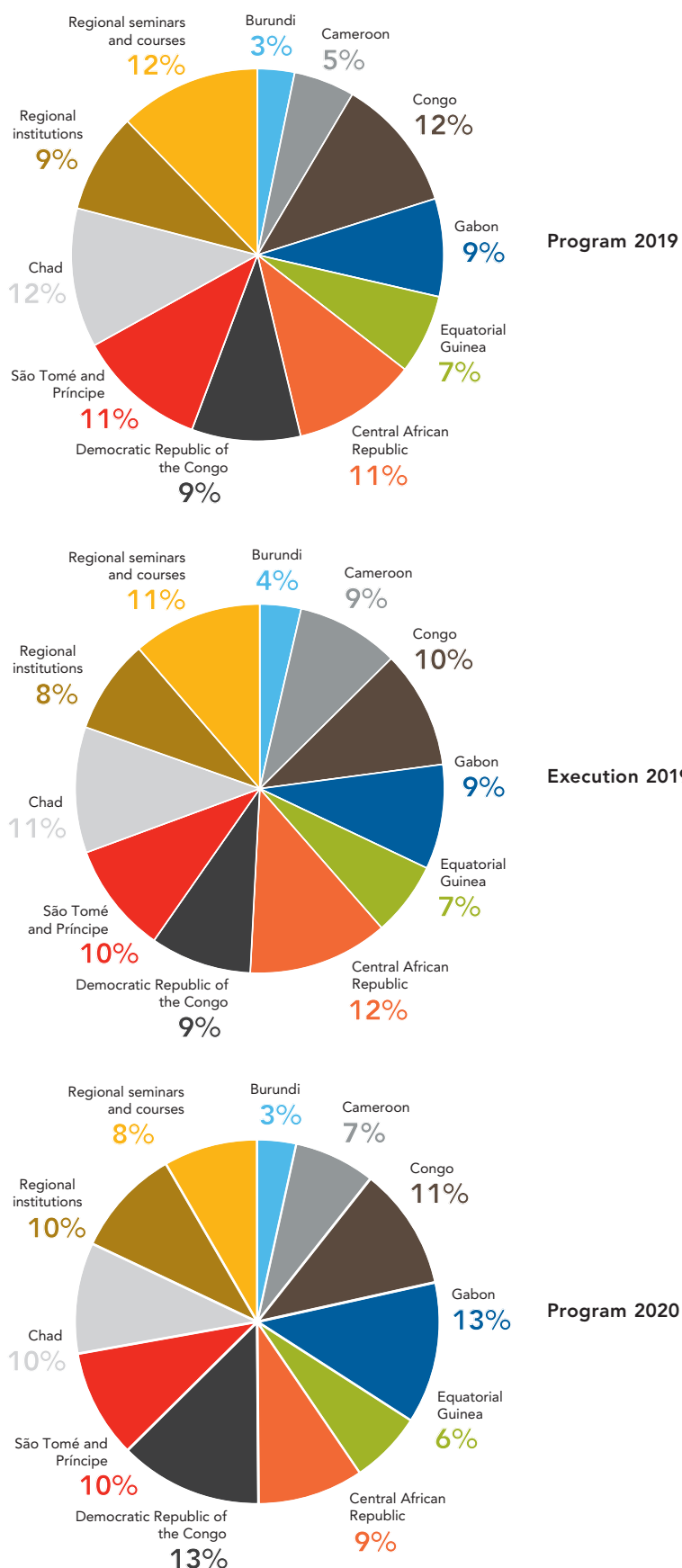


## DISTRIBUTION OF RESOURCES

During the 2019 fiscal year, the Center devoted half of the resources used to support fiscal reforms (revenue administration and public financial management), 29 percent of its resources to public debt management and banking supervision and regulation, and 21 percent to improving statistics. Approximately 20 percent of its resources were used for regional seminars and support for regional institutions. This confirms the interest of member countries in providing impetus for structural reforms in the current regional context. During the 2020 fiscal year, the Center will devote an equivalent proportion of its resources to regional seminars and regional institutions (Charts 8 and 9).

## CHART 8. DISTRIBUTION OF RESOURCES BY COUNTRY

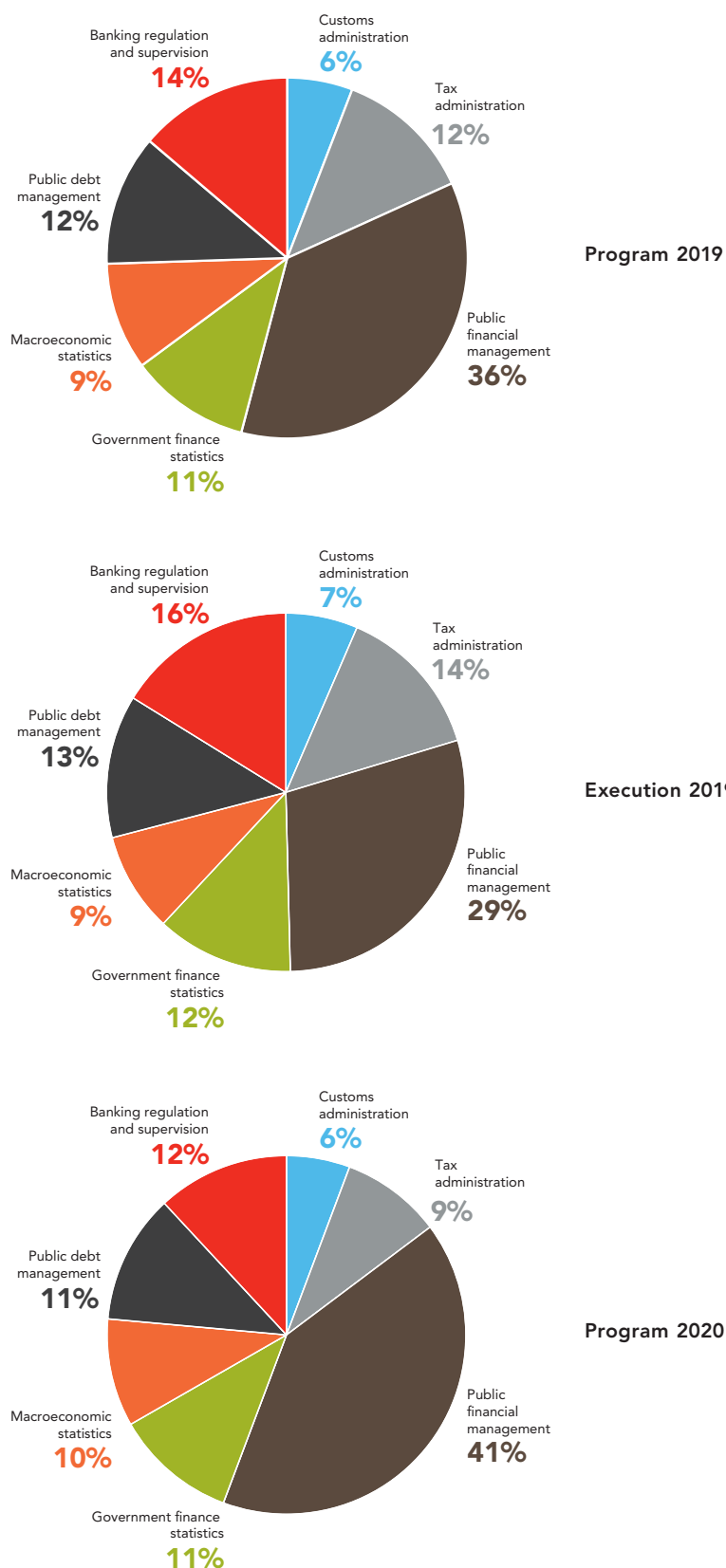
Source: AFRITAC Central





## CHART 9. DISTRIBUTION OF RESOURCES BY DOMAIN

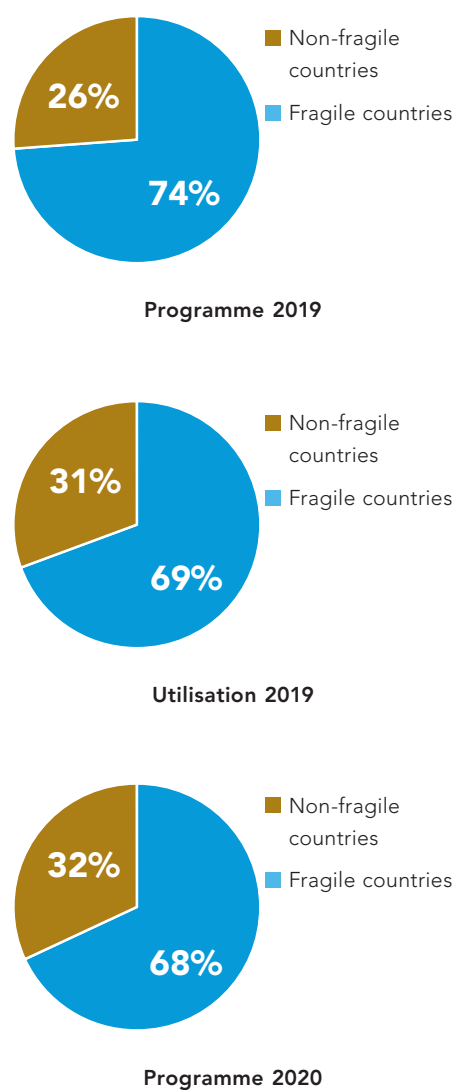
Source: AFRITAC Central



During the 2019 fiscal year, the Center devoted just under 70 percent of its resources to fragile member countries, and the same level of resources will be maintained in 2020 (Chart 10). Accordingly, the Center is contributing to the implementation of the IMF initiative for fragile countries and the priorities set by the Fund for capacity development.

## CHART 10. DISTRIBUTION OF RESOURCES BASED ON THE FRAGILITY OF THE BENEFICIARY COUNTRIES

Source: AFRITAC Central



- Public financial management includes budget, public accounting, and cash management activities, as well as macroeconomic and budget forecasting and analysis.



# REVENUE ADMINISTRATION



*Renilde Bazahica joined AFC in July 2017 as Resident Advisor in Revenue Administration.*

## STRENGTHENED REVENUE ADMINISTRATION MANAGEMENT AND GOVERNANCE ARRANGEMENTS

In 2019, the Center provided CEMAC with support in drafting implementing texts for the draft community customs code that was under revision. In Burundi, Gabon, and São Tomé and Príncipe, the Center participated in the drafting of framework instructions in connection with the modernization of the customs procedure, to make them more compliant with international standards. In Equatorial Guinea, the

Center prepared an inspection plan for enterprises at risk of under-reporting the value of imported merchandise.

In 2020, the Center will continue its support for CEMAC, particularly in connection with the draft community customs code. It will provide capacity development for professionals in the region in the areas of tax and customs administration governance.



Regional Seminar on Strengthening Supervision and Control of Customs Values, Yaoundé, March 2019



“The visit from our colleagues from Cape Verde made it possible to share experiences and transfer expertise that will be beneficial in the gradual introduction of value-added tax in São Tomé and Príncipe”

**Olinto Da Costa**

National Tax Director  
Ministry of Finance and the  
Blue Economy  
Democratic Republic of São Tomé  
and Príncipe

## **STRENGTHENED CORE TAX ADMINISTRATION FUNCTIONS**

In 2019, the Center continued its support for the mobilization of resources and the strengthening of tax surveys in *Gabon*. In *Equatorial Guinea*, the Center’s activity focused on the preparation of a risk-based tax control plan. The Center also participated in the preparation of inspection plans for enterprises at risk of under-reporting revenue in *Congo*, the *DRC*, and *Chad*. In *São Tomé and Príncipe*, the technical assistance focused on the identification of mechanisms to mobilize short-term revenue. At the regional level, the Center provided capacity development for professionals from member countries in the use of the ISORA platform and effective value-added tax administration.

In 2020, the Center will continue to support the conduct of tax inspections to help countries expand their tax assessment base, effectively manage tax arrears, and to improve programming.

## **IMPROVED CUSTOMS ADMINISTRATION FUNCTIONS**


In 2019, the Center participated in the preparation of an inspection plan for enterprises receiving tax exemptions in *Cameroon* and *Chad*. The assistance continued with the preparation of an inspection plan and the formulation of a methodology for customs value control for the *DRC* and *Chad*. In *Congo*, the Center contributed to the correction of the duty rates to align them with the CEMAC common external tariff rates. In *Gabon*, the improvement of joint customs and tax controls led to a substantial increase in tax revenue (Success story 1). At the regional level, the Center held a regional seminar on supervision and control of customs values to enable the countries to increase their customs revenue.

In 2020, the Center will centralize its technical assistance on strengthening supervision and control of customs values in *Burundi*, *Cameroon*, *Congo*, *Gabon*, the *CAR*, the *DRC*, and *São Tomé and Príncipe*. In *Cameroon* and *Chad*, the Center will focus on the monitoring of suspensive customs regimes and control of exemptions, while in *Congo*, the customs administration reform strategy will be updated.



## SUCCESS STORY 1. STRENGTHEN JOINT CUSTOMS AND TAX CONTROLS

**CONTEXT:** Gabon has undertaken to enhance the integration of customs and tax operations so that the efforts can be pooled to fight customs and tax fraud.

 <p>Gabon</p>	<p><b>Area of intervention:</b> Revenue administration</p> <p><b>Implementation date:</b> 2014-2018</p>
<b>Objective of the support:</b>	To strengthen control of customs values using information declared by the enterprises and information that is available from the tax services.
<b>AFC role:</b>	Support from AFC has made it possible for the customs and tax services to cooperate. This cooperation has made it possible to identify enterprises at risk of under-reporting their customs values. AFC conducted a number of training activities, the latest of which was held in Yaoundé (Cameroon) in February 2018 to provide training for customs and tax professionals in company accounting.
<b>Key outcomes:</b>	During the first stage, the customs authorities were able to identify seven enterprises that were subject to adjustments of CFAF 3.6 billion in regular fees. The second phase consisted of continuing control activity with an extensive list of new enterprises.
<b>Project impact:</b>	The project led to a significant increase in the country's tax revenue. In the medium term, it is expected to have an impact on declaration performance, if the reform is implemented on a sustained basis. .
<b>Factors for success:</b>	The identification of the tax services for the implementation of the reform was an essential factor in the success of the reform, which received ongoing support for its internalization.
<b>Lessons learned:</b>	Collaboration between the customs and tax authorities is a mechanism for growth in tax revenue and an effective way to fight fraud.





# PUBLIC FINANCIAL MANAGEMENT



*Abdoulaye Touré joined AFC in September 2014 as Advisor in the Budget Area.*



*Blaise Yehouenou joined AFC in August 2018, bringing his experience in public accounting and cash management.*

## IMPROVED PFM LAWS AND EFFECTIVE INSTITUTIONS

In 2019, the Center conducted a compliance review on the transposition of the draft texts (General regulation on public accounting and the table of government financial operations) for *Cameroon*. During the CEMAC regional workshop, the Center promoted innovations about elaboration of the finance law implementation report. In *Equatorial Guinea*, the Center contributed to the preparation of action plans on the three strategic areas of the fiscal reform, and specifically: (1) fiscal reform steering; (2) budget preparation; and (3) budget execution and control.

In 2020, the Center will continue the review of the texts on a remote basis, participate in CEMAC workshops, and will conduct awareness activities for professionals in the region on improved public investment management through public-private partnerships during a joint regional seminar with AFRITAC West.

## COMPREHENSIVE, CREDIBLE, AND POLICY-BASED BUDGET PREPARATION

In 2019, the Center carried out yearly performance projects in four ministries (social and humanitarian activity, higher education, youth and civic education, arts and culture) in *Congo*. Two workshops were also held on the budget preparation discussions for that country's parliament. In *Chad*, AFC participated in a mission organized by the Fiscal Affairs Department (FAD) on the preparation of the budget and wage bill management. This mission contributed to the implementation of the new budget nomenclature in the information system and to the finalization of the draft implementing decree for that text (Success story 2). In the *DRC*, the Center's assistance made it possible to prepare a draft guide on the preparation of annual performance projects and annual performance reports.

In 2020, the Center will continue to work on the program budget and annual performance projects in *Congo* and in the *DRC*. The workplan also provides capacity development for professional staff in *Congo* in the implementation of commitment authorizations and payment appropriations. In *Gabon*,



“I urge AFRITAC Central to continue its capacity development activities in order to provide further support to the countries of the subregion in improving budget management.”

**Joseph Kapika Ndji Kanku Wu Mukumadi**

Minister of State  
Ministry of National Economy  
Democratic Republic of the Congo

the Center will provide support for the rationalization of revenue allocations outside of the general state budget and provide support for internal supervision. In *Chad*, the workplan includes continued support for implementation of the new state budget nomenclature in accordance with the *CEMAC* directives.

#### IMPROVED BUDGET EXECUTION AND CONTROL

In 2019, most of the activities carried out in connection with this objective involved the implementation of a unit responsible for financial oversight of public institutions and monitoring of

public enterprises under the Director General of Budget in *Gabon*. An action plan was also prepared to make this unit operational.

In 2020, the Center will help improve internal accounting control in the member countries through the implementation of a harmonized accounting reference framework.

## SUCCESS STORY 2. INTRODUCTION OF THE NEW BUDGET NOMENCLATURE

**CONTEXT:** As of May 2015, Chad had not yet transposed the directive on the budget nomenclature, which establishes the new classifications for fiscal operations, into national law

 <p>Chad</p>	<p><b>Area of intervention:</b> Budget preparation</p> <p><b>Implementation date:</b> 2016-2019</p>
<p><b>Objective of the support:</b></p>	<p>Introduce the new government budget nomenclature.</p>
<p><b>AFC role:</b></p>	<p>AFC organized three technical assistance missions on the introduction of the new nomenclature that resulted in (1) the draft decree for the transposition into national law of the CEMAC directive on the budget nomenclature; (2) the draft order on the development of the approaches for the coding and classification of budget operations; (3) the bridge table between the current and new nomenclatures; and (4) presentation of the 2017 and 2018 fiscal accounts using the new nomenclature.</p>
<p><b>Key outcomes:</b></p>	<p>The missions carried out: the adoption of Decree No. 319/PR/MFB/2016 of April 26, 2016 on the budget nomenclature; and the adoption of Order No. 043/PR/MFB/DGM/DGSP/2019 of March 7, 2019.</p>
<p><b>Project impact:</b></p>	<p>A comprehensive regulatory framework for implementation of the budget nomenclature is now available.</p>
<p><b>Factors for success:</b></p>	<p>The commitment of the technical budget services and IT unit of the Ministry of Finance and synergy with the on-site technical partners were determining factors in the success of the project.</p>
<p><b>Lessons learned:</b></p>	<p>Synergy between the stakeholders in the reforms both within and outside the government is essential to the implementation of the reforms and ownership by the parties concerned.</p>



## IMPROVED ASSET AND LIABILITY MANAGEMENT

In 2019, the Center helped to improve liquidity forecasting by budgetary units in *Cameroon*, and the daily centralization of cash balances in the treasury single account (TSA) and updating of liquidity plans in *Congo*, *Gabon*, the *CAR*, and *Chad*. This support will continue in 2020.

## IMPROVED COVERAGE AND QUALITY OF FISCAL REPORTING

In 2019, the Center resumed the work to improve the quality of the accounts in preparation for implementation of accrual basis accounting in *Congo*, *Gabon*, and the *CAR*.

In 2020, the program will focus on the development of functional or operational frameworks for the

implementation of accrual basis accounting in *Cameroon*, improvement of the quality of the accounts produced in *Congo*, assistance with the clearance of suspense accounts in *Gabon*, the *CAR* and the *DRC*, and the introduction of a cash basis accounting system in *Equatorial Guinea*.



Regional Seminar on the Issues and Challenges of Inventory Accounting in Internal Budgetary Control, Libreville, November 2018



# MACROECONOMIC AND FISCAL ANALYSIS AND FORECASTING



Severin Kamgna is the Advisor on Macrofiscal Analysis. He joined the AFC in November 2017.

## IMPROVED PFM LAWS AND EFFECTIVE INSTITUTIONS

In 2019, support from the Center made it possible to launch the macroeconomic and budget framing committees in Congo, Equatorial Guinea, the CAR, the DRC, and São Tomé and Príncipe.

In Congo and the CAR, the authorities proceeded with the signing of texts organizing and establishing the macroeconomic and budget framing committee with support from the Center

(Success story 3). These activities will continue in 2020.

## COMPREHENSIVE, CREDIBLE, AND POLICY-BASED BUDGET PREPARATION

In 2019, numerous training sessions were provided in the member countries on macroeconomic framing, financial programming, and fiscal policy analysis. This helped to revitalize institutional, technical and organizational arrangements for macrofiscal framing in

“The training in macroeconomic framing will help to improve the organization of the macrofiscal function within our ministry.”

**Jeannot Geoffroy MAGBONDO**

Director, Economic Analysis  
and Forecasting  
DGEPC/MEPCI  
Central African Republic



Regional Seminar on Fiscal Risks, Brazzaville, August 2018



Congo, the CAR, the DRC, and Chad. In Equatorial Guinea and São Tomé and Príncipe, a multiyear technical assistance action plan was prepared with the authorities.

In 2020, training will focus on the thematic and methodological aspects of the monitoring of economic conditions and macroeconomic and fiscal forecasting. As well, the Center will organize a regional seminar to help member countries strengthen their fiscal revenue forecasting skills.

### STRENGTHENED IDENTIFICATION, MONITORING AND MANAGEMENT OF FISCAL RISKS

In 2019, officials from the region attended a regional seminar on the identification, monitoring and management of fiscal risks. This training led to the preparation of the initial annual reports on fiscal risks attached to the Budget Laws in Congo and Chad.

In the next fiscal year, this work will be expanded to cover Cameroon, Gabon and the DRC, with the aim of preparing the first annual reports on fiscal risks in these three-member countries.

## SUCCESS STORY 3. STRENGTHENING OF INSTITUTIONAL ARRANGEMENTS FOR MACROECONOMIC AND FISCAL FRAMING

**CONTEXT:** The support of AFRITAC Central resulted in the revision of the laws on the creation and/or organization of macroeconomic and fiscal framework committees in the Central African Republic and the Republic of Congo.

 <div> <div>Congo</div> <div>Central African Republic</div> </div>		<p><b>Area of intervention:</b> Macroeconomic and fiscal analysis and forecasting</p> <p><b>Implementation date:</b> November 18, 2018 (Congo) and February 1, 2019 (Central African Republic)</p>
<b>Objective of the support:</b>	Revise the laws on the creation and/or organization of the macroeconomic and fiscal framing committees.	
<b>AFC role:</b>	AFC raised awareness of those involved on good practices in the structuring and organization of macroeconomic and fiscal framing committees and helped with the review of the draft laws on the creation and/or organization of these committees.	
<b>Key outcomes:</b>	In the CAR, signing by the President of the Republic of the Decree on the creation of the Macroeconomic and Fiscal Framing Committee. In Congo, signing by the Prime Minister on November 18, 2018 of the Memorandum on the establishment of the technical subcommittee responsible for preparing the macroeconomic and fiscal frameworks, in application of the decree of December 31, 2016 creating the Macroeconomic and Fiscal Framing Committee.	
<b>Project impact:</b>	The laws signed formally establish fora for dialogue and the production and validation of macroeconomic and fiscal management documents. They provide a structure for the upstream technical organization of macrofiscal activities.	
<b>Factors for success:</b>	Raising the awareness of the highest authorities on the importance of a well-organized macrofiscal function during technical assistance missions, high-level seminars on economic governance, and implementation of national economic programs.	
<b>Lessons learned:</b>	Advocacy and awareness-raising activities aimed at the political leadership using various channels are key to the success of the technical assistance.	



# GOVERNMENT FINANCE STATISTICS



Francis Gahizi is the Advisor on Government Finance Statistics. He joined the AFC in March 2016

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

In 2019, the government finance statistics of six of the nine countries covered by the Center (Gabon, Cameroon, Congo, the CAR, the DRC and São Tomé and Príncipe) were updated through end-2017. Specifically, the Center help to train officials responsible for the GFS in Cameroon on methods for verifying the integrity/ comprehensiveness of the source data applied to the government finance indicators (Success story 4). In *Equatorial Guinea*, the TOFE was prepared for 2015 and 2017 using the new CEMAC TOFE format. Significant progress was made in the optimization of these tools for the preparation of the TOFE based on budget execution and account balance

data in Cameroon, Congo, the CAR, the DRC, São Tomé and Príncipe and Chad.

In 2020, the Center will pursue implementation of the TOFE directive (05/11 - UEAC-190-CM-22) based on the 2001 and 2014 *Government Finance Statistics Manuals* (2001/2014 GFSM) in the CEMAC countries. It will support implementation of the 2001/2014 GFSM in Burundi, the DRC and São Tomé and Príncipe. The Center also plans to expand the coverage of the GFS to include other subsectors (extrabudgetary, social security and local governments) and transmission of the data and their publication in the GFSY.




Regional Seminar on Government Finance Statistics, São Tomé and Príncipe, April 2019



## SUCCESS STORY 4. ADOPTION OF THE NEW TOFE METHODOLOGY

**CONTEXT:** AFC organized a peer learning mission to the Republic of Senegal for Cameroonian staff responsible for preparing the TOFE

 Cameroon	<b>Area of intervention:</b> Government finance statistics  <b>Implementation date:</b> Continuous process from 2018 to 2022
<b>Objective of the support:</b>	Share and emulate best practices for implementation of Directive No. 05/11-UEAC-190-CM-22 on the Government Financial Operations Table (TOFE).
<b>AFC role:</b>	Provide appropriate technical support, particularly in the identification of the best performing countries, and guidance for countries targeted for enhanced learning.
<b>Key outcomes:</b>	(1) Acceleration of the implementation of the community directives on government finances, particularly on the migration of the TOFE based on the 2001/2014 GFSM; (2) Improvement of the process for the preparation of the TOFE based on the 2001/2014 GFSM; (3) Improvement of the documentation and templates for the TOFE preparation process and tools.
<b>Project impact:</b>	Quicker adoption of Directive No. 05/11-UEAC-190-CM-22 on the TOFE by avoiding the obstacles that faced Cameroon in its work to reach its current stage.
<b>Factors for success:</b>	Expertise of the TOFE officials, interest and support for the GFS on the part of the authorities.

“I support the AFRITAC Central recommendation on the preparation and adoption of a harmonized legal framework, in the form of a community directive, for implementation of inventory accounting. This will facilitate implementation of this important innovation, which constitutes the first step in the work toward the adoption of accrual basis accounting and the new TOFE analytical framework.”

**Professor Daniel Ona Ondo**

*Chairman of the CEMAC Commission*



Regional Seminar on Government Finance Statistics, São Tomé and Príncipe, April 2019



# MACROECONOMIC STATISTICS



*Sébastien Manzi has served as Macroeconomic Statistics Advisor at the AFC since November 2018*

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

Fiscal year 2019 was characterized by the launch of an awareness campaign on the usefulness of the accounts as well as the importance of their official publication via data dissemination platforms. In general, AFC support covered both annual and quarterly national accounts.

the national accounts for 2016 and 2017 and the alignment of the existing 2005-2015 series. As well, support was provided with the preparatory work for the processing of data on enterprises and the revision of the 2005-2016 series. Technical assistance from AFC enabled the *DRC* to prepare the national accounts for the series through to 2016.



*Hubert Gbossa served as Macroeconomic Statistics Advisor from 2012 until 2018.*

For the annual accounts, AFC provided assistance with the introduction of a new base year of 2016 for the national accounts in *Cameroon* as required for planning and decision-making. The Center also participated in the preparation and publication of the national accounts covering 2005-2017 in *Congo* (Success story 5). In *Gabon*, a series of national accounts covering 2001-2015 was produced, and production of the accounts for the years 2016 and 2017 began. *Equatorial Guinea* received support with the preparatory work for launching the electronic-General Data Dissemination System (e-GDDS) National Summary Data Page (NSDP). The support provided to the *CAR* led to the preparation of






Technical assistance mission on national accounts, Malabo, January 2019

## SUCCESS STORY 5. PUBLICATION OF UP-TO-DATE NATIONAL ACCOUNTS IN THE REPUBLIC OF CONGO

**CONTEXT:** There were significant delays in the publication of a complete series of national accounts in the Republic of Congo.

 <p>Congo</p>	<p><b>Area of intervention:</b> Macroeconomic statistics</p> <p><b>Implementation date:</b> 2016-2019</p>
<p><b>Objective of the support</b></p>	<p>Eliminate the publication delays of the national accounts for 2005-2017</p>
<p><b>AFC role:</b></p>	<p>AFC provided a simplified tool for the preparation of the accounts, which resulted in the production of the accounts series for 2005-2017 and trained the technical team in the use of this tool.</p>
<p><b>Key outcomes:</b></p>	<p>Congo has national accounts with a 2005 base year for the entire 2005-2017 series. The national accounts are now made available to the public and can be used for economic decision-making. As well, the technical assistance made it possible to identify potential improvements in the quality of the national accounts for implementation in the short and medium term.</p>
<p><b>Project impact:</b></p>	<p>The project has resulted in increased timeliness and transparency, which has proved beneficial in negotiations with the development partners and investors.</p>
<p><b>Factors for success:</b></p>	<p>The commitment of the national authorities, the AFC support, the engagement of the technical team and the coordination with the other partners (including the World Bank) were key factors for success.</p>
<p><b>Lessons learned:</b></p>	<p>It is important to provide the technical team with administrative source data (particularly value-added tax source data) to improve the quality of the accounts.</p>





Regional Seminar on the Quarterly National Accounts, Brazzaville, February 2019

"We very much appreciate the support provided by AFRITAC Central for the production of high-quality annual national accounts and the work on the possible introduction of quarterly national accounts."

**Ingrid Olga Ghislaine  
EBOUKA BABACKAS**  
*Minister of Planning, Statistics  
and Regional Integration  
Republic of Congo*



## PUBLIC DEBT MANAGEMENT



Chaker Soltani is the Advisor on Public Debt Management. He joined the AFC in October 2014.

**FORMULATE AND SUPPORT THE IMPLEMENTATION OF A MEDIUM-TERM DEBT MANAGEMENT STRATEGY THAT IS CONSISTENT WITH SUSTAINABILITY AND LEADS TO A ROBUST PORTFOLIO**

For this objective, the Center participated in the preparation of a draft medium-term debt strategy (MTDS) for Congo, Gabon, Chad and the DRC. The Center also organized training for officials in the region in the preparation of the annual financing plan (Success story 6). The regional seminar focused on increasing the awareness of officials

in the region on the importance of taking ownership of quantitative tools and techniques for use in preparing the medium-term debt strategy and carrying out credible macrofiscal framing.

In 2020, support for the preparation of an MTDS in Congo will continue. In the CAR and Chad, the Center will promote ownership of the MTDS analysis framework. The Center will organize training on the MTDS framework and the revised MTDS quantitative tool.



Workshop on Debt Reporting for the CAR, Libreville, June 2018



"I would like to express my sincere thanks for the support received from the International Monetary Fund's Regional Assistance Center for Central Africa (AFRITAC Central), which was key to the BEAC's successful implementation of the reforms in the context of the deepening of the CEMAC financial market."

**Abbas Mahamat Tolli**

*Governor*

*Bank of Central African States*

"The various kinds of support and guidance provided by AFRITAC Central made it possible to develop an optimal yield curve methodology for government securities and revise the terms of reference for primary dealers."

**Abbas Mahamat Tolli**

*Governor*

*Bank of Central African States*

**TO DEVELOP EFFECTIVE DEBT PORTFOLIO RISK ANALYSIS THAT IS CARRIED OUT PERIODICALLY AND TO PUT IN PLACE AN EFFECTIVE RISK MANAGEMENT FRAMEWORK BASED ON RISK ASSESSMENT SO AS TO INFORM DEBT MANAGEMENT STRATEGIES AND FISCAL SUSTAINABILITY, LEADING TO A ROBUST DEBT PORTFOLIO**

In 2019, the Center organized training in *São Tomé and Príncipe*, including sessions on the basic financial concepts underpinning quantitative analysis and public debt management operations. In the CAR, the training focused on the automated public debt management system to improve the country's debt management. The Center also contributed to the production of a draft 2017 annual report on the public debt in the CAR.

In 2020, technical assistance will focus on improving debt management and financial analysis of the debt portfolio in Cameroon and Gabon. In the CAR, the Center will work on capacity building for debt portfolio analysis.

**SUPPORT DEBT SUSTAINABILITY BY PROVIDING STAFF WITH ABILITY TO PERFORM THEIR OWN DEBT SUSTAINABILITY ANALYSIS**

In 2019, the Center organized practical training for regional officials on the use of the revised debt sustainability analysis framework for low-income countries. This training will be repeated in 2020.

In 2020, the objective of the technical assistance will be ownership of the debt sustainability and analysis framework in *Cameroon, Gabon* and the *DRC*.

**ESTABLISH AN EFFECTIVE MARKET INFRASTRUCTURE THAT IS CONSISTENT WITH THE LEVEL OF MARKET DEVELOPMENT**

In 2019, the Center participated in the revision of the terms of reference for CEMAC primary dealers and the upgrading of the regulatory framework for issuances and management of Treasury bills and bonds issued on the subregional market.

In 2020, the support will target the revision of the governance framework for the CEMAC government securities market and the improvement of the legal and regulatory framework for the government securities market in *São Tomé and Príncipe*.

**SUPPORT THE AUTHORITIES IN ESTABLISHING AN EFFICIENT INSTITUTIONAL STRUCTURE FOR PUBLIC DEBT MANAGEMENT**

In 2019, the Center worked on the legal and institutional debt management framework with the authorities of *Congo*, the *CAR*, and *São Tomé and Príncipe*.

In 2020, this work will continue in *Congo* and the *DRC*.



## SUCCESS STORY 6. DEVELOPMENT AND IMPLEMENTATION OF AN ANNUAL FINANCING PLAN

**CONTEXT:** The lack of an annual financing plan was detrimental to effective debt management and mobilization of financing in countries in the region, particularly in the absence of a Medium-Term Debt Strategy (MTDS) and given the lack of coordination between debt management and liquidity management.

All AFC member countries		<b>Area of intervention:</b> Public debt management  <b>Implementation date:</b> Starting in 2018
<b>Objectives of the support:</b>	Better prepare debt managers for implementation of the MTDS and mobilization of financing by allowing them to internalize the techniques and approaches recommended for the preparation of the Annual Financing Plan (AFP).	
<b>AFC role:</b>	(1) Provide technical assistance to help debt managers the prepare an AFP with or without an existing MTDS; and (2) learn to implement and update this financing plan based on the changing conditions on the domestic and external markets.	
<b>Key outcomes:</b>	(1) A new approach has been implemented based on best practices for debt management; (2) debt managers have internalized the recommended approach for the preparation of the AFP; and (3) debt managers are better prepared to implement the MTDS in their countries and to mobilize needed financing.	
<b>Project impact:</b>	(1) Improved debt management practices in countries in the region; (2) better coordination between debt management and liquidity management; and (3) greater visibility of the results, particularly through country workshops to be organized in the coming years.	
<b>Factors for success:</b>	(1) Effective targeting of the units and individuals concerned with the implementation of the new practices; (2) use of highly qualified experts, and prior identification of additional needs for technical assistance in each country.	
<b>Lessons learned:</b>	Successful identification of the beneficiaries' priorities is key to the success of the technical assistance.	





# BANKING REGULATION AND SUPERVISION



Alexis Boher joined the AFC in September 2016. He is the Advisor on Banking Regulation and Supervision.

## STRENGTHENED FINANCIAL SECTOR SURVEILLANCE THROUGH UPGRADING OF REGULATORY FRAMEWORK IN LINE WITH INTERNATIONAL STANDARDS

In 2019, the Center worked with COBAC, the Central Bank of the Congo, the Bank of the Republic of Burundi, and the Central Bank of São Tomé and Príncipe to introduce a consolidated supervision framework for banking groups. At the Bank of the Republic of Burundi, the Center revised the set of draft prudential circulars. At the Central Bank of the Congo, the Center updated the instructions on the qualitative prudential

rules applicable to credit institutions. At the Central Bank of São Tomé and Príncipe, the Center focused on the revision of the prudential regulations on internal control in banks.

In 2020, the work program includes: revision of the prudential regulations applicable to microfinance institutions at the Bank of the Republic of Burundi, preparation of a roadmap for the introduction of the ICAAP in the Central Bank of the Congo, and development of new regulations on risk management in credit institutions at the Central Bank of São Tomé and Príncipe.



Regional Seminar on Risk-Based Supervision of Bank Financial Transparency and Governance, Libreville, January 2019



### **MORE EFFICIENT USE OF SUPERVISORY RESOURCES TO BETTER OVERSEE KEY RISKS IN THE BANKING SYSTEM**

In 2019, several technical assistance missions were sent to COBAC for the development of a roadmap for implementation of risk-based supervision (Success story 7). The *Bank of the Republic of Burundi* received training that focused in particular on IT risk control. Several training sessions were organized for the *Central Bank of the Congo* on bank financial statement analysis. AFC prepared a rating tool for credit institutions based on their risk profile for the *Central Bank of São Tomé and Príncipe*. At the subregional level, the Center strengthened the capacity of the authorities to implement risk-based supervision and improve the oversight of the governance of credit institutions.

In 2020, the workplan will include: revision of the COBAC methodology for the on-site inspection of credit institutions, revision of the *Bank of the Republic of Burundi's* bank rating methodology, training on the ICAAP at the *Central Bank of the Congo*, and completion of the *Central Bank of São Tomé and Príncipe's* regulations on risk-based management of banks. A regional seminar on cybersecurity is planned.

### **BANKS HAVE STRONG CAPITAL AND LIQUIDITY POSITIONS THAT ADEQUATELY COVER THEIR RISKS AND CONTRIBUTE TO FINANCIAL SYSTEM STABILITY**

In 2019 the Center made recommendations to COBAC for the introduction of a new prudential regulation on the leverage ratio, in accordance with the Basel III standards.

"I would like to express my sincere gratitude for the quality of the guidance provided to the central bank by AFRITAC Central, particularly in building the individual and institutional capacity needed to ensure effective implementation of risk-based supervision in our institution."

**Déogratias Mutombo Mwana Nyembo**  
Governor  
*Central Bank of the Congo*



Technical assistance mission on revised draft instructions covering qualitative prudential rules applicable to credit institutions, Central Bank of the Congo, Kinshasa, September 2018



In its 2020 plan, the Center plans to prepare a roadmap for COBAC for the transposition of the Basel standard in the context of a proposed overall revision of the prudential regulations.

### IMPROVED SUPERVISORY EFFECTIVENESS THROUGH ENHANCED CAPACITY IN IFRS KNOWLEDGE RELATED TO PROVISIONING

The program for fiscal year 2020 includes training and recommendations for the implementation of IFRS 9 on the classification and provisioning of delinquent loans at the *Bank of the Republic of Burundi*.

## SUCCESS STORY 7. PREPARATION OF A ROADMAP TO STRUCTURE THE COBAC ACTION PLAN FOR TRANSITIONING TO RISK-BASED SUPERVISION

**CONTEXT:** COBAC is implementing a strategic plan to complete the adaptation of its banking supervision model to the risk-based approach.

<div> <div>COBAC</div> <div>COBAC (CEMAC)</div> </div> <div> <b>Area of intervention:</b> Banking supervision and regulation   <b>Implementation date:</b> July 2018 – January 2019         </div>	
<b>Objective of the support:</b>	The Secretary General of the Central African Banking Commission (COBAC) requested AFC's assistance in improving the internal procedures of the COBAC General Secretariat (SG-COBAC) with a view to implementation of risk-based supervision. This reform will help enhance early detection of banking difficulties by COBAC and the proactiveness of the remediation actions, and thus help to strengthen the stability of the CEMAC banking system.
<b>AFC role:</b>	A regional seminar was organized in July 2018 to enhance the capacity of the authorities of the subregion to develop a reform project for full implementation of risk-based supervision. Two bilateral technical assistance missions subsequently resulted in the development of a detailed roadmap covering management of the project and the development of procedures for off-site examinations and on-site inspections. Interactive workshops were used to discuss potential improvements and anchor the recommendations in the operational supervisory needs of SG-COBAC.
<b>Key outcomes:</b>	In January 2019 the Secretary General of COBAC validated a structured internal framework to manage the project for the transition to risk-based supervision.
<b>Project impact:</b>	The AFC support made it possible to identify needed changes in existing supervision practices, identify the priority actions, and ensure that the stakeholders abided by the various levels of accountability.
<b>Factors for success:</b>	Rapid implementation of the AFC recommendations was possible owing to careful consideration of SG-COBAC's operational needs, the provision of high-level expertise to make useful suggestions on sensitive processes, the dialogue with management to ensure ownership of the approach, and the quality of the deliverables. The support of the Secretary General of COBAC was a key factor in the achievement of the objectives.
<b>Lessons learned:</b>	SG-COBAC should implement the established action plan while endeavoring to increase the staff available for this work, as the success of the reform project depends not only on internal expertise but also the number of staff assigned to the work. The AFC will continue its guidance on the basis of the needs specifically expressed by the authority.







# ANNEXES



## ANNEX 1. STATUS OF EXPENDITURE FOR PHASE 3 (AS OF APRIL 30, 2019)

Projects	Expenses (in U.S. dollars)	
	Fiscal year 2018 <sup>1</sup>	Fiscal year 2019
Public Financial Management	740.568	2.163.039
Customs Administration	329.479	463.529
Tax Administration	362.231	1.081.725
Banking Supervision and Regulation	455.561	919.939
Debt Management	296.946	669.935
Real Sector Statistics	258.760	774.696
Government Finance Statistics	339.482	878.696
Financial and Fiscal Law	16.020	11.691
Admin Project	501.937	1.270.836
Customized Training	-	57.082
Training	107.860	318.139
Governance and Evaluation	131.525	257.982
<b>SUB-TOTAL</b>	<b>3.540.370</b>	<b>8.867.289</b>
Trust Fund Management	247.826	620.710
<b>Sub-Total</b>	<b>3.788.196</b>	<b>9.488.000</b>
IMF	515.894	434.046
<b>Grand Total</b>	<b>4.304.090</b>	<b>9.922.046</b>

Source: IMF, Institute for Capacity Development

1\ Between November 1, 2017 and April 30, 2018



## ANNEX 2. STATUS OF FINANCIAL CONTRIBUTIONS FOR PHASE 3 (AS OF APRIL 30, 2019)

Information on the agreement					Contributions received (in U.S. dollars)	Contributions pending (U.S. dollars)	
Contributors	Signature date <sup>1</sup>	Currency <sup>2</sup>	Amount	U.S. dollars		Amount called	Future call <sup>3</sup>
<b>Total partners</b>				17,205,814	10,620,502	4,522,329	2,062,983
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 Investment Bank	4/19/2017	EUR	200,000	237,180	237,180	-	-
China	7/13/2018	USD	2,000,000	2,000,000	2,000,000	-	-
European Commission	16/4/2019	EUR	5,000,000	5,652,911	-	4,522,329	1,130,582
France	12/5/2017	EUR	2,000,000	2,346,041	1,413,640	-	932,401
The Netherlands	11/17/2017	EUR	1,000,000	1,159,562	1,159,562	-	-
<b>Total member countries</b>				8,000,000	2,000,000	6,000,000	-
Cameroon <sup>4</sup>	12/5/2017	USD	2,000,000	2,000,000	-	2,000,000	-
Gabon, <i>Host country</i>	4/30/2018	USD	4,000,000	4,000,000	-	4,000,000	-
Democratic Republic of the Congo	4/6/2018	USD	2,000,000	2,000,000	2,000,000	-	-
<b>Total internal transfers<sup>5</sup></b>				2,008,249	2,008,249	-	-
China				1,294,813	1,294,813	-	-
European Commission				713,436	713,436	-	-
<b>Grand Total</b>				27,214,063	14,628,751	10,522,329	2,062,983

Source: IMF, Institute for Capacity Development

1\ May also refer to agreements that are under negotiation and approval date for Capacity Development Partnership agreements (e.g. flexible/ umbrella agreements)

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

3\ The future contributions amount is set to zero for completed installments.

4\ Cameroon has paid \$937,462.71 as at the time of publication of this report.

5\ Refers to transfers from one program phase to another (e.g. phase rollovers).



## Administration



OFFICE MANAGER

**Marie-Hélène Issembe**



PROJECT OFFICER

**Armel Houtsa**



ADMINISTRATIVE ASSISTANT

**Carine Mboumba**



ADMINISTRATIVE ASSISTANT

**Larissa Mabika Balenga**



ADMINISTRATIVE ASSISTANT

**Djena Laetitia Djembo**



TECHNICIAN/DRIVER

**Wilfried Manguenga  
Manguenga**

## Former staff member



ADMINISTRATIVE ASSISTANT

**Gianna Mamalepot**













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