REGIONAL TECHNICAL ASSISTANCE CENTER FOR CENTRAL AFRICA

Improving Macroeconomic Policy Frameworks in Central Africa

AFRITAC Central

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A MESSAGE FROM THE CHAIR OF THE AFRITAC CENTRAL STEERING COMMITTEE

His Excellency
M. Louis-Paul MOTAZE

Minister of Finance of the Republic of Cameroon

This report covers an unusual period for AFRITAC Central characterized by the interruption of operations in support of the member countries, as they face increasingly substantial macroeconomic challenges as a result of the COVID-19 pandemic and the ensuing health crisis.

After having sustained a number of different shocks during the period 2014-2017, particularly in commodities prices, and deriving from security crises, we must acknowledge that an uptick in economic growth, albeit small, began in our countries in 2019. This led to improved budget balances, greater control of public debt, and a strengthening of the public accounts, along with an appreciation in foreign exchange reserves. The efforts undertaken have enabled the member countries to maintain these optimistic dynamics, while accommodating the technical assistance activities implemented by AFRITAC Central during the 2019-2020 fiscal year.

Although the pace at which technical assistance has been provided has slowed, the results recorded and presented in this report confirm the Center's major role in the development of institutional, technical, and human capacities of the countries, as well as in the regional institutions, in domains such as public financial management, production of reliable statistics, debt management, and supervision of the banking system.

During the cycle covering the working program for the 2020 fiscal year and the outlook for 2021, the Center will ensure that the dynamics of the achievements made since 2017 are consolidated and maintained in connection with our activities to promote inclusive growth.

Despite an international environment characterized by uncertainties likely to impact the recovery of the world economy as a result of the COVID-19 health crisis, technical support from AFRITAC Central is still necessary and essential for the member countries.

Moreover, IMF-supported programs in the region provide an opportunity for our governments to pursue the important reforms already undertaken to strengthen fiscal space, improve the quality of public expenditure, manage sovereign debt more effectively, and enhance the oversight of the financial system.

As Cameroon undertakes its term as Chair of the AFRITAC Central Steering Committee, I would like to this opportunity to acknowledge the progress that Gabon has been made during the past two years, and to pledge that I shall rely on the ongoing support of my colleagues the ministers, the development partners, and the AFRITAC Central team to make this term a success.

FOREWORD BY THE COORDINATOR OF AFRITAC CENTRAL

Paulo Drummond

Despite the health and economic difficulties that the region has been experiencing, that have been exacerbated by the COVID-19 pandemic, the Center has been able to provide technical assistance in all of its domains of intervention. In fact, during the 2020 fiscal year, the Center carried out 91 percent of its working program by adapting its delivery mechanisms using new information technologies.

Indeed, like sub-Saharan Africa, the AFC member countries are facing macroeconomic and financial challenges. Since the beginning of this year, Central Africa and the rest of Sub-Saharan Africa have faced an unprecedented health and economic crisis that threatens to destabilize the region and reverse the progress made in development during recent years. To keep the reforms undertaken by the member countries and supported by the Center on course, technical assistance is being delivered virtually using digital tools and platforms. This has been a true revolution at the Center.

Despite these operational changes, however, the Center has contributed to the drafting of technical papers and the organization of a number of webinars using a variety of remote communication tools such as social networking systems and electronic messaging systems. This approach enabled the Center to maintain a very high level of activity. The results achieved during the fiscal year are illustrated in this report by the success stories of the recipient countries and institutions. The 2020 fiscal year ended with many successes in the domains covered by the Center. These achievements include the drafting of the implementing texts for the new community customs code, revision of the on-site supervision methods for credit institutions, implementation of a monitoring framework for national public institutions, improved quality of accounting systems with a view to the migration to accrual-basis accounting, enhancement of medium-term budget programming mechanisms, development of a public-sector institutional register to expand the coverage of government finance statistics, support for the subscription to the Enhanced General Data Dissemination System, and development of the government securities market. The Center also demonstrated great flexibility through the remote organization of several of its missions and seminars. As one example, the support provided to fragile member countries represented just under 70 percent of the Center's resources. All of these results are also the product of close collaboration with our development partners, and we are grateful for their ongoing support.

During the 2021 fiscal year, AFRITAC Central will mobilize further to completely fulfill its commitment to capacity development in its member institutions and countries, in the unusual context of the COVID-19 health crisis, relying on their support, as well as the support of the development partners.

I would like to thank Cameroon for the high-level support that it has provided to the Center during the first year of its term as Chair of the Steering Committee. I would also like to thank the authorities of all of the member countries and my colleagues at the Center for their professional dedication, their resilience in addressing the COVID-19 crisis, and for their contributions to improving macroeconomic capacities in Central Africa.

ACRONYMS AND ABBREVIATIONS

ACBF African Capacity Building Foundation

AFD *Agence française de développement* (French Development Agency)

AfDB African Development Bank

AFRISTAT Economic and Statistical Observatory for Sub-Saharan Africa

AFRITAC or AFC Technical Assistance Center for Africa

AFRITAC Central 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 Banque des États de l'Afrique centrale

BRB *Banque de la République du Burundi*

CAR Central African Republic

CEMAC Central African Economic and Monetary Community

CET Common external tariff

COBAC Central African Banking Commission

DGB Directorate General of Budget

DGCPT Directorate General of Public Accounting and Treasury

DRC Democratic Republic of the Congo

FAD Fiscal Affairs Department

GDP Gross domestic product

GFS Government finance statistics

GFSM Government Finance Statistics Manual

ICAAP Internal Capital Adequacy Assessment Process

IFRS International Financial Reporting Standards

IMF International Monetary Fund

MTBF Medium-term budget framework

MTDS Medium-term debt strategy

MTEF Medium-term expenditure framework

NBE State budget nomenclature

RMTF Revenue Mobilization Trust Fund

SNA System of National Accounts

STP São Tomé and Príncipe

TOFE Table of government financial operations

TSA Treasury Single Account

UN United Nations

UN WOMEN United Nations Organization for Gender Equality and Empowerment of Women

UNCTAD United Nations Conference on Trade and Development

UNDP United Nations Development Program

VAT Value-added tax

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SECTION I

AFRITAC CENTRAL

SECTION I

A

GENERAL PRESENTATION OF AFRITAC CENTRAL

Regional course on budget policy analysis, Ebène, February 2020

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 (CEMAC) (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 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 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 the Resident Advisors during their on-site visits and in connection with missions conducted by the Center's 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 working program 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 domains 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.

SECTION I

B MACROECONOMIC CONTEXT

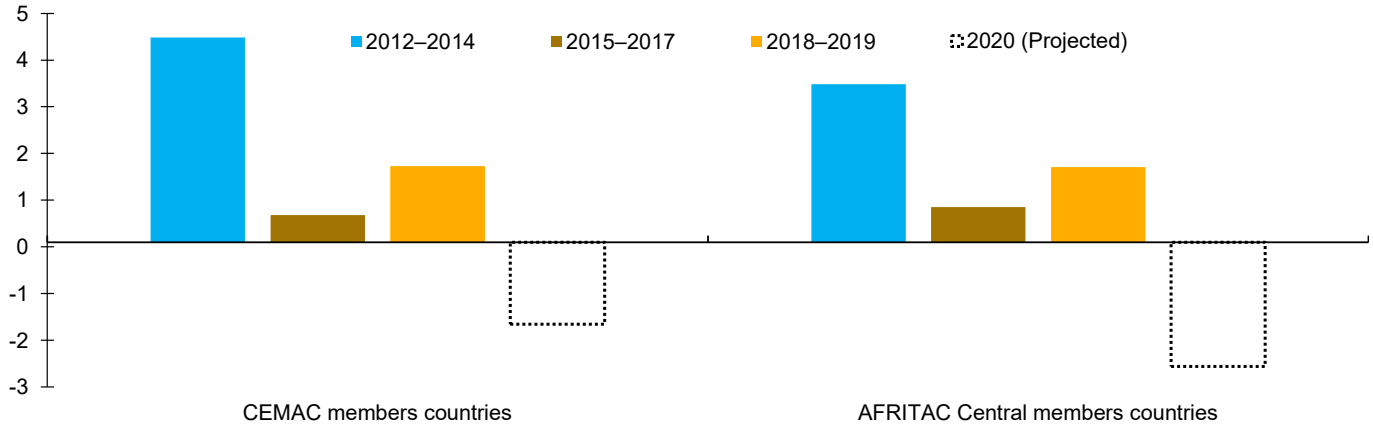
As in Sub-Saharan Africa, AFC's member countries have faced macroeconomic and financial challenges. Since the beginning of this year, Central Africa and the rest of Sub-Saharan Africa have faced an unprecedented health and economic crisis that threatens to destabilize the region and to reverse the progress made in the area of development during recent years. In addition to the disruption of livelihoods and damage to businesses and public accounts, the crisis could dampen the outlook for growth in the subregion in the coming years. As in the rest of the world, the health crisis has led to an economic crisis in the subregion as the result of three major economic shocks:

- The strict containment and mitigation measures that the countries were required to implement to limit the spread of COVID-19 have disrupted production and led to a significant decline in demand;
- The collapse in world economic growth and the tightening of financial conditions have severely impacted the subregion;
- These effects are compounded by the sharp decline in commodities prices, particularly oil prices, exacerbating the difficulties in some of the region's largest and most natural resource-rich countries.

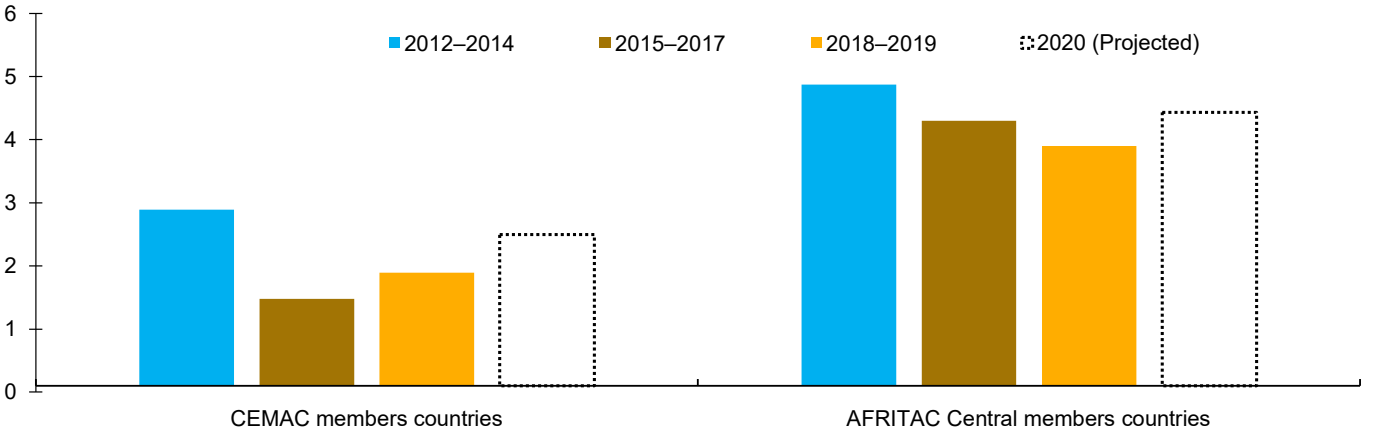
This situation is expected to lead to a 2.6 percent contraction in the subregional economy this year—and a downward revision of 5.2 percentage points as against the October 2019 forecasts. The pandemic struck the continent at a time when most countries had insufficient fiscal space to absorb such a shock, complicating the response of the public authorities. The least diversified economies will be the most severely affected, owing to declining commodities prices and the containment measures.

This crisis struck the subregion at a time when all of the members had been pursuing policies to streamline their fiscal choices, in part through economic reform programs with support from the IMF and other development partners since 2017. These programs had enabled member countries to begin reversing the rise in deficits and to stop the increase in public debt and the rise in vulnerabilities for banks and financial institutions that characterized the previous period 2015–17, when the economic and social development of the member countries had been hampered by the previous sharp decline in commodity prices. As a result of this situation, member states had already diverged from robust growth and macroeconomic stability during the period 2012–14.

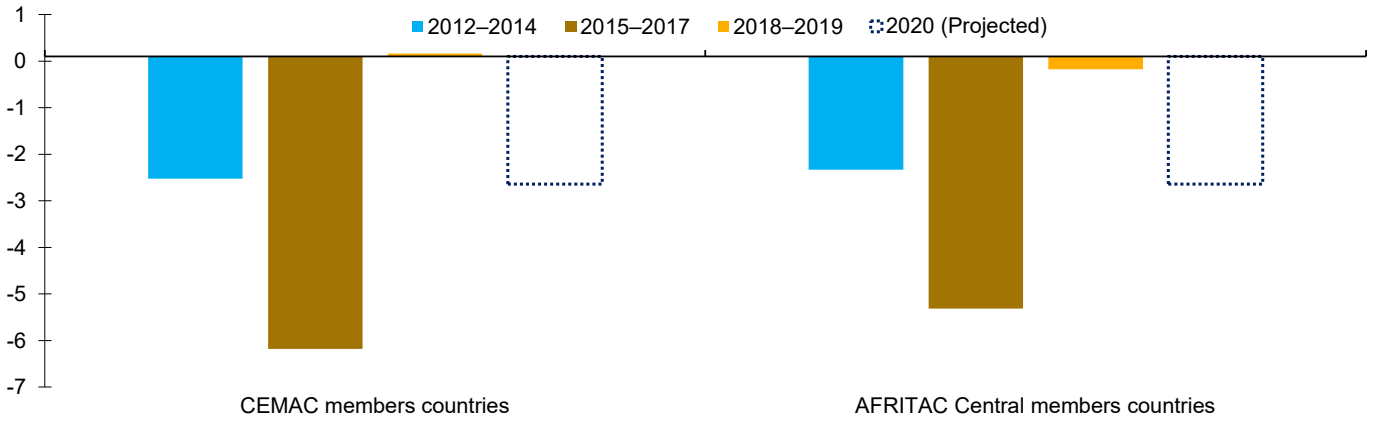
Real GDP Growth (Percent)



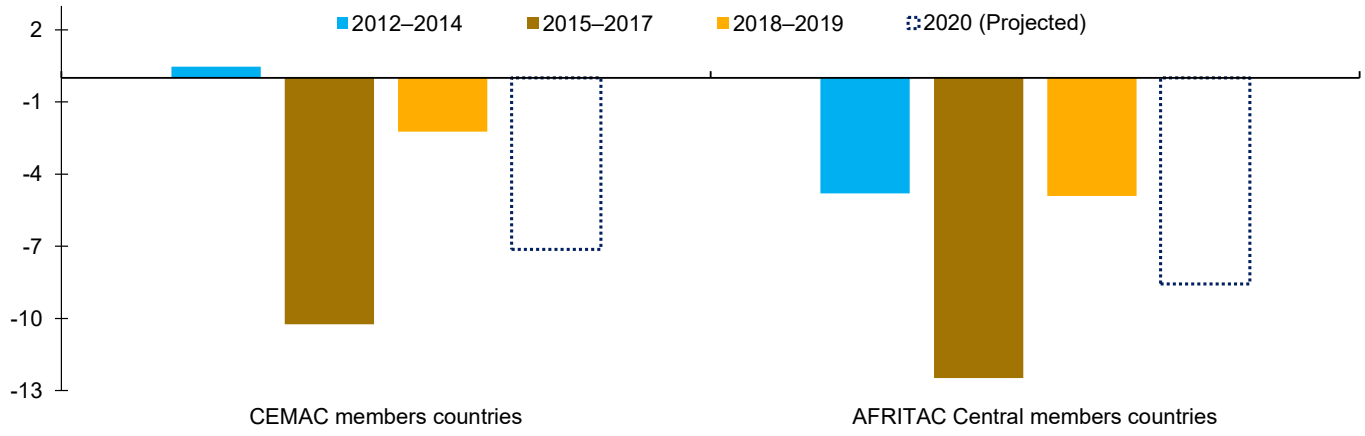
Consumer Price Inflation (Annual average, percent change)



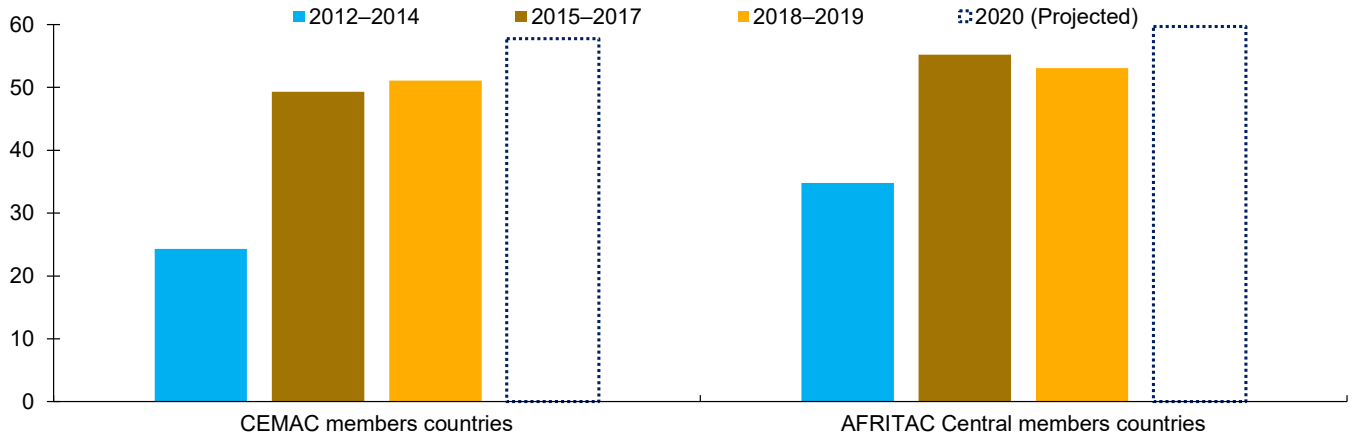
Overall Fiscal Balance, including Grants (Percent of GDP)



External Current Account, including Grants (Percent of GDP)



DGovernment Debt (Percent of GDP)



Source: IMF, Database, African Department and Regional Economic Outlook.

SECTION II

WORKING PROGRAM: 2020 PERFORMANCE AND PROGRAM FOR 2021

Regional seminar on strengthening budget revenue forecasting, São Tomé and Príncipe, August 2019

SECTION II

A

SUMMARY AND OVERVIEW

During the 2020 fiscal year, the strategic objectives of the 2017–22 logical framework for AFRITAC Central served as a point of support for the Center's activities. Accordingly, to meet the requirements of the member countries more effectively, the sector 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 working program for the 2020 fiscal year are aligned with the capacity development strategies implemented for the member countries, with their direct involvement. They also reflect capacity development requirements expressed by the members, including the most fragile countries (more specifically Burundi, Congo, Central African Republic, Democatic Republic of the Congo, São Tomé and Príncipe, and Chad).

The priorities of the working program 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 the domains of 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 domains 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 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 significant progress in anchoring results-based management in 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 2020 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 served as a Results-Based Management Advisor during the period 2017–20

All of the Center's technical assistance missions are incorporated into logical frameworks (or performance frameworks) making it possible to monitor the overall performance of AFRITAC technical assistance activities. The Center has developed logical frameworks for the 2020, 2021, and 2022 fiscal years. This approach provides a medium-term view of the Center's strategic objectives as well as more effective planning of its activities.

The performance described below applies only to the 2020 fiscal year. Information on performance was obtained based on information provided in the IMF's Results-based Management Platform by the Center's resident advisers, in their respective domains. The analysis of the performance of the Center's technical assistance is based on information extracted from the Results-based Management Platform at the end of the 2020 fiscal year.

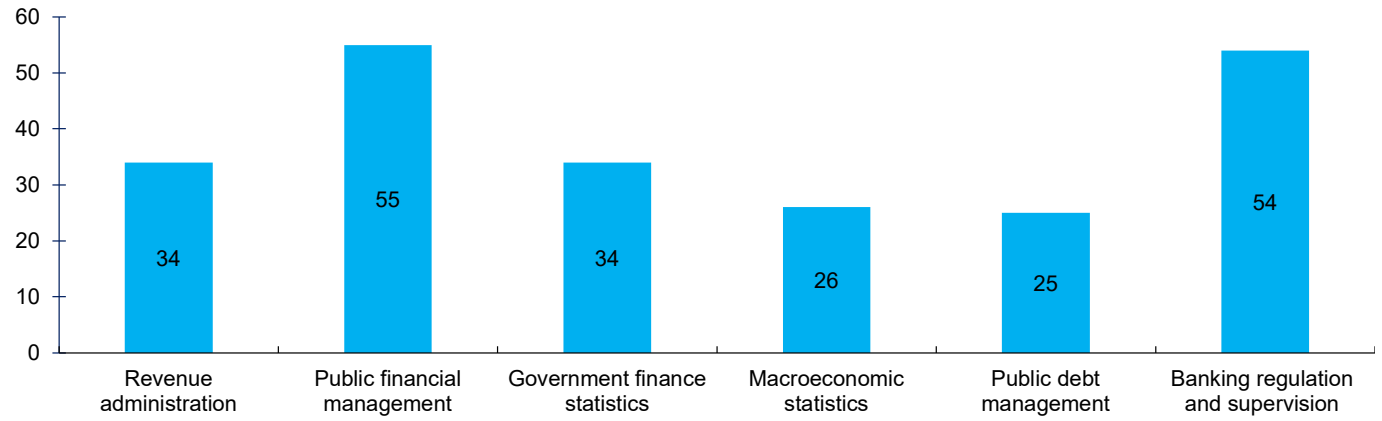
Milestones are an important link in AFRITAC Central's chain of outputs. They reflect preliminary steps towards the attainment of the expected results. They are defined in time, and are set after a tripartite consultation involving the resident advisor, IMF Headquarters, the national authorities, and the recipient institutions. Chart 1 shows the number of milestones per domains. During the 2020 fiscal year, the Center implemented 228 milestones, as against 169 for the 2019 fiscal year.

During the 2020 fiscal year, results-based management gained greater acceptance from the resident advisors, resulting in better planning and sequencing of the milestones. During this year, the Center consolidated the achievements in results-based management in all its domains of intervention.

Overall performance figures indicate that 148 milestones (65 percent) have been achieved (Chart 2). In general, the recipient countries and institutions have therefore effectively applied the roadmap of the reforms that the Center's logical frameworks were designed to cover. This is a positive sign in the context of the objectives and results to be achieved during the coming fiscal years.

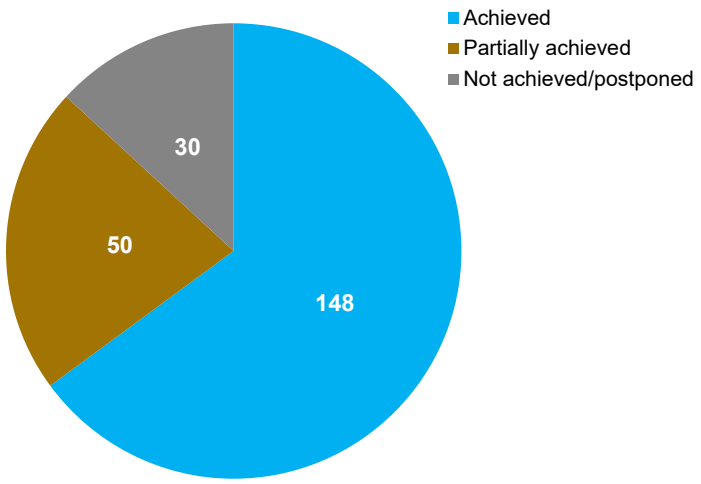
There are a number of reasons to explain the 50 milestones (22 percent) that have been partially achieved, such as insufficient human, technical, and financial resources to implement the

CHART 1. MILESTONES BY DOMAIN
(Number).



Source : AFRITAC Central.

CHART 2. MILESTONES–OVERALL PERFORMANCE
(Of an observed total of 228 milestones)



Source : AFRITAC Central.

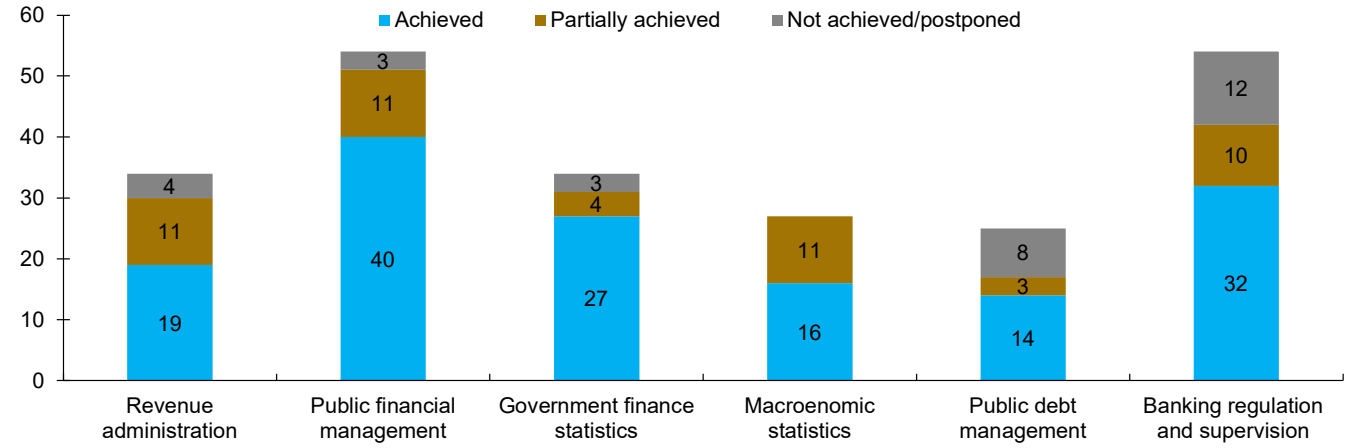
envisaged reforms. The Center will make further efforts during the coming years to take these institutional limits into account. The sequencing of some of the milestones is also one area in which Center will intensify its efforts to reflect as closely as possible the real requirements and capacities of the recipient countries and institutions to support the implementation of the Center's recommendations.

30 milestones (13 percent) have not been reached or have been postponed. The reasons for this situation include insufficient resources available to execute the reforms, while periods of political and institutional instability in some countries have prevented the attainment of milestones, and more generally speaking, the success of the reforms. In certain countries of the subregion, frequent changes in priorities have meant that some of the milestones that had been set at the beginning of the fiscal year have become obsolete. In addition, the deadlines for implementing some of the milestones have sometimes posed problems. In fact, some of the milestones could not be achieved within the initially envisaged time frame as a result of their presumed complexity, because the beneficiaries have insufficient resources (as indicated above), or as a result of the indefinite postponement or cancellation of some milestones deriving from changes in priorities (such as COBAC). Budget constraints and recurrent security problems in some countries have also contributed to the cancellation or postponement of certain technical assistance missions.

The impact of COVID-19 on the Center's performance indicators is not negligible, as eight milestones have been postponed or canceled as a result of the pandemic, equivalent to approximately one third of the total milestones not reached or postponed from the 2020 fiscal year (Chart 3). Depending on the case, these milestones will be reached during the 2021 fiscal year by conducting virtual missions, or with on-site missions when international travel is once again possible. The impact of COVID-19 on the Center's performance was also mitigated by the fact that the resident advisors were able to carry out some of the missions during the 2020 fiscal year remotely, using communication

CHART 3. MILESTONES PERFORMANCE BY DOMAIN

(Of an observed total of 228 milestones)



Source: AFRITAC Central.

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

mechanisms such as video conferences, electronic messaging services, and telephone calls.

During the 2020 fiscal year, the Center introduced ratings of the expected results included in the Center's logical frameworks (275 expected results during the program period (November 2017-April 2022) and that were identified during the 2020 fiscal year). The expected results are used to measure progress towards reaching the Center's strategic objectives, and as such, they are a key component of the chain of outputs. Chart 4 shows the expected number of milestones per domain. We should point out that performance in terms of expected results is measured in light of the performance in connection with the milestones for all fiscal years covering phase 3 of the program (2017–22).

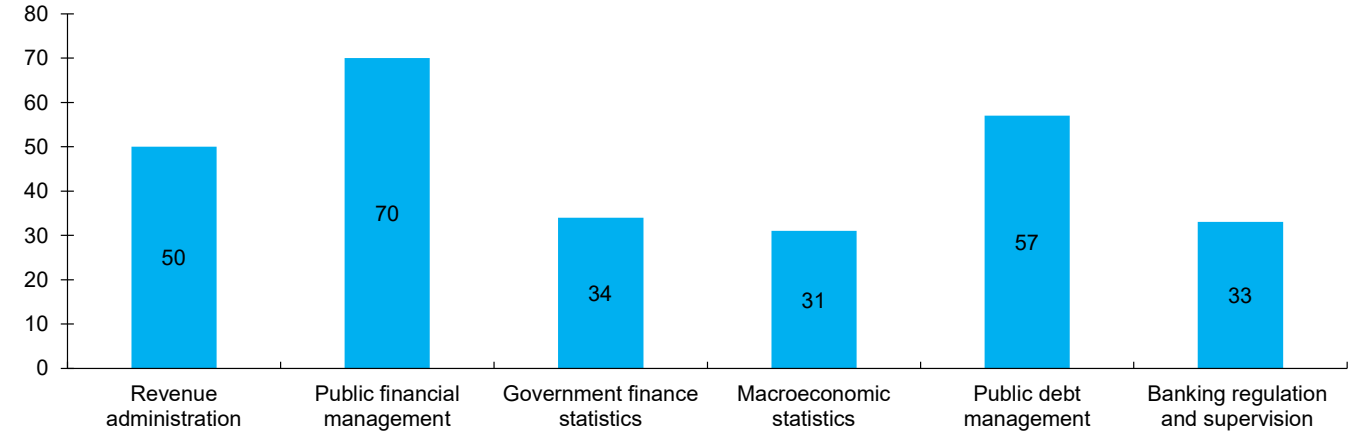
Performance in terms of expected outcomes by area is presented in Chart 5. The number of expected results as well as the performance presented are provisional and may change during the coming fiscal years to reflect progress made in carrying out technical assistance missions. The overall performance in terms of expected results will affect the achievement of the Center's strategic objectives.

During this fiscal year, results-based management contributed to:

- **Better planning and a higher degree of ownership of the Center's activities.** The Center's logical frameworks were prepared before the beginning of the fiscal year so that the working program could be planned more effectively with an inclusive approach. Accordingly,

CHART 4. EXPECTED OUTCOMES BY DOMAIN

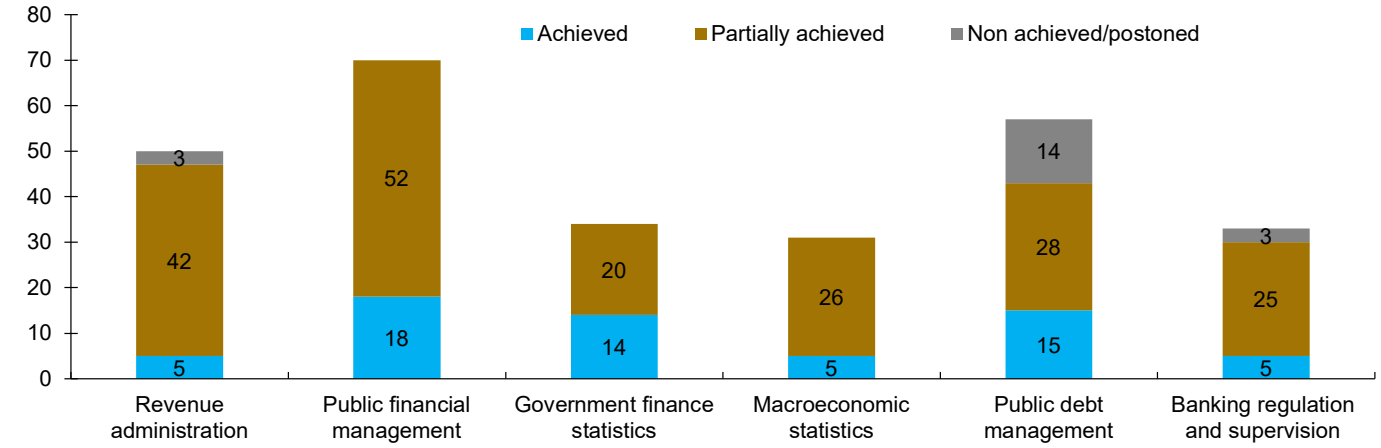
(Numbers)



Source: AFRITAC Central.

CHART 5. PERFORMANCE IN TERMS OF EXCEPTED OUTCOMES BY DOMAIN

(Of an observed total of 275 milestones)



Source: AFRITAC Central.

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

the logical frameworks were developed in consultation with the beneficiaries, AFRITAC Central, and the IMF technical departments, and were subsequently submitted to the national authorities for validation. This step also ensured that the Center's technical assistance activities were consistent with the requirements and capacities of the member countries and that they were supported by the parties involved.

- **Better communication on activities and results.** The Center continued to improve its communication tools to place more emphasis on the results and impact of its technical assistance activities. Accordingly, during the fiscal year, the Center continued to publish its quarterly newsletter using a new format to present its activities against the objectives to be achieved in each area. The annual and semiannual reporting structure has also been modified and simplified to place more emphasis on the linkages between the execution and programming of the Center's activities.

- **Systematic compilation of the Center's best practices.** During the 2020 fiscal year, the Center continued to compile and disseminate its best practices. Best practices (or success stories) are specific technical assistance activities that have produced conclusive results and a sustainable impact. They are intended to be replicated by other AFC member countries/ institutions and to improve existing practices. AFRITAC Central's best practices are regularly updated and published in the various reports issued by the Center.

- **At the request of its Steering Committee at its last meeting in March 2019, AFRITAC Central worked on a pilot case study to assess the impact of its technical assistance activities.** The Center conducted a comprehensive impact study on a pilot case, Gabon. In fact, Gabon engaged successfully in a collaborative effort between the customs and tax authorities to increase its fiscal resources. AFC's support and the political willingness of the national authorities produced conclusive results and a sustainable impact, that are presented in Box 1.

Whether this involves the preparation of logical frameworks, the systematic recording of results-based management data in its platform, or the generation of pre- and post-mission documents, AFRITAC Central has made a substantial collective effort to strengthen the capacities of its international and administrative staff to enable the sustainable establishment of the results-based management approach in the Center's overall activities.

Consolidation of progress for the 2021 fiscal year

- **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 and developed tools necessary for its effective implementation. Second, the Center continued to make these tools operational during the 2020 fiscal year. The processes of transition and consolidation of the accomplishments will be continued during the 2021 fiscal year. Accordingly, the Center will implement the following priorities:

BOX 1. PILOT CASE STUDY OF THE IMPACT OF AN AFRITAC CENTRAL TECHNICAL ASSISTANCE ACTIVITY

Project to strengthen revenue mobilization, collaboration between the customs and tax authorities in Gabon
Area of intervention : Revenue Administration
Implementation date : 2014–20 (in progress)

RELEVANCE OF THE PROJECT:

The strengthening of collaboration between the customs and tax authorities is a flagship project that AFRITAC Central launched in 2014, with the aim of increasing tax revenue, with a view to gradually reducing the country's substantial dependence on oil revenue. This priority has been defined in successive budget laws since 2014. The project is of vital interest, as imports account for more than 90 percent of commercial activities. Accordingly, they constitute an important tax niche for the authorities of Gabon. In these circumstances, the efficient use of the data available to the customs and tax services helps increase tax potential.

For example, by working in synergy with the tax services, the customs authorities were quickly able to identify fraudulent import channels using statistical and financial statements available from the tax administration. Similarly, import declarations available from the customs authorities were used to identify enterprises that had not been reporting their income to the tax administration.

Accordingly, it was advantageous for the two administrations to use a combined fraud prevention and control strategy in order to combat fraud more effectively, to improve their budget performance, and to contribute to the financing of the Government's key projects.

EFFECTIVENESS OF THE PROJECT:

Effectiveness of the project: The main objective of the project is to strengthen the capacities of the customs and tax administrations with the primary aims of mobilizing tax revenue and fighting fraud. Implementation of the project resulted in the achievement of three (3) major goals:

(1) Identification of more than 100 enterprises posing risks of tax and customs fraud (underreporting of turnover, and importers failing to file declarations with the tax services);

(2) Implementation of a mechanism for the tax administration to identify "inactive" enterprises in connection with fraud prevention. This mechanism, that was initiated by the tax administration, enabled 1,600 enterprises to be identified that are current with their tax obligations and that should be exempted from being systematically identified by the customs authorities and from the payment of withholdings at source on their imports;

(3) The joint controls initiated in connection with this collaborative effort made it possible to recover CFAF 4.1 billion in 2018, providing a clear indication that joint initiatives produce tangible results.

The results achieved are therefore fully consistent with the initially established objectives.

EFFICIENCY OF THE PROJECT:

The efficiency of the project derives from the following three predominant factors:

(1) Technical assistance from AFRITAC Central, that provides relevant expertise to assist in the capacity development of its member countries.

(2) The project benefited from the expertise of the resident advisors in the area of revenue administration, with ad hoc support from short-term experts. High-level experts work under the general supervision of the IMF, and, more specifically, the Fiscal Affairs Department, to ensure the quality, consistency, and coordination of these activities.

(3) The Center produces specific logical frameworks that contain, inter alia, the expected results and the objectives to be achieved. The logical frameworks are developed in consultation with the country authorities.

(4) The use of local resources available in Gabon (not requiring additional recruitment) with the Directorate General of Taxes and the Directorate General of Customs and Indirect Taxation.

SUSTAINABILITY OF THE EFFECTS:

In light of the results achieved, collaboration between the customs and tax authorities is clearly an effective tool to help prevent, detect, and address cases of fraud. The results encouraged the authorities to continue the collaboration between the customs and tax authorities, which is a sustainable project, as trained customs and tax officers are now prepared to discharge their duties.

The fact that the project has reached an operational phase suggests the implementation of a computer platform for the automated detection and correction of fraud cases.

IMPACT ASSESSMENT:

The impact of the project is measured in the following areas:

(1) Budget: increased mobilization of resources;

(2) Community: resources mobilized finance government social projects;

(3) Social justice: with the aim of promoting equality and fairness for all taxpayers by effectively eradicating fraudulent systems.

- **More effective planning of milestones for the CD-PORT technical assistance monitoring system.** While substantial progress was made in the planning of activities during 2020, a substantial number of milestones were added during the fiscal year. This creates a challenge for AFC in reporting on the outcomes as against the expected results. AFC will therefore make the necessary efforts to improve the sequencing of milestones.

- **Preparations for the transition from CD-PORT to a new integrated technical assistance management system is in progress at the IMF.** This new system, provisionally known as the Capacity Development Management Administration Program (CDMAP), will not be fully operational until the next fiscal year (2022). However, staff from the Center have already begun training to use the new tool. In 2021, AFC will prepare all of its staff for the transition to this new results-based management tool that will incorporate not only conventional results-based management functions but also the various budget aspects of technical assistance.

- **Consolidation of reforms and improvements in the quality of the logical frameworks.** Implementation of results-based management in AFRITAC Central's activities has made it possible to develop a number of tools, within a relatively short period of time, that have led to improved planning, monitoring, reporting on activities, as well as communication and accountability for the Center. It must be possible during the 2021 fiscal year and subsequent years to consolidate these reforms so that they can be firmly established in the long term. It is also one of the Center's priorities to improve the quality of the logical frameworks. Areas for improvement in the development of logical frameworks were identified during the 2020 fiscal year. Further efforts will be made in 2021 to devise more accurate, realistic, and sequenced milestones that are more consistent with the expected results.

- **An assessment of the Center's accomplishments, so that its progress can be objectively measured,** along with potential areas for improvement in the implementation of results-based management will be undertaken.

KEY INDICATORS FOR IMPLEMENTATION OF THE 2020 WORKING PROGRAM

- 104 activities were carried out (including 96 missions, 5 seminars, 1 course, and 2 professional visits);

- 207 professional staff members were trained;

- Overall program execution rate: 91 percent;

- 133 percent implementation for regional activities: 16 in total, including 3 at COBAC;

- 354 person weeks were devoted to strengthening the administrations of the member countries;

- 56 percent of the resources were used in support of the fiscal reforms;

- 56 percent of the resources benefited CEMAC countries;

- 68 percent of the resources were devoted to fragile member countries;

- 303 technical assistance reports have been made available to date in the secure area of the Center's website (www.afritaccentre.org).

SIGNIFICANT ACCOMPLISHMENTS

The most significant accomplishments this year include the following: (1) drafting of implementing texts for the new community customs code in the CEMAC area; (2) review of the methodology for on-site supervision of credit institutions in COBAC; (3) establishment of a monitoring framework for national public institutions and preparation of a report on their financial statements in Gabon; (4) improvement of the quality of accounting with a view to the transition to accrual-basis accounting in the Central African Republic; (5) strengthening of medium-term budget programming mechanisms in the Central African Republic; (6) development of an institutional register for Cameroon's public sector to expand the coverage of government finance statistics in Cameroon; (7) updating of GDP data in the Central African Republic; (8) support for the subscription to the Enhanced General Data Dissemination System in Gabon; and (9) development of the government securities market in the Democratic Republic of the Congo.

In addition, AFRITAC Central organized two professional visits for professional staff members on the following topics: (1) institutional, organizational, and technical mechanisms for the macroeconomic and fiscal framework exercise; and (2) governance for the treasury securities market. These visits were intended to promote peer learning and to foster exchanges of experience.

REGIONAL SUPPORT AND SEMINARS

Activities carried also covered support for the implementation of regional reforms, involving work in collaboration with the regional institutions (CEMAC,

BEAC, and COBAC) and activities at the country level to internalize these reforms.

Five regional seminars, including two joint events with AFRITAC West, were conducted during the 2020 fiscal year. The joint seminars focused on cybersecurity and information technology risk, and on management of public investments. Since 2014, these joint seminars have constituted a mechanism to deliver AFRITAC Central technical assistance that promotes exchanges of experience 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. Other topics covered included the establishment of a framework for good governance in the tax and customs administrations, budget revenue forecasts, the change in base year and transition to the 2008 SNA, and the revised framework for debt sustainability analysis in low-income countries, in partnership with MCM and the World Bank.

In the area of training, the Center organized a course for managers in the region, in collaboration with the Training Institute for Africa (IFA) and the Institute for Capacity Development (IDC) of the IMF. This course involved budget policy analysis. During the 2021 fiscal year, the Center will organize a regional course on fiscal and macroeconomic management in natural resource-rich countries.

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 2020 fiscal year, activities conducted to benefit the COBAC were substantially strengthened.

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 can involve joint activities with the Center's main partners such as 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), *Banque de France*, the World Bank, the United Nations Conference on Trade and Development (UNCTAD), the French cooperation authorities, *Expertise France,* the United Nations, and the European Union.

The objective of these partnerships is to find 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) Undertook exchanges of information with the African Development Bank on the interconnection of customs and tax services in Gabon;

Joint IMF-World Bank Seminar on the revised debt sustainability framework for low-income countries, Libreville, June 2019

(3) Collaborated with the World Bank to improve the quality of statistics for the General Tax Directorate in the Democratic Republic of Congo;

(4) Developed a partnership with the European Union in Chad on Phase II 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 within the framework of the fiscal reform program. In this program, the Center is involved in the establishment of the instruments and procedures for internal budget control;

(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) 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[1] project in Central African Republic;

(9) Maintained productive exchanges with the French Development Agency and African Development Bank in the Central African Republic that, based on the recommendations from the Center, will finance a project to update the balances of the treasury accounts that are essential in the production of the table of government financial operations (TOFE);

(10) Strengthened its collaboration with the World Bank in the implementation of the strategy to make up 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 and the African Development Bank in the preparation of the action plan to deepen the CEMAC regional government securities market and to define the areas of intervention of each of the three institutions for more effective coordination or technical assistance;

(12) Continued its partnership with the World Bank in the organization of the regional training seminar on the use of the revised debt sustainability framework for low-income countries;

(13) Continued its partnership with *Banque de France* in the area of banking supervision and regulation in making its staff available to conduct short-term technical assistance missions programmed by the Cente

[1] Project to support the management of public investments, expenditure, and reforms (AGIR).

EMERGING ISSUES: REDUCTION OF INEQUALITIES, GENDER, AND ENVIRONMENT

During previous fiscal years, the Center organized a number of activities on emerging issues. These activities include the Forum of Senior Central African Budget Officials 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 AFC member countries for the period 2019–23. In partnership with the Industrial Development Corporation (IDC) and AFRITAC South, the Center also organized several sessions of a course on macroeconomic management in natural resource-rich countries to make professionals from member countries aware of the issues in connection with sustainable natural resource management, with a view to impacting the development of their countries. A session of this course is scheduled for the 2021 fiscal year.

During the 2021 fiscal year, the Center will make every effort to assist member countries in mobilizing national resources, and to use public resources more effectively to support their progress in reducing inequalities and fighting poverty and COVID-19 in order to achieve the Sustainable Development Goals (SDG). For that purpose, the Center is including gender issues, particularly in Cameroon, on the topic of gender-sensitive budgeting.

COMMUNICATION AND VISIBILITY

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

partners are always invited to the opening and closing ceremonies of the seminars and workshops organized by the Center. During the 2020 fiscal year, the Center continued its efforts to update its website content on a regular basis to keep the partners informed 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. In 2021, the Center will maintain its communication strategy with the tools and mechanisms that it currently uses.

LEVEL OF ACTIVITIES

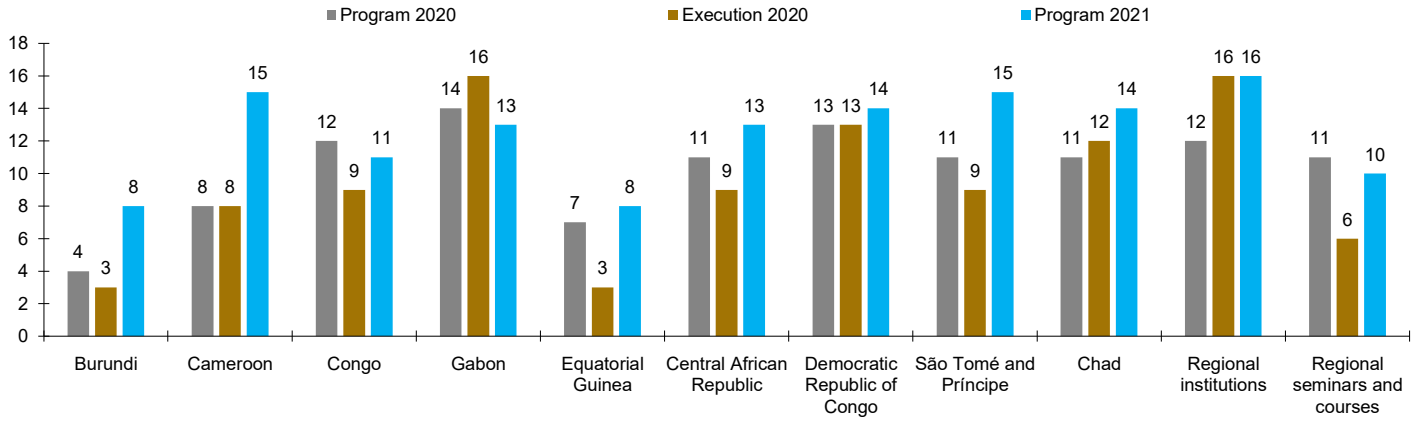
During the 2020 fiscal year, the Center reached its highest level of activity by executing 91 percent of the activities included in its working program. Technical assistance activities covered all the of the Center's countries and areas of intervention. The Center also executed all of the programmed activities in the area of support for regional institutions. In 2021, the Center will continue to carry out activities in these countries and areas of intervention. Accordingly, the program comprises 124 missions, 9 regional seminars, 1 course, and 2 professional visits (Charts 6 and 7).

LEVEL OF RESOURCES

During the 2020 fiscal year, the Center devoted 354 person weeks, equivalent to 81 percent of its programmed resources, to develop the capacities of the administrations of member countries in all of its areas of intervention. For the 2021 fiscal year, the Center plans a sustained level of resources to develop capacities for member countries and regional institutions (Charts 8 and 9). The programed resources derive from the Center's various areas of intervention. During the 2021 fiscal year, additional resources may be allocated to countries based on their technical assistance requirements and priorities in connection with the conclusion of potential programs with the IMF.

CHART 6. ACTIVITIES BY COUNTRY

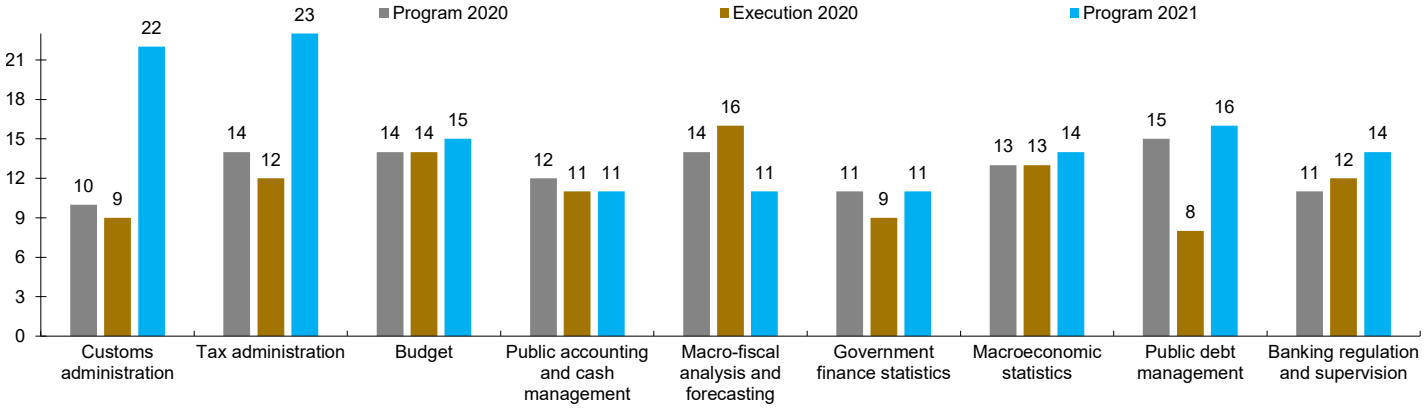
(Number)



Source: AFRITAC Central.

CHART 7. ACTIVITIES BY DOMAIN

(Number)



Source: AFRITAC Central.

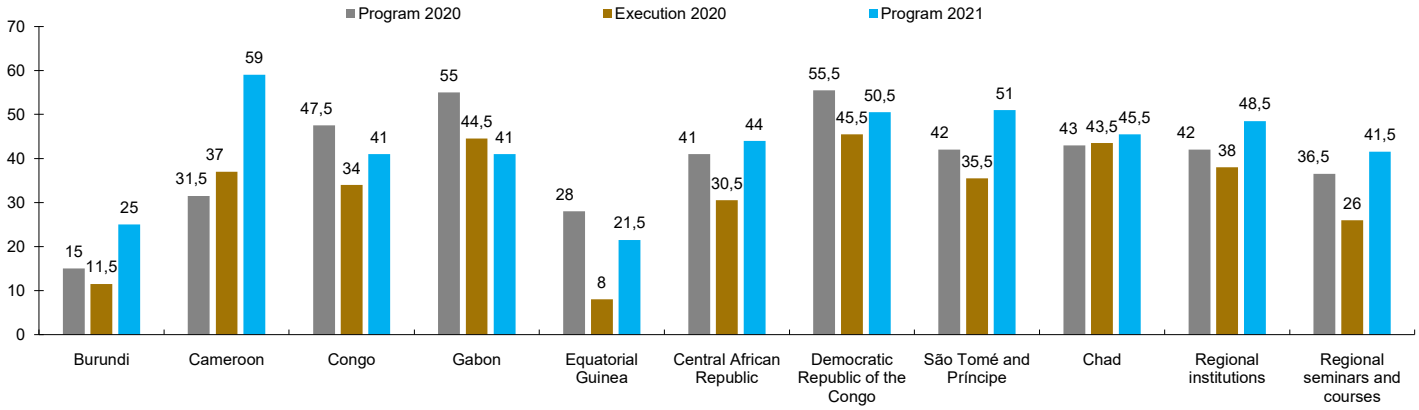
DISTRIBUTION OF RESOURCES

During the 2020 fiscal year, the Center devoted half of the resources used to support fiscal reforms (revenue administration and public financial management), 20 percent of its resources to public debt management and banking supervision and regulation, and 24 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 the member countries in providing impetus for structural reforms in the current regional context. During the 2021 fiscal year, the Center will devote an equivalent proportion of its resources to regional seminars and regional institutions (Charts 10 and 11).

During the 2020 fiscal year, the Center devoted nearly 70 percent of its resources to fragile member countries. In 2021, the Center will devote 60 percent of its resources to these countries (Chart 12). Accordingly, the Center contributes to the implementation of the IMF's initiative for fragile countries and the capacity development priorities set by the Fund.

CHART 8. RESOURCES BY COUNTRY

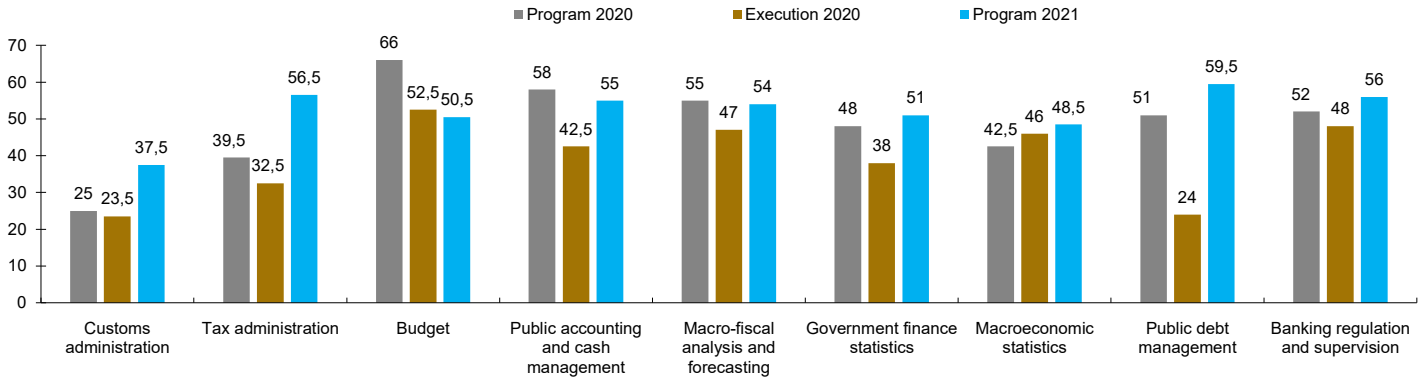
(Person weeks)



Source: AFRITAC Central.

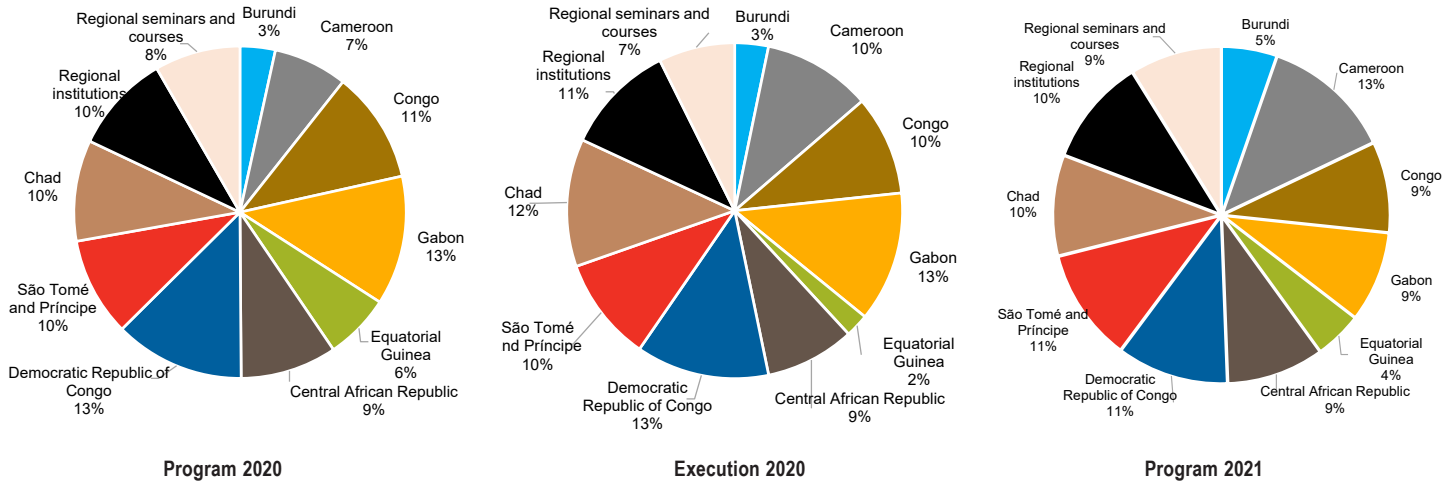
CHART 9. RESOURCES BY DOMAIN

(Person weeks)



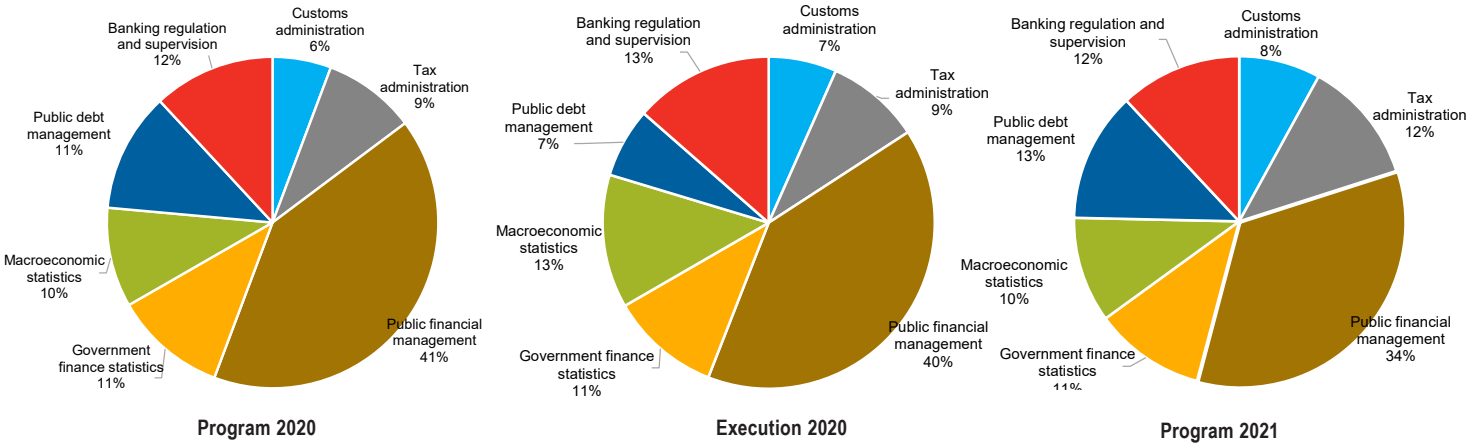
Source: AFRITAC Central.

CHART 10. DISTRIBUTION OF RESOURCES BY COUNTRY



Source: AFRITAC Central.

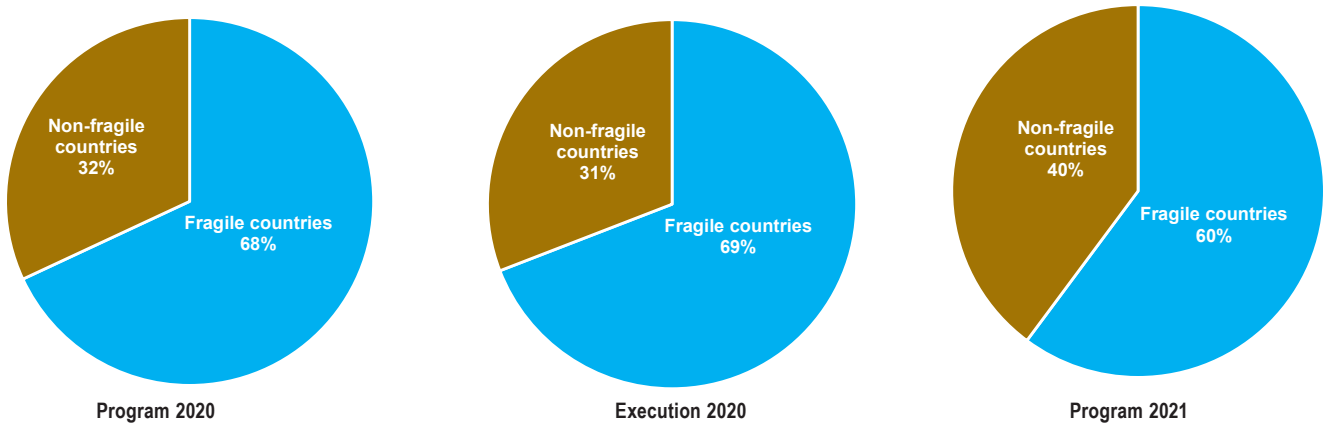
CHART 11. DISTRIBUTION OF RESOURCES BY DOMAIN



Source: AFRITAC Central.

Note: Public financial management includes budget, public accounting and cash management, and macroeconomic and budget analysis and forecasting activities.

CHART 12. DISTRIBUTION OF RESOURCES ACCORDING TO THE FRAGILITY OF THE RECIPIENT COUNTRY



Source: AFRITAC Central.

SECTION II

B REVENUE ADMINISTRATION

Hasina Rakotondrainibe is the Resident Advisor in Revenue Administration since June 2020.

Renilde Bazahica served as Resident Advisor in Revenue Administration during 2017–20.

Regional seminar on implementation of a good governance framework for the tax and customs administrations, Brazzaville, January 2020

STRENGTHENED REVENUE ADMINISTRATION MANAGEMENT AND GOVERNANCE ARRANGEMENTS

During the 2020 fiscal year, the Center supported the drafting of the implementing texts of the new revised Community Customs Code for the CEMAC area adopted in April 2019 (**Success story 1**). The IMF experts provided advice and legal opinions in the preparation of the implementing texts to be subject to preliminary examination in the framework of the meetings organized by the CEMAC Commission, that were attended by representatives from the member countries, as well as experts from CEMAC and the IMF. In the area of tax administration, the Center supported the modernization of the Directorate responsible for management of the medium-scale enterprise sector in Chad (management of the register, reorganization of the Medium-Scale Enterprise Directorate, proposals for increasing the VAT threshold, and introduction of simplified taxation in

favor of small businesses). The Center also supported the preparatory work for the establishment of VAT in São Tomé and Príncipe, in coordination with the Revenue Mobilization Topical Fund (RMTF) project managed by the IMF Fiscal Affairs Department (FAD). At the regional level, the Center organized an interregional seminar on implementation of a good governance framework for the tax and customs administrations in the Central African countries. Good governance is a set of best practices designed to strengthen transparency, accountability, to promote a culture of collective and individual performance, and to foster the digitization of procedures. In their conviction that this reform is essential in ensuring effective mobilization of tax and customs resources, the participants asked for it to be included in the priority reforms within their respective administrations.

In 2021, support from AFRITAC Central in coordination with RMTF project was in line with the CEMAC objectives. To that end, the Center will continue to support the practical implementation of the CEMAC area Customs Code in member countries, including the participation of experts in meetings organized by the CEMAC Commission and capacity development for regional professional staff members in mastering procedures for managing and monitoring customs exemptions. In the area of tax administration, the working program for the 2021 fiscal year will be structured on the basis of capacity development for professional staff in the region on the modernization of management for tax administrations, support in the drafting of a book of Community tax procedures in the CEMAC area in coordination with the RMTF project managed by the IMF Fiscal Affairs Department, and the continued efforts to modernize the medium-scale enterprise directorate in Chad.

STRENGTHENED CORE TAX ADMINISTRATION FUNCTIONS

In 2020, capacity development activities in the domain of tax administration contributed to a number of the accomplishments. For example, technical support from the Center made it possible to strengthen the control programs for enterprises that had incorrectly deducted VAT paid

Seminar on planning of reforms supported by the RMTF project, Libreville, October 2019.

at customs in the amount of CFAF 29 billion in the Democratic Republic of the Congo, CFAF 25 billion in Gabon, and of CFAF 12 billion in the Central African Republic, and CGF 18 billion in the Democratic Republic of the Congo. In the Republic of Congo, the Center supported implementation of a special clearing operation in 321 contentious cases identified, expected to lead to the clearing of balances pending after the contentious proceedings have been addressed. In Cameroon, the support from the Center contributed to spot checks of enterprises for which there are inconsistencies between the declarations filed and economic growth trends in the sector concerned. In the CAR, technical assistance has helped in the control of enterprises subject to exemption agreements with the government and spot checks of enterprises subject to declaration risks identified in connection with VAT. In São Tomé and Príncipe, a strategy to collect tax arrears was prepared and easily recoverable balances were identified at 25 percent of the total tax arrears. In Gabon, tax and customs revenue was mobilized through the impetus from the collaboration between the customs and tax authorities (Box 1). In Gabon, the Center's activities made it possible to collect tax arrears amounting to more than CFAF 10.5 billion. In the DRC, tax administration measures expected to lead to the restoration of the VAT (simplification of the legislation and regulatory texts, management tools, management indicators, and automation) have been formulated. In the Central African Republic and Chad, the Center supported the formulation of a comprehensive strategy for managing taxpayer records.

During the 2021 fiscal year, the Center's objective is to continue to strengthen the operational capacities of the tax administrations with a view to increasing the efforts to mobilize domestic revenue. For that purpose, activities planned for 2021 include support for the implementation of business continuity plans and tax revenue protection measures to address the COVID-19 health crisis. In Burundi, Central African Republic, and Democratic Republic of the Congo, the Center will work to strengthen programming and support for the conduct of joint customs and tax controls. The Center will continue to identify and implement a tax citizenship strategy in Cameroon, Republic of Congo, and Gabon. In addition, it will provide support for the modernization and digitization of tax processing (payment of fees by mobile telephone, teleprocedures, telepayments, etc.) in Burundi, Republic of Congo, Gabon, and Democratic Republic of the Congo. In Gabon, the automation of performance indicators for the tax administrations will be one of the areas of intervention for the Center's technical assistance. In Equatorial Guinea, the Center will work on generalizing the use of the single tax identifier. In São Tomé and Príncipe, the Center will focus on implementation of the VAT. In Chad, the Center will assist the authorities in defining a strategy to modernize the medium-scale enterprise directorate.

IMPROVED CUSTOMS ADMINISTRATION FUNCTIONS

In 2020, the Center contributed to the preparation of a multiyear plan to strengthen capacities for the control of declared customs values in Cameroon. In the Republic of Congo, the Center made it possible to identify the prerequisites for effective implementation of the multiyear capacity development plan to strengthen customs valuation controls and to assess the structures and systems responsible for customs valuation. In Gabon, the Center supported the implementation of revenue mobilization measures by ensuring that the customs duties are consistent with the customs tariff, configuration of selective inspections in the Sindara system, rationalization of customs exemptions, and the codification of additional codes in Sindara. In the Central African Republic, the Center assisted in the implementation of the secure procedure for the assessment of imported merchandise. In the DRC, technical assistance made it possible to redefine the tasks of the Orange System for the valuation of merchandise and the development of a control plan and methodology for the selection and verification of enterprises at risk of underreporting customs valuations. In São Tomé and Príncipe, the Center contributed to training on best practices in accordance with World Trade Organization standards on customs valuation (transaction value and substitution methods). The Center also proposed starting production of the value module in ASYCUDA World. In Chad, the Center assisted in the formulation of a plan to strengthen the control of customs valuation, administration of customs exemptions, and the use of the banking system to process revenue for more secure revenue collection.

In 2021, the Center will support implementation of business continuity plans and measures to protect customs revenue in response to the COVID-19 health crisis in all member countries. It will contribute to the strengthening of control and supervision of customs valuations for merchandise in Burundi, Cameroon, Gabon and the Central African Republic. In the Republic of Congo, the Democratic Republic of the Congo, and Chad, the Center will work on improving control and monitoring to the destinations for exempt merchandise. In Equatorial Guinea, the Center will assist the authorities in modernizing customs clearance procedures.

SUCCESS STORY 1. ADOPTION OF THE COMMUNITY CUSTOMS CODE AND ITS IMPLEMENTING TEXTS

CONTEXT: The CEMAC area countries are developing a new regional customs code: a decisive step towards effective regional integration.

CEMAC	**Area of intervention:** Customs Administration **Implementation date:** January 2018 until December 2020
Objective of the support	The objective of the project is to assist CEMAC member countries in drafting the Community Customs Code and its implementing texts so that the two arrangements are aligned with international best practices and consistent with the WTO Trade Facilitation Agreement adopted in 2017.
AFC role	Extensive technical assistance from the IMF Fiscal Affairs Department and AFRITAC Central was provided for a review of the draft CEMAC Community Code and its implementing texts. Experts from AFRITAC Central and IMF Headquarters also participated in meetings of the preparation committee responsible for the review of the Customs Code and implementing texts. Strategic advice and guidance were provided on the best possible options during meetings held by the Commission responsible for drafting the Community Customs Code and implementing texts.
Key outcomes	(1) the revised Regional Code was adopted by the countries of the CEMAC area in April 2019; (2) a number of implementing texts for the revised Community Code were validated by representatives from the member countries at CEMAC Committee meetings, and other regulatory texts will be examined during 2020.
Three impacts are expected from the project	(1) facilitation of trade; (2) substantial mobilization of customs revenue; (3) effective customs and economic integration of the CEMAC area member countries.
Factors for success	The success of the project is the result of close collaboration between several partners and donors (IMF, World Customs Organization, and CEMAC Commission), and the member countries of the CEMAC area, whose resources and great determination made it possible to adopt the revised Community Customs Code and to draft the implementing texts.

SECTION II

C PUBLIC FINANCIAL MANAGEMENT

Abdoulaye Touré served as a Budget Advisor during 2014–20.

Makiadi Ephrem Ghonda joined AFC in August 2020 as a Budget Advisor.

Blaise Yehouenou joined AFC in August 2018. He is experienced in public accounting and cash management.

Joint regional seminar with AFRITAC West on investment management, Libreville, June 2019

IMPROVED PFM LAWS AND EFFECTIVE INSTITUTIONS

In 2020, the Center supported the adoption of a CEMAC directive on material accounting for CEMAC member's countries. The Center also participated in monitoring and assessment missions on the transposition and implementation of the Harmonized Public Financial Management Framework Directives of the CEMAC in Cameroon, Republic of Congo, and Gabon.

In 2021, the Center will continue its participation in the remote review of the texts and capacity development workshops organized by CEMAC. It will support the establishment of a harmonized reference framework for inventory accounting in the member

countries covered by AFRITAC Central and the strengthening of annual budget preparation and programming in Equatorial Guinea.

COMPREHENSIVE, CREDIBLE, AND POLICY-BASED BUDGET PREPARATION

In 2020, the Center participated in improving the processing of revenue earmarked under the Budget Law and conditions for implementation in Gabon. The Center also contributed by supporting the efforts to make the unit responsible for oversight of national public institutions operational, and by conducting compliance reviews of revenue allocations in the form of an account for special allocation or for the earmarking of proceeds. In Chad, the Center continued implementation of the new budget nomenclature in the information system with the improvement of the integrated expenditure circuit (CID) system and the preparation of the information technology environment for the formulation of the 2020 Draft Budget Law (PLF) with the new budget nomenclature and all classifications in accordance with the CEMAC directives and international standards. At the regional level, the Center has been involved in increasing awareness of professional staff in the region of the problems, challenges, and good practices in connection with the public investment management and the use of new investment monitoring tools and public-private partnerships (PPP), as well as the introduction of professionals in the region to the Public Investment Management Assessment (PIMA) tool developed by the IMF. It also contributed to the development of capacities of managers in identifying and assessing risks associated with PPPs, using the Public-Private Partnership Risk Assessment Model. In the Democratic Republic of the Congo, technical assistance made it possible to review and validate the guides on program budget management, and more specifically, the guide for the preparation of annual performance projects, annual performance reports, and the management dialog guide. At the regional level, the Center contributed to the training of professionals in the region on revenue allocations and oversight of public entities.

In 2021, the Center will continue implementation of the institutional framework for internal budget control in Cameroon. In the Republic of Congo, the Center will strengthen work on the programming, budgeting and management of public investments in commitment authorization mode and payment appropriations (AE/CP). In Cameroon, the technical assistance will focus on the preparation of a guide to gender-sensitive budgeting. In the Democratic Republic of the Congo, the Center will work on continuing the quality review work on the program budget and annual performance projects. In Chad, the Center's support will focus on the establishment of financial oversight and budget documentation for national public institutions. At the regional level, the Center will train regional professionals from the region on revenue allocations in the state budget and tax expenditure. In light of the health crisis and travel restrictions, PIMA-type public investment assessment activities will be considered for future fiscal years.

IMPROVED BUDGET EXECUTION AND CONTROL

In 2020, the Center contributed to the preparation of two draft texts that were submitted to the authorities of Cameroon establishing the institutional framework for inventory accounting. This involved a draft decree on inventory accounting and the draft implementing decree. In the Republic of Congo, the Center supported the establishment of technical and methodological tools required for budgeting, execution, accounting, and monitoring of public investment expenditure using the commitment authorization and payment appropriation mechanism. The Center also supported the establishment of a monitoring framework for national public institutions and the preparation of a report on their financial statements in Gabon (**Success story 2**). In Gabon, a draft guide on the development of steering tools for budget execution (procurement plans, expenditure commitment plans, and cash plans) was designed and validated by the authorities. In São Tomé and Príncipe, the Center participated in training on expenditure commitment and budget execution steering plans. The Center also provided its expertise during a CEMAC assessment mission on the status of the implementation of the harmonized financial management framework directives.

In 2021, the Center will implement the relevant accounting system within the framework of internal budget control and its implementation in Cameroon. In Gabon, the technical assistance will focus on improving the reference framework for inventory accounting. The Central African Republic will receive support in implementing financial oversight for public institutions and budget documentation for autonomous agencies. In São Tomé and Príncipe, the Center will continue implementation of expenditure commitment plans. All of these activities are in line with the CEMAC's priorities and will be carried out remotely.

IMPROVED COVERAGE AND QUALITY OF FISCAL REPORTING

EIn 2020, technical assistance from the Center enabled a reference framework to be developed for budget and inventory accounting processes, in order to develop an inventory accounting information system in Cameroon. In the Republic of Congo, the Center reviewed the latest versions of the accounting and budget execution procedure guides and the commented version of the draft new government chart of accounts. In Gabon, training was provided on implementation of a methodology for clearing certain accounts of the government trial balance, and professional staff of the Directorate General of Public Accounting and Treasury (DGCPT) received awareness training on internal audit activities. In the Central African Republic, the Center contributed to the improvement of the current cash accounting system with a view to the transition to accrual-basis accounting in 2021, the recording system for revenue and expenditure transactions, and the strengthening of the monthly reconciliation mechanism for the Treasury accounts with the central bank for the 2019 fiscal year (**Success story 3**). In Chad, the Center supported the establishment of a roadmap to prepare for implementation of the accounting reforms.

In 2021, the Center will improve the government accounting system in Cameroon. In Congo, the efforts will continue to make the balance sheet accounts more reliable. In Gabon, Central African Republic, Democratic Republic of the Congo, and Chad, the Center will improve the quality of the accounting information. At the regional level, the Center will train regional professionals on general government accounting standards during a regional seminar.

IMPROVED ASSET AND LIABILITY MANAGEMENT

In 2020, the Center helped improve cash flow forecasts for budget units in Cameroon. The Center also worked on improving the daily centralization of cash balances in the Treasury Single Account and the updating of cash plans in Cameroon, the Central African Republic, and Chad.

In 2021, the Center's working program was in line with the CEMAC country priorities. accordingly, the Center will continue to improve cash management in Cameroon and the efforts to improve the reliability of cash management in Gabon and the Central African Republic. These activities might be strengthened during the 2022 fiscal year.

SUCCESS STORY 2. EARMARKED REVENUE IN THE GENERAL BUDGET AND MONITORING OF PUBLIC INSTITUTIONS

CONTEXT: Gabon's 2016 Public Expenditure and Financial Accountability Program (PEFA) received a poor rating on budget comprehensiveness. This weakness can be attributed to problems caused by insufficient budget documentation on the finances of other units of general government such as public national institutions.

Gabon

Area of intervention:
Public Financial Management

Implementation date:
2016–2019

Objective of the support	To establish a monitoring framework for national public institutions and to prepare a report on their financial statements.
AFC role	The Center organized three technical assistance missions on earmarked revenue and monitoring of public institutions, as well as an immersion visit by professionals from the Ministry of Budget and Public Accounts on oversight of national public institutions and monitoring of state companies in the Directorate-General of Government Portfolio and the Budget Control Directorate in the Republic of Côte d'Ivoire.
Key outcomes	(1) Establishment of a unit responsible for oversight of national public institutions and monitoring of public enterprises; (2) adoption of the draft law on governance of public institutions by the government; (3) preparation of an annex to the 2020 Budget Law containing a report on the financial surveillance of customized public services.
Project impact	Improved budget transparency with more comprehensive budget documentation.
Factors for success	Synergy among all stakeholders, and more specifically the Gabonese authorities, the African Department and Fiscal Affairs Department of the IMF, and AFC.
Lessons learned	Ongoing communication among the stakeholders in the reforms ensures optimal implementation.

SUCCESS STORY 3. IMPROVEMENT IN THE QUALITY OF ACCOUNTING IN THE CENTRAL AFRICAN REPUBLIC

CONTEXT : The Central African Republic has undertaken actions to improve its government accounting and financial management system.

Central African Republic

Area of intervention:
Government Accounting

Implementation date:
January 2019 until December 2022

Objectives of the support	To provide the Directorate General of Treasury and Public Accounting with support to improve the current cash accounting system with a view to the adoption of accrual-basis accounting in 2021.
AFC role	In January and October 2019, the Center organized two missions in support of the clearance of provisional revenue and expenditure imputation accounts having irregular balances that have been undermining the quality of the accounting system for a number of years, as a preliminary step towards the development of a new financial and accounting information system.
Key outcomes	The activities during these two missions enabled professional staff from the Accounting Centralization Directorate (DCC) of the Treasury Central Accounting Office (ACCT) to: (1) clear approximately 60 out of more than 72 accounts identified at the beginning of the January 2019 mission; (2) establish draft accounting standards and a draft guide to the operation of the accounts of the government chart of accounts; and (3) to develop capacities of professional staff members on issues in connection with the new government accounting and internal audit systems.
Project impact	A better understanding of the issues of accrual-basis accounting, internal audit, and the requirement to implement an accounting reference framework, from the operational and functional standpoints, to supplement the new legal and regulatory framework for public financial management. These tools are essential in the renovation of the government accounting system, particularly in its computerization.
Factors for success	Availability of professional staff from the DCC and their increased capacity development requirements.
Lessons learned	Systematic continuation of capacity development workshops for stakeholders on key issues in new public management during AFC missions.

SECTION II

D

MACROECONOMIC AND FISCAL ANALYSIS AND FORECASTING

Severin Kamgna is a Macrobudgetary Analysis Advisor. He joined AFC in November 2017.

National workshop on the identification, monitoring and management of budgetary risks, N'Djamena, August 2019

IMPROVED PFM LAWS AND EFFECTIVE INSTITUTIONS

In 2020, the Center actively participated in monitoring and assessment missions on the transposition and implementation of the CEMAC Harmonized Public Financial Management Framework Directives in Gabon and Equatorial Guinea. The Center also contributed to the strengthening of budget credibility in the Central African Republic.

In Chad, the Center provided expertise in updating the fiscal reform strategy to address the current issues and to improve their implementation.

In 2021, the Center will participate in remote text reviews and capacity-building workshops organized by CEMAC. In Equatorial Guinea, it will help to strengthen annual budget preparation and programming. The Center will provide expertise in connection with remote training for

members of the Forum of Senior Central African Budget Officials (FOHBAC) on issues related to capacity development in public financial management.

COMPREHENSIVE, CREDIBLE, AND POLICY-BASED BUDGET PREPARATION

In 2020, the Center contributed to capacity development for professional staff members in the region in budget revenue forecasting and the preparation of a roadmap to strengthen the institutional, organizational, and technical budget revenue forecasting mechanisms. The Center also trained professional staff members in the region on topical and methodological aspects of short-term economic monitoring and macroeconomic and budget forecasting during a joint regional seminar with AFRISTAT and CEMAC. In the Republic of Congo and the Central African Republic, the technical assistance focused on strengthening the foundation of the macroeconomic framework exercise with the mechanisms for preparing the medium-term budget framework (MTBF) based on the TOFE projections (**Success story 4**). As a result, the macrobudgetary framework mechanisms and models received new impetus in the Republic of Congo and Chad. At the regional level, the Center provided training for professional staff members from all countries (with the exception of Equatorial Guinea) on fiscal policy analysis through a joint regional course with the IDC, the Training Institute for Africa (IFA) and AFRITAC South. In the Central African Republic and São Tomé and Príncipe, the Center contributed to the strengthening of the mechanisms for developing medium-term budget frameworks.

In Gabon, professionals from the Directorate General of Budget gained a greater knowledge of the institutional, technical, and organizational mechanisms for macroeconomic and budget framework exercises during peer learning missions. In Chad, joint IDC and AFRITAC Central training sessions were held on the development of macrobudgetary frameworks, budget rules, and the analysis of debt dynamics, with the participation of the African Department. This activity was part of the IDC CEMAC project framework that in the past had provided similar training to other countries in the region.

During the 2021 fiscal year, the Center will continue to strengthen the multiyear budget programming framework models in the Republic of Congo, the Central African Republic, the Democratic Republic of the Congo, and São Tomé and Príncipe, through remote missions combined with on-site missions. In Chad, the Center will strengthen the tools for oil revenue forecasting. At the regional level, support will be provided to enhance the capacities of regional professionals in public expenditure forecasting and programming during a regional seminar. The Center will organize training for regional professionals on the allocation of revenue in the state budget and tax expenditure. The Center will also train professional staff members in the region on topical and methodological aspects of short-term economic monitoring and macroeconomic and budget forecasting during a joint regional seminar with AFRISTAT and CEMAC. The Center will continue joint capacity development activities with the Institute for Capacity Development on the macroeconomic framework in the member countries to follow up on the discussions with the authorities and the IMF African Department.

STRENGTHENED IDENTIFICATION, MONITORING AND MANAGEMENT OF FISCAL RISKS

In 2020, the Center contributed to the identification, monitoring, and management of budget risks in Gabon, the Democratic Republic of the Congo, and Chad to quantify them and to suggest mitigation and provisioning measures to limit their impact on budget execution and framework activities.

In 2021, the technical assistance will focus on making professional staff in Cameroon more aware of the identification, monitoring, and management of budget risks during a national workshop. The Center will continue to support the identification, monitoring, and management of budget risks in Gabon and in the Central African Republic.

SUCCESS STORY 4. STRENGTHENING OF MEDIUM-TERM BUDGET PROGRAMMING MECHANISMS

CONTEXT: The medium-term budget programming mechanism of the Central African Republic was nonexistent.

Central African Republic

Area of intervention:
Macroeconomic and Budget Analysis and Forecasting

Implementation date:
Ongoing process during March–August 2019

Objectives of the support	To implement an effective approach in the development of the medium-term budget framework based on the projected TOFE, including the institutional framework, the required technical and methodological tools, and the roles of the stakeholders.
AFC role	An AFC mission made it possible to review the constraints of the macroeconomic framework exercise, to ensure capacity-building for Central African experts in connection with the methods for forecasting budget aggregates (revenue, expenditure, and financing), and to devise an experimental model for the development of the medium-term budgetary framework/medium-term expenditure framework. A second mission in May–June 2019 provided training for the players in the use of this model. A workshop was organized jointly with *Expertise France* in August 2019 to strengthen the ownership and use of this model, to prepare the 2020-2022 MTBF/MTEF, the budget guidelines for the CAR for this period to be appended to the 2020 Draft Budget Law, and to devise an appropriate structure for the staff of the Directorate of Budget Programming, Preparation, and Reform to carry out these activities on a regular basis.
Key outcomes	These activities led to the provision of a tool to prepare the MTBF/MTEF, and to the establishment of the institutional units responsible for these activities.
Project impact	The project helped to strengthen the programming and credibility of the budget and the visibility of medium-term macrobudgetary policy activities.
Factors for success	The active involvement and interest of the Directorate General of Budget and synergy with a local technical and financial partner (*Expetise France*).
Lessons learned	In light of AFC's budget constraints and the timing constraints of AFC's timetable between missions, ongoing contact with talking partners (the DGB in this case) and the synergy with local technical and financial partners made it possible to accelerate the implementation of projects and recommendations.

SECTION II

E GOVERNMENT FINANCE STATISTICS

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

Technical assistance mission on Government Finance Statistics, Yaoundé, November 2019

STRENGTHEN FINANCIAL STATISTICS COMPILATION AND DISSEMINATION FOR DECISION-MAKING

In 2020, the government finance statistics area contributed to the expansion of government finance statistics coverage in Cameroon (**Success story 5**). During the fiscal year, the Center also started production of debt statistics according to the methodology of the Public Sector Debt Statistics Guide/Government Finance Statistics Manual 2014 in the Republic of Congo. In Equatorial Guinea, the Center participated in the development of a matrix for collecting source data on public debt (borrowing/long-term loans) under the IMF Public Sector Debt Guide, in accordance with World Bank database reporting standards. In Gabon, the Center contributed to the development of the financial equity account for 2017 and

2018 based on the net government position presented in the General Government Account (GGA) and to capacity development for new staff on the fundamental principles of the 2014 GFSM methodology and the procedures for preparing government finance statistics. Chad finalized the draft institutional table for the general government sector and started work on assessing the data required to expand the scope of government finance statistics.

« Within the framework of AFRITAC Central's technical assistance, in particular the transfer of skills on the migration of GFS production (TOFE) following the methodology of MSFP 2014, the DRC authorities express their sincere and profound gratitude to AFRITAC Central for its support to the development of a core of local experts through its operational framework of learning and technical capacity building of local expertise »

Mireille Sulia Kitambala
Director of Treasury
Democratic Republic of the Congo

The Center continued work on the migration from the current TOFE methodology according to the CEMAC TOFE Directive and/or 2014 GFSM and produced annual government finance statistics covering the Budgetary Central Government in Cameroon and Equatorial Guinea for the 2018 fiscal year; in the Republic of Congo and Gabon for the 2017 and 2018 fiscal years; in the Central African Republic, a statistical series from 2014 until 2018; in São Tomé and Príncipe, a statistical series from 2013 until 2018; and in Chad, a statistical series from 2012 until 2018.

Technical assistance from the Center made it possible for TOFE staff from the Republic of Congo, Gabon, and Chad to master the automated tool to produce the TOFE in 2014 GFSM format. The Center assisted in the completion and transmission of IMF statistics questionnaires for publication in its statistical yearbook for the period 2014–18 for the Central African Republic; for 2013–18 for São Tomé and Príncipe; and for 2012–18 for Chad. In the Republic of Congo, the Center assisted in preparing a diagnostic of statistical challenges as part of a joint mission on national accounting statistics, prices, government finance, and the external sector. Finally, the technical assistance entailed the review and finalization of the decree-law transposing the CEMAC TOFE Directive into national law, to be ratified by the Minister of Finance in Equatorial Guinea.

In 2021, the Center will continue to support the update of government finance statistics (by developing the TOFEs in 2014 GFSM format for the most recent fiscal years) in Cameroon, Gabon, Equatorial Guinea, the Central African Republic, Republic of Congo, Democratic Republic of the Congo, São Tomé and Príncipe, and Chad. More specifically, the Republic of Congo will receive support on quality assurance (comprehensiveness) for the recording of transactions in all units of general government. More broadly speaking, the Center will support the preparation of TOFEs for all member countries and the transmission of data for publication in the IMF Statistics Department Yearbook.

SUCCESS STORY 5. DEVELOPMENT OF AN INSTITUTIONAL REGISTER FOR CAMEROON'S PUBLIC SECTOR TO EXPAND GOVERNMENT FINANCE STATISTICS COVERAGE

CONTEXT: Cameroon launched and conducted a survey to establish a public-sector institutional register as a result of training on the 2014 GFSM and technical support from AFC.

Cameroon

Area of intervention:
Government Finance Statistics

Implementation date:
Beginnning in October 2019

Objectives of the support	Support to expand coverage of government finance statistics to extrabudgetary units, social security, and local authorities, in order to ensure that transactions and the number of units of general government are comprehensively covered.
AFC role	Support from the Center to ensure that the principles, methodology, and procedure for the sectorization of the units of general government are observed according to the *2014 Government Finance Statistics Manual (2014 GFSM).*
Key outcomes	Creation of a complete, dynamic institutional register for Cameroon's public sector, with a view to incorporating the newly created units and/or moving existing units to the appropriate subsectors to reflect changes in their nature. The institutional register will be accessible in real time by the National Statistics Institute of Cameroon for the national accounts, by the Monetary Statistics Service, National Directorate of the Bank of Central African States (BEAC), and other players involved in the area of statistics. The institutional table of Cameroon's public sector is composed of 54 entities for the budgetary central government, 507 extrabudgetary units, 1 social security unit, 374 decentralized local authorities, including 360 municipalities and 14 urban municipalities, and 44 public companies, including 38 public financial companies.
Project impact	Ownership by professional staff responsible for Cameroon's TOFE of the methodology for the sectorization of units of general government according to *the 2014 Government Finance Statistics Manual (2014 GFSM).*
Factors for success	The willingness of the Cameroonian authorities to adopt and implement *the 2014 GFSM* methodology as a result of the training received was decisive in the success of this project.
Lessons learned	Under the impetus of the authorities, professional staff are able to undertake and implement some of the activities provided in the Action Plan for Adoption of 2014 GFSM independently, with minimal support from AFC.

SECTION II

F MACROECONOMIC STATISTICS

Sebastien Manzi is a Macroeconomic Statistics Advisor at AFC since November 2018.

Regional seminar on the new GDP base and the migration to SNA 2008, Yaoundé, July 2019

STRENGTHEN MACROECONOMIC STATISTICS COMPILATION AND DISSEMINATION FOR DECISION-MAKING

During the 2020 fiscal year, the Center helped improve the coordination, production, and dissemination of macroeconomic statistics, and supported the establishment of the national accounts series according to SNA 93 for the period 1990-2018 in the Republic of Congo. In Gabon, the Center contributed to the start of the work on the calculation of the quarterly national accounts (CNT) through the identification and testing of indicators, implementation of a provisional model according to the GDP production perspective, and definition of an action plan up to publication. The Center also participated in the improvement of the simplified tool for the calculation of annual national accounts to include the disaggregation of accounts by institutional sector and recommendations on volume measurements at prices from the

previous year. In Equatorial Guinea, technical assistance supported efforts to prepare the models required to identify high frequency indicators (HFIs) for the volume, value, and price for more than 90 percent of GDP. The Center also developed capacities of professional staff members in mastering techniques for quarterly adjustment and correction of seasonal variations. In the Democratic Republic of the Congo, The Center made it possible to consolidate the first estimates of the national accounts for the period 2016-2018 and to establish a grid to move between the foreign trade nomenclature and the national accounts nomenclature to reflect the foreign trade source treatment. In São Tomé and Príncipe, the Center supported the processing, organization, and integration of foreign trade data and prices in the compilation of the quarterly national accounts. In Gabon, we note a successful launch of the National Data Summary Page (NDSP) of the General Data Dissemination Platform (GDDS-A) (**Success story 6**).

In 2021, the Center will contribute to the retropolation and establishment of the full series of national accounts according to the new 2016 base year in line with SNA 2008 in Cameroon. The Center also plans to conduct training on the preparation of the financial accounts in that country. In Congo, Gabon, Equatorial Guinea, and the Central African Republic, the Center will support the establishment of the quarterly national accounts. In the Central African Republic, São Tomé and Príncipe, and Chad, the technical assistance will also cover the migration to 2008 SNA with a change of base year.

The Center will also assist in making up delays in the production and dissemination of the national accounts in the Democratic Republic of the Congo. In Chad, the Center will assist in the development of the series of national accounts with the new base year (base 2017) according to SNA 2008 and training on resources and applications balances. At the regional level, the Center will focus on strengthening the coordination of regional statistics activities with AFRISTAT and CEMAC and on improving the understanding of regional professionals of the activities in connection with the change of base year and the migration to SNA 2008.

SUCCESS STORY 6. SUPPORT FOR THE SUBSCRIPTION TO GDDS-A

CONTEXT: Gabon requires a reference framework for the regular dissemination of all of its macroeconomic statistics.

Gabon

Area of intervention:
Macroeconomic Statistics

Implementation date:
October 3–11, 2019

Objectives of the support	To support Gabon in the preparatory work for the launch of the National Data Summary Page (NDSP) of the Enhanced General Data Dissemination System (GDDS-A).
AFC role	To conduct training activities to enable focal points to master the operation of the NDSP for its regular updating.
Key outcomes	Improved transparency through the provision of data to the public and the successful launch of the NDSP, accessible via the following link: https://dsbb.imf.org.
Project impact	Greater transparency by making all macroeconomic statistics essential in economic policy making available to the public and to economic decision makers.
Factors for success	Substantial involvement of the authorities and effective coordination of capacity development activities between the International Monetary Fund and the African Development Bank.
Lessons learned	The subscription to GDDS-A has strongly encouraged the timely production of macroeconomic statistics and strengthened the coordination of the country's statistics system.

SECTION II

G PUBLIC DEBT MANAGEMENT

Oumar Dissou is a Public Debt Management Advisor. He joined AFC in September 2019.

Chaker Soltani served as Public Debt Management Advisor from October 2014 until June 2019.

Regional seminar on preparation of the annual financing plan, Libreville, July 2018

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

Where this objective is concerned, the Center has been involved in improving the content of the draft medium-term debt strategy paper, preparation of the draft financing plan for the 2020 fiscal year, and the development of an analytical tool for the preparation of the schedule for the issue of government securities in the Democratic Republic of the Congo.

The Center has also trained approximately 15 professional staff members on the preparation of the MTDS in Chad.

In 2021, the Center will participate in training on basic debt management concepts in Equatorial Guinea. In Cameroon and the Democratic Republic of the Congo, the Center will participate in improving practices for the development and implementation of the medium-term debt strategy.

« I would like to extend my sincere thanks to the IMF Regional Technical Assistance Center for Central Africa for the quality of the proposed deliverables and the recommendations made during the mission on the development of procedures for primary market operations for treasury paper. »

Mr. Abbas Mahamat Tolli
Governor
Bank of Central African States

ESTABLISH MARKET INFRASTRUCTURE AND CAPACITY FOR COST EFFECTIVE FINANCING

In 2020, four professionals from the BEAC received intensive training on the coordination model for issues of public securities in place in the West African Economic and Monetary Union. The Center also participated in the preparation of an action plan to deepen the regional public securities market and in the development of the mechanisms for the implementation of the new regulatory framework for the CEMAC public securities market. As part of the implementation of this action plan, the Center assisted in the development of projects on: (1) mechanisms for organizing and participating in noncompetitive bidding; (2) issue mechanisms through the domestic syndication procedure; and; (3) repurchase and trading mechanism for public securities. In the Democratic Republic of the Congo, the Center contributed to the establishment of a market for government securities to diversify sources of financing (**Success story 7**).

In 2021, the support will aim at the establishment of a framework for the coordination of government securities issues and the extension of the operating mechanisms and various procedures and techniques in government securities management with the BEAC. In the Democratic Republic of the Congo, technical assistance will focus on supporting the identification of new financing mechanisms to mitigate the government's liquidity risk, and preparing a manual of procedures for issues, monitoring, and reimbursement of government securities.

ESTABLISH EFFICIENT INSTITUTIONAL FRAMEWORK FOR DEBT MANAGEMENT

In 2021, the Center will work on strengthening public debt service forecasting practices in the Central African Republic and in São Tomé and Príncipe. In Chad, the Center will contribute to the preparation of the Manual of Procedures for Debt Management Operations.

ESTABLISH APPROPRIATE PROCEDURES AND PROCESSES FOR ACCURATE DRRM

In terms of this objective, the working program for the 2021 fiscal year will focus on the establishment of procedures for the timely updating of the debt database and the establishment of procedures and processes for monitoring debt in Chad. In Congo, technical assistance will work on strengthening debt monitoring and reporting practices. In the Democratic Republic of the Congo, the Center's program will focus on improving the architecture and content of the public debt website.

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

During the 2020 fiscal year, 12 professionals from the Center's member countries were trained in the use of the debt sustainability framework for low-income countries.

In 2021, the technical assistance in connection with this objective will consist of regional training on the use of the debt sustainability framework.

« I would like to reiterate our firm commitment to continue and to finalize the remaining activities in collaboration with AFRITAC Central relating to (1) the establishment of a framework for the coordination of public treasury issues; and (2) capacity-building for treasury securities specialists, public treasuries, and the BEAC on the management of operations and the development of the public securities market »

Mr. Abbas Mahamat Tolli
Governor
Bank of Central African States

SUCCESS STORY 7. DEVELOPMENT OF THE GOVERNMENT SECURITIES MARKET IN THE DRC

CONTEXT: The Democratic Republic of the Congo does not have a public securities market and is dependent on external financing and statutory advances from the central bank to finance some of its budget expenditure.

Democratic Republic of the Congo

Area of intervention:
Public Debt Management

Implementation date:
Since 2015

Objectives of the support	Resumption of public securities issues to diversify the sources of government financing.
AFC role	The first mission organized in February 2015 made it possible to produce a roadmap to guide the activities so that the issue of government securities could be resumed after a suspension of nearly 30 years. Three on-site missions and remote technical assistance then made the following accomplishments possible: (1) drafting of the rules and procedures for issues of government securities; (2) establishment of the governance framework for government securities issues; (3) development of the strategy for launching public securities issue operations; and (4) development of the capacities of the authorities in the issue of government securities. AFC also facilitated and funded a study visit for four professionals from the Democratic Republic of the Congo for an immersion in Tunisia's experience in the creation and development of a domestic government securities market.
Key outcomes	Start of Treasury bill issues in October 2019.
Project impact	Diversification of funding sources.
Factors for success	The support of the Office of the Minister of Finance, technical staff of the Ministry of Finance, and the Central Bank of the Congo.
Lessons learned	Synergy between the stakeholders and the adoption of good issue practices will be decisive in further development activities for the public securities market.

SECTION II

H

BANKING REGULATION AND SUPERVISION

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

Joint regional seminar on cybersecurity in the banking sector, Cotonou, September 2019

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

In 2020, the Center worked on the development of the new regulation on risk management in credit institutions, as well as three draft guidelines for the banking industry on risk management, information technology risk control, and a business continuity plan for the Central Bank of São Tomé and Príncipe. In 2021, the working program will focus primarily on the revision and upgrading of prudential regulations applicable to institutions specializing in payment and electronic money services (Instruction 24) for the Central Bank of Congo (remote mission).

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

In 2020, the Center upgraded the methodology for on-site credit risk supervision in credit institutions, using the risk-based approach, to

supplement it to reflect international rules and good practices in COBAC (**Success story 8**). At the Central Bank of Congo, the Center contributed to the finalization of a methodological paper on the operating mechanisms for on-site supervision in credit institutions in connection with the risk management mechanism, in accordance with the BCC's revised Instruction 22 as relevant, published on May 14, 2019. The Center reviewed the Capital Adequacy, Asset quality, Management, Earnings, Liquidity, and Sensitivity (CAMELS)/ Organisation et Renforcement de l'Action Préventive (ORAP) credit rating model for credit institutions to update it to reflect recent developments in prudential regulations and good practices in the assessment of risk profiles at the Central Bank of Congo. AFC finalized development of a new rating method for credit institutions for rigorous risk profile assessments for the Central Bank of São Tomé and Príncipe.

The following results were achieved for Banque de la République du Burundi (1) development of a general roadmap to identify the reforms to be undertaken in order to finalize the transition to risk-based supervision; (2) review of the draft outline for the annual regulatory report on risk-based management and internal supervision; (3) enhancement of the profile for surveillance and warning indicators for bank supervisors responsible for ongoing supervision of credit institutions; and (4) practical training of supervisors in the implementation of the on-site and off-site supervision methodology for payment institutions. At COBAC, the Center reviewed the operating mechanisms for addressing violations of the prudential regulations for credit institutions. At the regional level, the Center developed capacities of all banking supervision authorities in the subregion in the implementation of an effective supervision approach for credit institutions in the area of cybersecurity during an interregional seminar organized jointly with AFRITAC West and the IMF Monetary and Capital Markets Department.

The forthcoming working program for the Central Bank of Congo is as follows for 2021: (1) training of supervisors (on-site and off-site supervision) in supervision of information technology risk based on the existing supervision reference framework and best practices; (2) capacity development for supervisors in implementing the rating process for credit institutions using the revised 2020 rating model, based on the financial statements for the 2020 fiscal year. At the Central Bank of São Tomé and Príncipe, the Center will contribute to the review and upgrading of the operating mechanisms for risk-based banking supervision, through the development of a new supervision manual (on-site and off-site supervision). At Banque de la République du Burundi, the technical assistance will focus on the development of capacities (1) for on-site supervision of operational risk in banks, with the drafting of a methodological paper; and (2) for on-site supervision of accounting, financial, and prudential information in banks, through the drafting of a methodological paper. At COBAC, the Center will review (1) the SYSCO 2 rating model for credit institutions to align it with international standards and good practices (remote mission), development of the methodology for the revised rating model for credit institutions, using a manual designed for supervisors (remote mission); (2) adaptation of this rating model to microfinance institutions; (3) supplementing the surveillance and warning indicators for microprudential surveillance of credit institutions; (4) review of the process for planning strategic banking supervision priorities; (5) review of operating procedures for the management of the penalty process, for more effective early intervention; and (6) capacity development for the on-site supervision of payment institutions, through the drafting of a methodological paper.

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

In 2020, the Center prepared a roadmap for COBAC, with a view to the launch of a global project to transpose the Basel system (the new name for the "Basel II" and "Basel III" system) into the CEMAC's body of prudential regulations applicable to credit institutions. At the Central Bank of Congo, the technical assistance provided by the Center made it possible to train banking supervisors in the internal capital adequacy assessment (ICAAP) and liquidity assessment (ILAAP) processes, followed by the development of a roadmap for implementing the regulatory requirements applicable to banks involving the identification of internal capital and internal liquidity. The Center also reviewed the draft instruction for credit institutions relating to financial reporting (transposition of Basel "Pillar 3") at the Central Bank of Congo (remote mission).

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

In 2020, support from the Center made it possible to prepare a roadmap for the Banque de la République du Burundi in undertaking a comprehensive action plan to

implement the International Accounting Standard (IFRS) 9 in the banking sector, on the identification and provisioning of expected credit losses, through the revision of prudential regulations and the adaptation of the operating mechanisms for supervision in connection with nonperforming claims.

In 2021, the Center will work on revising the prudential standards applicable to credit institutions relating to the classification of claims and the coverage of expected credit losses for Banque de la République du Burundi.

SUCCESS STORY 8. REVIEW OF THE ON-SITE SUPERVISION METHOD FOR CREDIT INSTITUTIONS

CONTEXT: The Central African Banking Commission (COBAC) is implementing risk-based supervision.

COBAC (CEMAC)	**Area of intervention:** Banking Regulation and Supervision **Implementation date:** October 2018–September 2019
Objectives of the support	AFRITAC Central intervened to develop capacities of COBAC inspectors to assess the main areas of risk to which credit institutions operating in the subregion are exposed, using the risk-based supervision approach with reference to the international level. The aim is to improve the early detection of banking problems and to describe them more effectively to enable COBAC to intervene earlier to correct the problems, for enhanced financial stability.
AFC role	AFRITAC Central conducted three technical assistance missions to the On-Site Supervision Directorate (DCPLA) of the COBAC Secretariat General, to develop the capacities of COBAC inspectors to conduct on-site supervision activities, with priority on appropriate risk assessments, in the following three major areas: operational risk, liquidity and financing risk, and credit risk.
Key outcomes	Three detailed methodological guides were developed in each of the above mentioned risk areas, with a clear indication of the objectives of the supervision activities and relevant operating mechanisms.
Project impact	The implementation of COBAC on-site supervision according to the revised methodology will contribute substantially to the strengthening of the quality of banking supervision in the CEMAC, through a more rigorous approach to risk assessment, that will then enable COBAC to decide on more effective, earlier corrective measures when banking difficulties are identified.
Factors for success	AFRITAC Central was able to mobilize senior short-term experts with proven experience in the field, made available by Banque de France, making it possible to produce high quality, structured deliverables tailored to the requirements. The Secretary General of COBAC and the inspection teams have been substantially involved in the review activities, which has led to more effective consideration of the requirements as well as greater internalization of the revised methodology.
Lessons learned	COBAC will be required to practice the revised methodology during on-site supervision missions in order to refine the points of control as required, based on the feedback obtained.

ANNEXES

TABLE 1. STATUS OF EXPENDITURE FOR PHASE 3 (AS OF APRIL 30, 2020)

Projects	Expenses (in U.S. Dollars)		
	Fiscal Year 2018[1]	Fiscal Year 2019	Fiscal Year 2020
Public Financial Management	740,568	2,163,039	1,989,777
Customs Administration	329,479	463,529	180,566
Tax Administration	362,231	1,081,725	678,260
Banking Supervision and Regulation	455,561	919,939	721,021
Public Debt Management	296,946	669,935	364,983
Real Sector Statistics	258,760	774,696	589,442
Government Finance Statistics	339,482	878,696	566,927
Financial and Fiscal Law	16,020	11,691	-
Administration	501,937	1,270,836	1,205,946
Customized Training	-	57,082	-
Training	107,860	318,139	104,064
Gouvernance and Evaluation	131,525	257,982	78,443
Sub-Total	**3,540,369**	**8,867,289**	**6,479,427**
Trust Fund Management	247,826	620,710	453,560
Total	3,788,195	9,487,999	6,932,987
IMF	515,894	434,046	506,303
Grand Total	**4,304,089**	**9,922,045**	**7,439,290**

Source: IMF, Institute for Capacity Development.

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

TABLE 2. STATUS OF FINANCIAL CONTRIBUTIONS FOR PHASE 3 (AS OF APRIL 30, 2020)

Information on the Agreement				In U.S. Dollars			
Contributors	Signature Date	Currency[1]	Amount	Amount of agreement	Contributions received	Contributions pending	Future Contributions
				(A)	(B)	(C)	(D)
Total partners				**18,750,613**	**17,049,501**	**1,203,231**	**497,881**
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	4/19/2018	EUR	200,000	237,180	237,180	-	-
China	7/13/2018	USD	2,000,000	2,000,000	2,000,000	-	-
European Commission[2]	4/16/2019	EUR	5,000,000	5,652,911	4,449,680	1,203,231	-
France[3]	12/5/2017	EUR	2,000,000	2,346,041	1,848,160	-	497,881
The Netherlands	11/6/2015	EUR	1,000,000	1,159,562	1,159,562	-	-
Switzerland	12/18/2019	CHF	1,500,000	1,544,799	1,544,799	-	-
Total members 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)	4/30/2018	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, Members Countries and Internal Transfers				**29,089,327**	**23,163,278**	**5,428,168**	**497,881**
IMF				2,500,000	2,500,000		
Program's Budget				**37,780,859**	**37,780,859**		
Funding Gap[4]					**(12,117,581)**		

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/ An additional contribution of one million euros promised by the European Commission is awaiting signature.

3/ An additional contribution of eight million euros promised by France is awaiting signature.

4/ The financing of Phase 3 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.

Administration:

OFFICE MANAGER

Marie-Hélène Issembe

PROJECT OFFICER

Armel Houtsa

ADMINISTRATIVE ASSISTANT

Carine Mboumba

ADMINISTRATIVE ASSISTANT

Larissa Mabika Balenga

ADMINISTRATIVE ASSISTANT

Djena Laetitia Djembo

ADMINISTRATIVE ASSISTANT

Gildas Loundou Mayoukou

TECHNICIAN / DRIVER

Wilfried Manguenga Manguenga

AFRITAC Central

BP: 12916 Libreville, GABON
Immeuble Saint Georges, Kalikak
T. +(241) 01.79.33.00
afcweb@IMF.org
www.afritaccentre.org
facebook.com/AFRITACcentre/

INTERNATIONAL MONETARY FUND
Institute for Capacity Development
Global Partnerships Division

700 19th Street, NW
Washington, DC 20431 USA
T. +(1) 202.623.7636
F. +(1) 202.623.7106
GlobalPartnerships@IMF.org