

**Regional Technical Assistance Center for Central Africa  
(AFRITAC Central)**

**PROGRAM DOCUMENT\***

**AFRITAC CENTRAL, PHASE III**

**November 2017- April 2022**

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## EXECUTIVE SUMMARY

**This document sets out the plans for Phase III of the Regional Technical Assistance Center for Central Africa (AFRITAC Central or AFC) of the International Monetary Fund (IMF).**<sup>1</sup> Established in Libreville, Gabon in November 2007, the AFC pursues the objective of assisting countries in the region to build their capacities for macroeconomic management. In the context of that objective, the Center will continue to respond to the technical assistance (TA) and training needs in macroeconomic and financial management of the member countries: Burundi, Cameroon, Central African Republic, Chad, Republic of Congo, Democratic Republic of the Congo, Equatorial Guinea, Gabon, and São Tomé and Príncipe.

Phase III will begin in November 2017 and conclude in April 2022.

**AFC's operations will be guided by the objective of building the human and institutional capacities of the administrations of the member countries** for effective management of their revenues and public finances, and thus maintenance of sound financial systems, permitting production of reliable macroeconomic statistics. The capacity building needs and the demand for technical assistance and training from the IMF are still high in key areas that are common to the member countries: revenue administration, public financial management, macro-budgetary analysis, national account and government finance statistics, debt management, and supervision of the financial sector. AFC's operations will be funded through contributions from the host country, the member countries, and bilateral and multilateral partners of the Center and of the IMF.

Its total budget for the five-year financing cycle from November 2017 until April 2022, including the contribution of the IMF and that of the host country, comes to US \$ 37.8 million. Considerations of financial sustainability are incorporated into the program financing.

**With the benefit of experience acquired during Phase II, the priorities for AFC assistance during Phase III to countries of the Central African Economic and Monetary Community, Burundi, the Democratic Republic of the Congo, and São Tomé and Príncipe are provided below:**

- Modernize the institutional frameworks and strengthen the key functions of the revenue authorities with a view to improving mobilization of customs and tax revenue;
- Improve public financial management, including support for the implementation of the regional directives at country level;
- Support the carrying out of reliable and regular budget forecasts, including forecasts of revenue deriving from petroleum and other natural resources, particularly in the fragile countries (Burundi, Central African Republic, Chad, Congo, Democratic Republic of the Congo, and São Tomé and Príncipe);

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<sup>1</sup> A preliminary version was adopted by the Steering Committee at the time of its nineteenth meeting, held on March 28, 2017 in Kinshasa (Democratic Republic of the Congo).

- Strengthen macroeconomic and government finance statistics, and harmonize statistics at the regional level;
- Develop the local and regional financial markets for domestic debt, within the context of sound management of public debt and of support for investments in the region;
- Improve the regulation and supervision of the financial institutions, particularly by strengthening the convergence of the regulatory frameworks applicable to them in line with the international standards in this area, as well as with good practices for risk-based supervision.

**In response to the external assessment and in the more general context of the IMF technical assistance reforms, certain changes will be made.** Thus, AFC will strengthen its coordination with the external partners and other technical assistance providers, including through a broader dissemination of its work and the systematic seeking out of synergies. The IMF also aims to further integrate technical assistance within its lending and surveillance activities. The Fund has also put in place a consistent framework for institution-wide results-based management.

**Assistance from AFC during this Phase will be guided by a rolling annual plan of work with a moving timeframe, within a framework of results-based management (RBM).** This approach will ensure that the activities are planned and carried out in accordance with a pre-established results framework, with the technical assistance and training needs of the member countries, with the requests for technical assistance coming from these countries, and with the IMF's technical assistance priorities for the region. The assistance provided by the Center enjoys logistical support from IMF experts in these areas, and complements other forms of TA from the IMF and other service providers and development partners, as an integral part of the IMF's overall technical assistance program. Support from the Center will continue to be closely coordinated with the beneficiaries, IMF headquarters, and the development partners.

**Phase III will continue to follow the IMF's highly successful model for providing technical assistance through the regional technical assistance centers, while responding to the new challenges and priorities.** The Steering Committee, made up of representatives of the member country authorities, the external partners, and the IMF, will continue to provide strategic guidelines and to set the Center's priorities. The Center's resident advisors will be closely supported by IMF staff so as to ensure high-quality services. Other priorities to be respected will be: those of close coordination and sharing of information with the member countries and development partners; visibility of the funders; awareness of the Center's activities; and rigorous management of the Center's resources and financial procedures. The next phase will encompass an improvement in the strategic focus of the technical assistance and of its planning, of its monitoring, and of the information on the TA, looking to obtain stronger results. The recommendations from the mid-term external evaluation, which corroborated the firm support of the member countries and which reminded us that the Center has been meeting important needs for its member countries, have been incorporated. The actions will be supported by strengthened national strategies, while planning will be further consolidated to ensure that support from AFRITAC Central is fully coordinated with the overall IMF technical assistance in the region. The improvements made to its results-based management framework will make it possible to define more effectively the progress achieved in relation to the predefined strategic objectives.

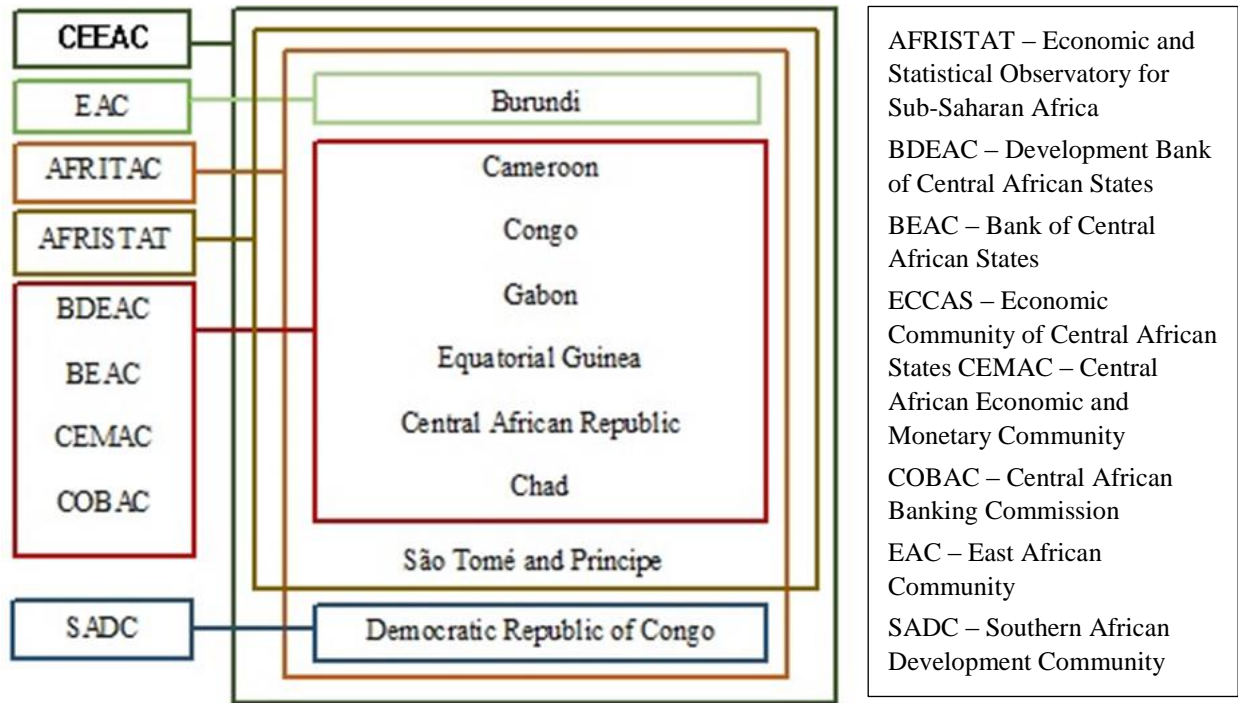
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## Acronyms and Abbreviations

AfDB	African Development Bank
AFRISTAT	Economic and Statistical Observatory for Sub-Saharan Africa
AFRITAC Central	Regional Technical Assistance Center for Central Africa
BCC	Central Bank of the Congo
BDEAC	Development Bank of Central African States
BEAC	Bank of Central African States
CAR	Central African Republic
CEMAC	Central African Economic and Monetary Community
COBAC	Central African Banking Commission
DGIC	Directorate General of Industry and Competition
DRC	Democratic Republic of the Congo
DSIF	Directorate for Surveillance of Financial Intermediaries
EAC	East African Community
ECCAS	Economic Community of Central African States
ERETES	Computer tool to assist in preparing the national accounts
EUROSTAT	Directorate General of the European Commission Responsible for European Community Statistical Information
FoHBAC	Forum of Senior Budget Staff of AFRITAC Member Countries
FSAP	Financial Sector Assessment Program
FY	Fiscal year
GDP	Gross domestic product
GIZ	<i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i> (German Cooperation)
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPI	Industrial production index
IPPI	Industrial production price indices
LOFIP	Budget Law
NBE	Central government budget classification system
OPB	Operational program budgets
PEFA	Public Expenditure and Financial Accountability
RBM	Results-Based Management
SADC	Southern African Development Community
SNA	System of National Accounts
TOFE	Table of government financial operations
UNDP	United Nations Development Program
VAT	Value-added tax
WAEMU	West African Economic and Monetary Union





**Figure 2. AFRITAC Central and Selected Regional Partner Organizations: Geographic Coverage**

While per capita income varies considerably among countries covered by AFC, all of these countries face major human development problems. They are at different stages in the development process. Thus per capita income levels in Gabon and Equatorial Guinea are clearly higher than the average for the sub-Saharan Africa region. Chad, the Central African Republic and Congo in the CEMAC – along with Burundi, the DRC, and São Tomé and Príncipe – are fragile countries. The capacity building objective for AFC aims to assist the member countries to adopt and implement economic policies fostering inclusive growth, looking to overcome the economic development challenges that they face.

#### **B. AFRITAC Central and Technical Assistance from the IMF**

AFRITAC Central, as well as the other regional technical assistance centers of the IMF, is a collaborative initiative involving the IMF, the member countries, and the bilateral and multilateral development partners. Its strategic objective is to assist the countries in strengthening their human and institutional capacities and in implementing macroeconomic and financial policies to promote growth and reduce poverty. The five Centers now cover the whole of sub-Saharan Africa.

For all of the regional centers, technical assistance combines the strategic advice developed during missions organized by the technical departments of the IMF from its Headquarters in Washington, with their implementation in the field. The latter activities

are undertaken by the AFRITAC resident advisors during their field visits and in the context of missions conducted by short-term experts under their direct supervision. Of course, all of these missions are part of the overall technical assistance from the IMF, which ensures their consistency and coordination. These missions likewise benefit from reviews by IMF headquarters staff, which provides a guarantee of quality.

**The IMF's regional approach to technical assistance and training makes improved adaptation possible to the special requirements of the regions, and fosters closer coordination with the other providers, as well as the provision of a faster response to the technical assistance needs of the member countries.** The AFRITACs develop a thorough knowledge of the countries and regions, and particularly of cross-cutting issues and the question of regional integration. They are close to the authorities covered by their operations, and the resident advisors maintain frequent contact with the member countries, where they travel to provide pragmatic guidance on implementation of the TA. Their physical proximity enables them to react quickly to urgent requests for capacity building and to follow up as required. The technical assistance provided by the AFRITACs shows positive cost-benefit results. Lastly, as far as possible the AFRITACs call on local expertise, which they also help to develop.

**AFRITAC Central is guided by a Steering Committee made up of representatives of the member countries, external partners, and the IMF.** This governance structure has proved to be remarkably effective, since it helps strengthen ownership of the programs of work by the stakeholders, and facilitates peer reviews and networking. It offers an institutional framework that permits donor coordination. The technical assistance requirements are defined and prioritized by the national authorities, in cooperation with the area and technical departments at IMF headquarters and the Center concerned, and the programs of work are confirmed by the Steering Committee (see Figure 3).

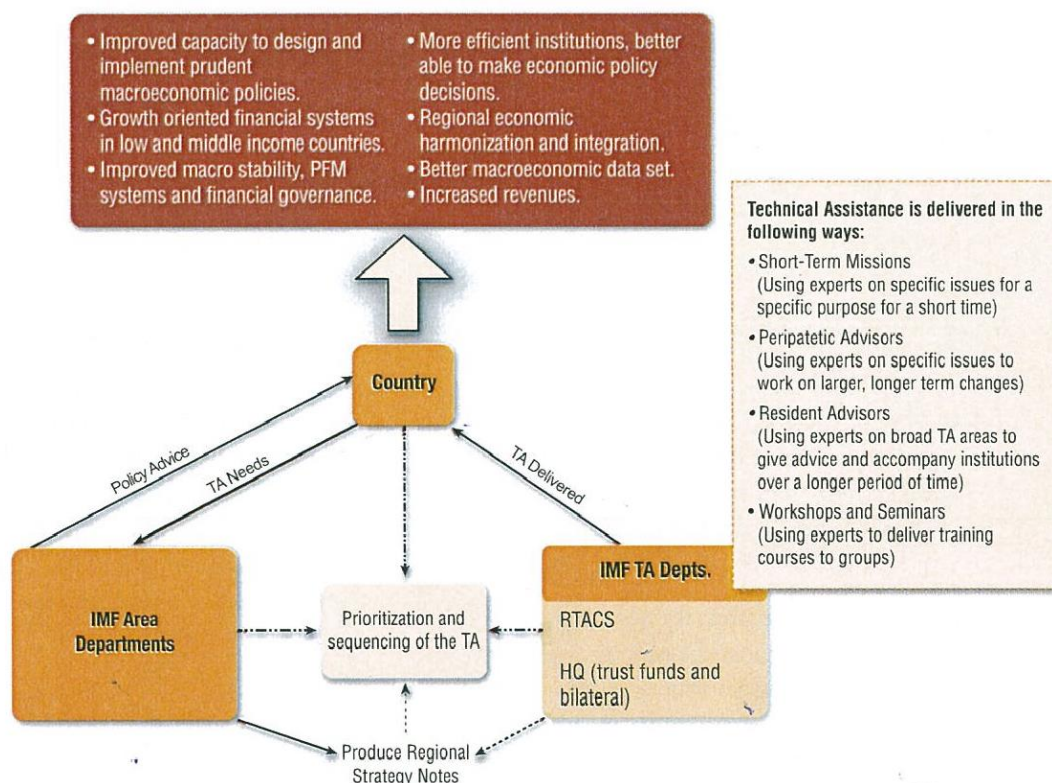
**Management of the Center falls to the Coordinator, who is an IMF staff member.**

The professional staff of the centers (resident advisors and short-term experts) are recruited, supervised, and supported by the IMF, which makes it possible to ensure the quality, continuity, and consistency of the strategic advice that is suggested.

**AFC contributes to the development of the institutional capacities of member countries through missions, regional seminars, and national workshops – as well as through the secondment of professional staff from member countries to other countries in the region.** Under the supervision of international advisors and experts, seminars and workshops make it possible to disseminate international best practices and principles to senior officials and representatives of the governments of the nine member countries, while also promoting the exchange of experience.



**Figure 3. Organization of IMF Technical Assistance**



### C. AFRITAC Central's Accomplishments by Operational Area

After six and a half years of operation, AFRITAC Central's Phase II will come to an end in October 2017. Substantial progress has been made in all of the Center's operational areas.<sup>2</sup> All member countries, including the most fragile ones, as well as the and regional institutions, targeted were covered as programmed.

**Revenue administration.** In addition to the enhanced mobilization of customs and tax revenues observed in member countries, the technical assistance produced the following key outcomes in this area: modernization of customs and tax procedures; segmentation of taxpayer management; modernization of customs risk management; formalization of the performance management tools; enhanced supervision of customs exemptions; greater proximity between the customs and tax administrations; and effective accompaniment of regional integration initiatives, particularly those of the CEMAC Commission.

**Public financial management.** The objectives of the technical assistance in this area were to establish the fundamentals of public financial management, strengthen transparency and

<sup>2</sup> For a comparison of results achieved in relation to the Phase II objectives, please see the Phase II Program Document, downloadable from the following link: <http://www.imf.org/external/np/otm/2010/020110.pdf>

medium-term programming frameworks, and improve natural resource management. Against the backdrop of second-generation reforms, additional support is likely to be required in budget preparation and execution, cash management, internal and external controls, and budget and tax risk management. Cameroon and Gabon have thus made substantial progress in these areas, and are already implementing program budgets. The Center will continue to support the CEMAC countries in application of the sub-regional public financial management directives, and the non-CEMAC countries in implementation of organic laws on public finance.

***Macroeconomic statistics.*** The strategy to make up the delays in the publication of the national accounts has been accomplished in most member countries, and implementation of the mechanism for producing quarterly accounts has been launched in Burundi.

***Government finance statistics.*** This area, which has been covered only since 2016, has allowed the Center to provide support for the compilation and dissemination of government finance statistics, pursuant to the international standards and sub-regional directives (the table of government financial operations (TOFE), following the IMF's approach and public financial management directives in the CEMAC area), which are adopted for the preparation, monitoring, and evaluation of the member countries' development policies.

***Public debt management.*** Effective public debt management makes economies less vulnerable to domestic and external shocks, supports economic growth, and improves the investment climate. Support from AFRITAC Central has made it possible in particular to build the human and institutional capacities of the member countries in debt management, to improve their access to the domestic debt markets, and to reorganize the debt offices into a front, middle, and back offices in some member countries.

***Banking supervision and financial stability.*** In the banking supervision area, the strategic objectives of the technical assistance were to: strengthen the stability of the financial sector through convergence of banking regulation with the reference standards at the international level; more effectively supervise the banks and nonbank financial institutions in accordance with their risk profile; and improve surveillance of systemic risks. At system level, the aim was to assist the countries to improve macroprudential policies and tools, their capacities to conduct stress tests, and their systems for prevention and management of banking crises.

## **II. RESPONSES TO THE REGION'S MACROECONOMIC AND FINANCIAL CHALLENGES**

**As with sub-Saharan Africa as a whole, the AFC member countries have faced macroeconomic and financial challenges.** After robust growth combined with macroeconomic stability during the period 2010–2014, the economic and social development programs of the member countries faced new challenges from 2015, in particular with the dramatically decline in commodities prices, which led to increased deficits and public debt, as well as to increased vulnerabilities for the banking and financial institutions. Fiscal consolidation is under way in most AFC member countries, but they are also faced with a broad array of challenges related to institutional governance. Thus, ambitious budget policies are required to preserve macroeconomic stability. It is essential to carry out structural

reforms in order to restore strong growth and strengthen the business climate and regional integration.

### **A. Overview of Macroeconomic Developments in the AFC Member Countries**

**Member countries have been weakened by the decline in commodities prices and by security problems since 2014 (see Figure 4).** Declining petroleum prices and production have had a substantial influence on economic performance in all exporting member countries. The balance of payments imbalance and the drop in revenue receipts generated by this fall in prices had harmful consequences for other sectors of the economy in these countries. Since 2007 the AFC member countries, including São Tomé and Príncipe, have seen average annual GDP growth of 3.4 percent. The economic growth rate in the CEMAC fell in 2016 to 0.7%, a 20-year low. Economic growth in Burundi and the DRC was also constrained by civil strife that have disrupted their economic systems. In addition, average growth for the whole of the Center's member countries saw a sharp slowdown, and stands at -0.3% in 2016.

**Inflation in most member countries has been brought under control, particularly as a result of the exchange rate peg of the currency against the euro.** Burundi and the Democratic Republic of the Congo – which have no fixed exchange rate system – have at times between 2016 and 2017 registered double-digit inflation. Irregular harvests in the agricultural sector have led to price volatility for food products in many AFC countries.

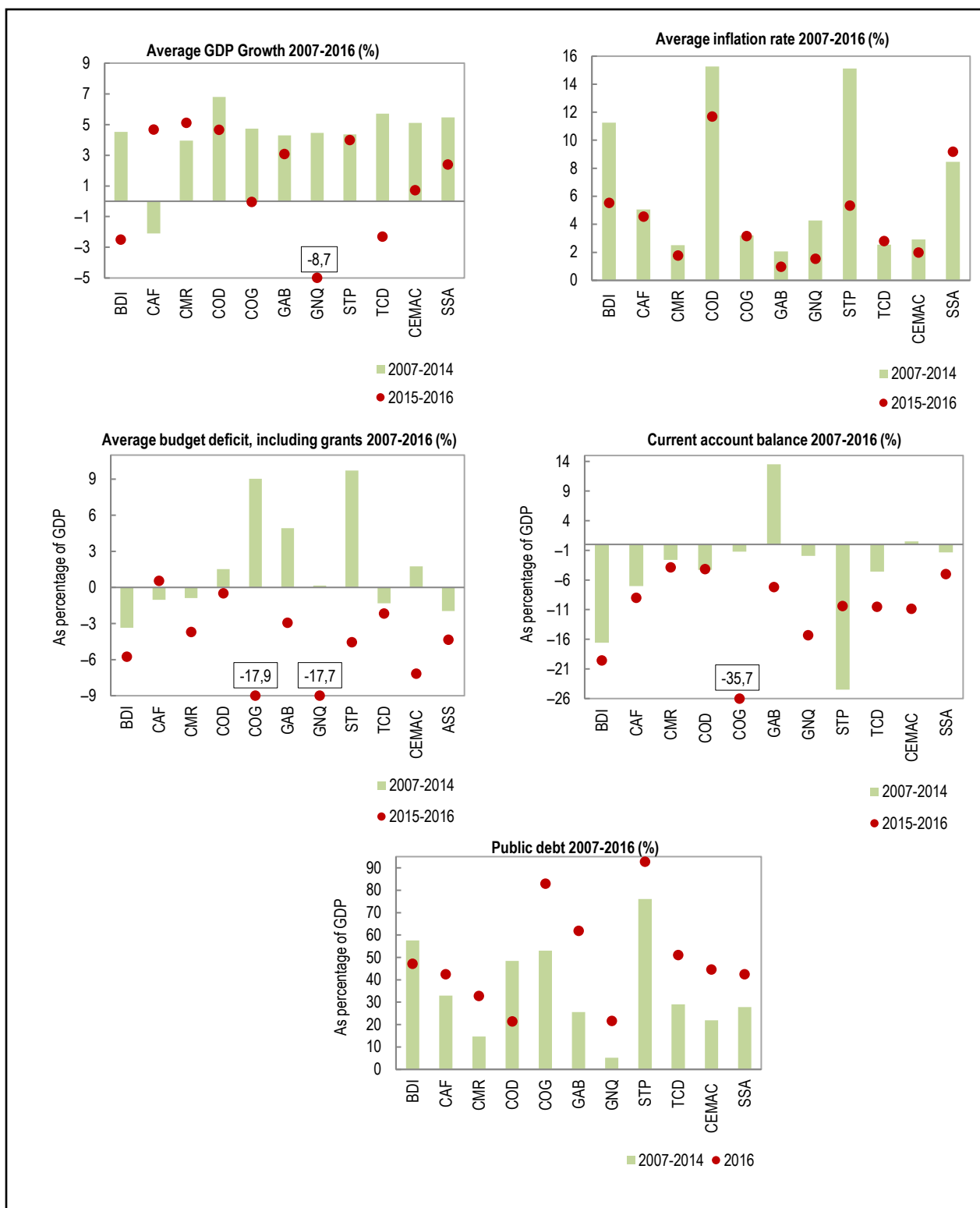
**The decline in revenues from commodity exports since 2014 – and the rapid deterioration in the economic outlook – have compromised the region's equilibria.** This imbalance has been manifested in particular in increasing financing requirements.

Generally speaking, the AFC member states have seen their headline balances deteriorate. The situation is delicate for the CEMAC countries, which recorded deficits of 7.2%<sup>3</sup> of their GDP in 2016. Furthermore, in 2016 average current external deficits for these countries reached 10.2%.

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<sup>3</sup> Headline balance, grants included (IMF: Database of the African Department and Regional Economic Outlook for April 2017).

**Figure 4. Macroeconomic Developments in AFRITAC Central Member Countries**



Source: IMF, database of African department and Regional economic outlook, April 2017

## **B. How Can AFC Help Meet the Region's Challenges?**

**The capacity building needs are still substantial in the region. The Center is well placed to respond to the needs of its member countries to answer the** current regional economic and financial challenges resulting from declining commodity prices. The support of the Center in the building of the capacity of the institutions at national and regional levels is thus essential in the coming phase.

**The fundamental objective of the Center during Phase III is to build the capacities of the member countries in all areas covered by the Center, looking to help them to face their macroeconomic development challenges and to support them in achievement of the Sustainable Development Goals (SDGs).**<sup>4</sup> This objective falls within the capacity development strategy framework of the IMF African Department. The Center will leverage its expertise on macroeconomic and financial matters, as well as its regional scope, to back up the member governments in their human and institutional capacity building efforts. The technical assistance program for Phase III also takes into account the objectives of regional integration and of alignment between the member countries. The technical assistance program is likewise grounded in the capacity building strategies developed for each country in consultation with the IMF African Department.

**In providing assistance to the member countries, AFC will make full use of:** (i) its geographical proximity to the member countries; (ii) support by the national authorities for the Center's program of work, through the Steering Committee; (iii) support from IMF headquarters to ensure the consistency and quality of the assistance provided; (iv) integration of its technical assistance activities with the IMF's programs and surveillance activities; and (v) the adaptability of its program of work, including thanks to regular reviews by the Steering Committee. In addition, AFC has accumulated considerable knowledge of the institutions of its member countries.

## **III. THE NEXT FIVE YEARS: 2017–2022**

### **A. Strategic Focus**

#### **Sector priorities**

**With the aim of answering the current regional economic and financial challenges flowing from declining commodity prices, it will be necessary to make major adjustments,** among them the adoption of reforms looking to strengthen institutions and human capacities in the region – reforms for which the Center's services will certainly be needed. In light of these demands, the main change proposed in AFC's activities – assuming

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<sup>4</sup> Link to the website of the United Nations Sustainable Development Goals:  
<http://www.un.org/sustainabledevelopment/>

that there is sufficient funding available – will be the hiring of an additional Advisor to strengthen the macro-level budget analysis.

The priorities are as follows:

- (i) Tax and customs revenue administration;
- (ii) Public financial management;
- (iii) Macro-fiscal;
- (iv) Macroeconomic statistics;
- (v) Government finance statistics;
- (vi) Public debt management;
- (vii) Banking regulation and supervision.

**These priorities align with the capacity building strategies implemented for the member countries with the intervention of the key stakeholders,** and reflect the demand for capacity building formulated by the members, including the more fragile among them (specifically Burundi, the Central African Republic, Chad, the Democratic Republic of the Congo, and São Tomé and Príncipe.) They are also closely related to the IMF's commitments in connection with the Development Finance Program (DFP) to facilitate the achievement of the sustainable development goals through the enhanced mobilization of national resources, more effective use of public resources, expanded financial inclusion, and improvement in the compilation and dissemination of statistics to strengthen sound economic policy decision making that is consistent with economic policy. The Center should increase its technical assistance and training activities in tax and customs revenue administration, while maintaining its support in the area of banking supervision, which is a prerequisite for financial inclusion and strengthening of the role of the banking sector in supporting the economy.

### **Sector objectives**

**The Center's objectives for Phase III are presented in the logical framework and are designed based on the strategic guidelines of the African Department. In particular, they are:**

- **To strengthen the regional perspective through implementation of the program to create a common market and to raise the quality standards of the CEMAC and of the customs administrations of the member countries to the level of international standards.** In order to enhance mobilization of customs and tax revenue, the two general objectives are as follows: (i) modernize the institutional frameworks; and (ii) strengthen the core functions of the revenue authorities. In connection with these objectives, capacity building will give priority to: modernization of the organizations and strengthening of operational surveillance; simplification of filing and payment procedures, including VAT reimbursement; improved management of customs and tax risks and finalization of the segmentation of enterprises; strengthening of research and control activities to expand the tax and customs assessment base; support for collaboration between the customs and tax administrations looking to fight fraud; and

lastly, harmonization of the application of the Community legislation governing customs and taxes in the CEMAC area.

- **To improve the legal framework for government finance and the processes for budget preparation, execution, and control, as well as to strengthen transparency.** The issues in connection with public financial management also include cash management, internal and external controls, and tax risk management. AFC will continue to assist the CEMAC countries in implementing the regional directives in the area of public financial management.
- **To expand AFC's assistance to macroeconomic and budgetary framework activities.** This assistance will be delivered according to the following strategic objective: (i) to ensure better budget preparation to make it more credible, readable and aligned with public policy. Macro-budgetary forecasting activities will be closely coordinated with the technical assistance in the area of statistics so that the most recent historical data can be used, the application of internationally recognized statistical methods encouraged, and the analytical risks acknowledged associated with shortcomings in data quality.
- **In the area of macroeconomic statistics, to further strengthen the compilation and dissemination of real-sector and government finance statistics, looking to facilitate economic policy decision making, including as regards accentuating regional arrangements (public financial management directives for the CEMAC countries).** The objective is to improve the quality of the national accounts and price statistics, including the baseline data used as inputs in their preparation, by bringing them up to international standards, to be available in a timely manner and accessible to the users. The relevant projects include the Enhanced Data Dissemination Initiative (EDDI) covering external sector and financial sector statistics, and a JSA project (Japan Administered Account for Selected IMF Activities) for the external sector statistics for the francophone countries. AFC will also support the development and improvement of statistical infrastructures and sources of data and metadata.
- **To strengthen the preparation and dissemination of government finance statistics** by drawing on the Government Finance Statistics Manual, 2014 (GFSM 2014) and to support the countries in their efforts to make financial statistics more transparent by participating in the Enhanced General Data Dissemination System (e-GDDS).
- **To advocate for an effective management of government debt. Effective public debt management makes economies less vulnerable to domestic and external shocks, encourages economic growth, and improves the investment climate.** The assistance provided by AFC for debt management will be based on the past technical assistance offered in the region and on the current debt sustainability analyses (DSAs), in order to: (i) modernize the legal and institutional framework for public debt management in member countries; (ii) promote development of the government securities market; (iii) further strengthen the analytical capacities of the member countries in order to support implementation of medium-term debt management strategies; and (iv) continue to

provide advice on the use of market-based mechanisms to respond to the countries' financing requirements.

- **In the area of banking regulation and supervision, the objective will be to improve the regulatory and prudential frameworks as well as those for risk-based supervision and for application of Basel II and III, and the framework for posting of nonperforming claims under the IFRS.** Center support will aim in particular at boosting the pertinence and efficacy of implementation of supervision for bank and nonbank financial institutions in regard to risk. In light of the weaknesses in the regulatory, surveillance, and resolution frameworks for the banking sector in the member countries of the African Financial Community (AFC), emphasis will also be placed on microprudential surveillance. The priorities of the Central African Banking Commission (COBAC) and of the Central Bank of the DRC will be to contribute to: implementation of the recommendations of the Financial Sector Assessment Program (FSAP); implementation of risk-based supervision; upgrading of the regulatory framework; strengthening of effective implementation of the regulations; and improvement in the supervisors' competencies.

### **Operational mechanisms**

#### **During Phase III, AFC will:**

- Strengthen promotion of peer learning activities and synergies between public entities, the organization of supplementary training, and the development of regional expertise;
- Give its support as a priority to the most fragile member countries, particularly by contributing to implementation of the IMF initiative seeking to assist fragile countries, in accordance with the capacity building priorities established by the IMF;
- Implement the IMF's results-based management framework and use the standard catalog of objectives, outputs, indicators, with the use of information technologies, a reporting system, and project management mechanisms;
- Incorporate technical assistance from the Center into training activities – as an essential link in the delivery of TA. AFC will continue to promote training opportunities through its cooperation with the African Training Institute (ATI) and will strengthen its collaboration with the regional organizations.
- Pay particular attention to gender issues in the monitoring and evaluation of the training activities with the member countries and in the selection of participants for the regional seminars.



## **B. Integration and Synergies with Regional Donors and Partners**

**Coordination of AFC with the funders and a number of other technical assistance providers active in the AFC countries is essential for its success, and will be further strengthened.** Thus, the Center will collaborate closely with the institutions and countries providing technical assistance to the region. The technical assistance in AFC's area of expertise is provided to the region by multilateral institutions such as the African Development Bank (AfDB), the European Union, and the World Bank, as well as regional institutions such as the Economic and Statistical Observatory for Sub-Saharan Africa (AFRISTAT) and bilateral organizations from Belgium, Canada, France, Germany, the Netherlands, the U.S., and the United Kingdom.

**Moreover, AFC has sponsored regular meetings of senior management of the customs administrations and an annual forum for senior budget officials (FoHBAC, the Forum of Senior Budget Staff of AFRITAC Member Countries).** AFC concurrently encourages opportunities for peer learning, primarily through regional seminars. AFC workshops contribute to achievement of the objective of regional harmonization. Thus, one of the main aspects of activities around tax administration is linked to development of a joint database and taxation classification for the mining industries. Other examples include technical assistance from AFC on implementation of the CEMAC's public financial management directives and strengthening of regional banking supervision efforts.

**To ensure complementarity and synergies with other technical assistance providers, AFC will see to this collaboration with the bilateral and multilateral agencies in the field.** More specifically, for Phase III the Center envisages the following:

- To ensure the dissemination of reports that it has prepared for the Steering Committee, and, on request, for other stakeholders, subject to the consent of the technical assistance beneficiary (consent by no-objection). This will enable AFC's member countries, external partners, and other technical assistance providers to obtain the information they require to coordinate their activities more effectively with those of AFC.
- To strengthen informational meetings with the development partners, including through the use of IMF Resident Representative Offices. Information in connection with the AFC missions will be posted on its website<sup>5</sup> and will be communicated to other capacity building institutions. When possible, AFC missions will also provide field reports. Ideally the meetings will be organized by the authorities or possibly the Resident Representative Office.
- To participate as much as possible in official working groups on coordination between development partners and regional institutions.

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<sup>5</sup> <http://www.afritaccentre.org/>

- To improve the organization and presentation of AFC's website, so as to maintain a database there of up-to-date information, as well as contact details to enhance coordination among all stakeholders.

### **C. Planning of and Follow-up from the Mid-term Evaluation of AFRITAC Central**

**The most recent mid-term evaluation identified points with room for improvement that have already been or will soon be subject to corrective action.**

- “The program document for AFC’s next phase should provide a strategy for the different technical areas and countries.”

**Follow-up:** The program document aligns the performance objectives and performance indicators for a results-based management that is applied in each area of intervention and in each of the countries, based on the strategic objectives for the phase. The document thus reflects the country-specific capacity building strategies prepared by the African Department in consultation with the key stakeholders.

- “The efficacy of the Steering Committee could be improved.”

**Follow-up:** The efficacy of the Steering Committee will be strengthened by putting greater emphasis on strategic issues during the meetings and by strengthening the role of the representatives of the member countries on the Steering Committee as focal points.

- “AFC should further strengthen its results-based management.”

**Follow-up:** This program document establishes better linkages between various results chains and the technical assistance. The document focuses further on outcomes and ensures that the logical frameworks are consistent with the RBM framework recently established in the IMF, with a standard catalog of objectives, milestones, and indicators.

- “AFC should further strengthen its presentation of reports to the Steering Committee.”

**Follow-up:** The reports proposed for AFC present a significant reduction in the volume of information provided, with research as to the options available for consolidating the information, at the same time proposing outcomes more directly linked to the AFC technical assistance, underscoring the specific reasons for which the objectives have not been reached, and presenting the key performance indicators.

## **D. Phase III Programming by Operating Area**

### **i. Tax and Customs Administration**

#### ***Outputs produced during Phase II***

**The logical framework for the 2013-2016 program adopted four operating areas:**

- Strengthen regional and international cooperation to support implementation of the program to establish a common market;
- Strengthen the capacities of the administrations to fight fraud with a more effective internalization of international standards and practices;
- Strengthen VAT administration, which is the linchpin of the tax transition;
- Strengthen regional tax administration capacities in the natural resource sector.

Overall, all of the activities programmed during Phase Two (2013–2016) were able to be conducted normally, despite some problems in the delivery of technical assistance in certain countries as a result of specific socio-political or security situations. Moreover, new actions were undertaken, such as multidisciplinary (treasury, customs, and taxes) and/or interregional seminars (in collaboration with AFRITAC South).

#### ***At regional level***

**Support for revision of the directives on harmonization of tax systems and for overhaul of the Community customs code**, in collaboration with the Fiscal Affairs Department (FAD) of the IMF. This resumption of activities with the CEMAC Commission will be continued in the coming years.

**Looking to share a regional perspective on the customs reforms and to strengthen cooperation on the part of the customs administrations of the member countries**, the technical seminars and the annual meetings of customs directors general, organized jointly with the FAD, have made it possible to prepare regional action plans.

**A toolbox on modernization and simplification of procedures for the filing and payment of duties and taxes** was prepared at the regional level, specifically within the framework of multi-disciplinary regional seminars (in the areas of treasury, customs, and taxes). Over a four-year period, these tools enabled Burundi, the Central African Republic, and Chad to reduce the time lag for customs clearance of merchandise by an average of at least one month.

**A tax and regional occasional paper on the natural resource sector and a practical guide to management and control of large enterprises in this sector** were designed by the group of regional experts created at the initiative of the Center.

**All countries have updated the financial information tool for the customs and tax administrations (ISORA/RA-FIT).** Support from the Center and the regional seminar in June 2016 organized with the Fiscal Affairs Department of the IMF made it possible to achieve a 100 percent response rate, significantly exceeding the objective of 75 percent.

**The three regional seminars organized on the topic of collaboration between the customs and tax administrations** made it possible to develop tools to expand the tax assessment base. A substantial increase in the number of VAT taxpayers (exceeding the regional objective of a 20 percent increase over four years) was observed in all member countries, except for the specific cases of Burundi and the Central African Republic.

### ***Outcomes by country***

***Burundi.*** The Center's activities made it possible to modernize and organize Burundi's revenue office and to finalize the segmentation of taxpayers. Further support has also made it possible to create a register of indicative values for the key import products and to strengthen execution of customs inspections, particularly in the area of petroleum products. On the other hand, programs to implement automated customs risk management and tax performance measurement systems could not be completed in light of the security conditions, resulting in suspension of the field visits. The objectives and activities that were modified at the request of the authorities were used to prepare action plans to mobilize customs and tax revenue.

***Cameroon.*** The Center contributed to capacity building for staff responsible for tax revenue forecasting, as well as to improved management of the tax system. Moreover, capacity building for customs inspectors was consolidated in the areas of accounting and transfer prices, in the context of strengthening of *ex post* inspection activities. The resumption of collaboration between the customs and tax authorities has made it possible to define mechanisms to prevent fraud and to prepare occasional papers for sectors at risk of fraud. Concurrently with the strengthening of tax investigation activities, a mechanism was established for the systematic exchange of customs and tax information and data.

***Central African Republic.*** In light of the country's instability, activities conducted in the customs and tax areas focused primarily on preparation of action plans with concrete short-term measures, as well as on accompaniment and monitoring of execution of these measures, specifically: inspection of goods in transit; monitoring and codification of fee and tax exemptions; control of the use of exempted merchandise; taxing of defaulting taxpayers; forced collection of arrears; a campaign for the adjustment of underreported revenue, etc.

***Chad.*** Operations to expand the assessment base for the value-added tax, in collaboration with the customs authorities, made it possible to incorporate a number of new or undertaxed taxpayers in the register. Moreover, tools for the follow-up and management of large enterprises have been prepared and the capacities of inspectors strengthened in the area of VAT control.

**Congo.** Accompaniment by the Center made it possible to create management services for medium-sized enterprises in Brazzaville and Pointe-Noire. Filing and payment procedures for periodic duties and taxes were modernized. Lastly, job descriptions and manuals of procedure for current operations were prepared and distributed so as to improve management of the services and monitoring of performance.

**Democratic Republic of the Congo.** Development of the register of customs disputes has made it possible to launch the automated customs risk management system. The decision-making and technical structures for risk management and the identification of fraud mechanisms were established and put into service. An interim selective inspection system is operational. The Center accompanied expansion of the VAT assessment base and strengthening of tax management for medium-sized and large enterprises. Moreover, the tools were prepared for performance management and monitoring of internal control. Support was also provided for implementation of remote procedures. The capacities of the inspectors built in the area of VAT control and customs and tax reconciliation made it possible to define the frameworks for prevention of fraud and the conduct of combined supervision activities.

**Equatorial Guinea.** The Center accompanied the reorganization of the units and modernization of manual customs procedures, with a view to their computerization through implementation of the Automated System for Customs Data (ASYCUDA) by the United Nations Conference on Trade and Development (UNCTAD), financed by the African Development Bank. In the tax area, creation of the department responsible for management of large enterprises subject to VAT was accompanied by modernization of the procedures for filing and payment of periodic duties and taxes.

**Gabon.** The procedure for implementation of an automated customs risk management system was given new impetus with the formal establishment and implementation of the technical structure for risk management and identification of fraud mechanisms. Capacities were also built in customs value control. Activities undertaken in the area of tax administration made it possible to prepare performance management tools and to strengthen internal control activities. The capacities of the inspectors strengthened in the area of VAT control and in customs and tax reconciliation made it possible to define the frameworks for prevention of import and distribution fraud.

**São Tomé and Príncipe.** Through participation in its first annual seminar for customs administrations of AFRITAC Central member countries, following it officially joining the Center, the Directorate General of Customs was able to participate actively in identifying priority activities for the continuation of reforms looking to improved regional integration.

### ***Main objectives and outcomes to be achieved by the end of Phase III***

**The need to further mobilize customs and tax revenue is still the priority of the member countries.** The context is characterized by a sharp decline in revenue deriving from natural resources, development of regional common markets and forthcoming new trade agreements, as well as the need to align the customs and tax procedures with international standards. This objective of mobilizing further revenue is closely related to the IMF's commitments to

support the countries with a view to mobilizing more of their own domestic revenue so that they can contribute to the Addis Ababa Action Plan on development finance for achievement of the 2030 sustainable development goals. Modernization of the institutional and organizational frameworks, and strengthening of the key functions of the revenue authorities, which aim to improve mobilization of customs and tax revenue, are two major objectives of the Center's program of work for the period 2017–2022. These priorities reflect the particular demand from member countries, especially those in fragile circumstances (Burundi, Central African Republic, Chad, Democratic Republic of the Congo, and São Tomé and Príncipe) as well as those addressing a sharp drop in revenues from the exploitation of natural resources (Cameroon, Congo, and Equatorial Guinea.)

**Accordingly, execution of medium-term activity programs (2017–2022) will accordingly be based on the following four strategic objectives:**

**Objective 1.** Modernization of the institutional frameworks for the customs administrations;

**Objective 2.** Strengthen main customs administration functions;

**Objective 3.** Modernization of the institutional framework for the tax administrations;

**Objective 4.** Strengthen main tax administration functions.

**In connection with the foregoing objectives, capacity building will focus on the following priorities:** (1) harmonization of the application of Community customs and tax legislation within the CEMAC area; (2) modernization of organizations and strengthening of operational surveillance; (3) simplification of filing and payment procedures, including VAT reimbursement; (4) improved management of customs and tax risks and finalization of the segmentation of enterprises; (5) strengthening of research and inspection activities, looking to expand the tax and customs assessment base; and (6) support for collaboration between the customs and tax administrations in order to combat fraud.

#### ***At regional level***

**AFRITAC Central will carry on with its support to the countries pursuing their regional integration efforts.** This support will essentially involve harmonization of the adoption at the national level of the practical provisions of the new CEMAC Customs Code which was recently adopted, as well as of the key tax directives. The Center will also participate in the preparation and monitoring of implementation of the regional plan to modernize the customs administrations, upgrading to international standards, harmonization of procedures, and strengthening of collaboration between the countries. Lastly, the Center will continue to participate actively in dissemination of the customs and tax administration financial information system (ISORA/RA-FIT).

**The Center will continue to coordinate its activities with those of the technical and financial partners.** In the area revenue administration, seven countries (Cameroon, Central African Republic, Chad, Congo, the DRC, Equatorial Guinea, and Gabon) will receive

technical assistance from partners that are engaged in significant activities in the region: the European Union, World Bank, African Development Bank, UNDP, Germany, and France. The close collaboration with these partners has made it possible to avoid the duplication of efforts, adapt operations to the countries' needs, and share the results of the activities.

***Objectives and outputs to be achieved by country***

**Country activities scheduled over the medium term (2018–2022) – including for the new member country, São Tomé and Príncipe – are described below.** These activities, in the form of multiyear projects, are presented by strategic objectives, degree of progress in the reforms, availability of resources, and local conditions.

***Burundi.*** During Phase III, the Center will support the country on: (1) reorganization of the central customs and taxation services and finalization of segmentation activities; (2) strengthening of the research and survey activities, as well as scheduling of the controls; identification of incentive measures and those to facilitate foreign trade; (4) simplification and modernization of the customs procedures; (5) updating of the procedures for estimating the original value and tariff classification; (6) strengthening of the framework for monitoring and supervision of exemptions; (7) improvement in the programming of follow-up checks; (8) improvement in the systematic exchange of customs and tax data; clean-up of data and securing of the records; (10) simplification of the procedures for filing of tax returns; (11) simplification of the procedures for payment of duty and taxes; and (12) improvement in scheduling of tax inspections.

***Cameroon.*** The Center will plan to offer assistance to the country for: (1) restructuring of the decision-making bodies and updating of the internal control procedures at all levels; (2) strengthening of the research and survey activities and programming of control and inspection activities; (3) identification of measures fostering and facilitating foreign trade; (4) simplification and modernization of the customs procedures; (5) updating of the procedures for estimating the original value and tariff classification; (6) strengthening of the framework for monitoring and supervision of exemptions; (7) improvement in the scheduling of follow-up checks; (8) systematic exchange of customs and tax data; (9) modernization of risk analysis and management; (10) clean-up of data and securing of the records; (11) simplification of the procedures for filing of tax returns; (12) simplification of the procedures for payment of duty and taxes; and (13) improvement in scheduling of tax inspections.

***Central African Republic.*** During Phase III, the assistance of the Center will focus on: (1) reorganization of the central customs and taxation services and finalization of segmentation; (2) activation of the core functionalities of the IT systems for customs and tax; (3) strengthening of the activities in research and survey and scheduling of the checks; (4) identification of incentives to foster and facilitate foreign trade; (5) simplification and modernization of the customs procedures; (6) updating of the procedures for estimating the original value and tariff classification; (7) strengthening of the framework for monitoring and supervision of exemptions; (8) improvement in the scheduling of follow-up checks; (9) systematic exchange of customs and tax data; clean-up of data and securing of the records; (10) simplification of the procedures for filing of tax returns; (11) simplification of the

procedures for payment of duty and taxes; and (12) improvement in scheduling of tax inspections.

***Chad.*** During Phase III, the Center will support the country in: (1) reorganization of the central customs and taxation services and finalization of segmentation; (2) activation of the core functionalities of the IT systems for customs and tax; (3) strengthening of the activities in research and survey and scheduling of the checks; (4) identification of measures fostering and facilitating foreign trade; (5) simplification and modernization of the customs procedures; (6) updating of the procedures for estimating the original value and tariff classification; (7) strengthening of the framework for monitoring and supervision of exemptions; (8) improvement in the programming of follow-up checks; (9) systematic exchange of customs and tax data; (10) clean-up of data and securing of the records; (11) simplification of the procedures for filing of tax returns; (12) simplification of the procedures for payment of duty and taxes; and (13) improvement in scheduling of tax inspections.

***Congo.*** During Phase III, the Center will focus its assistance on: (1) reorganization of the central customs and taxation services and finalization of segmentation; (2) activation of the core functionalities of the IT systems for customs and tax; (3) strengthening of the research and survey activities and the scheduling of control and inspection activities; (4) identification of incentives to foster and facilitate foreign trade; (5) simplification and modernization of the customs procedures; (6) updating of the procedures for estimating the original value and tariff classification; (7) strengthening of the framework for monitoring and supervision of exemptions; (8) improvement in the scheduling of follow-up checks; (9) systematic exchange of customs and tax data; (10) modernization of risk analysis and management; (11) clean-up of data and securing of the records; (12) simplification of the procedures for filing of tax returns; (13) simplification of the procedures for payment of duty and taxes; and (14) improvement in scheduling of tax inspections.

***Democratic Republic of the Congo.*** The support projected by the Center will be developed around: (1) activation of the core functionalities of the IT systems for customs and tax; (2) strengthening of the research and survey activities and of scheduling of the checks; (3) identification of incentives to foster and facilitate foreign trade; (4) simplification and modernization of the customs procedures; (5) updating of the procedures for estimating the original value and tariff classification; (6) strengthening of the framework for monitoring and supervision of exemptions; (7) improvement in the scheduling of follow-up checks; (8) systematic exchange of customs and tax data; (9) modernization of risk analysis and management; (10) clean-up of data and securing of the records; (11) simplification of the procedures for filing of tax returns; (12) simplification of the procedures for payment of duty and taxes; and (13) improvement in scheduling of tax inspections.

***Equatorial Guinea.*** Over the course of the coming phase, the Center will provide its assistance to: (1) reorganization of the central customs and taxation services and finalization of segmentation; (2) activation of the core functionalities of the IT systems for customs and tax; (3) identification of incentives to foster and facilitate foreign trade; (4) simplification and modernization of the customs procedures; (5) updating of the procedures for estimating the original value and of tariff classification; (6) strengthening of the framework for monitoring and supervision of exemptions; (7) improvement in the scheduling of follow-up checks; (8) systematic exchange of customs and tax data; (9) clean-up of data and securing of the



records; (10) simplification of the procedures for filing of tax returns; (11) simplification of the procedures for payment of duty and taxes; and (12) improvement in scheduling of tax inspections.

**Gabon.** The Center will support the country in several areas: (1) activation of the core functionalities of the IT systems for customs and tax; (2) restructuring of the internal control bodies and updating of the procedures for internal control at all levels; (3) strengthening of the research and survey activities and scheduling of the activities of control and inspection; (4) identification of incentives to foster and facilitate foreign trade; (5) simplification and modernization of the customs procedures; (6) updating of the procedures for estimating the original value and tariff classification; (7) strengthening of the framework for monitoring and supervision of exemptions; (8) improvement in the scheduling of follow-up checks; (9) systematic exchange of customs and tax data; (10) modernization of risk analysis and management; (11) clean-up of data and securing of the records; (12) simplification of the procedures for filing of tax returns; (13) simplification of the procedures for payment of duty and taxes; and (14) improvement in scheduling of tax inspections.

**São Tomé and Príncipe.** During Phase III, the Center will provide support on: (1) reorganization of the central customs and taxation services and finalization of segmentation; (2) identification of incentives to foster and facilitate foreign trade; (3) simplification and modernization of the customs procedures; (4) updating of the procedures for estimating the original value and tariff classification; (5) strengthening of the framework for monitoring and supervision of exemptions; (6) improvement in the scheduling of follow-up checks; (7) systematic exchange of customs and tax data; (8) clean-up of data and securing of the records; (9) simplification of the procedures for filing of tax returns; (10) simplification of the procedures for payment of duty and taxes; and (11) improvement in scheduling of tax inspections.

## **ii. Public Financial Management**

### ***Outcomes achieved during Phase II***

The logical framework for the 2013–2016 program in this area was based on four operating areas, involving:

- Adopting and implementing CEMAC directives in member countries;
- Adopting and testing the implementation of regulations for the Organic Law on Public Finance (LOFIP) in Burundi and the Democratic Republic of the Congo;
- Preparing to move to second-generation fiscal reforms;
- Submitting and executing program budgets for pilot ministries;
- Moving state accounting towards international standards and best practices;
- Building human capacities.

**In general, all of the activities scheduled for Phase II were achieved, despite a number of political and security difficulties present in many countries.** This phase made it possible to initiate new mechanisms for delivering technical assistance through immersion missions and interregional seminars between AFRITAC Central and AFRITAC West countries, aimed at promoting the exchange of experience between peers on reform issues.

### ***At the regional level***

The CEMAC Commission is monitoring implementation of the directives establishing the harmonized fiscal framework in its member countries, while the reforms have stalled as a result of the erosion of political support for reform in the wake of the macro-budgetary shocks and/or the security situation, as well as insufficient capacities on the part of the experts responsible for implementing these reforms. The headquarters of the Commission, initially based in Bangui, was itself affected by the crisis in the Central African Republic. The Commission's administrative structures, lacking all senior management responsible for monitoring budget and economic policies, are called on to evolve. Against this backdrop, in 2016 the adoption of the CEMAC instruments has yet to be completed. Out of a total of 36 instruments to be adopted by six member countries, 12 instruments (equivalent to 33 percent) have effectively been adopted; nine texts (equivalent to 25 percent) have been approved by the CEMAC Commission; four texts (equivalent to 11 percent) are under review by the Commission for approval; and 11 instruments have yet to be submitted to the Commission. During this phase, draft legislation from various countries were examined by the Center and opinions on their compliance were issued to the CEMAC, either directly or through the FAD.

**A number of regional seminars were organized in connection with capacity building,** in the areas of budget supervision and internal control in 2015 and the forum for senior budget officers on decentralization of payment authorizations in 2015, on transparency in the budget process in 2016, and lastly on budget documentation, with the participation of civil society from two areas (AFRITAC West 1 and AFRITAC Central) in 2017.

### ***Outcomes by country***

**Burundi.** During the period covered by AFC's previous financing cycle, and despite the numerous political, social, and security challenges that Burundi has faced, the country has made noteworthy progress in a number of areas. Thus, the rationalized expenditure chain (CRD) was established, the network of expenditure commitment inspectors (CEDs) was implemented, and expenditure commitment instruments were decentralized to the manager level. The legal and regulatory framework for government accounting was strengthened. AFRITAC Central supported the process with two activities: a relocated seminar on capacity building for expenditure commitment controllers from the priority ministries selected with a view to decentralization of payment authorizations and implementation of a wage bill budgeting model. In addition, a seminar on accounting was organized in Libreville with the staff of the treasury and government accounts of Burundi.

**Cameroon.** The Center's activities made it possible to improve the public financial management framework, in particular the shift to program budget. In addition, progress was observed in making the accounting system more reliable.

**Central African Republic.** In light of the climate of instability prevailing in the country, public financial management activities focused primarily on support for reconstruction of the government budget and accounting functions. Accordingly, several fundamentals of public financial management were preserved or established, including: (1) maintaining the liquidity system and channels; and (2) implementing the central accounting office of the treasury (ACCT). In December 2016, a mission from AFC put in place a mechanism for the supervision of budget execution, with commitment plans and the liquidity plan. However, these efforts were sharply curtailed by the insufficient commitment on the part of the staff responsible for the budget on reform issues.

**Chad.** The Center's activities made possible: (1) improvement in the fundamentals of public expenditure management and implementation of the CEMAC reforms; (2) support for rationalization of the expenditure execution chain in order to reduce recourse to exceptional expenditure which has been substantial in the past; (3) change in the legal and regulatory framework; and (4) adoption of all directives under the harmonized fiscal framework. A conversion table between the old and new state budget classification schemes was also made available to the Directorate General of Budget, with all the analytical and expenditure tables. This table should facilitate implementation of the new budget classification system.

**Congo.** Support from AFC during Phase II focused on implementation of the performance framework in connection with the program budget reform. Program budget models were prepared for all ministries and institutions. Performance frameworks were developed for 17 ministries and institutions.

**Democratic Republic of the Congo.** During this phase, AFC supported implementation of performance frameworks for 13 ministries and institutions. Support was also provided in adapting the organization of staff responsible for budget, in the context of the second-generation reforms. The 2017 Draft Budget Law was provided as an annex to the program budget for five ministries and one institution.

**Gabon.** The Center contributed to the adoption of the six CEMAC Directives, in particular the new Organic Statute on Budget Laws and Budget Execution (LOLFEB), which laid the groundwork for a renewed public management system. The AFC's activities also supported implementation of the program budget. The format for the budget document was improved with the identification of two special allocation accounts in 2016 and one in 2017. A mechanism to strengthen financial oversight of public entities was proposed to the Gabonese authorities.

### ***Main objectives and outcomes to be achieved by the end of Phase III***

**In the framework of the forthcoming program, support from AFC will support the six CEMAC countries, Burundi, the Democratic Republic of the Congo, and São Tomé and**

**Principe in implementation of the new organic statutes and second-generation accounting regulations.** This effort will involve a number of technical areas, including results-based management, decentralization of payment authorizations, strengthening of internal control, strengthening of the financial responsibilities of the sector ministries, improved accounting, and active liquidity management. In addition, the effort will apply more generally to the improvement of financial governance, promotion of transparency and accountability, and budget credibility.

**During Phase III, the technical assistance will be delivered based on three strategic objectives:**

**Objective 1.** Strengthening the institutional and legal framework for management of government finance;

**Objective 2:** Seeing to improved government budget preparation;

**Objective 3.** Improving budget execution and control.

All of these objectives are assessed based on the Public Expenditure and Financial Accountability (PEFA) indicators for the member countries.

**The program of activities in the area of public financial management and the outcomes to be achieved in the medium term by each country during Phase III are provided below.**

***At regional level***

AFC support to the countries in the context with capacity building will be continued through regional seminars looking to promote the sharing of experience and exchanges among professionals on regional good practices in public financial management.

**CEMAC.** The Commission has initiated and must continue implementation of directives establishing the harmonized fiscal framework in its member countries. Assistance from AFC will more particularly involve the adoption of directives and support for checking compliance by the draft laws and regulations adopted in application of the directives. The Center's objective for Phase III is an improved legal framework for government finance, so as to complete the adoption of the directives of the harmonized fiscal framework in the member countries.

***Objectives and outcomes to be achieved, by country***

**Burundi.** The activities to be carried out will be designed to support the authorities in: (1) preparation of the central government budget by improving its presentation, credibility, and accessibility; and (2) budget execution and control by improving the expenditure chain and monitoring and supervision of execution, through strengthened internal control of the priority ministries and implementation of basic treasury management tools (organizational

framework and liquidity plan) and lastly, timely production of accounting documentation, particularly balance sheets, and intra-annual reporting.

**Cameroon.** The technical assistance for Cameroon will focus on central government budget credibility, an improved expenditure chain, and production of the accounts within the framework of implementation of the new accounting systems. The planned activities will focus on: (1) improved budget preparation in order to enhance its readability, credibility and alignment with public policies; (2) budget execution and control through strengthened internal control such that the control may be adjusted in the medium term; and (3) government accounting through capacity building and improvement in the organizational framework and tools for public accounting and liquidity management, and preparation of the opening balance sheet and migration to accrual-based accounting.

**Central African Republic.** Support from AFC will be embedded within the emergency reform plan adopted by the Council of Ministers. It will involve the following areas in particular: (1) preparation of the central government budget, thanks to implementation of the new budget classifications and standardization of budget management; and (2) budget execution and control to restore the fair accounting view of the whole of the general budget and supplementary budgets. In light of the resistance to change and the extremely poor capacities of the professional staff, the technical assistance from AFC will focus on capacity development and restoring the fundamentals of management. Provided that the authorities can internalize the reforms more effectively, it is envisaged to conduct activities on: (1) capacity building in the process of budget preparation and execution, with special emphasis on budget statements and the process of preparing them; and (2) regular production of accounts and provision of the basic liquidity management tools through establishment of an organizational framework, cash-flow plans, and instruments for budget monitoring and execution.

**Chad.** The country has adopted a twofold approach to reform: improvement in the fundamentals of public expenditure management and implementation of the CEMAC reforms. In this context, the authorities undertook to rationalize the expenditure chain to reduce recourse to exceptional expenditure. The legal and regulatory framework is changing, and all directives in the harmonized fiscal framework have now been adopted. During Phase III, the activities will be directed to the following two strategic areas for action: (1) improved preparation of the central government budget; and (2) strengthened follow-up on budget execution and control. For the first area, support from AFC involves the framework for improving presentation of the budget document and monitoring of off-budget funds in public entities. For the second it involves capacity building and enhancing of knowledge, production of tools for effective compliance control, and regular production of the accounting documents.

**Congo.** The activities to be conducted during Phase III are a continuation of the reforms and support the efforts provided by the authorities to improve budget execution. Support from AFC will involve the following two objectives: (1) improvement in budget preparation and in presentation of the budget documentation so that budget information is more comprehensive; and (2) budget execution and control through implementation of management instruments

and their effective coordination, through capacity building and strengthening of the foundations for public accounts and treasury management, as well as production of the government general ledger (basic accounting report).

***Democratic Republic of the Congo.*** The authorities are preparing a national strategic development program with target emergence in 2030, which presumes a strengthening of the long-term planning mechanisms, medium-term economic and budget programming frameworks, and the credibility of the annual budget. The support by AFC will fall within continuation of what has already been done, and will focus on the following capacity building areas: (1) improving the legal framework for government finance, through support to implementation of legislation and of an institutional framework for budget management that are compliant with international best practices; and (2) improving preparation of the state budget through management of the operations involving earmarked resources and the optimal reflection of such operations in the budget law.

***Equatorial Guinea.*** The needs for reform, which are substantial, involve all areas of management: governance and financial integrity, budget preparation and execution, public accounts, and management of arrears and liquidity. These structural reforms of the fundamentals of the public financial management system are essential for undertaking implementation of the directives and for meeting the CEMAC surveillance criteria.

***Gabon.*** The technical assistance will focus on improving the expenditure chain, accounting, liquidity management, and monitoring of payment processing. The strategic objectives for the actions in the next phase are: (1) improvement of government budget preparation, through a more effective consolidation of budget operations under the budget law, and reintegration of off-budget expenditure with revenue allocations in the general budget, and strengthening of financial oversight of public entities; and (2) improvement in budget execution, accounting, and control by pursuing implementation of internal control in connection with decentralization of payment orders in the sector ministries.

***São Tomé and Príncipe.*** The country will join AFC at the beginning of its next financing cycle. Accordingly, the Center undertook discussions with the authorities to better target their technical assistance needs. In this context, and subject to a differing expression of technical assistance needs by the authorities, the technical assistance is envisaged to focus on capacity development and on improving the fundamentals of management. The program of activities will cover the following two areas of action: (1) budget preparation, with a particular focus on budget documentation; and (2) budget execution and control, with regular production of accounts and availability of the basic tools for liquidity management and of an organizational framework.

### **iii. Macro-fiscal**

#### ***Main objectives and outcomes to be achieved by the end of Phase III***

**The macroeconomic and budget policy framework is an important tool and a legal requirement for the countries of the sub-region.** The organic laws of the AFC member

countries establish the principles that budgets should be realistic and accurate. The laws and regulations in all countries specify that the budget is an integral part of the overall framework of the medium-term macroeconomic, financial, and budget policy covering the coming year, as well as the two following years at a minimum. The associated economic assumptions should be made explicit. This legal requirement is underapplied or poorly applied. The medium-term guidelines are used only in certain countries where specific mechanisms have been put in place. In practice, even when they exist the scope of these guidelines is limited, and their linkages with other financial documents – in particular the budget law – are still poor. These shortcomings undermine the credibility of the budgets and illustrate the fact that significant reforms are required.

**The forthcoming program anticipates expansion of AFC's assistance to the macroeconomic and budget policy framework.**

This technical assistance will be delivered in line with the following objective:

**To ensure improved preparation of the budget in order to make it more specific, readable, and aligned with public policies, with a view to having more credible multi-year budget programming available.**

***At regional level***

The Center will be involved in issues related to the medium-term sustainability of the budget policies and will participate in the forums initiated to this end by the **CEMAC**. Annual seminars will be organized for the professionals in the region responsible for macroeconomic and budget policy framework, to promote exchange of knowledge and sharing of experience.

***Objectives and outcomes to be achieved by country***

The Center will conduct fact-finding missions to all member countries to operationalize the medium-term guidelines or optimize those that already exist.

**iv. Macroeconomic Statistics**

**Outcomes achieved during Phase II**

Phase II continued to pursue the objectives sought under Phase I, which is to say those of assisting member countries in having up-to-date national accounts that are in compliance with SNA 93 and of putting intra-annual indicators in place, with a view to making the annual national accounts more reliable, and to implementing the quarterly national accounts.

**The logical framework for the 2013–2016 program in connection with Phase II of the AFRITAC Central financing cycle adopted four areas of action:**

- Support preparation of the annual national accounts;

- Support preparation of the quarterly national accounts;
- Build capacities and strengthen sharing of experience and regional and international best practices in preparation of the national accounts and statistics supporting the work of national accounts.

The objectives were fully achieved by the end of Phase II. While the member countries were behind schedule in preparing their national accounts, six out of eight countries are up to date in producing accounts. The two other countries that have not reached the objective found themselves in special circumstances.

During Phase II of the AFC financing cycle, national account seminars were organized regularly (at a minimum once a year). The following topics were addressed at these seminars: “The industrial production volume and process indexes (IPI and IPPI); “ERETES: a tool to assist in preparation of national accounts”; “The method of preparing national accounts, from SNA 98 to SNA 2008”; and “Introduction to the System of National Accounts 2008 (SNA 2008)”.

### ***Outcomes by country***

***Burundi, Chad, Congo, and the Democratic Republic of the Congo.*** These countries migrated to SNA 1998 with 2005 as the base year. They have annual national accounts series for 2005–2015 that are published or in the process of publication. From among this group, Burundi is receiving technical assistance from AFC to implement its quarterly national accounts.

***Central African Republic.*** This country migrated to SNA 93 with 2005 as the base year, and has unpublished annual national accounts series for 2005–2008 and 2012. The program is under way to make up the delays in the accounts.

***Cameroon.*** This country has two series of annual national accounts – one of which, in the SNA 93 system, is up to date and published, with the other series, in line with SNA 2008, is in the process of publication. Support from AFC also made it possible for Cameroon to have a quarterly national accounts series that is regularly improved and published.

***Equatorial Guinea.*** This country moved to SNA 93 with 2006 as the base year. It has an annual national accounts series for 2006–2015 that has been published.

***Gabon.*** This member country migrated to SNA 93 with 2003 as the base year, and has an unpublished series for 2003–2009.

### ***Main objectives and outcomes to be achieved by the end of Phase III***

**The overall objective of the macroeconomic statistics sector is to support the countries so that the national accounts can be prepared according to international standards, updated, and published.** During Phase III, AFC will continue its activities in capacity



building in the area of provisional national accounts, as well as training in the use of the ERETES system and preliminary training in the use of SNA 2008. These training activities will be conducted in the form of regional or interregional seminars and workshops proposed jointly by AFRITAC Central and AFRITAC West .

Execution of the Phase III program will rest on the following three objectives:

**Objective 1.** Support in the updating, publication, and dissemination of the national accounts for all countries, and support their migration to SNA 2008;

**Objective 2.** Help the countries in implementation of the quarterly national accounts and intra-annual economic indicators;

**Objective 3.** Build capacity and share experience and best practices at the regional and international levels in the preparation of national accounts and the statistics underpinning the national accounts work.

During Phase III, Gabon and the Central African Republic will receive assistance enabling them to have up-to-date national accounts series. Most countries will move to the System of National Accounts in line with SNA 2008, while updating their national accounts according to SNA 1993.

The countries that are capable of doing so will be supported in implementing their quarterly national accounts. The Republic of São Tomé and Príncipe will be included in the program with the same objectives as the other member countries, specifically that of having an up-to-date series of annual national accounts and the intra-annual economic indicators required for the quarterly national accounts.

***Objectives and outcomes to be achieved, by country***

***Burundi, the Central African Republic, Chad, Congo, the Democratic Republic of the Congo, Equatorial Guinea, and Gabon.*** The objective of the technical assistance from AFRITAC Central is to update and publish the annual national accounts. AFC will assist this group of countries in implementation of short-term indicators, including the industrial production index (IPI) and the industrial production price index (IPPI), in capacity building in provisional national accounts and in preparation for the migration to SNA 2008 (adaptation of Revision 1 of the NAEMA/NOPEMA classifications (NAEMA: Activity Classification of AFRISTAT Member States; NOPEMA: Product Classification of AFRISTAT Member States), review the preparation methods, and administer new surveys as required, etc.)

***Burundi and Cameroon.*** The Center's technical assistance activities will also involve capacity building in quarterly national accounts. To that is added the change of base year for the final annual accounts, in line with SNA 2008 for Cameroon.

**São Tomé and Príncipe.** The purpose of the technical assistance is to support the updating and publication of the annual national accounts, as well as to provide assistance in implementing short-term indicators, including the IPI and IPPI.

## **v. Government Finance Statistics**

### ***Outcomes achieved during Phase II***

Up till 2015 the technical assistance in government finance statistics was provided directly by the IMF Statistics Department in Washington, and covered only five out of the nine AFRITAC Central member countries. A resident advisor only began to provide technical assistance during the 2016–2017 fiscal year.

The program of work for 2017 focused around the following three areas of action:

- Support for the adoption of the TOFE Directive (05/11 - UEAC-190-CM-22) on the Government Finance Statistics Manual 2001/14 (GFSM 2001/14) for countries in the CEMAC area;
- Support for preparation and dissemination of government finance statistics (GFS), based on the methodology of the GFSM 2014 for Burundi and the Democratic Republic of the Congo;
- Building capacities and sharing experience and best practices at the regional and international levels in the preparation of government finance statistics.

### ***At regional level***

**In regard to support for countries in the CEMAC area in adoption of the TOFE Directive 05/11-UEAC-190-CM-22 on the GFSM 2001/14**, two of the six member countries (Chad and Gabon) have already adopted the TOFE Directive in their national laws.

**In regard to support for the preparation and dissemination of government finance statistics in the AFC countries, based on the methodology of the GFSM 2001/14**, technical assistance from the IMF Statistics Department and AFC made it possible to lay solid groundwork for adoption of the *GFSM 2001/2014* methodology. The most noteworthy outcome is the conversion table between the countries' account codes and the codes under GFSM 2001/2014.

### ***Outcomes by country***

**Burundi.** The TOFEs for the 2012–2015 years were prepared according to the *GFSM 2014* classification.

**Cameroon.** The IMF and AFC missions assisted the Government Finance Reform Committee in drafting the adoption instrument.

**Central African Republic.** The Central African Republic's cash-basis TOFE for the 2016 fiscal year was used as a model to illustrate adoption of the GFSM 2014 methodology.

**Chad.** The technical assistance activities made possible identification of the data sources for establishing the new TOFE (covering all GFS subsectors) and for preparing the classification tool for moving between the general account balance and those of GFSM 2014. The cash-basis TOFE for FY2015 was improved and converted to the GFSM 2014 format, although without changing its basis of recording.

**Congo.** The technical assistance activities assisted the Government Finance Reform Committee to review the draft adoption instrument before it was sent on to the CEMAC for approval. In addition, the TOFEs for the 2012, 2013, and 2014 years were prepared according to the GFSM 2014 classification and then sent on to the IMF Statistics Department for publication in the yearbook.

**Democratic Republic of the Congo.** The trial TOFEs for the 2014–2015 years were prepared using the GFSM 2014 classification.

**Equatorial Guinea.** The technical assistance involved revision of the adoption instrument submitted to the CEMAC. In this country, the Ministry of Finance and Budget has no dedicated unit for preparing the GFS. The government finance statistics are prepared by the BEAC statistics unit, although for purposes of negotiations with the international organizations, including IMF Article IV missions.

**Gabon.** The AFC missions made it possible to prepare a conversion table between the budget and accounting classification systems and the GFSM 2014 classification, so that a new TOFE could be generated automatically.

### ***Main objectives and outcomes to be achieved by the end of Phase III***

**For Phase III, the Center will deliver technical assistance around two objectives:**

**Objective 1:** To improve the preparation and dissemination of government finance statistics for decision making;

**Objective 2:** To assist the AFC countries in improving the transparency of financial statistics, through participation in the IMF's Enhanced General Data Dissemination System (e-GDDS).

**During Phase III, the outcomes to be achieved for Objective 1 are that:**

- The legal and institutional framework is conducive to the compilation of financial statistics and to the pertinence and practical utility of financial statistics; the management mechanisms are in place for quality control of the financial statistics; and lastly, the institutional integrity, transparency, and ethical practices meet the statistical standards;

- The capacities of staff will be improved through training, in particular in the area of preparation of and dissemination of government finance statistics according to the GFSM 2014 methodology, including improvement in the source data and metadata;
- The data are compiled using the concepts and definitions under GFSM 2014;
- The data are compiled using the appropriate classification, coverage and scope, disaggregation into sectors, and basis of recording, and are compliant with GFSM 2014;
- The data are compiled using appropriate statistical techniques, including processing of source data and/or examination and validation of the auxiliary data and statistics derived from them (Data Quality Assessment Framework (DQAF) 3.3 and/or 3.4);
- The data with intra-annual frequency are compiled and/or the resulting statistics are disseminated internally and/or to the public at large; public access to statistics has improved, thanks to improved formats and better assistance to users; the metadata disseminated internally and/or to the public have been improved to facilitate the interpretation and analysis of the statistics;
- The documentation of operational procedures for the compilation and/or dissemination of government finance statistics has been prepared, properly filed, and used by the staff.

**The outcomes to be achieved for Objective 3 are that:**

- The member countries begin to participate in the e-GDDS (or to update the GDDS metadata);
- <sup>a</sup> The member countries take all of the necessary measures to subscribe to the national data dissemination strategy (NDDS);
- <sup>a</sup> The member countries take all of the necessary measures to join the Special Data Dissemination Standard Plus (SDDS plus) by meeting all requirements or by meeting at least five new data categories through well prepared plans to that end.

***At regional level***

**The challenges for government finance statistics are substantially common to all AFC member countries.** Accordingly, under Phase III the progress made during Phase II will be consolidated by enhancing the quality of the source data and of the financial statistics that are prepared, their coverage and scope, as well as appropriate disaggregation by sector and basis of recording, in accordance with the GFSM 2014 methodology. These outcomes will be achieved through regional seminars and targeted training activities at regional level.

***Objectives and outcomes to be achieved, by country***

***Burundi.*** During Phase III, AFC will provide Burundi with support on the following aspects: (i) identification and reprocessing of source data for the GFS using the GFSM 2014 methodology; (ii) a more effective disaggregation of general government by sector; (iii) extension of the scope to other units of general government like the off-budget administrations, social security, and local government; and (iv) preparation and dissemination of the government finance statistics.

***Cameroon.*** AFC plans to support the country in its process of adopting GFSM 2014. When the draft ministerial decree for transposing of the CEMAC Directive establishing the TOFE has been issued, a legal framework required for obtaining the baseline data will have already been established. This approach will assist the Economic Affairs Directorate to obtain the baseline data from general government for preparation of the government finance statistics. The assistance provided by AFC will consist in capacity building on the GFSM 2014 methodology.

***Central African Republic.*** The AFC technical assistance will assist the Central African Republic in becoming familiar with the GFSM 2014 methodology.

***Chad.*** During Phase III the technical assistance from AFC will support the professional staff responsible for Chad's TOFE in implementation of the TOFE Directive. In Chad, the GFS-based data derive from different sources, in particular the revenue authorities, the expenditure chain, and the public accounting system for nonmonetary operations. The technical support will consist in aggregating all of this sparse information in the format of the new TOFE according to the GFSM 2014 methodology. The effort will initially focus on source data with the current scope (specifically the central budget administration). Expansion of the scope to other subsectors will continue as the TOFE professional staff gain proficiency in the methodology, and as the source data become available.

***Congo.*** During Phase III, AFC will continue to support Congo in its project to implement GFSM 2014. The capacities to be built are: (i) use of source data coming out of the general accounting system (balance sheets or financial statements) rather than administrative accounts; (ii) continued extension of the scope of general government; and (iii) continued updating of statistics to be published in the IMF yearbook.

***Democratic Republic of the Congo.*** The AFC technical assistance during Phase III will in the first instance focus essentially on ensuring that coverage of the budgetary central administration data is comprehensive. This will consist in collecting all of the source data from the budget execution statements and supplementing them with nonmonetary information from the public accounting system, and then reprocessing everything according to the GFSM 2014 methodology. Extension of the scope to the off-budget administrations and local government will be undertaken as soon as the above stage is in hand.

**Equatorial Guinea.** During Phase III, technical assistance from AFC will focus on creation of a unit responsible for GFS, as well as training for its members in line with the GFSM 2014 methodology.

**Gabon.** During Phase III, AFC plans to help Gabonese professionals in continuing the process of adopting the GFSM 2014 methodology. This will consist of: (i) building the capacities of the professional staff of the Monetary and Financial Operations Directorate responsible for the TOFE in the GFSM 2014 methodology; (ii) extending the institutional scope and the coverage of the source data beyond the budgetary central government; (iii) complying with the regional and international standards on transparency, including the CEMAC Directive on Transparency and the IMF General Data Dissemination System. To do this, Gabon needs to update its GFS metadata in line with the new methodology.

**São Tomé and Príncipe.** Beginning in Phase III, the Center will conduct a fact-finding mission to take stock of the GFS in that country and prepare an appropriate technical assistance program.

## **vi. Public Debt Management**

### ***Outcomes achieved during Phase II***

The Center's 2013–2016 logical framework in connection with Phase II for the sector focused on three areas of action:

- Modernization of the institutional and organizational framework for public debt management;
- Building of the analytical and operational capacities of the agencies responsible for public debt management;
- Making countries aware of the use of market mechanisms to meet their financing requirements.

**At the end of Phase II, support from AFC has enabled progress to be made in the public debt management practices followed by member countries.** The technical assistance activities made it possible to build the analytical and operational capacities of the bodies responsible for public debt management; to modernize the legal, institutional, and organizational frameworks for debt management, and to participate in development of the regional market for government securities within the CEMAC area and the local government securities market in Burundi.

**Building the analytical and operational capacities of the debt managers in AFC member countries targeted the specific, urgent training needs of each country.** Training activities at the regional level and by country enabled their beneficiaries to become familiar with (i) the recommended best practices in the area of debt management; (ii) techniques for management and analysis of debt instruments; (iii) the framework for preparing the Medium-Term Debt

Strategy (MTDS); (iv) management of risks associated with the debt portfolio; (v) analysis of debt sustainability in low-income countries; (vi) the debt reporting component; and (vii) management of securities issues on the local, regional, and international markets.

**The technical assistance also made it possible to support certain member countries in their efforts to reform the legal, institutional, and organizational frameworks for debt management.** This support made it possible on the one hand to clarify the legal framework for debt, with a view to establishment of the single authority for the government's direct and indirect commitments, while reducing the fragmentation of debt activities through the strengthening of the role of the main debt management structure within the Ministry of Finance, and its organization into front, middle, and back offices. In terms of the institutional component, the technical assistance promoted the creation and operationalization of the national debt committee as coordination structure among the various participants in the debt chain.

**The technical assistance provided by AFC gave the countries better access to refinancing on the domestic debt market.** The support provided in this area to the institutions involved – specifically the central bank and financial market commission – focused on improving the regulatory instruments organizing the operation of the market, the organization of issues, and the management of securities issued on that market. The assistance also covered development of the secondary market and improving the liquidity and depth of the public securities market. Technical assistance at the country level involved increasing the awareness of the authorities as to the use of market mechanisms to meet their financing requirements, development of their issue strategies, diversification of the instruments and maturities used, and expansion of the investor base.

### ***At regional level***

Regional and inter-regional seminars were organized on the MTDS, development of the domestic market for public securities, and access to the international capital markets. Further technical assistance activities organized for the BEAC addressed development of the regional public securities market in the CEMAC area, in particular through the following activities: identification of reforms to be implemented to enhance operation of the market; preparation of interest rate curves for sovereign issues; and securitization of domestic debt in CEMAC countries.

### ***Outcomes by country***

**Burundi.** The technical assistance made it possible to build capacities for the debt management units in the areas of debt portfolio management, debt sustainability analysis, and analysis of financing offers. The technical assistance also involved development of the public securities market and proposed specific actions to improve the framework for the issue and distribution of government securities – and ultimately to expand the investor base, develop the secondary market, and reduce the cost for government borrowing on the domestic market.

**Cameroon.** The technical assistance activities carried out involved improving the strategy for the issue of securities on the sub-regional market and development of the capacities of the debt management units in the areas of debt sustainability analysis, debt risk management, and analysis of financing offers. Technical assistance provided to the *Caisse Autonome d'Amortissement* made it possible to reorganize its services in line with best practices recommended for front, middle, and back offices, to make debt operations more effective.

**Chad.** AFC offered training in the areas of debt portfolio management, analysis of financing proposals, and debt strategy. The technical assistance made it possible to support Chad's treasury in the process of accessing the sub-regional securities market through identification of the prerequisites for access to that market, and to propose training for staff of the units responsible for debt on techniques for programming, issue, and management of public securities. The technical assistance also consisted in clarification of the legal framework governing domestic debt, and specifically in taking charge of management and regularization of budget arrears and development of a manual of debt procedures.

**Congo.** AFC offers training in the areas of debt risk management, debt sustainability analysis, and support in reporting debt to improve data production and public debt analysis. This activity led to the production of an annual debt management report for 2015 (the first one), as well as a periodic bulletin on public debt. The technical assistance also made it possible to support the treasury in the process of accessing the sub-regional public securities market in the CEMAC area, through identification of the regulatory and technical prerequisites for access to that market and training for the staff involved in techniques of programming, issues, and management of government securities.

**Democratic Republic of the Congo.** AFC offered training in the areas of risk and debt risk management, debt sustainability analysis, and support for the preparation of the public debt strategy. Starting in the 2016 fiscal year, AFC has been assisting the Congolese authorities in establishing a domestic market for treasury certificates and bonds. In this context, AFC supported the authorities through the following activities: preparation of various draft legal instruments for the establishment of the market; proposing of an institutional market management framework; training for debt managers on the public securities market; practical mechanisms for scheduling, preparation, execution, and management of auctions for treasury certificates and bonds, as well as all of the prerequisites for success in issues activities and development of the public securities market.

**Gabon.** The activities carried out made possible improvement in the strategy for the issue of securities on the sub-regional market and capacity building for debt management staff in the areas of DSA, debt risk management, and debt policy.

### ***Main objectives and outcomes to be achieved by the end of Phase III***

During Phase III, the technical assistance activities in debt management will focus on the following six objectives:



**Objective 1:** Develop an MTDS;

**Objective 2:** Provide better management of risks associated with the debt portfolio;

**Objective 3:** Build capacities for debt sustainability analysis;

**Objective 4:** Develop the national markets for domestic debt;

**Objective 5:** Support the countries in development of the sukuk market;

**Objective 6:** Strengthen the legal and institutional framework for debt management.

**These objectives are described in greater detail below**, along with a logical framework for results-based management specifying the objectives, expected outcomes, key indicators, member countries, main partners, and risk factors. During Phase III, the technical assistance program in public debt management will continue to support the reforms envisaged by the member countries for modernization of the legal and institutional framework for debt management, to provide countries and national and regional institutions with technical support for development of their domestic public securities markets, including the issue of sukuku, and to prepare medium-term debt management strategies to provide a framework for public debt management and to better manage the risks associated with it. Intensified technical assistance will be provided to the fragile countries and São Tomé and Príncipe, which is newly covered by the AFC. Implementation of these technical assistance activities will continue to rely on an intensive program of short-term experts supervised by the long-term resident advisor.

### **Objective 1: Develop an MTDS**

This objective looks to support countries in the process of formulation and implementation of an MTDS that is compatible with sustainable financing and that leads to a high-quality portfolio. The expected outcomes are as follows:

- <sup>a</sup> **Building the capacities of debt managers on the MTDS quantitative tool.** Debt managers will become familiarized with the process and stages of MTDS formulation, identification of risks associated with the debt portfolios, calculation of the indicators used to assess these risks, and preparation of a set of indicators to reflect the quality of the portfolio, using the MTDS quantitative tool. The emphasis will be on the linkages between debt strategy and the economic, budget, and monetary policies – as well as on the selection of debt instruments in line with MTDS objectives. This activity will be carried out within the framework of regional seminars and of workshops at country level conducted by the resident advisor and short-term experts.
- <sup>a</sup> **Assist the countries in the process of producing their MTDSs.** The capacities of debt managers will be built to undertake the various activities and quantitative exercises required to produce a high-quality MTDS and to ensure that staff have mastered the functionalities of the MTDS tool in production of the debt strategy. The technical

assistance will enable the authorities to produce a medium-term debt strategy according to the recommended standards, to provide clear guidelines for implementation of debt policy, to minimize the cost of debt and reduce risks, and to promote development of the domestic debt market. This activity will be conducted in collaboration with IMF headquarters.

## **Objective 2: Provide better management of risks associated with the debt portfolio**

**The technical assistance is designed to develop analysis of the risks in associated with the debt portfolio in the periodic activities carried out by the debt managers.** The main outcomes sought are as follows:

- **Building of the capacities of debt staff in the analysis of risks associated with the debt portfolio.** The debt managers will be capable of identifying the various risks associated with the debt instruments and debt portfolio, assessing their effects in terms of the cost of debt service and of the government debt, as well as of debt sustainability. The debt managers will also be able to take the necessary decisions to better manage these risks.
- **Implementing an effective risk analysis framework.** This framework for risk analysis and management will enable debt managers, and particularly the middle office, to conduct periodic risk identification and assessment exercises so as to inform the debt management strategies as to the measures to be taken looking to mitigate these risks and to preserve the quality of the debt portfolio and budget sustainability;
- **Reporting regularly on the debt portfolio risks.** The debt office will publish on a regular basis – including in the annual debt report – a report on the analysis and management of debt portfolio risks using the recommended best practices and standard indicators, making it possible to measure these risks and to communicate on trends in the exposure of the debt portfolio to these risks. These reports will also include the steps taken to manage these risks more effectively.

## **Objective 3: Build capacities for debt sustainability analysis**

The technical assistance aims to enable debt managers to autonomously conduct a debt sustainability analysis of their country. The main desired outcomes are to:

- **Strengthen the debt sustainability analysis capacities of debt staff.** Debt managers will be trained on the different concepts of DSA, looking for them to master the theoretical underpinnings of such an analysis and the use of the debt sustainability framework and tools.
- **Implement an effective debt sustainability analysis framework.** This framework will enable debt managers, particularly the middle office, to autonomously conduct debt sustainability analysis tasks, so that they can inform the authorities of the risks of debt

overhang and propose measures to be taken looking to preserve the country's debt sustainability in the long term.

#### **Objective 4: Develop the national markets for domestic debt**

**This technical assistance objective is proposed in order to develop the domestic debt markets in the countries covered by AFC.** It also aims to establish an effective infrastructure for the government securities market to match its level of development. The expected outcomes include:

- **Standardization of the instruments and practices for the issue of public securities.** Firstly, the technical assistance will support the central banks (such as the BEAC, BCC, and Bank of the Republic of Burundi (BRB)) in implementing market reforms, with a view to the use of standard instruments for the payment of interest, amortization mechanisms, and maturities of the securities, and the use of standardized, transparent, and secure procedures for issues and management of auctions. Moreover, the technical assistance will support the various national treasuries involved in improving their MTDSs. Treasury issues must be guided by an annual program of issues and periodic auction timetables reflecting the regularity of issues, the diversification of instruments and of maturities used, and expansion of the investor base.
- **Implementation of a clearly defined process for the issue of public securities.** The technical assistance will support the market authorities, in particular the DRC authorities, in implementation of the rules and procedures for the issue of public securities on the primary market though fixed and pre- and post-auction dates applying to all participants on the market. Procedures for the settlement, delivery, and custodianship of the securities will also be established to ensure that operations are carried out properly on the primary market.
- **Development of the secondary market.** The technical assistance aims to ensure that the secondary market is operational and that the participants in the primary market can execute transactions on the secondary market in a timely manner and at reasonable cost. The technical assistance will support the authorities in implementing reforms and actions designed to ensure market liquidity, increase demand for government securities, diversify and widen the investor base, and develop the secondary market.

#### **Objective 5. Support the country authorities in development of the sukuk market**

**This technical assistance program is designed to support certain countries of the region in the sukuk issue process.** The objective consists in diversifying the financing instruments and mobilizing long-term resources to finance development and investment projects. This activity will be carried out with the assistance of short-term experts, in collaboration with the Legal Affairs Department at IMF Headquarters. The expected outcomes are provided below:

- **Preparation of a roadmap leading to the issuance of sukuks.** This roadmap will make it possible to determine the legal, technical, and institutional prerequisites for issuing sukuks, the projects to be financed, and identification of the type of underlying state assets enabling the sukuk program to be set up. These prerequisites will also include capacity building for debt staff on the structuring and management of sukuk issuances.
- **Development of a legal framework for the issue of sukuks.** The technical assistance will consist in supporting the beneficiaries in implementing a legal framework at the regional or national level to organize sukuk operations in terms of issue, subscription, and trading of the securities on the market. Guidelines will be drawn up to describe and establish a framework for the key operating mechanisms, prerequisites and various stages to be followed to prepare a sukuk issue.
- **Finalization of implementation of the regulatory and institutional framework for sukuks.** This framework will include guidelines for operation of the primary market for sukuks, particularly asset-based, as well as the process for their settlement, circulation, and custodianship.

#### **Objective 6. Strengthen legal and institutional framework for debt management**

**This program of activities is designed to modernize the legal and institutional framework for debt management.** This would specifically involve the Central African Republic and the Congo. The expected outcomes are provided below:

- **Review of the legal framework for debt** to make it more compliant with the relevant international standards. The intended objective is to establish a single authority empowered to take on new government domestic and external borrowing commitments and to clearly define the role and mission of each unit involved in the debt chain. The objective also includes a more effective framework for the process of granting and monitoring government guarantees. Drafting of a debt law should be envisaged. This activity will be conducted in coordination with the Legal Affairs Department at IMF headquarters.
- **Modernization of the organizational and institutional framework for debt.** For more effective debt management, the technical assistance will help the authorities establish a functional organization of the debt units into front, middle, and back offices. At the institutional level, the objective will be to reduce the fragmentation of debt activities through implementation of a mechanism for coordination between the units involved in the debt chain and coordination of debt policy with budget and monetary policies. The coordination mechanism will include the creation and implementation of the National Debt Committee in the Central African Republic and the Congo, and the drawing up of a manual of procedures for debt management operations in the Central African Republic and the Congo.

### ***Objectives and outcomes to be achieved, by country***

The program of debt management activities and the outcomes to be obtained in the medium term during Phase III are as follows:

***Burundi.*** The activities to be carried out look to support the authorities in the process of preparing a medium-term debt strategy, in integration of the risk management component into routine debt management activities, and in improving debt reporting by incorporating into the annual report the results of the implementation of the strategy and the assessment of exposure of the loan portfolio to various risks. The technical assistance will also support the authorities in implementation of the reforms and activities identified to stimulate the auction market and to develop the secondary market for public securities. Regarding the institutional framework for debt, the technical assistance will support the authorities in drawing up a debt procedure manual looking to better coordinate and clarify the procedures for debt mobilization and management.

***Cameroon.*** The technical assistance looks to build the capacities of the debt managers as regards debt policy, mastering of market risk hedging techniques (interest rate and foreign exchange swaps), debt sustainability analysis, and improving of the MTDS.

***Central African Republic.*** The technical assistance will cover most areas of activity already covered by AFC's Phase III. The expected outcomes are provided below:

- Preparation of a medium-term debt strategy to be appended to the budget law;
- Incorporation of risk management into the debt management activities and selection of financing instruments;
- Improvement of debt reporting through production of the annual report and periodic reports that include the results of implementation of the risk strategy and assessment;
- Support for the authorities of the Central African Republic in improving the strategy for the issue of securities on the CEMAC sub-regional market;
- Modernization of the legal, institutional, and organizational debt frameworks to enhance their compliance with international standards and preparation of guidelines for the mobilization of resources and a procedures manual for the management of debt operations;
- Development of the capacities of the units and managers responsible for debt, in particular in the area of debt operations management, assessment of financing offers, debt sustainability analysis, and risk management.

***Congo.*** The technical assistance looks to support the Congolese authorities in improving the strategy for the issue of securities on the CEMAC sub-regional market and in building the capacities of the debt management units in the DSA area. The technical assistance will also

involve preparation of the MTDS and institutional support looking to reorganization of the debt management units of the *Caisse Congolaise d'Amortissement* in line with the front, middle, and back office model, as well as improvement in coordination between the units involved in the process of debt management through the operationalization of the national debt committee.

***Democratic Republic of the Congo.*** Initially the technical assistance looks first of all to support the authorities in finalizing the legal and institutional framework for the domestic government securities market and in creating and launching this market. Subsequently, it looks to work with the various operators on the market to ensure its development. The technical assistance will also help the debt units prepare an MTDS and to develop a strategy for securities issuance that takes into consideration the fact that the country's market is at a fledgling stage of development. At the institutional level, and looking to better coordinate and clarify the procedures for debt mobilization and management, the technical assistance will support the authorities in the preparation of a debt procedures manual.

***Equatorial Guinea.*** The activities being scheduled aim to build the capacities of the debt managers in a number of debt areas, such as indebtedness policy, risk management, medium-term debt strategy, and debt sustainability analysis.

***Gabon.*** Future activities seek to build the capacities of the debt managers in debt policy, mastery of market risk hedging techniques (interest rate and foreign exchange swaps), debt sustainability analysis for market access countries (MAC-DSA), and improving the MTDS.

***São Tomé and Príncipe.*** The activities to be planned will be determined at the end of an evaluation mission and might incorporate missions for capacity building for debt managers in a number of debt areas such as debt policy, risk management, medium-term debt strategy, and debt sustainability analysis.

***Chad.*** The technical assistance activities aim to support the authorities in the process of preparing an MTDS, in integration of risk management into the debt management activities, and in improving debt reporting by incorporating into the annual report the results of implementation of the strategy, and lastly, to provide support in the process of assessment of the exposure of the loan portfolio to the various risks. The technical assistance also aims to support the authorities in implementation of a strategy to diversify the sources of long-term financing and in broadening the investor base, particularly through issues of Islamic sukuks. In this regard, the technical assistance will help the authorities on the one hand to prepare a roadmap for the issue of sukuks, and on the other hand to complete implementation of the legal, regulatory, and institutional framework for the sukuk market.

## **vii. Banking Supervision and Regulation**

**In the area of bank regulation and supervision, the AFC should aim to work essentially with the three supervision authorities established in the countries of the sub-region, rather than directly with each country, as the CEMAC has a single independent regional authority dedicated to banking supervision (COBAC), which has exclusive supranational**

powers. In addition to the COBAC, AFC is in contact with Burundi's central bank, the BRB, and the Central Bank of the Congo (BCC) for the DRC. In the areas of banking regulation and supervision, up to 2016 relations with the BEAC have substantially been limited to matters related to financial stability, with this area – in common with the other activities of the regional central bank – falling outside the scope of AFC's operations.

**The inclusion of São Tomé and Príncipe in the AFC's operational activities will lead to the definition and undertaking of a technical assistance program in banking regulation and supervision targeting that country's central bank,** as the extension of a series of missions carried out to date by IMF headquarters.

### ***Outcomes achieved during Phase II***

In the area of banking regulation and supervision, AFC's logical framework for 2013–2016 is based on the following four areas of action:

- Alignment of the legal and regulatory frameworks with international standards;
- Transition to the risk-based supervision approach;
- Implementation of a financial stability surveillance framework and a mechanism for the prevention and management of banking crises;
- Application of the IFRS and promotion of financial transparency.

**During Phase II of the AFC financing cycle, substantial progress was registered in implementation of the regulatory and prudential frameworks and in building the capacities of the supervision authorities for implementing a risk-based supervision approach as recommended under the Core Principles for Effective Banking Supervision as updated in 2012 by the Basel Committee and applicable to the sub-region.**

**The consistency of the core objectives of the technical assistance has made it possible for the missions to pursue an approach based on continuity since the AFC's establishment in 2007, while providing the flexibility for any adjustments required** to reflect changes in the supervision mechanisms recommended at the international level as a result of the various financial crises that have occurred since 2008. In fact, the major area of action focused primarily on (i) review of the legal and regulatory framework for banking supervision, to upgrade it to international standards and benchmark best practices. In addition, special emphasis was placed on (ii) the issue of effective implementation of the new regulations using a risk-based supervision approach – as true evidence of efficacy at the practical level. Moreover, growing concerns over financial stability have led AFC to highlight an objective focusing explicitly on the (iii) implementation of mechanisms for macroprudential surveillance and monitoring of financial stability; (iv) lastly, adoption of the IFRS accounting standards in the wake of the changes undertaken in connection with major international banking groups, particularly in the OECD countries, was adopted as a totally separate objective for the authorities of the sub-region, despite the complexity involved in the

implementation of such a change of reference framework, along with the objective of improving financial transparency.

**During Phase II, two resident advisors followed one another in banking supervision at AFC.** In addition, the advisors who were seconded directly over a number of years by the IMF to the supervision authorities in the sub-region – and more precisely the COBAC for the CEMAC and the BRB for Burundi. To carry out its missions successfully, AFC used a number of different short-term experts from different professional backgrounds, who in fact only infrequently originated from the African continent, owing specifically to the highly technical content of the topics involved, the need for the experts to have accumulated sufficient practical experience, and the language barrier.

**The results of the technical assistance observed at the end of 2016 are indicative of the scope of the needs that the intensity of the missions could only partly satisfy.** If we consider the topics overall, the results indicate clear progress involving (i) review of the regulatory and prudential framework; and (ii) preparation of a framework for the surveillance of financial stability. On the other hand, (iii) there is scope for improvement in implementation of risk-based supervision processes, as well as in capacity building for the supervisors, despite the efforts and progress that have been made. Moreover, (iv) in the transition to the IFRS in the Democratic Republic of the Congo – the only country that has undertaken the migration – substantial difficulties have been encountered that have as yet prevented completion of this process.

### **Review of the regulatory and prudential framework**

Substantial progress has been made over the past three years in modernization of the prudential provisions, with AFC support to the COBAC (capital, internal control, and risk governance), the BCC (prudential provisions, internal control, governance, and risk management), and the BRB (internal control and risk supervision).

### **Risk-based supervision**

A special effort was applied to the training of supervisors from the three authorities in the principles of risk-based supervision. Moreover, a number of missions have addressed improvement of the operational processes of on-site and off-site control, to promote effective implementation of a risk-based supervision approach. In particular, during the past three years the BRB and the BCC have received support in acquiring a mechanism and instruments for analysis and rating of institutions according to their risk profile, as well as procedures for ongoing control (BCC) and on-site control (BRB). Moreover, the framework for COBAC on-site control reports was updated, along with the computerized supervision mechanisms, so to better integrate the control priorities to reflect the risks involved. Overall, the technical assistance needs are still substantial, owing to the mobility of human resources within the authorities, which rely on AFC for their training, as well as for follow-up on topics that have already been covered in technical assistance missions to fine-tune development of the internal procedures and tools, particularly in the area of off-site control.



## **Financial stability surveillance framework**

The project undertaken by the BEAC in the area of financial stability could not be completed, owing primarily to its lack of commitment. By contrast, the large projects undertaken by the BRB and BCC in 2014 have led to the preparation of a fully operational mechanism at both the institutional and practical levels (model-based tool, performance indicators, and annual report). It is now incumbent on the authorities of these countries to implement the surveillance mechanisms that have been set up in cooperation with their staff and services.

## **International Financial Reporting Standards and financial transparency**

In this area only the BCC received technical assistance, being in this case the resumption in 2016 of an ambitious project for the overall migration of the banking system to the IFRS, launched at the beginning of the AFC's second financing cycle, and meanwhile taken for two years by the German cooperation program GIZ (*Deutsche Gesellschaft für Internationale Zusammenarbeit*). While the substantial involvement of the BCC in this project has enabled noteworthy progress to be made, the objectives could not be attained, primarily owing to the high level of complexity of the project of migration to the IFRS, inadequate local management, and a lack of resources available among the stakeholders in the banking system outside of the BCC. The temporary suspension of IMF field missions for security reasons has meant that this project could not be completed over the course of FY2017. The objectives and mechanisms of this project should probably be reconsidered, so that they can reasonably look to constitute real progress in building the capacities of the BCC.

**The low-income countries (Burundi and the Democratic Republic of the Congo) have greatly benefited from AFC technical assistance, particularly in recent years.** In fact, during the 2015–2017 fiscal years, most of the missions were carried out to the BRB and the BCC. However, execution of the AFC program was confronted with the suspension of IMF field missions to Burundi (from May 2015 to May 2017) and to the Democratic Republic of the Congo (from September 2016 to April 2017). AFC has made every effort to overcome this major obstacle by organizing missions at alternate locations, specifically in the form of training seminars, although this mode of action could do no more than represent a palliative effort. Until 2013 the COBAC received support from a special advisor from the Monetary and Capital Markets Department, not connected with the AFC, while the flow of AFC missions remained insignificant thereafter, for a number of reasons, despite the recommendations made in the IMF FSAP report finalized in July 2015, before a more sustained pace was resumed from the second quarter of 2016.

### ***At regional level***

**COBAC.** During Phase II, support from AFC enabled progress in modernization of the prudential regulations (capital, internal control, and risk governance) and training for banking supervisors in risk-based supervision. Moreover, the framework was reviewed for COBAC on-site control reports, along with the guidelines for on-site control of IT risks, so as to better incorporate the supervision priorities to reflect the risks.

### ***Outcomes by country***

***Burundi.*** During Phase II, progress was made in revision of the legal and regulatory framework (internal control and risk control). The Center assisted the BRB in gaining a method and instruments for the analysis and rating of institutions according to their risk profile, as well as an on-site control manual. Regarding the framework for surveillance of financial stability, a fully operational mechanism at both the institutional and practical levels (a model-based tool, performance indicators, and an annual report) were made available to the bank.

***Democratic Republic of the Congo.*** The activities conducted by the Center during its second financing cycle enabled substantial progress to be made in modernizing the prudential provisions (prudential rules, internal control, governance, and risk management). The Center also provided the BCC with a method and instruments to analyze and rate institutions according to their risk profile, and ongoing control procedures. Regarding the framework for surveillance of financial stability, a fully operational mechanism at both the institutional and practical levels (a model-based tool and annual report) was made available to the bank.

### ***Main objectives and outcomes to be achieved by the end of Phase III***

**For Phase III, the objectives in this area will evolve, if without fundamental modification.** The overall and regional objectives in the area of banking regulation and supervision will emphasize the key issues currently faced by the supervision authorities of the sub-region, and particularly the COBAC, as a result of deterioration in the macroeconomic and financial circumstances.

**The four objectives of the banking regulation and supervision sector are provided below:**

**Objective 1:** Upgrade the regulatory and prudential framework to the international standards;

**Objective 2:** Enhance the efficiency of the supervision mechanisms so that the key risks of the banking system are controlled more effectively in the context of risk-based supervision;

**Objective 3:** Ensure that the banks have sound capital and liquidity that are able to cover their risks and contribute to the stability of the financial system, within the framework of Basel II/Basel III implementation;

**Objective 4:** Improve the effectiveness of the supervision by strengthening mastery of the IFRS in relation to provisioning for nonperforming loans.

**The AFC's area of expertise strictly covers banking regulation and supervision.**

Technical assistance from headquarters, provided directly by the MCM, will address issues in relation to (i) macroprudential surveillance; (ii) deposit guarantee mechanisms and those to resolve banking crises; and (iii) conducting stress tests; and (4) surveillance of systemic risk and financial stability.

**Regarding the regulatory and prudential framework, a number of significant multi-year technical assistance projects will be undertaken**, specifically to (i) implement consolidated supervision of banking groups within the CEMAC; and to (ii) strengthen the rigor and effectiveness of the legal procedures governing implementation of the COBAC's legal powers, particularly in the area of early intervention and penalties. The authorities, and particularly the COBAC, will also receive support to (iii) better regulate and supervise activities with customers carried out using new technologies (the Internet) and new means of payment (by mobile telephone), the rapid expansion of which is a potential source of multiple financial, operational, and compliance risks. Further, more one-off technical assistance activities will be undertaken as a function of the needs as expressed by the authorities, and particularly the BCC, to review the rules in relation approval of the institutions, managers, and auditors.

Lastly, an overall multi-year project to upgrade the prudential regulations will specifically involve the central bank of São Tomé and Príncipe, according to the mechanisms to be determined after the preparatory field mission has been completed.

**Implementation of risk-based supervision will concentrate most of the AFC's resources and missions on capacity development, owing to the urgent need for the authorities to progress in this area.** To achieve this major objective, a structured approach to technical assistance has been adopted, to target the technical assistance to the most sensitive processes, namely on-site and off-site control, using a variety of procedures, the combination of which should enable the transmission of operational expertise and its effective internalization by the supervisors making up the authorities' control teams. Accordingly, missions will be programmed to develop internal procedures and methodological guides for implementation of supervision mechanisms. Further missions will be devoted specifically to training, with an operational objective adapted to the needs of the sub-region and not only academic. Automated analytical assistance tools may be developed, if applicable, even if in view of past missions, each authority already has a system for rating institutions to reflect their risk profile. Moreover, special attention will be devoted to the appropriate adaptation of the supervision mechanisms to the specific features of the microfinance institutions or cooperatives, typical of the sub-region, owing to their specific risk profile and the increase in individual defaults. Within this logic, the technical assistance will also focus on building the capacities of the authorities for earlier and more effective detection of any known or potential difficulties for the subject institutions, to make the prevention process more rigorous and to react more effectively to risk situations. Moreover, in close coordination with the Fund's Legal Department (LEG), the authorities will receive methodological support for implementation of controls applied to the mechanisms to fight money laundering and the financing of terrorism in the banks, owing to the increased risks in this regard.

**The organizing of regional seminars will focus on topics related to risk-based supervision**, to provide more opportunities to focus for a full week on the benchmark best practices and promote the sharing of experiences among the authorities in the sub-region. The formula for regional methodological seminars, launched at the end of 2016, makes it possible to focus the content of a meeting on the practical matters of interest to the supervisors in terms of on-site and off-site control, and facilitates the exchange of experience

between the CEMAC supervisors and those of Burundi and the Democratic Republic of the Congo.

**Regarding implementation of Basel II/Basel III, in the current context the technical assistance strategy recommended by AFC should be relatively prudent**, so as not to involve the authorities in excessively ambitious projects in terms of the capacities of the other stakeholders in their countries or in the CEMAC to absorb the assistance. As the migration to Basel II/Basel III is not a mandatory condition to satisfy the Basel Committee Core Principles for Effective Banking Supervision, AFC recommends focusing on the quantitative and qualitative soundness and effectiveness of the prudential provisions, rather than on alignment with the Basel II/Basel III framework, if it is found that the prior conditions defined by the Committee itself have not been met. There would therefore be a risk that one might establish – with difficulty – an infrastructure that proved incapable of functioning appropriately or of being kept up to date, due to the fact that it was excessively complex and unsuited to the reality of the activities, the legislation, and the markets in the sub-region. Even so, this does not prevent technical assistance missions from being carried out in an effort to conduct a rigorous, substantiated feasibility study on the migration to Basel II/Basel III in the various components of the reference framework, in particular the following: definition of capital, mechanisms for calculating capital requirements under Pillar 1; establishment of Pillar 2 to adjust this requirement individually to reflect the risk profile; and implementation of “Pillar 3” rules on transparency, financial reporting, and market discipline. Moreover, AFC will support the BRB in its project for reform of the liquidity coverage ratio (LCR), to adopt it as defined under Basel III. This project has been approved in principle, and Burundi must be aligned with the strategy to transition to Basel III as decided by the East African Community.

**In terms of the IFRS accounting framework linked to nonperforming claims, the technical assistance strategy will retain the specific objectives defined under the logical framework for risk-based management.** AFC will not undertake overall projects for the full migration of accounting and prudential statements to the IFRS, as they are too complex to manage within the framework of short-term one-off missions, even if repeated, as we know that this type of project inherently requires effective management in the country concerned, owing to the multiple stakeholders involved. In this case as well, AFC will continue to support the BCC, which has been engaged in such an IFRS project for a number of years.

#### ***At regional level***

**COBAC.** The AFC's technical assistance strategy for Phase III will make every effort to provide a balanced response to the requirements of the COBAC, BCC, and BRB. However, a special effort will be devoted to COBAC so as to increase the number of missions, which has been abnormally low for several years due to the serious economic and financial problems the CEMAC is now facing. Accordingly, the COBAC can be expected to face increasing banking risks in certain countries or those operating in certain business sectors that are in difficulty.

### *Objectives and outcomes to be achieved, by country*

**Burundi and Democratic Republic of the Congo.** These low-income countries will continue to benefit from AFC's technical assistance, in particular within the context of an upswing in on-site missions. Regional seminars will be organized, with the aim of building the capacity of the central bank staff. However, an overview of the situation and of needs in the area of banking regulation and supervision will be carried out in each country, prior to implementation of a consistent and structured program of missions is undertaken in each country.

#### **E. Training (Institute for Capacity Development – ICD)**

**Training priorities.** The content of the training should reflect the technical assistance priorities, emphasizing mobilization of domestic revenue, public expenditure management, debt management, and banking supervision. At the same time, efforts designed to improve synergies between the technical assistance and training are essential. Accordingly, the technical assistance missions will intensify their efforts to ensure follow-up to the training needs, including the training modules and workshops on the delivery of technical assistance. Lastly, the program includes ICD training courses covering key areas: macroeconomic management and budget policy analysis.<sup>6</sup>

**In the context of these activities, every effort will be made to establish close collaboration with the development partners and regional organizations to promote development partnerships, to ensure that the capacity development efforts are complementary, and to avoid duplication of efforts.** For the fragile countries, efforts will continue to be made to provide training through the AFRITAC Central resident advisors and through lengthier technical assistance missions provided by the AFRITAC centers to these countries. On-line training and regional workshops by the African Training Institute, including in partnership with other regional organizations and training centers, will make it possible to extend the training efforts.

#### **F. Financing Requirements for Phase III**

**The AFC budget for the next four and a half years is estimated at US\$37.8 million** (Table 1). The financing requirements are based on the results from Phase II and on the new priorities formulated by the Center's TA beneficiaries. The budget should be financed by the IMF, the member countries, and the development partners.

**The AFC member countries should adjust their financial contributions for Phase III.** It is proposed that the voluntary contributions from the member countries cover 40% of the Center's budget. Although they fall short of the contributions expected during Phase II, these contributions from the member countries remain substantial and show unmistakably the way in which the member countries have taken on ownership of the Center. They also directly

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<sup>6</sup> The download link for the ICD course catalog is:  
<http://www.imf.org/external/np/INS/french/pdf/catalog2017f.pdf>

assist in securing AFC's long-term financial sustainability, in a context of increasingly limited resources coming from the development partners.

**The proposed budget reflects costs associated with the factors discussed below, which underpin the Center's activities.**

- **Resident advisors.** The Center will be led by a team of nine resident advisors, distributed as follows:

Four resident advisors – one for revenue administration, one for macro-level budget analysis and two for public financial management;

Two resident advisors in government finance statistics and real-sector statistics;

Two resident advisors for the financial sector, one in the area of debt management and the other one in the area of banking regulation and supervision.

One resident advisor who is an expert in results-based management (for one or two years).

- **Short-term experts.** The Center will continue to rely on short-term experts to supplement the work of the resident advisors.
- **Regional workshops.** These workshops will continue to offer practical training and a platform for sharing knowledge and exchanging experience among peers. Based on the outcomes for the 2016 and 2017 fiscal years, the Center will offer ten to 12 seminars per year. The topics addressed during these seminars will depend on the priorities identified in the technical assistance mission reports or in discussions with the TA beneficiaries. The Institute for Capacity Development will also continue to organize one or two regional courses per year.
- **Professional visits, as the occasion arises.**
- **Applied research.** Experts from the Center will continue to provide methodological bulletins to the users of the technical assistance services. These research activities will be linked specifically to the capacity development programs implemented in the IMF's areas of expertise.
- **Backstopping from IMF headquarters.** This support will make it possible to provide continued assurance that the technical assistance advice provided by the Center is of high quality and at the same time is consistent with the IMF's economic policies and with international best practices.
- **IMF headquarters project management.** This will make it possible to ensure that the technical assistance provided by the Center is effective and efficient.

- **Independent external mid-term evaluation.** The budget reflects the cost of the Center's next external evaluation.

**Table 1: AFC – Proposed Budget (in millions of U.S. dollars, for 4.5 years)**



AFRITAC Central Phase III Program Document Budget

November 2017 - April 2022

(In U.S. millions)

Project/Activity	Budget
<b>Public Financial Management</b>	<b>5,6</b>
Resident Advisors	2,7
Short-term Experts	0,7
TA Seminars	0,9
Other <sup>1</sup>	1,2
<b>Customs Administration</b>	<b>1,7</b>
Resident Advisors	0,0
Short-term Experts	0,9
TA Seminars	0,3
Other	0,4
<b>Tax Administration</b>	<b>2,9</b>
Resident Advisors	1,3
Short-term Experts	0,5
TA Seminars	0,3
Other <sup>1</sup>	0,8
<b>Debt Management</b>	<b>2,8</b>
Resident Advisors	1,3
Short-term Experts	0,7
TA Seminars	0,3
Other <sup>1</sup>	0,4
<b>Banking Supervision</b>	<b>3,3</b>
Resident Advisors	1,3
Short-term Experts	0,9
TA Seminars	0,6
Other <sup>1</sup>	0,4
<b>Government Statistics</b>	<b>2,8</b>
Resident Advisors	1,3
Short-term Experts	0,7
TA Seminars	0,3
Other <sup>1</sup>	0,5
<b>Real Sector Statistics</b>	<b>2,9</b>
Resident Advisors	1,3
Short-term Experts	0,8
TA Seminars	0,3
Other <sup>1</sup>	0,5
<b>Macroeconomics<sup>2</sup></b>	<b>2,2</b>
Resident Advisors	1,3
Short-term Experts	0,3
TA Seminars	0,3
Other <sup>1</sup>	0,2
<b>Training<sup>3</sup></b>	<b>1,8</b>
<b>Administration<sup>4</sup></b>	<b>5,7</b>
<b>Governance<sup>5</sup></b>	<b>0,6</b>
<b>Contingency</b>	<b>0,7</b>
<b>Trust Fund Management</b>	<b>2,3</b>
<b>Total External Finance</b>	<b>35,3</b>
<b>IMF Contribution</b>	<b>2,5</b>
<b>Grand total</b>	<b>37,8</b>

Source: IMF, Institute for Capacity Development

<sup>1</sup>May include HQ TA missions, backstopping, project management, security and governance costs under TA department.

<sup>2</sup>Includes the Macro-fiscal Analysis (LTX)

<sup>3</sup>Includes all training, including two which is designated for Customs Administration,

<sup>4</sup>Administration comprises FIN and AFR project management as well as center coordinator travel, local staff, lease and office support costs,

<sup>5</sup>Includes RBM advisor and mid-term evaluation costs under ICD.

## **G. Cost Savings and Financial Return**

**AFC is part of a network of ten Regional Technical Assistance Centers and operates in accordance with IMF standardized rules and procedures** in the areas of procurement, operations, and financial rules and procedures.<sup>7</sup> These latter provide that contracts must be granted on a competitive basis by seeking the best cost–effectiveness ratio, while ensuring that the clearly specified standards be rigorously respected and submitted for examination and review. Travel and lodging allowances must comply with the IMF standard rules, and the remuneration AFC pays to resident and short-term advisors must be based on comparative international figures, to be able to select the most qualified candidates. A substantial effort is made to attract experienced, competent experts within the region.

**A number of institutional arrangements ensure support services meeting a high standard of quality at competitive cost.** The administrative staff of the Center will ensure on an ongoing basis the obtaining of the best cost-effectiveness ratio from service providers, particularly in the following areas:

- **Organizing of training workshops.** Venues are selected based on the price/quality comparison for the services, so that the most competitive proposals are selected. The same approach is used for overhead expenditure for training activities, including administrative and travel costs for the AFC experts and travel and lodging expenses for the participants. These factors will be regularly examined and analyzed to serve as a basis for budgeting and planning.
- **For short-term experts** who are not from the region, travel expenses are optimized whenever possible through the organizing of back-to-back missions.
- **Optimization of the advance organizing of missions** to ensure that the experts are available, and to minimize as much as possible the expenditure on airline tickets and accommodation costs. This advance organization makes it possible to avoid any additional costs that may derive from unexpected changes.
- **Linkages with the activities of the other institutions** that provide technical assistance, and with other development partners, so as to generate synergies and savings.

**All other measures permitting savings to be made will be studied.** These include enhanced use of information technologies for (such as videoconferencing and Skype) meetings, particularly for follow-up missions, when that is possible, and for seminars with presentations of one hour or less.

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<sup>7</sup> These rules and procedures were recently documented in a manual for the regional technical assistance centers, which defines and compiles the full range of IMF policies and standards for their operation.



## **H.AFRITAC Governance, Operational and Financial Management, and Evaluation**

### **Governance**

**The AFC's operations are supervised by a Steering Committee made up of representatives from the member countries, external partners, and the IMF**, as well as from CEMAC as an observer member. The Steering Committee meets once a year and provides strategic guidelines for the Center, specifically through the approval of its program of work. The Steering Committee also comments on the consistency and quality of the technical assistance provided by the Center. The chair of the Steering Committee rotates, and is taken up by each member country for a duration of two years.

**The Center's operations are managed by a Coordinator, who works with a group of resident advisors, supported by a locally recruited administrative team.**

The Coordinator is recruited by the African Department of the IMF (AFR), in consultation with the other departments responsible for TA, and with the Institute for Capacity Development.

The Coordinator is responsible for management of the Center's operations, in accordance with strategic guidelines given by the Steering Committee, and under the supervision of the IMF. He or she reports to the AFR and ensures that the Center's work corresponds to the IMF's overall capacity building strategy. The Coordinator is in ongoing contact with the members of the Steering Committee, the AFR, and the departments responsible for technical assistance, so as to identify the major strategic priorities as well as any new developments related to the technical assistance to be provided by the Center.

**In addition to its financial contribution, the IMF ensures that the technical assistance provided is focused and targeted, and that it meets the highest standard of quality.** The combined responsibilities of the capacity building committee, the African Department, and the technical assistance departments of the IMF, make up a framework for institutional support to build capacities in the field. All capacity building activities – whether they are financed with internal or external resources, and whether carried out by IMF headquarters or the Regional Technical Assistance Centers – receive the same support.

### **Operational management**

#### *Annual program of work*

**AFC's annual program of work is prepared in consultation with the technical assistance beneficiaries with the IMF headquarters departments.** It takes into account the strategy of macroeconomic reforms for each member country. The IMF country teams, in close collaboration with the resident advisors of the Center, maintain an ongoing dialog with the technical assistance beneficiaries in order to come to agreement on the capacity development requirements and the priorities deriving from these requirements. The development of the

annual program of work is also aligned with the IMF's budget cycle and with the resource allocation process to ensure timely, predictable capacity development services.

### *Accountability requirements*

**Like the overall network of Regional Technical Assistance Centers, AFC is designed and operates to ensure that IMF technical assistance meets the needs of its member countries.** In this context, the Center ensures that the technical assistance provided is compatible with the high quality standards expected from IMF technical assistance. The IMF's recently revised policy<sup>8</sup> on the sharing of technical assistance reports will help strengthen the accountability requirements and facilitate coordination. In the context of this new policy, technical assistance reports may be disclosed to members of the Steering Committee, with the consent of the technical assistance recipient, on a "no objection" basis, with the understanding that the reports must remain confidential.

The decision to disclose technical assistance reports to development partners outside of the Steering Committee is normally made on a case-by-case basis, provided that the development partner concerned has a legitimate interest in the technical assistance report in question, for example, deriving from its participation in activities related to the country in question, and subject to the signing of a confidentiality agreement. The member countries are also encouraged to make their final technical assistance reports public.

**The AFC Steering Committee constitutes another framework for accountability.** The member countries can immediately formulate their comments and recommendations on the performance and cogency of the Center's technical assistance. All members of the Steering Committee receive information to enable them to guide the work of the Center. IMF staff members also solicit contributions from the recipient member countries at the various stages of organizing of the technical assistance operations.

### *Quality control*

**IMF headquarters and AFC staff look to maintain the quality of the technical assistance advice and of the Center's activities.** The technical assistance departments select and appoint the resident advisors, following consultation with the Coordinator, from a pool of confirmed potential experts. IMF headquarters provides AFC with logistical support for its services and operations. In combining the recommendations from prior surveillance and capacity development missions along with the country's requirements, the technical assistance departments will work with the resident advisors to examine the objectives and outcomes of each mission, looking to ensure that the technical assistance is carried out

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<sup>8</sup> See <http://www.imf.org/external/np/pp/eng/2013/061013.pdf>

properly and to enhance its impact. The work of the short-term experts is reviewed and monitored by the resident advisors.

### *Framework for monitoring performance*

**During Phase II, the monitoring and presentation of AFRITAC Central's activities were improved through the use of a results-based management system.** Under this system, at the beginning of the fiscal year the Center, following consultation with the technical assistance recipients, sets a series of objectives in terms of results expected for the year. The results will then be compared with these initial objectives set at the beginning of the accounting period, to assess the degree to which they have been met.

**Monitoring of the technical assistance results will be enhanced further during Phase III with the entry into effect at the beginning of the 2018 fiscal year of a new results-based management system at the IMF.** This system is designed to highlight the impact of the technical assistance training activities on macroeconomic policy making and management. A new computer portal (CD-PORT) will be established at IMF headquarters to manage the system. In preparation for the migration to a new results-based management system, the Center will establish detailed logical frameworks for each sector, based on the objectives presented in Annex III and in accordance with the results-based management catalogs of the IMF technical assistance departments. A resident advisor who is an expert in results-based management will also join the Center at the end of Phase II and during the first year of Phase III in order to set up the new system.

### **Financial management**

**For Phase III, contributions from the development partners and member countries will be paid into an AFC multi-partner account** under the Selected Fund Activities (SFA) instrument, which is a framework account administered by the IMF to finance certain activities.<sup>9</sup> This subaccount will be used to collect and disburse financial contributions for the Center's activities. All financial resources in this subaccount will thus be for the exclusive use of AFC. Financial commitments undertaken by member countries and development partners will be the object of a memorandum of understanding with the IMF. The memorandum of understanding will define the purpose of the contributions in relation to this Program Document, subject to the terms and conditions of the SFA instrument and subaccount.

**The IMF will manage the trust fund in accordance with its financial regulations and its other relevant practices and procedures.** It will report on AFC subaccount expenditure and commitments through a secure external portal. The annual report on execution of the plan of work and annual AFC budget will be submitted to each Steering Committee meeting. Expenditure will be reported on an actual basis. Operations and transactions carried out

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<sup>9</sup> [http://afritaccentre.org/rapports/download/name/Rapport\\_final-AFC-Vol1-fev-2016\\_FR.pdf](http://afritaccentre.org/rapports/download/name/Rapport_final-AFC-Vol1-fev-2016_FR.pdf)

through the subaccount will be subject to an audit under the IMF's administered framework account, and the report of the external audit firm will be posted to the IMF's website in the framework of distribution of its annual report.

### **External evaluation of AFC**

**AFC is the object of independent external evaluations.** These evaluations are meant to ensure that the Center's management is consistent with the strategic objectives. They generally take place before the end of each financing cycle, so that the necessary lessons can be drawn in the context of preparation of future cycles.

**AFC's most recent evaluation was conducted in 2014, and the results were deemed to be positive. The independent evaluators determined that the quality and relevance of AFC's program were excellent, confirming its consistency with the program document and the needs of the member countries.** The evaluators determined that during the 2011–2014 period the Center had furnished significant results, in circumstances characterized by delayed financing disbursements and a difficult environment. Most of the recommendations from the external evaluation were implemented by end-December 2016.

**The next external evaluation of the Center will take place three years following the launch of Phase III.** It will address: the pertinence of the technical assistance advice provided by the Center; the efficacy and impact of the Center's technical assistance; the impact of the technical assistance in relation to the established objectives; and the sustainability of the outcomes of the technical assistance – while bearing in mind the reality of the capacity building activities, with this capacity building constituting a long-term process. It is important to emphasize that the evaluation will provide targeted, feasible recommendations, with the associated priorities and costs. These recommendations will clarify the discussions on AFC's future operations.

### **I. Communication and visibility**

**The Center will continue to improve the visibility of its activities on the basis of the progress made during Phase II.** The communication and visibility activities will be based on a proactive strategy that will be updated regularly and presented in the Center's activity reports. The Center will continue its efforts to improve:

- **The Center's website.** In preparation for this phase, the Center will make full use of its website, which has recently been made more attractive and easier to navigate. In terms of its contents, the Center undertakes to carry out weekly updates to make the website more dynamic and to expand its audience.
- **SharePoint** (secure sharing area). This is a secure private website, offered by the IMF and reserved for the members of the Steering Committee. The Center uses this space to

publish its work programs, quarterly newsletters, activity reports, annual reports, evaluation reports, and Steering Committee documents.

- **Its quarterly newsletter**, which provides regular updates on the Center's activities and achievements, and provides information on the activities planned for the coming month. The newsletter will continue to be distributed to members of the Steering Committee through the secure sharing area (*SharePoint*). It will also be published on the Center's website, to enable news of the Center's achievements and results to reach a broader audience. There are plans to improve the newsletter during this phase, with new sections.
- **Meetings with development partners and with the authorities.** The Center Coordinator will conduct regular missions in the member countries to meet with all stakeholders. The technical assistance missions and regional seminars will be used more intensively to promote the distribution of information on the Center's activities.
- **Meetings with the media in member countries.** The Center Coordinator will have occasion to frequently meet the press, particularly at the opening of seminars or Steering Committee meetings.
- **Social networks.** During Phase III, the Center will increase its presence on the social networks, through its information page on Facebook, in order to share the largest amount of information on its activities with its partners and all stakeholders.

# ANNEX 1



## AFRITAC Central – Logical Framework 2017-2022

### Strengthening management capacities with a view to promoting growth and reducing poverty

Main objectives by area of activity	Verifiable indicators by FY 2022	Prerequisites for achieving objectives	Risks
<b>Fiscal affairs department</b> <b>1-</b> Modernize institutional and organizational frameworks and strengthen key customs and tax administration functions. <b>2-</b> Improve the legal framework, preparation and execution of the budget, as well as supervision over budget execution <b>3-</b> Improve budget preparation to make it more credible, readable and aligned with public policies.	Implementation of 100% of the outcome indicators envisaged by area	<b>1-</b> Mobilization and availability of the financial resources needed to carry out AFRITAC Central's programmed activities <b>2-</b> Complementarity with the technical assistance provided directly by IMF headquarters and support from other partners assisting with reform efforts <b>3-</b> Willingness, commitment, and support on the part of national and regional authorities for implementing reforms <b>4-</b> Adoption of the legislation and regulations necessary to implement reforms <b>5-</b> Availability of targeted domestic financial resources that can be mobilized easily and in a timely manner <b>6-</b> Availability, stability, and accountability of the internal teams tasked with implementing reforms and executing action plans <b>7-</b> Adequate security situation and political stability to ensure that programmed activities can be implemented and action plans can be executed.	<b>1-</b> Insufficient financial resources to carry out all activities programmed. <b>2-</b> Lack of political will and / or firm commitment in reform efforts. <b>3-</b> Political instability that may hinder activities implementation.
<b>Statistics department</b> <b>4-</b> Strengthen the compilation and dissemination of statistics in order to facilitate decision-making on economic policy and improve the quality of national accounts and price statistics.			

Main objectives by area of activity	Verifiable indicators by FY 2022	Prerequisites for achieving objectives	Risks
<p><b>5-</b> Improve preparation and dissemination of government finance statistics for decision-making and provide support to countries for improving the transparency of financial statistics.</p>	<p>Implementation of all outcome indicators envisaged by area</p>	<p><b>1-</b> Mobilization and availability of the financial resources needed to carry out AFRITAC Central's programmed activities</p> <p><b>2-</b> Complementarity with the technical assistance provided directly by IMF headquarters and support from other partners assisting with reform efforts</p> <p><b>3-</b> Willingness, commitment, and support on the part of national and regional authorities for implementing reforms.</p> <p><b>4-</b> Adoption of the legislation and regulations necessary to implement reforms.</p> <p><b>5-</b> Availability of targeted domestic financial resources that can be mobilized easily and in a timely manner</p> <p><b>6-</b> Availability, stability, and accountability of the internal teams tasked with implementing reforms and executing action plans.</p> <p><b>7-</b> Adequate security situation and political stability to ensure that programmed activities can be implemented and action plans can be executed.</p>	<p><b>1-</b> Insufficient financial resources to carry out all activities programmed.</p> <p><b>2-</b> Lack of political will and / or firm commitment in reform efforts.</p> <p><b>3-</b> Political instability that may hinder activities implementation.</p>
<p><b>Monetary and Capital Markets Department</b></p>			
<p><b>6-</b> Advocate for effective public debt management by modernizing the legal and institutional framework for public debt management and strengthening member countries' analytical capacities for the implementation of medium-term debt management strategies.</p>			
<p><b>7-</b> Improve the regulatory and prudential framework for banking supervision, strengthen capacities for the implementation of risk-based supervision, promote the application of Basel II and Basel III, as well as recognition of non-performing loans in line with International Financial Reporting Standards (IFRS), with a view to strengthening financial sector supervision.</p>			

***Logical Framework – Program Document – November 2017/April 2022***

**Area : Revenue Administration**

<b><i>Revenue Administration – Logical Framework - November 2017-April 2022</i></b>									
<b>Area objective:</b> Modernize institutional and organizational frameworks and strengthen key customs and tax administration functions.									
<b>Objective 1 :</b> Modernize the institutional and organizational frameworks of customs administrations									
<b>Objectives</b>	<b>Logical inter- vention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Milestones</b>	<b>Coun- try/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Better institu- tional and organizational frameworks for customs administra- tions	Mission to support the reorganization and moderniza- tion of central and operational services	Central and operational services are reorganized to support the implementa- tion of reform strategies	The functions of central support ser- vices and operational services are clearly de- fined and demarcated	The functions of central and operational services are not clearly defined	FY19: A new organizational chart clearly demarcating the functions of central support services and operational services has been adopted. [30] FY20: Central support ser- vices staff have received train- ing [30] FY21: A de- scription of post functions and procedures manual for central services have been drafted and disseminated in services [40]	Burundi, Cameroon, Central Afri- can Republic, Congo, Ga- bon, Equato- rial Guinea, Democratic Republic of the Congo, Sao Tome- and Principe, Chad	World Cus- toms Organi- zation	1. Lack of support and commitment of the leadership 2. Sustainabil- ity/viability 3. Lack of political authorities support 4. Timeliness 5. Poor im- plementation capacity	



**Revenue Administration – Logical Framework - November 2017-April 2022**

<b>Objective 1 : Modernize the institutional and organizational frameworks of customs administrations</b>									
<b>Objectives</b>	<b>Logical intervention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Milestones</b>	<b>Country/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Better institutional and organizational frameworks for customs administrations	Regional seminar and missions to support and strengthen departments in charge of information systems	Central services providing support functions effectively support the implementation of reforms	A strategy for processing information (IT) and ensuring that all essential information system functionalities are being utilized with a view to strengthening customs operations is established and implemented	All essential information system functionalities are not being utilized	FY19: Strategy to activate all Automated System for Customs Data (ASYCUDA) functionalities has been drafted and adopted [30] FY20: Manifest data capture and arrival documentation modules have been activated and are in use. [40] FY21: Customs disputes and selectivity module has been activated and is in use. [30]	Burundi, Cameroon, Central African Republic, Congo, Gabon, Equatorial Guinea, Democratic Republic of the Congo, Sao Tome and Principe, Chad	World Bank, African Development Bank, European Union, World Customs Organization, United Nations Conference on Trade and Development (UNCTAD)	1. Lack of support and commitment of the leadership 2. Poor implementation capacity 3. Lack of political authorities Support 4. Unavailability of IT experts from UNCTAD 5. Sustainability/viability 6. Timeliness	

**Revenue Administration – Logical Framework - November 2017-April 2022**

<b>Objective 2 : Strengthen main customs administration functions</b>									
<b>Objectives</b>	<b>Logical intervention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Milestones</b>	<b>Country/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Better institutional and organizational frameworks for customs administrations	Mission to support the drafting and dissemination in accessible format of implementing legislation for the Customs Code	Modern customs administrative procedures are legally established and implemented	The new Economic Community of Central African States (CEMAC) Customs Code has been adopted, disseminated, and effectively implemented by all member countries	The practical provisions of the CEMAC Customs Code are not implemented correctly and uniformly by member countries	FY19: Main implementing legislation for the new Customs Code is ready to be submitted for approval. [60] FY20: Main implementing legislation for the new Customs Code has been disseminated [30] FY21: Other implementing legislation for the new Customs Code has been adopted and disseminated [20]	Cameroon, Central African Republic, Congo, Gabon, Equatorial Guinea, Chad, CEMAC	World Customs Organization	1. Unavailability of CEMAC officials 2. Lack of support and commitment of the leadership 3. Lack of political authorities support 4. Implementation capacity 5. Timeliness 6. Sustainability/viability	

**Revenue Administration – Logical Framework - November 2017-April 2022**

<b>Objective 2 : Strengthen main customs administration functions</b>									
<b>Objectives</b>	<b>Logical inter- vention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Milestones</b>	<b>Coun- try/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Strengthen and improve main customs administration functions	Mission to identify and support the modernization of customs procedures	Countries engaging in foreign trade are contributing to compliance with customs legislation	The practical provisions of the Customs Code and its implementing legislation are simplified and easily accessible	Customs procedures are long, tedious, and costly	FY19: Key trade facilitation procedures have been put in place [60] FY20: Modernized customs clearance procedures have been introduced [20] FY21: Trade facilitation measures have been undertaken in conjunction with other relevant actors [20]	Central African Republic, Equatorial Guinea, Sao Tome and Principe, Chad	World Customs Organization	1. Lack of support and commitment of the leadership 2. Support of political authorities 3. Parallel reforms by other actors on the customs platform 4. Implementation capacity 5. Timeliness 6. Sustainability/viability	

**Revenue Administration – Logical framework - November 2017-April 2022**

<b>Objective 2 : Strengthen main customs administration functions</b>									
<b>Objectives</b>	<b>Logical inter- vention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Milestones</b>	<b>Coun- try/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Strengthen and improve main customs administration functions	Mission to identify and support the modernization of customs procedures	Countries engaging in foreign trade uphold their reporting and payment obligations	1. An increasing number of cargo manifests and declarations are received electronically and processed by customs, and reconciliation procedures are improved [60] 2. Tracking of goods and customs procedures in customs information systems is improved [40]	The main customs procedures are conducted manually and there is no tracking for such procedures or for goods	FY19: The main clearance procedures to be digitized have been identified and a corresponding strategy has been established [30] FY20: Components of the main clearance procedures have been digitized [50] FY21: Additional components of the clearance procedures have been digitized [20]	Central African Republic, Equatorial Guinea, Sao Tome and Principe, Chad	World Bank, African Development Bank, European Union, World Customs Organization, UNCTAD	1. Lack of support and commitment of the leadership 2. Lack of political authorities support 3. Parallel reforms by other actors on the customs platform 4. Implementation capacity 5. Timeliness 6. Sustainability/viability	

**Revenue Administration – Logical Framework - November 2017-April 2022**

<b>Objective 2 : Strengthen main customs administration functions</b>									
<b>Objectives</b>	<b>Logical intervention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Milestones</b>	<b>Country/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Strengthen and improve main customs administration functions	Regional seminar and missions to support improved risk management and customs control selectivity	Procedures used in accordance with international standards allow the accuracy of declarations submitted to be verified in an effective manner	1. Automated risk management has been established to improve the effective and systematic conduct of controls [40] 2. The volume of declarations subject to physical inspection is declining progressively [60]	1. Selectivity criteria are updated manually and on an ad hoc basis 2. A significant number of customs declarations are systematically subjected to physical inspection	FY19: Risk criteria have been identified and a regular manual updating procedure has been established [30] FY20: The number of physical inspections has declined by 5 percent compared with the previous year [50] FY 21: The rate of physical inspection has declined by 8 percent compared with the previous year [20]	Burundi, Cameroon, Central African Republic, Congo, Gabon, Equatorial Guinea, Democratic Republic of the Congo, Sao Tome and Principe, Chad	World Bank, African Development Bank, European Union, World Customs Organization, UNCTAD	1. Lack of support and commitment of the leadership 2. Poor implementation capacity 3. Lack of political authorities support 4. Sustainability/viability 5. Timeliness	

<b>Revenue Administration – Logical Framework - November 2017-April 2022</b>									
<b>Objective 3: Modernize institutional and organizational frameworks for tax administrations</b>									
<b>Objectives</b>	<b>Logical inter- vention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Milestones</b>	<b>Coun- try/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Better institu- tional and organizational frameworks for tax admin- istrations		Central and operational services support the implementa- tion of re- forms	A strategy for developing an IT master plan with a view to strengthening and moderniz- ing tax opera- tions is estab- lished	Tax supervi- sion and control pro- grams do not always cover the main tax- related risks	FY19: Ade- quate number of staff and performance of operational functions [30] FY20: A strat- egy for devel- oping an IT master plan is available [40] FY21: Proce- dures manual for physical files [20]	Central Afri- can Republic, Congo, Equa- torial Guinea, Sao Tome and Principe, Chad	World Bank, African De- velopment Bank, Euro- pean Union	1. Lack of support and commitment of the leader- ship 2. Lack of political authorities Support 3. Poor im- plementation capacity 4. Sustainabil- ity/viability 5. Timeliness	

**Revenue Administration – Logical Framework - November 2017-April 2022**

<b>Objective 3: Modernize institutional and organizational frameworks for tax administrations</b>									
<b>Objectives</b>	<b>Logical intervention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Milestones</b>	<b>Country/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Better institutional and organizational frameworks for tax administrations	Missions to support the drafting and dissemination in accessible format of implementing legislation for the CEMAC directive on the Value Added Tax (VAT) and the Excise Tax (DA)	Modern administrative tax procedures are legally established and implemented	Practical implementing provisions for the harmonized directives on the VAT/DA are adopted, disseminated, and effectively and uniformly implemented by all member countries	Practical implementing provisions for the CEMAC directive on the VAT/DA are not being implemented correctly and uniformly by member countries	FY19: Initial implementing legislation for the CEMAC directive on the VAT/DA is ready for approval [60] FY20: Initial implementing legislation for the CEMAC directive on the VAT/DA has been disseminated [30] FY21: Other implementing legislation for the CEMAC directive on the VAT/DA has been adopted and disseminated [20]	Cameroon, Central African Republic, Congo, Gabon, Equatorial Guinea, Chad, CEMAC	World Bank, African Development Bank, European Union	1. Unavailability of CEMAC officials 2. Lack of support and commitment of the leadership 3. Lack of political authorities 4. Implementation capacity 5. Timeliness 6. Sustainability/viability	

**Revenue Administration – Logical Framework - November 2017-April 2022**

<b>Objective 4 : Strengthen main tax administration functions</b>									
<b>Objectives</b>	<b>Logical intervention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Milestones</b>	<b>Country/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Strengthen and improve main tax administration functions	Missions to support the development of a roll-out strategy for an integrated tax operation management system	Support programs effectively contribute to the enforcement of reforms	Customs and tax administrations systematically exchange data within a formal framework		FY19: Customs and administrations validated [30] FY20: A strategy for developing an IT master plan is available [40] FY21: The value sheet has been extended to incorporate the following 15 key products [30]	Burundi, Congo, Gabon, Equatorial Guinea, Sao Tome and Principe, Chad	World Bank, African Development Bank, European Union	1. Lack of support and commitment of the leadership 2. Poor implementation capacity 3. Sustainability/viability 4. Timeliness	



**Revenue Administration – Logical Framework - November 2017-April 2022**

<b>Objective 4: Strengthen main tax administration functions</b>									
<b>Objectives</b>	<b>Logical intervention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Milestones</b>	<b>Country/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Strengthen and improve main tax administration functions	Missions to support internal supervision		1. First-level internal controls are carried out by operational department heads 2. Internal control mechanisms covering all key operations and designed to ensure the integrity of staff are in place and fully operational	1. First-level internal supervision does not exist 2. Internal supervision bodies do not use modern auditing techniques to ensure the integrity of tax operations	FY19: Adequate number of staff and performance of operational functions [30] FY20: Exchange and validation of internal controls [40] FY21: A small business manual has been disseminated [20]	Cameroon, Gabon	World Bank, African Development Bank, European Union	1. Lack of support and commitment of the leadership 2. Poor implementation capacity 3. Sustainability/viability 4. Timeliness	

**Revenue Administration – Logical Framework - November 2017-April 2022**

<b>Objective 4 : Strengthen main tax administration functions</b>									
<b>Objectives</b>	<b>Logical intervention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Milestones</b>	<b>Country/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Strengthen and improve main tax administration functions	Regional seminar and missions to identify and support the modernization of tax reporting and payment procedures	A greater proportion of taxpayers are complying with their reporting obligations under the law	1. The level of payments being made by the payment deadline is high 2. Management of VAT credit maturities has improved	Procedures for paying taxes and duties are long, tedious, and costly	FY19: The rate of monthly tax reporting by the reporting deadline has improved [30] FY20: The rate of monthly tax reporting by the reporting deadline has increased by 5 percent compared with the previous year [50] FY21: The rate of monthly tax reporting by the reporting deadline is consistent with international standards [20]	Burundi, Cameroon, Central African Republic, Congo, Gabon, Equatorial Guinea, Democratic Republic of the Congo, Sao Tome and Principe, Chad	World Bank, African Development Bank, European Union	1. Lack of support and commitment of the leadership 2. Lack of political authorities Support 4. Timeliness 5. Sustainability/viability 6. Implementation capacity	

**Revenue Administration – Logical Framework - November 2017-April 2022**

<b>Objective 4 : Strengthen main tax administration functions</b>									
<b>Objectives</b>	<b>Logical intervention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Milestones</b>	<b>Country/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Strengthen and improve main tax administration functions	Regional seminar and missions to support planning and carrying out tax controls	Tax review and audit effectively contributes to the enforcement of tax legislation	1. Tax review and audit ensures effective risk coverage 2. Investigation and control procedures are designed to address the main risks and types of fraud	Tax administrations in the region do not have a supervision strategy based on the main tax-related risks	FY19: A planning guide for tax controls based on the main tax-related risks has been developed [40] FY20: New risk criteria have been identified in conjunction with the customs administration [30] FY21: A guide for evaluating the findings of tax controls and analyzing the tax and customs risks identified has been developed [30]	AFC member countries	World Bank, African Development Bank, European Union	1. Lack of support and commitment of the leadership 2. Lack of political authorities support 3. Effectiveness of tax/customs collaboration 4. Implementation capacity 5. Sustainability/viability 6. Timeliness	

***Logical Framework – Program Document – November 2017 / April 2022***

**Area : Public financial management**

<b><i>Public Financial Management – Logical Framework November 2017-April 2022</i></b>								
<b>Area objective:</b> Improve the legal framework, preparation and execution of the budget, as well as supervision over budget execution								
<b>Objective 1 :</b> Improve legislation and the institutional framework for budget and accounts management								
Activities	Logical inter- vention plan	Expected out- comes	Outcome indicators	Baseline indica- tors	Coun- try/region	Key partners	Risks	Comments
Transpose CEMAC legislation	Off-site review	Establishment of a harmonized public financial framework for CEMAC member countries	Number of directives transposed	33 percent	CEMAC		Slow transposition of directives into domestic law  Failure to take into account CEMAC recommendations	
Provide support for implementing a new institutional framework for the Budget Directorate	Assistance mission	Establishment of new institutional framework for the Directorate of Budget Preparation and Monitoring (DPSB)	The new Directorate General for Budgetary Affairs is operational	Budgetary administration is poorly adapted to emerging challenges	Democratic Republic of the Congo		Political instability	
<b>Objective 2 :</b> Improve budget presentation, credibility, and accessibility								
- Consolidate budgetary operations - Strengthen the government's financial supervisory authority over public entities	One-off mission	A clearer and more comprehensive budget is published on an annual basis	Public Expenditure and Financial Accountability (PEFA) Indicators 7 and 9	PEFA Indicators 5 and 6	Gabon		Political instability	

**Public Financial Management – Logical Framework November 2017-April 2022**

**Objective 2 : Improve budget presentation, credibility, and accessibility**

Activities	Logical inter- vention plan	Expected out- comes	Outcome indicators	Baseline indica- tors	Coun- try/region	Key partners	Risks	Comments
- Provide support for implementing new budgetary nomenclature - Improve presentation of budgetary decisions and monitoring	One-off mission	A clearer and more comprehensive budget is published on an annual basis	PEFA Indicators 5, 6, 7 and 9	PEFA Indicators 5, 6, and 9	Cameroon		Unstable political or security conditions	
Provide support for budget preparation : - personnel - investment	One-off mission or workshop	A clearer and more comprehensive budget is published on an annual basis	PEFA Indicators 7 and 9	PEFA Indicators 7 and 9	Burundi		Unstable political or security conditions	
- Improve the presentation of budget documents - Monitor extra-budgetary funds of public entities	One-off mission	A clearer and more comprehensive budget is published on an annual basis	PEFA Indicators 5 and 6	PEFA Indicators 5 and 6	Chad		Political instability	
Tighten control of operations involving earmarked resources	One-off mission or workshop	A clearer and more comprehensive budget is published on an annual basis	PEFA Indicators 7 and 9	PEFA Indicators 7 and 9	Democratic Republic of the Congo		Political instability	

<b>Public Financial Management – Logical Framework November 2017-April 2022</b>								
<b>Objective 2 : Improve budget presentation, credibility, and accessibility</b>								
<b>Activities</b>	<b>Logical inter- vention plan</b>	<b>Expected out- comes</b>	<b>Outcome indicators</b>	<b>Baseline indica- tors</b>	<b>Coun- try/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
- Provide support for improving budget documentation - Standardize budget management	One-off mission	A clearer and more comprehensive budget is published on an annual basis	PEFA Indicators 5 and 6	PEFA Indicators 5 and 6	Central African Republic		Political instability	
- Provide support for improving budget documentation	One-off mission	A clearer and more comprehensive budget is published on an annual basis	PEFA Indicators 5 and 6	PEFA Indicators 5 and 6	Congo		Political instability	
Strengthen capacities involved in the budget preparation process	Fact-finding mission				Sao Tome and Principe		Weak commitment on the part of authorities	
Strengthen capacities involved in the budget preparation process	Fact-finding mission Workshop				Equatorial Guinea		Weak commitment on the part of authorities	

<b>Public Financial Management – Logical Framework November 2017-April 2022</b>								
<b>Objective 3 : Improve execution of budget and accounting processes and supervision</b>								
<b>Activities</b>	<b>Logical inter- vention plan</b>	<b>Expected out- comes</b>	<b>Outcome indicators</b>	<b>Baseline indica- tors</b>	<b>Coun- try/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Continue to estab- lish internal controls	One-off mission	Stronger supervi- sion of budgetary commitments	PEFA Indica- tors 21, 23 and 25	PEFA Indicators 21, 23 and 25	Gabon		Weak commit- ment on the part of divisions responsible for budgetary su- pervision	
Strengthen capaci- ties and improve cash flow manage- ment tools	One-off mission	Stronger and more reliable accounting	Performance of cash flow management tools		Gabon		Unavailability of timely finan- cial information	
- Provide support for strengthening internal supervision with a view to potential staff movements	One-off mission	Strong supervi- sion of budgetary commitments	PEFA Indica- tors 21, 23 and 25	PEFA Indicators 21, 23 and 25	Cameroon		Weak commit- ment on the part of divisions responsible for budgetary su- pervision	
- Strengthen capaci- ties and improve cash flow manage- ment tools - Transition to accrual-based ac- counting	One-off mission	Stronger and more reliable accounting	Performance of cash flow management tools		Cameroon		Weak commit- ment on the part of cash flow management actors	

**Public Financial Management – Logical Framework November 2017-April 2022**

**Objective 3 : Improve execution of budget and accounting processes and supervision**

Activities	Logical inter- vention plan	Expected out- comes	Outcome indicators	Baseline indica- tors	Coun- try/region	Key partners	Risks	Comments
- Improve the ex- penditure chain - Establish cash flow management tools - Produce timely and high-quality accounting docu- ments	Off-site mission at headquarters Immersion mission	Stronger founda- tional framework and more reliable accounting	PEFA Indica- tor 21	PEFA Indicator 21	Burundi		Political instability Security problems	
- Strengthen ac- counting capacities and expertise - Produce account- ing documents	One-off mis- sions	Stronger founda- tional framework and more reliable accounting	PEFA Indica- tors 21, 22, 27 and 28	PEFA Indicators 21, 22, 27 and 28	Chad		Political instability	
Restore accounts’ representational faithfulness across all components of the general budget and subsidiary budgets	One-off mission	Stronger founda- tional framework and more reliable accounting	PEFA Indica- tors 21, 22, 27 and 28	PEFA Indicators 21, 22, 27 and 28	Central African Republic		Inadequate capacities on the ground Information system reliabil- ity	
- Provide support for establishing a steering tool - Strengthen ac- counting and cash flow management capacities	One-off mission	Stronger founda- tional framework and more reliable accounting	PEFA Indica- tor 21	PEFA Indicator 21	Congo		Weak commit- ment on the part of authorities	



<b><i>Public Financial Management – Logical Framework November 2017-April 2022</i></b>								
<b>Objective 3 : Improve execution of budget and accounting processes and supervision</b>								
<b>Activities</b>	<b>Logical inter- vention plan</b>	<b>Expected out- comes</b>	<b>Outcome indicators</b>	<b>Baseline indica- tors</b>	<b>Coun- try/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
- Produce accounts on a regular basis - Strengthen ac- counting and cash flow management capacities	Fact-finding mission		PEFA Indica- tors 27 and 28		Sao Tome and Principe		Weak commit- ment on the part of authorities	
- Produce accounts on a regular basis - Strengthen ac- counting and cash flow management capacities	Fact-finding mission		PEFA Indica- tors 27 and 28		Equatorial Guinea		Weak commit- ment on the part of authorities	

***Logical Framework – Program Document – November 2017/April 2022***

**Area : Macro-fiscal**

<b><i>Macro-fiscal – Logical Framework November 2017-April 2022</i></b>									
<b>Area objective:</b> Improve public financial management by strengthening budgetary analysis, budgeting, and forecasting capacities.									
<b>Objective 1:</b> Ensure better budget preparation to make it more credible, readable and aligned with public policies									
<b>Objectives</b>	<b>Logical inter- vention plan</b>	<b>Expected outcomes</b>	<b>Outcome indi- cators</b>	<b>Baseline indicators</b>	<b>Milestones</b>	<b>Coun- try/region</b>	<b>Key part- ners</b>	<b>Risks</b>	<b>Comments</b>
Rationalize short-term expenditures	One-off mission	Salaries and number of staff are in line with financial constraints Social expenditures are improving	Payroll/GDP Number of public employees/population Education expenditure versus GDP Health expenditure versus GDP		Fact-finding mission	Burundi, Cameroon, Congo, Gabon, Equatorial Guinea, Central African Republic, Democratic Republic of the Congo, Sao Tome and Principe, Chad		Countries' level of involvement	
Make the budget more credible	Regional seminar	More credible macro-budgetary forecasting	PEFA Indicator 1-1- Aggregate expenditure overturn 1-2- Expenditure composition overturn 1-3-Revenue overturn			AFC member countries		None	

***Logical Framework – Program Document – November 2017 / April 2022***

**Area: Macroeconomic Statistics**

<b><i>Macroeconomic Statistics – Logical Framework November 2017-April 2022</i></b>								
<b>Area objective:</b> Strengthen the compilation and dissemination of statistics to facilitate economic decision-making and improve national accounts								
<b>Objective 1 :</b> National annual accounts, which must conform, at minimum, to the 1993 System of National Accounts (SNA), are up to date and published on a regular basis, and the compilation of a new series of national accounts in line with the 2008 SNA is in progress								
<b>Objectives</b>	<b>Logical intervention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Country/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
National annual accounts conforming to the 1993 SNA at minimum are up to date and made publicly available	Ad hoc technical support missions	National accounts are up to date and published in a timely manner	Final (year N-2) and semi-final (year N-1) accounts are available and published in year N	National accounts are nearly up to date but their tenability is an issue	Burundi, Congo, Democratic Republic of the Congo, Gabon, Equatorial Guinea, Central African Republic, Chad, Sao Tome and Principe	Economic and Statistical Observatory for Sub-Saharan Africa (AFRISTAT) / World Bank (WB) / African Development Bank (ADB)	Unavailability of national accounts and baseline data	
Compilation of accounts in line with the 2008 SNA	Ad hoc technical support missions	National accounts consistent with the 2008 SNA are available.	At least two years of final accounts have been compiled.	Only Cameroon has produced accounts consistent with the 2008 SNA	Burundi, Congo, Democratic Republic of the Congo, Gabon, Equatorial Guinea, Central African Republic, Chad, Sao Tome and Principe	AFRISTAT / WB / BAD	Unavailability of national accounts and baseline data	

<b>Macroeconomic Statistics – Logical Framework November 2017-April 2022</b>								
<b>Objective 2:</b> A quarterly national accounts system is established for those countries with the ability to do so								
Objectives	Logical intervention plan	Expected outcomes	Outcome indicators	Baseline indicators	Country/region	Key partners	Risks	Comments
Establishment of quarterly national accounts/Sub-annual economic indicators	Ad hoc technical support missions	Quarterly national accounts/sub-annual economic indicators are available	Four out of eight countries produce quarterly national accounts	Two out of eight countries produce quarterly national accounts	Burundi, Cameroon, Congo, Democratic Republic of the Congo, Gabon, Equatorial Guinea, Central African Republic, Chad, Sao Tome and Principe		Unavailability of national accountants and baseline data	
<b>Objective 3 :</b> Strengthen capacities, the exchange of experiences, and regional and international best practices with regard to the preparation of national accounts and statistics supporting national accounting activities								
Strengthen the capacity of national accountants to prepare national accounts.	Regional seminar	National officials have a better understanding of the national accounting system	Workshop assessments are satisfactory/ number of participants		Burundi, Cameroon, Congo, Democratic Republic of the Congo, Gabon, Equatorial Guinea, Central African Republic, Chad, Sao Tome and Principe		Unavailability of national accountants	

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**Area: Government Finance Statistics**

<b><i>Government Finance Statistics – Logical Framework November 2017-April 2022</i></b>								
<b>Area objective:</b> Improve preparation and dissemination of government finance statistics for decision-making and provide support to AFC member countries for improving the transparency of financial statistics through participating in the IMF's General Data Dissemination System (GDDS)								
<b>Objective 1:</b> Improve preparation and dissemination of government finance statistics for decision-making								
<b>Objectives</b>	<b>Logical intervention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Country/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Establish a legal and institutional framework for government finance statistics (GFS) that conforms to statistical standards	An appropriate legal and institutional framework will allow for GFS source data to be obtained from all institutions covered	Legislative decree or ministerial orders covering the collection of source data and compilation of GFS	Each AFC member country has legislation guaranteeing the collection of source data and compilation of GFS	The current legal frameworks relating to public financial management do not provide for the regulation of GFS	Democratic Republic of the Congo; Congo; Cameroon; Equatorial Guinea; Central African Republic; Sao Tome and Principe	Officials from the Finance and/or Budgetary Affairs Ministries of member countries; CEMAC officials (government finance)	<p><b>A.</b> Weak capacities of member country officials with regard to GFS;</p> <p><b>B.</b> Insufficiently advanced public accounting reform</p> <p><b>C.</b> Inadequate political will to adopt a more sophisticated method of managing government finances (based on accrual accounting)</p>	
Build capacity of personnel with regard to source data collection and methods of compiling and disseminating GFS	GFS source data should be [compiled] from a general balance of accounts and, where appropriate, budget execution reports and other subsidiary ledgers (on an accruals basis)	Capacities of officials in charge of GFS compilation have improved as a result of implementing the Government Finance Statistics Manual 2014 (GFSM 2014) methodology for compiling GFS	There is an adequate number of member country officials to produce reliable and verifiable source data	Member country officials are generally qualified accountants or economists but have never been trained in GFS compilation methods.	All member countries	Officials from the Finance and/or Budgetary Affairs Ministries of member countries ; CEMAC officials (government finance)		

**Government Finance Statistics – Logical Framework November 2017-April 2022**

<b>Objective 1 : Improve preparation and dissemination of government finance statistics for decision-making</b>								
<b>Objectives</b>	<b>Logical intervention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Country/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
GFS are compiled according to the appropriate guidelines regarding classification, coverage and scope, sectorization and registered entities in line with the GFSM 2014	The GFSM 2014 methodology aims to harmonize the GFS produced by each country (in terms of compilation procedures and format) to facilitate comparison	GFS are produced according to the timetable prescribed by the Data Quality Assessment Framework (DQAF).	Member countries' Government Financial Operations Tables (TOFE) are prepared in line with the GFSM 2014 methodology	The current TOFE based on the GFSM 2014 only covers the central budget administration in most cases	All member countries	Officials from the Finance and/or Budgetary Affairs Ministries of member countries ; CEMAC officials (government finance)	<b>D.</b> Weak capacities of member country officials in the area of GFS;  <b>E.</b> Insufficiently advanced public accounting reform  Inadequate political will to adopt a more sophisticated method of managing government finances (based on accrual accounting)	
GFS are compiled using appropriate statistical techniques, including processing of source data and/or assessment and validation of intermediate data and statistical outputs (DQAF 3.3 and/or 3.4)	Source data must be reprocessed using statistical techniques to bring them in line with the GFSM 2014 methodology (based on accrual accounting)	GFS are produced according to the timetable prescribed by the Data Quality Assessment Framework (DQAF).	Member countries' TOFE are prepared in line with the GFSM 2014 methodology	Currently, most source data are cash based and only cover the central budget administration	All member countries	Officials from the Finance and/or Budgetary Affairs Ministries of member countries ; CEMAC officials (government finance)		
Statistics are disseminated internally and/or publicly on a sub-annual basis	The GFS produced should be published not only for the purposes of analysis within the Ministry but also in the interest of public transparency	GFS are produced according to the timetable prescribed by the Data Quality Assessment Framework (DQAF).	Member countries' TOFE are prepared in line with the GFSM 2014 methodology	Currently, TOFE (compiled on either an annual or sub-annual basis) are not disseminated	All member countries	Officials from the Finance and/or Budgetary Affairs Ministries of member countries ; CEMAC officials (government finance)		

<b>Government Finance Statistics – Logical Framework November 2017-April 2022</b>								
<b>Objective 1 : Improve preparation and dissemination of government finance statistics for decision-making</b>								
<b>Objectives</b>	<b>Logical intervention plan</b>	<b>Expected out-comes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Country/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Ensure that operational procedures for compiling and/or disseminating GFS are documented and archived	TOFE collection and compilation procedures should be documented for the use of all parties involved	GFS are produced according to the timetable prescribed by the Data Quality Assessment Framework (DQAF).	Procedures manuals/TOFE collection and compilation guide	The GFSM 1986 is the only existing guide	All member countries	Officials from the Finance and/or Budgetary Affairs Ministries of member countries ; CEMAC officials (government finance)	Ibid.	
<b>Objective 2 : Provide support to AFC member countries for improving the transparency of financial statistics through participating in the IMF's General Data Dissemination System (GDDS)</b>								
<b>Objectives</b>	<b>Logical intervention plan</b>	<b>Expected out-comes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Country/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Provide support for member countries to participate in the GDDS (or to update GDDS metadata)	GDDS aims to encourage member countries to publicly disseminate complete, accessible and reliable financial statistics	All member countries that produce GFS of publishable quality participate in the GDDS	Number of member countries participating in the GDDS	No member countries currently participate in the GDDS (GFS).	All member countries	Officials from the Finance and/or Budgetary Affairs Ministries of member countries ; CEMAC officials (government finance)	Availability of reliable source data	

**Logical Framework – Program Document – November 2017 / April 2022**

**Area : Public Debt Management**

<b>Public Debt Management – Logical Framework November 2017-April 2022</b>								
<b>Area objective:</b> Reduce the cost and risk of public debt, develop the domestic government securities market, and improve access to long-term financing								
<b>Objective 1 :</b> Enable countries to develop a medium-term debt strategy								
Objectives	Logical intervention plan	Expected outcomes	Outcome indicators	Baseline indicators	Country/region	Key partners	Risks	Comments
Develop and implement a medium-term debt management strategy (MTDS) that will promote debt sustainability and improve the quality of the loan portfolio.	<ul style="list-style-type: none"> <li>- Lack of medium-term debt management strategies and choice of financing instruments;</li> <li>- Loan portfolio monitoring is not expressed through standard indicators;</li> </ul>	Strengthen debt managers' capacities with regard to the MTDS framework and quantitative tool	<ul style="list-style-type: none"> <li>- Prepare for the loan database to be exported to the MTDS tool;</li> <li>- Calculate the standard debt portfolio indicators;</li> <li>- Complete the 8 steps recommended for the MTDS;</li> </ul>	IMF/WB directives on public debt management and CEMAC regulation on debt policy	This activity pertains to all countries in the region. For Cameroon and Gabon, it is aimed at improving the MTDS that has already been produced.	WB and UNCTAD	Potential inadequacy of human resources devoted to the project	
		Assist countries in preparing and/or improving their MTDS	Preparation of a draft MTDS;			WB and UNCTAD		



<b>Public debt management – Logical framework November 2017-April 2022</b>								
<b>Objective 2 : Improve management of debt portfolio risks</b>								
<b>Objectives</b>	<b>Logical intervention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Country/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Develop debt portfolio risk analysis as part of the periodic activities carried out by debt managers;	<ul style="list-style-type: none"> <li>- Debt portfolio risk management is not integrated in routine debt-related activities;</li> <li>- This aspect is not covered in debt reporting;</li> </ul>	Strengthen the capacities of debt personnel in the area of risk analysis ;	Assessment of personnel skill development and of the quality of debt portfolio risk analysis;	IMF/WB directives on debt management	Burundi, Cameroon, Gabon, Central African Republic, Chad, Equatorial Guinea, and Sao Tome and Principe;		Potential inadequacy of human resources devoted to the project	
		Establish an effective risk analysis framework;	Effective use of the risk management framework and monitoring of the outcomes obtained;					
		Ensure regular reporting on debt portfolio risks;	The annual debt report incorporates debt risk management;					

<b>Public debt management – Logical framework November 2017-April 2022</b>								
<b>Objective 3 : Strengthen capacities in the area of debt sustainability analysis</b>								
<b>Objectives</b>	<b>Logical intervention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Country/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Enable debt managers to perform debt sustainability analysis independently	- Current economic conditions are favorable to the risk of excessive debt burdens - A debt sustainability analysis framework is lacking in most countries ;	Strengthen the capacities of debt personnel in the area of debt sustainability analysis (DSA);	- Debt managers are proficient in the DSA framework and tool;	Technical assistance (TA) reports	Burundi, Gabon, Central African Republic, Chad, Equatorial Guinea, and Sao Tome and Principe		Potential inadequacy of human resources devoted to the project	
		Establish an effective DSA framework;	- Debt managers can perform a DSA independently					

<b>Public Debt Management – Logical Framework November 2017-April 2022</b>								
<b>Objective 4 : Develop the domestic debt market.</b>								
<b>Objectives</b>	<b>Logical intervention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Country/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
- Develop domestic debt markets in the CEMAC zone and in Burundi.	- The domestic market is under-developed; - Maturities remain short; - The secondary market is non-existent;	Standardization of instruments and government securities issuance practices;	- Increase in government securities in relation to total borrowing;	TA reports	CEMAC countries and Burundi	Bank of Central African States (BEAC) and the Bank of the Republic of Burundi (BRB)	Political risk: authorities' willingness to put in place the reforms identified	
		Implementation of a well-defined process for issuing government securities;	- Custody, settlement, and delivery of securities are ensured by reliable systems ;					
		Secondary market development	- Data on processed transactions is reported to a central market reporting authority on a monthly basis;					

<b><i>Public Debt Management – Logical Framework November 2017-April 2022</i></b>								
<b>Objective 4 : Develop the domestic debt market.</b>								
<b>Objectives</b>	<b>Logical intervention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Country/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
- Launch and develop the domestic government securities market in the DRC	The domestic debt market is non-existent;	Standardization of instruments and government securities issuance practices ;	a) An annual issuance program has been established by 2018; b) An auction timetable has been established by 2018; c) An operational procedure to ensure market functioning has been developed by 2017;	TA Report	Democratic Republic of the Congo	Legal Department at Headquarters, Central Bank of the Congo	Political risk: authorities' willingness to put in place the reforms identified  Security risk : political stability	

<b>Public Debt Management – Logical Framework November 2017-April 2022</b>								
<b>Objective 4 : Develop the domestic debt market.</b>								
<b>Objectives</b>	<b>Logical intervention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Country/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
- Launch and develop the domestic government securities market in the DRC	The domestic debt market is non-existent;	Implementation of a well-defined government securities issuance process;	a) Rules governing the functioning of the primary market have been implemented by 2017; b) Pre- and post-auction announcements have been published by 2018; c) A reliable system ensuring custody, settlement, and delivery operations has been established by 2018					
		Development of the secondary market	a) Rules governing the functioning of the primary market have been implemented by 2018; b) Operations on the market are transparent; c) Data on processed transactions is reported to a central market reporting authority on a monthly basis;					

<b>Public Debt Management – Logical Framework November 2017-April 2022</b>								
<b>Objective 5 : Assist authorities in developing the Sukuk market</b>								
<b>Objectives</b>	<b>Logical intervention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Country/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Assist authorities in Chad and other CEMAC countries in the Sukuk issuance process	<ul style="list-style-type: none"> <li>- Sukuk are not used as long-term funding mobilization instruments;</li> <li>- Project financing needs;</li> </ul>	Develop a roadmap for issuing Sukuk	a) Identification and prioritization of government development projects over a three to five year period b) Description of government assets that could serve as underlying assets for Sukuk	Authorities' proposals for developing Islamic finance	Chad and other CEMAC countries	Inter-American Development Bank (IDB), BEAC and the Monitoring Commission for the Financial Markets of Central Africa (COSUMAF)	Political risk: authorities' willingness to put in place the reforms identified  Potential inadequacy of human resources devoted to the project ;	
Assist authorities in Chad and other CEMAC countries in the Sukuk issuance process		Develop the legal framework for issuing Sukuk	a) Develop a law/regulation on Sukuk issuance; b) Identify and prepare Sukuk documentation					

<b>Public Debt Management – Logical Framework November 2017-April 2022</b>								
<b>Objective 5 : Assist authorities in developing the Sukuk market</b>								
<b>Objectives</b>	<b>Logical intervention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Country/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Assist authorities in Chad and other CEMAC countries in the Sukuk issuance process	Ibid.	5.3. Establishment of a regulatory and institutional framework for Sukuk	a) Development of guidelines on the functioning of the primary Sukuk market; b) Development of guidelines for issuing Sukuk based on 'Sukuk Ijara' assets c) Implement the regulatory and institutional framework governing custody, settlement and delivery of Sukuk;	Ibid.	Ibid.	Ibid.	Ibid.	

<b>Public Debt Management – Logical Framework November 2017-April 2022</b>								
<b>Objective 6 : Strengthen the legal and institutional framework for debt management</b>								
<b>Objectives</b>	<b>Logical intervention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Country/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Modernize the legal, organizational, and institutional framework for debt management	<ul style="list-style-type: none"> <li>- Debt management is fragmented;</li> <li>- A single authority has not been established;</li> </ul>	6.1. Revision of the legal framework governing debt in line with the recommendations of TA missions;	a) Establish a single authority empowered to sign new commitments by the government; b) Clarify the functions of debt management entities;	TA reports	Burundi, Congo, Democratic Republic of the Congo, Central African Republic, Sao Tome and Principe	Legal Department at Headquarters	Political risk: authorities' willingness to put in place the reforms identified	
		6.2. Modernization of the organizational and institutional framework for debt management;	a) Reduce fragmentation in debt management; b) Create and operationalize a debt management coordination entity; c) Reorganize debt management departments within finance ministries into front, middle, and back office functions; d) Develop a debt management procedures manual;			MCM, WB	Political risk: authorities' willingness to put in place the reforms identified	



***Logical Framework – Program Document – November 2017 / April 2022***

**Area: Banking Regulation and Supervision**

<b><i>Banking Regulation and Supervision – Logical Framework November 2017-April 2022</i></b>								
<b>Area objective:</b> Improve the regulatory and prudential framework for banking supervision, strengthen capacities for the implementation of risk-based supervision, promote the application of Basel II and Basel III, as well as recognition of non-performing loans in line with IFRS, with a view to strengthening financial sector supervision.								
<b>Objective 1 :</b> Improve the regulatory and prudential framework for banking supervision in accordance with international standards								
<b>Objectives</b>	<b>Logical intervention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Country/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Implement consolidated supervision relating to banking groups.	Develop a complete operational framework for consolidated supervision	The Central African Banking Commission (COBAC) has new and suitable accounting and prudential statements and has received training in consolidated supervision	Development of new statements for submission, of implementing legislation for the related regulation, and of a new methodological note		CEMAC	COBAC		Multi-year project
Strengthen supervision of electronic money issuers and mobile telephone transactions	Complete the project to build the COBAC's capacities to supervise banking operations carried out using innovative technical solutions	Regulatory texts on licensing have been adapted to the new players and activities. Supervisors have been trained and have access to a methodology	Drafting of a new regulation and an adapted supervision methodology		CEMAC	COBAC		Multi-year project

<b>Banking Regulation and Supervision – Logical Framework November 2017-April 2022</b>								
<b>Objective 1: Improve the regulatory and prudential framework for banking supervision in accordance with international standards</b>								
<b>Objectives</b>	<b>Logical inter- vention plan</b>	<b>Expected outcomes</b>	<b>Outcome indica- tors</b>	<b>Baseline indicators</b>	<b>Coun- try/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Revise regula- tions on licens- ing	Support the BCC in revising its regulatory legislation and structuring operational processes for supervision	Regulations on licens- ing have been adapted. Supervisors have received training and are equipped with a supervision methodol- ogy	Preparation of a new regulation and an adapted supervi- sion methodology		Democratic Republic of the Congo	BCC	Suspension of IMF on-site missions for security reasons (ongoing)	
Revise regula- tions govern- ing internal supervision and risk man- agement	Support the BCC in revising its regulatory legislation and structuring its operational processes for supervision	Regulations governing internal supervision and risk management have been adapted. Supervisors have received training and are equipped with a supervision methodol- ogy.	Development of a new regulation and adapted supervision methodology		Democratic Republic of the Congo	BCC	Suspension of IMF on-site missions for security reasons (ongoing)	
Improve the overall pruden- tial regulation framework in line with inter- national stand- ards	Implement a comprehensive technical assis- tance program for banking regulation and supervision under the auspi- ces of AFC	The main prudential regulations are in line with Basel Core Prin- ciples (BCP). Supervi- sors' capacities are improved.	Development of new regulations, methodological support, training		Sao Tome and Principe	Central Bank of Sao Tome and Principe	Difficulties in reporting and analyzing in- formation (offi- cial language: Portuguese)	Multi-year project

<b><i>Banking Regulation and Supervision – Logical Framework November 2017-April 2022</i></b>								
<b>Objective 1: Improve the regulatory and prudential framework for banking supervision in accordance with international standards</b>								
<b>Objectives</b>	<b>Logical inter- vention plan</b>	<b>Expected outcomes</b>	<b>Outcome indica- tors</b>	<b>Baseline indicators</b>	<b>Coun- try/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Revise pruden- tial regulations on market and interest rate risks	Revise existing legislation governing the various classifi- cations of finan- cial risks and propose changes as needed in line with BCP	The prudential frame- work is better adjusted to the evolving risks inherent in the finan- cial activities of banks	Updated legislation, methodological support		CEMAC Burundi Democratic Republic of the Congo	COBAC Bank of the Republic of Burundi Central Bank of the Congo	Bank of the Republic of Burundi, Central Bank of the Congo: Suspen- sion of IMF on- site missions for security reasons (ongoing)	
<b>Objective 2: Strengthen risk-based supervision implementation capacity with a view to ensuring more efficient use of oversight resources to enhance monitoring of the main risks to the banking system.</b>								
Strengthen the capacities of the authority's legal function as well as the management of the legal risks the authority faces	Support the process of revis- ing the modi operandi of the legal department to ensure more effective super- vision of entities in a difficult situation and better manage the process of preparing inter- nal procedures and prudential standards.	The COBAC board functions more effec- tively (preparation and monitoring of deci- sions). The structure of the operational processes of the legal department (DAJ) has improved.	Recommendations related to the organ- ization and func- tioning of the DAJ and operational processes of the legal function		CEMAC		COBAC	Multi-year project

<b>Banking Regulation and Supervision – Logical Framework November 2017-April 2022</b>								
<b>Objective 2:</b> Strengthen risk-based supervision implementation capacity with a view to ensuring more efficient use of oversight resources to enhance monitoring of the main risks to the banking system								
<b>Objectives</b>	<b>Logical intervention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Country/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Strengthen supervisors' operational capacities through sharing best practices and risk-based supervision methods	Organize regular regional methodological seminars on supervision-related issues specific to areas that present high-stakes risks	Provide concrete expertise, methodological recommendations for implementation, sharing of experiences	Presentation materials, mission report		CEMAC Burundi Democratic Republic of the Congo	COBAC Bank of the Republic of Burundi Central Bank of the Congo		
Improve the overall prudential regulation framework in line with international standards	Implement a comprehensive technical assistance program for banking regulation and supervision under the auspices of AFC							
Train supervisors in risk-based supervision	Provide a basic periodic training program for newly recruited supervisors covering: (i) Basel Core Principles; (ii) the off-site supervision process; (iii) on-site supervision methodology; (iv) the risk-based approach to supervision	New supervisors have received initial training in risk-based supervision	Training materials		CEMAC Burundi Democratic Republic of the Congo	COBAC Bank of the Republic of Burundi Central Bank of the Congo	Bank of the Republic of Burundi, Central Bank of the Congo: Suspension of IMF on-site missions for security reasons (ongoing)	Multi-year project

<b><i>Banking Regulation and Supervision – Logical Framework November 2017-April 2022</i></b>								
<b>Objective 2</b> : Strengthen risk-based supervision implementation capacity with a view to ensuring more efficient use of oversight resources to enhance monitoring of the main risks to the banking system.								
<b>Objectives</b>	<b>Logical intervention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Country/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Improve the quality of on-site supervision processes	Develop on-site control methodology, train inspectors	On-site supervision teams have a greater capacity to carry out missions through a risk-based approach	Mission report, framework of methodological notes, internal procedures		CEMAC Burundi Democratic Republic of the Congo	COBAC Bank of the Republic of Burundi Central Bank of the Congo	Bank of the Republic of Burundi, Central Bank of the Congo: Suspension of IMF on-site missions for security reasons (ongoing)	Multi-year project
Improve the quality of on-site supervision processes	Develop on-site control methodology, train inspectors	Supervisors in charge of on-site inspections have a greater capacity to utilize information and develop more relevant and responsive formal analyses informed by a risk-based approach.	Mission report, framework of methodological notes, internal procedures		CEMAC Burundi Democratic Republic of the Congo	COBAC Bank of the Republic of Burundi Central Bank of the Congo	Bank of the Republic of Burundi, Central Bank of the Congo: Suspension of IMF on-site missions for security reasons (ongoing)	Multi-year project

<b><i>Banking Regulation and Supervision – Logical Framework November 2017-April 2022</i></b>								
<b>Objective 2</b> : Strengthen risk-based supervision implementation capacity with a view to ensuring more efficient use of oversight resources to enhance monitoring of the main risks to the banking system.								
<b>Objectives</b>	<b>Logical inter- vention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Coun- try/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Improve capacities for early detection and for handling individual difficulties	Develop support tools for analyzing the financial situation of banking institutions, improve the quality of the response process and handling of individual difficulties through a risk-based approach.	On-site supervisors have greater analytical and response capacity. The decision-making process is more structured and better adapted to the seriousness of the situation.	Development of analytical support tools with structured operational procedures		CEMAC Burundi Democratic Republic of the Congo	COBAC Bank of the Republic of Burundi Central Bank of the Congo	Bank of the Republic of Burundi, Central Bank of the Congo: Suspension of IMF on-site missions for security reasons (ongoing)	Multi-year project
Take greater account of the specificities of microfinance and financial inclusion objectives in supervisory procedures	Revise the regulatory and prudential framework and propose adjustments on the basis of risk profile	The microfinance sector has a prudential framework that is in line with its risk profile and supervisors are ensuring appropriate follow-up	Adjusted prudential regulations, formalized operational procedures for supervision		CEMAC Burundi Democratic Republic of the Congo	COBAC Bank of the Republic of Burundi Central Bank of the Congo	Bank of the Republic of Burundi, Central Bank of the Congo: Suspension of IMF on-site missions for security reasons (ongoing)	

<b><i>Banking Regulation and Supervision – Logical Framework November 2017-April 2022</i></b>								
<b>Objective 2 :</b> Strengthen risk-based supervision implementation capacity with a view to ensuring more efficient use of oversight resources to enhance monitoring of the main risks to the banking system.								
<b>Objectives</b>	<b>Logical inter- vention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Coun- try/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Develop opera- tional capaci- ties to super- vise banks’ implementation of anti-money- laundering commitments	Develop the methodological framework for off-site and on- site supervision. Provide support for the devel- opment of au- tomated tools to assist in per- forming on-site controls aimed at addressing money launder- ing and terrorist financing	Supervisors have the capacity to verify the quality of banks’ anti- money laundering and terrorist financing frameworks according to a risk-based ap- proach	Methodological guide, terms and conditions for de- veloping automated tools		CEMAC Burundi Democratic Republic of the Congo	COBAC Bank of the Republic of Burundi Central Bank of the Congo	Bank of the Republic of Burundi, Central Bank of the Congo: Suspen- sion of IMF on- site missions for security reasons (ongoing)	
<b>Objective 3:</b> Promote the application of Basel II and Basel III to ensure that banks have adequate capital and liquidity to cover their risks and support the stability of the financial system.								
Establish a plan to bring prudential regulations in line with Basel II and Basel III that is realistic and adapted to regional speci- ficities	Determine reasonable methods of transposing the Basel II/III framework on the basis of ownership and implementation possibilities in the sub-region. Propose an action plan	A formal action plan has been developed to align the overall pru- dential framework with Basel II and Basel III	Action plan		CEMAC Burundi Democratic Republic of the Congo	COBAC Bank of the Republic of Burundi Central Bank of the Congo	Bank of the Republic of Burundi, Central Bank of the Congo: Suspen- sion of IMF on- site missions for security reasons (ongoing)	Multi-year project

<b>Banking Regulation and Supervision – Logical Framework November 2017-April 2022</b>								
<b>Objective 3:</b> Promote the application of Basel II and Basel III to ensure that banks have adequate capital and liquidity to cover their risks and support the stability of the financial system.								
Objectives	Logical intervention plan	Expected outcomes	Outcome indicators	Baseline indicators	Country/region	Key partners	Risks	Comments
Ensure that the prudential framework is in line with Basel II principles with regard to the definition of capital and the calculation of capital requirements for credit, operational, and market risk.	With regard to pillar 1, and bearing in mind the plan outlined above, revise regulations to give priority to the simplest transposition options (unless the decision is made not to move beyond Basel I)	The prudential framework establishing the definition and calculation of capital requirements is in line with Basel II principles, while also reflecting any adjustments based on regional specificities	Updated regulation		CEMAC Burundi Democratic Republic of the Congo	COBAC Bank of the Republic of Burundi Central Bank of the Congo	Bank of the Republic of Burundi, Central Bank of the Congo: Suspension of IMF on-site missions for security reasons (ongoing)	Multi-year project
Establish a pillar 2 mechanism on capital requirements determined on the basis of risk profile	As needed, supplement regulations with provisions allowing for the adjustment of capital requirements	The prudential framework enables the authority to tighten capital requirements as justified by risk profile	Updated regulation		CEMAC Burundi Democratic Republic of the Congo	COBAC Bank of the Republic of Burundi Central Bank of the Congo	Bank of the Republic of Burundi, Central Bank of the Congo: Suspension of IMF on-site missions for security reasons (ongoing)	Multi-year project



<b><i>Banking Regulation and Supervision – Logical Framework November 2017-April 2022</i></b>								
<b>Objective 3:</b> Promote the application of Basel II and Basel III to ensure that banks have adequate capital and liquidity to cover their risks and support the stability of the financial system.								
<b>Objectives</b>	<b>Logical inter- vention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Coun- try/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Establish a pillar 3 mechanism on transparency and financial disclosure	Supplement regulations with provisions governing transparency and financial disclosure to banking institutions	The prudential framework responds to the goal of ensuring market discipline	Updated regulation		CEMAC Burundi Democratic Republic of the Congo	COBAC Bank of the Republic of Burundi Central Bank of the Congo	Bank of the Republic of Burundi, Central Bank of the Congo: Suspension of IMF on-site missions for security reasons (ongoing)	Multi-year project
Reform regulations regarding liquidity	Revise the short-term liquidity ratio on the basis of the liquidity coverage ratio (LCR) and the loan-deposit ratio on the basis of the net stable funding ratio (NSFR). Supplement with liquidity risk management regulations.	The prudential framework for liquidity has been transformed in line with Basel III with the necessary adaptations	Updated regulation		Burundi	Bank of the Republic of Burundi		Project initiated for the Bank of Burundi in the form of off-site workshops. Evaluation already done in the DRC (no transition to Basel III)

<b><i>Banking Regulation and Supervision – Logical Framework November 2017-April 2022</i></b>								
<b>Objective 4</b> : Promote the recognition of non-performing loans in line with IFRS with a view to improving the effectiveness of supervision through strengthening compliance with IFRS standards relating to provisioning.								
<b>Objectives</b>	<b>Logical inter- vention plan</b>	<b>Expected outcomes</b>	<b>Outcome indicators</b>	<b>Baseline indicators</b>	<b>Coun- try/region</b>	<b>Key partners</b>	<b>Risks</b>	<b>Comments</b>
Revise the prudential and regulatory framework on provisioning for non-performing loans in order to integrate the IFRS framework as envisaged in the action plan	Revise regulatory legislation accordingly	Provisioning directives are improved and the implementation of these directives is in line with credit risk levels and adequate for evaluation of capital	Revised regulatory legislation		CEMAC Burundi Democratic Republic of the Congo	COBAC Bank of the Republic of Burundi Central Bank of the Congo	Bank of the Republic of Burundi, Central Bank of the Congo: Suspension of IMF on-site missions for security reasons (ongoing)	Multi-year project
Develop banking supervisors' capacities to adopt the IFRS framework	Roll out an IFRS training program in line with banking supervision needs	Supervisory bodies' knowledge of IFRS has improved, including with regard to specific provisioning issues, in order to ensure compatibility between IFRS requirements and Basel principles.	Training materials		CEMAC Burundi Democratic Republic of the Congo	COBAC Bank of the Republic of Burundi Central Bank of the Congo	Bank of the Republic of Burundi, Central Bank of the Congo: Suspension of IMF on-site missions for security reasons (ongoing)	Multi-year project

## ANNEX 2

### **Follow-up on the Midterm Evaluation of AFRITAC Central**

1. The program document for the next phase of AFC should provide a strategy for each country covering the different topical areas. The strategy should be integrated with RBM objectives and funding allocations. A program completion report should be prepared at the end of the current phase that would provide the foundation for the phase three strategy.

*Follow-up:* This Program Document aligns the performance objectives and performance indicators for results-based management for each area and country based on the strategic objectives of the cycle and reflect the country specific strategies for capacity development prepared by the African Department in consultation with key stakeholders.

2. SC effectiveness should be strengthened by focusing more on strategic issues during meetings, improving continuity of membership and reinforcing the focal point role of member country SC members. AFC should provide appropriate support to SC members to enable this to happen.

*Follow-up:* The efficacy of the Steering Committee will be strengthened by focusing more on strategic issues during meetings and by reinforcing the focal point role of member countries SC members.

3. We recommend that IMF should design the proposed HQ IT systems aimed at providing integrated financial and qualitative TA performance information after taking into account the information needs of all RTAC stakeholders, and especially ensure that disaggregated data for countries as well as individual TA projects and workshops is available.

*Follow-up:* The IMF has developed a new IT system, Capacity Development Projects, Outputs and Results Tracking system(CD-PORT) to provide a one-stop-shop for IMF staff involved in technical assistance and training to monitor implementation and report on results of their work. In addition to capturing and reporting log frame data, CD-PORT captures and reports on both financial and activity implementation. Introduction of Results-Based Management (RBM), and implementation of CD-PORT in AFC will be supported through the appointment of a new RBM Advisor.

Member countries and development partners of AFC (who signed confidentiality agreements) will have access to reports through the IMF's Partners Connect. This new gateway is designed to provide partners with online access to their arrangements in a central repository. The gateway contains financial and project information related to the arrangements. Partner's Connect will launch by December 2017.

4. AFC should strengthen further its RBM through better linkage of outcomes with TA, more focused risk definition and ensuring logframes cover the entire results chain.

*Follow-up:* This program document establishes better linkages between outcomes and technical assistance, focuses more on results, and ensures that the logical frameworks are consistent with the recently rolled-out fund-wide RBM framework with a standard catalogue of objectives, milestones, and indicators.

5. AFC should strengthen further its reporting to the Steering Committee by reducing the volume of information provided, exploring options for consolidating information, providing results that are more directly related to AFC technical assistance, highlighting specific reasons for non-achievement of targets and presenting key performance indicators.

*Follow-up:* In the reports proposed for AFC, the volume of information provided has been reduced, with the exploration of options to consolidate information by providing results more directly related to technical assistance from AFC, underscoring the specific reasons for which the objectives have not been reached, and presenting the key performance indicators.

6. The SC should discuss in detail donor needs for access to AFC reports, recipient and AFC constraints in sharing them, and agree an approach that expedites the sharing of such reports within the scope of current IMF dissemination policy. Information about such an expedited report sharing process should be distributed across all RTAC steering committees.

*Follow-up:* The Center will encourage member countries to explicitly agree to share their TA reports which will expedite the sharing of such reports.

7. ICD should revise its budgeting practices to reflect actual annual and category expenses in budgets for future years, and develop better linkages between financial budgets and resource allocations envisaged in work plans.

*Follow-up:* Through the IMF new system, Capacity development information management system, (CDIMS), procedures have been strengthened to better align the budget with workplans. Also, In CD-PORT, the Center can create and manage CD work plans and

budgets and apply RBM techniques to monitor project outcomes. The system will enable flexibility in allocating funds depending on demands.

8. ICD in partnership with AFC should at a very early stage of the next funding cycle seek to secure indications of interest from international donors to establish viability of the next phase. Member countries should arrive at a formal decision on mechanisms within their countries that would ensure funds are earmarked to meet their funding commitments to AFC.

*Follow-up: Follow-up:* ICD and AFC have engaged with member countries from an early stage to secure their significant contribution to the Center. During the March 2017 SC meeting, several member countries expressed their commitment to support the Center. Funding is also secured from several development partners including the EU and Germany. Negotiations are ongoing with others.

9. AFC and IMF should work with AFRITAC East to move the responsibility of providing financial sector supervision technical assistance and training to Burundi to AFRITAC East.

*Follow-up:* IMF have taken careful note of Republic of Burundi authorities' request. However, due to the linguistic constraints, African department informed the authorities of Burundi that the country will participate to regional seminars organized by AFE. But, Burundi will continue to be better served by central AFRITAC during Phase III of the program as AFE does not have French-speaking experts.

10. AFC in partnership with IMF should explore strategic options for increasing the availability of specialist knowledge available at the Managing Natural Resource Wealth Topical Trust Fund for AFC member countries.

*Follow-up:* The Center will coordinate closely with the relevant TA Departments. Out of the Managing Natural Resource Wealth - Trust Fund (MNRW-TF) eligible countries, The Central African Republic, Chad, DRC, Cameroon, Congo, and Sao Tome and Principe are AFC countries. Currently, Cameroon and DRC are recipient countries.



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