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June 28, 2021

**Joint Statement by Mr. Buissé, Mr. Ronicle, Mr. Rozan, and Ms. Nelson on Central  
African Economic and Monetary Community  
(Preliminary)  
Executive Board Meeting  
June 30, 2021**

We thank staff for their comprehensive report and Mr. Andrianarivelo, Mr. N'Sonde and Mr. Nguema-Affane for the insightful Buff statement.

**We welcome this excellent overview of the regional challenges faced by CEMAC.** The pandemic's impact has led to a large economic fallout, on top of a precarious security situation in some of the countries in the sub-region. External regional reserve levels, though they have recovered recently, have fallen short of the regional policy assurances at end 2020, and the CEMAC's economic and financial situation remains fragile with potential long-lasting scars. Overall, we welcome the regional authorities' prompt and adequate actions to respond to the pandemic. Looking forward, as country authorities and the Fund embark on a new generation of programs, it will be critical to deliver transformational reforms to support a stronger private sector and more diversified growth, including through strong progress on governance and transparency. It will therefore be important to gain economic and political momentum through the potential Heads of State conference. In this regard, the annex pertaining to the Fund-Bank work on growth enhancing reforms is very useful to feed into future discussions, including on upcoming Fund engagements.

**We welcome the staff level agreements reached for Chad, Gabon, and Cameroon.** We also note that an SMP is in place in CAR, that there are continued active discussions with Equatorial Guinea for emergency assistance, and we note the expectations regarding the Republic of Congo. Strong political and technical ownership from authorities that may have new Fund engagements is critical. This should include strong proactive efforts to improve governance and transparency, to fight against corruption, and to drive economic diversification reforms and poverty reduction efforts to enable an exit from the economic crisis and to speed-up strong, inclusive, and sustainable growth. We agree with staff that fiscal policy should aim at minimizing the long-term effects of the pandemic while also supporting external stability and debt sustainability, particularly through more efficient

domestic revenue mobilization and prioritization of essential expenditure. *Regarding the Republic of Congo, following recent press notices, could staff give an update on the state of play regarding debt restructurings with official and non-official creditors, and the overall restructuring envelope needed?* On Chad, we strongly welcome the recent agreement at the Creditor Committee on financing assurances, as part of the Common Framework. We underline the importance of swift progress with private creditors to restore debt sustainability and the speedy delivery of much needed IMF financing. On Gabon, we understand that several Paris Club members are reporting arrears. *Could staff give an update on how they are viewing these arrears and what it means for the upcoming new program?* As part of the recent staff level agreements, we welcome the emphasis placed on social policies. Particular attention should also be paid to SOEs, which need to be audited. In this context, independent auditing systems are fundamental, and also for the auditing of COVID relief financing. Hence, establishing and strengthening Supreme Audit Institutions is especially important.

**Regarding monetary and financial sector policies, balancing the impact of measures taken in 2020 in the wake of the pandemic and CEMAC stability remains critical.** Staff recommendations to stand ready to tighten monetary policy and to develop a strategy to end the temporary relaxation of prudential regulation are sensible. Though the banking sector seems to have generally been resilient to the crisis in 2020, the extent of the crisis' impact is not clear yet and the exit strategy should be clearly and transparently presented by COBAC to banks as soon as possible. Moreover, we also note the adverse effects of the bank-sovereign nexus on banks and investment. Finally, we support the necessary improvements to the AML-CFT framework. This should be supported by adequate tools and resources to ensure its effective implementation, including through the GABAC (Groupe d'Action contre le blanchiment d'Argent en Afrique Centrale).

**We welcome the continued efforts by BEAC to enforce the foreign exchange regulations, which should support NFA accumulation.** In connection with the aforementioned audits of the main SOEs, we encourage the BEAC to continue its efforts to identify, with national authorities, foreign currency accounts held by public enterprises and agencies. Efforts should then be made to repatriate all foreign currency in CEMAC and increase the scope of the Single Treasury Accounts in each country. *Could staff comment on the discussions regarding the foreign exchange regulations for the extractive sector and the prospects for successful implementation of the regulation by end 2021?*