

**EXECUTIVE  
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MEETING**

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To: Members of the Executive Board

From: The Secretary

Subject: **Central African Economic and Monetary Community—Staff Report on the Common Policies of Member Countries, and Common Policies in Support of Member Countries Reform Programs—Informational Annex**

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Questions:	Mr. Toujas-Bernate, AFR (ext. 36936) Ms. Martin, AFR (ext. 35301) Mr. Lautier, AFR (ext. 37748)
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**\*Unless an objection from the member authorities of the CEMAC countries is received prior to the conclusion of the Board's consideration, the document will be published.**





INTERNATIONAL MONETARY FUND

# CENTRAL AFRICAN ECONOMIC AND MONETARY COMMUNITY (CEMAC)

STAFF REPORT ON THE COMMON POLICIES OF MEMBER  
COUNTRIES, AND COMMON POLICIES IN SUPPORT OF MEMBER  
COUNTRIES REFORM PROGRAMS—INFORMATIONAL ANNEX

December 22, 2020

Prepared By

The African Department  
(In Consultation with other Departments)

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## RELATIONS OF CEMAC MEMBER COUNTRIES WITH THE FUND

Cameroon, Central African Republic (CAR), Chad, Republic of Congo, and Gabon joined the IMF in 1963, and Equatorial Guinea joined in 1969. All Central African Economic and Monetary Community (CEMAC) members accepted the obligations of Article VIII, Sections 2, 3 and 4 of the IMF Articles of Agreement on June 1, 1996.

### Relations of the CEMAC Member Countries with the Fund

**Cameroon.** On June 26, 2017, the Executive Board of the International Monetary Fund (IMF) approved a three-year arrangement under the Extended Credit Facility (ECF) with Cameroon for SDR 483 million (about US\$666.2 million, or 175 percent of Cameroon's quota) to support the country's economic and financial reform program. On January 22, 2020, the Executive Board of the International Monetary Fund (IMF) completed the fifth review of the arrangement under ECF for Cameroon. The completion of the review enabled the disbursement of SDR 55.2 million (about US\$76.1 million), bringing total disbursements under the arrangement to SDR 427.8 million (about US\$590 million). The ECF program expired in September 2020, and Cameroon has requested a new program. On May 4, 2020, the Executive Board of the International Monetary Fund (IMF) approved a disbursement under the Rapid Credit Facility (RCF) for SDR 165.6 million (about US\$ 226 million, or 60 percent of quota) to address the impact of the COVID-19 pandemic. On October 21, 2020 the Executive Board of the International Monetary Fund (IMF) approved a second disbursement under the Rapid Credit Facility (RCF) for SDR 110.4 million (about US\$ 156 million), bringing total RCF disbursements to SDR 276 million (about US\$ 382 million, or 100 percent of quota). The last Article IV Executive Board Consultation was on July 6, 2018, and the next one is expected in mid-2021.

**Central African Republic.** The three-year arrangement under the Extended Credit Facility (ECF) for the Central African Republic was approved by the Executive Board on December 20, 2019 in the amount SDR 83.55 million (about US\$115.1million, 75 percent of Central African Republic's quota at the IMF). On April 20, 2020, the Executive Board of the International Monetary Fund (IMF) approved a disbursement under the Rapid Credit Facility (RCF) for SDR 27.85 million (about US\$ 38 million, or 25 percent of quota) to address the impact of the COVID-19 pandemic. On April 13, 2020, the Central African Republic benefited from the Executive Board of the IMF's decision to provide debt service relief in the form of grant assistance under the Catastrophe Containment and Relief Trust (CCRT), and could receive up to SDR 13 million on debt falling due over the next two years, subject to the availability of resources under the CCRT. The last Article IV Executive Board Consultation was on December 19, 2018, and the next one is expected in late 2021.

**Chad.** On June 30, 2017, the Executive Board approved a three-year arrangement under the Extended Credit Facility (ECF) for Chad for SDR 224.32 million (about US\$ 312.1 million, or 160 percent of Chad's quota) to support the country's stabilization and recovery strategy. On December 13, 2019, the Executive Board of the International Monetary Fund (IMF) completed the fifth review of Chad's economic and financial program supported by an ECF arrangement.

Completion of the review enables the disbursement of SDR 28.04 million (about US\$38.8 million), bringing total disbursements under the arrangement to SDR 196.28 million (about US\$271.7 million). The ECF program was cancelled in July 2020, and Chad has requested a new program. On April 14, 2020, the Executive Board of the International Monetary Fund (IMF) approved a disbursement under the Rapid Credit Facility (RCF) for SDR 84.12 million (about US\$ 115.1 million, or 60 percent of quota) to address the impact of the COVID-19 pandemic. On July 22, 2020 the Executive Board of the International Monetary Fund (IMF) approved a second disbursement under the Rapid Credit Facility (RCF) for SDR 49.07 million (about US\$ 68.49 million), bringing total RCF disbursements to SDR 133.19 million (about US\$ 183.6 million, or 95 percent of quota). On April 13, 2020, Chad benefited from the Executive Board of the IMF's decision to provide debt service relief in the form of grant assistance under the Catastrophe Containment and Relief Trust (CCRT), and could receive up to SDR 10 million on debt falling due over the next two years, subject to the availability of resources under the CCRT. The last Article IV Executive Board Consultation was on July 3, 2019, and the next one is expected in mid-2021.

**Republic of Congo.** On July 11, 2019, the Executive Board of the International Monetary Fund (IMF) approved a three-year arrangement under its Extended Credit Facility (ECF) with the Republic of Congo for SDR324 million (about US\$448.6 million, or 200 percent of the Republic of Congo's quota in the Fund) to support the country's economic and financial reform program. The last Article IV consultation was on January 27, 2020, and the next one is due in early 2022.

**Equatorial Guinea.** On December 18, 2019, the Executive Board approved a three-year extended arrangement under the Extended Arrangement under the Extended Fund Facility with Equatorial Guinea for SDR 205 million (about US\$282.8 million, or 130 percent of Equatorial Guinea's quota) to support the country's economic and financial reform program. The last Article IV consultation was on August 29, 2016. Equatorial Guinea has been on a 12-month consultation cycle, but conclusion of the 2017 Article IV consultation has been delayed by on-going discussions of the EFF program.

**Gabon.** On June 19, 2017, the Executive Board approved a three-year extended arrangement under the Extended Arrangement under the Extended Fund Facility with Gabon for SDR 464.4 million (about US\$642 million, or 215 percent of Gabon's quota) to support the country's economic and financial reform program. On December 23, 2019, the Executive Board of the International Monetary Fund (IMF) completed the fourth and fifth reviews of Gabon's economic program supported by an extended arrangement under the Extended Fund Facility (EFF). Completion of the review enabled the immediate disbursement of SDR 89.34 million (about US\$123.5 million), bringing total disbursements under the arrangement to SDR 375.06 million (about US\$518.5 million). The EFF program expired in June 2020, and Gabon has requested a new program. On April 9, 2020, the Executive Board of the International Monetary Fund (IMF) approved a purchase under the Rapid Financing Instrument (RFI) for SDR 108 million (about US\$ 147 million, or 50 percent of quota) to address the impact of the COVID-19 pandemic. On July 31, 2020 the Executive Board of the International Monetary Fund (IMF) approved a second purchase under the Rapid Financing Instrument (RFI) for SDR 108 million (about US\$ 152.6 million), bringing total RFI disbursements to

SDR 216 million (about US\$ 299.6 million, or 100 percent of quota). The last Article IV consultation was concluded on December 23, 2019, and the next one is expected in late 2021.

### **Safeguards Assessments**

**The Bank of the Central African States (BEAC) is the regional central bank of CEMAC.** A full safeguards assessment (SA) under the periodic four-year cycle for regional central banks was completed in August 2017. The assessment noted the positive steps taken by the BEAC to complete amendments to its Charter to strengthen governance provisions and plans to enhance financial reporting transparency through full transition to the international financial reporting standards (IFRS) beginning with the 2018 financial statements. The focus subsequently shifted to implementation of the reforms in daily decision-making and secondary legal instruments. The assessment noted, however, that the BEAC will need to reinforce the capacity of its accounting, internal audit, and risk management functions, and that the governance arrangements over reserves management be aligned with the new BEAC charter. The BEAC has implemented all priority recommendations from the 2017 assessment, including the alignment of its secondary legal instruments with its Charter and the publication of FY 2019 audited financial statements in full compliance with IFRS. Both recommendations marked the conclusion of a multi-year governance-focused reform with support from the Fund.

### **Exchange System**

CEMAC's currency is the CFA franc. From 1948 to 1999, it was pegged to the French franc. Since the euro was introduced in 1999, it has been pegged to the euro at the rate of CFAF 655.957 per euro. All members of the CEMAC have accepted the obligations of Article VIII, Section 2, 3 and 4.

### **Article IV Consultation discussions**

Following Executive Board decisions in January 2006, discussions with monetary unions have been formalized and are part of the Article IV consultation process with member countries. The consultation discussions reported in the companion staff report are thus in relation with Article IV consultations with each of the six CEMAC member countries. The Executive Board concluded the last Article IV consultation discussion on common policies of CEMAC members on December 18, 2019. Such Article IV consultation discussions are held on a 12-month cycle.

### **FSAP Participation and ROSCs**

The first regional Financial Sector Assessment Program (FSAP) was carried out during January–March 2006. Regional Reports on Observance of Standards and Codes (ROSCs) were done in the areas of monetary and financial policy transparency, banking supervision, and anti-money laundering and combating the financing of terrorism (AML/CFT) in June 2006. A FSAP update took place during November 2014–January 2015.

### Technical Assistance to Regional CEMAC institutions, 2012–20

October 2020:	AFC: Implementation of the RBS strategic plan
October 2020:	AFC: Review of the sanctioning process and the CEMAC regulation 02–14
June 2020: AFC:	WAH Virtual (COVID) TA Review of the SYSCO 2 bank-rating model
Mai 2020: AFC:	Review of the SYSCO bank-rating model
January 2020:	AFC-COBAC (CEMAC) -Briefing Paper: TA Review of COBAC's Supervisory Processes Relating to Addressing Prudential Infringements and Sanctioning Banks and MFIs
September 2019:	AFW/AFC/MCM Regional Seminar on Cybersecurity in the banking sector
September 2019:	AFC Roadmap for Basel framework Implementation
September 2019:	AFC Methodological guidance for on-site control of credit risk
June 2019:	MCM Extension of Resident Advisor at BEAC on Monetary Operations
June 2019:	AFC/SPR/WB Joint Regional Seminar on Public Debt Management
April 2019:	AFC Methodological guidance on on-site control of liquidity risk
February 2019:	AFC Upgrading the supervisory process of fragile microfinance institutions
January 2019:	AFC Banking Regulation and Supervision Seminar on the Supervision of Governance in Credit Institutions
September 2018:	MCM TA on Central Bank Communications
July 2018:	AFC Public Debt Management Regional Seminar
July 2018 :	AFC Banking Regulation and Supervision Seminar
June 2018:	MCM Resident Advisor at BEAC on Monetary Operations
May 2018:	MCM and LEG TA on the Review of Foreign Exchange Regulations
November 2017:	MCM TA on the BEAC framework for lender of last resort/emergency assistance facility
October 2017:	MCM TA on Reserve Management.
June 2017:	MCM TA on Reserve Management.
June 2017:	MCM TA on the BEAC framework for lender of last resort/emergency assistance facility.
May 2017:	MCM TA on BEAC Central Banking Operations, Monetary Policy Design, and Implementation.
April 2017:	FAD participation on in a CEMAC workshop on Parliament oversight.
April 2016:	MCM workshop on banking supervision to the COBAC.
February 2016:	MCM technical assistance (TA) on IFRS implementation.
November 2015:	LEG TA on BEAC Charter reform.

**Technical Assistance to the Bank of the Central African States, 2012–20 (continued)**

June 2015:	MCM TA on Liquidity forecasting and management.
June 2015:	MCM TA on central bank accounting.
June 2015:	MCM TA (AFRITAC Central) on liability management.
April 2015:	MCM TA on bank supervision and regulations and financial stability.
October 2014:	MCM TA risk-based supervision.
May 2014:	MCM TA liability management.
April 2014:	MCM TA debt management.
March 2014:	MCM TA financial soundness indicators.
December 2013:	MCM TA sub-regional course on macroeconomic management and debt issues.
July 2013:	MCM TA on prudential framework update.
May 2013:	MCM TA on central bank governance.
March–April 2012:	MCM advisory mission on central bank accounting, monetary operations, and stress testing.

**Technical Assistance to the Central African Economic and Monetary Community  
Commission, 2012–20**

September 2020:	Revision of the PIT Directive
August 2020:	Regional revenue administration procedures
July 2020:	Validation workshop for the draft directive and the draft guide to material accounting
January 2020:	Seminar on the development of a good governance framework
November 2019:	Joint seminar (AFC – Afristat – Cemac) on macrofiscal forecasting
September 2019:	Revise the corporate income tax directive workshop
July 2019:	FAD scoping mission on harmonization of tax procedures, functioning of the customs union, and role of the Commission in monitoring implementation of tax and customs rules by Member States.
Mars 2019:	Assessment and advice on regional coordination of VAT (follow-up) workshop
December 2018:	Assessment and advice on regional coordination of VAT workshop
August 2018:	VAT in CEMAC countries [WFH]
March 2018:	Coordination of Excise Taxes
August 2017:	FAD TA on CEMAC PFM directives implementation.
July 2017:	Coordination of Excise Taxes
April 2017:	FAD participation in the CEMAC workshop on Parliament oversight.
October 2016:	Scoping for advice on domestic tax coordination
June 2016:	FAD mission to modernize the CEMAC Customs Code.
January 2016:	FAD support to CEMAC public financial management (PFM) directives implementation.
November 2015:	FAD public financial management advisor.
November 2015:	FAD customs administration CEMAC regional workshop.
November 2014:	FAD customs administration CEMAC regional workshop.
June 2014:	FAD support to CEMAC directives implementation.
January 2014:	FAD CEMAC customs administration workshop.
March–June 2013:	FAD TA missions on CEMAC’s PFM directives implementation.
May, June, and November 2012:	TA missions on CEMAC’s PFM directives implementation.
May 2012:	CEMAC customs administration workshop.
April 2012:	FAD and STA participation in the CEMAC workshop on the design of an implementation strategy for new PFM directives and implementation of the <i>GFSM 2001</i> directive.