INTERNATIONAL MONETARY FUND

IMF Country Report No. 19/215

CENTRAL AFRICAN ECONOMIC AND MONETARY COMMUNITY (CEMAC)

July 2019

COMMON POLICIES OF MEMBER COUNTRIES AND COMMON POLICIES IN SUPPORT OF MEMBER COUNTRIES REFORM PROGRAMS

In the context of the common policies of member countries, and common policies in support of member countries reform programs, the following documents have been released and are included in this package:

- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on June 24, 2019, following discussions with regional institutions that ended on May 3, 2019. Based on information available at the time of these discussions, the staff report was completed on June 10, 2019.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

Copies of this report are available to the public from

International Monetary Fund • Publication Services
PO Box 92780 • Washington, D.C. 20090
Telephone: (202) 623-7430 • Fax: (202) 623-7201
E-mail: publications@imf.org Web: http://www.imf.org
Price: $18.00 per printed copy

International Monetary Fund
Washington, D.C.

INTERNATIONAL MONETARY FUND

CENTRAL AFRICAN ECONOMIC AND MONETARY COMMUNITY (CEMAC)

June 11, 2019

STAFF REPORT ON THE COMMON POLICIES IN SUPPORT OF MEMBER COUNTRIES REFORM PROGRAMS

KEY ISSUES

Context and risks. The regional strategy has helped stabilize the regional economic position thanks to large fiscal consolidation efforts, a tighter monetary policy, and external financial assistance. The external position improved, and external reserves picked up. However, the region remains dependent on oil revenues, with little progress in economic diversification, under-performing budget non-oil revenues and weaknesses in the financial sector.

The policy assurances included in BEAC's letter of December 2018 were implemented as planned and the CEMAC authorities reiterated their full commitment to the strategy and their readiness to implement additional corrective measures if needed. Progress was made towards new IMF-supported program in Congo and Equatorial Guinea.

The medium-term outlook foresees further improvement. Downside risks, including: (i) possibly weaker program implementation, and (ii) a deterioration in the security situation, are balanced by upside risks, including: (i) higher oil prices, and (ii) stronger impact on reserves of the stricter implementation of foreign exchange regulations.

Policy Recommendations

- The BEAC should move to sterilize the increasing excess liquidity in the banking system to mitigate the risk it may represent for external stability and inflation and to strengthen monetary policy transmission. Measures to address liquidity-stressed banks should be implemented as planned.
- Stricter implementation of the revised foreign exchange regulations should be well communicated to banks and the business community to avoid negative effects on economic activity.
- COBAC should define a more assertive strategy to monitor NPLs reduction by banks and make the process for dealing with problem banks more streamlined.
- The regional institution should continue to strengthen CEMAC's multilateral surveillance framework and support economic diversification and regional integration efforts.

Approved By
Zeine Zeidane (AFR) and Nathan Porter (SPR)

Discussions were held from April 24–May 3, 2019 in Libreville (Gabon) and Yaoundé (Cameroon). The staff team comprised Mr. Toujas-Bernaté (head), Ms. Perinet, Mr. Rosa, (all AFR), Ms. El Gemayel and Mr. Portier (both MCM), and Ms. Balta (SPR). The mission held discussions with Mr. Abbas Mahamat Tolli, Governor of the Central Bank of Central African States (BEAC) and Chairman of COBAC); Mr. Halilou Yerima Boubakary, Secretary General of the Banking Commission of the Central African States (COBAC); Prof. Clément Belingaba, Commissioner for Economic, Monetary, and Financial Affairs (CEMAC Commission); and other senior officials of these institutions. This report was prepared with the assistance of Ms. Adjahouinou.

This is a report on the common policies in support of CEMAC member countries' IMF-supported programs.

CONTENTS

TABLES

ANNEX

APPENDIX

BACKGROUND AND RECENT DEVELOPMENTS

A. Context

1. **The regional strategy has helped stabilize the regional economic position, but challenges remain.** Significant fiscal consolidation efforts by the CEMAC countries supported by a tighter monetary policy stance and aided by external financial assistance in the context of IMF-supported programs have contributed to the improvement in the region's external position and recent pick-up in regional external reserves. Overall, public debt started to be put on a downward trend. However, the region remains dependent on oil revenues, with little progress in economic diversification and under-performing budget non-oil revenues. Non-oil growth continues to be too low to provide enough jobs and income to a young and growing population. And financial sector vulnerabilities persist. Continued efforts will be required to buttress the region's external position and address development challenges, notably in terms of diversified and inclusive growth, job creation for a fast-growing working-age population, and social development.

2. **Facing these challenges, the CEMAC authorities reiterated their full commitment to the regional strategy and their readiness to implement additional corrective measures if needed.** At their March 24th, 2019, meeting in N'Djamena, CEMAC Heads of State urged each member state to adhere to the fiscal adjustment targets agreed under IMF-supported programs; encouraged Congo and Equatorial Guinea to conclude IMF-supported programs as soon as possible; and, among others, supported a strong implementation of the CEMAC foreign exchange regulation. The CEMAC authorities also decided to set-up a Tripartite consultative forum to bring together country authorities, regional institutions, and IMF staff to discuss further policy responses in case of new emerging challenges or weak program implementation. At the first meeting of this forum on April 2nd, the authorities agreed to high-level policy actions to keep the strategy on track (see Annex 1).

B. Implementation of Policy Assurances and Country Programs

3. **All regional policy assurances included in BEAC's Governor letter of December 2018 were implemented as planned.** The revised foreign exchange regulation was adopted by BEAC's Board and UMAC Ministerial Committee in December 2018 and became effective in March 2019 (economic actors will have 6 months to conform with the new regulation). The measures to modernize BEAC's monetary policy operations framework were implemented by end-2018 (all monetary transactions and related collateral are recorded according to the new accounting plan introduced in June 2018). The objective for end-2018 regional NFAs was exceeded (see below).

Text Table 1. CEMAC: Completion Status of Regional Assurances

Regional Assurances	Completion status
Adoption of foreign exchange regulation	Adopted in December 2018 and implemented in March 2019
Modernization of the monetary policy operations framework	Adopted in December 2018
NFA accumulation	Overperformed the end-December objective by 170 millions of euros.

Sources: BEAC and IMF staff estimates.

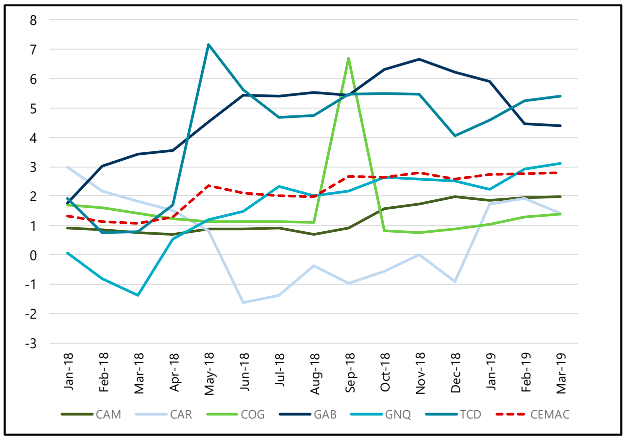
4. **Performance of country programs through end-2018 was broadly satisfactory in most cases, and progress has been made toward IMF-supported programs in the remaining two countries.** CEMAC countries continued to pursue a sizeable fiscal adjustment overall. Programs remain on track in Cameroon, Chad and Central African Republic with most quantitative targets for end-December met. In Gabon, macroeconomic imbalances further narrowed in 2018, but program performance remained weak and the authorities continued to accumulate new external arrears. The authorities, however, clearly stated their commitment to keep the program on track and are taking steps to improve program implementation. In Congo, the authorities reached an agreement with China on debt restructuring, which will contribute to making debt sustainable and allow for consideration of a new IMF-supported program by the IMF executive Board. In Equatorial Guinea, positive steps toward the application for membership of the extractive industries transparency initiative (EITI) have been completed, and discussions on a new IMF-supported program would start following the submission of such application.

C. Recent Economic Developments

5. **Economic conditions improved somewhat in 2018.** Overall regional growth increased but remained subdued at 2.5 percent (from 1 percent in 2017). This rebound was mainly supported by a significant increase in the oil sector (+5.3 percent following several years of decline) while non-oil growth slowed down (1.8 percent from 2.4 percent in 2017). Inflation increased in 2018 mainly reflecting adjustments in administered prices in several countries to reduce subsidies (including in the energy sector) and increases in food prices due to supply shocks in some regions. It ended the year at close to 3 percent (y-o-y), but has stabilized in early 2019.

7. **Fiscal policies continued to be tight.** Further fiscal consolidation efforts brought the regional overall fiscal position close to balance. This improvement was mainly driven by spending cuts, largely investment programs, in all CEMAC countries (with the exception of Central African Republic) and a moderate increase in revenues (mainly oil-related). While not yet under Fund-supported programs, Congo and Equatorial Guinea implemented strong fiscal consolidation policies, recording surpluses of their overall fiscal balances. The average public debt-to-GDP ratio declined (for the first time in recent years) by about 2 ½ percentage points, to 50 percent of GDP.

Text Figure 1. CEMAC: Inflation Rates
(year-on-year)



Sources: BEAC, WEO, and IMF staff calculations.

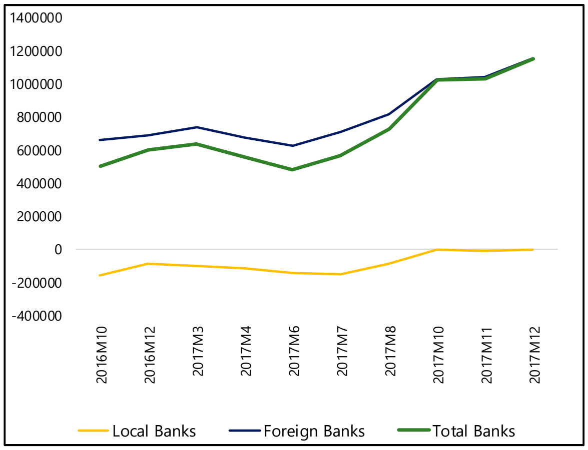
Text Figure 2. CEMAC: Fiscal Performance
(Percent of GDP)

	2017	2018	2018
		CR 19/1	
Overall fiscal balance (excl. grants)	-4.5	-0.6	-0.5
Government revenue (excl. grants)	16.0	17.5	17.5
Government expenditures	20.6	18.1	18.0

Sources: Country authorities and IMF staff estimates.

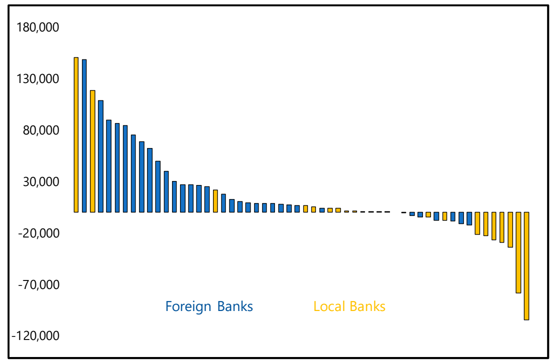
8. **Along with the increase in its policy rate in October 2018 by 55bp, the BEAC continued its gradual reduction in liquidity injections, but this is not keeping pace with the build-up of excess liquidity in the banking sector.** Liquidity injected by the autonomous factors has been building up in the system through early 2019, driven by the evolution of net foreign assets which contributed to an increase in bank deposits (8 percent). Meanwhile, credit growth remained moderate (4 percent). The excess liquidity appears to be still highly concentrated in few (mostly foreign-owned) banks while a few systemic banks in Chad and Equatorial Guinea remain liquidity-stressed due to their direct or indirect exposure to the sovereign. Persistent segmentation and lack of confidence continue to hinder the development of the interbank market. Interbank transactions based on repo arrangements have picked up somewhat in the first quarter of 2019 but remain essentially driven by intra-group transactions. Against this background, BEAC's total liquidity injections have decreased only gradually, by about CFAF 100 billion between June 2018 and May 2019, not keeping pace with the build-up of excess liquidity which reached about CFAF 1.5 trillion in the first quarter of 2019. Nevertheless, the reduction in liquidity injections has led to an increase in the weighted average liquidity auction rate (from 3.52 to 5.85 percent) and an increase in the recourse to the marginal lending facility (at a 6 percent interest rate).

Text Figure 3. CEMAC: Evolution of Excess Liquidity (Before Monetary Operations)
(Millions of CFA francs)



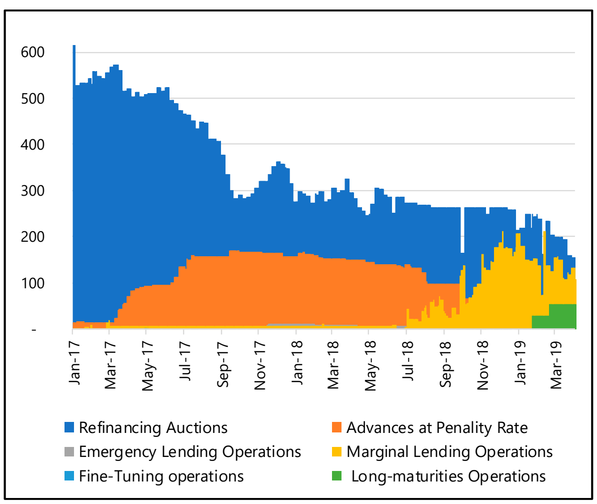
Sources: BEAC and IMF staff estimates.

Text Figure 4. CEMAC: Average Excess Liquidity per bank before refinancing operations, 2019Q1
(Millions of CFA francs)



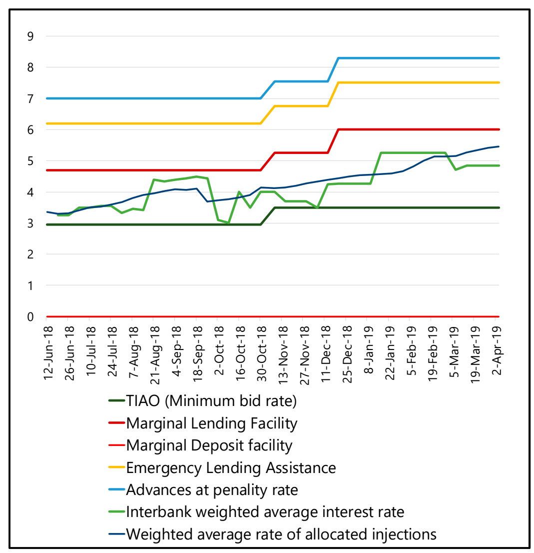
Sources: BEAC and IMF staff estimates.

Text Figure 5. BEAC's Monetary Operations
(Billions of CFA francs)



Source: BEAC.

Text Figure 6. BEAC Key Interest Rates

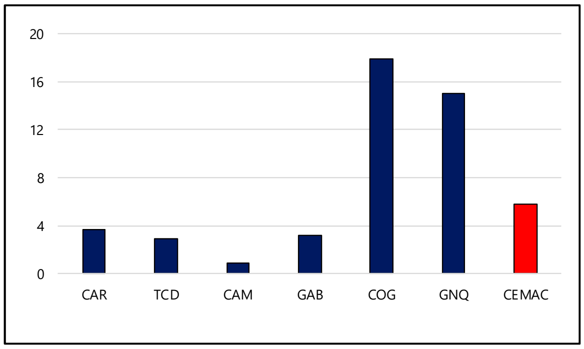


Source: BEAC.

9. **At the same time, the quality of banks' portfolios has further deteriorated, largely reflecting the legacy of government arrears.** The ratio of overdue loans increased by 4 percentage points in 2018 (to 21 percent), largely due to a 45 percent increase in defaults on loans with direct or indirect sovereign guarantees. The authorities indicated that this mostly mirrors slow repayments of government domestic arrears, leaving companies that rely on public contracts unable to service their bank loans. Regulatory compliance remains weak with only 20 banks out of 51 complying with the concentration risk limit and resolution of small ailing banks remains slow, generally due to delays in actions by national authorities.

Text Figure 7. CEMAC: Estimated Stock of Domestic Arrears, as of May 2019.

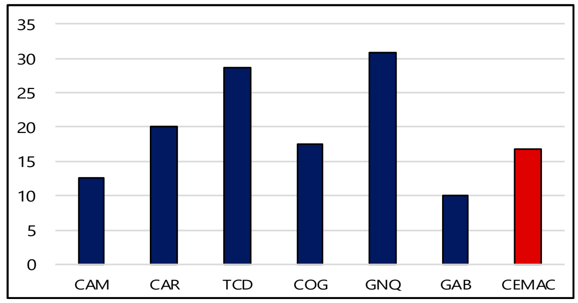
(Percent of GDP)



Sources: BEAC, country authorities, and IMF staff estimates.

Text Figure 8: CEMAC: Non-performing Loans, October 2018.

(Percent of gross loans)

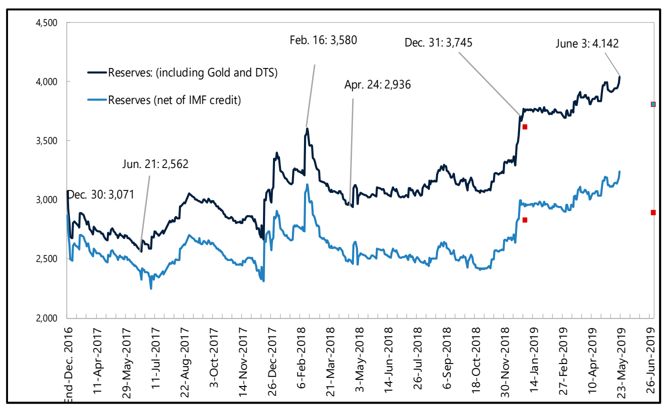


Sources: BEAC, country authorities, and IMF staff estimates.

10. **Tighter policies and higher oil prices helped to reduce external imbalances and increase external reserves**. The 28-percent growth in oil exports, together with a moderate increase in imports, contributed to a decline in the deficits of the external current account (2.1 percent of GDP) and of the overall balance of payments (1.3 percent of GDP). As a result, with still large exceptional external financing (although lower than expected two years ago), gross reserves continued to build-up and the imports cover reached 2.7 months at end-2018. The end- year objective for regional net foreign assets was exceeded by €170 million due to an increase in private sector's monetary holdings with banks. Reserves have increased further since then (see Text Figure 9). Nevertheless, the reserves import coverage remains below levels that are appropriate for a resource-rich currency union. In the absence of significant new external sector developments for end-2018, the external sector assessment carried out during the last regional consultation, which assessed CEMAC's external position as moderately weaker than implied by fundamentals and desirable policy settings, remains appropriate.

Text Figure 9. BEAC: Daily Reserves and Staff Projections for December in the June 2018 Staff Report 1/ 2/

(Billions of CFA francs)



Source: BEAC.

1/ Excludes the reserve position with the IMF (about CFAF 36 billion), which is not explicitly reported in the situation comptable.

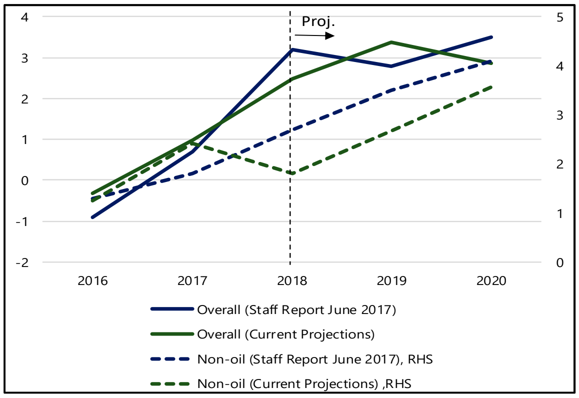
2/ The red squares represent the projections at the time of the December 2018 Staff Report.

Figure 1. CEMAC: Performance and Revised Projections Against Original Objectives of the Regional Strategy

Non-oil growth has remained below original objectives reflecting recessions in countries without an IMF-supported program yet; oil prices were on average only 3 percent above the original projections through 2018.

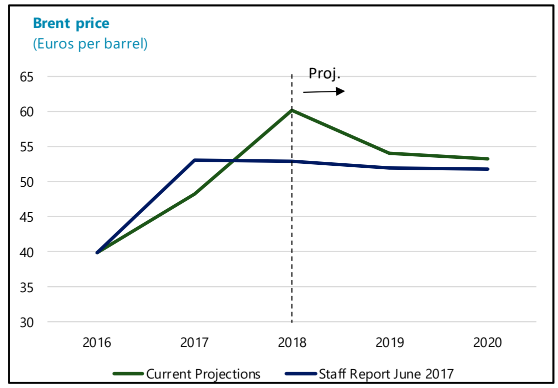
CEMAC: Real GDP Growth

(Percent)



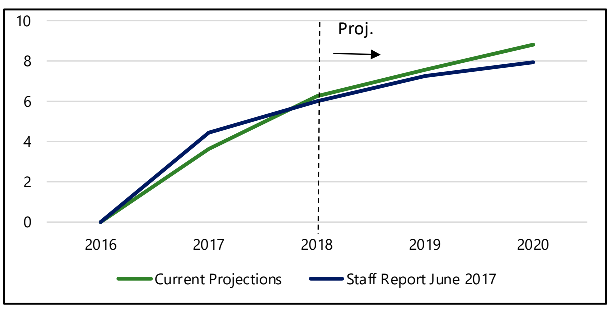
Brent Price

(Euros per barrel)



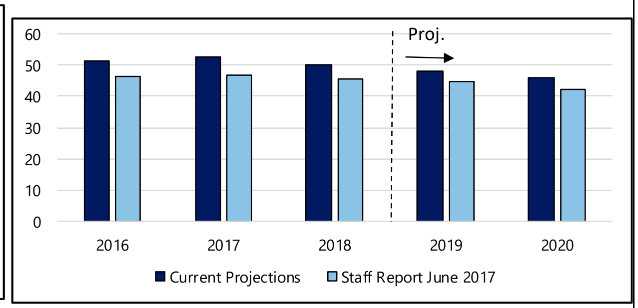
Fiscal adjustment under programs has slightly over-performed relative to original objectives; total debt is on a declining path but slightly higher, reflecting later recognition of higher debt by some countries.

Cumulative Change in Non-oil Primary Balance, from end-2016 (Percent of non-oil GDP)



CEMAC: Total Public Debt

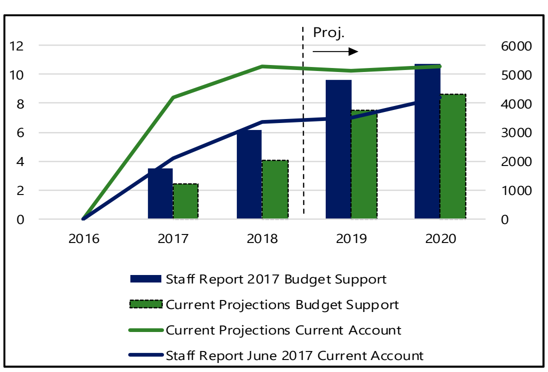
(Percent of GDP)



Despite (large) shortfalls in external budget support, cumulative NFA accumulation has been broadly as envisaged so far and should strongly accelerate in 2019 thanks to a stronger adjustment in the current account.

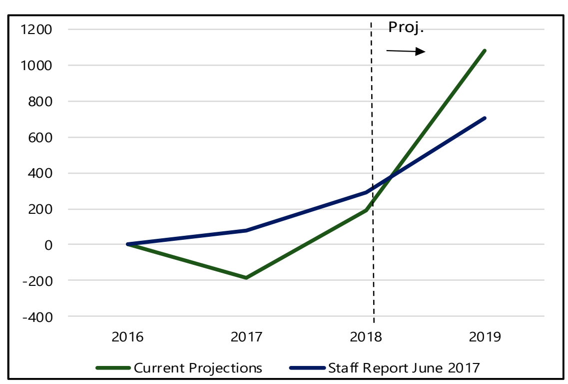
CEMAC: Cumulative Change in Regional Current Account Balance, and Cumulative Budget Support

(Percent of GDP, millions of euros)



CEMAC: Cumulative Change in NFA

(Millions of euros)



Sources: CEMAC authorities; and IMF staff estimates.

MEDIUM-TERM OUTLOOK AND RISKS

11. **The outlook for 2019 foresees further improvement as CEMAC countries remain committed to their program objectives and new programs with Congo and Equatorial Guinea would start:**

- The outlook assumes full implementation of country programs through end-2019, including fiscal adjustment to preserve their non-oil primary balance targets. It also assumes a gradual repayment of domestic arrears, once credible arrears reduction strategies are validated through mid-year. New IMF-supported programs are expected to be approved in July for Congo and by end-year for Equatorial Guinea.

- Overall growth is projected to pick up to 3.4 percent in 2019 but would decline slightly in the following years due to a return to a declining trend in oil production. Non-oil growth would increase by 1 percentage point from last year (to 2.7 percent in 2019), despite a volatile security situation in various areas, as economic activity in Congo would stabilize. It would continue to increase gradually in the following years reflecting the gradual resolution of the legacy of domestic payment arrears and governance reforms undertaken under new IMF-supported programs. Inflation would remain below the regional convergence criteria, as monetary policy would remain appropriately tight.

- Further fiscal consolidation would reduce the regional non-oil fiscal deficit by about 1 ½ percent of non-oil GDP in 2019. The non-oil deficit would decline more gradually thereafter supported by a pickup in non-oil revenues. Overall, the public debt-to-GDP ratio would further decline to 49 percent of GDP in 2019 and below 40 percent by 2023.

12. **Due to lower oil prices than assumed at end-2018, the accumulation in NFA through end-2019 would be slightly below the projections included in the previous regional policy assurances but still adequate**. With significantly lower oil prices and exports relative to previous assumptions (by 12 percent in €/bbl terms and about €1.4 billion, respectively) and a moderate import growth, the external current account deficit is projected at about 2.7 percent of GDP (1 ¼ percent of GDP above previous projections). As a result, NFA will accumulate at a slightly slower pace and fall short of the previous projections by about €90 million. Still, the reserves-to-imports ratio would reach 3.3 months at end-2019 and NFA accumulation this year would be more than double of last year (despite lower oil prices). NFA accumulation over 2017–19 would still significantly exceed the objective set 2 years ago, notwithstanding lower budget aid (by €880 million over the period) while oil prices (in €) would be only 3 percent higher on average over the period compared with the 2017 projections.[1] This is testament of the strong underlying fiscal adjustment efforts, part of which were undertaken outside the perimeter of Fund-supported programs (for Congo and Equatorial Guinea).

[1] This NFA path does not assume at this stage the potential positive impact of greater efforts to repatriate funds held abroad by public entities and is based on oil price assumptions which are conservative relative to current prices.

13. **Downside and upside risks to this outlook are broadly balanced.**

- Downside risks, which could affect the attainment of the regional NFA projections, include**:**
  - First, weaker program implementation could slow down the repayment of domestic debt and arrears which has a direct impact on financial sector stability and overall growth. Some program reviews may be postponed if appropriate corrective actions to address slippages were not implemented as planned, which could delay the associated external budget support. Similarly, further delays in the approval of a financial arrangement with Equatorial Guinea could reduce the amounts of external financing effectively disbursed in 2019 by development partners (currently projected at €0.1 billion).
  - Second, with the region still heavily dependent on oil receipts/revenue, a prolonged decline in oil prices would put additional pressure on fiscal and external balances and on the financial sector (although latest oil price developments point to higher prices than currently projected).
  - Finally, a deterioration in the security situation, which is volatile in some countries, would negatively affect economic activity and might lead to increased military spending needs and capital outflow pressures.
- There are also important upside risks**:**
  - First, efforts by the national authorities and the regional institutions to ensure strict implementation of the new foreign exchange regulation could result in higher NFAs.
  - Second, oil prices might turn higher than the conservative level currently projected and contribute to larger NFA accumulation; the design of country programs would ensure that such oil revenue windfall would result in reduced net debt, either in the form of larger government deposits, accelerated payments of audited arrears or lower gross borrowing. A scenario reflecting the possible impact of higher oil prices, based on oil price futures as of mid-May 2019, indicates a possibly larger NFA accumulation by an additional €500 million in 2019 and a cumulative €1.2 billion by end-2020 (see Text Table 2).
- Would only downside risks materialize and lead to a large deviation in NFA accumulation, member states and regional institutions should promptly consult on the necessary corrective actions, which could possibly include an acceleration of fiscal adjustment and structural reforms and a further tightening of monetary policy.

Text Table 2. CEMAC: Alternative Scenario Under Higher Oil Prices

	Current Projections					Alternative Scenario (Higher Oil prices)				
National income and prices	(annual percent change)					(annual percent change)				
GDP at constant prices	-0.3	1.0	2.5	3.4	2.9	-0.3	1.0	2.5	3.4	2.9
Oil GDP	-6.1	-4.7	5.3	6.2	0.1	-6.1	-4.7	5.3	6.2	0.1
Non-oil GDP	1.3	2.4	1.8	2.7	3.6	1.3	2.4	1.8	2.7	3.6
Consumer prices (period average)	1.3	0.8	2.1	2.4	2.5	1.3	0.8	2.1	2.4	2.4
External sector	(percent of GDP, unless otherwise indicated)					(percent of GDP, unless otherwise indicated)				
Current account, including grants	-12.8	-4.4	-2.3	-2.6	-2.3	-12.8	-4.4	-2.3	-1.8	-1.6
Government financial operations										
Primary fiscal balance	-5.9	-2.4	1.5	2.0	2.3	-6.0	-2.5	1.5	2.8	3.0
Non-oil primary fiscal balance, including grants (percent of non-oil GDP)	-13.8	-10.2	-7.5	-6.2	-5.0	-13.8	-10.3	-7.5	-6.3	-5.1
Total public debt	51.5	52.5	49.9	48.1	45.8	51.5	52.5	49.9	46.8	44.5
Gross official reserves (end of period)										
Months of imports of goods and services	2.3	2.4	2.7	3.3	3.9	2.3	2.4	2.7	3.6	4.5
Net foreign assets (annual change in billion CFAF)	-3,294	-123	248	584	687	-3,294	-123	248	1,014	1,061
Net Foreign assets (in billion CFAF)	2,254	2,131	2,379	2,963	3,651	2,254	2,131	2,379	3,393	4,454
Memorandum item										
Oil prices (U.S. dollars per barrel, brent)	44	54	71	62	62	44	54	71	69	66

Source: IMF staff estimates.

Text Table 3. CEMAC: External Financing

	2017	2018			2019			2020	Total
		H1	H2	Year	H1	H2	Year		
1. Financing gap	**1,227**	**228**	**924**	**1,154**	**290**	**1,179**	**1,470**	**783**	**4,634**
2. IMF financing	**329**	**46**	**245**	**290**	**90**	**310**	**400**	**231**	**1,250**
3. Budget support from other donors	**798**	**183**	**347**	**531**	**275**	**861**	**1,137**	**370**	**2,836**
World Bank	261	14	36	50	185	321	506	119	936
African Development Bank	338	159	109	270	66	335	401	184	1,192
European Union	45	10	47	57	0	58	59	31	192
France	155	0	154	154	25	146	171	36	516
Other	0			0			0	0	0
4. Other external (non-project) financing	**0**	**0**	**158**	**158**	**-53**	**-105**	**-158**	**0**	**0**
5. Other exceptional financing	**100**	**0**	**175**	**175**	**-22**	**114**	**92**	**182**	**549**
6. Residual financing gap	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Sources: CEMAC authorities; and IMF staff estimates.

POLICY DISCUSSIONS

A. Monetary Policy Stance

14. **BEAC's monetary policy stance remains focused on external stability.** Following the increase in its policy rate in October 2018, the BEAC maintained the monetary policy stance unchanged in a context of still moderate inflation, sluggish non-oil growth, ailing credit market and external reserves being on an upward path. Despite the increase in inflation in the region in 2018, the real effective exchange rate has remained broadly stable. The authorities considered that the increase in inflation last year was largely due to supply-side factors which are not fueling inflationary expectations. In this context, monetary policy will continue to be geared towards supporting external reserves accumulation.

15. **Staff concurred with the authorities to anchor monetary policy to the primary objective of external stability and advised BEAC to remain vigilant.** In staff's view, the objective of strengthening external stability warrants close monitoring of economic developments and a readiness to act fast by the BEAC. The reserve coverage, while increasing, remains below what is considered adequate for an oil exporting economic area. While considering the current stance as adequate in view of still moderate inflation and reserves being on their projected path, staff urged BEAC to stand ready to tighten monetary policy should pressures on external reserves emerge or inflation increase strongly.

B. Sterilizing Excess Liquidity

16. **BEAC's commendable overhauling of its monetary policy implementation framework rests on the objective of strengthening the interest rate transmission**. By pursuing an active liquidity management, the BEAC aims to steer the interbank rate towards the policy rate. In a context of excess liquidity and decrease in the credit to deposit ratio under a fixed exchange rate regime, absorption operations would better transmit to banks' deposit rates which in turn would mitigate risks of pressures on external reserves.

17. **Staff recommended to swiftly move to sterilize the increasing excess liquidity in the banking system as it could potentially represent a risk for external stability and inflation.** Although past evidence does not point to a strong link between excess liquidity and inflationary pressures in CEMAC, staff noted that idle liquidity could easily lead to capital outflows if monetary policy transmission did not strengthen (interest rates on bank deposits reportedly remained broadly unchanged following the increase in the policy rate). In this context, staff recommended to start absorbing liquidity through open-market operations within a few months and possibly increase reserve requirement ratios only slightly.[2] The calibration of the target absorption amount should be determined in line with the neutral liquidity allocation, taking into consideration the autonomous factors of liquidity projections and the precautionary liquidity level. Staff noted that banks still in

---

[2] A large increase in reserve requirements would raise financial stability risks as a number of banks would face large refinancing needs without enough eligible collateral.

need of liquidity would see only a marginal impact on their resources cost as interest rates on liquidity injections have moved very close to the rate of the marginal facility.

18. **The BEAC agreed with the ultimate objective to move towards neutral liquidity allocation, which would require absorbing excess liquidity, but favored a slightly more gradual approach**. The BEAC accelerated recently the reduction in liquidity injections and aims at stopping them by end-2019 before initiating liquidity absorbing operations in 2020. In support of its more gradual approach, BEAC considers that: (i) liquidity absorption could impede interbank market development; (ii) the liquidity-stressed banks (including systemic ones) would be put under further stress; (iii) the excess liquidity, largely held by foreign-owned banks which follow very prudent credit policies, would not pose a significant risk for inflation or external stability; (iv) possibly large amounts of liquidity will be removed from banks in coming months in the context of single treasury accounts reforms implemented by several CEMAC countries; and (v) the cost of liquidity absorption could lead to operating losses for BEAC. Staff urged BEAC to be nevertheless ready to accelerate its move towards liquidity absorption in case external pressures were to emerge.

C. Dealing with Liquidity-stressed Banks

19. **In line with staff advice, BEAC is developing a new regulation to monitor and support liquidity-stressed banks.** About 80 percent of total BEAC liquidity injections is provided to three systemic liquidity-stressed banks, that have sufficient collateral to access normal monetary operations. A new regulation under preparation, expected to be adopted by end-July 2019, will set specific criteria to define a "liquidity-stressed" bank (such as dependence on BEAC liquidity or repeated breaches of regulatory liquidity requirements) and require such bank to submit a credible funding strategy which would reduce liquidity needs from BEAC over a reasonable period. Implementation of a funding strategy will be monitored by COBAC and banks would be subject to sanctions in case of noncompliance. Separately, COBAC, which oversees bank liquidity in CEMAC, plans to revise the prudential liquidity ratio towards international standards by end-2019.

D. Implementing the Revised Foreign Exchange Regulation

20. **The authorities are committed to ensure strict implementation of the new Foreign Exchange (FX) Regulation.**[3] BEAC is finalizing the implementing regulations. Those related to the obligation of banks to surrender their forex holdings to BEAC are already advanced and may be adopted by end-June. Others related to the obligation of economic agents to fully repatriate their export receipts through domiciliation of transactions with a local bank will be issued after consultation with national customs administrations and possible solutions to operate within the capacity constraints of these administrations will be identified in the coming months.
The implementing regulations are expected to ensure an effective monitoring framework so that BEAC can take disciplinary action and apply financial sanctions against non-compliant institutions and individuals from September 2019. In this regard, it will be important that BEAC, in coordination

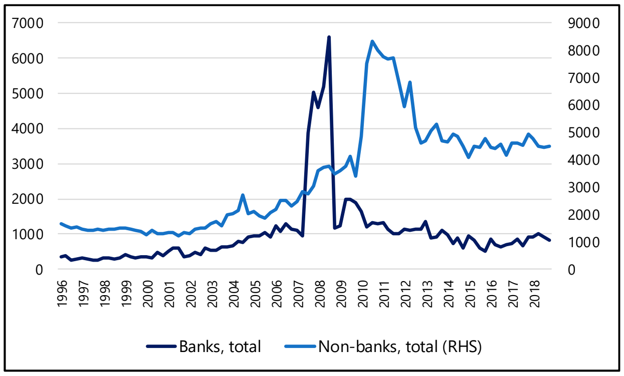
[3] The repatriation and surrender requirements (capital flow management measures) and their stricter enforcement, implemented along with other necessary macroeconomic policy adjustments, continue to be appropriate to address the low level of reserves.

with national authorities, put in place a strong monitoring and enforcement capacity. Internal resources were increased significantly to ensure prompt execution of legitimate foreign exchange requests. The new framework will also allow BEAC to authorize certain economic agents, such as companies of extractive industries, to hold accounts abroad and/or in foreign currency with resident banks under justified conditions in line with the eligibility criteria being specified in the implementing regulations, which will then be strictly monitored by BEAC. Deposits held abroad by CEMAC residents, as reported by BIS, still appear excessively large at end-2018, but BEAC is not able to scrutinize all these accounts.

21. **Staff strongly supported the authorities' commitment in this area, but also urged the regional institutions to define and implement a thorough communication effort.** The mission was made aware of strong concerns by some banks and operators of extractive industries about the implementation of the new forex regulation, and there is a growing (unfounded) perception of foreign exchange rationing in certain countries. Staff urged BEAC to accelerate its outreach efforts and organize consultations by economic sector to discuss possible information gaps to support a smooth implementation of the regulation. Staff also encouraged the BEAC to better engage with representatives of the extractive industry and clarify possible conditions, if justified, which would allow them to maintain accounts abroad or FX account in the region and provide transparency on exemptions provided. The World Bank will provide technical assistance to support the communication strategy.

22. **National authorities will also support the BEAC and COBAC's efforts to enforce more strictly the foreign exchange regulation.** National authorities committed to request their respective customs authorities to ensure domiciliation of all external transactions with a bank in the region. Moreover, they committed to ensure that all public entities (including SOEs in extractive industries) repatriate and surrender all their forex receipts with a resident bank at the latest by end-2019 (following a stock-taking) and share with BEAC and the CEMAC Commission at the latest by end-September 2019, copies of all contracts/arrangements they have signed with companies in extractive industries (structural benchmarks in country programs) in order to review their compliance with the new forex regulation. National authorities will also support the communication strategy of BEAC and encourage economic agents to consult with BEAC. In addition, national authorities should refrain from creating or authorizing further exemptions to the foreign exchange repatriation and surrendering requirements inconsistent with BEAC's implementing regulations (including through domestic oil codes or national legislation or regulation). Any action which would be inconsistent with the foreign exchange regulation should be brought into line with it. All these commitments are now part of IMF-supported country programs.

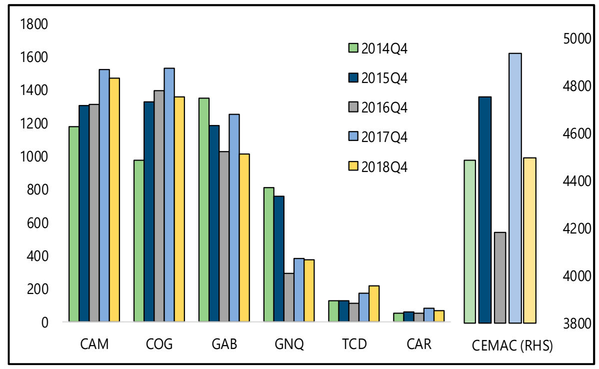
Text Figure 10. CEMAC: Deposits Held Abroad by CEMAC Residents Banks and Non-Banks
(outstanding, millions of U.S. dollars)



Source: BIS.

Note: Data shows the BIS data series for loans and deposits liabilities with a counterparty in CEMAC countries. As loans liabilities are generally very small, in particular for non-bank sector, staff has considered this data series to show mostly deposits.

Text Figure 11. CEMAC: Deposits Held Abroad by CEMAC Residents Non-Banks
(outstanding, millions of U.S dollars)



Source: BIS.

Note: Data shows the BIS data series for loans and deposits liabilities with a counterparty in CEMAC countries. As loans liabilities are generally very small, in particular for non-bank sector, staff has considered this data series to show mostly deposits.

E. Strengthening Financial Sector Stability

23. **COBAC has adopted an ambitious 2019–21 strategic plan, focusing on the implementation of a risk-based supervision**. The plan also aims at modernizing and gradually aligning CEMAC's regulatory framework to Basel standards, introducing consolidated supervision, as well as strengthening reporting and supervisory tools. In line with staff recommendations, the strategic plan also includes actions to monitor NPLS reduction in banks, strengthen the framework on risk management and internal controls, and enhance compliance with prudential, AML/CFT, and FX regulations (including through financial sanctions for noncompliant banks). In view of recent developments, staff further suggested to COBAC to review options to treat NPLSs on credit to finance companies implementing government projects as regular NPLs and to set time limits for the bank resolution processes.

24. **Staff welcomed COBAC's more assertive strategy to monitor NPLS reduction by banks, supported by concrete short-term actions**. The SG-COBAC is analyzing the NPLS reduction strategies received from banks in early 2019 and will define supervisory actions to monitor them. Additionally, it is requesting all national authorities to provide government arrears repayment plans to assess their impact and their suitability to repair bank balance sheets. COBAC views government arrears repayment plans as critical to enhance confidence in the market and allow CEMAC banks to finance the private sector. Staff further recommended conducting a review of write-off and forbearance practices in banks by end-September 2019 and discuss with national authorities the opportunity of taking one-off actions to clean-up fully provisioned loans on bank balance sheets.

25. **Staff welcomed COBAC's plan to strengthen its supervision of bank liquidity.** The COBAC aims to revise the current prudential short-term liquidity ratio. This new ratio may slightly differ from the Liquidity Coverage Ratio definitions to account for regional specificities, but it should allow for a more meaningful measure of the true liquidity of assets, including government securities. Staff advised to define this ratio by end-2019 and align the supervisory approach with the one used to deal with banks highly dependent on BEAC refinancing.

26. **Staff considered that the process for dealing with problem banks needs to be made more predictable and streamlined.** 9 banks are now under a resolution process, compared with 6 a year ago. This increase is mainly due to (i) the non-(or delayed) implementation of certain COBAC decisions by national authorities; (ii) the delays by national authorities and bank shareholders in complying with COBAC's instructions; and (iii) a tendency by COBAC to accommodate delays. Staff suggested to (i) set time limits to the resolution processes for small banks; (ii) define criteria and minimum conditions to approve applications for bridge banks; and (iii) to improve information exchange with BEAC on systemic problem bank cases in order for COBAC to better anticipate and monitor restructuring and funding plans.

27. **Staff discussed progress made by the regional development bank (BDEAC).** The BDEAC indicated that significant reforms were endorsed by its General Assembly in January 2019 to strengthen governance and internal controls. Among others, the functions of BDEAC's Chairman and CEO are now separated, and both credit and remuneration committees are now operational. The mission also welcomed the reduction of nonperforming loans and the return to profitability in 2018, as reported by BDEAC's CEO. While recognizing the essential role of a strong regional development bank to promote inclusive growth, the mission noted that the regional central bank (BEAC) should not, as a matter of principle, be financing the BDEAC. Staff encouraged the BDEAC to continue its reforms process with a view to be able to seek financing on the regional or international financial markets.

F. Enhancing Regional Surveillance and Fiscal Discipline Mechanisms

28. **The CEMAC Commission is pursuing the full implementation of the key CEMAC directives in the area of public financial management (PFM)**. Staff welcomed the important steps taken by the CEMAC Commission to that end and to harmonize fiscal revenue mobilization. Specific measures include the approval of the Directive on excise duties, the revised Customs Code and the Multilateral Tax Treaty on the non-double taxation of personal income tax. Together, these regulations should support the needed increase in non-oil tax revenue, which is a key objective of the regional Economic and Financial Reform Program (PREF). Staff encouraged reinvigorated implementation of other elements of this program, in particular: (i) addressing governance issues, (ii) improving the business climate; and (iii) promoting regional integration.

29. **Staff also welcomed the Commission's work to strengthen its multilateral surveillance framework**. The Commission is finalizing an early warning system project, with the assistance of the World Bank, to detect signs that a country may be in breach of the convergence criteria and to rapidly identify corrective measures. The Commission is also following up on CEMAC Heads of State

request to develop a binding sanctions regime in case of breaches of regional surveillance rules. Heads of State also required member states to swiftly submit their Triennial Convergence Programs (by 31 July 2019) and to adopt credible and comprehensive domestic arrears clearance strategies by end- 2019 (which will form the basis for assessing the convergence criterion on arrears).

30. **Work to amend the BEAC Charter's Article on mechanisms to protect regional reserves is still ongoing**. This amendment is necessary to take into account the new monetary policy operations framework. Technical work continues to identify relevant national thresholds for external reserves under which automatic mechanisms to tighten monetary conditions would be triggered. The BEAC plans to consult with staff when a draft amendment will be ready before submitting it for adoption by its Executive Board.

MONITORING OF REGIONAL DEVELOPMENTS AND POLICIES

31. **BEAC and COBAC have pursued the implementation of the policy commitments provided in the December 2018 Follow-up to the Letter of Support to the Recovery and Reform Programs Undertaken by CEMAC Member Countries.** As indicated above, all regional policy assurances were implemented as planned; BEAC continued to implement a tight monetary policy; and the COBAC continued its efforts to move to a risk-based supervision, ensure a stricter application of certain supervisory rules, and resolve banks in difficulty. The two institutions have also maintained a continuous engagement with staff, allowing for a close monitoring of economic and policy developments and for an assessment on an ongoing basis of the implementation of their policy contents.

32. **The attached follow-up letter describes the policy intents by the regional institutions in support of national program objectives.** The BEAC is committed to maintain an appropriately tight monetary policy and will focus its efforts in the period ahead to better implement the liquidity management framework and strictly implement the foreign exchange regulation. Consistent with staff projections based on significantly lower oil price projections, the end-2019 NFA projection covered by a policy assurance was revised slightly down, a minor change supported by staff (the June 2019 projection was unchanged). In the event of a significant deviation from the stated NFA accumulation projections, the follow-up letter also reiterates the commitment to identify and adopt, including in the context of the newly established semi-annual Tri-partite discussions, any additional corrective measures that would be deemed necessary at the national and/or regional policy levels to allow the continuation of (or approval of new) IMF financial support as part of the IMF-supported programs with CEMAC members.

33. **The BEAC continues to implement the remaining recommendations of the 2017 safeguards assessment.** BEAC's full transition to IFRS for FY 2019 is progressing broadly as planned, and efforts are being stepped up to accelerate the revisions to the secondary legal instruments for

alignment with the BEAC Charter. The adoption of the revised secondary legislations was extended beyond the initial timeline (June 2018) to allow for further consultation with stakeholders, including IMF staff.

STAFF APPRAISAL

34. **The regional strategy has helped stabilize the regional economic position, but challenges remain.** The reductions in the fiscal and external current account imbalances were broadly as expected, and NFA accumulation at end-2018 exceeded their previous objectives. Regional growth rebounded but remains subdued. The possible adoption of an IMF-supported with Congo around mid-2019 and work towards a similar program for Equatorial Guinea possibly by year-end should further support these positive trends. While these commendable efforts averted a much deeper crisis, the region still needs to buttress its external position and address development challenges, notably in terms of diversified and inclusive growth, job creation for a fast-growing working-age population, and social development.

35. **Member states need to strictly adhere to their respective IMF-supported program objectives, which will be not only key for the sustainable development of each CEMAC country but also critical to the success of the regional strategy.** They should in particular address promptly any fiscal slippages through corrective measures. They will also need to step up their efforts to establish the conditions for sustained and inclusive growth. This will require: (i) creating fiscal space for priority development and social spending through enhanced non-oil revenue mobilization efforts; (ii) addressing governance issues and improving the business climate; and (iii) promoting regional integration. The renewed commitments undertaken by national authorities at the first Tri-partite discussions gathering national authorities, regional institutions and IMF staff are welcome.

36. **The regional institutions continue to support effectively the regional strategy.** BEAC's monetary policy stance, combined with member states' fiscal consolidation efforts and development partners' budget support, should support the further accumulation of regional reserves to reach a coverage above 3 months of imports by end-2019. If oil prices in 2019 were to be higher than assumed in the current baseline, the BEAC's target would be expected to be exceeded as the design of IMF-supported programs ensures that the oil revenue windfall would result in reduced net debt. BEAC should continue to aim at strengthening monetary policy transmission and be ready to tighten its stance if external pressures were to emerge and NFAs were to diverge significantly from their projected path.

37. **The BEAC will need to manage liquidity with the primary objective of enhancing monetary policy transmission.** While BEAC continued and accelerated its gradual reduction of its liquidity injections, this was not enough to offset the recent large increase in banks excess liquidity. Although staff notes the BEAC's desire for greater gradualism, the BEAC should stand ready to significantly accelerate its planned move toward liquidity absorption in case external or inflationary pressures were to emerge and require a rapid and effective tightening in monetary conditions.

An efficient management of BEAC's reserves and lower operational costs could help cover increased monetary policy costs. At the same time, BEAC's plan to develop a new regulation to monitor and support liquidity-stressed banks is welcome. The new framework will require liquidity-stressed banks to implement time-bound funding plans aimed at restoring their liquidity situation and provide powers to COBAC and BEAC for monitoring these plans and applying sanctions in case of non-compliance.

38. **The better enforcement of foreign exchange regulations should contribute to further external reserves accumulation.** The strong commitments of the regional institutions to strictly implement these regulations are welcome. These efforts will need to be supported by national authorities, to ensure in particular the repatriation and surrendering of foreign assets held by public companies and the domiciliation of all exports proceeds with banks in the region and facilitate the review of contracts with companies in extractive industries. In view of some misperception and resistance, the BEAC should strengthen its communication efforts and ensure that the regulation can be smoothly implemented, in a transparent manner, without negatively affecting economic activity and external transactions.

39. **COBAC should pursue its efforts to address the banking sector's weaknesses in the context of its new 2019–21 strategic plan**. COBAC's more assertive strategy to monitor NPLS reduction by banks, supported by concrete short-term actions, is a step in the right direction. It should also find ways to accelerate resolution processes for small ailing banks. Reforms envisaged under the strategic plan should result in a stronger and more effective banking supervision, and better compliance with prudential regulations. These include: (i) implementing a more effective, risk-based supervision; (ii) modernizing and gradually aligning CEMAC's regulatory framework to Basel standards; (iii) introducing consolidated supervision, as well as strengthening reporting and supervisory tools; and (iv) strengthening the framework on risk management and internal controls.

40. **The CEMAC Commission's work to strengthen its multilateral surveillance framework is welcome.** The early warning system being prepared with the World Bank will help detecting signs that a country may be in breach of the convergence criteria and rapidly identifying corrective measures. The Commission should also pursue its work to develop an effective sanction framework, as requested by Heads of States. To support the Commission's role in the regional surveillance, member states should swiftly submit their Triennial Convergence Programs.

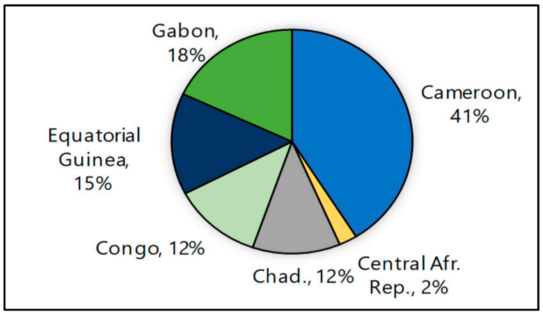
41. **Overall, staff: (i) considers that BEAC has implemented the policy assurances provided in the December 2018 follow-up letter; and (ii) supports the updated policy assurance on NFA accumulation (to bring NFA to €3.50 billion and €4.50 billion at end-June and end-December 2019, respectively) provided in the June 2019 follow-up letter.** Achieving the projected NFA accumulation based on BEAC's commitment to implement an adequately tight monetary policy together with the commitment by the member states to implement adjustment policies in the context of IMF-supported programs will be critical for the continuation of (or approval of new) IMF financial support as part of the IMF-Supported programs with CEMAC members.

Figure 2. CEMAC: Selected Economic Indicators, 2000–19

Overall CEMAC growth has increased since the crisis peak but remains well below what is needed to support sustained job creation and to address the regional development needs.

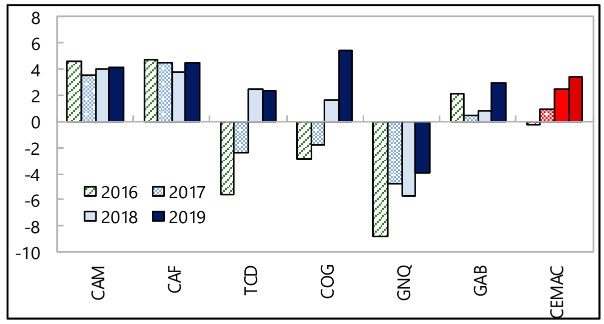
CEMAC: Nominal GDP, 2018

(National Shares)



CEMAC: Real GDP Growth, 2016–19

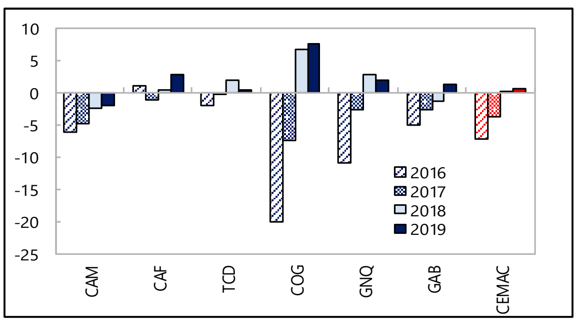
(Percent)



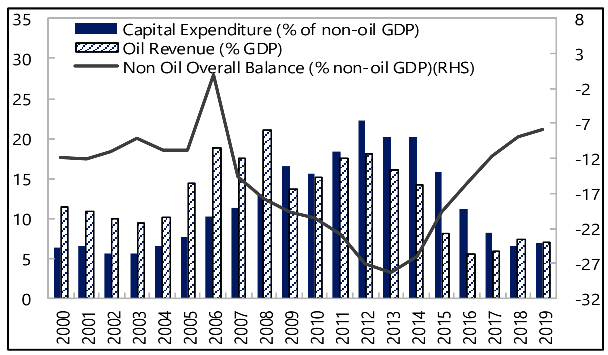
The region has undergone a sizeable fiscal adjustment, including the two countries currently not under Fund-supported programs, but this adjustment was largely achieved by cuts in capital spending.

CEMAC: Overall Fiscal Balance Including Grants, 2015–19

(Percent of GDP)



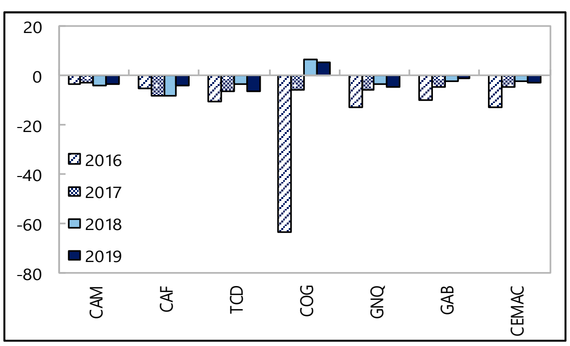
CEMAC: Selected Fiscal Indicators, 2000–19



The fiscal adjustment has contributed to sharp reduction in the current account deficit and reverted the drainage in external reserves.

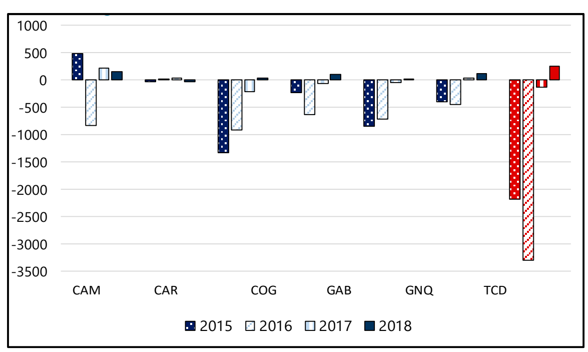
CEMAC: Current Accounts, 2015–19

(Percent of GDP)



CEMAC: Change in Net Foreign Assets, 2015–18

(Change in billions of CFA francs)



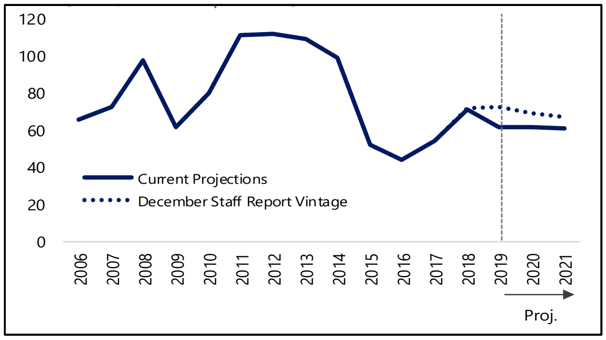
Sources: CEMAC authorities; and IMF staff estimates.

Figure 3. CEMAC: Selected Economic Indicators, 2006–21

Oil prices are projected to remain broadly flat going forward heightening the role of non-oil sector to support growth going forward.

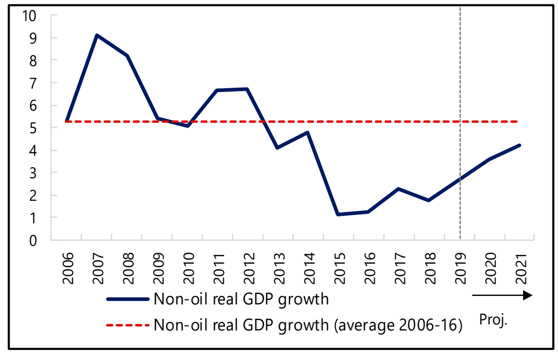
Oil Price, 2006–21

(Brent, U.S. dollar per barrel)



Non-Oil Real GDP Growth, 2006–21

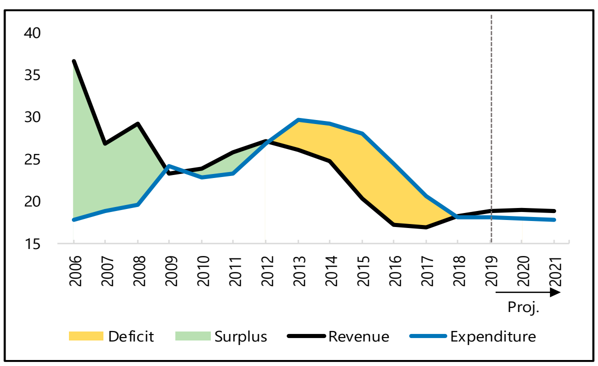
(Percent)



The large fiscal deficit recorded after the decline in oil prices and revenues was curtailed thanks to sharp fiscal adjustments, contributing to the reduction in the external account imbalance.

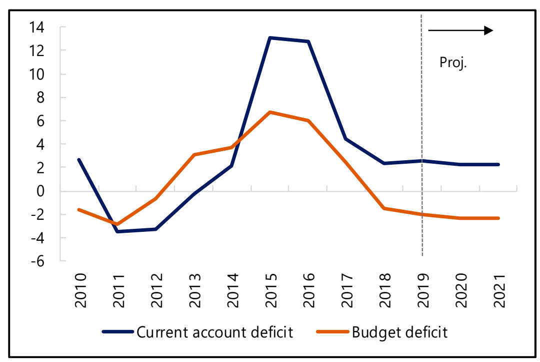
Revenue and Expenditure, 2016–21

(Percent of GDP)



Current Account and Budget Deficit, 2010–21

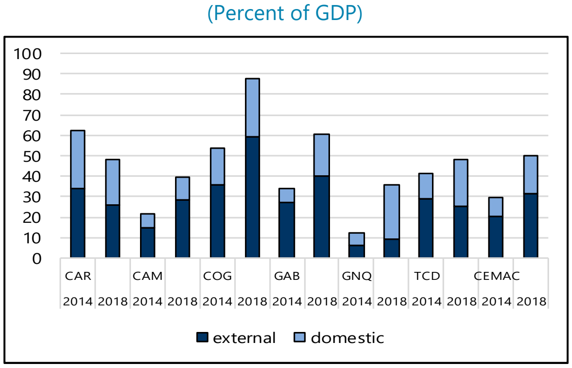
(Percent of GDP)



Public debt increased substantially in the years leading to the crisis, but has started to decrease since then, for the first time in a decade.

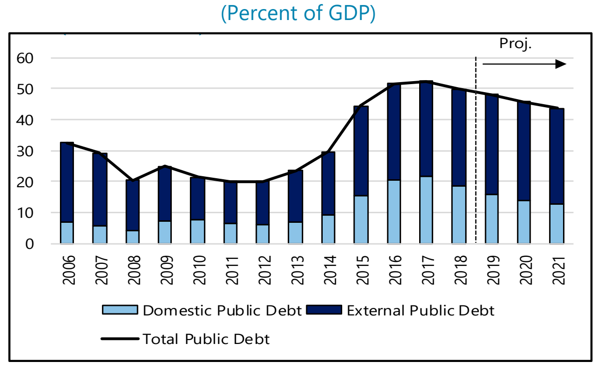
Public Debt, 2014 and 2018

(Percent of GDP)



Public Debt, 2006–21

(Percent of GDP)

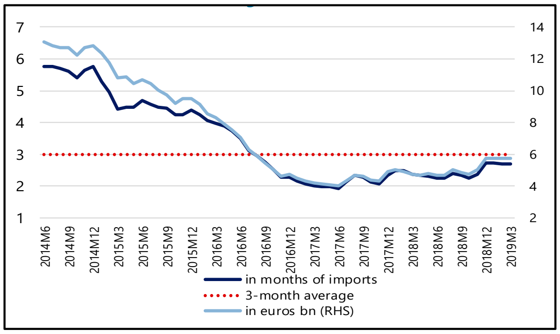


Sources: CEMAC authorities; and IMF staff estimates.

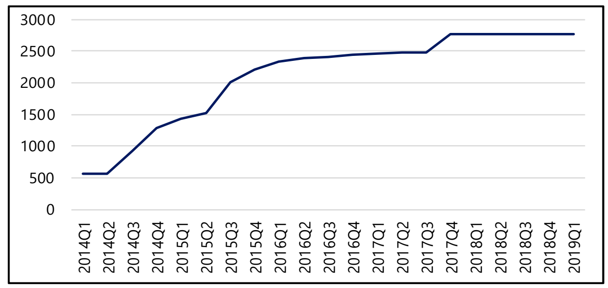
Figure 4. CEMAC: Monetary Indicators

Under the program, reserves have stopped their sharp decline and started to accumulate while the BEAC has ended the monetary financing of CEMAC budget.

Official Reserves' Coverage



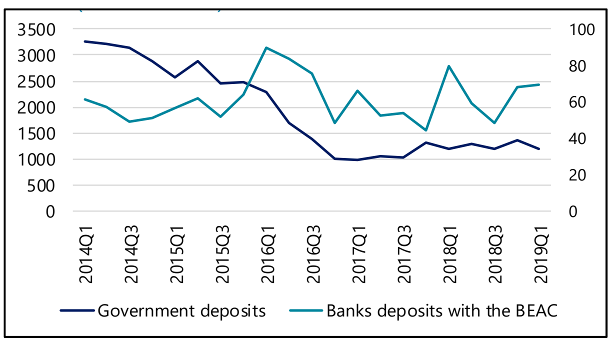
BEAC's Credit to Governments: Advances and Consolidated Debt (Billions of CFA francs)



Government deposits at the BEAC have plateaued after a long decline to finance past deficits while total bank deposits have increased, also reflecting large forex repatriation at end 2018.

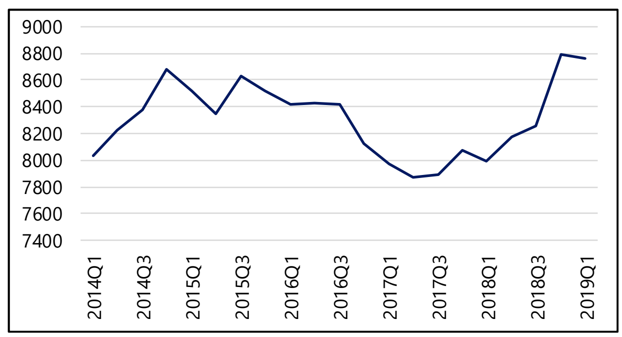
Government and Banks Deposits at the BEAC

(Billions of CFA francs)



Total Deposits with the Banking Sector

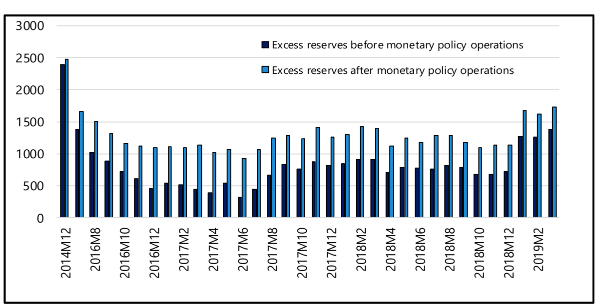
(Billions of CFA francs)



Excess reserves have built-up in the recent months, in part reflecting shallow credit opportunities, and is largely concentrated in foreign-owned banks.

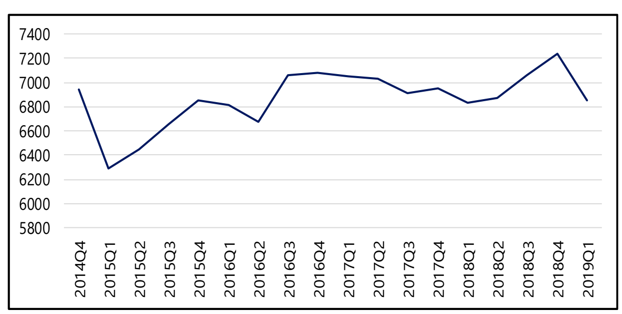
Banks' Excess Reserves, December 2014–March 2019

(end of period, Billions of CFA francs)



Credit to the Private Sector

(Billions of CFA francs)



Sources: CEMAC authorities; and IMF staff estimates.

Table 1. CEMAC: Selected Economic and Financial Indicators, 2016–23

	2016	2017	2018	2018	2019	2019	2020	2021	2022	2023
	Est.	Est.	CR 19/1[4]	Est.	CR 19/1[4]	Proj.	Proj.	Proj.	Proj.	Proj.
	(Annual change, in percent)									
National income and prices										
GDP at constant prices[1]	-0.3	1.0	2.2	2.5	3.4	3.4	2.9	3.0	2.8	3.4
Oil GDP[1]	-6.1	-4.7	7.3	5.3	2.6	6.2	0.1	-2.1	-4.4	-3.4
Non-oil GDP[1]	1.3	2.4	1.0	1.8	3.6	2.7	3.6	4.2	4.5	4.8
Consumer prices (period average)[2]	1.3	0.8	1.7	2.1	1.9	2.4	2.5	2.5	2.4	2.4
Consumer prices (end of period)[2]	0.4	1.2	2.0	3.0	1.3	3.3	1.3	3.7	1.5	3.2
	(Annual change, in percent of beginning-of-period broad money)									
Money and credit										
Net foreign assets	-31.4	-0.9	1.2	1.8	6.7	4.4	5.7	...	...	...
Net domestic assets	26.7	0.5	3.9	6.3	2.5	3.6	1.7	...	...	...
Broad money	-4.6	-0.4	5.0	8.0	9.2	8.1	7.3	...	...	...
	(In percent of GDP, unless otherwise indicated)									
Gross national savings	15.8	20.8	23.3	21.8	24.8	23.2	23.9	24.1	24.4	25.1
Gross domestic investment	28.6	25.2	25.1	24.0	26.1	25.7	26.2	26.5	28.4	27.7
Of which: public investment	8.3	6.6	4.8	4.8	4.9	5.2	5.3	5.3	5.3	5.5
Government financial operations										
Total revenue, excluding grants	16.4	16.0	17.5	17.5	17.9	17.9	18.1	18.1	18.1	18.3
Government expenditure	24.4	20.6	18.1	18.0	17.6	18.1	17.9	17.8	17.7	17.7
Primary fiscal basic balance[3]	-4.1	-0.5	3.1	3.0	3.9	3.8	4.3	4.3	4.4	4.5
Overall fiscal balance, excluding grants	-8.0	-4.5	-0.6	-0.5	0.3	-0.2	0.1	0.3	0.5	0.6
Primary fiscal balance, including grants	-5.9	-2.4	1.5	1.5	2.4	2.0	2.3	2.4	2.5	2.5
Non-oil overall fiscal balance, excluding grants (percent of non-oil GDP)	-16.2	-12.8	-10.0	-10.2	-8.6	-9.0	-7.7	-6.8	-5.9	-5.2
Non-oil primary fiscal balance, including grants (percent of non-oil GDP)	-13.8	-10.2	-7.4	-7.5	-5.9	-6.2	-5.0	-4.3	-3.5	-3.0
Total Public Debt	51.5	52.5	49.5	49.9	46.2	48.1	45.8	43.7	41.2	38.5
External sector										
Exports of goods and nonfactor services	29.7	32.8	36.8	36.3	36.1	34.8	33.9	32.2	30.7	29.5
Imports of goods and nonfactor services	37.6	32.2	32.8	32.5	32.0	31.8	31.1	30.1	30.7	28.4
Balance on goods and nonfactor services	-7.9	0.6	4.0	3.8	4.1	3.0	2.8	2.1	0.0	1.1
Current account, including grants	-12.8	-4.4	-1.8	-2.3	-1.4	-2.6	-2.3	-2.5	-4.0	-2.6
External public debt	29.4	32.4	30.9	30.3	31.8	32.3	31.8	31.1	29.9	28.6
Gross official reserves (end of period)										
Millions of U.S. dollars	4,972	5,807	6,468	6,554	8,495	8,265	9,938	11,988	13,616	15,122
Months of imports of goods and services (less intra regional imports)	2.3	2.4	2.6	2.7	3.3	3.3	3.9	4.4	5.1	5.5
Percent of broad money	29.3	30.6	33.1	33.3	39.2	38.4	42.7	47.3	49.6	51.0
Memorandum items:										
Nominal GDP (billions of CFA francs)	46,061	48,396	51,722	52,255	54,396	53,704	56,044	58,590	61,299	64,531
CFA francs per U.S. dollar, average	593	581	...	555	...	...	...	...	...	...
CFA francs per U.S. dollar, end-of-year	622	554	...	576	...	...	...	...	...	...
Oil production (thousands of barrels per day)	873.8	827.5	860.8	872.1	882.4	935.7	938.4	919.9	880.2	848.1
Oil prices (US dollars per barrel, brent)	44.0	54.4	71.9	71.1	72.3	61.8	61.5	60.8	60.4	60.6

Sources: Authorities' data; and IMF staff estimates and projections.

[1] Estimated after rebasing the national real GDP series to 2005.

[2] Using as weights the shares of member countries in CEMAC's GDP in purchasing power parity in US dollars.

[3] Excluding grants and foreign-financed investment and interest payments.

[4] Refers to the projections published in the IMF Country Report No 19/1

Table 2. CEMAC: National Accounts, 2016–23

	2016 Est.	2017 CR 19/1 [1]	2017 Est.	2018 CR 19/1 [1]	2018 Est.	2019 CR 19/1 [1]	2019 Proj.	2020 Proj.	2021 Proj.	2022 Proj.	2023 Proj.
	(Annual change, in percent)										
Real GDP											
Cameroon	4.6	3.5	3.5	3.8	4.0	4.4	4.2	4.5	4.8	5.0	5.3
Central African Republic	4.7	4.3	4.5	4.3	3.8	5.0	4.5	5.0	5.0	5.0	5.0
Chad	-5.6	-3.1	-2.4	3.1	2.4	4.6	2.4	5.5	4.8	5.3	4.1
Congo, Republic of	-2.8	-3.1	-1.8	1.0	1.6	3.2	5.4	1.6	1.9	0.1	1.3
Equatorial Guinea	-8.8	-3.2	-4.7	-7.7	-5.7	-2.6	-4.0	-4.7	-5.1	-5.5	-3.2
Gabon	2.1	0.5	0.5	1.2	0.8	3.1	2.9	3.4	3.7	4.5	4.5
CEMAC	-0.3	1.0	1.0	2.2	2.5	3.4	3.4	2.9	3.0	2.8	3.4
Nominal GDP											
Cameroon	5.8	5.1	5.1	5.4	5.2	5.9	5.4	5.9	6.3	6.6	7.1
Central African Republic	7.9	8.1	11.3	7.4	5.3	8.2	7.2	7.7	7.7	7.7	7.7
Chad	-6.6	-4.0	-3.2	5.5	4.8	7.4	5.1	8.6	7.9	8.3	5.8
Congo, Republic of	-8.7	13.2	12.4	20.0	24.8	6.4	0.8	0.8	0.5	-2.7	0.3
Equatorial Guinea	-14.5	8.9	7.4	0.2	6.6	-1.2	-6.5	-2.4	-2.3	-1.8	0.6
Gabon	-2.3	4.3	4.3	9.3	8.1	5.7	3.6	5.0	5.0	5.3	5.7
CEMAC	-2.2	5.2	5.1	6.9	8.0	5.2	2.8	4.4	4.5	4.6	5.3
Real non-oil GDP											
Cameroon	5.3	5.0	5.0	4.5	4.4	4.9	4.3	4.8	5.4	5.6	5.8
Central African Republic	4.7	4.3	4.5	4.3	3.8	5.0	4.5	5.0	5.0	5.0	5.0
Chad	-6.0	-0.5	-0.5	1.0	0.5	3.0	2.0	3.0	4.0	4.0	4.0
Congo, Republic of	-3.2	-7.9	-6.2	-6.7	-5.5	1.0	1.0	2.5	3.6	4.0	4.1
Equatorial Guinea	-4.7	3.7	1.5	-10.7	-3.8	-0.1	-3.1	-2.1	-1.4	-2.0	-0.6
Gabon	3.3	1.7	1.7	1.9	1.9	3.5	2.5	4.0	4.3	5.2	5.2
CEMAC	1.3	2.6	2.4	1.0	1.8	3.6	2.7	3.6	4.2	4.5	4.8
Consumer price inflation (period average)											
Cameroon	0.9	0.6	0.6	0.9	1.1	1.2	2.1	2.2	2.0	2.0	2.0
Central African Republic	4.6	4.1	4.5	3.0	1.6	3.0	3.0	2.6	2.5	2.5	2.5
Chad	-1.2	-0.9	-0.9	2.5	4.0	2.9	2.9	3.0	3.0	2.9	3.0
Congo, Republic of	3.2	0.5	0.4	1.2	1.2	1.9	1.5	1.8	2.6	2.8	3.0
Equatorial Guinea	1.4	0.7	0.7	0.9	1.3	1.4	2.6	2.7	2.7	2.8	2.9
Gabon	2.1	2.7	2.7	4.0	4.8	3.0	3.0	3.0	3.0	2.5	2.5
CEMAC	1.3	0.8	0.8	1.7	2.1	1.9	2.4	2.5	2.5	2.4	2.4
End of period inflation											
Cameroon	0.3	0.8	0.8	1.1	2.0	1.2	2.1	2.2	2.0	2.0	2.0
Central African Republic	1.6	4.2	7.2	2.5	4.6	2.3	3.0	2.5	2.5	2.5	2.5
Chad	-5.0	5.4	3.1	3.5	4.4	-1.2	9.1	-6.4	11.5	-3.3	8.4
Congo, Republic of	0.0	1.8	1.8	1.3	0.9	1.8	2.0	2.5	2.7	3.0	3.0
Equatorial Guinea	2.0	-0.2	-0.2	1.3	2.6	1.5	2.6	2.7	2.7	2.8	2.9
Gabon	4.1	1.1	1.1	4.0	6.3	3.0	3.0	3.0	3.0	2.5	2.5
CEMAC	0.4	1.5	1.2	2.0	3.0	1.3	3.3	1.3	3.7	1.5	3.2
	(Percent of GDP)										
Gross national savings											
Cameroon	25.2	25.5	25.5	26.4	25.6	27.1	25.2	25.2	25.7	26.3	27.0
Central African Republic	8.2	5.5	5.7	7.3	7.1	9.0	12.6	11.7	10.8	10.6	11.1
Chad	6.4	15.5	14.1	19.2	18.8	20.9	22.6	23.7	23.8	23.8	24.0
Congo, Republic of	-7.0	30.7	23.9	29.9	23.8	34.2	26.4	27.7	26.1	25.7	27.2
Equatorial Guinea	3.7	6.1	6.8	7.9	6.8	7.8	7.0	6.8	6.5	4.7	5.1
Gabon	24.3	26.0	26.1	28.4	28.0	30.1	30.3	32.1	32.2	33.3	33.5
CEMAC	15.8	21.6	20.8	23.3	21.8	24.8	23.2	23.9	24.1	24.4	25.1
Gross domestic investment											
Cameroon	28.4	28.1	28.1	30.0	29.3	30.3	28.6	28.5	29.0	29.4	30.1
Central African Republic	13.6	13.8	13.5	15.9	15.1	16.6	16.3	16.5	15.9	15.9	16.3
Chad	16.5	21.1	20.7	23.9	22.2	26.1	29.1	29.6	30.2	30.1	29.9
Congo, Republic of	56.5	34.0	29.8	19.4	17.1	22.2	20.9	22.6	24.5	27.1	29.1
Equatorial Guinea	16.7	12.0	12.6	10.8	10.4	11.3	11.8	12.3	11.6	25.2	13.4
Gabon	34.2	30.7	30.5	30.5	30.4	31.1	31.3	31.6	30.5	29.3	29.1
CEMAC	28.6	25.6	25.2	25.1	24.0	26.1	25.7	26.2	26.5	28.4	27.7

Sources: Authorities' data; and IMF staff estimates and projections.

[1] Refers to the projections published in the IMF Country Report No 19/1

Table 3a. CEMAC: Balance of Payments, 2014–22

(Billions of CFA francs)

	2014	2015	2016	2017	2018	2018	2019	2019	2020	2021	2022
		Est.	Est.	Est. CR	19/1	Est.	CR 19/1	Proj.	Proj.	Proj.	Proj.
Balance on current account	-1,116	-6,162	-5,904	-2,139	-956	-1,206	-740	-1,394	-1,266	-1,438	-2,478
Balance on goods and services	1,645	-4,018	-3,662	274	2,057	2,006	2,226	1,606	1,560	1,227	-2
Total exports	22,498	16,106	13,665	15,870	19,045	18,968	19,621	18,680	19,007	18,878	18,807
Exports of goods	20,390	14,142	11,778	13,809	16,545	16,783	17,025	16,439	16,687	16,434	16,251
Oil exports	17,082	10,433	7,839	9,557	12,429	12,504	12,522	11,836	11,641	11,047	10,396
Non-oil exports	3,307	3,710	3,939	4,252	4,117	4,280	4,503	4,603	5,047	5,387	5,855
Exports of services	2,109	1,963	1,888	2,061	2,500	2,184	2,596	2,241	2,320	2,444	2,556
Total imports	20,853.8	20,123	17,327	15,596	16,988	16,961	17,395	17,074	17,447	17,651	18,809
Imports of goods	12,818	12,569	11,042	9,330	9,827	9,918	10,048	9,979	10,303	10,455	11,614
Imports of services	8,036	7,554	6,285	6,265	7,162	7,044	7,347	7,095	7,144	7,196	7,195
Income, net	-3,148	-2,396	-2,285	-2,603	-3,244	-3,414	-3,223	-3,241	-3,152	-2,990	-2,833
Income credits	181	214	202	209	245	218	270	238	248	261	270
Income debits	3,329	2,610	2,488	2,812	3,489	3,631	3,493	3,479	3,400	3,252	3,104
Investment income, debit	-2,722	-2,055	-1,928	-2,193	-2,818	-2,918	-2,835	-2,785	-2,697	-2,608	-2,488
Of which: Interest paid on public debt	-92	-126	-354	-279	-292	-314	-282	-308	-313	-320	-331
Of which: Interest paid on nonpublic debt	130	-34	-98	-171	-21	-21	-10	-10	0	2	3
Current transfers, net	388	251	43	189	231	202	256	241	325	325	357
Private current transfers, net	380	262	38	180	198	190	161	157	164	174	202
Official current transfers, net	8	-11	5	9	32	11	96	84	161	151	155
Balance on capital and financial accounts	636	3,452	2,351	1,242	73	949	273	707	1,432	2,106	3,118
Balance on capital account (incl. capital transfers)	187	152	172	357	194	201	232	228	245	258	267
Balance on financial account (incl. reserves)	448	3,301	2,180	885	-121	748	41	479	1,187	1,848	2,851
Direct investment, net[1]	2,039	4,211	3,033	2,020	1,894	2,061	2,299	2,350	2,486	2,306	3,253
Portfolio investment, net	23	-10	-8	14	104	11	75	11	11	12	13
Other investment, net	-1,614	-900	-845	-1,149	-2,119	-1,324	-2,333	-1,882	-1,310	-469	-415
Errors and omissions, net	88	251	86	-123	0	0	0	0	0	0	0
Overall Balance	-393	-2,460	-3,466	-1,020	-883	-257	-468	-687	165	668	640
Financing	393	2,460	3,466	1,020	883	257	468	687	-165	-668	-640
Reserve assets (accumulation -)[2]	389	2,348	3,313	-231	-481	-572	-1,118	-946	-932	-1,118	-879
Exceptional financing	4	112	153	1,250	1,364	830	1,585	1,633	767	449	239
Memorandum items:											
Nominal GDP	51,820	47,117	46,061	48,396	51,722	52,255	54,396	53,704	56,044	58,590	61,299
Gross foreign assets (end of period)											
Billions CFAF	8,417	6,238	3,093	3,218	3,651	3,777	4,727	4,714	5,626	6,743	7,621
Months of imports of goods and services	5.8	4.4	2.3	2.4	2.6	2.7	3.30	3.3	3.9	4.4	5.1
Net foreign assets (end of period)											
Billions CFAF	7,720	5,548	2,254	2,131	2,273	2,379	3021.00	2,963	3,651	4,638	5,477
Months of imports of goods and services	5.7	3.9	1.7	1.6	1.6	1.7	2.1	2.1	2.6	3.0	3.7

Sources: BEAC; and IMF staff estimates and projections.

[1] FDI data have been revised, including to better reflect the flows linked to the construction of the Moho-Nord platform in Congo.

[2] Does not reflect reserve accumulation by BEAC's central services.

Table 3b. CEMAC: Balance of Payments, 2014–23

(Percent of GDP)

	2014	2015	2016	2017	2018	2018	2019	2019	2020	2021	2022	2023
		Est.	Est.	Est.	CR 2019/1	Est.	CR 2019/1	Proj.	Proj.	Proj.	Proj.	Proj.
Balance on current account	-2.2	-13.1	-12.8	-4.4	-1.8	-2.3	-1.4	-2.6	-2.3	-2.5	-4.0	-2.6
Balance on goods and services	3.2	-8.5	-7.9	0.6	4.0	3.8	4.1	3.0	2.8	2.1	0.0	1.1
Total exports	43.4	34.2	29.7	32.8	36.8	36.3	36.1	34.8	33.9	32.2	30.7	29.5
Exports of goods	39.3	30.0	25.6	28.5	32.0	32.1	31.3	30.6	29.8	28.0	26.5	25.4
Oil exports	33.0	22.1	17.0	19.7	24.0	23.9	23.0	22.0	20.8	18.9	17.0	15.5
Non-oil exports	6.4	7.9	8.6	8.8	8.0	8.2	8.3	8.6	9.0	9.2	9.6	9.8
Exports of services	4.1	4.2	4.1	4.3	4.8	4.2	4.8	4.2	4.1	4.2	4.2	4.2
Total imports	40.2	42.7	37.6	32.2	32.8	32.5	32.0	31.8	31.1	30.1	30.7	28.4
Imports of goods	24.7	26.7	24.0	19.3	19.0	19.0	18.5	18.6	18.4	17.8	18.9	17.1
Imports of services	15.5	16.0	13.6	12.9	13.8	13.5	13.5	13.2	12.7	12.3	11.7	11.3
Income, net	-6.1	-5.1	-5.0	-5.4	-6.3	-6.5	-5.9	-6.0	-5.6	-5.1	-4.6	-4.2
Income credits	0.3	0.5	0.4	0.4	0.5	0.4	0.5	0.4	0.4	0.4	0.4	0.4
Income debits	6.4	5.5	5.4	5.8	6.7	6.9	6.4	6.5	6.1	5.5	5.1	4.7
Of which:												
Investment income, debit	-5.3	-4.4	-4.2	-4.5	-5.4	-5.6	-5.2	-5.2	-4.8	-4.5	-4.1	-3.8
Of which: Interest paid on public debt	-0.2	-0.3	-0.8	-0.6	-0.6	-0.6	-0.5	-0.6	-0.6	-0.5	-0.5	-0.5
Of which: Interest paid on nonpublic debt	0.3	-0.1	-0.2	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current transfers, net	0.7	0.5	0.1	0.4	0.4	0.4	0.5	0.4	0.6	0.6	0.6	0.6
Private current transfers, net	0.7	0.6	0.1	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.4
Official current transfers, net	0.0	0.0	0.0	0.0	0.1	0.0	0.2	0.2	0.3	0.3	0.3	0.2
Balance on capital and financial accounts	1.2	7.3	5.1	2.6	0.1	1.8	0.5	1.3	2.6	3.6	5.1	2.0
Balance on capital account (incl. capital transfers)	0.4	0.3	0.4	0.7	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5
Balance on financial account	0.9	7.0	4.7	1.8	-0.2	1.4	0.1	0.9	2.1	3.2	4.7	1.5
Direct investment, net[1]	3.9	8.9	6.6	4.2	3.7	3.9	4.2	4.4	4.4	3.9	5.3	4.0
Portfolio investment, net	0.0	0.0	0.0	0.0	0.2	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Other investment, net	-3.1	-1.9	-1.8	-2.4	-4.1	-2.5	-4.3	-3.5	-2.3	-0.8	-0.7	-2.5
Errors and omissions, net	0.2	0.5	0.2	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall Balance	-0.8	-5.2	-7.5	-2.1	-1.7	-0.5	-0.9	-1.3	0.3	1.1	1.0	-0.6
Financing	0.8	5.2	7.5	2.1	1.7	0.5	0.9	1.3	-0.3	-1.1	-1.0	0.6
Reserve assets (accumulation -)[2]	0.8	5.0	7.2	-0.5	-0.9	-1.1	-2.1	-1.8	-1.7	-1.9	-1.4	-1.2
Exceptional financing	0.0	0.2	0.3	2.6	2.6	1.6	2.9	3.0	1.4	0.8	0.4	1.8
Memorandum items:												
Nominal GDP (billions of CFAF)	51,820	47,117	46,061	48,396	51,722	52,255	54,396	53,704	56,044	58,590	61,299	64,531

Sources: BEAC; and IMF staff estimates and projections.

[1] FDI data have been revised, including to better reflect the flows linked to the construction of the Moho-Nord platform in Congo.

[2] Does not reflect reserve accumulation by BEAC's central services.

Table 4a. CEMAC: Fiscal Balances, 2015–23

(Percent of GDP)

	2015	2016	2017	2018	2018	2018	2019	2019	2020	2021	2022	2023
	Est.	Est.	Est.	CR 18/210	CR 19/1	Est.	CR 19/1	Proj.	Proj.	Proj.	Proj.	Proj.
Overall fiscal balance (excluding grants)												
Cameroon	-4.5	-6.4	-5.2	-2.9	-2.7	-2.9	-2.3	-2.5	-1.9	-1.9	-1.9	-1.7
Central African Republic	-7.3	-4.7	-6.1	-6.6	-7.6	-7.4	-7.4	-8.3	-8.3	-7.4	-7.0	-6.7
Chad	-7.8	-4.8	-4.3	-3.4	-2.5	-1.3	-2.5	-2.6	-0.8	-0.3	0.5	1.3
Congo, Republic of	-25.6	-21.0	-8.0	6.6	6.8	6.5	9.9	7.1	7.2	7.2	7.4	6.7
Equatorial Guinea	-15.1	-10.9	-2.6	-0.9	0.6	2.8	2.2	2.0	2.2	1.8	1.6	2.1
Gabon	-1.0	-5.0	-2.6	-0.7	0.5	-1.3	1.3	1.3	0.9	1.9	2.5	2.8
CEMAC	-8.4	-8.0	-4.5	-1.3	-0.6	-0.5	0.3	-0.2	0.1	0.3	0.5	0.6
Overall fiscal balance (including grants)												
Cameroon	-4.4	-6.1	-4.9	-2.6	-2.4	-2.5	-2.0	-2.0	-1.5	-1.5	-1.5	-1.5
Central African Republic	-0.6	1.1	-1.1	0.9	0.7	0.4	0.7	2.7	0.6	-0.3	-0.7	-0.5
Chad	-4.4	-1.9	-0.2	0.9	1.4	1.9	0.6	0.4	2.2	2.3	3.1	3.9
Congo, Republic of	-24.8	-20.1	-7.4	7.1	7.0	6.6	10.4	7.5	7.6	7.6	7.9	7.3
Equatorial Guinea	-15.1	-10.9	-2.6	-0.9	0.6	2.8	2.2	2.0	2.2	1.8	1.6	2.1
Gabon	-1.0	-5.0	-2.6	-0.7	0.5	-1.3	1.3	1.3	0.9	1.9	2.5	2.8
CEMAC	-7.7	-7.3	-3.7	-0.4	0.2	0.2	1.1	0.7	1.0	1.1	1.2	1.3
Reference fiscal balance [1]												
Cameroon	-4.0	-5.2	-4.3	-2.8	-2.7	-3.0	-2.3	-2.6	-1.8	-1.5	-1.5	-1.4
Central African Republic	-0.6	1.1	-1.1	0.9	0.7	0.4	0.7	2.7	0.6	-0.3	-0.7	-0.5
Chad	1.5	1.8	0.5	-1.0	-1.2	-0.8	-1.8	-2.0	-0.4	0.1	0.9	1.7
Congo, Republic of	-8.4	-11.8	-3.3	-2.5	-3.4	-2.1	1.6	1.1	3.5	5.1	5.4	5.0
Equatorial Guinea	-19.1	-6.1	-1.4	-0.2	0.3	0.3	0.2	-0.5	1.6	2.5	2.4	2.3
Gabon	5.4	0.1	-2.1	-2.7	-1.7	-2.5	-0.6	-0.6	-0.1	1.3	2.1	2.5
CEMAC	-2.9	-2.6	-2.1	-2.0	-1.9	-2.0	-1.1	-1.3	0.0	0.7	0.0	0.0
Primary fiscal balance (including grants)												
Cameroon	-4.0	-5.3	-4.0	-1.8	-1.6	-1.6	-1.1	-1.1	-0.5	-0.6	-0.5	-0.6
Central African Republic	0.0	1.6	-0.7	1.2	1.0	0.8	1.0	3.0	0.9	-0.1	-0.5	-0.2
Chad	-2.7	0.1	1.3	2.2	2.9	3.0	1.7	1.5	3.2	3.2	3.9	4.6
Congo, Republic of	-23.8	-17.4	-5.2	9.5	9.1	8.9	11.9	9.3	9.2	9.0	9.1	8.3
Equatorial Guinea	-14.7	-10.5	-2.1	-0.2	1.2	3.4	3.4	3.4	3.6	3.3	3.1	3.5
Gabon	1.1	-2.7	-0.1	2.1	2.9	1.1	3.9	3.5	3.4	4.3	4.8	5.1
CEMAC	-6.7	-5.9	-2.4	1.0	1.5	1.5	2.4	2.0	2.3	2.4	2.5	2.5
Government revenue (excluding grants)												
Cameroon	16.4	14.5	14.6	15.5	15.2	15.7	15.2	15.7	15.8	15.8	15.9	16.0
Central African Republic	6.6	7.4	7.8	9.2	9.3	8.9	10.7	9.9	10.1	10.4	10.7	10.9
Chad	10.5	9.5	10.6	11.5	12.1	12.0	12.7	12.7	13.8	14.5	14.9	15.7
Congo, Republic of	31.8	33.2	27.3	34.4	31.5	29.1	34.0	30.9	31.7	32.3	33.7	34.1
Equatorial Guinea	26.6	17.0	17.3	18.3	17.2	19.0	17.3	18.0	17.1	16.1	15.5	15.7
Gabon	21.1	17.1	16.4	17.7	18.2	16.9	18.4	18.5	19.3	19.6	19.6	19.9
CEMAC	19.6	16.4	16.0	17.8	17.5	17.5	17.9	17.9	18.1	18.1	18.1	18.3
Government expenditure (including net lending minus repayments)												
Cameroon	20.9	20.9	19.8	18.4	17.9	18.6	17.5	18.2	17.8	17.8	17.8	17.7
Central African Republic	14.0	12.1	13.9	15.8	16.8	16.3	18.1	18.2	18.4	17.8	17.7	17.7
Chad	18.3	14.4	14.9	14.9	14.6	13.3	15.2	15.3	14.7	14.8	14.4	14.4
Congo, Republic of	57.4	54.1	35.2	27.8	24.6	22.6	24.1	23.8	24.4	25.1	26.3	27.4
Equatorial Guinea	41.6	27.8	19.9	19.3	16.7	16.2	15.1	16.0	14.9	14.3	13.8	13.6
Gabon	22.1	22.1	19.0	18.4	17.7	18.2	17.1	17.2	18.4	17.8	17.1	17.0
CEMAC	28.0	24.4	20.6	19.1	18.1	18.0	17.6	18.1	17.9	17.8	17.7	17.7
Total public debt												
Cameroon	32.0	32.8	37.6	37.7	36.3	39.3	35.3	39.5	39.0	38.3	37.4	36.5
Central African Republic	59.8	53.9	49.4	47.0	48.5	48.0	42.2	42.7	37.9	35.1	33.2	31.3
Chad	43.8	51.4	49.7	48.1	49.8	48.2	45.5	43.8	39.0	34.9	31.2	28.1
Congo, Republic of	102.9	118.6	117.5	110.3	96.6	87.8	84.1	81.7	76.6	71.6	66.8	60.7
Equatorial Guinea	33.6	43.4	38.0	43.5	37.1	36.0	37.2	37.7	36.8	37.2	36.4	34.4
Gabon	44.7	64.2	62.6	58.3	57.3	60.7	53.1	56.7	53.8	50.7	46.7	42.4
CEMAC	44.4	51.5	52.5	52.3	49.5	49.9	46.2	48.1	45.8	43.7	41.2	38.5

Sources: Authorities' data; and IMF staff estimates and projections.

[1] The reference fiscal balance is defined as the overall budget balance minus 20 percent of oil revenue and minus 80 percent of the oil revenue in excess of the average observed during the 3 previous years.

Table 4b. CEMAC: Fiscal Balances, 2016–23

(Percent of non-oil GDP)

	2016	2017	2018	2018	2018	2019	2019	2020	2021	2022	2023
	Est.	Est.	CR 18/210	CR 19/1	Est.	CR 19/1	Proj.	Proj.	Proj.	Proj.	Proj.
Non-oil fiscal balance (excluding grants)											
Cameroon	-8.8	-7.4	-5.2	-5.1	-5.4	-4.4	-4.9	-4.0	-3.8	-3.6	-3.1
Central African Republic	-4.7	-6.1	-6.6	-7.6	-7.4	-7.4	-8.3	-8.3	-7.4	-7.0	-6.7
Chad	-9.6	-9.3	-9.8	-9.5	-8.4	-9.9	-10.1	-9.2	-9.2	-8.7	-8.1
Congo, Republic of	-57.3	-40.5	-32.4	-37.2	-34.1	-31.6	-30.5	-26.3	-24.2	-20.5	-18.9
Equatorial Guinea	-31.7	-23.3	-19.3	-17.4	-18.5	-13.9	-16.3	-13.3	-11.0	-8.9	-7.2
Gabon	-14.3	-13.3	-11.3	-10.1	-11.1	-8.3	-7.7	-7.5	-5.3	-3.8	-2.8
CEMAC	-16.2	-12.8	-10.2	-10.0	-10.2	-8.6	-9.0	-7.7	-6.8	-5.9	-5.2
Non-oil fiscal balance (including grants)											
Cameroon	-8.5	-7.0	-4.9	-4.8	-5.0	-4.1	-4.4	-3.6	-3.4	-3.2	-2.9
Central African Republic	1.1	-1.1	0.9	0.7	0.4	0.7	2.7	0.6	-0.3	-0.7	-0.5
Chad	-6.0	-4.5	-4.5	-4.7	-4.4	-6.1	-6.4	-5.4	-5.8	-5.4	-4.8
Congo, Republic of	-56.5	-39.4	-31.2	-36.8	-33.8	-30.5	-29.4	-25.3	-23.3	-19.4	-17.8
Equatorial Guinea	-31.7	-23.3	-19.3	-17.4	-18.5	-13.9	-16.3	-13.3	-11.0	-8.9	-7.2
Gabon	-13.8	-12.0	-10.6	-8.6	-9.5	-7.9	-7.3	-7.5	-5.3	-3.8	-2.8
CEMAC	-15.4	-11.6	-9.0	-8.8	-9.0	-7.5	-7.8	-6.7	-5.9	-5.0	-4.4
Basic balance[1]											
Cameroon	-4.0	-1.4	0.0	0.8	0.6	0.4	1.0	1.4	1.4	1.4	1.7
Central African Republic	-2.0	-2.4	-1.8	-1.8	-2.1	-1.6	-2.7	-2.6	-2.3	-1.9	-1.7
Chad	-3.4	-1.5	-0.3	0.8	1.2	0.8	0.8	2.9	3.7	4.8	6.0
Congo, Republic of	-23.0	-6.1	20.2	19.9	19.0	32.1	25.2	22.7	21.4	19.6	17.2
Equatorial Guinea	-14.6	-3.7	-1.2	0.8	4.0	2.9	2.8	3.0	2.3	2.0	2.5
Gabon	-2.6	-1.4	2.2	5.0	2.3	5.1	5.1	5.6	6.3	6.7	7.0
CEMAC	-6.4	-2.1	1.4	2.5	2.4	3.3	3.2	3.6	3.7	3.7	4.0
Non-oil primary fiscal balance (including grants)											
Cameroon	-7.7	-6.1	-4.0	-4.0	-4.1	-3.2	-3.5	-2.6	-2.4	-2.2	-2.0
Central African Republic	1.6	-0.7	1.2	1.0	0.8	1.0	3.0	0.9	-0.1	-0.5	-0.2
Chad	-3.5	-2.5	-3.0	-2.9	-3.0	-4.6	-5.0	-4.0	-4.7	-4.3	-3.9
Congo, Republic of	-51.7	-35.3	-26.0	-31.5	-28.1	-26.4	-24.8	-21.6	-20.1	-16.9	-15.9
Equatorial Guinea	-31.2	-22.7	-18.4	-16.6	-17.6	-12.2	-14.3	-11.3	-9.1	-7.1	-5.5
Gabon	-11.0	-9.7	-7.2	-6.4	-7.6	-4.5	-4.6	-4.0	-1.9	-0.6	0.3
CEMAC	-13.8	-10.2	-7.4	-7.4	-7.5	-5.9	-6.2	-5.0	-4.3	-3.5	-3.0
Government revenue (excluding grants)											
Cameroon	15.0	15.2	16.1	15.7	16.3	15.6	16.2	16.3	16.2	16.2	16.3
Central African Republic	7.4	7.8	9.2	9.3	8.9	10.7	9.9	10.1	10.4	10.7	10.9
Chad	11.9	12.9	13.9	14.7	14.8	15.6	15.7	17.6	18.6	19.4	20.2
Congo, Republic of	52.7	52.5	77.9	79.3	74.0	88.8	77.6	76.7	73.9	70.1	66.4
Equatorial Guinea	22.8	24.7	24.3	23.8	27.6	23.1	25.1	23.0	20.7	19.0	18.8
Gabon	24.2	23.6	25.7	27.2	25.0	27.2	26.8	27.2	27.3	26.8	26.7
CEMAC	19.7	19.7	22.0	22.1	22.3	22.5	22.4	22.4	22.1	21.7	21.6
Government expenditure (including net lending minus repayments)											
Cameroon	21.6	20.6	19.1	18.5	19.3	18.0	18.8	18.3	18.2	18.2	18.0
Central African Republic	12.1	13.9	15.8	16.8	16.3	18.1	18.2	18.4	17.8	17.7	17.7
Chad	18.0	18.0	18.1	17.8	16.5	18.7	18.9	18.6	19.0	18.7	18.5
Congo, Republic of	85.9	67.8	62.9	62.1	57.4	62.9	59.8	59.2	57.4	54.8	53.3
Equatorial Guinea	37.4	28.3	25.5	23.0	23.6	20.2	22.3	20.0	18.4	17.0	16.3
Gabon	31.3	27.4	26.8	26.5	26.9	25.3	24.8	26.0	24.7	23.4	22.9
CEMAC	29.3	25.3	23.6	22.8	23.0	22.1	22.6	22.2	21.7	21.1	20.8
Non-oil revenues (excluding grants)											
Cameroon	12.7	13.2	13.8	13.4	13.9	13.6	13.9	14.2	14.4	14.6	14.9
Central African Republic	7.4	7.8	9.2	9.3	8.9	10.7	9.9	10.1	10.4	10.7	10.9
Chad	8.4	8.7	8.3	8.3	8.1	8.8	8.8	9.4	9.8	10.0	10.4
Congo, Republic of	28.6	27.3	30.5	24.9	23.4	31.3	29.3	32.9	33.1	34.2	34.4
Equatorial Guinea	5.7	5.0	6.2	5.6	5.1	6.3	6.0	6.8	7.4	8.2	9.1
Gabon	17.0	14.1	15.5	16.4	15.8	17.0	17.1	18.5	19.3	19.5	20.1
CEMAC	13.0	12.5	13.4	12.8	12.8	13.6	13.7	14.5	14.9	15.2	15.7

Sources: Authorities' data; and IMF staff estimates and projections.

[1] Overall budget balance excluding grants and foreign-financed investment.

Table 5. CEMAC: Compliance with Convergence Criteria, 2015–23

	2015	2016	2017	2018	2019	2020	2021	2022	2023
		Est.	Prel. Est.	Est.	Proj.	Proj.	Proj.	Proj.	Proj.
Fiscal balance[1]				(in percent of GDP)					
Cameroon	-1.6	-3.8	-4.3	-3.0	-2.6	-1.8	-1.5	-1.5	-1.4
Central African Republic	-3.3	-2.0	-1.1	0.4	2.7	0.6	-0.3	-0.7	-0.5
Chad	-5.5	-2.7	0.5	-0.8	-2.0	-0.4	0.1	0.9	1.7
Congo, Republic of	-22.3	-14.5	-3.3	-2.1	1.1	3.5	5.1	5.4	5.0
Equatorial Guinea	-15.1	-10.9	-1.4	0.3	-0.5	1.6	2.5	2.4	2.3
Gabon	1.0	-1.8	-2.1	-2.5	-0.6	-0.1	1.3	2.1	2.5
Number of countries violating	5	6	3	3	2	1	0	0	0.0
Consumer price inflation (≤ 3%)				(in percent)					
Cameroon	2.7	0.9	0.6	1.1	2.1	2.2	2.0	2.0	2.0
Central African Republic	4.5	4.6	4.5	1.6	3.0	2.6	2.5	2.5	2.5
Chad	8.1	-1.2	-0.9	4.0	2.9	3.0	3.0	2.9	3.0
Congo, Republic of	3.2	3.2	0.4	1.2	1.5	1.8	2.6	2.8	3.0
Equatorial Guinea	1.7	1.4	0.7	1.3	2.6	2.7	2.7	2.8	2.9
Gabon	-0.1	2.1	2.7	4.8	3.0	3.0	3.0	2.5	2.5
Number of countries violating	*3*	*2*	*1*	*2*	*1*	*0*	*0*	*0*	*1*
Level of public debt (≤ 70% GDP)				(in percent of GDP)					
Cameroon	32.0	32.8	37.6	39.3	39.5	39.0	38.3	37.4	36.5
Central African Republic	59.8	53.9	49.4	48.0	42.7	37.9	35.1	33.2	31.3
Chad	43.8	51.4	49.7	48.2	43.8	39.0	34.9	31.2	28.1
Congo, Republic of	102.9	118.6	117.5	87.8	81.7	76.6	71.6	66.8	60.7
Equatorial Guinea	33.6	43.4	38.0	36.0	37.7	36.8	37.2	36.4	34.4
Gabon	44.7	64.2	62.6	60.7	56.7	53.8	50.7	46.7	42.4
Number of countries violating	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*0*	*0*
Non-accumulation of government arrears[2] (≤ 0)				(in percent of GDP)					
Cameroon	…	…	1.4	-2.0	-1.2	-0.9	-0.2	0.0	0.0
Central African Republic	-2.0	-5.3	-8.0	-2.3	-3.7	-2.5	-0.8	-0.7	0.0
Chad	2.3	0.7	0.5	-1.1	-1.6	-0.6	-0.6	-0.3	-1.1
Congo, Republic of	2.0	2.3	-0.2	0.3	-1.7	-1.6	-1.6	…	…
Equatorial Guinea	13.3	5.7	-3.8	-1.8	-0.3	-1.0	-0.4	-0.5	0.0
Gabon	…	…	-5.1	-1.5	-2.1	-0.2	-0.7	0.0	0.0
Number of countries violating[3]	*0*	*6*	*6*	…	…	…	…	…	…

Sources: Authorities' data; and IMF staff estimates.

Note: For the first criteria, the number of countries violating them reflects the estimates from the CEMAC Commission until 2017, and IMF staff estimated going forward. For the criteria on non-accumulation of arrears, the number of countries violating the criteria reflects IMF Staff estimates.

[1] Until 2016, the basic fiscal balance (i.e. the overall budget balance, excluding grants and foreign-financed investment) had to be positive. From 2017 onward, the reference fiscal balance (i.e. the overall budget balance minus 20 percent of oil revenue and minus 80 percent of the oil revenue in excess of the average observed during the 3 previous years) must exceed -1.5 percent of GDP.

[2] Change in the stock of arrears-to-GDP ratio. Includes external and domestic payments arrears, and based on data reported by country authorities (which may differ from CEMAC teams' findings).

[3] Assessment by the CEMAC Comission based on: (i) the non-accumulation of new arrears during the current year; and (ii) the gradual repayment of existing arrears in line with a published schedule.

Table 6. CEMAC: Monetary Survey, 2016–20

(Billions of CFA francs, unless otherwise indicated)

	2016	2017	2018	2018	2018	2018	2018	2019	2019	2019	2019	2019	2020
			Mar.	June	Sept.	Dec.	Dec.	Mar.	June	Sept.	Dec.	Dec.	Dec.
	Est.	Est.	Est.	Est.	Est.	CR 19/1	Est.	Proj.	Proj.	Proj.	CR 19/1	Proj.	Proj.
	(In CFAF billions)												
Net foreign assets	2,416	2,322	2,147	2,188	2,073	2,446	2,509	2,483	2,471	2,568	3,190	3,013	3,707
Of which: BEAC	2,254	2,131	2,024	1,931	1,938	2,273	2,379	2,480	2,420	2,534	3,021	2,963	3,651
Foreign assets	3,093	3,218	3,103	3,072	3,187	3,651	3,777	3,888	3,887	4,089	4,727	4,714	5,626
Of which:													
Of which: Operations account	1,156	2,552	2,617	2,631	2,733	2,921	3,360	3,310	2,915	2,964	3,309	3,300	3,376
Foreign liabilities	-839	-1,088	-1,078	-1,141	-1,250	-1,379	-1,398	-1,408	-1,467	-1,555	-1,706	-1,751	-1,975
Commercial banks	162	191	122	257	136	173	130	3	51	34	169	50	56
Foreign liabilities[1]	-592	-611	-573	-553	-591	-538	-605	-670	-639	-656	-542	-598	-588
Net domestic assets	8,140	8,190	8,115	8,252	8,549	8,596	8,848	8,868	8,627	8,715	8,868	9,261	9,468
Net credit to government	2,689	2,937	3,017	3,014	3,258	3,136	3,487	3,711	3,527	3,417	3,045	3,487	3,162
BEAC, net	1,645	1,946	2,061	1,982	2,224	1,927	2,208	2,380	2,236	2,105	1,909	1,983	1,540
Of which:													
Advances and consolidated debt	2,446	2,770	2,773	2,773	2,773	2,773	2,773	2,773	2,773	2,773	2,773	2,773	2,772
IMF lending	201	491	477	513	648	783	798	802	856	835	1,110	1,037	1,143
Government deposits	-1,002	-1,316	-1,190	-1,304	-1,197	-1,628	-1,363	-1,194	-1,393	-1,503	-1,974	-1,827	-2,375
Net credit to public agencies	-418	-371	-294	-310	-298	-279	-280	-312	-310	-300	-275	-276	-273
Credit to private sector	7,082	6,955	6,833	6,869	7,056	7,096	7,243	6,852	6,961	7,078	7,412	7,572	8,052
Other items, net	-1,213	-1,331	-1,442	-1,321	-1,467	-1,356	-1,601	-1,383	-1,551	-1,481	-1,314	-1,521	-1,473
		-1,788		-1,611	-1,616	-1,624	-1,872	-1,654	-1,822	-1,752		-1,793	-1,744
Broad money	10,556	10,512	10,261	10,440	10,622	11,042	11,358	11,242	11,098	11,283	12,057	12,274	13,175
Currency outside banks	2,432	2,436	2,273	2,263	2,368	2,320	2,571	2,477	2,348	2,287	2,703	2,851	3,042
Bank deposits	8,123	8,076	7,989	8,177	8,253	8,722	8,787	8,765	8,750	8,996	9,354	9,424	10,133
	(Annual change in percent of beginning-of-period broad money)												
Net foreign assets	-31.4	-0.9	0.3	2.0	0.2	1.2	1.8	3.3	2.7	4.7	6.7	4.4	5.7
Net domestic assets	26.7	0.5	-0.2	1.2	5.1	3.9	6.3	7.3	3.6	1.6	2.5	3.6	1.7
Net credit to government	24.3	2.4	6.9	3.4	5.5	1.9	5.2	6.8	4.9	1.5	-0.8	0.0	-2.6
Net credit to the private sector	2.1	-1.2	-2.1	-1.6	1.4	1.3	2.7	0.2	0.9	0.2	2.9	2.9	3.9
Other items, net	-0.6	-1.1	-6.7	-2.3	-2.5	-0.2	-2.6	0.6	-2.2	-0.1	0.4	0.7	0.4
Broad money	-4.6	-0.4	0.1	3.2	5.3	5.0	8.0	9.6	6.3	6.2	9.2	8.1	7.3
Velocity (GDP/broad money)	4.4	4.6	5.1	5.0	4.9	4.7	4.6	4.8	4.8	4.8	4.5	4.4	4.3
	(Percent of GDP)												
Broad money	22.9	21.7	19.6	20.0	20.3	21.3	21.7	20.9	20.7	21.0	22.2	22.9	23.5
Private bank deposits	12.7	12.0	11.0	11.3	11.4	12.1	12.1	11.8	11.7	12.1	12.4	12.6	13.0
Net credit to the private sector	15.4	14.4	13.1	13.1	13.5	13.7	13.9	12.8	13.0	13.2	13.6	14.1	14.4

Sources: BEAC; and IMF staff estimates.

[1] Data on the commercial banks' foreign liabilities have been revised to include the medium- and long-term liabilities (hitherto reported in the other items, net).

Table 7. CEMAC: Summary Accounts of the Central Bank, 2017–23

(Billions of CFA francs)

	2017 Dec. Est.	2018 Mar. Est.	2018 June Est.	2018 Sept. Est.	2018 Dec. CR 19/1	2018 Dec. Est.	2019 Mar. Est.	2019 June Proj.	2019 Sept. Proj.	2019 Dec. CR 19/1	2019 Dec. Proj.	2020 Dec. Proj.	2021 Dec. Proj.	2022 Dec. Proj.	2023 Dec Proj.
Net foreign assets	2,131	2,024	1,931	1,938	2,273	2,379	2,480	2,420	2,534	3,021	2,963	3,651	4,638	5,477	6,398
Assets[1]	3,218	3,103	3,072	3,187	3,651	3,777	3,888	3,887	4,089	4,727	4,714	5,626	6,743	7,621	8,419
Of which:															
Operations account	2,552	2,617	2,631	2,733	2,921	3,360	3,310	2,915	2,964	3,309	3,300	3,376	3,371	3,811	4,210
Liabilities	-1,088	-1,078	-1,141	-1,250	-1,379	-1,398	-1,408	-1,467	-1,555	-1,706	-1,751	-1,975	-2,105	-2,144	-2,021
Net domestic assets	2,066	2,191	2,133	2,277	1,971	2,310	2,424	2,196	2,028	1,656	1,763	1,310	654	177	-337
Net credit to government	1,946	2,061	1,982	2,224	1,927	2,208	2,380	2,236	2,105	1,909	1,983	1,540	1,272	827	243
Claims	3,261	3,250	3,286	3,421	3,556	3,571	3,575	3,629	3,608	3,883	3,809	3,915	4,090	3,873	3,531
Advances and consolidated debt	2,770	2,773	2,773	2,773	2,773	2,773	2,773	2,773	2,773	2,773	2,773	2,772	2,954	2,756	2,522
o.w. Cameroon	577	577	577	577	577	577	577	577	577	577	577	577	577	520	462
Central African Republic	79	81	81	81	81	81	81	81	81	81	81	81	81	81	81
Chad	480	480	480	480	480	480	480	480	480	480	480	480	480	480	480
Congo, Republic of	572	572	572	572	572	572	572	572	572	572	572	572	572	515	458
Equatorial Guinea	609	609	609	609	609	609	609	609	609	609	609	609	791	757	689
Gabon	453	453	453	453	453	453	453	453	453	453	453	453	453	403	353
IMF credit	491	477	513	648	783	798	802	856	835	1,110	1,037	1,143	1,136	1,118	1,009
o.w. Cameroon	191	182	187	222	261	268	265	309	301	332	341	384	384	384	352
Central African Republic	87	84	84	100	114	117	117	114	129	125	128	124	119	110	96
Chad	97	97	127	154	182	183	186	204	204	226	227	247	241	227	204
Congo, Republic of	4	3	3	3	2	2	2	2	27	53	53	130	207	259	256
Equatorial Guinea	0	0	0	0	0	0	0	0	-55	38	-55	-113	-182	-210	-203
Gabon	111	111	113	169	223	228	232	228	228	336	342	371	366	347	304
Government deposits	-1,316	-1,190	-1,304	-1,197	-1,628	-1,362.7	-1,194.3	-1,393	-1,503	-1,974	-1,827	-2,375	-2,818	-3,046	-3,288
o.w. Unallocated	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
Cameroon	-656	-662	-596	-549	-722	-556	-557	-543	-571	-583	-596	-709	-697	-617	-531
Central African Republic	-45	-23	-25	-35	-40	-39	-16	-43	-55	-14	-43	-30	-25	-26	-27
Chad	-93	-134	-208	-141	-167	-227	-189	-184	-184	-150	-180	-201	-241	-269	-367
Congo, Republic of	-93	-114	-84	-119	-117	-64	-69	-79	-161	-372	-213	-437	-661	-686	-721
Equatorial Guinea	-114	-144	-277	-215	-187	-156	-185	-244	-291	-337	-322	-435	-532	-552	-577
Gabon	-315	-111	-115	-138	-396	-315	-178	-299	-240	-517	-472	-562	-662	-895	-1,064
Net claims on financial institutions	440	462	425	385	375	432	344	259	223	78	80	69	-319	-351	-280
Other items, net	-319	-332	-274	-331	-331	-330	-300	-300	-300	-331	-300	-300	-300	-300	-300
Base money	4,197	4,215	4,064	4,215	4,243	4,689	4,905	4,615	4,562	4,677	4,726	4,960	5,291	5,654	6,062
Currency in circulation	2,436	2,273	2,263	2,368	2,320	2,571	2,477	2,348	2,287	2,703	2,851	3,042	3,245	3,503	3,815
Banks' reserves	1,717	1,863	1,742	1,798	1,869	2,050	2,358	2,161	2,176	1,911	2,089	2,136	2,275	2,413	2,550
o.w. Required reserves	442	450	538	571	608	569	586	585	602	652	630	678	737	795	852
Excess reserves	977	1,115	902	915	940	1,125	1,457	1,257	1,252	920	1,132	1,107	1,157	1,207	1,257
Cash in vaults	297	299	303	312	321	356	315	319	323	339	327	351	382	412	441
Others	44	80	59	48	54	68	69	106	99	63	-214	-218	-229	-262	-304
Memorandum items:															
Reserve coverage of broad money (in percent)	30.6	30.2	29.4	n.a.	33.1	33.3	34.6	n.a.	n.a.	39.2	38.4	42.7	47.3	49.6	50.9
Base money/deposits (in percent)	52.0	52.8	49.7	n.a.	48.6	53.4	56.0	n.a.	n.a.	50.0	50.1	49.0	48.1	47.6	47.6

Source: BEAC.

1/ Gross foreign reserves, including gold, foreign currency reserves, IMF reserve position, and net overall balance of the operations account at the French Treasury.

Table 8. CEMAC: Net Foreign Assets of the Central Bank, 2016–23

(Billions of CFA francs)

	2016	2017	2017	2018	2018	2018	2018	2018	2019	2019	2019	2020	2021	2022	2023
	Dec.	Jun.	Dec.	Mar.	Jun.	Sep.	Dec.	Dec.	June	Dec.	Dec.	Dec.	Dec.	Dec	Dec
	Est.	Est	Est.	Est.	Proj.	Proj.	CR 19/1	Est.	Proj.	CR 19/1	Proj.	Proj.	Proj.	Proj.	Proj.
BEAC's net foreign assets															
Stock	2,254	1,768	2,131	2,024	1,931	1,938	2,273	2,379	2,420	3,021	2,963	3,651	4,638	5,477	6,398
Change since end of previous year	-3,294	-486	-123	-106	-200	-193	142	248	41	748	584	687	987	840	921
o.w. Cameroon	-824	-106	216	92	-67	-93	-2	152	-81	22	-22	-34	54	104	131
Central African Republic	12	20	35	-21	-19	-14	-21	-22	7	-2	40	32	25	38	41
Congo	-912	-220	-207	-72	-79	-10	15	42	-14	280	116	220	221	69	62
Gabon	-630	-145	-64	-75	-91	-84	115	111	75	177	226	261	325	383	433
Equatorial Guinea	-712	30	-43	-74	26	-21	-3	25	29	220	146	131	239	168	117
Chad	-448	0	45	25	54	37	87	123	26	91	117	98	123	77	137
Unallocated	220	-65	-105	19	-23	-7	-49	-184	-3	-40	-40	-20	0	0	0

Sources: BEAC; and IMF staff projections.

Table 9. CEMAC: Financial Soundness Indicators

(Percent)

	2010	2011	2012	2013	2014	2015	2016	2017 March	2017 June	2017 September	2017 December	2018 June	2018 August	2018 September	2018 October
Capital															
Regulatory capital to risk-weighted assets[1, 2]	14.8	11.2	12.4	13.0	13.7	14.0	13.4	13.9	14.6	16.2	16.1	18.1	17.6	17.6	17.5
Asset quality															
Non-performing loans (gross) to total loans (gross)	6.9	6.8	6.4	8.3	9.1	9.6	11.9	12.3	13.9	14.6	14.6	16.1	16.2	16.5	16.8
Non-performing loans less provisions to regulatory capital	7.5	0.2	1.0	25.9	22.4	22.9	35.4	35.2	45.8	47.1	40.9	45.5	43.0	44.0	48.4
Earnings and profitability															
Return on equity	18.2	23.9	23.2	27.2	20.3	16.4	23.5	-	22.2	-	16.4	17.1	-	-	-
Return on assets[3]	2.0	2.2	2.1	2.5	2.0	1.7	2.5	-	2.4	-	1.9	2.1	-	-	-
Liquidity															
Ratio of liquid assets to short-term liabilities	188.6	165.2	182.5	150.8	156.3	151.9	141.3	135.7	126.8	140.8	158.2	166.5	165.8	167.0	169.2
Total deposits to total (noninterbank) loans	125.7	138.0	145.7	130.4	127.4	111.6	102.3	101.3	99.3	101.0	101.5	103.4	104.3	102.8	102.0
Credit															
Gross loan (banks' book) - bn FCFA	4837	5273	5948	7111	7699	8486	8991	9018	9027	8846	8814	8837	8860	8891	8955
Gross loan - annualized growth rate		9.0	12.8	19.5	8.3	10.2	5.9	5.6	3.8	-1.7	-2.0	-2.1	-0.2	0.5	1.7

Source: Banking Commission of Central Africa (COBAC).

1 Current year profits are excluded from the definition of regulatory capital, following the Basel I capital accord guidelines. General provisions are included in Tier 2 capital up to an amount equal to 1.25% of risk-weighted assets. Regulatory capital is the sum of Tier 1 capital, and the minimum of Tier 1 and Tier 2 capital.

2 The risk-weighted assets are estimated using the following risk weights: 0% - cash reserves in domestic and foreign currency and claims on the central bank; 100% - all other assets.

3 The ratio of after-tax profits to the average of beginning and end-period total assets.

Annex I. Policy Commitments at the First Tripartite Discussions

TRIPARTITE DISCUSSIONS BETWEEN STATES, CEMAC INSTITUTIONS AND THE IMF STAFF

(Douala, April 2, 2019)

In the framework of the first tripartite consultation between the States, the institutions of the Economic and Monetary Community of Central Africa (CEMAC) and the International Monetary Fund (IMF), the Ministers in charge of Finance and the Economy of the countries Member States, sub-Regional Institutions and IMF staff met on 2 April 2019 in Douala, Republic of Cameroon.

During this meeting, they conducted performance assessments as part of the crisis exit strategy, including through the implementation of IMF-supported programs aimed at economic and financial recovery of the community.

Noting to this effect that the sub-regional exit strategy shows encouraging signs of stabilization of the macroeconomic framework, particularly regarding the replenishment of foreign exchange reserves;

Stressing, however, the persistent delays in approving IMF-supported programs for Congo and Equatorial Guinea, and that the process of restoring macroeconomic balances remains vulnerable to vulnerabilities related to the recent decline in oil prices. the deterioration of the security situation in some countries;

Noting further that (i) economic growth in the subregion, estimated in 2018 at 1.7 per cent by BEAC services, has been insufficient and has not yet resumed as planned, (ii) adjustment budget has been mainly driven by reduced spending, (iii) non-oil revenue dynamics remain below expected performance, and (iv) the replenishment of foreign exchange reserves expressed in months of imports of goods and services is still be accelerated;

Noting that, despite the favorable short-term outlook, risk factors could undermine the internal and external balances of the subregion, in particular (i) the improvement in the overall fiscal balance and the balance of payments, (ii) the recovery of external assets and (iii) the resilience of the banking system;

Reaffirming their commitment to accelerate the implementation of the crisis-resolution strategy, in a spirit of community and solidarity, recommend:

To the Member States:

- In Congo and Equatorial Guinea, make every effort to meet the requirements for the implementation of IMF-supported programs;
- Continue economic recovery efforts, particularly in the fiscal area, to meet the non-oil deficit targets for 2019 as defined in recent consultations with the IMF;
- Ensure the successful implementation of their programs with the IMF;
- Commit, at the expiration of their respective programs, to discuss with the IMF in order to start a new cycle of programs supported by this institution;
- Strengthen discipline and create fiscal room through increased expenditure rationalization and increased mobilization of non-oil revenues. To this end, public spending should be prioritized in favor of the social sectors, and tax exemptions should be reduced, while strengthening the capacity and coordination of tax and customs administrations, including by updating computer systems;
- Significantly improve public financial management and cash management systems with the help of technical and financial partners;
- Strict application of the legal and institutional framework of debt management in accordance with the Regulation n ° 12/07-UEAC-186-CM-15 of March 19, 2007 on the terms of reference of the public debt and public debt management policy CEMAC Member States;
- Assess the stock of domestic arrears and define a credible arrear clearance strategy;
- Accelerate reforms to improve the business climate and promote foreign investment and structural transformation of CEMAC economies;
- Support BEAC's efforts in the implementation of foreign exchange regulations, by fully repatriating export earnings and centralizing foreign currency holdings in BEAC's books, including by ensuring that all public entities repatriate and surrender their foreign currency assets;
- Improve transparency and management of oil revenues;
- Support the implementation of actions to clean up the banking system and solve the problem of troubled banks.

To support the Member States in their efforts to end the crisis, Community institutions commit to:

<u>At the BEAC level</u>:

- Pursue the implementation of reforms aimed at enhancing the effectiveness of monetary policy through the elimination of excess liquidity and the revitalization of the interbank market, and maintain financial stability;

- Strictly apply the new foreign exchange regulations and enhance communication with economic operators, especially those in the extractive industries sector, while providing foreign exchange for justified transactions;

- Accelerate the unification of CEMAC's financial markets with a view to its successful completion as soon as possible.

- Set up a framework for the capacity-building programs of the administrations in charge of managing debt covering the institutional, legal, strategic, operational and control aspects;

- Establish a coordination platform between the member states and BEAC to strengthen the coordination of monetary policy with the budgetary policies of the CEMAC member states.

<u>At the COBAC level</u>:

- Strengthen the micro-prudential supervision of credit institutions to ensure the stability of the regional banking system, through the application of the new sanctions framework;

- Work with member states and the BEAC to put in place a strategy to restore and consolidate the soundness of the banking sector, in particular to reduce non-performing loans.

<u>At the CEMAC Commission level</u>:

- Accelerate common sectoral policy reforms and reinforce regional integration;

- Ensure a more rigorous implementation of the regional surveillance framework, to ensure strict compliance with the convergence criteria and thus promote the coordination of economic policies within the framework of the three-year convergence plans.

- Establish an annual meeting of experts in charge of public debt to ensure better coordination of debt management policies / strategies in CEMAC.

At the end of this tripartite consultation, the Ministers and the heads of the sub-regional institutions thank the IMF for its commitment to support Member States in improving the transparency and management of hydrocarbon and mining revenues, as well as in strengthening capacity to monitor oil exports.

Appendix I. Follow-up to the Letter of Support to the Recovery and Reform Programs Undertaken by the CEMAC Member Countries

June 10, 2019

Madame Christine Lagarde
Managing Director
International Monetary Fund
700 19th Street, NW
Washington, DC 20431
United States of America

Object: Follow-up to the letter of support to the recovery and reform programs undertaken by the CEMAC Member Countries

Ms. Managing Director,

This letter is an update of the assurances provided in December 2018 by the Community Institutions in support of economic recovery and reform programs undertaken by the Member States of the Economic and Monetary Community of Central Africa (CEMAC). It reflects the discussions held from April 24 to May 3, 2019 between the International Monetary Fund (IMF) staff and the CEMAC institutions.

On this occasion, I am pleased to inform you of the progress of the measures undertaken by the Bank of Central African States (BEAC) and the Banking Commission of Central Africa (COBAC), as well as those they plan to implement in the coming months.

In general, the regional economic situation remains fragile. Non-oil growth slowed in 2018, with major recessions in Congo and Equatorial Guinea. Overall growth was stronger thanks to a recovery in oil production in some countries. Inflation remained moderate, below the Community threshold, but accelerated slightly towards the end of the year. Tighter macroeconomic policies and rising oil prices have helped to reduce domestic and external imbalances and strengthen external reserves.

In this context, the fiscal consolidation efforts of the Member States, together with BEAC and COBAC support measures, in particular the tightening of monetary policy and the effective application of exchange regulations, as well as external financing mobilized in the context of programs with the IMF, had a positive impact on the evolution of net foreign assets. As part of this joint effort, the

Congo and Equatorial Guinea, although not yet in program with the IMF, contributed to the consolidation of the macroeconomic stability of the CEMAC. These two countries implemented budgetary adjustments and recorded surpluses, which stood respectively at 7.1% of GDP and 2.8% of GDP. Thus, net foreign assets stood at 3.63 billion euros at the end of 2018, surpassing by 170 million euros the projections presented in my previous letter, bringing the coverage of reserves to 2.7 months of imports.

Also, I would like to inform you that all the measures endorsed by the IMF Executive Board as regional policy assurances and contained in my December 2018 letter have been implemented as planned.

As regards the foreign exchange regulation, the new Regulation adopted in December 2018 by the Ministerial Committee of the Central African Monetary Union (UMAC) entered into force on March 1, 2019.

BEAC is currently finalizing, in consultation with stakeholders, implementing legislation that should facilitate the implementation of, inter alia, the obligations relating to the repatriation and return of export earnings to the Central Bank. Some instructions will define the information to be provided to the BEAC by banks and customs administrations in order to allow the establishment of an effective system for monitoring the process of surrendering of currencies by banks to the BEAC. In addition, other instructions will define the penalties that could be imposed on economic operators who do not comply with the provisions of the foreign exchange regulations. The Governor's instructions (implementing legislation) will have to be adopted by the end of [June] 2019.

Similarly, the obligations stemming from the exchange regulations will continue to be widely communicated to economic agents as part of a communication and outreach strategy included in the action plan of the CEMAC Financial Institutions Capacity Building Project (BEAC, COBAC and GABAC) financed by the World Bank. In accordance with the recommendations of CEMAC Heads of State, outreach missions will also be carried out in June–July 2019, in collaboration with the CEMAC Commission, among operators in the banking, mining, oil and forestry sectors in the six Member States to foster ownership at the community level.

In this regard, we welcome the commitments made by CEMAC member countries, as part of their IMF-supported programs, to ensure effectiveness of the repatriation by public entities of their assets possibly held outside CEMAC, and to make available to the BEAC and the CEMAC Commission all contracts concluded with extractive industry operators to ensure their compliance with foreign exchange regulations. These provisions will also strengthen our ability to project and assess the link between commodity prices and volumes and the accumulation of foreign assets, which is essential to our monetary arrangement.

With regard to monetary policy, the measures taken to support the implementation of the new operational framework, which came into effect in June 2018, have improved the functioning of the money market, resulting in a reduction in liquidity volumes injected into the market by the central bank, as well as an increase in transactions on the interbank and public securities markets.

However, the excess liquidity of the banking system has increased in recent months. This is why the BEAC has undertaken to progressively proceed to a neutral liquidity allocation to achieve the objective of external stability of the currency. In the current situation, we will continue until the end of the year the gradual process of reducing liquidity injections, the pace of which has been accelerated in recent months. This orientation will lead us to improve the transmission channels of the monetary policy, thus making it possible to better implement our mandate.

In addition, we consider that excess liquidity, held by banks with relatively cautious credit policies, does not pose a significant risk of pressure on CEMAC's inflation or external position. Moreover, the pursuit of a restrictive monetary policy and the restructuring of banks in difficulty should largely contribute to absorbing a good part of the excess liquidity of the banking system, while preserving the financial stability as well as the financial balance of the Central Bank.

In this vein, the new system of accounting for monetary transactions, which is one of the elements of the modernization of the monetary policy operational framework, was adopted as planned before the end of 2018.

BEAC also plans to submit to the Monetary Policy Committee of July 2019 specific regulations on the resolution of banks with liquidity problems. This framework will establish the criteria for identifying banks facing an acute and structural liquidity problem and making excessive use of BEAC refinancing. It will also define the parameters and criteria of the liquidity recovery plan that these banks will have to submit to BEAC and COBAC, in order to maintain their access to conventional monetary operations. These provisions will come into effect as of September 2019.

Other important reforms of the monetary policy framework are under way. The new sanctions framework and the private sector securities framework, eligible as collateral for monetary operations at BEAC, will be submitted in July 2019 to the Monetary Policy Committee for adoption. BEAC will first consult the banks on the new eligibility criteria for access to the money market in May–June 2019.

All in all, our policies will continue to focus on the primary objective of ensuring the internal and external stability of the currency. To this end, the monetary policy stance will remain restrictive and we will pursue actions aimed at optimizing the management of bank liquidity and the effective application of the new foreign exchange regulations.

All of these measures, combined with the fiscal consolidation programs of the Member States and the budgetary support of development partners, should support the strengthening of net foreign assets and meet the targets provided by BEAC under regional policy assurances, namely € 3.50 billion at the end of June 2019 and at least € 4.50 billion at the end of 2019. The level expected at the end of 2019 is slightly lower than that indicated in my letter of December 2018 due to the lower level of oil prices now assumed for these projections. These forecasts assume, however, that oil prices will not go below current assumptions and that the Congo and Equatorial Guinea programs are adopted during 2019, thus paving the way for disbursements of associated budget support.

As indicated in my previous letters, I wish to emphasize that the achievement of these objectives depends not only on the actions of the BEAC, but also on the satisfactory implementation of the fiscal consolidation programs and structural reforms of the CEMAC countries. The timely disbursements of budgetary support from our external partners, including other exceptional external financing, planned at 0.42 billion euros in the first half of 2019 and 1.31 billion euros in the second half of 2019 will be also essential for achieving these goals.

I am also pleased to inform you of the success of the first semi-annual tripartite discussions attended by the national authorities of the CEMAC countries, the main regional institutions and the staff of the IMF. During these tripartite discussions, key high-level commitments were made to strengthen the implementation of CEMAC's regional crisis exit strategy.

The next tripartite discussions are scheduled to take place in the second half of 2019. It will be again an opportunity to assess the progress made in implementing the regional crisis exit strategy and — in case of significant deviations from the projections of net foreign assets as set out above — to identify and adopt the necessary corrective measures, both at the regional and national levels, to allow continued IMF financial support or approval of new IMF-supported programs with CEMAC member countries.

For its part, COBAC will continue its efforts to strengthen the stability of the banking sector, notably by ensuring the application of exchange regulations and prudential regulations, to resolve bank failures and to strengthen banking supervision. The Secretariat General of COBAC is now focusing on the implementation of its new Strategic Plan 2019–21. Priority actions include the reform of processes and tools to put in place effective risk-based supervision, strengthening of the fight against money laundering and terrorist financing and the modernization of certain prudential rules.

BEAC and COBAC will pursue their efforts to ensure the close monitoring of developments with the ongoing programs to restore CEMAC countries' macroeconomic balances and will continue to work closely with IMF staff to support the implementation of the regional strategy.

Remaining available to work alongside the IMF and the CEMAC member States with the aim of achieving the restoration of the macroeconomic balances of the subregion, please accept, Madam Managing Director, the expression of my highest regards.

/s/

Abbas Mahamat Tolli

BEAC Governor

Statement by Mr. Mohamed-Lemine Raghani, Executive Director for CEMAC and Mr. Regis N'Sonde, Senior Advisor to the Executive Director

June 24, 2019

1. On behalf of our CEMAC authorities, we would like to thank Staff, Management and the Executive Board for the support to CEMAC countries and institutions since the inception in December 2016 of the regional strategy to exit the unprecedented crisis triggered by the collapse in international oil prices and exacerbated, in some countries, by security-related challenges.

2. Following the Board meeting on CEMAC Common Policies last December, further progress has been made by member states and regional institutions in implementing required policies and developing a stronger foreign exchange regulatory framework, with a view to safeguarding internal and external stability. Policy assurances provided by the regional central bank (BEAC) and the banking supervisory body (COBAC) in the December 2018 Follow-up Letter of Support to the Recovery and Reform Programs Undertaken by CEMAC Member Countries were implemented as planned. As a result of all these efforts, and aided by a rebound in oil prices, the Community's external position has strengthened, and external reserves have started to accumulate anew.

3. Looking forward, challenges remain. The CEMAC authorities are cognizant of the importance of pursuing adjustment and reform agendas at both national and regional levels. They continue to share the view that the success of the regional strategy also rests on the two remaining countries—Republic of Congo and Equatorial Guinea—benefiting from the Fund's catalytic support. Progress has been made on this front, and they look forward to the approval of such IMF-supported programs.

4. The commitment of CEMAC authorities to their regional strategy is unwavering. The meeting of CEMAC Heads of State which took place in N'Djamena, Chad on March 24th, 2019, was an opportunity to reiterate their resolute engagement in an orderly, concerted and solidary exit from crisis. The highest CEMAC authorities provided strict guidance for full observance of national fiscal adjustment objectives set forth under IMF-supported programs and for strict compliance with the enhanced foreign exchange regulations. To increase the chances of successful implementation, the authorities have also set-up semi-annual Tripartite consultations involving country authorities at the ministerial level, CEMAC regional institutions and IMF staff to take stock of progress and discuss contingency measures. They held such first meeting on April 2nd, 2019 in Douala, Cameroon, which resulted in setting or re-emphasizing policy actions for member states and each relevant institution (see Annex I of staff report on Policy Commitments at the First Tripartite Discussions).

Recent Developments and Prospects

5. While regional growth in 2018 remained below pre-crisis levels, it nevertheless rebounded to 2.5 percent from 1 percent in 2017, aided by a stronger oil sector activity. Adjustments in administered prices to streamline energy and other subsidies contributed to rising inflation whose PPP GDP-weighted average reached 2.1 percent. In this context, CEMAC countries, including the two that have yet to conclude a Fund arrangement, have pursued strong fiscal consolidation through both significant spending cuts and increases in revenue, bringing the regional primary fiscal position in surplus, the overall fiscal position close to balance, and the average public debt-to-GDP ratio down to 50%.

6. BEAC has maintained a tight monetary policy stance since its decision in October 2018 to increase its policy rate by 55 basis points and continued its gradual reduction of liquidity injections. While this latter action to date has not fully offset the excessive liquidity in the banking sector owing to the autonomous factors and moderate credit growth, it nevertheless pushed the weighted average auction rate up and improved banks' use of the marginal lending facility.

7. The restrictive macroeconomic policy mix, coupled with higher oil prices, contributed to lowering external current account deficits and building up gross reserves to a level covering 2.7 months of imports at the end of 2018. Gross reserves have continued to increase thereafter.

8. It is in this context that BEAC and COBAC have met in a timely manner all their policy assurances provided in December 2018, notably the adoption and operationalization of the revised foreign exchange regulations; the implementation of measures to modernize the central bank's monetary policy operational framework; and the achievement of the end-2018 regional target on regional net foreign assets (NFAs) which was exceeded.

9. Looking ahead, the CEMAC's outlook remains broadly favorable, with notably: (i) real GDP growth expected to stabilize around 3 percent over the medium term; (ii) continuous decline in the public debt-to-GDP ratio to below 40 percent by 2023; and (iii) the narrowing of external imbalances which, along with a strict enforcement of foreign exchange regulations, would contribute to reserve accumulation up to 5 months of import cover by 2022.

10. Aware of the risks facing the outlook—notably stemming from weaker program implementation, further delays in the approval of IMF arrangements with Equatorial Guinea and Republic of Congo, a significant decrease in oil prices, or an increase in security challenges—CEMAC authorities understand the importance of persevering in the execution of the regional strategy and standing ready to take corrective actions if those risks came to materialize. They intend to consult promptly, including under the Tripartite forum as needed, to design and implement such contingent policies.

Staying the Course with the Regional Strategy

11. CEMAC authorities broadly share Staff's policy recommendations. They continue to put emphasis on safeguarding external stability and welcome the focus of recent discussions with Fund staff and Management on building external reserves through: (i) continued tight monetary policy with strengthened interest rate transmission; (ii) reducing the excessive liquidity in the banking sector while supporting liquidity-stressed banks; (iii) strict compliance by state-owned enterprises in extractive industries, private exporters and banks with foreign exchange regulations, notably the required repatriation and surrender to the central bank of foreign exchange receipts. As part of their commitments under their respective Fund-supported programs, national authorities will support regional institutions in this endeavor and help communicate on the regulations to alleviate any concerns among the private sector.

12. CEMAC authorities reiterate their view that the achievement of regional objectives hinges on satisfactory implementation of member countries' fiscal consolidation plans and reforms. The sizeable fiscal adjustment programs underway and countries' renewed commitment to keep their program on track bode well for the attainment of those objectives, notably the end-2019 target on NFAs which was revised slightly downward on the basis of new oil price projections. Nevertheless, continued vigilance is required given existing risks. Likewise, reforms to improve public financial management (PFM) and reinforce public sector governance, including the system of checks-and-balances contained in the CEMAC legislation, should help enhance fiscal sustainability. The CEMAC Commission puts high value on member states implementing the regional directives on PFM and harmonization of fiscal revenue mobilization.

13. Besides maintaining a restrictive monetary policy stance, BEAC will strive to move towards a gradual neutral liquidity absorption, with the view to enhancing the transmission channels of monetary policy. As explained in the BEAC's Follow-up to the Letter of Support on regional policy assurances of June 10, 2019, the progressive approach is warranted out of concern for (i) the development of the interbank and public securities markets; (ii) the viability of banks already under liquidity stress; and (iii) the operating losses that would be born by the central bank. In addition, the excessive liquidity is mainly held by foreign-owned banks that practice very conservative lending policies, which poses little risk to inflation. Moreover, member countries' single treasury account reforms and the restructuring of distressed banks should help remove potentially large amounts of liquidity from banks.

14. Regarding the resolution of distressed banks, BEAC is following up on Staff advice and preparing a new regulation including: (i) specific criteria to identify a liquidity-stressed bank that make extensive use of BEAC refinancing; (ii) an obligation for such bank to develop, submit and implement a credible funding strategy, monitorable by COBAC, and aimed at reducing its liquidity needs from the central bank; (iii) and sanctions in case of noncompliance with such requirement. The adoption of the new regulation is expected by end-July 2019. COBAC will also continue to ensure banks' compliance with exchange regulations and prudential standards to strengthen the sector's stability.

15. Risk-based bank supervision is also essential to ensuring financial stability in CEMAC. The Strategic Plan 2019-21 developed by the Secretariat General of COBAC (SG-COBAC) includes specific reforms of the supervisory processes and tools for an effective risk-based supervision. It also contains actions to modernize prudential norms and step up efforts against money laundering and terrorism financing. The SG-COBAC has adopted a proactive approach to reducing non-performing loans (NPLs) and repairing bank balance sheets, including by assessing the impact of national arrears repayment plans and requiring each troubled bank to submit an NPL reduction plan. It continues to prepare the transition to Basel II/III and IFRS standards.

16. The regional development bank BDEAC has recently adopted significant governance and internal control reforms. These will contribute to restoring its financial soundness and lessen its recourse to central bank financing.

17. The regional authorities also underscore the criticality of advancing economic diversification and fostering regional integration to enhance resilience and sustain growth. Reforms envisaged under the regional reform program (*Programme de Réformes Economiques et Financières*, PREF) include strict compliance of contracts in extractive industries with the regional directives on transparency. It also contains measures to improve the business environment. The CEMAC Commission continues to strengthen its multilateral surveillance framework and follow up on the Heads of State's guidance to elaborate a binding sanctions scheme applicable in cases of breaches of norms. To accelerate regional convergence, member countries are required to submit to the Commission their triennial convergence programs by end of July 2019 and credible domestic arrears clearance plans by end-2019.

Conclusion

18. The CEMAC authorities remain committed to the regional crisis exit strategy. They have provided new policy assurances to support member countries' efforts to restore internal and external stability. They also stress the importance of timely disbursements of budget support committed by external partners and swift conclusion of IMF financial arrangements with Congo and Equatorial Guinea. Our CEMAC authorities continue to appreciate Fund's support to their reform efforts.