TECHNICAL ASSISTANCE REPORT

DEMOCRATIC REPUBLIC OF THE CONGO

Operationalization of the Statutory Special Bank Resolution Regime

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Glossary

AFC	AFRITAC Central
BCC	Central Bank of the Congo
BRRD	2014 European Union Bank Recovery and Resolution Directive
DAR	Directorate for Licensing and Regulation, BCC
DRC	Democratic Republic of the Congo
DSF	Directorate for Financial Stability, BCC
DIS	Deposit Insurance System
DSIF	Directorate for Supervision of Financial Institutions, BCC
ELA	Emergency Liquidity Assistance
FGD	Deposit Insurance Fund
FSB	Financial Stability Board
FSC	Financial Stability Committee (in the DRC)
IMF	International Monetary Fund
KAs	Key Attributes of Effective Resolution Regimes for Financial Institutions
LEG	Legal Department, IMF
MCM	Monetary and Capital Markets Department, IMF
NCWO	"No creditor worse off than in liquidation"—difference in treatment of shareholders and creditors between resolution and liquidation
OHADA	Organization for the Harmonization of Business Law in Africa
SRR	Special Resolution Regime

Preface

In accordance with the technical assistance work plan developed by the Monetary and Capital Markets Department (MCM) of the International Monetary Fund (IMF) in agreement with the Central Bank of Congo (BCC) following the Financial Sector Stability Review (FSSR) mission conducted by MCM in 2022, an MCM technical assistance mission worked with the BCC's Financial Stability Directorate (DSF) from June 24 to July 3, 2025 to assist the BCC to operationalize the special resolution regime (SRR) incorporated into the banking law adopted in December 2022.

The mission presented its recommendations during a wrap-up meeting with Mr. Kavula, Director of the DSF, on July 2, 2025.

The mission would like to express its thanks to the staff of the BCC. The mission is particularly grateful to Mr. Jean-Marcel Kalubi, Director of the Licensing and Regulation Department (DAR), to Mr. Daniel Kavula, Director of the Financial Stability Department, to Mr. Noël Muyumba, Head of the Resolution Department at the DSF, to the Directorate for Supervision of Financial Institutions (DSIF) and the Protocol Department, and to their teams who facilitated the work of the mission.

Executive Summary

The banking law adopted by the Democratic Republic of the Congo (DRC) in December 2022 includes a special resolution regime (SRR) for credit institutions. This SRR aims to remedy the shortcomings of the financial safety net in the DRC. The adoption of a modernized SRR represents an important development, which was recommended by the IMF staff during the FSSR carried out in 2022. Yet, important gaps in the SRR as incorporated in the banking law persist. The mission did not carry out a review of the banking law adopted in 2022 nor an assessment of its conformity with Fund staff's recommendations, but when the mission identified obvious deviations from the applicable international standards in the legislative framework it highlighted them in the report. The mission provided the DSF with those elements which will enable the BCC to operationalize the SRR, in accordance with the applicable international standards and best practices, with consideration given to the context of a low-income developing country.

Many of the gaps in the banking law provisions underpinning the SRR may only be addressed through law reform. While recognizing that law reform would be the foremost preference to ensure a solid legal foundation for SRR, the mission also acknowledges that banking law reform may not be feasible in the near term. Furthermore, law reform warrants a comprehensive assessment of the relevant legal framework, which assessment was not undertaken by this mission. For these reasons, this report focuses on providing recommendations on operationalizing the existing SRR under the banking law as it currently stands, while the recommendations on amending the banking law are focused on the gaps that were identified by the mission and are without prejudice to the recommendations on the SRR operationalization. Going forward, the authorities should consider addressing the gaps in the SRR under the banking law through law reform.

Since 2022 the BCC has implemented several of the main recommendations of the FSSR on the financial safety net. The BCC has established a DSF in charge of banking resolution, separate from the DSIF in charge of banking supervision, and the DSF reports separately to the BCC's decision-making body. The BCC has hired financial sector experts and allocated to the Resolution Division within the DSF an experienced manager and five experts. These new experts will perform new and resource-intensive activities for the BCC, such as resolution planning, including the drafting of resolution plans for individual banks and the work on the separability of portfolios of assets/liabilities, the drafting of a resolution manual and other activities detailed in this report, which will require numerous meetings with the banks for the staff of the resolution function, over several years. The Resolution Division is also in charge of monitoring the liquidations of credit institutions and microfinance institutions.

The mission identified a significant weakness: to comply with the international standards on resolution, the SSR should adjust the judicial review of the decisions and measures adopted by the resolution authority. In recent past the BCC has suffered from court decisions which annulled resolution measures adopted by the BCC and replaced them with the execution of other legislative provisions favorable to the shareholders of a failing bank. As provided by international standards (Key Attributes 5.4, 5.5), judicial remedies should not constrain the implementation of, or reverse, the resolution measures taken by the BCC within its legal powers and in good faith. Instead, the legal framework should provide for monetary compensation in situations where creditors receive less as a result of resolution actions than they would have received in liquidation ("No creditor worse off" safeguard, NCWO).

Part I of the report recommends the resolution tools and powers that the BCC should prioritize to operationalize the SRR. The BCC should, as a priority, operationalize the partial sale tool, which would become the preferred resolution strategy in its resolution plans ("Plan A"), as well as the bridge institution tool, which would become the alternative resolution strategy in its resolution plans ("Plan B"), in cases where a direct sale to a private sector buyer is not feasible. A regulation should set out the minimum conditions of independence and competence that appraisers should comply with and certain rules on resolution valuations.

The banking law does not provide for a public resolution funding mechanism consistent with international standards, even though DRC banks have weak internal recapitalization capacities. The banking law should be further amended to introduce a modernized resolution funding mechanism. A funding mechanism relying on funding by the state with ex-post recovery of public costs from the financial sector is the most appropriate form given the current situation in the DRC. After providing funding to support resolution measures, the state should be legally empowered to impose levies on the financial sector that has benefited from financial stability.

The mission recalls the recommendation from the 2022 FSSR on the urgency of a liquidity assistance instrument in resolution. The BCC should, as a matter of urgency, operationalize a mechanism to provide liquidity in the event of a resolution, leveraging the BCC's emergency liquidity assistance (ELA) framework—with additional safeguards as needed. AFRITAC Central (AFC) provided TA on the operationalization of ELA and the mission refers to the AFC report on this matter.

The report also discusses the implementation of the liquidation power established as part of the SRR. The BCC should prepare well for the decision to liquidate the residual bank in resolution, taking into account that the considerations for initiating resolution, in line with the legal framework, must be carefully motivated. The adoption of the deadlines provided for in the regional acts of the Organization for the Harmonization of Business Law in Africa (OHADA) would help to prevent the cost of a bank liquidation from exceeding the value of the assets. The BCC prefers to delegate the role of liquidator to a professional insolvency practitioner.

Part II of the report discusses the establishment of a resolution function within the BCC and the procedures related to this function. The mission commended the BCC for having established a resolution function separate from the supervisory function of the central bank to address conflicts of interest. Internal mechanisms and protocols must be established to ensure the smoothest possible exchange of information and very close coordination between these two functions of the BCC. The BCC should continue to strengthen the skills of its banking resolution team and prepare a resolution manual that will help consolidate procedures and make the link between the SRR and individual resolution plans.

At domestic level, a Financial Stability Committee (FSC) comprises the Minister of Finance, the Governor of the BCC, and the President of the Insurance Regulatory Authority. The FSC facilitates coordination between authorities. It has been used to coordinate between the BCC and the Ministry of Finance the treatment of previously resolved banks, in particular for the injection of public funds. The FSC also has the function of coordinating the authorities in the analysis of systemic risks and the implementation of macroprudential policies. The FSC could be complemented by another (more operational) crisis management coordination structure, in particular when a deposit insurance system (DIS) is established in the DRC.

Part III of the report aims to support the BCC's efforts in drafting resolution plans for credit institutions, including the process of assessing the resolvability of each credit institution. The mission invited the BCC to start drafting individual resolution plans, using the template in Appendix I. In the short term, the BCC should present to the relevant decision-making body a first draft resolution plan, proposing resolution tools and estimates of resolution funding needs. In the medium term, the BCC should start drafting resolution plans for at least all the systemic banks and then carry out resolvability assessments for all the banks concerned.

There is no urgency to adopt a regulation on resolvability. The BCC could later draft a regulation on this subject, using the experience gained from the work on the first resolution plans and based on the good practices. Such regulation should set out the reporting requirements on credit institutions to support the drafting of resolution plans and the required information to support valuation work.

Regarding the resolution of cross-border groups, the situation of the DRC, where most of the banks are subsidiaries of pan-African or international banking groups, calls for a strategy tailored to such situations, relying first on the resolution authorities of home jurisdictions. In the long term, the BCC should adjust the existing cooperation agreements in supervision to incorporate crisis management and cross-border resolution dimensions, or it should conclude new and specific cooperation agreements for cross-border resolution.

Recommendations

Table 1. The DRC: Key Recommendations

Recommendations (Report paragraph No.)	Authority Responsible for implementation	Priority	Timeframe 1/
Ensure that court decisions against a resolution measure taken within the BCC's powers in good faith may not be constrained or reversed (¶3)	BCC (with Ministry of Finance)	High	NT[1]
Select a systemic bank and prepare a preferred resolution strategy ("Plan A") based on the partial sale tool (¶4-9)	BCC	High	NT
For the same bank, prepare an alternative resolution strategy ("Plan B") based on the bridge institution tool (¶4; 10-12)	BCC	High	NT
Start drafting resolution plans for the other systemic banks (¶4)	BCC	High	MT
Establish a detailed regime for the bridge bank, including its shareholding, lifespan and the re-transfer power (¶11)	BCC (with Ministry of Finance)	Medium	NT
Draft a regulation on resolution valuations (¶13-14)	BCC	Medium	MT or before a resolution
Draft a legislative proposal on a resolution funding mechanism (¶17-18)	BCC (with Ministry of Finance)	High	NT or before a resolution
Establish a framework for the provision of liquidity in resolution (possibly based on emergency liquidity assistance) (¶20)	BCC	High	NT
Adopt the time limit on the closing of liquidation proceedings set out in the relevant OHADA law (¶22)	BCC (with Ministry of Finance)	Medium	NT
Continue external training for staff on bank resolution, crisis management and firm restructuring (¶25)	BCC	Medium	MT
Complement the Financial Stability Committee with an operational body for crisis management coordination that includes the deposit insurance scheme, once established (¶27)	BCC, Ministry of Finance	Medium	LT or when the DIS is established
Finalize a resolution manual and submit it for adoption to the relevant decision-making body (¶28)	BCC	Medium	MT
Conclude cooperation arrangements on cross-border resolution and crisis management (¶52)	BCC	Medium	LT

1/ Near term (NT): < 12 months; Medium term (MT): 12 to 24 months; Long term (LT): over 24 months.

[1] Recommendations on law reform are marked as "near-term" due to the criticality of a robust legal underpinning for SRR. That said, law reform is not a prerequisite for the implementation of other recommendations in this report.

Introduction: Context, Financial Sector, Financial Safety Net

1. **The Congolese financial sector is shallow, dominated by banks and highly concentrated.** Total financial assets represent 24.7 percent of GDP (2021), and bank assets make up 97 percent of the financial system. The banking sector is composed of 15 commercial banks (2025). Two banks hold 55 percent of the banking system's assets. All foreign-owned banks are subsidiaries under Congolese law and domestically owned banks have no cross-border operations.

2. **The BCC has been building the DRC's financial safety net for several years with technical assistance from the IMF.** In December 2022, the DRC adopted a new banking law. LEG and MCM provided comments on earlier drafts of the banking law. The banking law includes a special resolution regime (SRR), an administrative liquidation regime for banks, and an obligation to draft recovery plans. The mission assisted the BCC in operationalizing the SRR included in the banking law, subject to prior condition that the BCC would establish a Financial Stability Directorate and a Resolution Division. MCM provided in 2022 a TA via a desk review of the cooperation arrangements of the BCC. AFRITAC Central (AFC) provided in July 2025 a TA on recovery planning. Finally, with the support of other MCM TA, the BCC continues to modernize its ELA framework, which could also be used to provide liquidity in resolution. The mission shared and discussed with the DSF a translation in French of the MCM paper on building a financial safety net in low-income developing countries.[2] The mission did not carry out a review of the banking law adopted in 2022 nor an assessment of its conformity with Fund staff's recommendations, but when the mission identified obvious deviations from the applicable international standards in the legislative framework it recommended improvements of the law.

3. **The mission identified a significant weakness: to comply with the international standards on resolution, the SSR should adjust the judicial review of the decisions and measures adopted by the resolution authority.** In the recent past, the BCC has suffered from court decisions which annulled resolution measures adopted by the BCC and replaced them with the execution of other legislative provisions favorable to the shareholders of a failing bank. The judicial review should be performed by the competent courts at the request of those affected by a resolution decision or measure. As provided by international standards (Key Attributes 5.4, 5.5), the initiation of legal proceedings should not, as a rule, suspend implementation of the resolution authority's decision, which should be immediately enforceable. This is a prerequisite if the resolution authority is to be able to act with the speed and flexibility required to achieve the resolution objectives. The courts' authorities should not extend to invalidating (reversing) the resolution measures taken by the BCC within its legal powers and in good faith. Instead, the legal framework should provide for monetary compensation if creditors receive less as a result of resolution actions than they would have received in liquidation ("No creditor worse off" safeguard). The invalidation of a resolution decision would raise serious issues in view of the retroactivity of its effect, which could compromise the credibility of the resolution and adversely impact financial stability. Accordingly, the authorities should pursue, in line with the Constitution of the DRC and the applicable legal framework, the introduction of statutory provisions barring legal actions having the capacity to obstruct implementation of the resolution or potentially resulting in invalidation of the resolution measures applied.

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[2] https://www.imf.org/-/media/Files/Publications/PP/2019/PPEA2019039.ashx

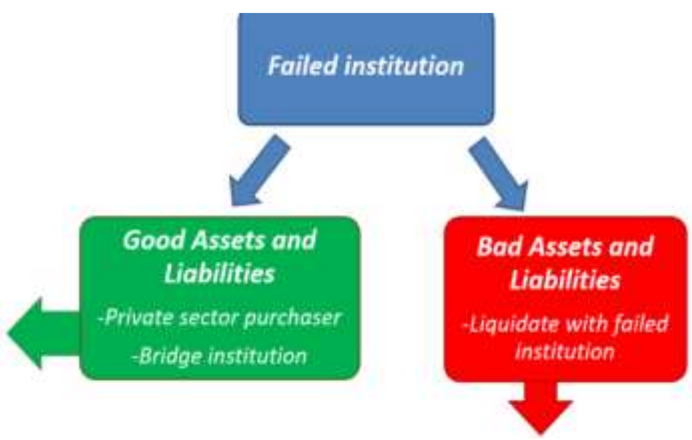
I. Operationalization of the Statutory Special Resolution Regime

4. **The BCC should prioritize the resolution tools and powers best suited to the current structure of its banking system.** In particular, the BCC should take into account the limited loss-absorbing and recapitalization capacity of the banks in the DRC, the small number of staff with the requisite skills in the BCC, and the shortcomings in the judicial system that hinder the realization of guarantees held by banks. Applying the principle of proportionality, the mission recommended operationalizing the partial sale and bridge institution tools as a priority. Thus, in the short term, the BCC should select a bank and prepare a preferred resolution strategy ("Plan A") based on the partial sale tool, excluding nonperforming loans (NPL). For the same bank, it should prepare an alternative resolution strategy ("Plan B") based on the bridge institution tool. It should present to the relevant decision-making body a first draft resolution plan, proposing resolution tools and estimates of resolution funding needs. In the medium term, using the experience gained through the first resolution plan, the BCC should start drafting resolution plans for all the systemic banks.

A. Two Priority Resolution Tools: Partial Sale and Bridge Institution

5. **The tool of transferring assets and liabilities to an existing institution is generally recognized as highly effective.** This is especially true for small institutions for which the identification of potential acquirers is less complex. Under this tool, another bank takes all, or part, of the deposits together with “good” assets of the defaulting entity. Thus, depositors maintain uninterrupted access to their deposits and payment transactions. In many jurisdictions, the competitive environment means that other banks are encouraged to make offers to acquire deposits, as this is a relatively cheap method of increasing their market share or entering the market.

Box 1. The DRC: Using Transfer Powers to Achieve Orderly Resolution of Failed Banks (“good bank - bad bank”)



6. **As a matter of priority, the BCC should focus on operationalizing the partial sale instrument[3], which should become the preferred resolution strategy ("Plan A").** The choice between full or partial sales depends essentially on the size and valuation of the portfolio of doubtful assets or NPLs. A full sale of the bank in default may seem like a simpler solution in theory, but it requires finding a buyer willing to take the entire NPL portfolio of the failing bank, which in practice is difficult. A partial sale makes it possible to transfer only the good loans and those deposits that the resolution authority wishes to preserve, which tends to be more attractive to potential buyers. Another advantage of the partial sale is that the buyer does not assume any contingent liabilities, including litigation risks, of the defaulting bank. Only an expert (including the banking supervisor) with knowledge of the local credit market and of a particular bank's NPL portfolio can ascertain ex-ante whether it is advisable to opt for a full sale. If a full sale is not realistic, the partial sale tool must be prepared.

7. **The resolution authority should prepare the operationalization of the partial transfer instrument and work with the banks on the separability of assets and liabilities.** Separability can be defined as the bank's ability to implement a transfer of i) legal entities (in the case of a group structure), ii) business lines, or iii) portfolios of assets and liabilities, at short notice, to third parties. Separability is particularly relevant to operationalizing those resolution strategies which rely on a transfer, whether it is a transfer to a private sector entity or to a bridge bank, as it will inform the decision on the transfer perimeter. The resolution authority assesses separability as part of the resolvability assessment and of the resolution planning work on removing any barriers to resolvability (see Part III on resolution planning and resolvability assessment). The separability of a certain portfolio of assets/liabilities will have to be considered whether there are financial interconnections, legal interconnections (including tax considerations), or operational interconnections which have to be removed or mitigated to execute an effective transfer of this portfolio. If barriers to the separability of this portfolio are detected, these barriers will have to be addressed as part of the resolvability assessment process. The work on separability will require numerous meetings with the banks for the staff of the resolution function, over several years.

8. **Ideally, in the interest of healthy competition, transfer transactions should be open to as many potential buyers as possible, including financially sound domestic financial entities that are larger than the defaulting bank, or foreign entities.** The BCC should only allow banks that are determined to be financially sound to act as an acquirer. In cases such as the DRC, where the financial system is small, it is difficult to ensure the confidentiality of the search process for a buyer of a troubled bank. The head of the resolution function could consider approaching informally the country's largest institutions to gauge their potential interest in acquiring assets and liabilities of a troubled bank, if the possibility were to materialize. While such discussions will need to remain at a high level (no confidential information may be disclosed in those talks), any insights gathered by BCC staff may aid subsequent marketing efforts in the context of the preparation of an actual resolution—at which time interested institutions will be asked to sign a robust confidentiality agreement. Non-interested institutions should be advised not to say anything about the occurrence of such discussions.

9. **The potential buyer should have the opportunity to conduct due diligence on the assets and liabilities of the defaulting bank that would be transferred.** Care must be taken, however, to ensure that this due diligence remains confidential to avoid sending negative signals to depositors. The potential buyer must, therefore, have signed a legally sound and robust confidentiality agreement before any due diligence steps are taken. The exercise of due diligence will allow the potential buyer to review key information about the assets and liabilities that would be included in the transfer, as input for their

[3] The banking law lays down the regime of this tool in an Article 130.5 which allows the BCC to "take any act of disposition, in favor of the State or any other person, of national or foreign, public or private law, including companies created especially for this acquisition, whether they involve transfers, sales or contributions relating to: (…) assets, liabilities or one or more branches of activity and more generally, all or part of the rights and obligations of the credit institution concerned" .

bids. The potential buyer should be given adequate review time, keeping in mind the urgency of the resolution process. For all the assets and liabilities identified to be transferred, a best practice is to expect from the banks that they have the ability to give easy and swift access to necessary data to all relevant stakeholders through the set-up and population of a ‘virtual data room’ (a virtual data room is intended to be an online facility where documents and information to perform a due diligence are uploaded).

10. **Only if there is no buyer willing to participate in a partial sale, and if it is considered that liquidation could pose financial stability risks, a bridge institution may be used.** A bridge institution is created to continue the viable business and critical functions of the defaulting bank (e.g., deposits and good assets) until a private buyer is found to take over those activities. Using the bridge institution tool, the resolution authority can transfer from the defaulting bank to the bridge institution the “good assets” (including performing loans) and part of the liabilities (notably deposits that, for financial stability reasons, the resolution authority does not wish to leave in the entity to be liquidated). These assets and liabilities are then transferred to a temporary bridge institution, whose capital is held by the state, and the residual failing bank is placed in liquidation, with the resulting losses absorbed by former shareholders. The bridge institution can then be offered for sale to private buyers as soon as there are expressions of interest for it. Since the bridge institution is a new legal entity, different from the bank in default, it does not carry the contingent or hidden liabilities of the bank in default (e.g., off-balance-sheet commitments or legal disputes against the bank in default). The mission provided in Appendix II a template decision on transfer to a bridge institution to serve as the basis for the BCC's work.

11. **The SRR in the banking law does not contain specific provisions on the bridge institution, which would specify its functioning, governance and the modalities of its execution.** The terms “bridge institution” or “bridge bank” do not even appear in the banking law but the power to establish such institution exists. According to the banking law, the BCC has the power to establish a new institution and to take the decision to transfer to it all or part of the assets, liabilities, and off-balance-sheet items, as well as shares or other securities of an institution that is subject to resolution (Article 130.5). A good practice is to provide in the law that the bridge institution has a limited lifespan (for instance of up to two years), which may be extended (for instance, for one year). This limit is in line with good resolution practices. It is also good practice for a bridge institution to have a clear shareholding structure, sound governance, and to comply with regulatory capital requirements. When the bridge institution tool is executed, a realistic exit plan should be drawn up as soon as possible so that the state participation is transferred to the private sector as soon as this is economically and financially feasible.

12. **The operationalization of the bridge institution tool requires additional clarifications from the BCC and the Ministry of Finance.** The BCC must issue a bank license to this bridge institution as soon as possible, approve its articles of association, and appoint the members of its board of directors and senior management. The time horizon over which these decisions will have to be taken and implemented, following the failure of the sale process, is left undefined by the law. This means that the BCC must continue its efforts to operationalize the bridge institution tool drawing on the sequence of resolution actions (timeline of resolution actions) prepared with the mission. The mission emphasized that the BCC should not become a shareholder of the bridge institution, or participate in its capital, in view of the associated conflicts of interest with its other tasks—in particular, being the resolution authority and the supervisor of financial institutions. The BCC should therefore discuss with the Ministry of Finance to clarify the composition of the capital of a bridge institution and to operationalize the procedure for setting it up (e.g., by pre-drafting its articles of association and identifying potential managers that would meet fit and proper criteria).

13. **The mission shared good practices regarding the three categories of valuations in resolution.** The three categories of valuations (See Box 2. “Valuations in resolution”) are already in the SRR adopted by the DRC although they are not referred to as such: Valuation 1 serves to determine that resolution should be triggered and it may be based on Article 122 of the banking law; Valuation 2 serves

to accurately assess the losses, the possible resolution strategies and the resolution funding needs, it may be based on Articles 127 and 130 of the banking law; Valuation 3 serves to assess the losses that would have been incurred by shareholders and creditors if the bank had been liquidated and -if applicable- whether they should be compensated and it may be based on Article 126, paragraphs 2 and 3, of the banking law. Valuation 3 is probably less intuitive than the others. It is used to determine whether shareholders/creditors did not receive in resolution at a minimum what they would have received in a liquidation of the firm under the applicable insolvency regime ("no creditor worse off than in liquidation" (NCWO) safeguard). This comparison is necessary to ensure that the fundamental rights of shareholders and creditors have been protected.

Box 2. The DRC: Valuations in Resolution

Valuations should be made prior to adopting resolution actions to ensure that all expected losses are properly estimated and taken into account at the time of resolution.

Valuations are to inform several decisions

- Whether the conditions for triggering resolution have been met;
- Which resolution tools should be used;
- The extent of any cancellation, dilution, transfer, write-down or conversion of shares, capital instruments or other liabilities;
- The value at which assets, liabilities or securities are to be transferred under a transfer tool;
- The consideration paid by the Resolution Authority to creditors and shareholders in respect of any assets, liabilities or securities transferred; and
- What compensation, if any, to be paid to shareholders and creditors if they are worse off in resolution than in normal insolvency.

A good practice in terms of resolution valuations may be found in the European directive on resolution (BRRD), which provides for three categories of valuations to be carried out during a resolution:

Valuation 1

- It aims at estimating the accounting value of a firm's assets and liabilities.
- It informs the determination of whether the first condition for resolution is met ('failing or likely to fail').
- The Resolution Authority could rely on supervisory asset quality reviews in lieu of conducting a separate valuation.

Valuation 2

- It aims at estimating the economic value of a firm's assets and liabilities.
- It informs:
  - the extent of resolution action necessary,
  - the choice and use of resolution tools, and
  - the market value of the equity of the firm post-resolution.

Valuation 3

- It estimates the outcomes for shareholders and creditors had the firm entered insolvency instead of resolution.
- It helps determine the 'no creditor worse off' compensation post-resolution.

14. **A regulation should set out the minimum conditions of independence and competence that appraisers should comply with and certain rules on resolution valuations.** A clear division of roles and responsibilities between the resolution authority, the appraiser and the entity in resolution is essential to produce timely and robust valuations. For example, the resolution authority should inform the appraiser to prepare Valuation 2 of the resolution measures it plans to take and should ensure that an acceptable valuation process is implemented. The appraiser should form his own judgement about the valuation assumptions and methodologies to be used, but good practice would be for the regulation to stipulate that valuations must be fair, prudent and realistic, and be based on conservative assumptions. The entity in resolution should provide the appraiser with prompt access to its data, information, documents, and competent personnel. It is recommended that the BCC appoints an independent

appraiser to conduct the resolution valuations, for example an audit firm from the DRC or from another French-speaking African country, whenever feasible. The independent appraiser must possess the necessary skills and resources and must meet the criteria for independence. Sometimes, Valuations 1 and 2 have to be carried out in a very short timeframe due to a critical situation and, as a result, not all the necessary information is available to make a complete estimate of assets and liabilities. In such circumstances, a provisional valuation can be conducted by the resolution authority, with a final valuation by an external appraiser to be conducted at a later date.

B. Resolution Funding Mechanism

15. **Resolution tools need a resolution funding mechanism.** By the time a bank fails, or is close to failing, its capital and liquidity will have been seriously eroded. Even if the resolution authority believes that it can trigger the resolution before the bank is insolvent, thus benefiting from a level of capital that is still positive, the independent Valuation 2 (see Box 2. "Valuations in resolution") or the disclosure of adverse transactions previously unknown to the authority may reveal a resolution funding need larger than initially anticipated. Some form of resolution funding mechanism is then necessary to make resolution measures effective; for example, to contribute financial resources to support the transfer of deposits to a buying bank if the amount of loans transferred (which is an asset) is significantly lower than the amount of deposits transferred (which is a liability), or to capitalize a bridge institution. This resolution funding mechanism is separate from the process through which the central bank should be able to provide liquidity support to a bank in resolution, subject to adequate safeguards, possibly through ELA (see Section C on liquidity in resolution).

16. **A prefunded deposit insurance system may provide a financial contribution to support resolution measures, but its financial resources will be insufficient in the case of the default of a systemic institution.** The banking law includes an article on the mandate of the deposit insurance fund (FGD), but it does not provide for a "paybox +" mandate, which would enable the FGD to provide funding notably to support the transfer of assets and liabilities of an institution in resolution (instead of a payout of covered deposits). A "paybox +" mandate in the law should attach certain statutory conditions to this funding, such as a continued access to deposits, the imposition of losses on shareholders and unsecured creditors, and a "least cost" principle for the FGD. The mission conducted practical resolution exercises based on fictional cases to show the BCC team how a modernized FGD could provide financial support for resolution measures, in compliance with the conditions that should be set forth by a law reflecting statutory conditions consistent with the international standards (such statutory conditions are not yet in place in the DRC). It explained the financial limitations of this mode of resolution funding: in practice, the financial contribution provided by the FGD should be complemented by a temporary and exceptional public funding mechanism.

17. **The banking law does not provide for a public resolution funding mechanism consistent with international standards, even though DRC banks have weak internal recapitalization capacities.** The DRC's financial system is characterized by banks whose internal loss-absorption and recapitalization capacity is weak. Banks are mainly funded by deposits. There is no funding available to support the establishment of a bridge institution in resolution. Also, the law does not specify how to pay compensation to shareholders or creditors in the event that Valuation 3 shows that they incurred greater losses as a result of resolution than they would have incurred if the bank had been placed in liquidation under ordinary liquidation proceedings (the NCWO principle is recognized in Article 126.3). The Law on the BCC contains an old financial support mechanism for problem banks which is no longer fit nor in line with international best practices. Article 20 of the BCC Law of 2018 (see Box 3) authorizes the BCC to extend "special credits" to insolvent banks, on behalf of the government, with an explicit government guarantee to the BCC when the latter provides solvency support to a bank. These special credits present several limitations, in particular: (i) they do not allow the capitalization of a bridge institution, which may

result in a situation where a financial institution in default or a bridge institution exists for an indefinite period without having the minimum capital required; (ii) there is no precondition for public support that all the losses have been imposed on the shareholders and, where appropriate, on the unsecured and uninsured creditors of the failed institution; (iii) in practice, the state has no effective guarantees in exchange for its financing, and its position in the hierarchy of creditors in liquidation is very low for this type of financing (see Article 165 of the banking law), which makes it very likely that any special credits will lead the state to incur losses; (iv) there is no ex post recovery from the financial industry of the costs borne by the state.

Box 3. The DRC: "Special Credits" in Article 20 of the Law on the BCC

Article 20

The Bank may grant special credits or carry out other financial operations, including guarantees, to systemically important credit institutions whose solvency is compromised, or which have been the subject of an exceptional recovery measure taken by the Bank.

The decision to grant such credits or to carry out other financial operations is taken according to the terms provided for in the agreement indicated in article 22 of this law. These credits and operations are concluded in the name of the Bank and on behalf of the State. They are automatically guaranteed by the State in favor of the Bank against any loss.

The Bank endeavors to cover these credits and operations with appropriate guarantees.

Article 22

The Ministry of Finance in its attributions and the Bank conclude an agreement to define their cooperation and the modalities of execution of their respective tasks in relation to the stability of the system financially. Subject to their approval, other national authorities may become parties to this agreement.

18. **The BCC should clarify with the government the use of a modernized resolution funding mechanism.** The KAs contemplate three alternative forms of resolution financing mechanisms (KA 6.3): (i) a deposit guarantee scheme financed by the banking industry; (ii) a special resolution fund; and (iii) a financing mechanism with ex post recovery from the financial industry of the public costs of temporary financing provided by the official sector (i.e., the government). In the case of the DRC, the first mechanism does not exist, and the mission stressed its limits; the second seems disproportionate, in particular because it must be prefunded. The third option seems the most proportionate but requires the government's agreement and, probably, legislative action. As per the KA, any provision of temporary funding by the government should be subject to strict conditions that minimize the risk of moral hazard, and should include determinations that (i) the provision of temporary funding is necessary to protect financial stability and will permit implementation of a resolution option that is best able to achieve resolution objectives; (ii) private sources of funding have been exhausted or cannot achieve these objectives; and (iii) losses are allocated to shareholders and, as appropriate, to unsecured and uninsured creditors and the industry at large. The mission emphasized that the central bank should not be tasked with funding resolution actions and that its role should be strictly circumscribed to providing liquidity when appropriate. The mission conducted practical resolution exercises, based on fictious cases, to show the BCC team how this temporary and exceptional public financing could provide financial support for resolution measures, while respecting the conditions set out in the law. The BCC should now work out with the Ministry of Finance how to set up the modalities for granting and then recovering temporary public funding, ensuring that the remaining costs of resolution are borne by credit institutions and potentially other financial entities established in the DRC, through exceptional contributions levied after the completion of the resolution procedure—while duly considering the ability of banks to absorb the levies (which may imply delayed introduction of the levies, to ensure that the shocks that contributed to

bank failures have waned and the financial system retains adequate buffers after the levies have been paid). The mission shared the experience of exceptional contributions levied on the financial sector following the Ghana banking crisis (see Appendix V).

C. Liquidity in Resolution

19. **A bank in resolution is likely to have large liquidity needs.** Regarding liquidity in resolution, the international standards recommend that liquidity in resolution should rely on three successive "lines of defense" : (i) in resolution, a recapitalized firm's internal liquidity sources should be used to meet funding needs to the extent possible (e.g., cash and other liquid assets available for sale or use as collateral that are held by the firm); (ii) secondly, financial markets and private sources of liquidity should be the preferred source of liquidity in resolution, if necessary with public guarantees; and (iii) ultimately, to the extent market access to funding is not available or sufficient, a credible public sector backstop mechanism should be in place to enable the temporary funding needs of the firm to be met to the extent necessary to maintain the continuity of critical functions in resolution, subject to strict conditions that minimize the risk of moral hazard.[4]

20. **The central bank must be prepared to provide liquidity, under certain conditions, to a bank which is considered systemic and viable under the resolution plan being implemented.** The assessment of viability of a bank under resolution depends largely on the resolution measures to be implemented by the resolution authority, their feasibility, their financing, and their timely execution. Even if resolution measures restore the solvency of a failing institution or help ensure continuity of critical functions through the establishment of a bridge institution, liquidity pressures may still materialize, at least until depositors' confidence (and counterparties' confidence in the interbank market) is restored. Faced with such risks of liquidity shortage in the short term, the BCC should ensure that potential liquidity needs are carefully considered in resolution planning and resolution decisions. The BCC should urgently determine a suitable mechanism for providing liquidity support in a resolution context (e.g., via an ELA framework consistent with international best practices, including with respect to ELA in FX, as recommended by AFC's technical assistance on the topic).

D. Power of Liquidation

21. **The BCC is vested with the resolution power to liquidate failing banks.** The banking law provides that the BCC may initiate liquidation proceedings for the bank in resolution (Article 135). However, the BCC will have to prepare for such a decision properly, since of the three situations provided by the law, the first two would not apply to liquidating the residual part of a bank in resolution[5]. The third situation could apply ("the credit institution is no longer able to meet their financial obligations and no longer able to find a source of funding on the markets") provided that no financial resources have been injected into the bank in resolution before transferring its assets/liabilities to a buyer or to the bridge bank.

22. **The adoption of the deadlines provided for in the relevant OHADA acts would help to prevent the cost of bank liquidation from exceeding the value of the assets.** In theory, the DRC may benefit from the existence of a general court-ordered liquidation regime through the application in the

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[4] A example of this approach of three lines of defense may be found in the June 2025 joint statement of the Swedish authorities on liquidity in resolution : [Joint approach regarding liquidity support in bank resolution - Riksgälden.se](#).

[5] The first refers to "the situation where the financial situation of the institution would have deteriorated so severely that resolution would no longer be relevant"; the second refers to "the situation where the resolution administrator would have completed their tasks without the institution being able to meet its financial commitments".

DRC of the Uniform Act Organizing Collective Proceedings for the Clearance of Liabilities, issued by the Organization for the Harmonization of Business Law in Africa. But the banking law contains an administrative liquidation regime which is an exception to the general regime for insolvency proceedings provided for by the OHADA acts. The adoption of the deadlines provided for in the relevant OHADA Uniform Act for the closure of liquidation proceedings would help to prevent the cost of the liquidation from exceeding the value of the assets (Article 216 of the OHADA Uniform Act on the Laws of Corporations requires that liquidation be closed at the maximum within three years). The BCC prefers to delegate the role of liquidator of residual banks to a professional insolvency practitioner. The BCC should be able to find bank liquidation experts in French-speaking countries applying OHADA. The core powers provided to the liquidators in the case of bank liquidation should not depart significantly from the liquidator's powers in a typical corporate insolvency proceeding. Such powers usually include the following: (i) prepare the payment of the insolvency's debts and preserve the rights of the insolvent estate; (ii) verify and rank claims according to the creditor hierarchy; (iii) represent the insolvent estate in all legal acts and proceedings; (iv) sell and choose the method of selling the assets of the insolvent estate; (v) pay creditors (according to the creditor hierarchy in the applicable law); and (vi) prepare and present the final insolvency accounts to the judge and the bodies representing the creditors. In practice, bank liquidation in the DRC takes years to be closed, the oldest ongoing liquidation at the time of the FSSR had been initiated in 1998.

II. Establishment of the Resolution Function and of its Procedures

A. Establishment of the Resolution Function and Coordination between Resolution and Supervision

23. **It is essential to operationally separate the resolution function from the supervisory function so that the resolution function can focus on the preparation of resolution plans and the exercise of resolution powers.** The BCC has implemented the recommendations of the FSSR on the structural separation between the resolution and supervision functions. A new BCC directorate, the Financial Stability Directorate (which includes a Resolution Division), is responsible for handling failing institutions and reports hierarchically to the BCC Board, which is chaired by the Governor, the Governor alone being the decision-making body on resolution matters. The Resolution Division is led by a manager experienced in bank supervision issues and composed of five agents, three legal experts and two economists. The DSF/Resolution Division has taken over the monitoring of liquidations of credit and microfinance institutions from the DSIF, and is responsible for: (i) building the safety net for the financial sector, primarily the resolution of ailing banks and the systemic crisis management framework; (ii) coordinating the work relating to the resolution of credit institutions; and (iii) operationalizing the framework for the resolution of credit institutions. These tasks and organization are in line with the previous recommendations and with the good practices in terms of the organization of a resolution function.

24. **The supervisory and resolution functions must be separated but internal mechanisms and protocols must be established to ensure the smoothest possible exchange of information and very close coordination between these two functions of the BCC.** Establishing clear arrangements for coordination and information sharing between a newly established resolution function (DSF) and the bank supervision function (DSIF) is an essential condition for an effective crisis management framework. Ideally, there should be seamless information sharing and a sharing of databases between the supervisory and resolution functions within the BCC, including the sharing of individual information on each bank, both quantitative and qualitative. Regarding interactions with banks, particularly in the preparation of resolution plans, the resolution function of the BCC will need to closely coordinate with other directorates of the BCC, especially with the DSIF.[6] This can be done, for example, by inviting the DSIF to participate in meetings with a bank regarding the preparation of its resolution plan. Conversely, the DSIF may invite the DSF to its meetings with banks regarding their recovery plans.

25. **The BCC should continue to strengthen the skills of its team in bank resolution and restructuring and in crisis management.** In 2025 the DSF teams completed the virtual training provided by the BROC online course and DSF director completed the in-person training offered by the African Training Institute on the management of banking crises.[7]

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[6] Appendix IV provides a table on the allocation of tasks and coordination between Supervision and Resolution.

[7] Bank Restructuring and Resolution, https://www.imf.org/en/Capacity-Development/Training/ICDTC/Courses/BR.

B. Coordination at Domestic Level (Financial Stability Committee)

26. **A Financial Stability Committee (FSC) was established by an agreement signed between the Ministry of Finance and the BCC.** The Committee comprises the Minister of Finance, the Governor of the BCC, the President of the Insurance Regulatory Authority, and members of the Technical Secretariat of the FSC, which is composed of some 20 advisors and directors from the BCC and the Ministry. The FSC is intended to be expanded to include future financial sector authorities, in particular when a capital markets authority is formed. The FSC facilitates coordination between authorities, without prejudice to the respective mandates and competencies of the participating authorities; in particular, it has been used to coordinate between the BCC and the Ministry of Finance the treatment of previously resolved banks, in particular for the injection of public funds ("special credits"). The FSC also has the function, according to its establishing text, of coordinating the authorities in the analysis of systemic risks and the implementation of macroprudential policies.

27. **The FSC could be complemented by another, more operational, crisis management coordination structure.** This will be necessary in particular when a deposit insurance system is established in the DRC. Indeed, international standards (Core Principle 6.3 of the IADI Core Principles for Effective Deposit Insurance Systems) state that "The deposit insurer shall be a member of any permanent institutional framework coordinating the actions and communication of financial safety net members regarding crisis preparedness and management at the system level." Where a financial stability committee comprises the financial sector authorities with a mandate covering both macroprudential and crisis management policies, IMF staff would typically recommend that the committee have two standing groups: one on macroprudential policies and another on crisis management, including the deposit insurer.

C. Resolution Manual

28. **The term "resolution manual" refers to a document, to be endorsed by the decision-making body on resolution matters, that sets out policies and procedures for undertaking the key organizational functions of a resolution authority.** A resolution manual (other terms in usage are "handbooks" and "playbooks") is useful to help ensure a resolution authority undertakes its functions in an organized and effective manner. It is particularly important where the functions involve legally mandated responsibilities and activities, and the use of legal authorities and discretions.

29. **The resolution manual makes the operational link between the statutory resolution regime and the individual resolution plans.** The statutory regime will lay down some policies, but it will likely also leave flexibility on some aspects where the resolution authority will have to develop and formalize its own policies. Some policies will be laid down in the resolution manual, for example, on the procedure to select valuers/appraisers to carry out resolution valuations, or to select the bank directors for a bridge bank. By laying out these policies in the resolution manual, the resolution authority will avoid having to repeat them in each individual resolution plan. Individual resolution plans can therefore focus on those parts that are bank-specific, such as the impact of resolution scenarios on the specific bank, the resolution strategies for a specific bank and how the strategies will affect the bank's structure and balance sheet post-resolution, the assessment of the critical functions in a specific bank, etc. In operational terms, it is important to articulate the resolution manual and the resolution plans to avoid duplication of work.

30. **While there is no standard format, the core of a resolution manual is often detailed through step-by-step procedures that guide the actions of the organization's management and staff and provide clarity as to what individuals are expected to do.** Procedures likely will form the bulk of a resolution manual. The procedures often specify decision points that may lead to the use of further procedures. The resolution manual should address not only procedures that are likely to have to be implemented but also must envision contingency procedures. Having a comprehensive set of

procedures in place and adhering to them can also be important when the organization's actions are subject to a challenge in the courts, as is often the case in the field of bank failure resolution.

31. **A resolution manual also needs to incorporate policies adopted by the decision-making body of the resolution authority.** Policies generally guide the fulfillment of the organization's legal responsibilities and activities, and the use of its legal authorities and discretions. Policies should provide guidance, for example, on how to interpret relevant legal texts when decisions need to be taken, or may need to be taken, and on how management and staff are to make judgements and use discretions. They may also provide guidance on what is expected that management and staff will not do, even if it might be permissible under law. Policies can be set out separately in a resolution manual or they can be embedded in step-by-step procedures. Lastly, a resolution manual can be used as training material or a source of guidance for new staff of the resolution authority.

D. Outline of a Resolution Manual

32. **The following is a suggested structure (outline) for a resolution manual**:

a) ***Confidentiality level*****.** The resolution manual may determine the confidentiality regime to be applied to documents used or produced by the resolution authority, or it could refer to the classification system already in place within the authority in which the resolution function is located (e.g., the central bank).

b) ***Background*****.** Including: (i) citation of legal provisions that relate to the subject, addressing the authority's responsibilities, activities, authorities, discretions, and restrictions on the use of legal authorities; (ii) the authority's internal delegations of institutional responsibilities (e.g., are all resolution decisions taken by a board or a decision-making body or are there delegations in place from the board to specific individuals?); (iii) an overview of the division's responsibilities and duties relevant to the subject (e.g., tasks that must be fulfilled, required reporting, etc.); and (iv) the general responsibilities and authorities of the specific managers and staff (i.e., who is responsible for what with respect to the subject).

c) ***Policies*****.** The resolution manual should describe the policies the resolution authority or the division has adopted relevant to the subject, including citations of specific policy documents. For instance, the resolution authority may wish to elaborate its policy to declare that a bank is no longer viable or likely to be no longer viable according to the provisions of the statutory resolution regime (in the DRC the law says: "when the seriousness of a credit institution's situation threatens its solvency and viability"), without being willing to describe these policies in a public document, such as an implementing regulation. The resolution authority may also document its interpretation of certain provisions of the statutory regime as the authority does not have the power to amend the laws but has the task of implementing them.

d) ***Procedures*****.** Detailed step-by-step procedures to be followed for the execution of resolution tools and powers internally within the division, in collaboration with others in the authority (e.g., other departments or divisions); in collaboration with other domestic authorities and with outside stakeholders (e.g., supervised firms, financial market participants, media, and foreign authorities). Procedures may refer to the operational steps of a timeline of resolution actions. Very often resolution manuals contain decision trees of potential situations during a resolution, possible responses adopted by the authorities and the subsequent steps, depending on one response or another which is implemented.[8] The resolution manual may also prepare the implementation of a virtual or physical "crisis room" by the resolution authority, describing the steps to make the crisis room operational in times of crisis (membership and governance, variable geometry, infrastructures used by the crisis room, rules on the management and sharing of confidential information).

33. **From the perspective of front-line staff (i.e., experts), the procedures specify their duties and responsibilities**, including (i) work that must be performed; (ii) factors that need to be considered or assessed; (iii) spreadsheets or documents that need to be completed; (iv) reports that need to be prepared; (v) required routine reporting to managers; and (vi) responsibilities for escalating issues, concerns, or problems to managers. The procedures also address steps for documenting the work, judgments, and decisions of front-line staff.

34. **From the management's perspective, the procedures specify their duties and responsibilities**, including (i) the authorities of the managers (e.g., who decides what, who approves what, etc.); and (ii) requirements and steps for reporting upward to, and for obtaining required authorizations and approvals from, the senior management and the relevant decision-making body. Procedures specify requirements and steps for interacting with official institutions outside the authority and with other stakeholders. The procedures also address steps for documenting the work, judgments, and decisions of managers.

35. **Resolution manual maintenance.** The resolution manual is a living document, and the management of the resolution authority should determine who is responsible for updating it and keeping it current. This may be an individual or a small team.

36. **Possible annexes.** Among them could be: (i) procedure flowcharts or maps, such as a timeline of actions to implement resolution tools (like the timelines prepared with the support of this mission); (ii) templates for legal documents, such as decisions to be taken by the resolution authority (e.g., the decision to trigger the resolution of a bank, considering that the conditions set out in the law have been met; or the decision to transfer assets/liabilities to a bridge institution)[9]; (iii) templates for other documents (e.g., documents to be completed when undertaking analyses to ensure procedures are followed and relevant information has been considered, documents for notifications and reporting, documents for recording work, etc.); (iv) lists of relevant individuals, titles and contact information; (v) legal texts relevant to the resolution manual; and (vi) list of relevant policy documents (if not included in a separate section of the resolution manual).

[8] Appendix III contains an example of decision tree.

[9] Appendix II contains a template for bridge bank transfer decision.

III. Drafting of Individual Resolution Plans

37. **This part of the report aims to support the BCC in the drafting of individual resolution plans for financial institutions, including the process of assessing the resolvability of each financial institution.**[10] At the end of the mission, IMF staff advised the BCC to start drafting bank-specific resolution plans, using the resolution plan template in Appendix I as guidance. This template follows international standards (KAs of the Financial Stability Board (FSB) and FSB guidelines) and best practices. The drafting of resolution plans and the process of assessing the resolvability of each financial institution is an iterative process which will require numerous meetings with the banks for the staff of the resolution function, over several years. To perform these new and resource-intensive activities the resolution authority needs to increase its staff and expertise.

A. Resolution Plan Template based on Best Practices

38. **The structure of resolution plans should follow existing international standards and best practices.** A resolution plan must facilitate the effective use of resolution tools and powers to preserve critical functions, with the objective of making it feasible for any entity to be resolved, without causing severe disruption and without exposing taxpayers to losses. Resolution plans are not normally made public, and it is difficult to use actual individual plans to refer to good practices. However, the resolution plan template in Appendix I includes all the elements listed below, as recommended by the FSB in its documents on this topic[11]:

1) A summary of the envisaged resolution strategies and an operational plan for their implementation; it is important to pay particular attention to the summary of the plan to ensure a good understanding within the resolution authority of the issues related to the resolution plan and its credibility;

2) A strategic analysis of the bank's business model that supports the proposed resolution strategies;

3) The conditions for intervention by the resolution authority, describing the conditions required to trigger the resolution procedure; these conditions should consider at least two resolution scenarios: an idiosyncratic scenario (specific to the bank alone) and a systemic scenario (broader crisis);

4) Practical options for executing resolution actions, specifying which resolution tools and powers would be adopted in response to each resolution scenario;

5) Preparatory actions to ensure that resolution measures can be implemented in an efficient and timely manner;

6) Details of any significant impediments to the effective and timely implementation of the plan; and

[10] The terms "financial institution" are not intended here to refer to categories according to the banking law but to encompass all entities possibly subject to a SRR.
[11] KA I-Annex 4 ("Essential Elements of Recovery and Resolution Plans"): https://www.fsb.org/wp-content/uploads/I-Annex-4-Essential-elements-of-recovery-and-resolution-plans.pdf

7) Responsibilities in the execution of preparatory measures triggering the implementation of the plan and adopting resolution measures.

39. **The first element of a resolution plan is the strategic analysis of the bank's business model.** The business model's strategic analysis identifies the critical functions the financial institution provides to external customers, and the critical shared services that are necessary to operate those critical functions. The strategic analysis of the business model should include the following[12]:

1) Identification of critical functions related to the legal entities that perform them;

2) The actions necessary to maintain these critical functions, including the funding needed to maintain them (see also the Section on the resolution funding mechanism);

3) An assessment of the viability of any critical function, line of business, or legal entity that could be separated into a resolution scenario, as well as the impact of such separation on the residual legal entity or group and its viability;

4) An assessment of the likely impact of the liquidation of business lines that are not considered critical functions, including the potential impact on clients, financial sector counterparties, and market confidence;

5) Significant potential obstacles to an effective separation of these critical functions or lines of business; and

6) Processes for determining the value and likelihood of being able to sell critical functions and significant lines of business, operations, and assets.

40. **The resolution plan should develop a preferred resolution strategy ("Plan A") and an alternative resolution strategy ("Plan B").** The resolution strategies developed in the resolution plan should be consistent with the resolution tools and resolution powers conferred on the resolution authority by the legislative resolution regime.[13] The resolution plan should develop a preferred resolution strategy to carry through each resolution scenario. Under the SRR applicable in the DRC, the preferred resolution strategy will likely be based on the partial sale tool. If this preferred resolution strategy cannot be implemented—due to lack of time, data, or an acceptable acquirer—the creation of a bridge bank could be a suitable alternative for systemically important banks.

41. **After determining the resolution strategy, the resolution plan should specify how the resolution authority would apply the resolution tools.** The resolution plan should describe how the resolution authority would implement the recommended resolution tools and its resolution powers. Given the very simple structure of most financial institutions in the DRC, the resolution tools will generally be applied at the level of a single institution (so-called "single point of entry" strategy[14]) but the subsidiaries of foreign banking groups in the DRC require a specific strategy (see Section D).

42. **To be effective, a resolution plan must cover, among others, the financial resources needed, as well as measures to ensure operational continuity.** First, the resolution plan should describe the financial resources that would be mobilized by the resolution authority to effect the envisaged resolution strategy. Conceptually, these financial resources can either be internal to the entity

[12] "Essential Elements of Recovery and Resolution Plans," Section 2.3.
[13] FSB "Guidance on Developing Effective Resolution Strategies." https://www.fsb.org/2013/07/r_130716b/
[14] FSB "Guidance on Developing Effective Resolution Strategies." https://www.fsb.org/2013/07/r_130716b/

(e.g., the conversion of certain liabilities to replenish equity) or external (i.e., through the use of the resolution funding mechanism). Second, the resolution plan must detail the operational continuity of the resolved entity, in particular with respect to service contracts for the provision of IT services.[15] Third, the resolution plan must determine whether the entity in resolution will maintain all of its holdings in financial market infrastructures and, if so, how (for example, participation in the local payment system, and how the bank will maintain its access to payments in dollars via correspondent banks). Fourth, the resolution plan should describe the potential sources of liquidity provision to the resolution entity, without taking for granted that the liquidity will be provided by the central bank or other public entity. Fifth, in the event that the defaulting entity has a large number of financial contracts outstanding, the resolution plan should detail how the 'stay' power on the termination thereof would be implemented.

B. Resolvability Assessment and Removal of Impediments to Resolvability

43. **The BCC should regularly undertake resolvability assessments of, at least, the systemically important entities under their responsibility as resolution authority.** The banking law provides for "regular updates" of the resolution plans (Article 89) - an update every two years or after a significant change in the entity's activity would be an adequate periodicity for the DRC. Periodic resolvability assessments should assess the feasibility of resolution strategies and their credibility in relation to the likely impact on the financial system and the real economy in the event of the failure of the entity concerned. In addition, they can be used to measure the effectiveness of information systems used by financial institutions, including their ability to identify and report their most significant assets and liabilities for resolution planning purposes. The resolution authority should conduct these periodic resolvability assessments in coordination with other relevant authorities and assess in particular (KA 10.2):

1) To what extent can critical functions continue to be performed;

2) The nature and size of intra-group exposures and their impact on resolution, if they were to be reduced and cancelled;

3) The capability of the institution to deliver sufficiently reliable and detailed information in a timely manner to support resolution, whether such information relates to assets or liabilities; and

4) Robust cross-border cooperation and information exchange agreements.

44. **Resolvability assessments should be conducted in close cooperation with the institutions concerned (in cross-border situations these should include relevant foreign authorities).** Resolvability assessments and the resulting actions of the resolution authority shall form an integral part of the resolution planning process. The BCC is encouraged to implement a five-step resolvability assessment process[16]:

1) A qualitative and quantitative assessment by the BCC, of the extent to which the financial institution is resolvable, given its structure and the resolution regime to which it is subject;

[15] KA 11.7: "Firms should be required to ensure that key Service Level Agreements can be maintained in crisis situations and in resolution, and that the underlying contracts include provisions that prevent termination triggered by recovery or resolution events and facilitate transfer of the contract to a bridge institution or a third-party acquirer."
[16] KA, "I-Annex 3: Resolvability Assessments" https://www.fsb.org/wp-content/uploads/I-Annex-3-Resolvability-assessments.pdf

2) In cases where the institution belongs to a group, is listed on a stock exchange, or operates on a cross-border basis, the BCC shares that assessment with other relevant authorities;

3) The BCC communicates to the institution the impediments it must address to enhance resolvability;

4) The institution and/or one or more competent authorities adopt measures to remove any identified impediments; and

5) Re-assessment of resolvability by the BCC as resolution authority.

45. **In the event that the measures proposed by the financial institution do not effectively remove or mitigate the impediments identified, the BCC has several options.** The BCC may (Article 93 of the banking law): (i) require changes to intra-group financing or service contracts to ensure the continuation of critical functions; (ii) limit exposures; (iii) require additional information; (iv) require the disposal of specific assets; (v) require the limitation or sale of certain current or planned activities; (vi) restrict or prohibit the development of new or current activities; (vii) require changes in the legal, economic, legal or operational structure of the credit institution or of its subsidiaries.

46. **Over the long term, the BCC should require banks to develop their internal loss-absorbing and recapitalization capacity.** However, the banking law does not mention the possibility for the resolution authority to require the institution to increase its loss-absorbing and recapitalization capacity for resolution purposes. The implementation of these new requirements for internal capacity to absorb losses and recapitalization is not a priority given the current structure of the DRC's financial system (banks do not issue negotiable debt securities and there is no financial market). Over the long term, however, the BCC should require banks, at least those considered to be systemically important, to develop their internal loss-absorbing and recapitalization capacity in order to reduce the risk of having to rely on the publicly funded resolution funding mechanism. This would imply the development of domestic primary and secondary capital debt markets to enable the issuance and trading of loss absorbing capacity debt instruments. For the subsidiaries in the DRC of foreign banking groups, an internal absorption capacity within the group can be implemented without waiting for the development of the local financial market, as Article 93 of the banking law provides for the power of the BCC to: "require changes to intra-group financing (…) to ensure the continuation of critical functions." This power would allow for the implementation of a group resolution strategy, to be organized with the home authorities, based on subordinated debt subscribed by the parent companies of the banking subsidiaries in the DRC (see Section "D. Cross-border resolution planning").

C. Reporting and Regulatory Requirements to Support Resolution Planning

47. **The BCC should rely as much as possible on financial institutions to provide the necessary information to facilitate the preparation of resolution plans.** The resolution authority shall have unhindered access to financial institutions for the purposes of resolution planning and preparation for the implementation of resolution actions. The resolution authority would benefit from establishing in advance reporting obligations for financial institutions (e.g., resolution planning reporting forms) and ensuring that they have in place effective information systems that would enable them to provide timely and reliable information for resolution planning purposes, or in the implementation of resolution decisions.

48. **In practice, the most frequent information requests for resolution planning relate to**:

1) Information related to the bank's structure, critical functions, or interconnections (e.g., on intra-group guarantees or credits, or the institution's dependence on other entities in a group for liquidity, own funds, or support functions such as legal, IT, or human resources functions);

2) Proposals for the transfer perimeter and potential impediments to this transfer;

3) An analysis of the operational consequences of a resolution strategy (i.e., the challenges to ensure the operational continuity of critical functions); and

4) A description of the processes to be implemented in order for the resolution authority to have access to particular information when resolution is triggered.

49. **A good practice is to use the resolvability assessment exercise to strengthen the framework around valuations.** Banks must be able to assist with the preparation of valuations by the independent valuer. This means that they should: (i) give the valuer rapid access to data, information, and documents; (ii) facilitate the valuer's access to competent personnel; and (iii) apply models and produce activity forecasts based on assumptions and levels of granularity requested by the valuer. To be able to accomplish these tasks, banks must prepare in advance. A good practice adopted by resolution authorities is to assess and test banks' ability to support valuation exercises as part of resolution planning. The shortcomings revealed may lead the authority to exercise its powers to demand changes in order to improve banks' resolvability.

50. **Another good practice is to use elements from recovery plans for developing the resolution plans and assessing resolvability.** In cases where banks have developed recovery plans, these can identify several common elements between recovery and resolution planning. Among these common elements are the separability of critical functions, the continuity of contracts supporting critical functions, crisis communication, identification of potential acquirers, determination of assets to be sold and their indicative valuation, crisis governance, and identification of critical employees.

51. **Before adopting a regulation on resolvability, the BCC must gain practical experience in resolvability analysis.** As a first step, the BCC can usefully start working on individual resolution plans and resolvability discussions with institutions to build its expertise. The BCC could later draft a regulation on this topic, using the experience gained from initial resolution plan work and international good practices. A regulation could define the information needed for the development and updating of resolution plans. A list of data points should be developed in coordination with the supervision function to avoid duplications and to rely as much as possible on existing and available data points. These data points should be reported to the BCC at the same frequency as the resolution plan update. This information can be delivered in the form of a self-assessment by banks of their resolvability in the context of a partial sale to a third party or a bridge institution (this good practice is in place in the United States, the United Kingdom, and the European Union).

D. Cross-border Resolution Planning (Subsidiaries in the DRC)

52. **Cross-border situations related to subsidiaries in the DRC of foreign banking groups call for the establishment of institution-specific cross-border cooperation agreements between the BCC and relevant home authorities.** Such agreements should be more specific than the existing memoranda of understanding, in particular they should provide an appropriate level of detail with regard to the cross-border implementation of specific resolution measures, including with respect to the use of a bridge institution by the host authority (KA 9.1(viii)). Indeed, the existing cooperation agreements of the BCC are general agreements that only cover the supervision of banks and do not incorporate the crisis

management dimension (see the MCM report to the BCC: “Desk review of cooperation agreements of the Central Bank of Congo”, 2022). International standards require the home authority to establish the appropriate coordination group to discuss recovery and resolution plans, invite the host authorities of jurisdictions of material importance, and demonstrate sufficient progress in terms of exchanging recovery and resolution plans. In the case of a subsidiary in the DRC of a foreign bank, the BCC should rely as much as possible on recovery measures adopted in the home jurisdiction, at the level of the parent. Such a cooperative approach is conditioned upon the group recovery plan addressing specifically the situation of the subsidiary in the DRC; if this were not the case, the BCC could require the subsidiary to identify credible recovery measures to be implemented in the absence of support from the parent company. In a similar manner, the group resolution plan developed by the home resolution authority should specify the treatment of the subsidiary in the DRC. In the absence of specific consideration by the resolution authority of the home country, or when these group-level resolution plans do not consider the operations of the subsidiary in the DRC, the BCC should develop, as a "fallback plan," a local resolution plan for the subsidiary under its jurisdiction.

53. **If the BCC develops a local resolution plan for a subsidiary under its jurisdiction, this plan should specify the operational issues in the context of a cross-border group.** The plan should identify all services provided by the parent bank that support critical functions of the subsidiary in the DRC. Once these services are identified, and as with services provided by third parties, the BCC should ask the bank to develop operational continuity plans in resolution for the services supporting critical functions. These must be discussed with the parent bank as well as its resolution authority.

Appendix I. Structure of a Resolution Plan for a Systemic Domestic Bank

(Bank not listed on a stock exchange)

1. **Summary of** the resolution strategies envisaged and the plan for their implementation.

2. **Strategic analysis of the business model** of the bank supporting the proposed resolution strategies:

- Legal structure of the institution/group;
- Owners/composition of the shareholding;
- Governance;
- Balance sheet;
- Income statement;
- The most important prudential requirements;
- Business lines;
- Critical functions:
  - Article of the banking law on resolution plan*: " All the measures put in place by the Central Bank of the Congo to allow, in the event of the failure of a credit institution, to clean up the banking sector, in particular through the restructuring or the preservation of critical functions or the orderly liquidation of a credit institution."*
- Internal interdependence;
- External interdependencies (including shared critical services[17]);
- IT systems; and
- List of financial market infrastructures (payments, securities settlement, clearing house) in which the bank participates.

3. **Resolution scenarios and resolution triggers**: at least two resolution scenarios, an idiosyncratic (specific to the bank alone) and a systemic scenario (broader crisis).

- Resolution scenarios; and
- Events triggering the resolution decision.

4. **Preferred Resolution Strategy ("Plan A") and Alternative Resolution Strategy ("Plan B").**

- The Preferred Resolution Strategy is guided by the determination/delineation of critical functions;
- Loss-absorbing capacity; and
- Analysis of separability (e.g., separability of the bank's business units, credit portfolios, a subsidiary).

5. **Financial and operational continuity in resolution**

[17] Shared critical services are activities carried out in the bank, or outsourced to a third party, the interruption of which would lead to the inability to continue the critical functions (for example the IT services necessary for the maintenance of deposit accounts and related payment services).

- **Operational Continuity:** in particular, service-level agreements have already been concluded by the bank with other entities in the same group, or other parties, for the provision of services, including IT services. Operational continuity should be based as much as possible on the business continuity procedures already in place in the bank.
- **Access to financial market infrastructures:** whether and how the bank would maintain this access.
- **Liquidity:** describes potential sources of liquidity to support the bank in resolution. Should not take for granted the provision of liquidity by a public entity, in particular by the central bank.
- **Power to "freeze" financial obligations ("stay")/moratorium:** where the defaulting bank has signed a significant number of financial contracts, the resolution plan should specify how the stay power on early termination of the financial contracts would be implemented.

6. **Information/IT and communication plan**

- Data management/IT systems; and
- Communication framework/communication plan.

7. **Assessment of resolvability—**details of any potential significant impediments to the effective and timely implementation of the resolution plan, following a five-step process:

    1) **The resolution authority shall carry out a qualitative and quantitative assessment to conclude whether the bank is resolvable, or to what extent it would be resolvable,** looking at its structure and the applicable resolution regime; assessment of the possibility of liquidation under normal insolvency proceedings: credibility (potential contagion if the bank was liquidated) and feasibility (e.g., how would depositors be reimbursed if the bank was liquidated?); and the choice between a liquidation strategy or a resolution strategy.

    2) **When the bank belongs to a group, or operates cross-border, sharing this assessment with other relevant authorities**. Feasibility and credibility of the resolution strategy (impediments to the resolution strategy).

    3) **Presentation to the bank of the points on which the bank must act.** Feasibility and credibility of the resolution strategy (impediments to the resolution strategy).

    4) **Measures adopted by the bank or by the relevant authorities** to remove or mitigate impediments to resolvability (e.g., access to bank information or systems; impediments dependent on other public authorities).

    5) **Re-assessment of resolvability by the resolution authority**.

8. **Consultation of the bank.** The bank must be able to give its opinion on (a summary of) the resolution plan. The bank's opinion is part of the resolution plan.

The resolution plan shall be reviewed, updated—if necessary—at least annually, and after each significant change that affects the bank.

Appendix II. Template For Bridge Bank Transfer Decision

Decision on transfer of assets and liabilities of **[Name of institution under resolution]**

Done on [xx.xx.xxxx], at [xx].

For entry into force on: [xx.xx.xxxx].

This decision is adopted by the BCC in the exercise of the powers conferred by Articles [references to relevant statutory provisions on resolution].

In accordance with Article [xx] of that law, the BCC is satisfied that— [Name of institution under resolution] fails, or is likely to fail, to satisfy the conditions for authorization as defined by [relevant legislation], for which the BCC is treated as responsible; and having regard to timing and other relevant circumstances it is not reasonably likely that measures will be taken by or with respect to [Name of institution under resolution] that would enable it to meet the [conditions for authorization].

In accordance with Article [of the banking law/SRR], the BCC is satisfied that this decision is necessary in light of the public interest considerations specified in [reference to the relevant section of the law].

In accordance with Article [xx] of that law, the BCC has had regard to the resolution objectives.

Accordingly, the BCC therefore adopts the following decision:

Part 1

General

Citation and entry into force

1. This decision may be referred to as the [Name of institution under resolution] Transfer Decision for assets and liabilities of [date].
2. This decision shall take effect upon the time of transfer.

Definitions:

In this instrument:

"Law" means the [law/SRR];

"Bridge Institution" means [Name of Bridge Institution];

"Bridge Institution transfer" means the transfer made under paragraph 3;

"Bridge Institution business" means the assets and liabilities transferred under paragraph 3;

"Bridge Institution relevant assets" shall have the meaning given in paragraph 5;

"Bridge Institution relevant deposits" shall have the meaning given in paragraph 6;

"Deposit" has the meaning given by [reference to the relevant section of local law];

"the BCC" means the Central Bank of The DRC;

"time of transfer" shall be 8:00 a.m. on [date] and shall be used to refer to the time when the Bridge Institution transfer shall take place pursuant to paragraph 3;

"[Name of institution under resolution]" means [Name of institution under resolution].

Part 2:

Bridge Institution transfer

3. Pursuant to this document, the Bridge Institution relevant assets and Bridge Institution relevant deposits of [Name of institution under resolution] (including brand name) are transferred to the Bridge Institution. They make up the Bridge Institution business.

4. The Bridge Institution transfer takes place at the time of transfer.

Assets and liabilities transferred

5. Bridge Institution relevant assets are [●].

-

-

(…)

6. Bridge Institution relevant deposits are [●].

-

-

(…)

Legal and operational continuity of the Bridge Institution

7. As from the time of transfer, the Bridge Institution shall be considered, for all purposes necessary to give effect to of the transfer, as the same person as [Name of institution under resolution] with regard to the Bridge Institution relevant assets and the Bridge Institution relevant deposits.

8. In accordance with [Article XXX of the law/SRR], contracts or other actions entered into by or in connection with [Name of institution under resolution] shall, if they concern the Bridge Institution business or the Bridge Institution relevant assets or the Bridge Institution relevant deposits, be considered as being entered into or carried out by or in connection with the Bridge Institution.

9. Without limiting paragraph 2, any payment received after the time of transfer by or in connection with [Name of institution under resolution] that relates to any account held by or with [Name of institution under resolution] in connection with the Bridge Institution business immediately before the time of transfer, to the extent such account relates to the Bridge Institution relevant assets or the Bridge Institution relevant deposits is to be treated as received by or in relation to the Bridge Institution.

10. An express or implicit reference in a relevant decision or document relating to [Name of institution under resolution] shall have effect as if it were a reference to the Bridge Institution if the reference is in connection with rights and obligations that relate to the Bridge Institution business. A relevant decision or document is one which relates to some or all of the Bridge Institution business.

11. [Name of institution under resolution] and the Bridge Institution may, by agreement, modify any provision of this document to the extent permitted by the [law/SRR].

Provision of assistance

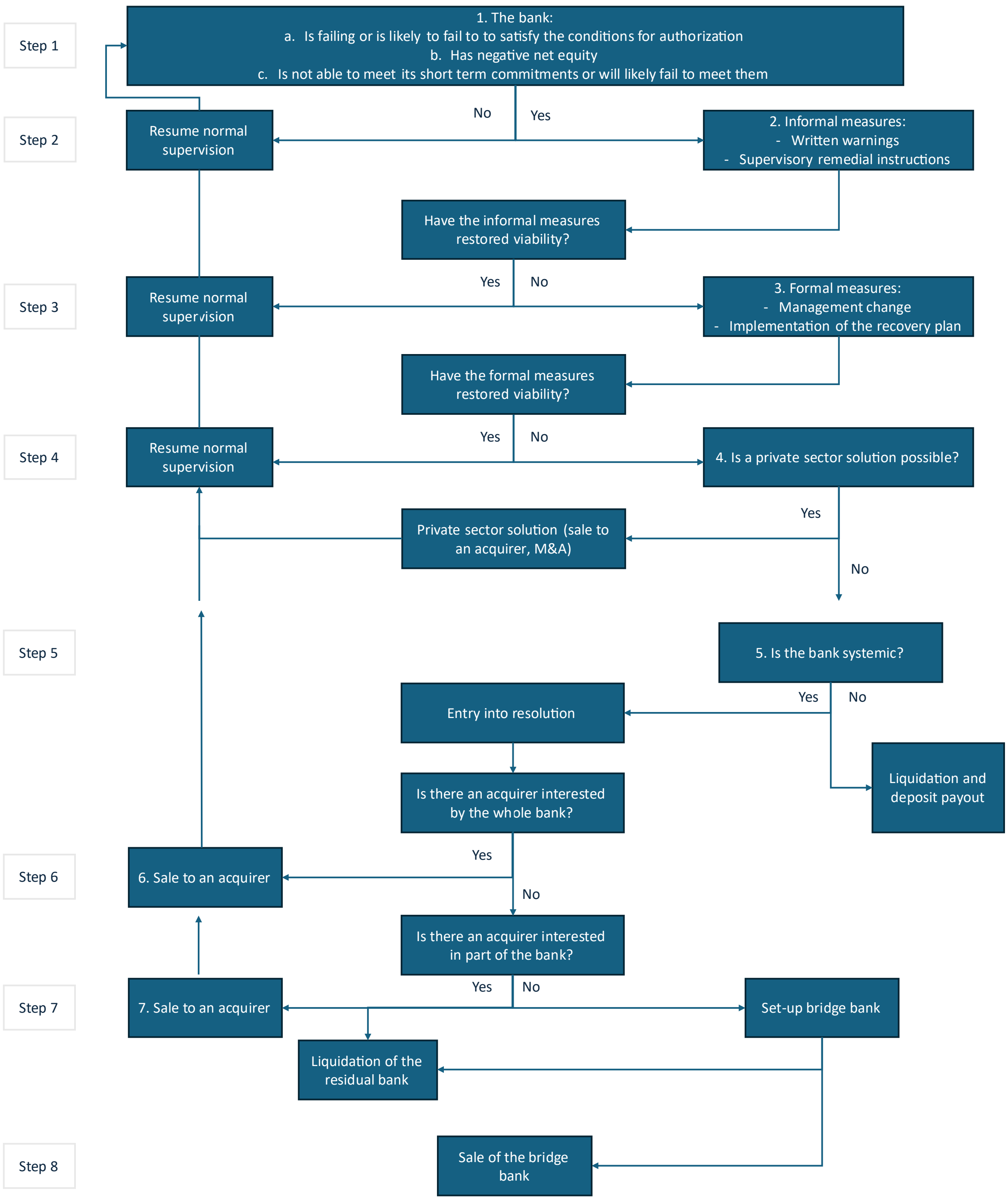
12. [Name of institution under resolution] shall provide the Bridge Institution with such information and assistance as is reasonably requested by the Bridge Institution in writing in relation to the transferred business or to the operation of the transferred business; and for any other purpose relating to, in connection with, or in consequence of this document.

13. The Bridge Institution shall provide [Name of institution under resolution] with such information and assistance as is reasonably requested by [Name of institution under resolution] to facilitate the liquidation of [Name of institution under resolution].

Re-transfer powers

14. After the transfer referred to in the foregoing subparagraphs, the BCC may transfer or re-transmit any assets, liabilities, off-balance-sheet items and assets under management between the Bridge Institution and [Name of institution under resolution], within the time limits set out in the [law/SRR].

Appendix III. Decision Tree for Resolution Measures



Appendix IV. Coordination of Actions Supervision – Resolution

Process	BCC/Supervisory function	BCC/Resolution function	DIS (if separate from the resolution function)
Before Identification as a Problem Bank (i.e. a bank undergoing financial distress): Ongoing Supervision			
• Designation as a systemic institution (reassessed annually)	**In charge**	Notification	Notification
• Exchange of information or notification between Supervision and DIS at specific stages: licensing process, merger approval, quality review of deposit data (if applicable)	**In charge**	Notification	Notification/exchange of information
Recovery plan			
• Recovery plan requested from the institution (annual cycle) and analyzed.	**In charge**	Notification / Consultation	
• Require the institution to correct any deficiencies and rewrite the plan accordingly.	**In charge**	Consultation	
Resolution planning			
• Development of the resolution plan based on one or more scenarios consistent with the recovery plan scenarios and stress tests (but more stringent).	Consultation	**In charge**	Consultation
• Provide the institution with a summary of the plan, a resolvability assessment and ask them to work to answer any questions or improve resolvability.	Consultation	**In charge**	Consultation

Process	BCC/Supervisory function	BCC/Resolution function	DIS (if separate from the resolution function)
Identification as a Problem Bank: Recovery Phase			
• Initial identification of a potential problem bank through on-site examination or desk analysis, reporting of irregularities by a correspondent bank, customer reporting, and payment system data monitored by the authority	**In charge**		
• Identify specific characteristics of problems and identify specific causes.	**In charge**		
• Formalized designation as a problem bank (e.g., based on on-site examination).	**In charge**	Notification	Notification
• Require the institution to make the necessary updates to the recovery plan according to its situation as a distressed bank.	**In charge**	Consultation	
• Implement necessary corrective actions, such as a capital restoration plan.	**In charge**	Notification	
• Sign an informal agreement to address identified gaps and timeline for completion.	**In charge**	Notification	
• Place the bank on the on-site examinations plan.	**In charge**	Input	Input
• Initiation of on-site examination (full or targeted) as appropriate and joint examination in case of serious problems with the quality of depositor inventories.	**In charge**	Input	Input

• placing a full-time, permanent supervisor/supervisory team at the problem institution	**In charge**	Input	Input
• Periodically reassess corrective actions and progress on the recovery plan to ascertain progress.	**In charge**		
• Sign a formal agreement if compliance with the informal agreement is not satisfactory.	**In charge**	Notification	Notification
• Emergency Liquidity Assistance (ELA)	**Department of monetary policy operations ("Département des opérations bancaires et des marchés") in charge (with the Supervisory function in charge of assessing the bank's ELA eligibility in terms of viability and solvency)**	Notification	
• Appointment of an administrator if the bank does not go directly into resolution.	**In charge**	Input	
• Quantify the additional capital needed to meet the capital requirement if the bank is significantly undercapitalized	**In charge**	Notification	Notification
Gone Concern : Resolution Phase			
Process	**BCC/Supervisory function**	**BCC/Resolution function**	**DIS (if separate from the resolution function)**
• Asset valuation review (AVR) specialist appointed.	Consultation	**In charge**	
• Administrator collects information on assets, deposits, and other liabilities for valuation.	Consultation	**In charge**	
• Development of a bid package (for a transfer tool)	Consultation	**In charge**	Consultation

with details on assets and liabilities, legal review, and IT assessment.			
• Bidders take time to review the bid package and request any further details.	Consultation	**In charge**	
• Bidders meeting.	Consultation	**In charge**	
• Bids submitted and open with decision on the best bidder(s).	Input (particularly any licensing or authorizations)	**In charge**	
• Negotiation of the contract with the highest bidder and, in the absence of an agreement, move to the next one.	Consultation	**In charge**	
• Set up a bridge bank that needs recapitalization resources.	Consultation	**In charge**	Consultation
• Submit the final resolution plan to the board for approval, including the recommendation of the resolution tool, the purchaser, the level of the deposit insurance system, or any other resolution funding source.	Consultation	**In charge**	Consultation
Gone Concern : Liquidation Phase			
Process	**BCC/Supervisory function**	**BCC/Resolution function**	**DIS (if separate from the resolution function)**
• Appoint the DIS as liquidator.	Consultation	**In charge**	Consultation
• Closing date selected.	Consultation	**In charge**	Consultation
• On the closing date, revoke the license and address communications issues through the agreed platform.	**In charge** (license revocation)	**In charge** (other than license revocation)	Consultation

• Pro forma balance sheet as of closing date developed.		**In charge**	Consultation
• Publish the liquidation decision in the Official Gazette.	Notification	**In charge**	Notification
• Pay compensation to depositors.	Notification	Notification	**In charge**
• Borrow funds or apply for grants, if needed, to support the compensation of depositors.	Notification	Notification	**In charge**
• Take all necessary steps to liquidate the failed institution by recovering all assets and paying creditors.	Notification (on a periodic basis)	Notification (on a periodic basis)	**In charge**
• Ask Supervision and Resolution for the data necessary to carry out liquidation tasks.	Information	Information	**In charge**
• Distribute data regarding progress in undertaking the liquidation.	Notification (on a periodic basis)	Notification (on a periodic basis)	**In charge**
• Take necessary legal measures against the people contributing to the failing bank.	Notification (on a periodic basis)	Notification (on a periodic basis)	**In charge**
• Approve the appointment of external consultants to carry out liquidation tasks.	Notification	Notification	**In charge**
• Monitor the implementation of liquidation procedures in compliance with the manual of liquidation procedures.	Notification	Notification	**In charge**
• Establish a liquidation committee to supervise all legal, financial and accounting procedures established by the DIS.	Notification	Notification	**In charge**

Appendix V. The Ex-Post Financial Sector Levy Recovery in Ghana in 2021

ARRANGEMENT OF SECTIONS

Section

REPUBLIC OF GHANA

THE ONE THOUSAND AND SIXTY-SEVENTH

ACT

OF THE PARLIAMENT OF THE REPUBLIC OF GHANA ENTITLED

FINANCIAL SECTOR RECOVERY LEVY ACT, 2021

AN ACT to impose a special levy to be known as the Financial Sector Recovery Levy on banks to raise revenue to support the financial sector reforms and to provide for related matters.

DATE OF ASSENT: *3l5' March 2021.*

PASSED by Parliament and assented to by the President

Imposition of Financial Sector Recovery Levy

Imposition of Levy on profit before tax of a bank

1. There is imposed by this Act a Financial Sector Recovery Levy of **five percent on the profit before tax** of a bank.

Application of Levy

2. Despite any provision to the contrary in an enactment relating to a tax holiday or an exemption from a direct tax or an indirect tax applicable to a bank, the Levy imposed under section 1 applies to a bank other than a rural bank or a community bank.

Levy not an allowable deduction

3. The Levy is not an allowable deduction for the purpose of ascertaining the chargeable income of a person under the Income Tax Act, 2015 (Act 896).

Profits affected by Levy

\ **4.** (1) The Levy is payable in respect of profit before tax.

(2) The Minister may, at the expiration of the2024 year of assessment, review the Levy.

Assessment of Levy payable

5. (1) A bank covered under this Act shall submit an estimate of the Levy due for that year of assessment together with the annual income tax estimate of that bank.

(2) Where the bank has not

(a) been assessed for taxin the two preceding yearsofassessment, or

(b) furnished

(i) a return or an estimate in accordance with the Income Tax Act, 2015 (Act 896), or

(ii) a statement of the estimated Levy payable in accordance with subsection (I)

the Commissioner-General may proceed to make an assessment of the Levy payable by that bank.

Payment period of Levy

6. (1) The Levy assessed for a year of assessment is payable on or before the following dates of each quarter of the year of assessment:

(a) 31st March;

(b) 30th June;

(c) 30th September; and

(d) 31st December.

(2) Despite subsection (1), payment of the Levy for the 2021 year of assessment shall be made in three instalments on or before

(a) 30th June, 2021;

(b) 30th September, 2021; and

(c) 31st December, 2021.

Administration, Collection and Recovery of Levy

Administration of Levy

7. The Commissioner-General shall administer the Levy in accordance with the Revenue Administration Act, 2016 (Act 915).

Collection of Levy

/

8. The Ghana Revenue Authority is responsible for the collection of the Levy.

Payment of Levy into Consolidated Fund

9. The Commissioner-General shall pay the Levy collected under this Act into the Consolidated Fund.

Recovery of Levy

10. For the purpose of enforcing the payment of the Levy, the provisions of the Revenue Administration Act, 2016 (Act 915) and the Income Tax Act, 2015 (Act 896) relating to collection, enforcement, refund and penalties shall apply to the collection of the Levy as if the Levy is collected under the specified enactments.

MiscellaneousProvisions

Regulations

11. The Minister may, by legislative instrument, make Regulations to provide for the efficient and effective implementation of this Act.

Interpretation

12. In this Act, unless the context otherwise requires,

"bank" means a bank regulated under the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930);

"Commissioner-General" means the Commissioner-General appointed under section 13 of the Ghana Revenue Authority Act, 2009 (Act 791);

"Levy" means the Financial Sector Recovery Levy imposed under section 1; and

"Minister" means the Minister responsible for Finance.

Date of *Gazette* notification: 31st March, 2021.

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