

EXTRAORDINARY SUMMIT OF HEADS OF STATE OF
THE ECONOMIC AND MONETARY COMMUNITY OF CENTRAL AFRICA



SOMMET EXTRAORDINAIRE DES CHEFS D'ETAT DE
LA COMMUNAUTE ECONOMIQUE ET MONETAIRE DE L'AFRIQUE CENTRALE



YAOUNDE, 21-22 NOVEMBER 2019



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Sheet 1

History of CEMAC

Historical Dates:

- 29 June 1959: Creation of the Equatorial Customs Union (UDE) ;
- 1961: Accession of the State of Cameroon to UDE;
- 8 December 1964: Signature in Brazzaville of the treaty instituting the Central African Customs and Economic Union (UDEAC) ;
- 16 March 1994: Signature in N'Djamena, Chad, of the treaty instituting the Central African Economic and Monetary Community (CEMAC);
- June 1999: Entry into force of the treaty instituting CEMAC;
- 2010: Establishment of the rotating system for the maiden heads of institution who serve a non-renewable five-year term;
- October 2017: Signature by all CEMAC Member State of the circular instituting the free movement of people and goods within the CEMAC area for all community nationals.

The Six CEMAC Member States :

- Cameroon
- Central African Republic
- Congo
- Gabon
- Equatorial Guinea
- Chad

CEMAC Missions:

Pursuant to Article 2 of the treaty that instituted it, CEMAC comprises two Unions, namely:

- the **Central African Economic Union (UEAC)** whose duty is to harmonize the regulations in force in Member States in order to revitalize trade and facilitate the convergence of economic policies within the sub-region; and
- the **Central African Monetary Union (UMAC)** which is responsible for the monetary convergence of Member States using the same currency.

CEMAC's vision today is based on the Regional Economic Programme (PER)



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whose objective is to transform CEMAC into «an integrated, emerging economic area where security, solidarity and good governance prevail».

CEMAC's main mission is to develop an integrated area to foster harmonious development.

Objectives of CEMAC:

- Ensure stable management of the common currency (CFAF);
- Protect the environment of economic activities and business in general;
- Harmonize national sector policies for ever-increasing integration;
- Establish increasingly closer union between the peoples of Member States to reassert our geographical and human solidarity;
- Promote domestic markets by eliminating barriers to intra-community trade;
- Coordinate development programmes and harmonize industrial projects;
- Create a veritable common market.

CEMAC's Presidency:

It rotates each year and is held by a Head of State.

His Excellency Pau BIYA, President of the Republic of Cameroon, is CEMAC's current president since 24 March 2019.

Key indicators:

- Population (estimate): 51 million;
- Surface area: 3 020 144 Km²
- Population growth rate: 2.9%
- Economic growth rate: 1.7% (in 2018)
- Main export products: crude oil, cocoa, coffee, Cotton fibre, raw timber, sawn timber, aluminium, natural rubber, banana, diamond, gold, manganese, uranium, methanol.
- Rate of inflation: 2.2% (in 2018)

CEMAC Logo:

The CEMAC logo was instituted on 21 July 2000 by Regulation No. 12/00/CEMAC-045-CM-04 to promote the Community, with the following explanations:



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- The forces rising towards the star represent the solidarity and combined efforts of CEMAC member countries towards achieving their objectives;
- The star symbolizes CEMAC's influence in Africa;
- The palms are the culmination of CEMAC's efforts at the African and global levels.



CEMAC Flag:

The CEMAC flag was instituted on 21 July 2000 by Regulation No. 14/00/CEMAC-045-CM-04 to promote the Community. The flag is:

- yellow, the colour common to the flags of the five countries;
- embossed, in the middle, with the logo whose dominant colour is green, the colour common to the flags of the five countries of the community.



Sheet 2

Conference of Heads of State

The Treaty establishing the Economic and Monetary Community of Central Africa (CEMAC) was signed on 16 March 1994 and entered into force in June 1999. CEMAC took over from the Central African Customs and Economic Union (UDEAC) created in 1964.

CEMAC is made up of six (6) Member States: Cameroon, Central African Republic, Congo, Gabon, Equatorial Guinea and Chad. It represents a market of more than 50 million inhabitants.

The working languages of the Community shall be Arabic, English, French and Spanish.

The essential mission of the Community shall be to promote peace and harmonious development in the Member States, within the framework of instituting two Unions: an Economic Union and a Monetary Union. In each of these two areas, the Member States intend to move from a situation of cooperation, which already exists between them, to a situation of Union likely to complete the economic and monetary integration process.

The Community shall comprise the following 5 (five) Institutions: The Organs of the Community shall be:

- The Central African Economic Union;
- The Central African Monetary Union;
- The Community Parliament;
- The Court of Justice;
- The Court of Auditors.
- The Conference of Heads of State;
- The Council of Ministers;
- The Ministerial Committee;
- The CEMAC Commission;
- The Bank of Central African States (BEAC);
- The Development Bank of Central African States (BDEAC);
- The Central African Banking Commission (COBAC).

Missions and Attributions of the Conference of Heads of State

The Conference of Heads of State shall determine the Community's policy and guide the action of the UEAC Council of Ministers and the UMAC Ministerial Committee.

It shall establish the seat of the Institutions, Organs and Specialized Institutions of the Community. It shall appoint and dismiss the officers thereof in accordance with the provisions of their respective constitutive instruments.

The Conference of Heads of State shall meet in ordinary session at least once a year when convened by its President. However, it may meet in extraordinary session at the initiative of its President or at the request of at least two of its members.

The Conference shall be chaired by each Member State, successively and in (the French) alphabetical order of States, for one calendar year.



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Sheet 3

Context and Challenges

At the invitation of His Excellency Paul BIYA, President of the Republic of Cameroon, Chair of the Conference of Heads of State of the Economic and Monetary Community of Central Africa (CEMAC), an Extraordinary Summit of CEMAC Heads of State will be held from 21 to 22 November 2019 in Yaounde, Cameroon.

This Extraordinary Summit will be a follow-up of the 14th Ordinary Session of the Conference of CEMAC Heads of State organised on 24 March 2019 in N'Djamena, Chad. On this occasion, the Conference, taking note of the progress of the process of rationalisation of the Economic Communities, congratulated His Excellency Paul BIYA, President in-charge of the Rationalisation of the Economic Communities, for the significant progress made towards the rationalisation of the Economic Communities in Central Africa under his distinguished chairmanship.

It should be recalled that before that, again at the initiative of President Paul BIYA, another important Extraordinary Summit of CEMAC Heads of State was held in Yaounde on 23 December 2016 at Unity Palace. This meeting was aimed at examining the economic and monetary situation in the CEMAC zone and adopting appropriate measures to counteract the adverse effects of the double oil and security shock on the economies of the sub-region. It helped to stop any possible devaluation of the FCFA, thanks to the commitment made by the various CEMAC member states to make internal and external adjustment efforts, accompanied by adequate structural reforms.

The CEMAC Extraordinary Summit of 21-22 November 2019 will take place a few weeks after the Major National Dialogue organised in Yaounde, Cameroon, from 30 September to 4 October 2019 to examine and seek solutions to the socio-political crisis in the North-West and South-West Regions of Cameroon. These gathering gave Cameroonians the opportunity to reaffirm their commitment to peace and harmony in Cameroon, as well as to the unity and progress of the country.

The Extraordinary Session of the CEMAC Conference of Heads of State will be held at a time when the economic situation is still difficult even if signals of recovery have been recorded.

In recent years, commodity prices, including oil, have fallen sharply. Combined with other exogenous shocks (persistence of the terrorist threat in the Lake Chad Basin, numerous indices of insecurity), this situation has deeply contributed to weakening the economies of the CEMAC zone. Growth slowed or even declined, inflation picked up and foreign exchange reserves fell substantially.

Despite all these difficulties, growth now seems to be back, and the economic outlook for the next three years is favourable. The growth rate in the sub-region is estimated to hit 3.2% in 2019 and 3.5% in 2020 and 2021, against 1.5% in 2018, 0.2% in 2017 and 0.1% in 2016.



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According to the experts, this embellishment is the result of the bold reforms that the CEMAC member states have undertaken with the support of their international technical and financial partners (notably the IMF). Still in the assets of this growth, a good performance of the public finances, and a clear improvement of the current account with a sensible deduction of deficit. These gains have a positive impact on foreign exchange reserves and the external hedge rate of the currency.

It is now a question of preserving these gains, to maintain and boost this performance and forget as quickly as possible the two successive years of recession. Consolidating the growth registered since 2018 in the sub-region is one of many challenges that CEMAC member states will face. Thus there is need to strengthen the momentum of reforms to boost growth and offer much better prospects for the population, especially youths and women.

Long-term issues must now take precedence over the short term. For this reason, states must strengthen reforms to support the structural transformation of the economies of the sub-region.

Despite the still difficult context in the Central African sub-region, the CEMAC member states have taken concrete actions for which tangible progress has been made. Without being exhaustive, we can mention:

- The effective implementation of the free movement of people in CEMAC space;
- The Stabilisation of Commission Services in one of the capitals of the Community, in order to put an end to the situation of wandering that has persisted since 2013;
- The appointment and installation of the members of the CEMAC Commission;
- The installation of the Judges of the Court of Justice and the Community Court of Accounts;
- Follow-up of the implementation and the diligent pursuit of the 2017-2021 Operational Plan of the Regional Economic Programme and the Programme of Economic and Financial Reforms of CEMAC (PREF-CEMAC);
- The adoption of Common Policies, notably the Common Emigration Policy in the CEMAC zone, the Common Transport Policy and the Master Plan for Road and Rail Infrastructure in the CEMAC zone; the Energy Policy and the Master Plan for the production and transmission of electricity in the CEMAC zone and the Additional Act relating to the full recovery of the Community Integration Tax (TCI).

Among the persistent problems that continue to arise is that of financing the Community. In this regard, for example, the poor recovery of Community resources through the mechanism of the Community Integration Tax (TCI) jeopardises the expected performances of the Community Institutions in their traditional missions dedicated to the answers expected by the populations.



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With substantial resources, CEMAC will be able to strengthen the Community Development Fund (FODEC) with the capacity to structure on its own or with partners, funding able to support the States in the implementation of development projects.

The security imperatives facing the CEMAC member states could also, if they are not careful, undermine all efforts to boost growth, diversify the economy and integrate their populations.

The signing of the Khartoum Peace Accords between the Central African Government and 14 Central African armed groups on 6 February 2019, which augurs the end of a long period of suffering inflicted on the Central African people is salutary, although tensions persist in the sub-region and require permanent mobilisation of the whole Community. It is imperative, for example that calm and peace return to the North-West and South-West Regions of Cameroon.

CEMAC member states must also tirelessly pursue the battle they are waging against the senseless terrorism perpetrated by the Boko Haram group in the Lake Chad Basin.

It is undeniable that economic integration and the free movement of people in the CEMAC space could only be complete if they are based on a solid security base, built within the ambit of an even more reaffirmed sub-regional solidarity.

The question of the future of the Franc CFA could also be addressed during the Extraordinary Summit in Yaounde. The currency inherited from colonisation divides economists and the leaders of the Franc zone. It is presented by many finance experts as a brake to development. Those who are in favour of the maintenance of the Franc CFA, advance the argument of the stability offered by this currency in the face of speculation.



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Sheet 4

State of Affairs Prior to the CEMAC Extraordinary Summit in Yaounde, 21-22 November 2019

On the initiative of His Excellency Paul BIYA, President of the Republic of Cameroon, an extraordinary session of the Conference of Heads of State of the Economic and Monetary Community of Central Africa (CEMAC), is scheduled for 22 November 2019 in Yaounde, Republic of Cameroon.

1. STATE OF AFFAIRS IN THE CEMAC ZONE:

The CEMAC was born from the defunct Customs Union of the States of Central Africa (UDEAC) on 16 March 1994 in N'Djamena, Chad. It is made up of six Member States which are: Cameroon, Central African Republic, Congo, Gabon, Equatorial Guinea and Chad.

Since the beginning of the current decade, the sub-region has faced multiple social, economic, security and environmental crises. One could mention in particular the desertification in the Lake Chad zone, the fight against the Boko Haram terrorist group, the socio-political crisis in CAR or the secessionist tendencies in the North-West and South-West Regions in Cameroon.

This situation of instability has led to major population movements, with a consequent negative effect on the public finances of the States. In addition, the sub-region has been confronted with exogenous shocks among which, the drastic fall in commodity prices especially oil that has affected five out of six producing States, the tightening of financial conditions in capital markets and a small change in official development assistance, to name a few.

2. ECONOMIC, FINANCIAL AND MONETARY SITUATION:

In the face of severe pressure from the CEMAC economies, there has been a deceleration of economies, a recession in some countries, leading to a worsening of fiscal and external deficits, a sharp decline in international reserves and a risk of devaluation of the currency, which are common threats to the sustainability of public and publicly guaranteed debt. To preserve the CFA's exchange rate policy – based on the fixed exchange rate of the CFA with the EURO, the Heads of State adopted in December 2016, 21 resolutions aiming at the reduction of the deficits and the revival of the economic activity to stabilise macroeconomic and budgetary exigencies. The implementation of these measures is entrusted to the Steering Committee of CEMAC's Economic and Financial Reforms Programme (PREF-CEMAC).

In addition, the States have undertaken to negotiate and conclude with the International Monetary Fund (IMF), economic programmes supported by an Extended Credit Facility, thereby benefiting from budget support from institutions like the World Bank, the African Development Bank, and the French Development Agency, to better coordinate adjustment measures.



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The PREF-CEMAC concentrates in the following fields:

- fiscal policy;
- monetary policy and financial system;
- structural reforms;
- regional integration;
- international cooperation.

3. CEMAC AND THE FUTURE OF THE CFA FRANC

The spectre of devaluation, which for a long time had weighed on the CEMAC countries, has moved away thanks to the efforts made by the States to restore the macroeconomic balances and the monetary policy measures implemented by the BEAC. Indeed, the foreign exchange reserves of the CEMAC zone are currently 3.3 months of import without interruption for a recommendation of 3 months in the context of exchange rate policy with fixed parity and far from the 1.5 months recorded in October 2016.

The current monetary policy of CEMAC is framed by stringent fiscal discipline measures in the management of public finances within the states. It equally involves the sustained implementation of monetary institutional reforms with a focus on the repatriation of export earnings and external assets.

In addition, BEAC works to support the community's banking sector and economic operators to ensure the expeditious execution of foreign trade operations within the sub-region.

4. ASSESSMENT OF ONGOING REFORMS

In order to improve the performance of the organs and institutions of the community and to substantially raise the economic level of the countries of the sub-region, the Heads of State of CEMAC have set up three major reform programmes. These include:

- The Institutional Reform Programme (PRI), placed under the leadership of Equatorial Guinea;
- The Economic and Financial Reform Programme (PREF), under the coordination of the Republic of Congo;
- Rationalisation of Regional Economic Communities in Central Africa, under the supervision of Cameroon.

Regarding the PRI, a performance firm had been recruited to reflect on: the financing mechanisms of the community (automatic deduction of the Community Integration Tax), the rotation to the post of Chief Executive Officer of the six major institutions of the Community (BEAC, BDEAC, the CEMAC Commission, the Community Court of Justice, the Community Court of Auditors and the CEMAC Parliament), the empowerment of community training schools, and the election procedures for members of the CEMAC Parliament.

As mentioned earlier, the PREF-CEMAC covers five areas. These are: fiscal policy, monetary policy and financial system, structural reforms, regional integration and international cooperation.

Cameroon's mandate could contribute to the creation of a new Community and the choice of the seat of the institution vis-à-vis the rationalisation of Regional Economic Communities in Central Africa.



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5. FREE MOVEMENT

A consensus roadmap on the free movement of people, goods and capital was adopted at Djibloho, Equatorial Guinea, in February 2017. To date, the full free movement of people and goods is effective in four States (Cameroon, Chad, CAR and Congo). Two States (Gabon and Equatorial Guinea) highlight the problems of insecurity to maintain the issuance of entry visas to holders of ordinary passports (holders of service passports or mission orders are exempted from the rule).

It is important to note that the equipment to guarantee the free exchange and the safe movement of people are being installed with the technical support of INTERPOL. The completion of this approach is a signal that the full free movement of people and goods will be effective in 2020.

In addition, the CEMAC Commission has started to reflect on the free establishment of people in the area. At the same time, sensitisation of authorities along corridors and reduction of checkpoints should be advocated.

6. OUTLOOK FOR INTEGRATION IN THE CEMAC ZONE:

The merger of the two current stock markets is at a fairly advanced stage. The headquarters of the regional financial market regulator is now in Libreville and that of the regional stock exchange in Douala.

The three main perspectives of the CEMAC zone include:

- Re-reading of the CEMAC Regional Economic Programme;
- The implementation of the African Continental Free Trade Agreement;
- The rationalisation of Regional Economic Communities in Central Africa.



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Sheet 5

Review of the implementation of the regional strategy to end the crisis after the 2016 meeting in Yaounde

1. On 23 December 2016, the Heads of State of the six countries of the Central African Economic and Monetary Community, namely Cameroon, Congo, Gabon, Equatorial Guinea and Chad, met in Yaounde to following a series of large-scale shocks suffered by the economies of the sub-region. Oil, which accounts for 60% of CEMAC's exports, collapsed in price, halving oil revenues between 2014 and 2016. The region's current account deficit thus stood at 2.9% of Gross Domestic Product in 2014 and 9.3% of GDP in 2016. Public debt increased from 29% of GDP in 2014 to 47% of GDP in 2016.
2. Of course, the performance of the countries of the sub-region differed in many respects. While the Central African Republic, in reconstruction, and Cameroon, whose economy is the most diversified, had the highest growth rates in 2016 (5.3% and 5.0% respectively), Equatorial Guinea, CEMAC's largest oil producer, Chad, whose slump in the oil sector has spread to the economy as a whole, and the Republic of Congo entered into recession in 2016 (with -6.0%, -5.1% and -2.1% growth rates respectively). But the fact remains that economic growth in the zone has collapsed as evidenced by the contraction of oil GDP of around -6.4% and internal and external deficits have widened, which has led to a drastic drop in the Community's foreign exchange reserves.
3. The consequences of the low hydrocarbon prices were amplified by the delay in the response strategy but especially by the persistence of security tensions in the border area between Chad, Cameroon and the Central African Republic, civil conflicts in some countries, refugee flows and droughts.
4. In the case of a currency area with a fixed exchange rate regime, the depletion of foreign exchange reserves may lead to a devaluation of the currency. If not, the weight of the adjustment is based on fiscal policy. The Heads of State and Government of CEMAC, meeting in Yaounde on 23 December 2016, considered that the strengthening of macroeconomic stability did not require a readjustment of the current monetary parity between the CFA Franc and the Euro. They therefore opted for budgetary efforts, structural reforms - in particular a strengthening of the tax administration - in order to curb the deficits recorded. They decided to open and conclude bilateral negotiations with the International Monetary Fund in the short term to better structure the adjustment efforts of their states, thus committing to a concerted, coordinated, measured and solidary exit from crisis. It is in this context that the Bank of Central African States (BEAC) was requested to pursue a more restrictive policy in order to restore the level of reserves.
5. An up-to-date assessment of this common recovery strategy is possible. It shows that satisfactory progress has been made in addressing the macroeconomic challenges in the CEMAC region. IMF support has been instrumental in restoring macroeconomic



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stability and debt sustainability, reforming the management of public resources to increase transparency and diversify economies while preserving social spending. All IMF-supported programmes are designed to help signatory countries restore macroeconomic stability and lay the foundation for strong and inclusive growth. They also contribute to regional initiatives aimed at restoring and preserving the external stability of the CEMAC zone. Regional efforts to maintain appropriate monetary policy stance, regional reserves and stability of the financial sector have served as anchors for the various programmes developed at the national level. With the exception of Equatorial Guinea, which is quite advanced in negotiations with the IMF for the conclusion of an agreement, all the other CEMAC countries have crossed this stage.

6. Gabon concluded with the IMF, on 19 June 2017, an extended three-year Extended Credit Facility (ECF) arrangement amounting to SDR 464.4 million (approximately US\$642 million and 215 percent of the country's quota) in support of the medium-term stimulus programme.
7. With regard to Cameroon, on 26 June 2017, the Executive Board of the International Monetary Fund (IMF) approved a three-year Extended Credit Facility (ECF) agreement in favour of SDR 483 million (about US\$666.2 million and 175% of Cameroon's quota) to support the country's economic and financial reform programme. In addition to approval of the agreement, a disbursement of SDR 124.2 million (approximately US\$171.3 million) was immediately made available to Cameroon. The remaining amount was spread over the duration of the programme and its disbursement was subject to half-yearly reviews.
8. As for Chad, on 30 June 2017, it concluded with the IMF a new three-year agreement under the Extended Credit Facility (ECF) in the sum of SDR 224.32 million (approximately US\$312.1 million and 160% of Chad's quota) to support its stabilisation and recovery strategy. The policies implemented under the new agreement, which cancels out the previous one, should mobilise additional support from Chad's external partners.
9. In the case of the Republic of Congo, the International Monetary Fund (IMF) Board approved on 11 July 2019, a three-year agreement under its Extended Credit Facility (ECF) amounting to SDR 324 million (approximately US\$448.6 million, or 200% of the country's quota) in support of the country's economic and financial reform programme. This programme has the particularity of emphasising the improvement of governance to increase the efficiency and transparency of the management of public resources, especially in the oil sector.
10. The sustained efforts of national and regional authorities have contributed to a sharp decline in fiscal and external imbalances, as well as a stabilisation of BEAC's public debt and international reserves.
11. However, this progress remains fragile, as evidenced by budgetary slippages observed in some CEMAC countries.



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12. The net foreign assets of the Bank of Central African States (BEAC) were lower than projected at the end of 2018, despite rising oil prices and the efforts of BEAC and the Central African Banking Commission (COBAC) to strengthen the application of exchange regulations. This is largely due to delays in the adoption of IMF-supported programmes in the Republic of Congo and Equatorial Guinea and the disbursement of related external budget support.
13. In addition, the fiscal efforts of countries with an IMF-supported programme are more or less in line with expectations. For the region as a whole, the non-oil deficit at the end of 2018 was in line with expectations, while the overall balance exceeded the latter due to higher oil revenues.
14. In the medium term, it is expected that the economic and financial situation will improve gradually. Reforms aimed at improving the business climate and governance, as well as strengthening the financial sector, coupled with a relaxation of the restraint of fiscal adjustment and repayment of government arrears, would contribute to the gradual recovery of non-oil growth of 4½ percent by 2021. The overall fiscal balance (excluding grants) is estimated to be close to equilibrium from the start of 2019 as a result of further deficit reduction of non-oil transactions. The public debt would decline significantly, from almost 50% of GDP at the end of 2018 to less than 44% of GDP at the end of 2020. A further decline in the current account deficit to around 1½% of GDP in 2018-20 (against 4% of GDP in 2017), would contribute to a gradual accumulation of reserves, with the coverage of reserves reaching almost four months of imports by 2020.
15. These prospects are based on full implementation by CEMAC member countries and regional institutions of the commitments they have made, and are exposed to considerable risks, including a decline in oil prices and a tightening of global financial conditions.
16. With the support of regional institutions and development partners, the authorities of the CEMAC countries should therefore continue to implement in a determined manner the economic policies and reforms necessary to achieve the budgetary objectives that are established in the programmes supported by the IMF. The CEMAC countries and regional institutions must continue these efforts to restore domestic and external economic viability, particularly to continue to rebuild regional reserves, and pave the way for sustained and inclusive growth. It is essential that Cameroon, whose economy has so far remained resilient, continues to play a leading role in pursuing fiscal consolidation to ensure the success of CEMAC's regional strategy.



Sheet 6

Economic Trends and Prospects in the CEMAC Zone

The Central African Economic and Monetary Community (CEMAC) is composed of the following member countries: Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea and Gabon, representing a market of nearly 50 million people.

The Treaty Establishing CEMAC was signed on 16 March 1994 and entered into force in June 1999 with two Unions, the Central African Economic Union (UEAC) and the Central African Monetary Union (UMAC) to achieve its main goals, namely:

- (i) putting in place a multilateral mechanism to monitor economic and financial policies in Member States;
- (ii) managing the common currency;
- (iii) creating an environment conducive to economic activity;
- (iv) harmonizing sector-based policy regulations; and
- (v) creating a common market for goods, services, capital and people.

CEMAC's real GDP trends since 1960 show four major phases: a linear progression phase between 1960 and 1983, a stagnation phase between 1984 and 1995, a strong growth phase between 1995 and 2014 and a recession phase from 2014 to date, following the oil and security shocks affecting all the countries of the sub-region.

The economic performance of CEMAC in recent decades is closely linked to that of the oil sector, which takes centre stage in the economies of the member countries as shown in the table below. On average, in recent years, CEMAC produces 45 million tonnes of oil. Similarly, on average, the share of oil GDP in overall GDP is around 20%, while that of oil exports in total exports is 65% and that of oil revenues in total budget revenues is 38%.

Importance of Oil in CEMAC Economies

	2015	2016	2017	2018
<i>Production¹</i>	47.7	44.3	42	44.2
<i>Share of oil GDP in overall GDP</i>	23.8%	18%	18.4%	20.4%
<i>Share of oil exports in total exports</i>	61.9%	66.2%	68.9%	66.5%
<i>Share of oil revenue in budget revenue</i>	40.5%	31.1%	36%	42.3%

Source: Banque de France

¹Millions of tonnes



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Prior to the current recession in the zone and following the devaluation of the CFA franc in 1994, CEMAC countries recorded **relatively good** overall economic performances which were in many respects higher than the average of Sub-Saharan Africa and some comparable sub-regions in terms of size such as the West African Economic and Monetary Union (WAEMU), the East African Community (EAC) and the South African Customs Union (SACU).

The average growth rate in the CEMAC zone was thus positive and averaged 5.7% over the period 2004-2008, higher than the WAEMU and SACU averages but lower than those of the EAC and SSA as a whole, estimated at 6.5%. Over the period 2010-2015, the growth rate was 3.9%, lower than that of SSA estimated at 5.1%, WAEMU and EAC estimated at 5.2% and 6% respectively.

Real GDP Growth Rate of CEMAC Countries

Country	2004-2008	2009	2010-2015	2016	2017	2018
CEMAC	5.7	1.3	3.9	-0.2	0.4	1.7
WAEMU	3.7	2.9	4.2	6.3	6.5	6.5
EAC	6.8	4.4	5.7	5.4	5.6	6.5
Petroleum exporting countries (excluding Nigeria)			4.1	-2.1	-0.2	0.2
SS Africa	6.5	2.6	5.3	1.4	3.0	3.2

This relatively good performance, based on relatively high investment and domestic savings rates, led to an increase in the economic size of CEMAC, whose **GDP rose by a factor of 4.2 between 2000 and 2011**. CEMAC's GDP per capita thus increased more rapidly in one decade than in the rest of the continent, having increased by a factor of 3.1 between 2000 and 2011 and only by 2.9 and 2.5 in SSA and the whole of Africa. In 2011, **it was estimated at \$ 2 033**, higher than the SSA average estimated at USD 1 486 and the whole of Africa estimated at USD 1 871.

Since then, the slump in oil prices and its impacts on demand, the deterioration of the security climate in the Lake Chad region and in CAR compounded by structural weaknesses, notably the non- diversification of economies and weak institutional governance, are to blame for the limited economic performance that led to a substantial reduction in economic growth in the region.

The growth rate of the area thus dropped from 4.8% in 2014 to 1.4% in 2015 and -0.2% in 2016. Although negative, these performances remain higher than those of oil-exporting countries in sub-Saharan Africa (excluding Nigeria) whose growth rate is estimated at -2.1, -0.2 and 0.2 in 2016, 2017 and 2018 against -0.2, 0.4 and 1.7 for CEMAC countries.



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The poor performance also led to a current account deficit in the region, which went from 4.1% of GDP in 2014 to 12.5% in 2015, due to a sharp decline in trade surplus, with a drop of more than 30% in the proceeds from oil exports, but also a slight worsening of the balance of services deficit. Foreign assets accumulated during the cycle of rising oil prices were thus cut down and represented merely 4.0 months of imports of goods and services at end-2015, compared with 5.2 months a year earlier.

The reforms implemented since then by the Member States have led to the recovery observed since 2017 and will have to be consolidated in 2019 and 2020.

According to BEAC forecasts, the economy of the sub-region in 2019 is expected to experience a real growth rate of 3%. Activity would be driven mainly by private investment in the oil and non-oil sectors, and net external demand, driven by a significant increase in the volume of commodity exports, particularly hydrocarbons.

The reforms undertaken are aimed at a greater diversification of the CEMAC economies by reducing the dependence on hydrocarbons and developing their agricultural, forestry or tourism potential. The numerous infrastructure projects launched should strengthen the area's energy autonomy (hydroelectric dam projects in Cameroon, development of the photovoltaic sector in Chad) and increase transnational connections (Brazzaville-Yaounde and Brazzaville-Libreville roads, deployment of optical fibre as part of the World Bank funded Central African Backbone project). These investments are expected to improve the business climate in CEMAC and thus further attract foreign investors in non-traditional sectors.

Major international groups are also involved in economic diversification initiatives. These include Olam - which is investing in Gabon's agricultural sector and participating in the construction of a new international airport in Libreville; or the Atlantic Cocoa Corporation - which is developing a cocoa processing business in Cameroon.

The deepening of the initiated reforms, particularly as part of the regional strategy put in place to curb the crisis with the support of the IMF and other development partners, should enable CEMAC to tap its enormous potential in many sectors, particularly in the field of natural resources. These include the following five high potential sectors, which can boost economic growth and have a significant ripple effect on the rest of the economy, identified by the REP (Regional Economic Programme): (i) energy, (ii) agro-industry, (iii) forestry, (iv) livestock and fisheries, and (v) mining and metallurgy. By pooling their potentials in each of these sectors, CEMAC Member States are capable of becoming a key player regionally or even globally. Moreover, by apportioning the countries' potential, these five pillars make it possible to define a regional strategy whose impact will be felt significantly by each Member State.



Sheet 7

Economic and Financial Situation of CEMAC in 2018 and Outlook for 2019 and 2020

The economic recovery of CEMAC, initiated in 2017, continued in 2018, driven by a significant increase in oil production in the Republic of Congo and Chad and a good performance of non-oil economic activity in Cameroon and Gabon.

The economic activity of the sub-region evolved in 2018 in an environment marked domestically by the continuation of fiscal consolidation in all CEMAC member states, against the backdrop of persistent security tensions in the Lake Chad Basin, the Central African Republic, as well as the socio-political crisis in the North-West and South-West Regions of Cameroon, with consequent increased spending on security, and the influx of refugees and internally displaced persons. Externally, it was characterised by a slowdown in global growth to 3.6% in 2018 from 3.8% in 2017; and an improvement in crude oil prices from US\$52.8 on average per barrel in 2017 to US\$68.3 on average per barrel in 2018.

In this context, the CEMAC economy as a whole recorded a growth rate of 1.7% in 2018 after 0.6% in 2017 and -1.5% in 2016.

By country, Congo and Chad emerged from the recession in 2018 following the good performance of oil activities in each of these two countries. Equatorial Guinea, on the other hand, remained in the recession, still weighed down by the decline in oil production, which has been falling steadily since almost 2013. In Gabon, growth was 0.4% in 2018 compared to 0.5% in 2017.

On the other hand, in **Cameroon**, despite the persisting crisis in the North-West and South-West Regions affecting the banana, rubber and palm oil sectors, growth picked up again in 2018 (4.1% in 2018 after 3.5% in 2017) thanks to the significant increase in gas production which eased the recession in the oil sector, the increase in energy supply, and the continuation of work related to the preparations for the organisation of the AFCON and investments for the commissioning of some major large-scale projects.

The Central African Republic recorded a slowdown in its growth (3.8% in 2018 from 4.5% in 2017). Economic activity was affected in 2018 by insecurity in some rural areas affecting agricultural activities and the mining sector despite the substantial increase in externally financed capital expenditure and the recovery of activities in the tertiary sector, forestry and logging as well as construction.

Evolution of the general level of consumer prices: the average annual inflation rate in the sub-region is on the rise in all Member States, except the Central African Republic. In 2018, it reach 2.2% after falling back to 0.9% in 2017. This general rise in inflation is in line with the good performance of domestic demand following the resumption of economic activity in the zone and the rise in food prices in connection with the recovery in oil prices.

Two countries in the sub-region, Gabon and Chad, recorded inflation rates above the Community norm (3%). In 2018, these two countries rose to 4.8% and 4.0%, respectively, from 2.7% and -1.1% in 2017.



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Public finances: fiscal management was marked in 2018 by the continued reduction of the budget deficit. This was as a result of base commitments excluding grants, income at 1.0% of GDP against 4.3% of GDP in 2017 following the increase in oil production coupled with the improvement of crude oil prices, and fiscal consolidation measures implemented in particular in the context of the economic and financial programmes concluded between Member States and the IMF. By country, with the exception of the Central African Republic, this balance improved in 2018 in all Member States.

Foreign trade: the current account deficit, excluding government transfers, contracted in 2018 to return to 4.1% of GDP after 6.8% of GDP in 2017. This improvement was the result of a sharp contraction of the budget deficit, an increase in oil production and good terms of trade. This balance improved in all Member States in 2018 with the exception of Cameroon (3.8% of GDP after 2.9% of GDP in 2017) and Central Africa (18.3% of GDP in 2018 after 16.1% of GDP in 2017).

In Cameroon, its deterioration is mainly related to the persistence of the crisis in the North-West and South-West Regions affecting banana, rubber and cocoa exports, the massive importation of capital goods and equipment, the construction of AFCON 2021 infrastructures, as well as the substantial increase in imports of refined petroleum products following the eight-month technical shutdown observed in 2018 by the National Refining Company – to connect the units of the first phase of its extension and modernisation plan.

Monetary situation: it strengthened in 2018 after a continuous deterioration since the advent of the oil shock. It has experienced positive growth in net foreign assets, credits to the economy and the money supply in connection with a better dynamism of economic activities. In addition, external reserves in terms of coverage of imports of goods and services increased to 2.6 months at the end of December 2018, after 2.4 months on 31 December 2017 and at the end of December 2016. Similarly, foreign currency hedging rate increased to 61.4% on 31 December 2018 compared to 57.5% at the end of 2017.

By country, the monetary situation showed a contrasting evolution in Congo, Equatorial Guinea and Chad showing a decrease in the money supply, despite the sharp improvement of the oil sector in the Republic of Congo and Chad.

Situation of the banking sector: the share of outstanding debts in total bank loans has been increasing continuously since the advent of the oil shock, despite a good level of funding observed. It rose from 11.9% at the end of September 2014 to 20.2% on 31 December 2018 and 21.7% on 30 April 2019. However, the CEMAC banking system remains globally solvent, liquid and profitable. On average, the solvency ratio of the CEMAC stood at 21.5% as of 30 April 2019 from 20.7% on 31 December 2018.

The state of compliance in 2018 with the new CEMAC convergence criteria: it has slightly deteriorated overall compared to 2017. In 2018, the Community observed two out of four convergence criteria, namely those relating to inflation and indebtedness.



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By country, the Central African Republic has met three out of four convergence criteria, with the exception of the one relating to the absence of arrears of payment. Cameroon, Equatorial Guinea and Chad have observed two criteria – those relating to indebtedness and inflation for Cameroon and Equatorial Guinea, as well as those relating to the reference budget balance and debt for Chad. Congo and Gabon have observed only one criterion each – that relating to inflation for Congo and the criterion relating to indebtedness with regard to Gabon.

The state of observance of the standards required for the various indicators of multilateral surveillance, no Member State meet the objectives in 2018, 2017 and 2016, especially those related to the ratio of wage bill to tax revenues and to the rate of tax pressure.

Macroeconomic outlook for 2019 and 2020: they are generally favourable. Economic growth should recover to 2.7% in 2019 and 2.9% in 2020 in connection with the dynamism of oil activities in Congo and Chad coupled with that of gas activities in Cameroon. It would also be supported by the good performance of non-oil activities, mainly those relating to market services, manufacturing industries and subsistence agriculture.

For their part, the budget accounts would improve in 2019 before a slight deterioration in 2020, in line with the increase in oil production, the continued implementation of the reforms contained in the PREF-CEMAC and in the State Programmes with the IMF as well as further monetary tightening, despite further deterioration in the terms of trade. Thus, the budgetary balance, base commitments excluding grants, would reach -0.6% of GDP in 2019 from -1.0% of GDP in 2018 before deteriorating slightly to -0.9% of GDP in 2020.

However, there are some major risks surrounding these prospects, in this case:

- a further delay in the conclusion of Equatorial Guinea's economic and financial programme with the IMF, which could constrain the mobilisation of the budgetary support expected by this country and affect the achievement of the objectives in terms of restoring the external position of the zone;
- a production below the originally projected profile of the new oil fields in Congo and Chad;
- the persistence of security tensions in the Lake Chad Basin and the Central African Republic, as well as the crisis in the North-West and South-West Regions of Cameroon, which could have a negative impact on the production and mobilisation of tax and customs revenues, as well as generate an increased spending in security;
- low fiscal consolidation in some Member States resulting in insufficient mobilisation of tax revenue;
- a counter-shock on the terms of trade that could dampen prospects for restoring macroeconomic equilibrium;
- the escalation of commercial and technological tensions that could lead to a slowing of the pace of global demand and mainly that of emerging economies in Asia.



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The state of cooperation between Member States and the IMF: the initial implementation of the programmes with the IMF was broadly in line with the objectives. However, the fiscal slippage observed in late 2017 and 2018 in some Member States has led to difficult conclusions from the second and third reviews of programmes in these countries. This has created delays with the conclusion of the fourth review of the programme with regard to one Member State.

The CAR concluded the sixth and final review of its programme in July 2019 – marking the first time in its history to continuously conduct a programme with the IMF. The CAR also requested a new programme with this Multilateral Institution in view of the completion of the programme.

In addition, in July 2019, the Executive Board of the IMF approved a Programme for Congo under the Extended Credit Facility of US\$448.6 million.

With regard to Equatorial Guinea, following the implementation of certain prior actions, an IMF mission is planned for September 2019 for the second review of its Reference Programme, the satisfactory conclusion of which would open the negotiations for a programme with financing.

Source: CEMAC. Final Report of Multilateral Surveillance 2018 and Prospects for 2019 and 2020, 37th Edition, September 2019.



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Sheet 8

Final Communiqué of the 14th Ordinary Session of the CEMAC Heads of State Conference (N'djamena, 24 March 2019)

The 14th ordinary session of the Conference of Heads of State of the Economic and Monetary Community of Central Africa held on 24 March 2019 in N'Djamena (Republic of Chad), chaired by His Excellency Idriss DEBY ITNO, President of the Republic of Chad, Head of State, Current President of the said Conference.

In attendance were:

- His Excellency Faustin Archange TOUADERA, President of the Central African Republic;
- His Excellency Denis Sassou Nguesso, President of the Republic of the Congo;
- His Excellency Joseph DION NGUTE, Prime Minister, representing the President of the Republic of Cameroon;
- His Excellency Julien NKOGHE BEKALE, Prime Minister, representing the President of the Gabonese Republic;
- His Excellency Francisco Pascual OBAMA ASUE, Prime Minister, representing the President of the Republic of Equatorial Guinea.

The President of the CEMAC Commission, Prof Daniel ONA ONDO, performed the duties of minute secretary.

In addition to members of the Council of Ministers of the Economic Union of Central Africa (UEAC) and the Ministerial Committee of the Central African Monetary Union (UMAC), the following personalities also took part in the proceedings:

- The Vice-President of the CEMAC Commission;
- The Governor of the Bank of Central African States;
- The President of the Community Parliament;
- The President of the Community Court of Justice;
- The First President of the Community Court of Auditors;
- The President of the Development Bank of Central African States;
- The President of the Central African Financial Market Supervisory Commission;
- The Secretary-General of the Banking Commission of Central Africa;
- Members of the CEMAC Commission and Heads of CEMAC Institutions, Organs, Specialized Agencies and Executing Agencies.

The Conference was preceded by the 33rd Ordinary Session of the Council of Ministers of the Economic Union of Central Africa (UEAC), held on 22 March 2019, and the Ministerial Consultation Meeting of the Ministerial Committee of the Central African Monetary Union, held on 23 March 2019.

The solemn opening ceremony of the Conference was marked by the statement of the President of the CEMAC Commission and the speech of His Excellency Idriss DEBY ITNO, President of the Republic of Chad, and current President of the Community.



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On behalf of the Heads of State and Delegation, the current President welcomed the return to Gabon of President ALI BONGO ONDIMBA after a long period of convalescence that had kept him away from his country.

In the same vein, the Conference paid particularly deserved tribute to His Excellency Faustin Archange TOUADERA, President of the Central African Republic, for the Khartoum Agreements signed on 6 February 2019, which mark the end of a long period of hardship inflicted on the brotherly people of Central African Republic.

After the opening ceremony and ensuing group photograph, the Conference proceeded behind closed doors.

The first item on the Conference agenda was the presentation of the Report on the Implementation of the Roadmap of the Current President of the Conference.

At the end of the presentation, His Excellency IDRIS DEBY ITNO was warmly congratulated by His Peers, on the excellent quality of the report and on the results obtained. In this respect, for the remaining actions, they directed the President of the Commission to diligently complete those that are ongoing.

In turns, President Denis SASSOU NGUESSO, President dedicated to the CEMAC Economic and Financial Reforms Programme (PREF-CEMAC), and Prime Minister Joseph DION NGUTE, on behalf of President BIYA, President of the Regional Economic Communities (REC) dedicated to the rationalization process, presented respective reports to the Conference on the progress of such Programmes.

On the status of implementation of PREF-CEMAC, the Conference, considering the end-signs of a long recession that lasted more than four years, congratulated the PREF-CEMAC President, His Excellency Denis SASSOU NGUESSO, President of the Republic of Congo, on the progress made.

The Conference thus encouraged all States and all CEMAC economic, monetary and financial institutions involved in the implementation of the Programme to strive towards strengthening fiscal sustainability, and the coverage of our currency by accelerating the implementation of measures adopted to ensure the repatriation of export earnings.

In addition, the Conference called for solidarity among States and for the rapid conclusion of negotiations of programmes for Congo and Equatorial Guinea. They reaffirmed their commitment to supporting these two countries in finalizing discussions with the IMF.

Taking cognizance of the progress report of the Regional Economic Community rationalization process, the Conference congratulated His Excellency Paul BIYA, President of the Republic of Cameroon, dedicated President for RECs Rationalization on the significant progress recorded in the RECs rationalization process in Central Africa under his stewardship. To speed up the process and capitalize on the results thus recorded, the Dedicated President of this Programme informed the Conference that a Joint ECCAS/CEMAC Extraordinary Summit is planned for the near future.

The proceedings of the Heads of State Conference continued with a statement from the Governor of the Central Bank.



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With regard to the issue of repatriation of export earnings, especially by major companies, the Conference tasked the CEMAC Commission with defending the common and mutually agreed position of the six Member States to ensure businesses strictly comply with the exchange regulations in force. To this end, the Heads of State and Delegation gave specific guidelines for the conduct of the said mission.

Reviewing matters related to Multilateral Surveillance, the Conference took note of the macroeconomic performance of member States and the status of compliance in 2018 with the new CEMAC convergence criteria, which vary across States. To remedy the situation and, above all, have a reliable early warning system for crises, the Conference directed the President of the Commission to speed up the establishment in Member States of tools for revitalizing Multilateral surveillance, namely Triennial Convergence Programmes (by 31 July 2019), credible and comprehensive payment arrears clearance strategies (by 31 December 2019), as well as National Multilateral Surveillance Units, including the establishment of a more efficient system for Statistical Reporting.

Regarding the liquidation of the Community company, "Air-CEMAC", and the use of the liquidation surplus, the Conference (i) adopted two Additional Acts to abolish the creation of the said company for one, and the location of its headquarters for the other, and (ii) decided to transfer Member States' contributions to the Community Development Fund (FODEC).

With regard to the finalization of CEMAC Institutional Reforms, the Conference decided that the election of members of the CEMAC Community Parliament shall be by indirect universal suffrage and that Community Schools shall be autonomous. The Conference thus requested the Commission to submit to it at its next session the conditions for organizing the election.

On the status of implementation of free movement of persons within the CEMAC area, the Conference of Heads of State adopted the CEMAC Common Policy on Emigration, Immigration and Border Protection. In this regard, it instructed the President of the CEMAC Commission to (i) accelerate the application of the Additional Act for the abolition of visa requirements for all CEMAC nationals moving within the Community area, and (ii) take vigorous action towards implementing the said Common Policy.

Taking the rostrum, the President of BDEAC presented the situation of his Institution and the reforms carried out therein. The report revealed that BDEAC has significantly increased its volume of interventions to finance the economies of the sub-region. However, while welcoming this development, the Conference recommended that the President of BDEAC should continue reforms in order to restore the institution's credibility and further strengthen its financing capacities. In this regard, the Conference directed the Governor to speed up the process for the disbursement of funds to the BDEAC to ensure the financing of enterprises.

Reacting to the presentation of the COSUMAF President's report, the Heads of State gave detailed guidance with a view to addressing the particular difficulties affecting the institution. The Conference thus instructed the BEAC to trigger the provisions of the Additional Act on the merger of the financial market of Central Africa.



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While reviewing the issue of financing the Community, the Conference of Heads of State called on the Ministers of Finance to strictly apply the autonomous financing mechanism of the Community and, by 31 December 2019, to fully pay States' arrears due as at 31 December 2018, while recommending an improvement of governance in all Community institutions.

In addition, the Conference particularly urged the Chairperson of the CEMAC Commission to deepen reflection on alternative sources of funding for the Community.

Taking cognizance of the operational difficulties of the Central African Inter-State Centre for Advanced Studies in Public Health (CIESPAC), the Conference decided to endow CIESPAC with administrative and financial autonomy from its current supervisory authority, the Organization for the Coordination of Endemics Control in Central Africa (OCEAC). The CIESPAC will thus be raised to the status of a Specialized Institution, like other Community Schools.

At an individual level, the Conference of Heads of State endorsed the appointment of Mr. BEMBA BERAL as Permanent Secretary-General of the CEMAC Pink Card System.

On the return of the Commission to its headquarters in Bangui, the Conference recommended that the President of the Commission should propose a gradual return timetable to be agreed with the authorities of Central African Republic.

Speaking before the close of proceedings, the Representative of the Head of State of Gabon thanked the Heads of State and delegation for the support and solidarity they expressed to His Excellency ALI BONGO ONDIMBA, President of the Gabonese Republic, to whom they extended best wishes for a speedy recovery.

At the close of the proceedings, the Heads of State and Delegation expressed gratitude to the President of the Republic of Chad, the Chadian Government and people for the warm welcome and hospitality accorded their respective delegations during their stay in N'Djamena.

The proceedings of the fourteenth ordinary session of the Conference of Heads of State took place in an atmosphere of serenity and open-minded fraternity, demonstrating their firm resolve to promote integration in Central Africa.

The fifteenth ordinary session of the CEMAC Conference of Heads of State will be held in Yaounde, Republic of Cameroon, and will be chaired by the Current President, His Excellency Paul BIYA, President of the Republic of Cameroon.

N'DJAMENA, 24 March 2019

For the Conference of Heads of State

IDRISS DEBY ITNO

Current President



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Sheet 9

Final Communiqué of the Extraordinary Summit of Central African Heads of State on the Economic and Monetary situation in the CEMAC Zone (Yaounde, 23 December 2016)

At the invitation of His Excellency Paul BIYA, President of the Republic of Cameroon, an Extraordinary Summit of Central African Heads of State was held at Unity Palace, Yaounde, on 23rd December 2016.

The purpose of the meeting was to review the economic and monetary situation in the CEMAC zone and to adopt appropriate measures to curb the adverse effects of the dual oil and security shock on the economies of the sub-region.

The following personalities took part in the meeting:

- His Excellency **Paul BIYA**, President of the Republic of Cameroon
- His Excellency **Faustin Archange TOUADERA**, President of the Central African Republic;
- His Excellency **Denis SASSOU NGUESSO**, President of the Republic of the Congo;
- His Excellency **Ali BONGO ONDIMBA**, President of the Gabonese Republic
- His Excellency **OBIANG NGUEMA MBASOGO**, President of the Republic of Equatorial Guinea;
- His Excellency **Idriss DEBY ITNO**, President of the Republic of Chad.

Also in attendance were:

- Mrs **Christine LAGARDE**, Managing Director of the International Monetary Fund (IMF);
- Mr **Michel SAPIN**, Minister of Economy and Finance of the French Republic;
- Mr **Pierre MOUSSA**, President of the CEMAC Commission;
- Mr **Lucas ABAGA NCHAMA**, Governor of the Bank of Central African States (BEAC).

Addressing agenda items, the Heads of State first of all followed the Special Statement of the Managing Director of the International Monetary Fund. They then listened to the presentation of the French Minister of Economy and Finance, which preceded the reading of the Report of the Meeting of CEMAC Ministers of Finance and Economy, held in Yaounde on 22 December 2016.

At the end of the presentations, the Heads of State exchanged views on the various issues raised and, in particular, the extent of the impacts of the fall in oil prices on the economies of the sub-region, CEMAC's financial and monetary management and the measures to be adopted to get out of this difficult economic situation.



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At the end of discussions, the Heads of State:

1. Stressed, from the outset, that the strengthening of macroeconomic stability does not require a readjustment of current monetary parity, but rather adjustment efforts at the domestic and external levels, accompanied by adequate structural reforms;
2. Decided to adopt relevant measures combining appropriate fiscal and monetary policies, and enhanced international cooperation to sustainably reverse the negative economic trends of the sub-region;
3. Reaffirmed their shared vision to transform the CEMAC zone into an emerging space in the near future, through the judicious building of infrastructure needed to foster sustainable and inclusive development for the benefit of their populations;
4. Reiterated their steadfast attachment to community solidarity in the face of current and future economic and security shocks.
5. As regards monetary policy, decided to freeze BEAC's statutory advance ceilings at the level set on the basis of budget revenue for the 2014 financial year;
6. Prescribed the strengthening of the financial stability of the CEMAC zone through increased supervision of the banking system and optimal use of monetary policy instruments;
7. Urged BEAC to propose to Member States, in the short term, measures to promote gradual transition from Central Bank direct financing to capital market financing;
8. Renewed their commitment, at the level of each country, to vigorously pursuing the budgetary adjustments required for a controlled, judicious and progressive rebalancing of their public finance;
9. Agreed on the urgent need to implement targeted public expenditure fiscal policies in order to preserve social gains in a context of extreme economic and financial fragility;
10. Decided to embark on a gradual turnaround in the budgetary balance of Member States, and agreed to reduce the budgetary balance to less than 3% within less than 5 years;
11. Underscored the importance of maintaining debt viability and sustainability by prioritizing concessional financing and promoting public-private partnerships for the implementation of infrastructure programmes;
12. Commended the wise advice and technical assistance of development partners;
13. Decided to open and conclude, in the near future, bilateral negotiations with the IMF to better structure the adjustment efforts of Member States, support them towards finding a way out of the crisis and help them to create conditions for a



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- virtuous and sustainable recovery of their economies;
14. Requested measures to strengthen softer and flexible international cooperation for each country;
 15. On account of the external nature of the economic shocks being experienced, agreed to make extensive use of all bilateral and multilateral partners to obtain broad access to the concessional and non-concessional financing needed to strengthen the balance of payments and to continue priority development projects;
 16. Agreed to resolutely accelerate the finalization of the free movement of people and goods, and the rapid implementation of integrating projects, while preserving security;
 17. Renewed their shared commitment and determination to substantially improving the business climate in the CEMAC zone, in order to vigorously promote wealth-generating economic activity, and optimally mobilizing domestic tax revenue;
 18. Urged their respective countries to strengthen international tax cooperation in order to combat tax fraud, evasion and optimization that deprive them of substantial resources;
 19. Prescribed the intensification of measures and actions to diversify their economies to make them less vulnerable to external shocks and more competitive with the liberalization of trade in an increasingly open world;
 20. Entrusted the CEMAC Economic and Financial Reform Programme with the task of monitoring the measures taken and regularly reporting on their implementation;
 21. Prescribed the regular holding of meetings, at the ministerial level, to monitor and evaluate recovery measures and their effects on the economic, financial and monetary situation of CEMAC countries.

At the end of the proceedings of the Extraordinary Summit, the Heads of State welcomed the participation of special guests at the Summit, namely: Mrs Christine Lagarde, Managing Director of the IMF; Mr Michel SAPIN, Minister of Economy and Finance of the French Republic; Mr Pierre MOUSSA, President of the CEMAC Commission; and Mr. Lucas ABAGA NCHAMA, Governor of BEAC.

They expressed their deep appreciation to His Excellency Paul BIYA, President of the Republic of Cameroon, for the initiative and the successful organization of the Summit.

The deliberations of the Extraordinary Summit of Heads of State of Central Africa on the Economic and Monetary Situation in the CEMAC Zone were conducted in an atmosphere of serenity and mutual and cordial understanding.

Done in Yaounde, 23 December 2016