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# **ANNUAL REPORT OF THE FISCAL YEAR 2021 JULY 2021**



**AFRITAC**  
de l'Ouest

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#### **PARTNERS**

European Union, Luxembourg, Germany, France, China, Norway, the Netherlands, Switzerland, European Investment Bank

## MEMBERS

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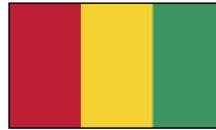
Benin



Burkina Faso



Côte d'Ivoire



Guinea



Guinea Bissau



Mali



Mauritania



Niger



Senegal



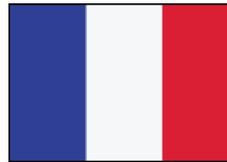
Togo

## PARTNERS

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EUROPEAN UNION



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# Acronyms

AE	Commitment authorization
AFRITAC	IMF Africa Regional Technical Assistance Center
AFW	AFRITAC West
ANA	Annual national accounts
APP	Annual performance plans
ASYCUDA	Automated System for Customs Data
AUT	WAMU Securities Agency
BCEAO	Central Bank of West African States
BCM	Central Bank of Mauritania
BCRG	Central Bank of the Republic of Guinea
CDCP	Accrual accounting with production of the government balance sheet
CD-PORT	Capacity development - Projects, Outputs, and Results Tracking
CE	Payment appropriations
CIAT	Inter-American Center of Tax Administrations
COVID-19	Coronavirus Disease 2019
CP	Payment appropriations
CPI	Consumer price index
CREPMF	Regional Public Investment and Financial Markets Board
DGB	Directorate General of Budget
DGBF	Directorate General of Budget and Finance
DGCI	Directorate General of Contributions and Taxes
DGD	Directorate General of Customs
DGDP	Directorate General of Public Debt
DGI	Directorate General of Taxes
DGID	Directorate General of Taxes and Property Administration
DGPEE	Directorate General of Economics Forecasting and Analysis
DGT/DGTCP	Directorate General of Treasury and Public Accounting
DIS	Directorate of Information Technology and Statistics
DLR	Directorate of Legislation and Regulation
DNB	National Directorate of the Budget
DNEEP	National Directorate of Economic Analysis and Forecasting
DNP-APD	National Directorate of Debt and Official Development Assistance
DNTCP	National Directorate of Treasury and Public Accounting
DPAE	Directorate of Economic Forecasting and Analysis
DPB	Directorate of Budget Programming
DPBEP	Directorate of Fiscal and Multiyear Economic Programming
DPEE	Directorate of Economic Forecasting and Analysis
DPIB	Directorate of Public Investment Programming
DPMC	Directorate of Monetary and Credit Policy
DPPD	Multiyear expenditure programming document
DPPSE	Directorate of Economic Forecasting, Policy, and Statistics
DRAR	Directorate in charge of Intelligence and Risk Analysis
DRED	Directorate of Customs Intelligence and Investigations
EU	European Union
FAD	IMF Fiscal Affairs Department
FY	Fiscal year

GDP	Gross domestic product
GFSM	Government Finance Statistics Manual
GIZ	German Agency for International Cooperation
HIPI	Harmonized industrial production index
ICD	IMF Institute for Capacity Development
IIP	Index of industrial production
IMF	International Monetary Fund
INS/INSTAT	National Statistics Institute
IOTA	Intra-European Organisation of Tax Administrations
IPCE	National Institute for Economic and Demographic Statistics and Analysis
IPPI	Industrial producer price index
ISORA	International Survey on Revenue Administration
IVP	Import Verification Program
MCM	IMF Monetary and Capital Markets Department
MTDS	Medium-term debt strategy
MTRS	Medium-term revenue strategy
NIF	Taxpayer identification number
OECD	Organisation for Economic Co-operation and Development
OHADA	Organization for the Harmonization of Business Law in Africa
ONS	National Statistics Office
OTR	Togolese Revenue Office
PCE	Government accounting framework (Plan comptable de l'État)
PCI	Post-clearance inspection
PED	Expenditure commitment plans
PFS	Public finance statistics
PIMA	Public Investment Management Assessment
PPAT	Multiyear technical assistance project
PPP	Public-private partnership
PTE	Government cash management plans
QNA	Quarterly national accounts
RBM	Results-based management
RWA	Risk-weighted assets
SGCBU	Secretariat General of the WAMU Banking Commission
SNA	System of National Accounts
SSA	Sub-Saharan Africa
SUT	Supply and use table
SYSGEX	Exemptions management system
TA	Technical assistance
TADAT	Tax administration diagnostic assessment tool
TOFE / TOF	Government fiscal reporting table (tableau des opérations financières de l'Etat) / subsector fiscal reporting tables
TSA	Treasury single account
UNCTAD	United Nations Conference on Trade and Development
VAT	Value added tax
WAEMU	West African Economic and Monetary Union
WAMU	West African Monetary Union
WCO	World Customs Organization
WTO	World Trade Organization

# REMARKS OF MR MAMADI CAMARA, CHAIRMAN OF THE STEERING COMMITTEE OF AFRITAC WEST

Our countries have been through a major crisis that has affected our populations, increased poverty, reduced economic growth and weakened our macroeconomic balances hard-won over the years, with declining revenues, increasing domestic expenditures and rising debt levels.

Despite the health crisis, which has affected the whole world as well as our colleagues and friends at the IMF and AFRITAC West, together we have been able to adapt our working methods. Our initial priority was the mobilization of financial resources through various instruments provided by the IMF. Then, we focus on resuming

capacity building activities, which have enabled us to better respond to the crisis and the constraints imposed by the pandemic.

AFRITAC West has embraced teleworking for the implementation of our capacity development activities (CD). All activities with the IMF and AFRITAC have been carried out remotely since March 2020.

The health crisis has only made our CD strategic priorities more relevant and urgent. I am delighted with the response, availability and flexibility that AFRITAC West has shown to carry out its mission.

I take this opportunity to congratulate the IMF and AFRITAC West for the quality of the work done throughout the 18 years of existence of the Center for our countries.

On behalf of the Member States, I would like to express our gratitude to the European Union, France, Luxembourg, Germany, China, Norway, the Netherlands, Switzerland and the European Investment Bank for their financial support which contributes to improving the efficiency of our administrations, our institutions and our executives, by supporting the activities of AFRITAC West in the achievement of its program during the different funding cycles. Thank you, dear partners, for continuing to support AFRITAC West, whose importance, efficiency and excellence of all its actions,



including technical assistance missions and training actions, are unanimous among the beneficiaries.

I would like to encourage all AFRITAC West member countries to sign the letters of understanding and make the disbursements to which we have committed, that will allow us to fully benefit from the resources made available to us by AFRITAC West.

The chairmanship of the Steering Committee, held since May 1, 2019 by Guinea, is devolved for the next two years to Guinea-Bissau to whom I wish every success.

## DIRECTOR REMARKS



**This report presents a summary of AFRITAC West FY 2021 work program and the overall FY 2022 work program.**

**AFRITAC West (AFW or the Center) quickly adapted to the constraints imposed by the pandemic to ensure continued support to its member countries.** All activities were conducted remotely. AFW implemented the strategic priorities defined by the program document while also responding to the urgent needs arising from the pandemic.

**AFW delivered technical assistance (TA) in all of its areas of intervention, and organized new webinars in cooperation with IMF headquarters.** Remote work facilitated the active participation of AFW advisors in headquarters missions, including African Department missions. The Center also contributed to the preparation of technical notes to guide and support the response to the health crisis. The health crisis led to the development of teleworking tools to provide ongoing support – tools that will continue to be used in service of our members.

**In the context of efforts to contain the pandemic, AFW conducted 16 regional webinars** in all its areas of intervention. These webinars are a direct response to the health crisis. They concern, inter alia, the pandemic-related challenges to the compilation of statistics, cash flow and debt management during a pandemic, and fiscal tools in response to the pandemic.

**The pandemic brought a halt to the strong economic growth observed in the region in recent years.** Since 2018, most AFW member countries achieved significant growth rates (Table 2, annexes). In 2018 and 2019, average growth in AFW member countries exceeded 5 percent. In 2020, growth plummeted to 0.6 percent, and -1.9 percent for sub-Saharan Africa (SSA) as a whole. Inflation rates, averaging 3 percent, remained below the SSA average of 10.8 percent. Except for Mauritania, all AFW member countries saw wider budget deficits, similar in general to the SSA average. External debt, estimated at 32.96 percent of GDP for the AFW members, was like the SSA average. With respect to government receipts (excluding grants) from 2018 to 2020, the upward trend seen in AFW member countries contrasted with the downward trend for the SSA average (Graph 4, annexes).

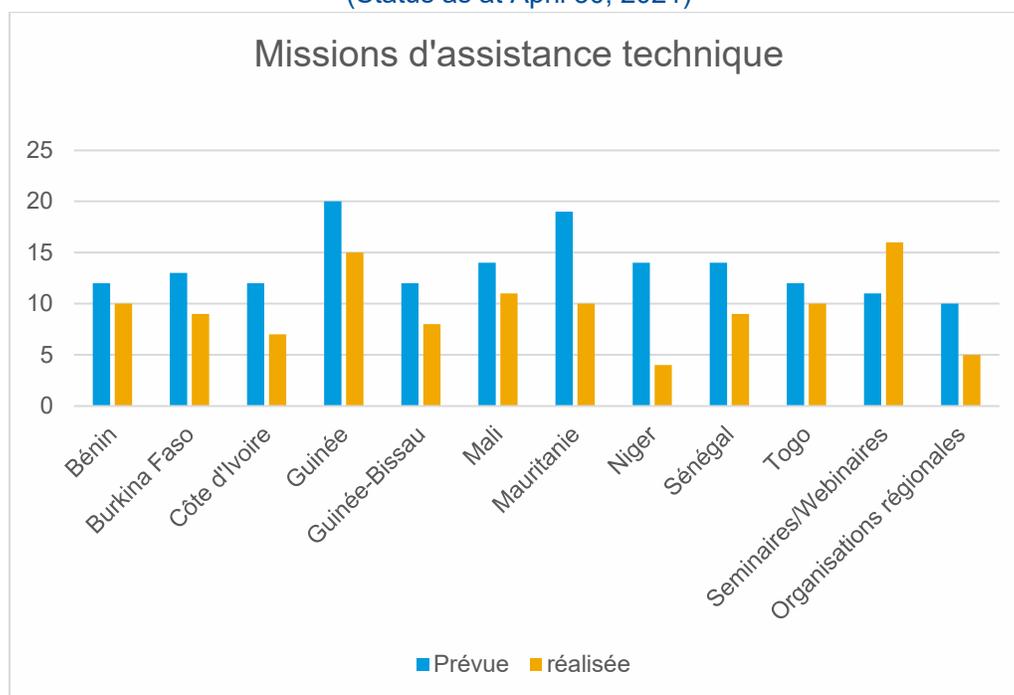
**Regional growth for 2021 is expected to improve modestly to 3.1 percent for SSA countries and 5.2 percent for the countries covered by AFW.** The outlook for growth is exposed to significant risks, particularly with respect to the course of the COVID-19 pandemic, vaccination of populations, and the resilience of healthcare systems in the region. The regional outlook will be broadly dependent on the availability of additional financing and national reforms aimed at transformations that will strengthen resilience (increased revenue, the digital transition, improvements in transparency and governance), accelerate growth in the medium term, create opportunities for a wave of new arrivals on

the job market, and progress toward attainment of the Sustainable Development Goals (SDGs).<sup>1</sup>

**AFW provided support through TA missions, training, and regional webinars during the execution of its FY21 program.** The Center is continuing to support its member countries in implementing the structural reforms needed to support economic growth, reduce poverty in the medium term, and achieve the SDGs.

**AFW conducted 125 of the 154 missions and webinars planned in the initial program, representing an execution rate of 81 percent (Table 1).** This solid performance reflects the beneficiary administrations' capacity to mobilize resources to ensure the success of remote missions under the best possible conditions. Factors that weighed on execution were the departure of two resident advisors, one of whom was not replaced for five months, and social and political tensions in several countries, which led to the cancellation or postponement of several missions. Guinea, Benin, Mali, Togo, and Mauritania are among the beneficiaries with the highest execution rates (Graph 1).

Graph 1. Execution of the FY 2021 work program  
(Status as at April 30, 2021)



<sup>1</sup> [#IMFAfrica](http://imf.org/AfricaREO)

Table1. Execution of the FY 2021 work program by functional area (status as at April 30, 2021)

Functional area	Initial program (number of missions)	Revised FY 2021 program	FY 2021 missions completed	Execution rate (percent)
Customs administration	19	19	19	100
Tax administration	26	26	16	62
Expenditure management – budget	14	14	6	43
Expenditure management – Treasury	13	12	13	108
Public Finance statistics	14	13	11	85
Real sector statistics	20	19	25	131
Public debt management	19	14	8	57
Bank supervision	14	14	4	29
Macro-fiscal analysis	13	11	7	64
Seminars/webinars	11	12	16	133
TOTAL	163	154	125	81

**Performance indicators of the Center.** All TA activities of the IMF and the Center are assessed through the use of a results-based management (RBM) system. The system is designed to evaluate the medium-term impact of training and TA activities on the formulation, management, and effectiveness of macroeconomic policies. The different workstreams can be evaluated through performance indicators available on a digital portal that also provides access to detailed sector logical frameworks based on objectives, indicators, and intermediate steps or milestones, in accordance with the RBM catalogs of the IMF TA departments. The milestones are defined by the advisors in collaboration with the authorities (during preparation of the annual work programs), then validated by the IMF based on the RBM logical framework (RBM catalog of strategic objectives for capacity development). The intermediate steps, evaluated by the resident advisors, contribute to the achievement of the expected outcomes previously defined in the logical framework.

**Of the 135 key milestones of the FY 2021 work program in execution (Graph 6) that were evaluated, 24 were not achieved (18 percent), 48 were partially achieved (36 percent), and 63 were mostly or fully achieved (47 percent).** Guinea, the regional organizations, Burkina Faso, and Côte d'Ivoire are the beneficiaries with the largest number of milestones achieved during FY 2021 (Graph 7, annexes). The proportion of milestones achieved is appreciable in all the Center's areas of intervention (Graph 8, annexes).

**Milestones are specific and clearly observable reforms. Examples of milestones include:**

- The entry into force of the new prudential framework for bank supervision in Mauritania.
- More accurate and reliable taxpayer informations are stored in a centralized database in Guinea;

- Two guides on preparation of the government's opening balance sheet and budgeting of ministry staffing ceilings were prepared and shared with the West African Economic and Monetary Union (WAEMU) to strengthen capacities in accrual accounting and budget management;
- A draft accounting instruction on the implementation of the four new financial statements is available in Burkina Faso;
- The quarterly GDP based on production at constant prices is being disseminated in Niger;
- The institutional scope of public finance statistics includes all significant extrabudgetary units of the central government in Côte d'Ivoire.

**In the context of improved monitoring of activities and results associated with capacity development, the IMF developed a new automated portal, Capacity Development Management and Administration Program (CDMAP).** This tool replaces CD-PORT (Capacity Development Project Outputs and Results Tracking), which had been used to manage the Fund's TA activities since 2018. The CDMAP tool will include the RBM catalog, which the advisors and short-term experts can use as a basis for defining the intermediate steps in the process of accomplishing expected outcomes. During the year under review, the CDMAP project was implemented gradually through several versions with the aim of providing the capacities required to manage the Fund's capacity development portfolio. Since May 1, 2021, the IMF capacity development operations have been managed through CDMAP, which will be fully implemented in 2021. One of the main features of CDMAP is the new reporting structure for execution of activities that will take effect beginning in fiscal year 2022. Activities will be classified under 11 activities and three general modalities: provision of capacity development; analysis and development; and management and administration. The number of budget categories was reduced slightly, from 14 to 11. The standardization of budgeting and reports will help reduce administrative costs, thereby enabling more resources to be allocated to the effective delivery of capacity development activities.

**The capacity development program for FY 2022 is fully integrated into the surveillance activities and economic programs supported by the IMF.** The capacity development strategy adopted by the IMF African Department aims to strengthen resilience and implement structural reforms. The regional strategy aims to (i) promote more robust and inclusive growth in the region; (ii) assist countries in striking an appropriate balance between development needs and debt sustainability; (iii) improving domestic revenue collection; and (iv) providing adequate financing for adaptation to crisis. The IMF and the African Department intend to further extend capacity development to the most fragile States and countries whose capacity development needs have not been met.

**AFRITAC West continues to provide practical solutions to the region's macroeconomic challenges** through its capacity development tools such as regional seminars and webinars, internships, TA missions, and training workshops. The FY 2022 program of activities remain consistent with the strategic objectives set in the fourth funding cycle as described in the Program Document (2017).

**AFW adapts the practical modalities of its interventions to the specific conditions in each country.** As in recent years, the Sahel countries will be the beneficiaries of 40 percent of the Center's TA missions. In the area of domestic revenue collection, certain countries such as Guinea, Niger, and Togo will receive more missions of longer duration. Regional organizations will be the beneficiaries of 13 percent of the TA missions. And almost all of the Center's bank supervision activities will be benefited by the Central Bank of West African States (BCEAO), the Central Bank of the Republic of Guinea (BCRG), and the Central Bank of Mauritania (BCM).

**The Center's work program continues to be aligned on the AFW member countries' strategic priorities. It is developed in cooperation with the key administrations, the IMF country teams, and the AFW partners.** The Center will take part in activities organized by the Economic and Statistical Observatory for Sub-Saharan Africa (AFRISTAT), the WAEMU Commission, and the Economic Commission for Africa. The Center will collaborate in activities of the German Agency for International Cooperation (GIZ) in the context of regional seminars on the economy and macroeconomic forecasts in the AFW countries, and workshops on best practices for macroeconomic framing. The Center will also take part in meetings of the WAEMU Public Finance Observatory and network of practitioners; will participate in the support to be provided by FAD for implementation of budget rules in the WAEMU area; and will continue to collaborate with the technical partners' long-term experts present in several countries.

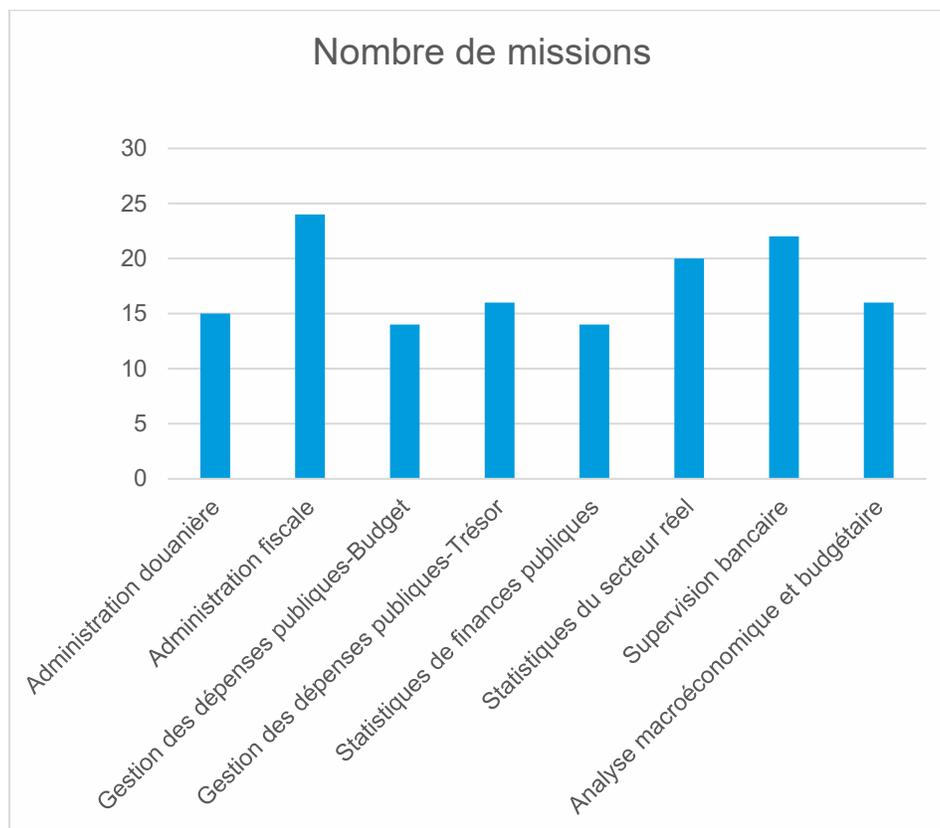
**The key aspects of the program are as follows:**

- It includes new topics, such as the management of investments related to climate change, and prudential tools to encourage efforts to control climate change in the Center's areas of intervention, particularly public expenditure management and bank supervision.
- It considers the progress made by the beneficiary administrations, the outcomes achieved, and the member countries' additional requests for capacity development. It also draws on the 2017-2022 Strategic Logical Framework of the AFRITAC West Fourth Funding Cycle (Phase IV) covering the period May 2017 through April 2022 and the strategic objectives of the different programs supported by the IMF.
- The FY 2022 work program consists of 141 TA missions; 12 seminars/webinars, five of which could be conducted in person depending on the health situation in the region; and five practical internships. National workshops are also planned to disseminate the content of seminars to a larger number of officials or to cover specific topics in certain countries.
- In terms of distribution of activities by area of intervention, revenue administration continues to be the sector with the most missions planned (39), followed by public expenditure management (30), and bank supervision (22) (Graph 11). In terms of beneficiaries, the program provides for at least nine TA missions for each member country (Graph 12).
- It provides for activities conducted jointly with the technical and financial partners (WAEMU Commission, AFRISTAT, the GIZ, the IMF departments, and AFRITAC

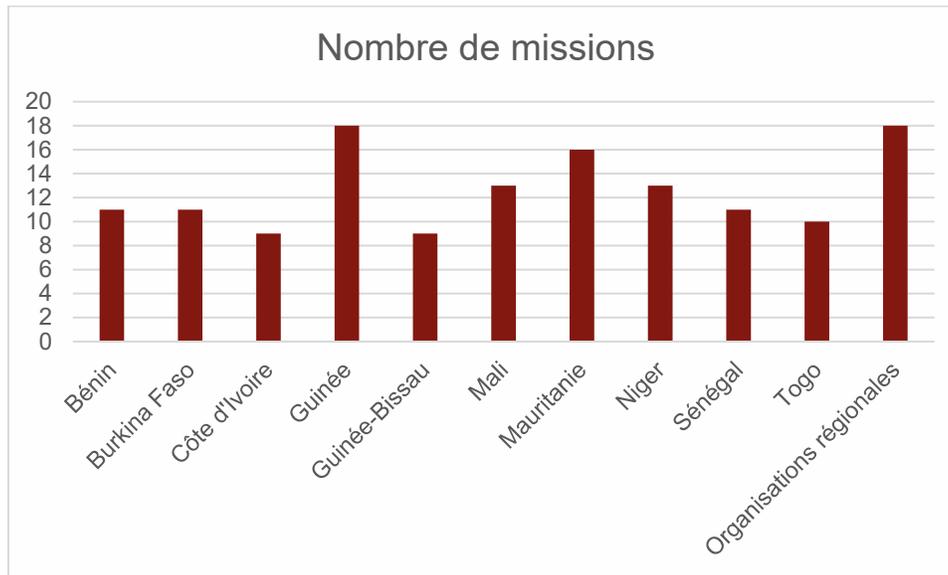
Central) in the context of seminars and training workshops. Strengthening of coordination with the other technical and financial partners will also be enhanced, building on progress to date. AFRITAC West will continue to actively participate in the donor coordination mechanisms established in the member countries.

- Details of the program of activities, including the objectives pursued, the expected outcomes, results indicators, milestones or key steps, and the resources allocated to the activities, are set out in the annexes to the report.

Graph 2. Distribution of FY 2022 TA missions by functional area



Graph 3. Distribution of FY 2022 TA missions by beneficiary



**AFW staff changes took place in FY2021. Two resident advisors, Messrs. Eric Lemarchand and Bacari Koné, formerly advisors in bank supervision and public expenditure management, left the center. The Center welcomed the arrival of Ms. Ha Vu and Mr. Jean Charles Normand as their replacements. Ms. Ha Vu has held several positions with the IMF as senior economist in the Fiscal Affair Department and with the World Bank. She has 20 years' experience in public finance, public administration, teaching, and research. Mr. Normand has more than 30 years of experience with the Bank of France, notably in fonctions relating to bank supervision. Since 2004, he was head of mission for on-site inspections, working for the French Prudential Control and Resolution of Authority (ACPR) and the European Central Bank with the leading French banking institutions as well as insurance companies.**

**In regard to its communication strategy, the Center continues to maintain and update its website and Facebook page and provides online access to mission reports for its members.** In addition, various fact sheets relating to public financial management in the context of health crisis are available on the Center's website and Facebook page.

# I. THE MAIN DECISIONS OF THE 31ST STEERING COMMITTEE (SC)

The President of the AFRITAC West SC, submitted to the Steering Committee members meeting on July 7, 2021, the following decisions which were approved by its members. SC has :

- ✓ Endorsed the reports on the execution of the work program and budget for fiscal year 2021 to April 30, 2021, as well as the budget and work program for fiscal year 2022 ;
- ✓ Supported the IMF's idea of integrating new themes, in particular the "green" budget, climate change in the areas of intervention of AFRITAC West ;
- ✓ Encouraged the member states to contribute despite their difficult financial situation to the financing of the activities of the Center ;
- ✓ Encouraged the various donors and urge AFRITAC West observers to continue their support and commit to the new funding cycle (Phase V), in order to allow the Center to continue to ensure capacity building in the sub-region;
- ✓ Congratulated Guinea for having chaired the Steering Committee for the past two years;
- ✓ Decided that the Chairmanship of the Steering Committee for fiscal years 2022 and 2023 be held by Guinea-Bissau.

## II. FY 2021 AT EXECUTION: TECHNICAL ASSISTANCE RESULTS BY COUNTRY

1. **This section describes the activities conducted for the Center's TA beneficiaries and presents the results for FY 2021.** The activities completed, canceled, or postponed are presented in the tables annexed to the report by project and country.

### A. Benin

#### Customs administration

2. **Strengthening post-clearance inspections.** The first TA provided remotely evaluated the implementation of risk analysis measures and the post-clearance inspection strategy. It was observed that the staff reductions begun in 2019 had adversely impacted the capacity of the Directorate of Customs Intelligence and Investigations (DRED) to achieve its established objectives. Additional staff members were recently assigned to the DRED and are currently in training, but two team leader positions have yet to be filled on a permanent basis. The DRED prepared its annual plan with the help of risk analysis tools, but no provision was made to analyze and report the results of completed audits in regard to the risks and firms identified. It was noted that an inventory was prepared to improve the assignment and monitoring of dossiers, as recommended by the May 2019 mission.

3. **The second TA was organized to evaluate the implementation of previous missions' recommendations on execution of the exemptions control plan, and to collect and analyze customs receipts** at end-2020 (to assess the impact of COVID). The recommendation to establish deadlines for document requests, combined with rigorous monitoring of requests enabled the DRED to obtain information more quickly and improve its performance. In addition, the targeting of document requests led to increased cooperation from companies and allowed the DRED to receive the documents needed for off-site review on a timely basis. In COVID times, the DRED strategy of focusing efforts on post-clearance inspections and off-site review has been a complete success. Notice to users of the possible deactivation of taxpayer IDs (IFUs) boosted revenue collection without the need for legal action. The circumstances in which an IFU could be deactivated should be expanded to other types of infractions and communicated to all users. An urgent priority is correction of the situation of lack of monitoring of the regularization of exceptional procedures for declarations of exemptions. The increased revenue collected in fourth quarter 2020 indicates that the impact of COVID-19 is subsiding. Receipts were impacted by COVID-19 and the closing of the land border with Nigeria in August 2019. An increase in revenue was observed in the third quarter, which continued in the fourth quarter.

#### Tax administration

4. **Strengthening management of the tax administration.** The goal of this mission was to (1) evaluate and improve the authorities' road map for consolidating revenue in the context of the COVID-19 health crisis; (2) update a plan to improve taxpayer compliance to remedy the principal weaknesses identified by the November 2019 evaluation by the Tax Administration Diagnostic Assessment Tool (TADAT) mission; (3) strengthen tax

administration management and the monitoring of tax operations; and (4) provide a results-based management (RBM) framework to establish a relationship between the measures taken and under way and the future medium-term revenue strategy (MTRS). The mission was conducted with the aid of interviews and coaching meetings, with documentation provided by the tax administration and previous FAD reports.

**5. The performance of revenue had not declined, as at May 31, 2020, but the situation in regard to revenue remained fragile and the business continuity plan was in need of improvement.** As in many countries of the subregion, the need to strengthen capacities in management and administration of the Beninese tax administration stood out as a key element in consolidating reforms, improving risk management, and of course improving performance. The need for a determined, forward-looking approach to management was evident in the management of short-term priorities as well as capacity-development priorities for the medium term, whether in control of ongoing activities, project management, or implementation of strategic reforms.

## Public expenditure management

**6. Supporting implementation of the principle of fungibility of appropriations and the mechanism for carry forward of unused appropriations under the program mode of budget management.** The Beninese authorities transposed the budget reforms provided by the WAEMU directives on public financial management, including the principal of fungibility and carry forward of budget appropriations.

**7. Benin made significant progress in budget management and initiated numerous developments and initiatives,** including the gradual transition to program budgets, reform of public procurement, and monitoring budget execution through annual work plans and reviews of expenditures. As a result, programming and budget execution have improved and the public procurement process is less time-consuming. Regarding the carry forward of unused budget appropriations, the outlook should be positive if the reform is accompanied by appropriate controls and security. To better anticipate and control carry forwards, the mission recommended practical measures based on the following three pillars: (1) better monitoring of execution of the budget law through quarterly meetings between the Ministry of Economy and Finance and the sector ministries to refine the execution forecast; (2) reprogramming in the year N+1 budget law of the amount of appropriations representing expenditures that can be executed in phases; and (3) limitation on carry forwards with allocation of resources by the Ministry of Finance through prioritization of expenditures and consideration concerned with balancing the year N+1 budget law.

**8. Support in implementing the Treasury single account and 2020 cash management.** The purpose of the mission was to assess the implementation of recommendations from the December 2019 mission on implementation of the Treasury single account (TSA) and improved cash management, with emphasis on the budget and financial cycles for the National Agricultural Development Fund (FNDA) and the National Microfinance Fund (FNM). A workshop was conducted to strengthen capacities in TSA implementation and cash management and discuss best practices in Francophone African countries. The mission observed significant progress in implementing the TSA and cash management, with execution of the TSA action plan on the order of 44 percent and the

remaining actions under way. For cash management, the implementation of actions defined in the road map stood at 70 percent, with the other 30 percent ongoing at various stages of progress. In terms of significant progress, the mission noted the proposed text on the reformed cash management framework in the process of adoption; the effective implementation of the Treasury notice system (SAT) by the Directorate General of Treasury and Public Accounting (DGTCP), based in part on the accounting officers' expenditure profiles; the implementation of various tools for use by data providers to submit inputs to the cash management plan; increased staffing for the Directorate of Monetary and Financial Affairs (DAMF), the cash flow manager; signature of the decision creating and defining the modalities of operation of the TSA; the implementation of expenditure payments through the TSA (via the STAR application) by all central government units; completion of the impact study on repatriation to the Treasury of public funds held in commercial banks (March 2020); and the signature of a decision governing placements by the government. However, the mission identified five areas in need of improvement for more active management of government cash flows and continued consolidation of the TSA: (i) strengthened coordination and sharing of tools between the Beninese Treasurer General (TGE), who manages the TSA, and the DAMF, the cash flow manager; (ii) improvement in the quality, completeness, and frequency of update of the monthly cash flow plans; (iii) improvement of the regulatory framework for placements; (iv) strengthening of the SAT system with revenue-related notices; and (v) continuation of the process of closing the public bank accounts identified in the impact study.

## Real sector statistics

**9. The work on the national accounts included a review of estimates of the 2017 national accounts prepared by the National Institute of Statistics and Economic Analysis (INSAE) and the formulation of detailed recommendations to improve the processing of data sources for the 2018 national accounts.** The INSAE will finalize those estimates within three months.

**10. For the 2017 accounts, the mission provided a detailed analysis of the supply and use tables (SUTs) and the segment accounts produced by the INSAE and provided recommendations to improve them.** The analysis identified significant changes in volume and price indices for all components of the supply and use balances in the SUTs. The mission recommended a detailed review of the changes. Other comments concerned the use of changes in average salaries as a deflator for general government aggregates in place of the consumer price index. Additional data collection will be needed to implement the recommendations.

**11. Concerning the processing of 2018 data sources, the mission developed a model for processing the financial statements of formal companies,** which will now be prepared according to the new accounting rules in place in the OHADA area. The mission also reviewed the principal data sources prepared by the INSAE and made recommendations for improvement, in particular for insurance and fisheries.

## Public finance statistics

**12. Implementation of WAEMU directives.** The mission noted with satisfaction the continued production of the fiscal reporting table for the budgetary central government

(TOFE) in accordance with Government Finance Statistics Manual (GFSM) 2014. In addition, fiscal reporting tables (TOFs) for the other general government subsectors, i.e., the extrabudgetary units, social security funds, and local governments, were refined and produced.

**13. Regarding the other tables of the minimum analysis framework, the various statements were reviewed and refined.** Also, with the Center's assistance, work was begun on expanding the tables' scope of coverage to other general government subsectors, i.e., social security funds, local governments, and extrabudgetary units.

## Macro-fiscal analysis

**14. Strengthening of practices in macroeconomic and budget framing and revenue forecasting. The mission aimed to strengthen practices in the area of macroeconomic and budget framing and revenue forecasting.** It began with an evaluation of the launch of the GDP-TOFE macroeconomic framing committee and the measures taken since the 2018 mission. The mission then provided capacity development for staff of the Directorate General of Economic Affairs, the revenue-collection agencies, and that Directorate General of Budget. A revenue forecasting model was proposed, with forecasting models for revenue from corporate taxes and VAT.

## B. Burkina Faso

### Customs administration

**15. Strengthening the management, monitoring, and control of exemptions and temporary admissions.** The technical assistance, conducted remotely, enabled the team to observe substantial improvement in the quality of requests during the inspections to be conducted. Most inspections were conducted on a delayed basis. The integration of the SYSGEX exemptions management module in the ASYCUDA system, which was initially planned, was abandoned for technical and financial reasons. In view of the possibilities offered by ASYCUDA, the Directorate of Information Technology and Statistics (DIS) and the Directorate of Legislation and Regulation (DLR), with assistance and support from the United Nations Conference on Trade and Development (UNCTAD) designed a new exemptions management module which is expected to be placed in service in November after training has been provided to DLR staff and licensed customs brokers. While the additional new codes and revised texts have been updated in SYSGEX, the difficulties relating to securing of exemptions have not been resolved and will continue to be an ongoing problem pending the implementation of the new module. With respect to tracking of exemption decisions and primarily extensions of time in SYSGEX, the data have yet to be updated. The mission was informed in particular that INSEED data had not been correctly entered into the SYSGEX and SYGICODE modules, necessitating needless extra work, particularly in targeting companies for inspection. The diversity of procedures, the large number of transactions recorded, and the entry of data to SYGICODE, albeit limited at this time, should enable the customs staff to perform risk analyses that are usable and provide conclusive results.

**16. Strengthening of the customs valuation function.** The aim of the mission was to evaluate the implementation of strengthening measures recommended in June 2019 and

finalize the launch of decision-support tools for the implementation of transaction value. The implementation of recommendations was mixed. The majority of recommendations were fully or partially executed, and only two recommendations had yet to be put in place. However, in regard to the numerical results provided, the customs should still prioritize specific actions to accomplish real qualitative progress in the strategy deployed in September 2018. As recommended by the Revised Kyoto Convention and as provided by the Customs Code of the Economic Community of West African States (ECOWAS), a customs – private sector mediation body is being formalized. The Directorate General of Customs (DGD) prepared a draft that was discussed with the economic partners (including the Ministry of Commerce, Chamber of Commerce, representatives of economic operators, and licensed customs brokers) that was submitted on multiple occasions for approval by the ministerial authorities. In parallel, the Burkinabé customs administration plans to provide for the creation of a national commission on customs dispute resolution in the revised customs code it has begun drafting. To address the objectives of the strategy deployed by the customs beginning in March 2018, a Directorate of Value, Risk Analysis, and Intelligence (DVAR) was created to ensure more effective in-house takeover of currently outsourced functions. A new Anti-Fraud and Territorial Surveillance Directorate was created to more effectively combat various forms of fraud. In addition, gaps persist in the use of some ASYCUDA World functionalities as decision-support tools. The inspectors' completion of inspection certificates, which are required prior to payment of duties and authorization of release of goods from customs control, is far from satisfactory.

## Public financial management

**17. Support in the implementation of expenditure commitment plans to improve budget execution.** The main objective of this assistance, conducted during August 10–21, 2020, was to strengthen the capacities of central government and ministerial budget managers in the preparation of expenditure commitment plans, the techniques for design and update of commitment plans, and coordination of those plans with cash flow monitoring tools, in particular the government cash flow plan.

**18. Burkina Faso has been gradually transitioning to program budgeting since January 2017.** The new mode of budget management requires adaptation of the expenditure cycle in order to achieve the objectives established for each program within reasonable time frames and under reasonable security conditions. Following the FAD Public Investment Management Assessment (PIMA) in 2018, an initial AFW expert mission in February 2018 had recommended the implementation of expenditure commitment plans coordinated with the government cash flow plan.

**19. Support for the implementation of accounting reforms.** The joint FAD – AFW mission aimed to support the authorities in implementing several reforms: improvement of the public accounting process, the transition to accrual accounting, consolidation of the TSA, and strengthening of overall cash management procedures. The mission noted that little progress had been made in the production and quality of public accounts. Despite various efforts, the Treasury trial balance is still not produced on an infra-annual basis, and the quality of the accounts is still in need of improvement.

**20. Burkina Faso has begun the implementation of accrual accounting, with the production of the 2019 financial statements (balance sheet and other financial**

statements). The quality and completeness of information still leaves room for considerable improvement, and coordination between the DGTCP and the other directorates general should be strengthened to ensure the quality of the financial statements for the purpose of certification. A number of projects relating to accounting reforms are under way at the DGTCP, with modernization of the accounting network by 2022 (ministerial and institutional accounting systems, tax and customs accounting network), the implementation of all aspects of accrual accounting, and finally, modernization of the accounting information system, which is under way with design of the integrated budget and accounting information system, N@folo, which is consistent with the public financial management framework. The Quality, Innovation, and Reform Unit (SQIR) was recently created at the DGTCP and tasked primarily with coordinating the reforms in progress.

## Macro-fiscal analysis

**21. Strengthening of macroeconomic risk analysis.** The mission was conducted remotely in the form of discussions, training workshops, and practical work sessions with the administrations concerned, and addressed the quantification of the three fiscal risks [ ... ]. The mission found that the practice of macroeconomic risk analysis was in place but in need of improvement. The mission surveyed the principal macroeconomic risks for the Burkinabé budget<sup>2</sup> and provided capacity development on the approach to characterizing and quantifying macroeconomic risks for members of the Committee on Forecasting and Economic Conditions. It proposed a model note on macroeconomic framing that included a chapter on macroeconomic risk analysis. The mission held discussions on the status of revision of IAP, the macroeconomic framing model, an effort supported by a European Union project. The mission was advised that the drafting of the model was complete and tests had been performed and would continue through December 2020. The mission observed the need to strengthen the capacities of officials at the Directorate of Macroeconomic Forecasting and Analyses (DPAM) in appropriating and developing a methodological guide for the redesigned tool.

**22. Implementation of revenue forecasting tools.** The purpose of the mission was to provide support in the preparation of a revenue forecasting model. The mission began with a survey of implementation of the previous mission's recommendations on the same subject, analyzing selected revenue streams for purposes of illustration. Econometric and effective tax rate approaches to revenue forecasting were implemented, and the functional specifications of the forecasting model were defined. The revenue forecasting model and user manual were delivered to the Directorate General of Economic Studies and Statistics (DGESS), and training was provided on use of the model. The DGESS will continue work on estimating the forecasting functions for all revenues. Further actions for strengthening the team's capacities to ensure full appropriation of the tool were identified and discussed.

## Real sector statistics

**23. Quarterly national accounts.** The Burkinabé National Statistics and Demographics Institute (INSD) disseminated the quarterly national accounts (QNA) in

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<sup>2</sup> Including, inter alia, climate change, reduced public investment, fluctuation of petroleum prices, and fluctuation of mining production.

June 2020 aligned on the new national accounts series (base year 2015). To support the INSD in the continued development of its QNA compilation system, a virtual mission was arranged to introduce a quarterly supply and use table (SUT). The SUT is a reconciliation framework recommended for the preparation of GDP estimates. In light of the specific factors to be considered in preparing the QNA, methodological adjustments were reviewed, in particular the preparation of SUT based on acquisition cost, using seasonally adjusted data and equilibrium principles. In addition, a strength of the SUT is the comparison of estimates on the supply and demand side. As to this point, statisticians should prepare these estimates as independently as possible. Also, a number of improvements to the template used for QNA preparation were examined from the standpoint of production and expenditures. The INSD was able to compile statistics on the quarterly balance of payments and insurance premiums. Improvements were also made to the calculation of production of financial intermediation services indirectly measured (FISIM). The work plan provides for finalizing the testing of indicators in September 2021, implementation of the quarterly SUT template in December 2021, and calculation of initial GDP estimates based on the quarterly SUTs in first quarter 2022.

## Public finance statistics

**24. Refinement of statistics for subsectors of the general government.** The mission was pleased to note the continued production of the TOFE for the public sector in accordance with the GFSM 2014. The mission's work included finalizing the consolidated statistical position of the general government through refinement of TOFs for the different subsectors of the budgetary central government, the extrabudgetary units, social security funds, and local governments. The Center's support also enabled Burkina Faso to regularly produce the TOFE for the budgetary central government subsector on a quarterly basis. The production of a monthly TOFE is planned, as well as the transition, with the Center's support, to a TOFE fully aligned with GFSM 2014, which will be used in monitoring the next economic and financial program. The participation of the different units responsible for production of the sector TOFs served to strengthen the authorities' appropriation of the tool.

**25.** In regard to other tables of the minimum analysis framework, in particular the cash flow position (Table II), the balance sheet (III), and the public debt position (IV), the mission was pleased to observe that they are produced on a regular albeit annual basis. The mission reviewed and refined the various tables produced. The plans call for expansion of the scope of coverage to the extrabudgetary units subsector.

## C. Côte d'Ivoire

### Customs administration

**26. Customs surveillance and intelligence.** The mission aimed to evaluate the capacities of the Ivorian customs surveillance units, assess the implementation of measures recommended in 2019, support the implementation of the February 2020 FAD

mission's recommendation on the intelligence function, and provide a critical analysis of the November 8, 2019 administrative decision on customs intelligence.

**27. Apart from the drafting of directive on intelligence, the February 2019 and February 2020 recommendations had not been implemented.** Little change was observed in the Ivoirian customs surveillance units. The weaknesses identified in terms of coordination and measurement of activities were unchanged and equipment remained insufficient, with numerous border posts lacking means of transport. The results achieved to date in terms of application of the law are primarily due to local initiatives.

**28. The intelligence function is not fully operational.** Administrative Decision 131 of November 8, 2019 on intelligence was quickly amended by Decision 134 of December 3, 2019. Some of the modifications contained in the new directive indicated misinterpretation of the February 2019 mission recommendations. A number of measures and entities provided in the document have not been implemented, and the dissemination of fraud-related information among the units remains deficient. The mission proposed a set of short- and medium-term measures aimed at (i) improving the organization and operation of customs surveillance, (ii) strengthening of the customs anti-fraud and anti-smuggling capacities, and (iii) improving the collection, dissemination, and use of customs intelligence.

## Public expenditure management

**29. Support in preparation for fiscal year reconciliation and closing operations under the accrual method of accounting.** The support comes within the context of implementing the new legal framework for public financial management, the result of transposition of WAEMU community directives. The work consisted of monitoring the implementation of recommendations provided in the previous mission with respect to preparation of the 2020 opening balance sheet. On that basis, a draft interministerial decision on the process and scheduling of closing and reconciliation operations under accrual accounting principles, based on discussions with the DGTCP was elaborated. The mission also helped prepare a draft road map, updated for the strategy of instituting the production of an opening balance sheet, plan for 2021, and gradual refinement through 2023. The mission also conducted a capacity-strengthening workshop for about 15 participants on closing and reconciliation operations under the accrual method of accounting.

**30. Support for the preparation of new financial statements, including production of the government balance sheet, applying principles of accrual accounting and asset accounting (CDCP).** The mission reviewed the status of accounting reforms. It developed formats and correspondence tables with the government accounting framework for use in producing the new financial statements based on the accounts included in the current Treasury trial balance. It also conducted a technical workshop on the financial statements for 30 participants from the DGTCP and two units of the Directorate General of Budget and Finance, the Ivoirian Real Property Management Corporation (SOGEPiE) and the Directorate of Government Assets (DPE).

**31. Although the 2014 regulations on public accounting provided for the implementation of accrual accounting no later than January 1, 2019 (article 100), Côte**

**d'Ivoire's first opening balance sheet is planned for 2021.** The first 2021 financial statements will be produced under the new format and new accounting rules in June 2022, to accompany the proposed budget review law for fiscal year 2021. The DGTCP, with support from AFW, has undertaken substantial work since 2017 in the area of accounting regulation and techniques in order to complete the prerequisites for the transition to accrual accounting, prepare the first opening balance sheet for 2021, and record government financial operations in accordance with accrual accounting principles. However, priority actions remain to be completed prior to end-2021 in order to establish the regulatory framework to support certification by the Court of Audit in 2022, complete the applicable new accounting regulations, adapt the accounting information systems and interfaces, and review and reconcile the initial government financial statements prepared on an accrual basis.

**32. Completion of the 2021 opening balance sheet before the end of 2021 will require a number of actions, which are also the priority recommendations:** (i) the official adoption of the Ivorian accounting framework, (ii) promulgation of draft interministerial decisions relating to the new accounting framework (opening balance sheet, closing operations, threshold amount of purchases required to be treated as assets) and the amnesty law, in order to clear off old transactions prior to the 2021 opening balance sheet, (iii) in the context of inventory accounting, intensification of efforts under way on the inventory and appraisal of real and movable assets; (iv) stepped up efforts with the tax and customs administrations to implement accrual accounting of revenue beginning at the start of fiscal year 2022; and (v) intensified training on accrual accounting for the DGTCP and other directorates general of the Ministry of Economy and Finance as well as the Court of Audit and the Finance Committee of the National Assembly, the principal recipients of the financial statements.

**33. Support in consolidation of the TSA and improvement of cash flow management.** The mission surveyed the progress to date and the difficulties encountered and updated the recommendations. With respect to the institutional framework and perimeter of the TSA, it found that the scope of coverage of the TSA was still incomplete and the DGTCP was continuing to integrate entities into the TSA perimeter (2020-2021) as defined by Decree No. 2014-421. The pilot project on integration of public entities (EPNs) in the TSA, planned in 2020, had not begun due to uncertainties impacting the modalities of their inclusion in the TSA. The project has been postponed to the second half of 2021 and will target selected medium-size EPNs in order to better control risks. No progress has been made on the recommendation to gradually integrate the accounts of co-financed projects by domiciling them with the Treasury Deposit Bank Central (Agence Comptable Centrale des Dépôts) (ACCD); the DGTCP should provide more support for this effort. With respect to consolidation of the TSA and reduction of the number and volume of public bank accounts, the principal advance concerns the rationalization of public bank accounts held at the BCEAO (over 300 government accounts as of February 2020), where the DGTCP has made significant strides: the BCEAO closed 134 accounts by February 1, 2021 and transferred the consolidated balance to the TSA. A second list of 137 accounts to be closed is in progress at the BCEAO. If that list is completed, fewer than 50 public bank accounts will remain at the BCEAO. On the other hand, little has been done in terms of the cleanup of public bank accounts held at a public bank. Said bank was also entrusted in 2020 with the management of four accounts holding COVID-19 funds. A total of 1,217 public accounts are now held with that bank, representing nearly all the public accounts identified at commercial

banks, including 651 active accounts for which the bank requested a moratorium on closings until end-2021. With respect to cash flow management, coordination between the cash flow manager, the Directorate of Public Debt and Grants (DDPD) and the TSA manager, the Treasury Central Accounting Agency (ACCT) has improved and should be further strengthened with the DDPD project to develop an automated cash management application (Project Quantum), implementation of which began on March 1. The priority action plan was updated with the recommendations on the TSA concerning the launch of the pilot project to integrate selected EPNs in the TSA, the integration of co-financed project accounts through the ACCD (June – September 2021), the start of work on analyzing the 1,217 public bank accounts to begin closing the accounts in January 2022 and complete the process of rationalizing accounts at the BCEAO, already well under way, and improvement of the mechanism for daily transfer of balances in tax revenue accounts to the TSA, in order to shorten revenue collection circuits. With respect to cash flow management, the recommendations concern improving the coordination of cash flow management with appropriations managers (commitment plans) and the directorate in charge of public procurement (contracting plans) by updating all such plans a minimum of once each month (beginning in 2022); the institution of disbursement profiles on a daily basis for revenue and expenditures based on historical data beginning in June 2021; and daily monitoring of forecasts in relation to executions in order to improve the quality of cash flow profiles (cf. proposed dashboard in the report) by strengthening coordination between the DDPD (forecasts) and the ACCT (executions) beginning in June 2021.

## Real sector statistics

**34. Alignment of the quarterly national accounts.** The mission provided support to the National Statistics Institute (INS) in reviewing the QNA template. Testing identified the need to improve consistency between the economic estimates (harmonized index of industrial production, corporate revenue) and annual revenue data (accounting and financial reporting). Also, in terms of methodology, the application of the new method of measuring FISIM production warrants further review. The same holds true for the salaries deflator in the production of services by the general administration. The INS is expected to complete all testing of high-frequency indicators before using the template for retrospective estimates of QNA for the period 2014-2019. The mission provided priority recommendations that will have a particular impact on the timeliness of release of the new series of national accounts.

**35. The mission continued work on implementation of the 2015 base year in accordance with SNA 2008 with training on retropolation.** Following capacity development on retropolation, the INS staff are able to assess the relevance of available methodologies according to inconsistencies to be resolved between the earlier and new series. The most robust method is recompilation (bottom-up). This requires the availability of source data from the past. Failing this, the mechanical approaches of splicing or interpolation are alternatives. At this stage, the staff should identify the problems to be resolved for each individual series and the source data available for use. In addition, the INS plans to organize a workshop to compile users' needs in order to better gauge the scope of the retropolation project.

**36. With respect to the definitive 2018 accounts, the collection of statistical reports and tax returns is still under way.** The 2019 and 2020 QNA are still based on the old national accounts series (base year 1996) pending the alignment on the rebased

national accounts series (base year 2015) by end-2020. The initial estimates prepared for first quarter 2020 are currently being revised.

## Public finance statistics

**37. The Center supported the effort of refining the correspondence tables for the different subsectors of the public administration so as to enable Côte d'Ivoire to produce the consolidated position of government finance statistics in accordance with GFSM 2014.** With respect to the other tables of the minimum analysis framework, the mission's tasks included a review of the statements produced. It bears mention that since 2018, Côte d'Ivoire has regularly produced the public debt position, the cash flow position, and the balance sheet. The Center's TA also introduced Ivoirian public finance actors to accounting standards and the recording of transactions under the accrual basis of accounting. The mission tasks also concerned codification of extrabudgetary units' financial statements in accordance with GFSM 2001/2014, and the production of correspondence tables and the TOF for the extrabudgetary units subsectors aligned with GFSM 2001/2014.

## Macroeconomic and fiscal analyses

**38. AFW conducted a remote workshop for officials from the Directorate General of the Economy on seasonal adjustment techniques and economic forecasting.** The workshop aimed to strengthen capacities in economic analysis to aid, inter alia, in estimating the accounts for year N-1 and the formulation of assumptions for projecting accounts for years N and N+1. The workshop reviewed issues relating to the processing of raw economic time series data, methods for seasonal adjustment of time series, and calendar effects. The issue of forecasting economic time series was also addressed. The second phase of the seminar, which was to be in person and more practical, could not be arranged due to the pandemic.

# D. Guinea

## Customs administration

**39. Strengthening of the customs valuation function.** In the course of the Center's work, it was noted that of all the recommendations provided by the October 2019 mission, most of them were fully or partially executed, and only a few had not been effectively implemented. The two units intended to coordinate the implementation and provide monitoring of the customs administration's strategy to strengthen the valuation function were created in November 2019. It was observed, however, that they met infrequently and thus could not effectively coordinate and monitor the strategy. The document on the strategy of bringing the customs valuation function back in-house was adopted, but the implementation calls for improvement. To undertake insourcing of the evaluation function in phases, the customs administration conducted an analysis that identified an initial list of products. Strengthening of the evaluation unit was begun, but a number of steps remain to be addressed. The ASYCUDA World value module was put in production in August 2020.

**40. Despite the overall positive results, the September deadline fixed by the customs administration for takeover of the valuation function throughout the national territory was not met.** The repercussions of the global health crisis are among the chief reasons for the delay. As a result, adjustment measures will be needed to ensure that all staff members involved in the valuation function (customs officials and economic operators) are proficient in the function and better secure receipts. Those priority measures were presented to the authorities.

**41. Automated transit management.** The mission found that implementation of the action plan resulted in encouraging progress on technical aspects of the automation of customs transit: automated transit with Sierra Leone, Mali, and Senegal is now operational; the transit bureau has offices that are adapted to its mission; tax arrangements have been instituted with respect to transit; the minister of budget has appointed the president of the guarantee fund; and automated transit with Liberia is planned for June 2021. However, the customs staff still are not yet fully proficient in regional transit procedures, since only 10 percent of T1 transit documents are inspected at PK 36 (the first inspection post on exiting Conakry), inspection personnel are in need of training on the transit function in ASYCUDA World, the transit bureau lacks sufficient resources to travel to border posts, there are very few disputes, there is still no photo attached to the T1 document, the [digital] scanners are not used, and ASYCUDA World is not available at each location of the port. Critical improvements to be made to ensure the efficiency of transit procedures – in other words, to ensure that shipments in transit are quickly routed to the destination country and are not diverted to the domestic market without being cleared – are the following: (1) end-to-end control and monitoring of the process, (2) launch of the GPS project, (3) implementation of the barcode reader, (4) self-diagnosis in accordance with World Customs Organization recommendations is not effectively operational; and (5) interconnection of transit networks with Mali and Côte d'Ivoire.

## Tax administration

**42. Support in implementation of initial phases of the automation project for the National Directorate of Taxes (DNI).** In light of the COVID-19 context, a preliminary video conference was arranged with the authorities in May 2020 to identify the contours of the remote technical assistance to be delivered jointly by FAD and AFW to support the DNI automation project. The objectives of the mission, defined on the basis of that cooperation, were to (i) support the implementation of remote procedures and (ii) change management, and to (iii) assist the teams in the area of functional analysis. The mission noted encouraging progress with the automation project despite the difficult context. To strengthen those initial gains, project risk matrix was designed and discussed with the minister of budget. The mission recommended the introduction of additional mechanisms in remote procedures, adjustment of the project scope, and strengthened governance. To facilitate the implementation of those recommendations, (i) a change management strategy was validated with the staff, (ii) training was conducted on the analysis of taxpayer management processes, and (iii) targeted practical exercises were conducted (registration, consolidation of VAT).

**43. Consolidating implementation of the DNI automation project.** The mission was conducted jointly by FAD and AFW. It was the second of this type since the start of fiscal year 2020 – 2021 and was in line with the new approach to TA proposed to the authorities

in May 2020 in view of the restrictions imposed by COVID-19. The mission objectives were to: (i) consolidate the governance of the automation project, (ii) support the increased use of remote procedures, (iii) support the design of the management module (lot 2), and (iv) assist in preparation of the migration of tax arrears. The mission applauded the implementation of remote procedures, begun in September 2020 and extended to close to 800 users for payments of GNF 580 billion. However, numerous challenges remain to be overcome to succeed in the digital transformation of the DNI and achieve the tax ratio target of 15 percent fixed by the authorities by the end of 2021. The constraints include, in particular, the still informal mode of project governance, lack of an action plan, limited communication, and inadequate equipment. In terms of support, a decision identifying the entities responsible for the automation project and a matrix of responsibilities was proposed to the budget minister. The general design documents for lot 2 were enhanced and several notes on remote procedures and the clearing of tax arrears were prepared. Finally, consultations were arranged with the European Union and the African Development Bank to improve coordination among the technical and financial partners.

## Public expenditure management

**44. Support in the quality review of the legal and regulatory framework of Guinea's National Directorate of Treasury and Public Accounting (DNTCP)** (in cooperation with the FAD project supporting Guinea with financing from the European Union). The mission reviewed the preparation of the accounting automation project, noting progress including the creation of the project steering committee in accordance with joint decision 2021/099/MEF/MB of February 5, 2021 and adoption of ministerial decisions establishing the new government accounting framework and six accounting procedures manuals to support the automation effort. The mission conducted a quality review of the organizational framework for the DNTCP, which dated from 2011, to align it with the legal framework for public finances, the framework budget law (LORF) and the government budget and accounting regulations (RGGBCP), dating from 2012 and 2013, and adapted to important reforms under way concerning accounting automation and the Treasury single account. After discussions with all participants, a new draft organizational framework was proposed to harmonize the missions, authorities, and organization of all DNTCP units with the reforms in progress. The significant changes proposed for the DNTCP in general are strengthening of the directorate's support function by creating a general resources division including, inter alia, an IT unit with staff to support the forthcoming automation; the creation of a technical unit to support in the steering of the national directorate; promotion and monitoring of reforms; transfer of the Office of the Inspector of Treasury Services to the DNTCP; strengthening of the public accounting mission with the creation of a public accounting division reorganized according to three key functions (accounting regulation, coordination and implementation of internal accounting control, strengthened audit of all central and local government accounts); and reorganization of the treasury function, with the creation of the treasury and public finance statistics division charged with cash flow management and the production and analysis of public finance statistics. For the network of central government accounting officers, the ACCT missions are refocused on the consolidation of accounts and management of the TSA [...] and the operations of the Paymaster General for External Payments (PGE) should be launched, in accordance with the current organizational framework, based on the PGE unit already in place at the ACCT [...] the missions, organization and authorities of the Treasury payment office (PGT) and Treasury Central Revenue Office (RCT) should better reflect the mission of control of revenue and expenditure agencies. For the network of accounting officers in

decentralized units, the proposed organizational framework should describe and harmonize the missions, organization, and powers of the principal treasury office in Conakry and its network of accounting officers, as well as the regional and Prefecture treasuries that are not documented in the current framework.

**45. Support with continued implementation of the commitment authorizations (AE) and payment appropriations (CP) to improve the budgeting of public investment expenditures.** This remote support to the Guinean authorities was the third TA mission by AFW on implementing the AE/CP mechanism to improve the budgeting of public investment expenditures.

**46. Guinea's legal framework for budgeting public investment, including public-private partnerships, is defined by articles 27 and 28 of the LORF adopted in 2012.** Accordingly, this innovation is associated with the second-generation reforms to improve budget management for capital investment. In that context, AFW conducted two TA missions in June – July 2018 and December 2019 to provide outreach and capacity building for budget actors. Since the departure of the second AFW mission, none of the ministerial departments, and none of the 12 pilot ministries, took action to implement the reforms. The purpose of this mission was to move forward with the implementation of AE/CP. The mission proposed a gradual, practical approach to implementing AE/CP, corresponding to the Guinean context, which was well received by the authorities. It aimed to prepare an annex to the proposed finance law for 2022 for selected projects in pilot ministries. To this end, the mission (1) provided outreach to high-level actors on the rationale for the AE/CP budget reform, (2) formalized an institutional framework for implementation, (3) trained budget managers from a group of pilot ministries, using specific case studies of public investment projects and programs, and (4) prepared an action plan for 2021. During April and May, the pilot sector ministries will work on completing the AE/CP matrix for about 10 target projects per ministry. The authorities requested a follow-up mission in June 2021 to help them in refining the matrix.

## Public finance statistics

**47. Refinement of public finance statistics to align them with the GFSM.** The Center supported the production of budgetary central government statistics in accordance with GFSM 2014 standards. In addition, it assisted in defining a methodology for collecting and processing data on the government's response at the height of the COVID-19 pandemic. The Center also helped in facilitating the establishment of the technical team in charge of collecting and compiling public finance statistics. For the other subsectors of the general government, the Center finalized the TOF for the social security fund. Recommendations were also provided for the collection of detailed primary data on budget execution by local authorities.

**48. Refinement of statistics for the budgetary central government and expansion of coverage of public finance statistics in accordance with the GFSM.** The December 2019 and January 2020 missions gave impetus to the production of public finance statistics in Guinea. The missions enlisted the involvement of senior authorities from the Ministry of Economy and Finance and the Ministry of Budget, and a new approach was adopted to the production of public finance statistics. In the interest of maintaining the momentum as well as preparing the conditions for Guinea's next economic and financial program with the IMF,

the Center's most recent mission provided a tool for compilation of primary data for the budgetary central government to the TOF team from the National Directorate of Budget. As a result, Guinea will soon be able to produce the TOF for the budgetary central government subsector in accordance with GFSM 2014 standards and principles. The Center also helped refine the processing of certain operations and prioritize the economic classification.

## Real sector statistics

**49. With the mission's support, Guinea's National Institute of Statistics (INS) produced initial estimates for the 2019 national accounts, which the mission should review prior to dissemination.** With respect to the rebasing, the mission proposed the use of a more recent base year and assisted the INS in compiling the source data.

**50. The quality of Guinean statistics continues to be a challenge for many sectors.** Statistics on gold and diamonds officially published by the Ministry of Mines Bureau of Statistics and Development are quite different from those compiled by the Central Bank of the Republic of Guinea (BCRG). Statistics on producer prices for agricultural products are frequently commingled with consumer prices.

**51. To preserve the value of the rebasing and avoid having to fill a significant gap, the mission recommended using a more recent base year for the national accounts.** The new reference could be chosen on the basis of consistency with numerous recent surveys (e.g., surveys of household consumption, the informal sector, and cross-border trade).

**52. The national accounts team also expressed considerable interest in the collection of data to compile the QNA.** The mission reviewed the list of high-frequency indicators proposed by the INS team and made recommendations. However, the mission encourages the INS to improve the quality of the annual accounts before prioritizing the QNA.

**53. The second mission assisted in the processing and integration of source data in the new base year for the annual national accounts (ANA).** It also reviewed the statistics on artisanal gold mining, followed up on the preparation of the 2018-2020 ANA in accordance with the SNA 1993, and provided training for the staff. In connection with the preparation of source data for the new 2018 base year, the working nomenclatures for the new base year were finalized. The processing of available source data was begun, taking account of the significant changes in the SNA 2008. The mission also helped improve the estimates of artisanal gold production. In the current ANA, production is estimated on the basis of official gold exports. However, discussions with mining-sector actors and studies of the sector indicate that a significant portion of artisanal gold mined in Guinea (about 40 percent in 2017) is exported via unofficial channels. Accordingly, an investigation of artisanal gold and diamond operations in Guinea was recommended. In the interim, the rebasing work could continue based on the results of the diagnostic study<sup>3</sup> of small-scale placer gold mining conducted in 2017. Concerning the follow-up on preparation for the ANA

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<sup>3</sup> PAGSEM, LEVIN SOURCES, CECIDE, GEOMIN et al. "Diagnostic de l'exploitation artisanale de l'or en République de Guinée" [Diagnostic assessment of artisanal gold exploitation in the Republic of Guinea]. Republic of Guinea: Project supporting Mining Sector Governance (PAGSEM), 2017.

series aligned with SNA 1993 and personnel training, the 2018 evaluation of the deflator for ore sector production was improved and the impacts on the 2019 ANA were reviewed and finalized. Four 2020, the INS is in the process of collection of the principal data sources. The mission assisted in the task of accounting for the exceptional boom in gold exports in the ANA, in collaboration with the IMF country team (Article IV mission) and a mission conducted in parallel on the balance of payments. The mission recommended that the improvements might be released without delay and that the collection and processing of source data for preparation of the 2020 ANA should be expedited.

## Bank supervision and restructuring

**54. Bank supervision.** The AFW's work included the preparation of the draft text defining bank capital. In addition, the mission (i) reviewed the draft questionnaire to be completed by banks concerning their activities with respect to certain types of financial instruments and transactions; and (ii) collected data to prepare the next impact study on revision of the methodology for risk-weighted assets. The mission provided advice on the annual evaluations conducted by central bank staff and reviewed 16 evaluations. The evaluations were based on the revised rating tool prepared by AFW during previous missions.

**55. Adaptation of the regulatory framework and risk-based supervision.** The mission addressed the implementation of a provisioning mechanism for banks' expected credit losses under the applicable principles, which are aligned with the International Financial Reporting Standards (IFRS). The mission was conducted remotely in the form of a participatory workshop among BCRG supervisors, and included two components: knowledge sharing, through presentations by experts; and the drafting of proposed texts.

**56.** As a member of the West African Monetary Zone, Guinea is required to comply with a common framework that includes, in particular, the implementation of the IFRS in general and IFRS 9 in particular. Under IFRS 9, losses likely to occur over the term of a loan are estimated in the accounts at the time the loan is made, and subsequently updated according to changes in credit quality over time. Experiences with implementation of IFRS 9 in sub-Saharan Africa indicate that the standard is likely to have a significant impact on banks' financial position. From a prudential perspective, the implementation of IFRS 9 could limit the future adverse impact of borrower defaults on banks' capital.

**57.** During the mission, a proposed road map was prepared, including an impact study, for implementation of IFRS 9 and the institution of a provisioning mechanism for expected credit losses. The mission also worked on preparing draft regulatory texts addressing this issue. The texts would be based on a principal directive (i) requiring the implementation of IFRS 9 and (ii) identifying the qualitative requirements imposed by the supervisor, which would be based on the respective Basel Committee recommendations. The directive would include two annexes. The first would consist of guidelines detailing the supervisor's expectations and identifying, inter alia, potential simplified guidelines applicable to the smallest entities. The second annex would address the modification or creation of new regulatory reporting requirements to take account of expected credit losses.

**58.** The implementation schedule for the new provisioning mechanism is ambitious and assumes prompt action. In this respect, political will is evident at the highest levels of the

BCRG and the staff are clearly motivated, as observed by the mission during the workshops.

## Macro-fiscal analysis

### **59. Improvement of the Simulation Model for the Guinean Economy (MESGUI).**

The mission assisted in aligning the modules supporting projection of the general government account and the balance of payments on the new methodological references (GFSM 2011/2014 and the IMF Balance of Payments and International Investment Position Manual, Sixth Edition). The debt module was also revised and put in operation. However, the mission's work in the area of general government operations was limited to central government projections due to the unavailability of statistics covering all subsectors of the general government. A critical analysis of the multiyear budget programming document and the macroeconomic framing note led to the identification of avenues for improvement. A road map was prepared to finalize the work after the mission's departure.

## E. Guinea Bissau

### Customs administration

**60. Revision of the 1944 customs disputes law.** The aim of the mission was to assist the customs administration in reforming and implementing technical and administrative aspects of the dispute procedure and section system provided under the customs code. The proposals to modernize customs disputes and the revised sanctions table are expected to be implemented while awaiting adoption of the new customs code. The colonial customs dispute code, approved by decree No. 33.531 of February 21, 1944 is badly outdated yet still legally in force. The current mission noted that no progress had been made in implementing the action plan agreed in March 2019. The mission collaborated with customs staff to prepare a secondary law that would govern technical and administrative customs disputes based on present-day standards and consideration of the local environment. The mission helped create a working team to monitor implementation of the updated action plan and recommended measures, in particular the immediate application of measures provided by the law on tax violations while awaiting publication of the new customs code and submission of the proposed texts on technical and administrative customs disputes.

**61. Strengthening of the customs valuation function.** The mission assessed the implementation of recommendations from the previous visit and support the implementation of the strategy to outsource the customs valuation function. A number of measures adopted to strengthen the customs valuation of merchandise served to increase the collection of customs receipts. The revenue collected on 10 selected products identified in October 2018 have steadily increased, from CFAF 20.8 billion in 2018 to CFAF 21.3 billion in 2019 and CFAF 24.28 billion in 2020. The values established for most of those products (fuel, rice, flour, sugar, cement, vehicles) are fixed, which is contrary to best practices and international rules. In addition, despite the significant efforts made to develop IT tools to support the effective implementation of transaction value, most of them are not yet used by the customs agents. The mission and customs personnel considered ways to apply transaction value and expand the list of products concerned. The mission also recommended: (i) launch of the project steering committee for the implementation of transaction value, (ii) improvement

of pre- and post-clearance inspection of selected merchandise using the available IT tools, and (iii) continued strengthening of capacities of customs staff responsible for valuing goods and post-clearance audit.

## Tax administration

**62. Improving the accuracy and completeness of the taxpayer file.** The Center supported the Guinea-Bissau tax administration (DCGI) in improving the reliability of its taxpayer records. The work focused on improving records on corporations, particularly large businesses. Aspects of collection and utilization of data and comments on the database were advanced. New indicators were proposed for access and monitoring the completeness and quality of the taxpayer database (SIGEF Immat) as well as the procedure to be used by the taxpayer records team to implement them. The mission also assisted in clarifying the definition of the registration unit's role vis-à-vis the other DGCI units and in collecting and validating data in preparation for the first International Survey of Revenue Administrations (ISORA) to be conducted in Guinea-Bissau.

## Public expenditure management

**63. Support in implementation of the TSA and improvement of cash flow management.** Despite recent improvements, cash management continues to be vulnerable due to weaknesses in the institutional framework and the tools used to manage cash flows, in particular the absence of a TSA. The concept of the TSA was introduced in 2016 following transposition of the WAEMU directives in Guinea-Bissau's laws, but little action has been taken to date to implement the TSA. The authorities have decided to launch this reform to strengthen the government's cash flow management. The Treasury maintains about 20 accounts at the BCEAO and a number of accounts with commercial banks. No inventory of government accounts held at commercial banks or with sector ministries is available. In order to provide an orderly, gradual, and controlled approach to implementation of the TSA, the mission proposed a road map to implement the TSA over the next 18 months. The road map provides for three phases, (1) a survey of public bank accounts, an analysis of the impact of public financial flows on bank liquidity and, on that basis, measures to consolidate and rationalize the accounts, (2) restructuring of Treasury accounts with a view toward consolidation, the institution of cash pooling mechanisms, and drafting of a proposed convention on TSA management, and (3) validation and signature of the proposed CET convention, together with a training program. The mission recommends that TSA team be established at the DGTCP at this time to begin work on the inventory of public bank accounts and the creation of a comprehensive master file in a defined format that will facilitate use of the information and organized monitoring of the accounts. The inventory should also be conducted at commercial banks and sector ministries to ensure the reliability of the survey conducted at commercial banks.

**64. With respect to cash flow management,** the activities of the treasury committee were suspended in 2018 and were reinstated pursuant to a September 2020 decision by the Ministry of Economy and Finance (MEF), which also introduced a more functional committee structure. Cash management tools should be improved in general; the monthly presentation of the annual cash flow plan should be produced as an annex to the budget, and the operational cash flow plan should be made more reliable so it can be used as a tool for cash management and programming of loans.

## Public finance statistics

**65. Continuing the work of previous missions, the Center's FY 2021 activities supported the refinement of statistics for the budgetary central government.** The mission also introduced public finance officials to the definition of a method of collecting and processing primary data for COVID-19 operations. In this regard, the statistics for the 2020 budget year should be adjusted for operations relating to COVID-19, many of which were executed off-budget. Regarding expansion of the coverage of public finance statistics, the mission reviewed operations of local governments and the social security fund and prepared the initial draft TOFs for those subsectors. In working sessions with other public finance actors, data sources were defined and responsibilities were established for the tasks of producing primary data and compiling the other statements of the minimum analysis framework, in particular the cash flow position and debt position of the budgetary central government.

## Real sector statistics

**66. Compilation of final 2018 accounts and provisional accounts.** The Center conducted a remote mission for the National Statistics Institute (INE) to assist in the preparation of the 2018 and 2019 accounts. Note that the number of national accounting officers at the INE has been reduced to a minimum. In that context, the mission proposed an Excel template to produce a supply and use table based on minimal information on the agriculture sector, financial statements, government finance statistics, external trade and balance of payments, and financial statistics. For the definitive 2018 accounts, the INE still intends to use the ERETES application, which entails processing large quantities of information. The mission also assisted in the preparation of source data for 2018 and 2019.

**67. National accounts (second mission).** After considerable efforts to complete the rebasing of the national accounts, the INE produced the 1997-2017 series with base year 2015 and in accordance with SNA 2008 since end-2019. However, the INE has experienced delays in preparing the 2018 and 2019 accounts. The mission pursued the development of an Excel template to produce the provisional accounts more quickly. At the request of the INE, the mission also provided capacity development for INE staff in the use of ERETES to prepare the final accounts.

## F. Mali

### Customs administration

**68. Strengthening implementation of the automated merchandise clearance procedure.** The mission's work entailed an evaluation of progress in implementing the framework directive on the automated clearance procedure and re-launch of the implementation process with the proposal of concrete measures in the short term and an adjusted action plan. The mission found that despite progress in some areas, the implementation of the framework directive has been suspended and a number of essential prerequisites have yet to be started or completed. With respect to clearance procedures, progress was observed in the quality of inspection certificates, which are systematically

implemented in ASYCUDA World. Although further improvements and greater efficiency can still be expected, progress was noted in monitoring and confirming receipt of supporting documentation in connection with duty deferral programs, with the institution of a monitoring unit at the bureau of economic regimes and the use of specially designed ASYCUDA World reports. Action should be taken to promote and also to require and systematize electronic payment of taxes and duties.

**69. Revenue collection strategy and strengthening of customs administration capacities.** The purpose of the mission was to conduct a situation survey of the customs administration and in particular to evaluate its performance in the context of the COVID-19 pandemic and review progress with the various reform projects instituted in recent years. The mission found that the pandemic seems not to have significantly impacted customs receipts or the volume of trade in goods, which changed only modestly. Annual customs receipts stood at CFAF 579.64 billion, or a 4.38 percent increase with respect to 2019 after taking account of a sharp decline (due to price variations) of revenue from petroleum products. The 2020 reversed the negative trend in average annual growth of revenue observed since 2017. Similarly, the activity of operators does not appear to have declined in 2020, with the number of customs declarations increasing from 348,158 in 2019 to 368,892 in 2020. However, the volume of exceptional exemptions approved in 2020 increased sharply, from CFAF 27,931 million in 2019 to CFAF 42,164 million in 2020 (up 50.96 percent), representing a revenue loss of CFAF14 billion for the government. According to the director general of customs, CFAF 8 billion of the increase in exceptional exemptions is attributable to the COVID-19 pandemic, and in fact the exemptions approved in 2020 are slightly below 2019 levels. Exemptions were approved for imports of medical supplies and personal protection items (the "1 Malian, 1 Mask" program), but also for imports of essential goods such as milk and rice. The government also provided exemptions on cotton seed to support the national production of oils and livestock feed. The mission's work also entailed identifying the major priorities and essential reforms on which the authorities should focus in the short and medium term.

## Tax administration

**70. Establishment of midsize business taxpayer offices in Bamako.** The aim of the mission was to support the Malian tax administration in reorganizing the management of medium-sized business taxpayers. A number of difficulties had been identified in the past with respect to managing this category taxpayers, including the application of rules for segmentation of the portfolio of taxpayers and the disappointing results of efforts to identify new taxpayers. The institution of tax offices dedicated to midsize business taxpayer (CIMEs) to replace the Directorate of Midsize Businesses was intended primarily to bring management closer to the taxpayers on the ground to improve identification. The mission observed that several texts had been adopted providing for the creation and organization of two CIMEs in Bamako, reporting directly to the director of taxes for the Bamako District. The buildings that would house the two new units were identified, taxpayer files were divided between them, and the staff identified. Despite difficulties due to the COVID-19 pandemic and the embargo imposed on Mali as a result of the political crisis, implementation of the reform was delayed by only one month, to February 1, 2021. A forthcoming expert mission planned for April 2021 will evaluate the initial impacts of implementation of the reforms.

**71. Reorganization of the management of midsize business taxpayers.** The mission reviewed progress in reorganizing the management of midsize business taxpayers and identified the difficulties arising during implementation. The previous missions had observed that the establishment of the Directorate of Midsize Business Taxpayers (DME) based on the model of the Directorate of Large Business Taxpayers (DGE) was not well suited to the Malian context insofar as it did not serve to promote the transfer of midsize business taxpayer dossiers from the tax offices to the DME, a major issue for expansion of the tax base. In light of the situation, a portion of VAT was managed by the tax offices, representing a risk for VAT management, in particular for effective control of deductions. The institution of two CIMEs to manage midsize businesses in the Bamako region, which would report directly to the District Director of Taxes (DID) for Bamako, would serve to overcome the difficulties identified; this was the aim of the reform. The mission confirmed that the two CIMEs were in place on February 1, 2021. Both units were staffed and supplied with material resources, but their portfolios have yet to be fully defined. The mission emphasized that the establishment of the units' portfolio is a precondition to the success of the reform, together with strengthened coordination and monitoring of the CIMEs reporting directly to the DID. Monitoring implementation of the road map in the form of a "step-by-step" detailing the different actions to be completed was proposed, as well as a dashboard to support the monitoring of activities and tracking of performance. A mission is planned in September 2021 to continue the implementation of this reform.

## Public expenditure management

**72. Support in review and reconciliation of the accounting trial balance.** In the context of implementing accrual accounting, the mission supported the consolidation of the accounting trial balance and monitored the work of compiling the 2018 opening balance sheet.

**73. The Center's support entailed a review of the methodology used by the DNTCP to reconcile the accounts and the formulation of recommendations for completing the accounting reconciliation and improving the quality of the opening balance sheet.** The mission's principal recommendations included the institution of a strategic coordination mechanism for the accounting reconciliation, to include the MEF cabinet, prior to the end-2020; and the creation of a reconciliation committee to validate the reconciliation report prepared by the DNTCP (a total of CFAF 73.5 billion to be reconciled or adjusted). The proposed approach should involve all the principal actors, i.e., the DNTCP, the directorates general of budget, taxes, customs, public debt, and, if possible, the Supreme Court section on accounts (prior to end-2020) to validate the technical work previously completed by the DNTCP.

**74. Support in the implementation of recommendations of the Public Investment Management Assessment (PIMA).** The joint AFW – FAD mission reviewed the implementation of recommendations provided during the PIMA mission of June 2017. It focused on the major issues identified by the evaluation: identification and preliminary evaluation of projects, availability of funding, coordination with the medium-term budget framework, the framework applicable to public-private partnerships (PPPs) and investments by public corporations. Following discussions with the directors concerned, the mission

supported the authorities in their efforts to prepare the schedule of standard infrastructure costs.

**75. The 2017 PIMA assessment had highlighted the gap between the sound institutional framework and its limited effectiveness.** The situation with respect to investment by local authorities and public corporations had changed little. For PPPs, implementation of the framework created by the 2016 law should be completed. Progress in the area of preliminary evaluation and selection of investment should be consolidated. Many of the advantages of the transition to the AE/CP budgeting mechanism are not being fully leveraged. Notable progress has been made in executing and monitoring capital investment but should be further consolidated. Improvements in the accounting treatment of assets should go hand in hand with an increased focus on maintaining investments. Finally, at the authorities' request, the mission focused on implementation of a reference for standard costs applicable to infrastructures. The mission provided a number of recommendations, in particular: (1) release the preliminary evaluation and report by the capital project selection committee; (2) from the start of the budget process, involve and assign responsibilities to the sector ministries in the AE/CP budgeting process, in particular by making the necessary information available to them early on in the process; and (3) through a participatory process, collect all necessary information and compile a reference of standard infrastructure costs, organizing the work according to a schedule that allows for implementation of related activities, including consolidation and harmonization of sector methodologies and price schedules.

## Macro-fiscal analysis

**76. Strengthening macroeconomic and fiscal framing capacities.** The mission, conducted in two phases, aimed to provide technical support to the National Directorate of Development Planning (DNPDP) in preparing the macroeconomic framing session for the first half of 2021. During the first phase, the mission reviewed the status of update and difficulties encountered in the use of the macroeconomic forecasting model and the improvements made to the model. The mission and the DNPDP team analyzed recent economic reports and identified key data to support the formulation of the assumptions to be used for projections. Based on previous efforts, a work plan covering the entire projection period was prepared for the Forecasting and Modeling Committee.

**77. The mission's second phase entailed clarifying the phases of macroeconomic framing and associated pitfalls in defining an acceptable core scenario.** The macroeconomic risks for the macroeconomic framing were reviewed, and a quantification exercise was conducted for two of the risks by way of illustration. The DNPDP is expected to complete the work with the preparation of the macroeconomic framing note based on a model previously discussed.

## Public finance statistics

**78. Refinement of the TOFE for the budgetary central government and expansion of statistical coverage to other subsectors of the general government.** The Center supported continued work on expanding the coverage of public finance statistics to other general government subsectors. In collaboration with Mali in public finance actors, the mission refined the correspondence tables for the different subsectors of the general

government and produced TOFs for the budgetary central government, local governments, and the social security fund. Work on the extrabudgetary units subsectors or consisted of a review of primary data, including the aggregated balance sheet for the extrabudgetary units. In the short term, the Center plans the production of the TOF for the extrabudgetary units subsectors and, in the medium term, production of the consolidated general government TOF.

## Real sector statistics

**79. Implementation of the 2015 base year in accordance with SNA 2008.** The National Instituted Statistics (INSTAT) hosted a virtual workshop to review the preliminary results of work on rebasing the national accounts, which was attended by representatives of AFRISTAT, the World Bank, the African Development Bank, the United Nations Economic Commission for Africa, the WAEMU, and peer countries Benin, Burkina Faso, Morocco, Tunisia, and Togo. The rebasing work indicated that INSTAT had compiled data from a number of sources on household final consumption expenditure, production of the informal economy, and new statistics on arboriculture, truck farming, and other segments. An initial estimate of the supply and use table (SUT) for the 2015 base year was reviewed. The table calls for further verification, particularly as to the structure of segment accounts, the supply and use balances for a number of agricultural products, and the method used to take account of the contribution of the United Nations stabilization mission (MINUSMA) to the economy.

## G. Mauritania

### Customs administration

**80. Automated risk management for targeting of controls at the point of entry.** The purpose of the mission was to review the current situation with respect to targeting of inspections in order to evaluate the prerequisites to the implementation of an automated risk management system to support the targeting. The mission noted that the functional units had yet to be put in place insofar as no entity had been designated responsible for monitoring the targeting process, or for the definition, evaluation, or update of the targeting rules. There is virtually no targeting of inspections. The review of inspection certificates provided no basis to distinguish between declarations "physically inspected and conforming" and declarations "not physically inspected." The disputes module now available in ASYCUDA World is seldom used. The mission recommends the implementation of system edits that force users to complete the fields of the disputes module. It was apparent that the lack of resources in data analysis and exploitation is a major difficulty for the adoption of risk management for targeting of inspections. This deficiency must be addressed as an urgent priority. The targeting function is indispensable in helping to detect potential fraud, in defining and updating risk profiles, in evaluating the effectiveness of targeting, inspections, and in all clearance operations. The mission proposed an organization of the risk management and inspection targeting function based on the creation of two committees. A technical committee would be in charge of the technical aspects of the automated risk management project, including IT monitoring and data analysis. It would report to the risk management steering committee, which has a comprehensive view of risk management.

**81. Strengthening of the post-clearance inspection function.** The mission reviewed the efforts to implement the post-clearance inspection (PCI) function based on the road map defined during the August 2019 mission, and formulating recommendations on improving PCI. The mission also conducted training sessions, with emphasis on planning and conducting PCI, examination of customs value, and monitoring of exemptions. It also assisted customs staff in preparing two draft documents, and annual PCI plan and a training plan for the staff in charge is PCI. The mission recommended a number of immediate actions, summarized below: (1) supervise the units in charge of PCI and intelligence to motivate staff and instill a positive work ethic while providing those units the human and material resources needed for effective operations; (2) launch the functions of the supervision committee in charge of monitoring the implementation of recommendations to strengthen the PCI function; (3) ensure the improvement of the quality of declarations and centralize the declarations files to make them available to PCI units; (4) adopt and implement the proposed framework directive on intelligence; (5) adopt and implement the staff training plan; and (6) arrange for the director general of customs to validate the annual CPI plan and supervise the implementation of the plan.

## Tax administration

**82. Strengthening of collection activities and anti-fraud measures.** The purpose of the mission was to assist the Mauritanian tax administration (DGI) in improving the collection function, focusing in particular on improving the organization of the units responsible for collections; and (2) collection procedures. The mission's work focused on the collection units in charge of large taxpayers (the Directorate of Large Businesses (DGE) and the Directorate of Public Entities (DEP)) and midsize taxpayers (the Directorate of Midsize Businesses of Nouakchott (DMEN)). The mission aimed to (1) evaluate the implementation of recommendations from the previous missions; and (2) ensure that implementation of the proposed measures improved compliance with reporting obligations and payment of VAT for large and midsize business taxpayers. The mission evaluated trends in VAT reporting and payment performance for large and midsize businesses in the pandemic context; proposed a model dashboard for monitoring collections that would help strengthen the coordination of that function; updated the online list of largest tax arrears by taxpayer category; identified measures to improve the collection of tax debts; provided new tools to improve the management of collection activities; and supported the teams in effectively implementing the procedure for write-off of irrecoverable tax debts.

**83. Improved operations of the DGI.** The mission's principal objective was to review progress accomplished by the DGI following the launch of the IMF's Revenue Mobilization Thematic Fund for the period 2017-2021. In particular, the project aimed to improve the management of the tax compliance risk and strengthen key tax administration functions (registration, monitoring and reporting obligations, payment and collection, and audit of returns) through the achievement of objectives, benchmarks, and performance.

**84.** Despite the health crisis, the Mauritanian DGI improved in performance with respect to revenue since the tax revenue unit changed in 2020 as reflected by an increase in DGI receipts. However, the Mauritanian DGI is still a weak tax administration facing a number of challenges including, in particular: (i) a small tax base that should be expanded through better control of the fraudulent informal sector, (ii) an extremely complex legal and

tax framework providing for an unnecessarily large number of exceptional tax mechanisms (tax provisions contained in the petroleum and mining codes, the investment code, ad hoc agreements signed with private economic operators, etc.); (iii) jurisdiction that does not extend to the entire national territory (e.g., free trade zone, GTA project); (iv) an outdated structure not in keeping with that of modern tax administrations; (v) gaps in the organization of tax audit between on-site audits and desk-based reviews. The authorities interviewed by the mission expressed the firm intent to continue implementing reforms in the area of domestic taxation. The DGI has put considerable effort in the reforms, in particular through the preparation of annual and five-year action plans, but too few staff are responsible for implementing them. A performance management process is being instituted and should be pursued, accompanied by the development of new tools such as automated dashboards to facilitate monitoring beyond the definition of objectives. While encouraging progress was observed in the formulation of a tax compliance risk policy (creation of a risk management unit reporting directly to the director general, implementation of specific risk management procedures, development of a mapping of processes and related risks), difficulties have been encountered in implementation. Analysis of tax compliance risk is considered only sporadically in decision making.

## Public expenditure management

**85. Support in review and reconciliation of the accounts.** The mission developed a strategy for reconciliation of the accounts that calls for the participation of all staff involved in the accounting function as well as the Court of Audit. The strategy defined the regulatory modalities of the reconciliation which, based on discussions with the DGTCP team in charge of the accounting reform, should be either by decision of the minister of finance or by the addition of a provision in the budget law authorizing the reconciliation of accounts for fiscal years previously closed. The mission reviewed the balance sheets for the 2017 and 2018 accounts (the 2019 balance sheet was unavailable), identified the accounts to be reconciled based on the financial amounts at stake, and recommended a list of seven priority accounts, representing 98 percent of the amounts in question, to be reconciled. The mission prepared informational sheets specifying, for each account, the methodology for correcting the entries, the recommended accounting procedure for adjusting the amounts, and measures to mitigate risks in the future. The mission also trained the DGTCP team in use of the account-analysis tool employed by the mission to enable them to continue the review and reconciliation once the 2019 balance sheet is available, and to institute a mechanism for ongoing surveillance of suspense accounts and the quality of the trial balance.

## Public finance statistics

**86. Support in refinement and production of the TOF for the local government subsector and support in the launch of the team in charge of producing budgetary central government statistics.** The Center's support entailed refinement of the TOF for the local government subsector for fiscal year 2018 and production of the position for fiscal year 2019. It also assisted in reinstating the work of the team in charge of the production of budgetary central government statistics. A subsequent mission will relaunch the preparation of TOFs for the other general government subsectors and define a methodology for production of the other statements of the minimum analysis framework. The mission also

reiterated the need to launch the operations of the expanded committee in charge of the production of general government and public sector statistics.

## Real sector statistics

**87. Quarterly national accounts.** The mission assisted in the development of a template for calculating the quarterly national accounts (QNA) by supervising the tests of high-frequency indicators (HFI) and the selection of methods for calculating and presenting the quarterly statistics. Working and publication nomenclatures were proposed to begin the HFI tests. The tests consisted of verifying the statistical correlation of annual growth rates of annual aggregates and the HFI, and the stability of the aggregate/HFI ratio. A review of the methodology indicated that production was not correctly estimated for some segments of activity in the annual national accounts (ANA). Econometric techniques will be used to adjust for such errors not attributable to the HFI. The National Statistics Office (ONS) should finalize the HFI tests before using the template for retrospective estimation of the QNA for the period 2014-2019. The mission had also been tasked with assisting in drafting the methodology note for the ANA and QNA and improving the methodology for the provisional ANA. The mission discussed avenues for improvement of the provisional ANA with the ONS. It was found that the calculation of supply and use balances for all products will be a major improvement of the new methodology. In this regard, the availability of indicators on gross fixed capital formation and changes in inventories by product will be crucial. Statistics for corporations is also an area of potential improvement for the ONS. The mission provided priority recommendations that will have a particular impact on the timeliness of release of the new series of national accounts.

**88. The second mission assisted the ONS in the revision of the index of industrial production (IPI) by conducting a diagnostic assessment of the compilation methodology and quality of the IPI and providing training on the methodology for calculating the index.** Also, in light of the ONS plans to introduce a quarterly industrial producer price index (IPPI) and an economic survey in 2021, the mission provided training in those areas and prepared an action plan for implementation of an IPPI. The action plan includes the design of an experimental version based on the data previously collected for the IPI survey.

## Public expenditure management

**89. Support in review and reconciliation of the accounting trial balance.** The mission supported the consolidation of the accounting trial balance in the context of preparing for the transition to accrual accounting, planned for 2023 in Mauritania. The mission reviewed the accounts and proposed methodologies for correction and adjustment to be implemented by the DGTCP. The proposed consolidation strategy is based on the classification of accounts and the use of appropriate reconciliation and adjustment measures for each category of account. The principal recommendations concern, inter alia, coordination of the consolidation process with the creation of the Opening Balance Sheet Committee in charge of reconciliation of accounts and the production of a report on the reconciliation process based on the information forms prepared by the mission and the proposed reconciliation and adjustment methodologies.

## Bank supervision

**90. Adaptation of the regulatory framework and risk-based supervision.** The mission was organized as a virtual mission to support the Central Bank of Mauritania (BCM) with the (i) review of the different regulatory texts on bank governance, measurement and management of maturity transformation risks, and prudential rules applicable to payment service providers and electronic money issuers; (ii) an initial analysis of application of the short-term liquidity ratio, instituted in 2020; and (iii) the identification of issues associated with the insurance sector, which was recently included in the sectors supervised by the BCM.

**91. The work on revision of regulatory texts proposed for review by experts has been completed.** The proposed directive on corporate governance of banks provides for separation of decision-making and executive bodies, in accordance with international standards, and will lead to the appointment of independent directors, a guarantee of governance respectful of banks' corporate interests in a context marked by the increased importance of "related" entities. The experts also reviewed the proposed law on payment service providers and electronic money issuers and provided their comments to the BCM. Since the proposed law is already before the legislature, the experts' input will be incorporated in the subsequent implementing texts. On the same subject, the mission reviewed the draft directives on licensing requirements and prudential rules applicable to money transfer companies and electronic money issuers; they are expected to be finalized during a forthcoming mission.

**92. The short-term liquidity ratio was put in place without incident apart from problems that had previously been identified.** The BCM instituted a mechanism for enhanced control and monitoring of reports, but they are generally compliant and the ratio is respected, with the exception of institutions known to have longstanding difficulties and occasional violations of limits. The liquidity of the banking system, which is based on assets held at the BCM, appears to have improved during the recent period. In that context and considering at sometimes elevated ratios of loans to deposits, the BCM expressed concern about the risks assumed by banks with respect to maturity transformation. The experts proposed that the BCM consider adopting the Basel net stable funding ratio and worked with the BCM teams to formalize what could be an implementing directive for the ratio. The proposed text will need to be reconciled with the banks' accounting positions and then submitted for the usual simulation and consultation processes.

**93. The mission also reviewed the situation with respect to the insurance sector.** The financial issues appear to be limited, but the BCM's responsibility for supervision of insurance companies calls for action on its part from both an organizational and a regulatory standpoint. The BCM is already addressing the issue but would like an external technical assistance mission to validate its policy approach to this area. The actions remaining to be undertaken were defined in a detailed road map.

## H. Niger

### Customs administration

**94. Strengthening of the customs valuation function.** In the course of its work, the mission determined that the finding by the 2019 FAD mission concerning the measures proposed by previous missions remained unchanged. A number of actions identified as priority actions have not been implemented to date, although some of them are in fact prerequisites to the start of the project. For example: (i) the project team has not been created; (ii) mandatory fields have not been configured and the system; (iii) databases are not yet shared; (iv) inspection certificates are incomplete and/or completed incorrectly; (v) the value module is still not in use; and (vi) the communication plan is not yet finalized. The progress achieved to date has been maintained and represents a real step forward. The reorganization of missions of the value unit, transfer of responsibility for targeting to the antifraud directorate (DLF), configuration of mandatory fields, and implementation of inspection certificates lay the groundwork for the launch of the project. The capacity of technical staff to finalize those tools and support their use and development is improved. After developing the mandatory fields and configuring the inspection certificates, the IT Division managers and technical staff confirm that they are ready to begin developing a value database and optimizing the operation of the ASYCUDA World value module. The enthusiasm of participants in the process has not waned. The clear interest and support for the project on the part of senior customs officials, and the perceptible motivation of all central government and operational staff involved, suggests that the accumulated delays are essentially the result of exogenous factors (COVID-19 pandemic and its repercussions).

### Public finance statistics

**95. Refinement of public finance statistics in accordance with GFSM.** The Center's support entailed refining and finalizing the fiscal reporting table for the budgetary central government for fiscal year 2019 and first quarter 2020. It also supported the production of the public debt and cash flow positions for the budgetary central government. In addition, it recommended the collection and processing of data for the social security subsector and a sample of extrabudgetary units.

**96. With respect to the health crisis, the mission defined a methodology for collection and processing of operations related to the pandemic.** Improved processing of the operations will support a better assessment of the impact of economic policies instituted by the authorities to respond to the effects of the health crisis.

### Real sector statistics

**97. Quarterly national accounts. After the rebasing of the national accounts and retropolation, Niger's National Institute of Statistics (INS) resumed work on compilation of the quarterly national accounts (QNA).** After the March 2019 mission, which had recommended the development of indicators from the tax administration's business revenue database, the INS had continued work on calibration. A number of difficulties were noted in a number of sectors. Following the mission conducted from January 25 – February 5, 2021, and weekly monitoring during February and March 2021, the mission of March 15–26, 2021 provided solutions to some of the problems encountered.

The quarterly estimates of production of general government activities, FISIM, and stock farming were improved by refining the calibration and identifying additional indicators. The mission called the INS' attention to the need to ensure consistency between the QNA and the annual national accounts (ANA), particularly as concerns the volume / price distribution. The documentation of work by means of methodology notes, fact sheets, and crop production reports was emphasized to facilitate communication both with users and within the team of national accounting officers. The mission plans an initial release of the QNA in second quarter 2022.

## Macro-fiscal analysis

**98. Update of the AYOROU micro-simulation module.** The mission took the form of practical work via video conference with officials from the Directorate of Research and Forecasting (DEP) and Directorate of Financial Reforms (DRF), and the INS. The work included update of the micro-simulation module of the AYOROU macroeconomic model and a review to ensure that national accounts data based on SNA 2008 was correctly incorporated in the new 2015 base year. A review of the table of interrelationships between macroeconomic accounts identified inconsistencies between historical data from different sources, reflecting the need to continue the reconciliation of methodologies used by the different units responsible for production of statistics. The mission also updated the methodological guide for the model. Appropriation of the methodological approach for update of the micro-simulation model appears to be satisfactory, but high turnover among DEP personnel continues to be a major risk for sustainability of the mechanism. In less than three years, at least five staff members have left the DEP but no new staff have been hired.

## I. Senegal

### Customs administration

**99. Strengthening of post-clearance inspections, October 19–30, 2020.** The mission aimed to strengthen capacities of the Directorate of Customs Intelligence and Investigations (DRED) in the exercise of its authorities with respect to post-clearance inspections (PCI) and the use of results of mirror data analyses to support the targeting of inspections. It was observed during the mission that the existing customs control mechanisms meet World Customs Organization standards. However, significant needs for training to strengthen the capacities of Senegalese customs auditors remain unmet. The customs authorities plan to establish a group of post-clearance auditors to optimize the preparation, implementation, and monitoring of PCI. To support those efforts, a list of the most frequently cited additional training needs were identified. The DRED officials expressed interest in providing their staff with a PCI manual to better guide the on-site inspections. Work had begun on the draft guide prior to the mission, and sample sections of the draft were shared with the team. Not all of the automated decision support tools had been fully deployed. The customs administration had devoted considerable effort to developing these essential tools to support the operational staff. Unfortunately, however, the staff had not yet begun to use the tools (VALOREM, inspection certificates, GRED).

**100. Participation in the launch of the medium-term revenue strategy (MTRS).** The mission proposed detailed measures to speed the implementation of the MTRS in each of the key areas (governance, tax policy, tax administration, customs administration, tax and customs cooperation, and legal and regulatory framework). The proposals were drafted in the form of comments and suggestions in light of the authorities' clear commitment to the strategy.

**101. Strengthening of the customs value function.** The mission noted that the measures proposed to implement the transaction value function to consolidate revenue, as proposed by the April 2019 visit, had moved ahead in a number of areas. The administration had taken back control of the tariff classification and customs valuation function on January 1, 2021; a new Directorate of Intelligence and Risk and Value Analysis (DRAV) was created by decree, combining the staff supporting the valuation function; the PCI unit was provided with additional staff; and concrete measures were taken to develop IT tools. Despite this progress, a number of weaknesses persist, and the mission provided recommendations with implementation measures to improve the application of transaction value and consolidate revenue. The new DRAV, more specifically the Valuation Bureau, should be put in operation as quickly as possible to support operations; the Customs Dispute Resolution Commission should begin operations and handle all disputes (value, origin, tariff classification) [] resulting from comments made by customs agents; the Monitoring and Management Committee should become involved in the success of the insourcing strategy for the valuation function, with a series of indicators to support its actions. The legal and regulatory provisions that establish the terms of declaration prior to import should be revised and rigorously enforced; the customs administration should develop a strategy to gradually reduce the informal sector and improve compliance with laws; and an early decision should be implemented to support the resumption of the customs valuation function.

## Tax administration

**102. Reduction of a methodology note on tax audit of telecommunications firms.** The drafting of methodology notes on the tax audit of businesses in three strategically critical sectors for the Senegalese economy – insurance, banking, and telecommunications – comes in response to an order by the director of the Senegalese tax administration (DGID) issued to assist the DGID units in charge of auditing large businesses in those sectors and improve control of audit operations. The drafting of the three methodology notes was intended to: deepen general knowledge of the operations of the three sectors of activity concerned; strengthen the technical capacities of the audit staff; and provide methodological support for audit of the sectors concerned, so as to complement the general audit guide. In view of the pandemic context, the mission primarily worked in the form of interviews conducted with audit staff of the Directorate of Large Business Taxpayers (DGE) through a series of video conferences. It supplemented its information with responses received to various technical questionnaires. Despite the difficulties in communication (poor sound quality, dropped connections, limited responsiveness due to remote missions), the discussions provided the experts with a solid understanding of current practices and the difficulties faced, affording a rich sharing of experiences. The mission closed with a presentation of the principal conclusions. A priority that emerged was the need to strengthen the use and interpretation of information for tax enforcement purposes. Progress in the area of tax automation will provide a broader range of information sources for the tax

audit function and expand its cross-checking capabilities, which will improve the quality of audit programming. The key contribution of the methodology notes is to strengthen auditors' understanding of the issues, operations, practices, and areas of potential progress in auditing large businesses in the insurance, banking, and telecommunications sectors. The notes will help in exploiting the previously unused potential of assessments of unpaid taxes.

**103. Support in the launch of the medium-term revenue strategy (MTRS)** This important mission was conducted by FAD, joined by AFW customs and tax advisors. The aim of the mission was to review progress in implementing the MTRS. Senegal is the first Francophone African country to have adopted a medium-term revenue strategy, an essential step for increasing revenue collection. The MTRS will overcome the constraints of revenue administrations working in silos by making revenue collection a government objective essential to decompartmentalizing administrations and promoting collaboration by facilitating the sharing and use of information to expand the tax base. The strategy was officially launched in July 2020, but implementation has been delayed in several areas, due largely to the COVID-19 pandemic. However, the lack of effective action by the unit in charge of implementing the strategy and signs of limited support on the part of the administrations concerned represent a structural and cultural challenge that must be quickly overcome if the authorities hope to achieve the tax ratio of 20 percent provided by the MTRS. Only about 20 percent of the measures planned for 2020 have been implemented to date, although some results have not yet been fully documented. The mission proposed detailed measures to expedite the implementation of the MTRS in each of the key areas (governance, tax policy, tax administration, customs administration, collaboration between tax/customs administrations, and legal and regulatory framework).

## Public finance statistics

**104. Support for the production of public sector statistics in accordance with GFSM 2014.** The AFW team was pleased to observe the continued production of the public sector fiscal reporting table aligned with the GFSM 2014. The mission finalized the consolidated public sector statistics by refining the TOFs for the different subsectors and compiling the TOFs for public corporations. The participation of the different units responsible for production of the sector TOFs served to strengthen the authorities' appropriation of the tool. In regard to other tables of the minimum analysis framework, in particular the cash flow position (Table II), the balance sheet (III), and the public debt position (IV), the mission was pleased to observe that they are produced on a regular albeit annual basis. The mission's tasks consisted of a review and refinement of the various statements. The plans also call for expansion of the scope of coverage to the extrabudgetary units subsector.

## Real sector statistics

**105. Preparation of financial accounts and quarterly supply and use table.** The mission noted progress by the National Statistics and Demographics Agency (ANSD) in preparing the quarterly supply and use table (SUT). It assisted ANSD staff in preparing the quarterly estimates of GDP in the context of supply and use. Regarding the financial accounts, the main difficulty observed concerns the breakdown of financial statistics produced by the BCEAO. A so-called "qui-a-qui" (who-to-whom) matrix is the principal tool used to prepare the financial accounts for each institutional sector. The table is used to

analyze financial flows according to debtor and creditor sectors. Further inquiries should be directed to the BCEAO and other actors to propose appropriate breakdowns and develop a better understanding of the financial mechanisms described.

**106. National accounts.** The mission reviewed a proposed ANSD schedule for rebasing of the national accounts to base year 2019 after the 2014 base year. The ANSD should adjust the schedule to take account of several surveys it plans to conduct to improve the rebasing. The mission also developed a template for the quarterly SUT and produced the individual series within the SUT. It also performed an initial reconciliation of series in the context of the SUT. Additional work will be performed to develop the tools for control and validation of the series. The plans also call for the development of indicators used to produce independent estimates of supply and demand aggregates. At the request of ANSD officials, the mission provided training on seasonal adjustment, calibration techniques, and the use of JDEMETRA+ for calculating the QNA. The mission noted significant turnover in the QNA teams, which could have an impact on production of the QNA.

## Macro-fiscal analysis

**107. Promoting active fiscal risk management.** The mission, which was conducted in a context of managing the ongoing impacts of the COVID-19 pandemic, highlighted the importance of promoting active risk management and compiled an inventory of the most significant fiscal risks. A two-day workshop was conducted to deepen the participants' understanding of concepts and techniques and begin the practical work of quantifying fiscal risks.

**108. The mission assisted in instituting the methodological, technical, and institutional mechanisms of fiscal risk management.** A detailed outline of a fiscal risks statement was prepared in preparation for the production of the first fiscal risks statement by end-2020 at the latest, the next steps agreed with the authorities include (i) the creation of permanent thematic workgroups, (ii) continued remote technical assistance up to the production of the first version of the fiscal risks statement, and (iii) the organization of the seminar to disseminate the first fiscal risks statement.

## J. Togo

### Customs administration

**109. Evaluation of the automated risk analysis system.** The purpose of the support was to evaluate the implementation of automated risk-based targeting. The results are encouraging: the targeting committee meets regularly, the system is effectively applied at the Lomé port, and initial data analyses have been performed. A significant increase in revenue per declaration was found both with respect to the quarter prior to implementation of risk-based targeting (first quarter 2020) and compared to the same quarter of the previous year (second quarter 2019). The improvement cannot be attributed entirely to this reform, but it is all the more promising in the context of the health crisis.

**110. Although the targeting committee met regularly during the first half of 2020, decision making is still in need of improvement.** While the monthly meetings enable the committee to meet the deadline provided by the action plan for incorporation of scoring in ASYCUDA, it has yet to perform its role in monitoring the targeting system. In particular, targeting rules previously configured in the system were not eliminated or updated when scoring was implemented, resulting in an increased number of declarations routed to the red lane. The mission provided the opportunity to provide training in data surveillance for a newly hired member of the Intelligence and Risk Analysis Division.

## Tax administration

**111. Support for modernization of taxpayer registration by the Tax Commissioner's Office of the Togolese Revenue Office (OTR).** The scope of the mission was defined according to the requirements identified by the authorities in July 2020 for remote TA, in light of COVID-19 constraints. On that basis, the mission's objectives were to (i) review the new registration module, (ii) provide support with change management, and (iii) contribute to the effort of optimizing the future declarations tracking module. The mission applauded the launch of the first module of the new software, a strategic pillar of the modernization strategy, which was recently revised with support from FAD. Room for improvement remains, however, with respect to (i) functionalities not yet completed, (ii) monitoring instruments still to be implemented, and (iii) governance mechanisms in need of strengthening. In view of these findings, the assistance provided to the project team covered in particular the definition of data authentication rules and management of subdirectories. A formal, detailed action plan was also prepared.

**112. Strengthening OTR surveillance of large business taxpayers.** The mission was planned in response to an OTR request addressed to the IMF in June 2020, for TA in the area of tax audits for specific sectors, to address the consequences of COVID-19. The mission's objective was to begin by strengthening the current legal and regulatory framework, targeting measures having a direct impact on the efficiency of tax audits of large businesses and the tax environment for businesses in Togo. Despite recent legislative developments, businesses lack an administrative framework that facilitates the reporting of certain specific transactions, particularly transactions entailing transfer pricing risks, which is a source of legal insecurity and continual disputes. To correct this deficiency, the mission first reviewed legislation on international taxation and held meetings with the staff, which served to identify practical issues facing the inspectors and large businesses in the context of tax audits in this area. On that basis, it then prepared a draft circular providing practical advice to taxpayers on determining the prices to report to the OTR for their intra-group transactions. The draft was supplemented by sample forms of the specific statements prescribed for those transactions by tax laws, as well as an implementation schedule that allows for the critical step of consultation of businesses.

**113. Administrative aspects of transfer pricing management (declaration, control, and disputes).** The mission assisted OTR staff in the preparation of a draft circular clarifying tax administration procedures with respect to transfer pricing. The OTR faces a number of issues in this area (e.g., slim profit margins and under-capitalization of large corporations, difficulties in control, complexity of disputes), which should be addressed without delay in order to have full control of the tax system. With respect to taxpayers, they need practical guidance in applying the new principles recently incorporated in the Togolese

tax code (full competition and record-keeping obligations). The draft circular includes two principal explanations that reflect the expectations of actors involved in transfer pricing surveillance. The first part of the circular addresses the record-keeping requirement, describes the content of the principal and local files, and clarifies procedures with respect to audit, sanctions, and disputes. The second part presents good practices that will enable taxpayers to certify that their transactions comply with principles of full competition. A schedule for adoption of the draft circular and a risk analysis approach were proposed; the mission then provided improvements to the model transfer pricing report produced by the Directorate of Large Business Taxpayers (DGE). Lastly, activities for the 2021-2022 period were planned for the project on surveillance of large business taxpayers.

**114. FAD mission.** The purpose of the mission was to: (1) evaluate the implementation of recommendations of the July 2020 FAD mission, including recommendations for managing the impact of COVID-19, (2) provide an overview of the new approach in tax reform (MTRS), (3) discuss prerequisites and preparatory work for development of the strategy, as applicable. The mission assessed the revenue raised by the OTR in 2020 in regard to the COVID-19 context and investments by the authorities, particularly in the area of information technology. To be efficient, however, the investment should be protected from operational risks that widen the fiscal gap (deficiencies in registration, taxation, covered taxpayers, exploitable declarations, etc.). Accordingly, the mission proposed to the OTR (i) a post-COVID revenue collection plan that considers those risks, (ii) areas of priority reform for the tax administration, and (iii) a new approach for its automation strategy. The authorities expressed real interest in the MTRS in light of the scope of objectives assigned to the OTR under the Togo 2025 road map. In addition to consideration of public expenditure in its analysis, the holistic approach to reform has the advantage of combining tax policy, administration, and legislation while promoting the involvement of political actors and other entities that influence revenue collection, as well as strengthened coordination with the technical partners.

## Public expenditure management

**115. Supporting the implementation of accrual accounting and production of the government balance sheet (CDCP).** The mission's work entailed (i) monitoring the implementation of recommendations from the previous mission on preparation of the opening balance sheet; (ii) preparing a draft decision on end-year reconciliation and closing operations and schedule under the accrual method of accounting, based on technical discussions with the DGTCP; and (iii) leading a capacity development workshop on those operations and the accounting treatment of post-closing events, attended by about 15 participants. In light of the health crisis, the opening balance sheet initially planned for 2020 was postponed to 2021; however, work was continued on preparations for the transition to accrual accounting. Given the change in schedule, the mission updated the road map for the strategy to institute the opening balance sheet, which is now planned for 2021 with gradual refinements through 2023. At the conclusion of its work, the mission noted progress toward the 2021 opening balance sheet that could also pave the way for reconciliation and closing operations on an accrual basis by the end of fiscal year 2021. The progress concerned the regulatory framework for accrual accounting, review and reconciliation of key entries of the opening balance sheet, and initial adaptations of the SIGFIP accounting application. The automation of inventory accounting now under way continues to be a priority. Substantial work already completed on the 2021 opening balance sheet should be

continued while ensuring the involvement of all actors in the accrual accounting system, including the Directorate General of Budget and Finance (DGBF), the OTR, the Directorate of Financial Operations and the Government Portfolio (DOFIPE), and the Directorate of Public Debt and Funding (DDPF). In particular, it is important to ensure the 2021 opening balance sheet reflects the amount of tax debt owed by taxpayers, in accordance with the accounting standards for tax liabilities, based on information provided by the OTR.

## Real sector statistics

**116. After releasing the results of rebasing the national accounts, the National Institute of Statistics and Demographics (INSEED) is expected to release a retrospective series for the period 2000-2015 at end-June 2021.** The incorporation of key changes provided in SNA 2008 and update of product and industry classifications will require specific methodological changes.

**117. The INSEED prepared estimates of GDP for 2018 that require further analysis.** The mission did not have access to the annual national accounts for [2018]. However, it reviewed with the INSEED the methodologies for volume/price distribution in the national accounts. The mission noted that the lack of an index of producer prices is a challenge for measuring change in quality in the estimates of the national accounts. Also, after reviewing the available options for disseminating the national accounts using chained volumes and prices from the previous year, the INSEED plans to continue releasing chained national accounts by forcing the additivity of series. This is not the best of the available options.

**118. The INSEED is committed to developing the quarterly national accounts (QNA).** The Center provided training on QNA for the staff and reviewed the list of high-frequency indicators. The updated index of industrial production and the quarterly revenue database from the OTR will provide new data sources. The next step will lead to INSEED testing of quality indicators (stability of the ratio of baseline indicators, correlation between baseline growth rates and indicators, etc.) before finalizing the template for calculation of the QNA. The tests will require longer time series. The comparison of national accounts aggregates was completed for the period 2016-2018, which is brief. They should be continued once the new 2019 and 2020 national accounts are available, as well as the retroplated series. The work was performed at a low level to facilitate detailed review of the sources by institutional sector and mode of production. Additional research is recommended to cover the general government sector, in particular the entities beyond the scope of the central government. Monthly revenue figures from the OTR should also be reviewed to supplement missing information, particularly for 2017. The mission plans for the availability of initial QNA estimates no later than December 2022, after release of the retroplated series in June 2021 and the finalization of the QNA template before December 2021.

**119. With respect to retroplation,** the INSEED worked on a number of areas, in particular the transcription of all series into the new nomenclature, collection of available data sources, and the preparation of retroplation templates for the SUT and for the integrated economic accounts table. A need for additional information for the period 2001-2006 was identified. It concerns statistics for the financial sector and the general government sector.

## Public finance statistics

**120. Refinement and production of TOFs for the budgetary central government and local government subsectors.** The Center's TA supported the refinement of correspondence tables and the production of TOFs for the local government and budgetary central government subsectors in accordance with the GFSM 2014 classification. The mission's work with actors from the social security subsector focused on outreach for authorities of the National Social Security Fund (CNSS). The TOF for the social security subsector is also expected produced during FY 2023.

## K. WAEMU Commission

**121. Preparation of guides.** At the request of the Commission of the West African Economic and Monetary Union (WAEMU), a draft regional guide for budgeting the ministry staffing ceilings was prepared for the period May – September 2020 in order to harmonize practices in this area throughout the WAEMU. The main subjects addressed by the guide are: (a) definition of the concept of staffing ceiling, including perimeter and the units and modalities of accounting; (b) the steps and detailed methodology of budgeting staffing ceilings and their relationship to the wage bill; and c) the framework for control and in-year monitoring of staffing ceilings. The work was based on existing WAEMU documentation (directives and practical guides) and international experience in tracking and counting public employees.

**122. A feedback session was conducted by video conference on Monday, September 14 to validate the first version of the draft guide.** A webinar was held on September 24, 2020 to receive comments from representatives of the WAEMU member countries, provide responses, incorporate them in the guide and validated. The final version will be released on the IMF website.

**123. Another mission continued the Center's support for the WAEMU Commission in implementing the directive on the government financial accounting system.** The mission prepared a draft regional guide for the member countries on the methodology for preparing the government's opening balance sheet, to support the operational implementation of the opening balance sheet in preparation in the member states. After an initial review of the draft balance sheet guide by the Commission during an initial webinar, two webinars on July 21 and 22, 2020, conducted in the context of the WAEMU Public Finance Observatory provided the occasion to incorporate comments from the member states' experts and validate the guide.

**124. Participation in the first technical meeting of National Economic Policy Committees** with the WAEMU Commission's Department of Domestic Economic Policy and Taxation on multilateral surveillance dossiers. The meeting addressed the topic, "Quality of public investment in the WAEMU member states in the context of COVID-19." The Center conducted a presentation on the Public Investment Management Assessment (PIMA) mechanism and the importance of the evaluation for the WAEMU member states during the meeting, organized by the WAEMU Commission. The presentation of the PIMA mechanism addressed (i) the conceptual and methodological framework for the PIMA; (ii) the evaluation

criteria: (iii) the interpretation of results; and (iv) examples of action plans to improve the quality of public capital expenditure. Following the presentation, the discussions concerned, inter alia, (i) the definition and composition of capital expenditure in the WAEMU; (ii) the country-specific conditions taken into consideration in the course of the evaluations; and (iii) the procedures used in the evaluation mission. Each member state presented the position of its public investment expenditure. The AFW advisor contributed to the formulation of the Commission's recommendations and finalization of the meeting report.

## L. Secretariat General of the WAMU Banking Commission

**125. Sharing of experiences with conferences of bank supervisors.** The development of international bank groups has created the need for bank supervisors to develop frameworks for collaboration among all authorities exercising responsibility in respect of the different entities of the groups concerned to share useful information, develop a common understanding of the risks entailed by the groups and carry out coordinated actions if necessary. This is the role of conferences of bank supervisors, and the Basel Committee on Banking Supervision has frequently underscored the importance of establishing such bodies and the conditions for effective operations, in particular in its June 2014 publication, "Principles for effective supervisory colleges."

**126. The Secretariat General of the WAMU Banking Commission (SGCBU), which could play the role of home supervisor for some groups and host supervisor for others, wished to learn of experiences with the functioning of such conferences of supervisors.** Accordingly, a webinar was arranged with the AFW resident advisor and a short-term expert who had experience with the bodies put in place in the euro zone and had participated in the conferences of British and American bank supervisors. Eleven representatives of the SGCBU took part in the webinar; most of them were affiliated with the Directorate of Off-Site Surveillance, which reports to the deputy director, but also included a chief unit representing the Directorate of Crisis Resolution and Legal Affairs and two staff members from the Directorate of Research and International Relations charged with monitoring regulatory developments and methods. The seminar covered good international practices and various European experiences in this area, enabling the SGCBU to draw useful lessons for the organization of supervisor associations for bank groups headquartered in the WAMU zone and to exchange experiences of experts and the SGCBU. Particular attention was given to the conditions leading to the creation of conferences of supervisors and the intended objectives, the composition and structure of the bodies (e.g., number of participants, institutional rank or position), information sharing and means of communication between supervisor with regard to principles of transparency and confidentiality, operational aspects of meetings (agendas, etc.), decision making processes in the case of bodies with such authorities (for example, validation of model approaches to the definition of capital requirements, Pillar 2 measures), relations with the supervised bank group, and the role of the conference in crisis prevention and management. At the conclusion of the seminar, that SGCBU had the clarifications needed to optimize the organization and functioning of conferences of supervisors for which it is responsible as the supervisor of consolidated groups.



# III. FY 2022 WORK PROGRAM – ACTIVITIES PLANNED BY FUNCTIONAL AREA

## A. CUSTOMS ADMINISTRATION

### Context and priorities

**127. The work program covers four main pillars:** (1) support in consolidating the dutiable base of imported goods (customs value, tariff classification and origin); (2) automation of customs procedures (simple, secure clearance procedure; (3) improvement of risk management and targeting of declarations; and (4) strengthening control and automated monitoring of exemption regimes and duty deferral programs. Accordingly, considering the progress made by each customs administration concerned, the FY 2022 work program, which comes within the framework of the fourth funding cycle, aims to achieve the following objectives:

- customs controls performed during the clearance process are more efficient, and performance in terms of receipts is positive, with (i) strengthening of the customs valuation function in **Benin, Burkina Faso, Mali, Guinea, Guinea-Bissau, Niger, Senegal, and Togo.**
- Controls of international trade operators are better targeted and optimized following strengthening of capacities in post-clearance inspections in **Niger and Mauritania.**
- Management of priorities and legal and regulatory compliance is improved through effective risk management in **Mauritania.**
- Sanctions imposed for customs violations can be applied more readily and therefore promote voluntary compliance with laws and regulations on the part of economic operators following adoption of the amended customs code in **Mali.**
- Customs border controls are more relevant and effective in terms of import tax collection and protection of the territory following capacity development in risk analysis and intelligence-gathering for surveillance agents in **Côte d'Ivoire.**

### Planned activities and expected outcomes

**128. Regional seminar.** The Center will organize a regional seminar on the topic, "Customs performance indicators." The objective of the seminar is to make tools for the assessment of customs activities available to decision makers.

**129. Technical assistance missions.** The Center will conduct TA missions and participate in diagnostic missions in the member countries organized by FAD.

## B. TAX ADMINISTRATION

### Context and priorities

**130. The FY 2022 work program will focus on instruments supporting management and coordination, in particular indicators, and will continue to**

**support the administration of VAT, the management of midsize business taxpayers, and collection.** Despite progress made in modernizing tax administrations, the tax ratios and overall revenue collection remain weak in the subregion as a whole. The weaknesses identified in terms of monitoring and management constitute the main obstacles that must be overcome in order to improve performance and consolidate reforms over the long term. Accordingly, the actions planned are intended to assist the member countries in (1) strengthening management and coordination mechanisms; (2) supporting the automation of tax administrations (development of remote procedures, launch of the online tax account, extension of automated cross-checks throughout the tax administration, etc.); and (3) continuing to improve tax administration operations, in particular registration, management of midsize businesses, and collection.

**131. In fragile states, particular emphasis will be given to two strategic objectives:** strengthening the effectiveness of tax administration governance and improving the essential functions of the tax administration. The weaknesses observed in these countries relate to the fact that only a small number of taxpayers are managed due to limited operational capacities, the absence of central government units in many cases, and insulated modes of functioning marked by a lack of interaction between tax administrations and other entities, which negatively impacts performance. Accordingly, the activities planned for FY 2022 consider the needs of tax administrations in fragile states in light of recent developments in implementing reforms and the strategy defined in connection with the capacity development project for fragile states.

**132. In that context, the objectives are the following:**

- In the context of their management and oversight roles, central government units in Burkina Faso, Guinea, Mali, and Niger in particular analyze performance trends and identify priorities to better support external units in performing their operations.
- The cleanup and validation of taxpayer files for large and midsize business taxpayers continue for all fragile countries of the subregion, in particular through automation to build on work in previous years to improve the reliability of taxpayer records and the monitoring of reporting obligations.
- Research and intelligence-gathering activities are gradually consolidated through more intensive use of information from cross checking of files to detect unregistered taxpayers, particularly within the midsize business taxpayers segment (beginning with Mali and Niger), and through support for tax audits.
- Tax audit operations are more efficient by virtue of improved supervision by central government units and the use of indicators to better identify risks and improve the administration's responsiveness in case of fraud.
- The management of tax arrears is professionalized in fragile states through the analysis of risks to recoverability of tax debts and the effective implementation of procedures for write-off of irrecoverable tax arrears.

### Planned activities and expected outcomes

**133. Regional seminar.** The Center plans to organize a regional seminar for the member countries on tax administration management.

**134. Practical experience.** The work program provides for the organization of practical experiences in the following areas: (i) management of midsize business taxpayers, and (ii) IT governance.

**135. Technical assistance missions.** The proposed TA missions are presented in Table 4. In parallel with the expert visits, the resident advisors participated more actively in FAD missions in order to consolidate synergies between the Fund's various TA programs.

## C. PUBLIC EXPENDITURE MANAGEMENT - BUDGET ASPECT

### Context and priorities

**136. The FY 2022 program of activities comes within the context of pursuing the Center's strategic objectives for the fourth funding cycle.** It aims to improve budget operation in terms of accuracy, transparency, and relevance, and to improve the implementation and control of budget execution. More specifically, the activities provided by the work program aim to:

- Improve the programming, budgeting, and monitoring, and thus the optimization of public investment management through support for the implementation of recommendations of the Fund's Public Investment Management Assessments (PIMA) in **Mauritania, Niger, and Senegal**; the preparation of budget and medium-term expenditure frameworks in **Guinea-Bissau**; improving budget credibility and the frameworks for program budget performance in **Burkina Faso** and **Côte d'Ivoire**, and the implementation of commitment authorizations and payment appropriations (AE/CP) in the budgeting process in **Guinea, Mauritania, and Niger**
- Improving budget documents to support the quality and usefulness of reporting to the legislature and the general public, particularly regarding the identification and management of budget risks and improving budget transparency in **Burkina Faso** and **Mali**.
- Improved budget preparation, and in particular the quality of personnel expenditure programming (wage bill) in **Benin** and **Togo**.
- Strengthen public expenditure programming in relation to cash flow management in **Burkina Faso** and **Senegal**.

### Planned activities and expected outcomes

**137. Regional seminar.** The work program provides for two regional seminars. One of them will address public investment management, in particular the regional experiences in implementing the recommendations of PIMA missions. The other will continue the seminar on budget forecasting and will focus on the exchange of current practices in countries of the subregion.

**138. Participation in the activities of regional institutions.** The work program also provides for participation in capacity-development activities organized by the WAEMU for

public finance professionals in connection with the implementation of WAEMU directives on the harmonized public financial management framework.

**139. Technical assistance missions.** Fifteen missions are planned, including two missions in Senegal; three at the WAEMU Commission; one mission each in Benin, Burkina Faso, Côte d'Ivoire, Guinea, Mali, Mauritania, Niger, Togo; and an additional mission in a country to be determined by FAD.

## **D. PUBLIC EXPENDITURE MANAGEMENT – ACCOUNTING AND TREASURY ASPECT**

### **Context and priorities**

**140. Improvement of the reliability and accuracy of the government general accounting system in the context of the transition to accrual and asset accounting, together with modernization of cash flow management, remain two priority objectives for the region's countries.** AFW is supporting its member countries engaged in the implementation of accrual and asset accounting, and in consolidation of the Treasury single account and the modernization of government cash management, in the interest of better integrating cash flow and debt management. The Center's support is being implemented through technical assistance missions, regional seminars, and practical and intensive commissions in those areas.

**141. The program's two priority objectives are based on the following two key pillars:**

- **Continued support with the implementation of accrual accounting,** with the preparation of accounting instructions and practical guides on the opening balance sheet, year-end reconciliation and accounting closing operations, the integration of inventory accounting and accrual and asset accounting, the production of annual financial statements, the implementation of internal accounting control, and automation of the general accounting system in **Benin, Burkina Faso, Côte d'Ivoire, Guinea, Mali, Mauritania, Niger, Senegal,** and **Togo.** Support for the WAEMU Commission continues with the Center's participation in the Commission's activities in this area.
- **Continued assistance in implementing the Treasury single account (TSA), cash flow management, and the integration of cash flow and debt management, in Benin, Guinea-Bissau, Mali, and Niger,** with missions assisting in the implementation and consolidation of the TSA, improving cash management and, in collaboration with the advisor on debt, the integration of cash flow management and debt management. Intensive practical experience is also planned in these two areas.

## Planned activities and expected outcomes

- 142. Interregional seminars.** An interregional seminar organized jointly with the IMF Regional Technical Assistance Center for Central Africa (AFRITAC Central), will focus on the transition to accrual accounting and asset accounting in the countries covered by AFW and AFRITAC Central to facilitate sharing of experiences and the identification of practical measures in the participating countries to successfully transition to the new government accounting framework. A second interregional seminar organized by FAD in cooperation with the International Public Sector Accounting Standards Board will be held "Public Sector Accounting Standards," and will bring together participants from West Africa, Central Africa, and other Francophone African countries, and will provide an occasion for participants to deepen their understanding of the concepts and principles of implementation of public sector accounting standards and discuss international best practices.
- 143. Technical assistance missions.** Fourteen missions are planned, including two in Benin, Burkina Faso, Côte d'Ivoire, and Mali (Table 6). The mission in Guinea will be conducted in cooperation with the support project financed by the European Union, and the missions in Burkina Faso and Mali will be conducted in collaboration with the resident advisor for the two countries.
- 144. At the regional level,** two activities are planned to support the WAEMU Commission in the context of strengthening the capacities of WAEMU public finance experts and practitioners, will include the participation of the advisor in the meetings programmed by the Commission.
- 145. Practical experience.** A study trip is planned to facilitate peer learning on the TSA and cash flow management. It will be conducted in a country with useful experience in this area for the benefit of a country that is preparing to or has recently embarked on this reform of the TSA and modernization of cash flow management.

## E. PUBLIC FINANCE STATISTICS

### Context and priorities

- 146. The program of activities continues the process of migrating public finance statistics to current international standards, including the GFSM 2014.** It focuses on the following points:
- Scope of coverage:
    - Public Sector:
      - Public corporations;
      - General government:
    - Budgetary central government;

- Extrabudgetary units
- Social security
- Local or subnational governments.
- Sector classification of units within the public sector;
- Accounting rules;
- Analytical framework for public finance statistics:
  - Stocks (opening and closing balance sheet at the start and end of each accounting period);
  - Flows:
    - Transactions
    - Other economic flows (gains and losses on assets held; Other changes in volumes of assets and liabilities)

## Planned activities and outcomes

**147. Recent years were marked by considerable progress in the member countries.** This dynamic is reflected in plans to transition in the short term from TOFE to GFSM 2014 standards, and the choice of the new version of the TOFE to monitor criteria under country economic and financial programs.

**148. The countries in question are Guinea, Côte d'Ivoire, Burkina Faso, Benin, Raleigh, and Niger.** Recall that Senegal transitioned to production of the TOFE based on GFSM 2014 in June 2015. It has also produced consolidated general government statistics since 2018 and the consolidated public sector position since 2019.

**149. Regional seminar.** The plans for FY 2022 call for the organization of a regional seminars expanded to include the French-speaking countries covered by AFRITAC and Haiti. The workshop will continue the work of the FY 2021 workshop on the incorporation of transactions in kind in public finance statistics.

**150. Technical assistance missions.** The technical assistance missions, summarized in Table 7, aim to maintain the momentum built in the previous fiscal year. It will provide for two missions in certain countries, in particular Guinea, Guinea-Bissau, and Niger, to consolidate gains, maintain the actors' motivation, and extend the scope of coverage of public finance statistics.

**151. Fiscal year 2022** will bring a new phase in the production of public finance statistics with the integration of selected transactions in kind in statistics and the preparation of opening and closing asset accounts on an experimental basis in a pilot country (Senegal).

## F. REAL SECTOR STATISTICS

### Context and priorities

**152.** The activities programmed in the area of real sector statistics are focused on the national accounting system, high-frequency indicators, and prices and pursue three main objectives:

- Continue the implementation of SNA 2008 and the change of base year in Mali and Guinea, and improve the timeliness of the national accounts in **all AFW member countries**.
- Continue the implementation or improvement of quarterly national accounts (QNA) in **Benin, Côte d'Ivoire, Mali, Mauritania, Niger, and Togo**.
- Support the development of high-frequency indicators in **Côte d'Ivoire and Mauritania**.

**153.** In light of the health situation surrounding the COVID-19 pandemic, missions are planned in remote mode. For fiscal year 2021, the Center was able to conduct all the planned missions. A significant increase was noted between January and April 2021 due to a larger than usual proportion of missions postponed.

### Planned activities and expected outcomes

**154. Regional seminar.** The Center will organize a regional workshop on the topic "Seasonal adjustment of time series." The aim of the training is to strengthen the capacities of INS staff to enable them to incorporate the impact of COVID-19 on time series such as the QNA, indices of industrial production, price indices, etc. IMF Statistics Department also plans workshops on consumer price and production indices.

**155. Technical assistance missions.** The programmed activities are summarized in Table 8. After activities relating to the change of base year finalized by each of the 10 AFW countries, the Center will provide support in implementing SNA 2008 in two countries with a new base year combined with retropolation to provide users with longer GDP series. The Center will support several countries in establishing a sequence of accounts including the financial accounts. One country has also begun work on a new base year after the latest reform completed in 2018. In addition, improvements in the precision and drafting of methodology notes will comprise a portion of the Center's activities. AFW will continue the introduction and development of QNA. The work program also includes activities funded by IMF headquarters through the Data for Development (D4D) program for **Côte d'Ivoire** and **Mauritania**, in particular the development of high-frequency indicators for production, external trade, and consumption.

**156. Practical experience.** The work program provides for an intensive internship on improving the mechanism for production of QNA.

## G. BANK SUPERVISION

### Context and priorities

**157. The Center's scope of intervention in this area is primarily focused on strengthening bank supervision, in particular by aligning supervision with the principles defined by the Basel Committee, including the so-called Basel III prudential framework, and strengthening risk-based supervision.** The activities planned in this area will focus essentially on reforming certain regulatory aspects in the context of support for the BCEAO, the Secretariat General of the WAMU banking Commission, the Central Bank of the Republic of Guinea, and the Central Bank of Mauritania; and on developing tools and methodologies for supervision and strengthening supervisors' capacities. The Center's interventions will also support the Regional Public Investment and Financial Markets Board (CREPMF) with a view toward the development of risk-based supervision.

### Planned activities and expected outcomes

**158. Country technical assistance missions.** The actions undertaken to strengthen banking supervision in Guinea and Mauritania will be continued and deepened (cf. Table 9):

**159. In the Republic of Guinea,** there are two areas of previous work that should be continued if not concluded, i.e., the definition of new standards for calculating capital requirements aligned on the Basel framework, for which the components of capital have already been presented; and the implementation of IFRS 9, which was covered by a previous mission. The other missions programmed for the coming year concern bank liquidity and stable funding and the treatment of concentration risk and relations with so-called "related" third parties. Finally, training is planned for new bank supervision staff in the event the announced hiring takes place.

**160. In the Islamic Republic of Mauritania,** the planned tasks will concern the outcomes of reforms already completed and coverage of those outcomes in prudential reports; and deepening of actions undertaken with respect to control of maturity transformation risks, regulation of payment service providers and electronic money issuers, formalization of internal procedures, and the supervisory review and evaluation process.

**161. Technical assistance for the SGCBU and the BCEAO Directorate of Financial Stability.** The technical assistance activities planned for 2021-2022 aim to support the BCEAO Directorate of Financial Stability with critical projects focused on prudential supervision, and to strengthen SGCBU capacities in a number of subjects, including general and specific topics.

**162. Technical assistance for the Regional Public Investment and Financial Markets Board.** After an update covering the recent period, the technical assistance will focus on developing approaches to risk-based supervision, the preparation of a road map, and training for supervisors. The actions are concentrated at year-end in order to maximize the chances of being able to conduct them in person.

**163. Regional seminar.** The Center plans to organize two webinars: the first, an interregional webinar, which will be joined by AFRITAC Central and will address prudential responses to the pandemic and an analysis of strategies and policies to exit

the crisis; the second will focus on the identification of tools available to supervisors to promote a financial system that better addresses issues associated with climate risks.

**164. Practical experience.** The Center does not plan to organize practical internships given uncertainties surrounding the emergence from the pandemic in terms of resumption of international travel and the capacity of host institutions to accommodate foreign trainees.

## H. MACROECONOMIC AND FISCAL ANALYSIS

### Context and priorities

**165.** Activities in this area focus primarily on the development of institutional capacities for the preparation and monitoring of macroeconomic policies. The program of activities for fiscal year 2022 will also focus on the importance of strengthening macro-fiscal synergies between government administrations. It will cover:

- The strengthening of medium-term macroeconomic frameworks. This includes
  - Refinement of macroeconomic and fiscal forecasting instruments in **Benin, Mali, Niger, and Senegal**;
  - Integration of the macroeconomic and fiscal framing processes in **Guinea, Guinea-Bissau, Mauritania, and Togo**;
- The implementation of robust institutional structures to support economic policy decisions including, inter alia, by strengthening tax revenue forecasting mechanisms in **Burkina Faso, Senegal, and Guinea**.

### Planned activities and expected outcomes

**166. Regional activities.** A regional seminar and high-level workshop on the topics "Improving budget forecasting practices" and "Evaluating the implementation of the macro-fiscal function in the member countries" will be organized for the member states. The regional seminar will follow up on the March 2021 regional seminar and will focus on exchange of experiences and the evaluation will strengthen the credibility of the medium-term macroeconomic and fiscal framing, to serve as the basis for preparation of the annual budget. The high-level workshop, conducted by video conference, will bring together the directors and directors-general of administrations responsible for the macro-fiscal function in the member states. It will review the institutional structures supporting the formulation of macroeconomic and fiscal policies in the member states and avenues for strengthening them.

**167. Country-level activities.** The activities planned for fiscal year 2022 are summarized in the accompanying tables. Their principal purpose is to assist the countries in the strengthening, deepening, and analysis of macroeconomic and fiscal framing. Support will be provided in the area of revenue forecasting, improving framing practices, and in modeling and improved monitoring of macroeconomic risks.

**168. Cooperation with other regional institutions.** The Center will participate in activities organized by AFRISTAT, the WAEMU Commission, the UN Economic Commission for Africa, and the German Agency for International Cooperation. The activities will cover regional seminars on economic developments, macroeconomic forecasts in the West African countries, and workshops on best framing practices. In support of the WAEMU Commission, the Center will take part in FAD assistance in the implementation of budget rules in the Union.

**169.** The Center will increase possible synergies to carry out trainings with the IMF Training Institute for Africa. Training activities are good complements to the objectives of capacity development of the Center in the region. Along the same lines as capacity development activities, the IMF's Capacity Building Institute offers a number of training courses in general macroeconomic and fiscal areas that could be of use to AFRITAC West member countries, as well as the ability to host webinars on topics ranging from debt dynamics to forecasting.

**170. Practical experience.** The program also provides for practical experience at a macro-fiscal unit on subjects such as macroeconomic and fiscal framing practices and the organization and tools of the macro-fiscal function.

## IV. CONTRIBUTION TO THE FINANCING OF THE CENTER AS OF APRIL 30, 2021

Agreement/Amendment Information					Contribution Received		Contribution Expected (U.S. Dollars)	
Partners/Members	Signed Date <sup>1/</sup>	Currency	Amount	U.S.Dollars	Agreement Currency	U.S.Dollars	Requested	Future Contributions <sup>2/</sup>
<b>Partners</b>				39,040,574		36,123,180	1,238,177	2,434,202
China	7/13/2018	USD	4,000,000	4,000,000	4,000,000	4,000,000	-	-
European Commission	8/24/2017	EUR	10,000,000	11,816,141	9,550,000	11,420,275	545,719	-
European Investment Bank	4/19/2018	EUR	200,000	247,555	200,000	237,180	-	-
France	12/5/2017	EUR	4,000,000	4,744,396	4,000,000	4,647,680	-	-
Germany	9/29/2017	EUR	2,500,000	2,945,335	2,500,000	2,791,100	-	-
Germany	11/26/2018	EUR	2,500,000	2,842,524	2,500,000	2,839,800	-	-
Luxembourg	12/21/2016	EUR	5,000,000	5,194,266	5,000,000	5,721,100	-	-
Netherlands	11/25/2020	EUR	2,000,000	2,378,121	1,000,000	1,207,730	-	1,212,709
Norway	12/3/2019	NOK	40,000,000	4,363,382	24,331,056	2,743,382	692,458	1,221,493
Switzerland	12/18/2019	CHF	500,000	508,854	500,000	514,933	-	-
<b>Members</b>				4,789,001		704,817	1,180,375	2,903,809
Benin	2/7/2019	USD	609,357	609,357	304,785	304,785	4,572	300,000
Burkina Faso	4/24/2018	USD	500,000	500,000	100,000	100,000	-	400,000
Guinea	10/30/2019	USD	500,000	500,000	100,000	100,000	-	400,000
Mali	4/24/2018	USD	503,841	503,841	200,032	200,032	-	303,809
Mauritania	4/24/2018	USD	678,666	678,666	-	-	278,666	400,000
Niger	3/12/2019	USD	775,000	775,000	-	-	375,000	400,000
Senegal	2/1/2019	USD	612,087	612,087	-	-	212,087	400,000
Togo	2/25/2019	USD	610,050	610,050	-	-	310,050	300,000
<b>Partners and Members Total</b>				43,829,575		36,827,997	2,418,552	5,338,011
<b>Internal Transfers<sup>3/</sup></b>								
European Investment Bank				6,418	-	6,418	-	-
France				18,182	-	18,182	-	-
Germany				10,822	-	10,822	-	-
Luxembourg				6,238	-	6,238	-	-

<b>Internal Transfers Total</b>		41,660	41,660	-	-	
<b>Host Country &amp; IMF</b>						
<b>Host Country</b>						
Cash	USD	1,500,000	1,500,000	603,724	296,276	600,000
In-Kind			523,527			
IMF			3,668,723			
<b>Host Country and IMF Total</b>			5,692,250			
<b>Grand Total</b>			49,563,485	37,473,381	2,714,828	5,938,011
Program Document Budget			52,639,319			

1/ May also refer to agreements that are under negotiation and approval date for Capacity Development Partnership agreements (e.g. flexible/umbrella agreements).

2/ The future contributions amount is set to zero for completed installments.

3/ Refers to transfers from one program phase to another (e.g., phase rollovers).

## V. EXPENDITURE EXECUTION AS OF APRIL 30, 2021 AND BUDGET 2022 (IN USD)

Project	Program Budget	Phase Summary		Working Budget	FY2021		Execution (%)	FY2022 Working Budget
		Working Budget	Expenses		Expenses			
Public Financial Management	8,580,253	10,595,530	7,146,284	2,411,370	1,342,984	56%	2,264,968	
Customs Administration	4,890,041	4,418,901	2,827,682	876,548	300,122	34%	767,837	
Tax Administration	6,257,224	5,057,274	3,467,657	1,260,226	971,444	77%	1,146,177	
Banking Supervision and Regulation	3,905,531	3,597,406	2,210,518	831,306	260,457	31%	708,801	
Debt Management	3,956,536	2,845,449	2,019,986	-	26	-	-	
Real Sector Statistics	4,820,268	3,903,549	2,495,458	807,550	409,730	51%	669,539	
Government Finance Statistics	4,455,771	2,966,271	1,477,987	780,152	237,191	30%	639,677	
Admin Project	1,725,174	1,885,087	1,294,732	530,420	288,379	54%	446,393	
Macroeconomic Advisor	3,941,239	244,150	244,150	-	-	-	-	
Training project	1,075,000	522,091	298,568	-	75	-	200,000	
Governance and Evaluation (including RBM advisor/backstopping)	639,321	136,863	53,579	82,000	31,590	39%	35,256	
Strategic Budget Reserve	1,000,000	24,935	-	24,935	-	-	154,223	
<b>Sub Total</b>	<b>45,246,358</b>	<b>36,197,506</b>	<b>23,536,600</b>	<b>7,604,507</b>	<b>3,841,998</b>	<b>51%</b>	<b>7,032,871</b>	
Trust Fund Management	3,167,245	2,533,825	1,647,562	532,315	268,940		492,301	
<b>Total</b>	<b>48,413,603</b>	<b>38,731,332</b>	<b>25,184,162</b>	<b>8,136,822</b>	<b>4,110,938</b>	<b>51%</b>	<b>7,525,172</b>	
IMF Expenses	3,668,723	3,668,723	2,790,886	724,815	963,474	133%	769,179	
Host Country In-kind	523,527	523,527	84,503	103,431	-	-	109,762	
<b>Total</b>	<b>52,605,853</b>	<b>42,923,582</b>	<b>28,059,551</b>	<b>8,965,068</b>	<b>5,074,412</b>	<b>57%</b>	<b>8,404,113</b>	

Source : IMF Institute for Capacity Development