ECONOMIC AND MONETARY COMMUNITY DIRECTIVE No. { 6 111-UEAC-190-CM-22 OF CENTRAL AFRICA on the Code of Transparency and Good CENTRAL AFRICAN ECONOMIC UNION governance in the management of public finances .— COUNCIL OF MINISTERS THE COUNCIL OF MINISTERS HAVING REGARD TO the Treaty establishing the Economic and Monetary Community of Central Africa of 16 March 1994 and its Addenda dated 5 July 1996 and 25 April 2007;: HAVING REGARD TO the Convention governing the Economic Union of Central Africa (UEAC) and in particular its Article 54 prescribing the harmonisation of budgetary legislation, national accounts and macroeconomic data of Member States; HAVING REGARD TO Directive No. 05/10-UEAC-190-CM-21 of 28 October 2010 on the establishment, remit and functioning of the Committee of Experts on Public Finance Management; HAVING REGARD TO the reports on the work of the Committee of Experts on Public Finance Management dated 25 February 2011 and 29 April 2011 respectively; ANXIOUS to send a solemn signal of the Member States' commitment to transparency towards the public, investors and development partners; DESIRING to adopt fundamental principles of transparency and good governance in public finance management in accordance with international standards; ON the proposal of the CEMAC Commission; HAVING CONSIDERED the opinion of the Inter-State Committee; AT its meeting on 16 December 2011 HEREBY ADOPTS THE FOLLOWING DIRECTIVE: Article 1: The 'Code of Transparency and Good Governance in the Management of Public Finances' within CEMAC, attached as an annexe which forms an integral part thereof, is hereby adopted. Article 2: Pursuant to this Code, the following directives shall be drawn up and adopted: a directive on Finance Acts a directive on the General Regulations for Public Accounting a directive on the State Chart of Accounts a directive on the State Budget Classification a directive on the State Financial Transactions Statement Article 3: All CEMAC directives and all national laws and regulations of Member States enacted after the date of this Directive and relating, directly or indirectly, to the management of public finances shall be drawn up and adopted in accordance with the principles and rules laid down in this Code. Article 4: This Directive, which shall enter into force on the date of its signature, shall be published in the Official Bulletin of the Community and, at the discretion of the national authorities, in the Official Journals of the Member States.

BRAZZAVILLE, THE PRESIDENT Pierr jou SA

ANNEX 'CODE OF TRANSPARENCY AND GOOD GOVERNANCE IN THE MANAGEMENT OF PUBLIC FINANCES' OF THE STATES OF THE ECONOMIC AND MONETARY COMMUNITY OF CENTRAL AFRICA This 'Code of Transparency and Good Governance in the Management of Public Finances', sets out the principles and obligations which Member States must observe, both in their legislation and in their practices, with regard to the management of State funds and those of other public administrations, as well as external aid funds granted by international institutions or foreign States. Section |- LEGALITY AND TRANSPARENCY OF PUBLIC FINANCIAL TRANSACTIONS 1 The rules relating to the tax base, rates and collection of taxes of any kind are laid down in the Finance Act. Tax legislation is easily understandable to taxpayers. Comprehensive, regular and detailed information on taxation and developments in this area is provided for the benefit of all taxpayers. 2 No public expenditure may be committed or paid unless, on the one hand, it is previously set out in a duly published legislative or regulatory text and, on the other hand, authorised by a Finance Act. The administration shall explicitly set out the rules and criteria it follows when awarding aid, grants and transfers to any private individual. These rules shall be made public. 3 The regulations governing public procurement and the delegation of public services shall comply with this 'Code of Transparency and Good Governance in the Management of Public Finances' as well as with internationally recognised principles, rules and practices. 4 Sales of public assets shall be regularly brought to the public's attention and shall be open to all without discrimination. Significant transactions shall be the subject of specific disclosure. 5 Contracts between the government and companies, whether public or private, in particular companies involved in the exploitation of natural resources and those operating public service concessions, shall be clear and made available to the public. These principles apply both to the contract award procedure and to the content of the contract. These contracts are regularly scrutinised by the Court of Auditors and by the relevant parliamentary committees . The Government's involvement in the private sector must be conducted transparently and in accordance with non-discriminatory rules and procedures. 6 Any concession granting the right to use or operate public assets, as well as public-private partnerships, must be based on formal and explicit legal grounds. 7 Relations between the public administration and public enterprises or other public entities are governed by clear provisions that are accessible to the public. 8 Where government decisions are likely to have a financial impact, a full assessment of the budgetary impact of such decisions, in terms of both revenue and expenditure, is made public.

No public expenditure may be financed by an international organisation or a foreign state without prior notification to the Minister responsible for finance. Section II – POWERS AND RESPONSIBILITIES OF INSTITUTIONS The allocation of powers, duties and public resources amongst the various levels of public administration, and the financial relations between them, shall be clearly defined and shall regularly be the subject of comprehensive, clear and consistent reporting. The respective powers and responsibilities of the Government and Parliament with regard to the conduct of budgetary policy, the determination of public expenditure and revenue, and the implementation and oversight of the budget, are clearly defined in accordance with the Constitution. Parliament is required to deliberate annually on the draft State budget and its implementation. Members of Parliament have an unrestricted right to information and communication on all aspects relating to the management of public funds. An annual budgetary timetable for the preparation of the State budget is drawn up and made public. This timetable provides, in particular, within a reasonable period prior to the tabling of the draft Finance Bills, the publication by the Government of a report on its economic assumptions, its broad medium-term budgetary guidelines and priorities, as well as its main fiscal choices and the principal budgetary risks for the coming year. This report is debated in Parliament. Within the Government, the respective roles and responsibilities of the Minister for Finance, the other ministers and the Head of Government are clearly defined. The broad budgetary policy choices are debated collectively by the Government. Once decisions have been taken under the authority of the Head of the Executive, they are binding on all Ministers. The budgets and accounts of constitutional institutions and bodies are drawn up and managed in accordance with the same principles of transparency, integrity and oversight as those set out by this 'Code of Transparency and Good Governance in the Management of Public Finances' for all public administrations. The courts with jurisdiction to rule on disputes and litigation relating to tax and non-tax revenue, expenditure, financing, management of public property, public procurement and the delegation of public services are clearly identified. The above principles are transposed at local level, with the necessary adaptations, to determine, in matters of public finances, the respective powers of local executive bodies and deliberative assemblies, as well as the local budgetary procedure. Statistical authorities collect, process and disseminate data and information relating to public finances entirely independently of the political authorities. The methodology used to compile the statistics is published at the same time as they are disseminated. Section III – ECONOMIC FRAMEWORK The State budget forms part of an overall medium-term macroeconomic, financial and fiscal policy framework covering the coming year and at least the following two years. 4

The economic assumptions adopted are set out and justified, as is the expected funding from external assistance. Where appropriate, these assumptions are compared with other available projections drawn up by competent and independent sources other than the Government. This overall framework is consistent with the commitments made under the treaties of the Central African Economic and Monetary Community and includes all the information necessary for the implementation of the surveillance and convergence mechanisms set out in those treaties. The balance (deficit, balanced budget or surplus) of the State budget is presented in accordance with internationally recognised principles, rules and practices relating to public finance statistics. It is determined each year by the Finance Act. The projected consolidated overall balance for the general government sector as a whole – comprising the State and its public institutions, local authorities and social security bodies – is published in documents annexed to the Finance Acts. The Government publishes detailed information on the level and composition of its debt, both domestic and external, its financial assets and its main financial obligations, in particular accrued civil service pension entitlements, the guarantees granted to both public and private entities, and holdings of natural resources. This information is presented in accordance with internationally recognised principles, rules and practices relating to public finance statistics. The consolidated financial debt of the general government sector is also published. Section IV – PREPARATION AND PRESENTATION OF PUBLIC BUDGETS Annual budgets are realistic and truthful in their forecasts of both expenditure and revenue. For the State budget, the main budgetary risks are identified and assessed in a report which must accompany the budget documents submitted to Parliament. In the interests of completeness, the budgets and accounts cover, for each public administration, all budgetary transactions of the public administrations. No revenue may be earmarked for a predetermined item of expenditure, except, in exceptional cases, where a genuine economic link exists between a given item of revenue and the expenditure it finances or, in the case of international funding, to comply with the donor's wishes. Financial data are presented on a gross basis, distinguishing between revenue, expenditure, and financing and cash-flow transactions. Operating and capital expenditure are combined within a single budget, and the procedure for preparation and adoption is a single, common process for both categories of expenditure. Information comparable to that in the current year's budget is provided on the implementation of the previous year's budget. Changes to budgeting rules and scope made from one year to the next are highlighted so as to ensure that time-consistent series are available. To support the budgetary documents, a description of the main expenditure and revenue measures is provided, specifying their contribution to economic policy objectives and their consistency with each of the major public policies. Each category of expenditure is planned and authorised in accordance with a stable and clear classification system that makes it possible to identify the authority responsible for managing the appropriation, the economic nature of the expenditure and the public policy to which it contributes.

7 A comparison of the results and targets – both financial and physical – for the main budgetary programmes representing public policies is published each year. 8 Revenue from all sources, including that derived from activities relating to the exploitation of natural resources and from external assistance, is set out in detail and justified in the annual budget statements. 9 The nature and budgetary cost of tax exemptions and derogations, as well as loans, advances and guarantees, are set out in detail when the annual budget is adopted. 10 Any significant deviation between a budget estimate and the corresponding actual outcome, as well as any proposal to revise budget estimates and authorisations, shall be accompanied by detailed and explicit justifications. Section V – IMPLEMENTATION OF REVENUE AND EXPENDITURE 1 Any amendments to public budgets that may be necessary during the financial year shall be presented in the same manner as the initial budget. 2 The status of budget implementation is the subject of periodic public reports during the year. 3 Each stage of the process of implementing expenditure and revenue is clearly defined, without confusion or duplication. 4 Disputes relating to tax and non-tax obligations shall be examined within a reasonable timeframe. 5 Revenue and expenditure in the budgets of public administrations shall be regularly recorded in accordance with internationally recognised accounting principles, rules and practices. Section VI – OVERSIGHT 1 All transactions relating to revenue, expenditure and the financing of general government budgets must be subject to democratic, judicial and administrative oversight. 2 Democratic oversight is provided by regularly elected deliberative assemblies, in particular, in the case of the State budget, by Parliament 3 Public finances and the policies they support are subject to external audit by the Court of Auditors, the establishment of which is mandatory in each Member State. The programme and working methods of the Court of Auditors, as well as its decisions and analyses, are established entirely independently of the executive and legislative powers. 4 The Court of Auditors makes public all the reports it submits to the President of the Republic, Parliament and the Government. It also publishes its specific decisions in at least two major national newspapers with wide circulation. A system for monitoring its recommendations is in place, and the results of this monitoring are regularly brought to the attention of the public.

5 The responsibilities of each of the parties concerned, and the procedures for monitoring and imposing sanctions

in respect of their actions, are clearly set out. 6 The final accounts, which have been audited and are accompanied by audit reports, make it possible each year to verify compliance with budgetary authorisations and to monitor changes in the assets of public authorities 7 The activities and finances of public authorities are subject to internal control Section VII – PUBLIC INFORMATION 1 Information must be comprehensive and cover the past, present and future, and must encompass all budgetary and extra-budgetary activities 2 The publication, within appropriate timeframes, of information on public finances is defined as a legal obligation of the administration. 3 The timetable for the dissemination of information on public finances is announced at the start of each year and adhered to. 4 Regular public information on the key stages of the budgetary process and their economic, social and financial implications is provided with a view to education and objectivity. The press, the social partners and, more generally, all stakeholders in civil society are encouraged to participate in the dissemination of information and in the public debate on the governance and management of public finances. 5 A clear and simple summary budget guide is published for the general public to coincide with the annual budget, breaking down the main categories of revenue and expenditure as well as their year-on-year trends. 6 All information and documents relating to public finances referred to in this ‘Code of Transparency and Good Governance in the Management of Public Finances’ shall be published by the relevant institutions on their websites as soon as they are available. Section VIII – INTEGRITY OF PUBLIC OFFICIALS 1 Holders of any public office, whether elected representatives, members of the Government or senior civil servants, shall submit a declaration of their assets at the beginning and end of their term of office or appointment. A specific law shall set out the conditions and scope of application of this principle and define the offences and penalties relating to any illicit enrichment. 2 The conduct of public officials shall be governed by clear ethical rules that are widely known to all. A code of ethics specific to elected representatives, based on the principles of this ‘Code of Transparency and Good Governance in the Management of Public Finances’, is drawn up by Parliament. The disciplinary rules and procedures for the civil service are strengthened with regard to offences relating to public finances. 3 Sanctions, imposed in accordance with the rule of law, are provided for against all those—whether elected representatives or civil servants—who have mismanaged public funds . 4 Failure by a public official, having become aware of any criminal offence relating to the management of public funds, to report it to the judicial authorities is also punishable.

5 The procedures and conditions of employment in the civil service are laid down by law. No one may be appointed or assigned to a post involving financial responsibilities without prior verification of their technical competence, professional aptitude and ethical standards. Appropriate training programmes maintain and update these skills. 6 The financial, tax and customs authorities are protected by law from any partisan influence. They ensure that taxpayers’ rights are respected and undertake to keep the public regularly informed of their activities. BRAZZAVILLE, 19 DEC 2011