



July 2019

NEWS



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Highlights



IMF Legal Department and AML/CFT Steering Committee members pay visit to AFW2 office.

- Work execution for FY 2020 (and Phase II) kicked off with 35 TA missions and a professional attachment for staff from the Central Bank of Nigeria at the Bank of Ghana.
- The Center Director joins Heads of Cooperation (HOCs) in visit to Tamale in Northern Ghana and participates in the Mole Series.
- AFRITAC West 2 (AFW2) welcomes new PFM Regional Advisor, Mr. Kubai Khasiani, to the center.
- AFW2 holds staff retreat.

AFRITAC West 2 Staff Retreat



Regional Advisors at breakfast



**Elorm Darkey, RBM Project Officer, delivers a presentation.
(Also pictured: Pokuaa Adu and Maria Adam)**

In May 2019, AFW2 staff conducted a staff retreat to foster team-building, strategize on building traction, and reinforce core values of the center.

Activities included presentations on mission execution, documentation and dissemination, as well as the results-based management (RBM) framework. Emphasis was placed on continued alignment of reporting with the RBM objectives, outcomes and milestones. Advisors were encouraged to redouble efforts to coordinate with development partners and IMF resident representatives in AFW2 countries to bolster support for TA implementation.

Teams capitalized on the opportunity to leverage synergies across work streams in the new fiscal year (FY2020) and Phase II.



Regional Advisors; David Smith (Customs), Kubai Khasiani (PFM) and Vitus Ukwuoma (Banking Supervision)



**Center Director contributes to discussion.
(Also pictured: Peter Laryea, Elirjeta Pepaj (STA RA) and Elorm Darkey (RBM))**

Summary of Work Plan Execution and Key Achievements

Tax Administration

During the first quarter of FY2020, the AFW2 tax administration program continued to support member countries to strengthen revenue administration management and governance arrangements and improve core tax administration functions.



At DNRE HQ in Praia- after TADAT Exit meeting - May 21, 2019

In the area of strengthening revenue administration management and governance arrangements, the focus was on improving compliance risk management frameworks and their implementation. **Cabo Verde** conducted a TADAT assessment. All AFW2 member countries have now completed their respective TADAT assessments and are embarking on implementing reform plans to address the gaps identified by the assessment. With AFW2 assistance, **Cabo Verde** is putting in place structures and processes to strengthen tax intelligence and criminal investigation capacity. **Ghana** also continued to improve its strategic management capacity and took steps to operationalize its 3rd Strategic Plan.

In the area of improving core tax administration functions, AFW2 supported **Ghana** to consolidate its excise duties management capacity and assisted **Liberia** to improve its tax audit capacity by putting in place an audit procedures manual. Availability of documented and up-to-date processes and procedures have enhanced efficiency of tax audit and other verification

programs. **Nigeria** benefitted from efforts to improve its data analysis, data matching and effective use of different sources of third-party data. **The Gambia** was assisted to further strengthen its capacity to audit the telecommunication sector. In both **the Gambia** and **Nigeria** staff were equipped with additional skills to use the Integrated Data Analysis and Extraction tool (IDEA) and electronic data audit. AFW2 also supported **the Gambia** to build and maintain integrity of taxpayer ledger (taxpayer current account).

Important regional news during the quarter included significant changes in the Ghana Revenue Authority management and Board. All the three commissioners and the Board Chairperson were replaced.



Strategic Planning and Strategic Management – Ghana Revenue Authority Strategy Map Validation with the Commissioner for Support Services Division, GRA

Customs

AFW2 began work on the FY2020 workplan which includes support to customs administrations in the development of policies, strategies, systems and procedures in a wide range of areas. Efforts focused on the development of national customs integrity frameworks, in line with the ECOWAS directives agreed at a previous regional meeting (see April 2019 newsletter for more details).

All beneficiary countries were supported in the development of a national ECOWAS customs and revenue integrity framework, to support transparency, accountability, and trade facilitation. The missions developed a detailed logical framework covering key policies and instruments, procedures and systems to support higher levels of integrity. The log frames included the identification of country-specific potential performance measures and an assessment of risks to effective implementation, making strides towards developing a complete integrity strategy for the revenue authorities.

In **Cabo Verde**, an additional mission focused on the development of a policy and systems for the effective control of customs exemptions, in order to more effectively enforce customs audit and anti-smuggling laws. Results included the creation of an exemptions monitoring unit to perform this function.

In the **Gambia**, four other missions were executed to build the GRA's capacity to manage compliance and customs revenue generation. These included two missions to support the development of a stakeholder engagement strategy, and a customs and enterprise risk management strategy, with the aim of guiding effective customs control. Another mission delivered intermediate and advanced training in customs valuation and classification, to better align GRA procedures with WTO rules. Finally, TA support was provided in the development of the new long-term strategic plan for the GRA.

In **Ghana**, a mission covering customs post clearance audit (PCA) was undertaken to strengthen a risk-based approach to auditing. A range of tools, templates and recommendations to enhance overall PCA capacity were developed, in addition to the delivery of training and mentoring to staff in data extraction, analysis and risk-based audits.

Public Financial Management (PFM)

Interventions during the quarter sought to improve budget planning and execution, financial reporting and assets and liabilities management in AFW2 member countries.

In **The Gambia** and **Sierra Leone**, AFW2 supported the review the Chart of Accounts (COA) against the requirements of Government Finance Statistics Manual (GFSM) 2014. Working with staff from the Accountant-General's Department (AGD), the codes in use were assessed. In Gambia, a concluding workshop was held with relevant stakeholders on the next steps to update the new codes for use in preparing the 2020 budget. In Sierra Leone, the COA of two major ministries were updated by a 'COA Working Group'.

The second mission supported the Directorate of Public Private Partnerships (PPP) to review the key conditions for the successful implementation of the proposed SOE performance agreements and mitigating fiscal risks. A roadmap of critical activities, covering July 2019 to January 2020 was developed. These include a consultative process to clean the SOE balance sheets and expedite the finalization of the draft SOE bill and joint MoFEA/Management Development Institute and AFW2 training in International Financial Reporting Standards.

In **Ghana**, a TA mission was undertaken to assist the authorities to review and reform the Controller and Accountant General's Department (CAGD) organizational structure and processes in order to improve fiscal reporting and implement reforms related to the PFM Act and Regulations. The mission made recommendations to improve CAGD organizational structure, streamline and strengthen the core functions and associated business processes; to increase their effectiveness and enhance coordination.

Finally, a mission in **Nigeria** reviewed the cash management forecasting and planning systems of the Federal Government of Nigeria in order to identify measures needed for a more efficient TSA. A workshop with key stakeholders built capacity on the an excel-based tool used for moving from short-term cash forecasting to a more reliable and longer-term cash forecasting system. In addition, the mission assisted the CAGD to develop mechanisms for enhanced coordination between cash forecasting, issuing budget execution orders and preparation of borrowing plans by the debt management office.



Staff of Federal Government of Nigeria undergo training on cash management

Monetary Operations (MONOPS)

MONOPS TA involved continued support in improving monetary policy analysis (Ghana, Gambia, Sierra Leone), payment system oversight (Nigeria), and monetary operations, including liquidity monitoring and forecasting (Sierra Leone, Gambia).

In **Ghana**, working together with the Research Department and senior management at the Bank of Ghana (BOG), AFW2 reviewed the current state of BOG's existing forecasting and policy analysis system (FPAS). These efforts are critical to anchoring inflation expectations and improving the transmission of monetary policy. The mission made detailed suggestions on how to strengthen the modeling and forecasting capacity and how to integrate sectoral experts more closely into the forecasting process, by fostering ownership of the near- and medium-term forecasts for their respective sectors.

AFW2 also participated in a high-level workshop on correspondence banking relationship. The workshop was sponsored by the International Monetary Fund in collaboration with Bank of Ghana and was directed at select countries primarily from West Africa.¹

¹ This event brought together representatives from the following countries: *Ghana, Gambia, Nigeria, Sierra Leone, Tanzania and Uganda*. This workshop followed similar initiatives that have been launched by the IMF in the Sub-Saharan Africa, Middle East and North Africa, Caucus and Central Asia, Caribbean and Pacific Regions, as well as CEMAC and WEAMU countries.

In **The Gambia**, an AFW2 mission reviewed the main parameters of the newly-introduced overnight standing facilities and short-term bill. An important milestone was achieved when the Monetary Policy Committee of CBG increased the length of the reserve requirement maintenance period from one to two weeks—helping to mop up liquidity. The visiting mission concentrated on the macroeconomic data management practices and near-term forecasting techniques of CPI inflation and economic activity indicators. the Economic Research Department (ERD) now has the capability to forecast CPI inflation and economic activity (Composite Index of Economic Activity), realizing a major milestone 6 months ahead.

The AFW2 mission to **Sierra Leone** focused on strengthening the organization of the pre-Monetary Policy Committee (MPC) processes to better inform decision making. Together with the Bank of Sierra Leone (BSL), a pre-MPC work calendar was developed. The mission developed the terms and conditions for actively managing short-term liquidity in order to keep inter-bank interest rates aligned with the policy rate and strengthen the transmission of monetary policy. A review of the main parameters of the reserve requirement system and improving the dissemination of market information by the BSL were part of the exercise.

Financial Sector Regulation & Supervision

During the quarter under review, capacity development in financial sector regulation and supervision focused on enhancing the effectiveness of regulatory and supervisory practices for AFW2 member countries. AFW2 provided TA to **Liberia** on strengthening its risk-based supervision framework and report writing, and to **Nigeria** on operationalizing its newly issued risk-based cybersecurity framework and guidelines for Deposit Money Banks and Payment Service Providers.

The 2-week mission to **Nigeria** focused on understanding current cybersecurity issues and strengthening supervisory practices to address it during a workshop. Additionally, AFW2 provided TA to **the Gambia** and developed a risk-based supervision framework as a foundation for effective supervision.



Training Participants in Nigeria

Statistics

Statistical bureaus of AFW2 member countries continued to receive support on the compilation of macroeconomic statistics. Missions assisted the countries on improving the methods and generating national accounts data for **Ghana, The Gambia** and **Liberia**, and consumer price indices (**The Gambia**).

Significant progress was made toward (i) rebasing of national accounts, (ii) populating and

balancing of Supply and Use Tables (SUT), and (iii) update of CPI weights, including the review of compilation and imputation methods of prices. In addition, the missions delivered training to the member countries on strengthening their capacities on compiling SUTs, components of GDP by expenditures approach and consumer price index.

Professional Attachments



Clarence Blay, Deputy Chief, National Payments System Oversight, explains BOG's oversight strategy to CBN experts

Central Bank of Nigeria professional attachment to Bank of Ghana on , Accra,

AFW2 organized a professional attachment program for four experts of the newly established Payment Systems Management department of the Central Bank of Nigeria to the Bank of Ghana (BOG). During the one-week program the participants had the chance to study the main elements of the Ghanaian financial market infrastructures, including on-site visits of local Financial Market Infrastructures, discuss current issues of local payment systems legislation and regulations with relevant authorities and learn about the BOG's payment systems oversight function, especially licensing payment system participants and the mode of conduct of onsite

Development Partner Coordination

Tax Administration

AFW2 coordinated with **DfID**, **GIZ** and the French International Cooperation agency in **Ghana** in areas of strategic planning and strategic management. The Center also coordinated with **DfID** and the **World Bank** on their support for Integrated Tax Administrations System (ITAS) and reforms implementation in **Sierra Leone** and **Nigeria** respectively.

Banking Supervision

The Center participated in the **Citi CyberX Africa Exercise** in support of the **Commonwealth Cyber Declaration**. The exercise featured representatives from the banking community across six Commonwealth nations working together to face a simulated cyber event. The exercise focused on understanding the business impacts of the event, as well as information sharing and communication protocols within financial services.

AFW2 Participates in AML/CFT Steering Committee Meeting – June 13 - 14



The IMF's AML/CFT Steering Committee Meeting was held in Accra, Ghana, chaired by Mr. James Toone (DFID - UK Department for International Development). In attendance were IMF legal department staff, development partners and beneficiary country representatives from Ghana and Sri Lanka and members of the AFW2 team. The achievements during their second phase and the plans for projects going forward were presented by Mr. Matthew Byrne and Ms. Gulmira McHale (International Monetary Fund). Key insights raised during the discussions included the importance of fintech innovations for financial inclusions and the need to stay ahead of related AML/CFT risks. A visit to the AFW2 office was also organized.

Center Director joins HOCs in Tamale for Mole Series

AFRITAC West 2 Center Director visited Tamale, in the Northern Region of Ghana, from May 29–31 to represent the Center, as Heads of Cooperation (HOCs) of various Development Partners conducted a field visit. He also attended the Mole Series, also held in Tamale. The field visit provided HOCs with the opportunity to understand first-hand the challenges in service delivery and opportunities for inclusive economic growth in the region, while taking into account the needs of the most vulnerable. Meetings were held with stakeholders in various communities.



The Mole Series, initiated in 2001, is a non-partisan platform for multi-stakeholder discussions about peace, security and development in northern Ghana. This year, it was inaugurated by the **Vice President of Ghana, Dr. Bawumia**, on the theme "Accelerating the sustainable development of Northern Ghana in the context of peace, security and Ghana Beyond Aid".



Mr. **Philip Smith**, Chair of the HOCs Group and DFID Country Director, delivered a speech on behalf of the group. He highlighted the state of rising inequality in Ghana, especially in the north, and its impact on the nation's poverty reduction goal, as well as other developmental indicators such as education and food security. He commended the Government of Ghana for its commitment to reversing inequality, even as it moves beyond aid.



Upcoming Activities

TAX	
The Gambia A mission will support the GRA to build and maintain integrity of the taxpayer register and registration.	Nigeria TA mission to strengthen capacity to audit the telecom sector.

Ghana An HQ-led mission will be held to review and strengthen capacity to implement reform and modernization plan.	Sierra Leone AFW2 will deliver two missions to the strengthen excise duties management and telecom audit capacity.
Liberia Two missions to strengthen GST Compliance and data matching, and excise duties management capacity	Regional Workshop A high-level seminar on Revenue Administration Governance will be held jointly with AFE and AFS in South Africa
CUSTOMS	
The Gambia Missions will deliver training in Valuation and Classification, and provide support for the development of GRA Long-term Strategic Plan (Aug 12-16) and customs integrity and stakeholder engagement Ghana Three missions are planned for the upcoming quarter, covering risk management (specifically on the development of a RM strategy and implementation plan) and customs integrity Nigeria Two missions are planned for the quarter, covering post clearance audit (development of standard operating procedures) and customs integrity.	In addition, AFW2 will join and support an FAD2 mission in October to develop a new long-term strategic plan. Sierra Leone One mission is scheduled to support the development of the customs risk management function (Sept 9– 20) and a professional attachment is being planned. Other The Regional Customs Advisor will also participate at a WCO conference for countries of west and central Africa in October. This conference is due to be held in Niamey, Niger.
PUBLIC FINANCIAL MANAGEMENT	
The Gambia AFW2 plans to conduct three missions in the Gambia; a needs assessment for IFRS Curriculum Development (Sept. 2–6) and two training sessions to MDI trainers to introduce IFRS (Sept. 30–Oct 11, Oct. 28–Nov. 8) Ghana Missions to Ghana will be on the topics; Strengthening the Strategic Approach to Planning and Costing the Medium-Term Expenditure Budget (Aug. 1930) and Review and Refinement of the Government of Ghana Chart of Accounts (Sept. 9–19)	Nigeria TA support will be provided to the federal government, on strengthening the Medium-Term Orientation of the budget (Oct.14–25) Sierra Leone Two training sessions on Excel-Based Modelling Techniques, (Sept. 9–13) and the Public/Private Partnership (PPP) Fiscal Risk Management Tool (Sept. 16–24) Regional Workshop on Strengthening Fiscal and Financial Reporting, (Sept. 23–27)

MONOPS	
<p>Ghana AFW2 will continue working on the improvement of BOG's Forecasting and Policy Analysis System, 1–10 October</p> <p>Liberia A mission will support the development of monetary operations and monetary policy analysis, 13–19 August.</p> <p>Nigeria AFW2 will conduct a TA mission to improve the forward-looking monetary policy analysis system, 21–28 August.</p>	<p>Sierra Leone During August and September, in the frame of a remote support mission AFW2 will assist BSL in the preparation for the September Monetary Policy Committee meeting and the first external issuance of the central bank's monetary policy report.</p> <p>Regional Workshop in Accra on monetary policy communication, 2–6 September.</p>
FINANCIAL SECTOR SUPERVISION AND REGULATION	
<p>Ghana AFW2 will overlap the Switzerland State Secretariat for Economic Affairs (SECO)-funded project by delivering a mission in August to advise BoG and the Basel II/III governance committee on implementing the Basel capital standards.</p> <p>Liberia AFW2 will deliver a mission to enhance supervisory knowledge on Basel II/III and advise the authorities on a sequenced approach to adopting Basel II/III capital standards as a complement to the risk-based supervision activity.</p>	<p>Sierra Leone AFW2 will deliver TA to develop risk-based supervision assessment criteria and workpaper format, which will help supervisory staff with improved identification of risks in the financial sector.</p> <p>An AFW2 national workshop on self-assessment methodology for compliance with the Basel Core Principles will include participants from all member countries and Guinea. This workshop will be conducted in coordination with the West African Monetary Institute.</p>
REAL SECTOR STATISTICS	
<p>Cabo Verde AWF2 will undertake a mission to INECV to support the rebasing of national accounts.</p> <p>The Gambia TA missions will be delivered to support rebasing of GDP by expenditure approach.</p> <p>Ghana AWF2 will deliver a TA mission to support the rebasing of Producer Price Index of Ghana Statistical Service.</p>	<p>Sierra Leone A TA mission is planned to assist Sierra Leone Statistics with the data processing and analyzing of Economic and Households Surveys as the main data sources for the rebasing of the national accounts.</p> <p>Regional Workshop on System of National Accounts, 2008 SNA, will be held in Accra as a collaboration between IMF/AFRITAC West 2 and WAIFEM.</p>

Staff Changes



It is with pleasure that we welcome **Mr. Kubai Khasiani** to the center as a Regional PFM Advisor (RA). He joined in May 2019, replacing John Grinyer and partnering with Naresh Jha as the second member of the PFM advisory team. Mr. Khasiani is Kenyan and has a wealth of experience, having worked for the IMF as a Regional PFM Advisor in Liberia, and as a PFM RA in one of the longest standing RTACS, AFRITAC East.

He specializes in PFM upstream reforms, including medium term budgeting, gender-based budgeting, public investment management, and fiscal risk management. Kubai is also the founding Chair of Collaborative Africa Budget Reform Initiative (CABRI). We are excited to have him join the team.

AFRITAC WEST 2 STAFF

Center Director	Oral H. Williams
Resident Advisors	
Revenue	
Administration	
Tax	Henry Gaperi
Customs	David Smith
Public Financial Management	Naresh Jha Kubai Khasiani
Monetary Operations and Payment Systems	Zsolt Érsek
Financial Supervision and Regulation	Vitus C. Ukwuoma
Real Sector Statistics	Elirjeta Pepaj
Results-Based Management Officer	Elorm Darkey
Economist	Pokuua Adu
Office Manager	Janice Norman
Administrative Support	
Admin/IT Officer	Selase Kofi Dusi
Administrative Assistant	Maria Adam
Staff Assistant	Deborah Morrison
Driver	Peter Nii Laryea

AFW2 Member Countries



AFW2 Development Partners



Completed Technical Assistance Reports¹ in FY 2020

Title of Report	Country	Date Sent to Authorities
REVENUE ADMINISTRATION (TAX)		
Follow-up to Finalize Compliance Improvement Plan	Ghana	5/15/2019
Goods and Services Tax (GST) Compliance and Data Matching Follow-up	Sierra Leone	6/26/2019
Audit Capacity Building Follow-Up	Cabo Verde	5/30/2019
Follow-up to Strengthen Tax Audit Capacity of the Telecommunication Sector	Gambia, The	7/5/2019
Excise Control and Structure Review	Liberia	7/5/2019
REVENUE ADMINISTRATION (CUSTOMS)		
Completion of Business Process Mapping and Development of Customs Standard Operating Procedures (SOPs)	Cabo Verde	7/4/2019
Review of Customs Exemptions Procedures	Gambia, The	6/26/2019
Valuation and Classification Training and Mentoring Support (Phase 2)	Liberia	6/12/2019
Post Clearance Audit Training and Mentoring Support	Ghana	6/3/2019
Provision of Mentoring Support to Intelligence and Investigation Units (Phase 2)	Ghana	6/3/2019
Implementation of Risk Management Strategy	Liberia	6/28/2019
PUBLIC FINANCIAL MANAGEMENT		
Multi-Criteria Analysis (MCA) Excel-Based Tool Training to the Public Investment and Assets Division	Ghana	5/16/2019
Developing a Methodology for Analyzing SOE Fiscal Risks	Liberia	5/27/2019
Fiscal Data Integrity and Fiscal Reporting	Liberia	6/28/2019
Development and Implementation of Direccção Nacional de Receitas do Estado Integrity Strategy	Cabo Verde	7/18/2019
MONETARY OPERATIONS AND PAYMENT SYSTEMS		
Improving Monetary Policy Analysis	Liberia	7/4/2019
Improving Monetary Operations and Payment Systems Oversight	Liberia	7/18/2019
FINANCIAL SUPERVISION		
Progressing Basel II/III	Gambia, The	5/16/2019
Enhancing Risk Based Supervision	Ghana	5/31/2019
Reviewing Progress of Risk Based Supervision Implementation	Gambia, The	6/26/2019
REAL SECTOR STATISTICS		
Consumer Price Index	Cabo Verde	6/19/2019
National Accounts	Gambia, The	6/13/2019
National Accounts	Nigeria	7/2/2019

¹ Includes Technical Memos/Reports and Aide Memoires