

**REGIONAL TECHNICAL
ASSISTANCE CENTER
FOR WEST AFRICA 2**



AFRITAC
West 2

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NEWSLETTER**



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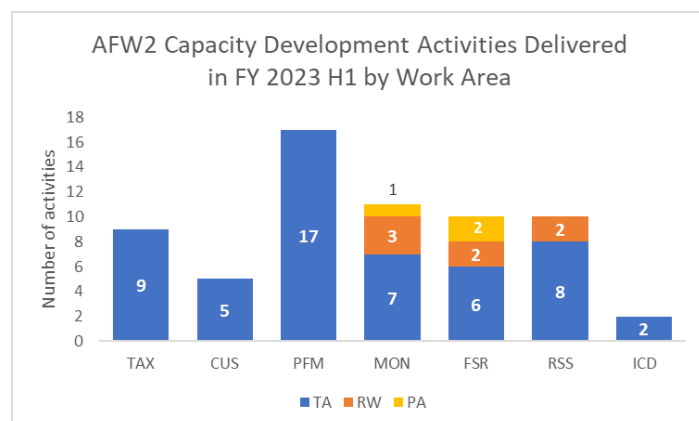
AFW2 Member Countries



AFW2 Development Partners



HIGHLIGHTS



At the mid-year (H1) of FY 2023 (May 2022 – October 2022) hybrid delivery of capacity development gained momentum. AFW2 advisors and experts diligently delivered on the FY 2023 workplan presented at the 8th SC meeting in June 2022¹, working in collaboration with regional and international partners. By October

31, 2022, 64 activities (54 TA missions, 7 regional workshops and trainings, and 3 peer attachments) were completed or in progress both virtually and in-person.



During an outreach visit to Nigeria, AFW2 Director met with country authorities in Abuja to discuss CD priorities and strategies. Joined by Resident Representative to Nigeria, Ari Aisen, and Resident Advisor to the [Ministry of Finance](#), Berlin Msiska, Ms. Jenkner met with country authorities at the [MOF](#), Federal Inland Revenue Service, and the Nigeria Customs Service. Discussions were also held with

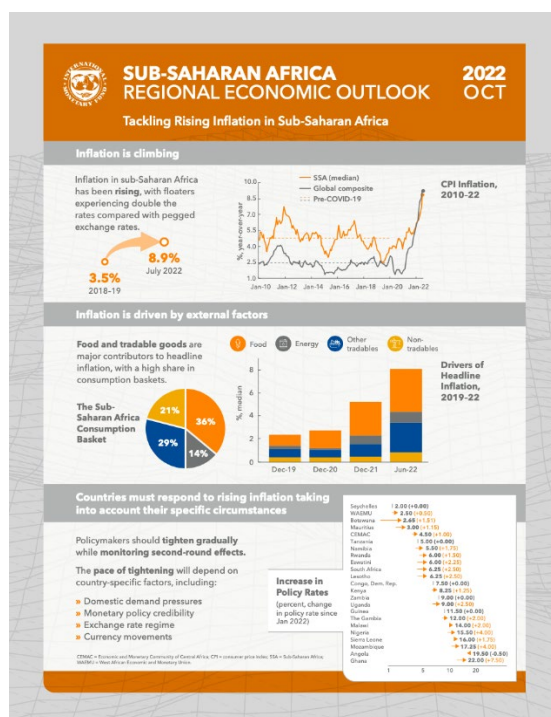
the Central Bank of Nigeria, the Accountant General, the [National Bureau of Statistics](#), the [Fiscal Responsibility Council](#), as well as key partners in the [European Union Delegation in Nigeria](#) and the World Bank.

¹ To view the workplan and an overview of FY 2022 (May 2021 – April 2022) activities and highlights, read the [FY 2022 Annual Report](#) published in August 2022.

FEATURE: AFW2 CAPACITY DEVELOPMENT IS HELPING POLICYMAKERS CONFRONT INFLATION CHALLENGES IN THE REGION

Rising Inflation

The IMF's Regional Economic Outlook for Sub-Saharan Africa (October 2022) highlights rising [inflation in the region](#) as an area of focus. The report recommends a firm policy response, while monitoring second-round effects. For member countries, the ability to effectively monitor, measure and analyze indicators such as inflation is crucial for effective decision-making. [\[Read more\]](#)



AFW2 is helping enhance monetary policymaking through two key channels: first, its work in statistics is supporting the compilation of quality price statistics. Second, AFW2 is helping member countries

to strengthen forecasting capabilities through the development of forecasting and policy analysis systems (FPAS).

Consumer Price Index (CPI)

Reliable and accurate consumer price indexes (CPI) are essential for informed policymaking by the authorities. They also provide the private sector, foreign investors, rating agencies, and the public in general with important inputs in their decision-making.

A Consumer Price index should be produced in line with the *Consumer Price Index Manual: Concepts and Methods* (2020). AFW2 assists National Statistical Offices (NSO) of the member countries on the CPI compilation to ensure that CPIs in the region are updated and accurately measured.

Specifically, AFW2 is supporting member countries to (i) update the weights based on the latest household's expenditure data, (ii) review and update the basket of items, (iii) improve coverage of expenditures' items and regions (national, urban, and rural), (iv) apply compilation techniques in line with *CPI manual 2020*, and (v) ensure that good data collection system and methods are in place. Whenever a CPI update is introduced, the NSO should also link the updated indexes to the old data series as key users at the

central banks and at the ministries of finance require and expect a continuous time series of data providing historic context.

During the last 5 years of AFW2 CD assistance, the CPI has been successfully updated in Cabo Verde, Gambia, Ghana, Liberia, and Sierra Leone, and an update in Nigeria that is expected to be completed soon.

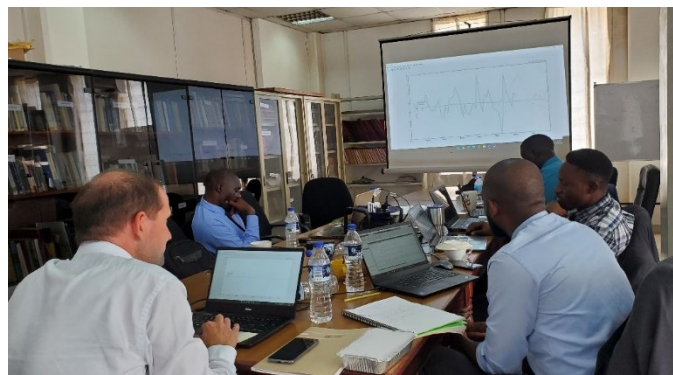
Forecasting and Policy Analysis System (FPAS)

The CPI is a vital indicator for central banks with the primary objective of maintaining price stability. Central banks need to be forward-looking due to the lagged effect of monetary policy on macroeconomic variables and a medium-term objective for inflation is therefore needed. This implies the need to operationalize an effective forecasting system such as FPAS.

Developing FPASs has been a central focus of the AFW2 medium-term CD program. AFW2 CD activities just in the last three to five years have supported building FPASs for our member central banks. Given that AFW 2-member central banks differ in terms of monetary policy frameworks, macroeconomic policy expertise, as well as market development and instruments, the FPAS is being tailored to individual country contexts.

Specifically, AFW2 is supporting member central banks to: (i) set up a good Datawarehouse, (ii) set up forecasting team, (iii) develop nowcasting and near-term

forecasting tools and procedures, (iv) develop a core medium-term forecasting model, (v) develop tools and procedures for ex post evaluation of the forecasts and policy recommendations, (vi) define a structured forecasting and policy analysis process with well-defined deadlines and responsibilities, and (vii) promote clear processes for preparing internal and external monetary policy reports, and structured monetary policy advice and presentations to the policymakers.



AFW2 CD mission on Developing Forecasting and Policy Analysis System, Central Bank of The Gambia, Banjul, August 15 - 19, 2022

Progress has been tangible across the region with the Bank of Ghana (BOG)

currently relying on FPAS for implementing its inflation targeting framework. BOG has recently published its FPAS model and is using its quarterly projection model (QPM) to provide inputs for policy deliberations, enhance monetary policy communication, increase transparency and accountability, and improve credibility alongside ability to influence inflation and anchor inflation expectations. The Central Bank of The Gambia (CBG) has also developed its QPM, which is used to prepare quarterly

forecasting reports for its monetary policy committee (MPC). Other central banks are making progress in upgrading their monetary policy analysis and near-term

forecasting (NTF) frameworks and preparing to start developing QPMs tailored to their individual country circumstances.

ACTIVITIES BY WORK AREA (JULY - OCT 2022)

TAX ADMINISTRATION

AFW2 tax experts provided ongoing advice and support to AFW2 member countries respective institutions to mitigate the impact of COVID-19 and the shocks caused by the war in Ukraine on domestic revenue mobilization. This included the development and implementation of reform strategies to improve core tax functions. **As part of work in the region to strengthen the performance of core tax administration functions, Sierra Leone** has been supported to develop a new three-year strategic plan to succeed the one ending in December 2022. The country is also in the process of developing its medium-term revenue mobilization strategy (MTRS).



Key emerging issues include elevated interest in promoting integrity and good governance in a number of member countries. Ghana is keen to enhance its integrity and accountability framework and practices. GRA has requested for capacity development in this area for its tax and customs administrations, including strengthening capacity of integrity and good governance enhancement units such as internal affairs, internal audit and risk management. Sierra Leone is showing significant improvements in the fight against corruption¹.

¹ As recently independently assessed and highlighted in the Millennium Challenge Corporation (MCC) 2022 report.

Revenue administrations in the region made progress in the implementation of information and communication technology (ICT) solutions. The Gambia and Nigeria have developed and commenced implementation of their respective Information Technology and Digitalization strategies. Ghana and Nigeria have made significant improvements in deploying ICT with a positive impact on their respective taxpayer registers.

CUSTOMS ADMINISTRATION



operating procedures developed in the previous fiscal year. [Missions visited and assessed border controls at key ports.](#)

Pictured: AFW2 Customs advisor, Mr. David Smith, and IMF Capacity Development expert, Mr. Lea Nolan, with officials of the customs, police, immigration and drug enforcement agencies from Liberia.



PUBLIC FINANCIAL MANAGEMENT AND MACRO-FISCAL POLICY



Member countries were assisted with improved budget planning and execution. Cabo Verde implemented the [Action Plan for Public Investment Management](#) during August 2022, while in the Gambia, the Director General, Directorate of Internal Audit (DIA) developed a Qualitative Assessment Improvement Program (QAIP) to assist in the evaluation of the internal audit activity's conformance with international standards, and relevant manuals and guidelines. The Ministry of Planning and Economic Development in [Sierra Leone officially launched the use of the Pre-Investment Guidance Manual](#) earlier developed, further training officials on its use with support from AFW2. AFW2 also supported authorities to introduce the IMF Gender Budgeting Framework and train 5 line ministries to pilot the implementation in FY23.

To strengthen fiscal risk management, officials from the Fiscal Responsibility Commission (FRC) in Nigeria were trained on functions and the analytical tools for a fiscal council in a joint FAD/AFW2 mission. The team provided the FRC with a Microsoft Excel tool to help them measure the macro-

fiscal forecast accuracy/errors for annual budgets. The Public Private Partnership (PPP) Division of the Technical Services Department at the Federal Ministry of Finance Budget and National Planning built capacity in the use of the Public Private Partnership Fiscal Risks Assessment Model (P-FRAM) to review PPP proposals submitted for the Minister's approval. The Ministry of Finance in **Sierra Leone** drafted a framework for the State Sponsorship Policy for SOEs which formed a reference for the subsequent drafting of the Policy with assistance from the World Bank.

Support to Cabo Verde, the Gambia and Liberia, improved coverage and quality of fiscal reporting in line with international standards. The Ministry of Finance in Cabo Verde was assisted in preparing the framework and action plan for setting up a top- quality fiscal transparency portal as a one-stop source of public sector fiscal data. The MOF in the Gambia set up a Steering Committee and the Working Groups with their Terms of Reference and Action Plan, for preparing the framework of the new Asset Management Policy (AMP).



MONETARY POLICY & FX OPERATIONS AND PAYMENT SYSTEMS

The Bank of Ghana (BOG) finalized the report of its first ever self-assessment of the Ghana Interbank Settlement System (GIS) against the CPSS-IOSCO Principles for Financial Market Infrastructures (PFMI). With the implementation of AFW2 mission recommendations, the BOG will be the first central bank in the

AFW2 to publish this report.



AFW2 CD Mission on Foreign Exchange Operations, September 5 – 9, 2022, Freetown. Left to right: Ms. Hawa E. Kallon (Director of Secretary's Department), Dr. Ibrahim Stevens (First Deputy Governor), Mr. Istvan Veres (IMF STX), Prof. Dr. Kelfala Kallon (Governor), and Mr. Gani Gerguri (IMF/AFW2 Advisor).

AFW2 helped BSL to improve its foreign exchange (FX) operations.

BSL has made noticeable progress regarding BSL's reference rate - moving from weekly to daily calculation and publication of its foreign exchange (FX) reference rate, starting from July 1, 2022.



FINANCIAL SECTOR SUPERVISION AND REGULATION

Central banks were assisted in enhancing risk-based supervision (RBS). The **Banco de Cabo Verde's** methodology to identify and properly assess Domestic Systemically Important Banks (D-SIBs) was improved, aligning the D-SIBs designation framework and Higher Loss Absorbency to the Basel Core Principles for Effective Banking

Supervision. The **Central Bank of Liberia** developed a revised framework for RBS, drafted a new RBS Manual and revised Guidelines on Risk Management to be issued to the Liberian banks. In **Ghana**, BOG authorities were supported to conduct a curriculum development workshop and develop content for introductory level training courses with the Banking Supervision Department in Ghana. A 10-day data intensive workshop helped the authorities to develop a toolkit, in collaboration with **BSL** supervisors, on evaluating and modeling expected credit loss (ECL) provisioning.

Capacity development missions to Sierra Leone and The Gambia were coordinated with the MCM resident advisors on banking supervision assigned to the two central banks. Their participation in the missions were helpful in focusing on areas of major supervisory importance to those jurisdictions. An MCM advisor in banking supervision has recently been selected for the Bank of Ghana and he will be joining the team soon.



REAL SECTOR STATISTICS

Member countries continue to make progress on the compilation of national accounts and price statistics. The National Institute of Statistics of **Cabo Verde** (INECV) finalized the compilations of Supply Use Tables (SUTs) for years 2017-2018. The **Ghana Statistical Service (GSS)** successfully

introduced and [published the updated PPI on October 19, 2022](#), with CD support from AFW2. The launch of the updated index represents a significant improvement in the quality of the PPI in Ghana. The results of the National Business Survey of Establishments (NBSE) results were reviewed, and quality assured by the **Nigeria** Bureau of Statistics.



L-R: Mr. Levan Karsaulidze, (STX); Mr. Anthony Krakah, GSS; Mrs. Elirjeta Pepaj, Prof. Samuel Kobina Annim, Director, GSS; Ms. Eva Jenkner, Director AFW2; Mr. Brian E. Graf, IMF STA

REGIONAL WORKSHOPS AND TRAININGS

Professional Attachment to the BOG on Currency Management System, May 9 – 13, Ghana

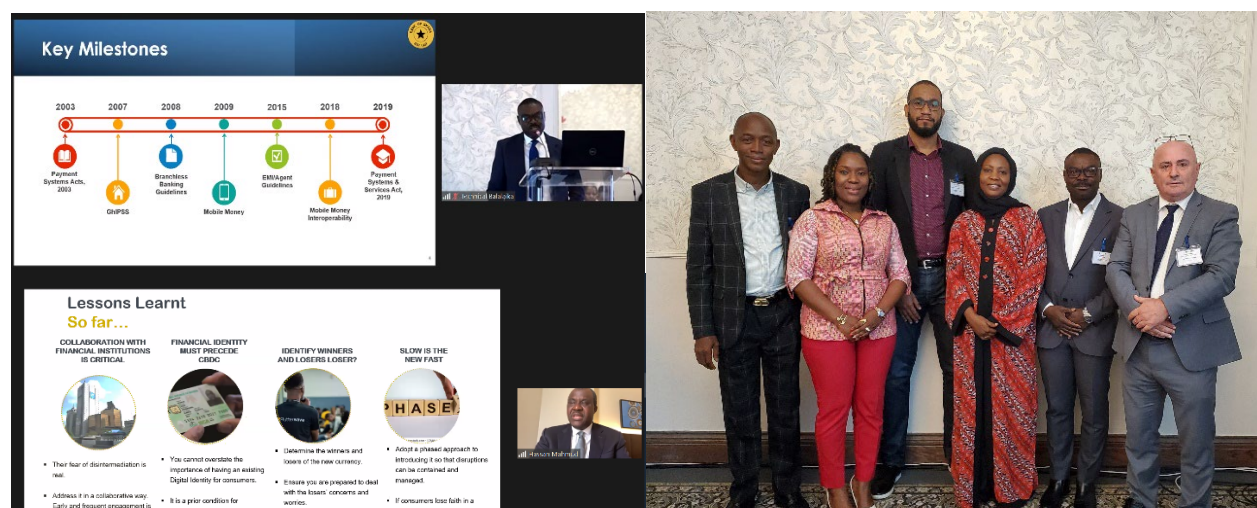
AFW2 sponsored a professional attachment program for staff of the Central Bank of Liberia (CBL) and the Bank of Sierra Leone (BSL), which was hosted by Bank of Ghana (BOG), in Accra. The program supported the CBL's and BSL's efforts to set up a modern CMS, by observing the BOG's currency management and reporting system.

AFW2/MCMCO Regional Webinar on Liquidity Monitoring and Forecasting Framework, July 5-7

AFW2 in collaboration with Central Bank Operations Division (CO) of the IMF's Monetary and Capital Markets (MCM) Department delivered a remote capacity development (CD) regional workshop on Liquidity Monitoring and Forecasting Framework for Central Banks in the region to further deepen their knowledge on liquidity monitoring and forecasting and to introduce the IMF's new advanced liquidity forecasting framework.

Interregional Platform on “Digital Money, Balancing Innovation and Regulation for a new frontier”, October 24 – 28, South Africa

A hybrid seminar organized by the IMF's AFRITAC South, AFRITAC East and AFRITAC West 2, alongside the Monetary and Capital Markets and Legal Departments, and South African Reserve Bank on digital money, explored the potential implications for of the adoption of digital money, enabled exchange of knowledge and experiences on overseeing, and supervising digital money.



Dr. Hassan Mahmud (Central Bank of Nigeria) presenting on eNaira and Mr. Clarence Blay (Bank of Ghana) presenting on digital money in Ghana, and AFW2 in-person participants with Regional advisor for MONOPs.

Regional Professional Attachment to the Central Bank of Nigeria, May 30 – June 10



The Bank of Ghana contingent with the CBN Director of Banking Supervision and Regulation

Nigeria hosted and predominantly resourced the engagement of AFW2 central banks with unfettered knowledge-sharing regarding the implementation of Risk-Based Supervision and Basel II/III capital frameworks. AFW2 Director Ms. Eva Jenkner, and the Deputy Governor of the CBN on Financial System Stability, Ms. Aishah Ahmad, kicked off the event.

National Professional Attachment to Central Bank of Nigeria, October 10 – 21



The Bank of Ghana contingent with their CBN counterparts visit the Development Bank of Nigeria.

Five senior banking supervisors from the Bank of Ghana participated in a peer-to-peer learning engagement at the Central Bank of Nigeria aimed at enhancing their knowledge of the regulation and supervision of Financial Holding Companies (FHC) and Development Finance Institutions (DFI).

Joint (MCM/AFS/AFW2) Regional Workshop for Insurance Supervisors on IFRS 17, October 24 - November 4

A remote technical assistance training was delivered to the insurance supervisors across the AFRITAC South and AFRITAC West2 member countries to enhance a wider understanding of IFRS 17 implementation processes, increase the level of preparedness and assist in the development of adequate processes to accommodate the transition to IFRS 17.

Joint AFW2/WAIFEM Regional Workshop on Credit Risk Analysis and Loss, September 19 – 23, Gambia



Member of Cabo Verde contingent sharing country experiences on credit risk analysis and provisioning

The strengths of this joint regional workshop with WAIFEM on [Credit Risk Analysis and Loss Provisioning](#) were its highly interactive approach, the use of group and country presentations to share knowledge and best practices, and the balancing of international best practices against regional practices.

Blended Introductory National Accounts Statistics Course, July 11-22, Mauritius

An IMF Statistics Department Blended Introductory National Accounts Statistics (NAS) course covering methodological and compilation issues of the 2008 SNA was conducted in partnership with the Africa Training Institute (ATI). Twenty-eight (28) participants from twenty-five (25) African countries (including AFW2 member countries) and from statistics offices, central banks and ministries of economy, finance, and planning attended. The course was delivered by Mrs. Lisbeth Rivas, IMF STA senior economist, Mrs. Elirjeta Pepaj, AW2 Real Sector Advisor, and Mr. Peter Lee, national accounts expert.

Supply and Use tables regional workshop- Cabo Verde, October 10-14



SUT Workshop Participants with AFW2 Regional Advisor for Statistics

A regional workshop was organized by AFW2 for staff of statistical bodies in charge of compiling national accounts statistics and Supply and Use Tables (SUT). The course covered methodological and compilation issues such as: i) SUT framework, ii) data sources and classifications used in SUT, and iii) balancing techniques and tools. The workshop was opened and closed by Mr. Joao de Pina Mendes Cardoso, General Director, INECV.



OUTREACH AND INTERNATIONAL PARTNER COOPERATION

AFW2 coordinated with FCDO and the World Bank on updates on ITAS and reforms implementation in the **Gambia, Nigeria** and Sierra Leone, USAID in **Liberia**, and Africa Tax Administrators Forum (ATAF). The AFW2 Advisor on Monetary Policy & FX Operations and Payment Systems attended a meeting with the delegation of the European System of Central Banks (ESCB) held at AFW2 (August 2022), in Accra. Additionally, Most of the AFW2 member countries are now part of the [“Harmonizing and Improving Statistics in West Africa” \(HISWA\) World Bank project](#). They will undertake several censuses and surveys under this project that will be the key source data to be used for the next GDP rebasing exercises and update of prices.



[AFW2 hosted the Swiss State Secretariat for Economic Affairs \(SECO\)](#)

to thank them for their long-standing support and discuss opportunities for collaboration.



AFRITAC West 2 supported the [launch of Ghana's 2022 report on its Voluntary National Review \(VNR\)](#) of the [Global Goals for Sustainable Development \(SDGs\)](#) in Accra.