

**FOR
INFORMATION**

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To: Members of the Executive Board

From: The Secretary

Subject: **Ms. Grasso's Report to the Executive Board on Her Visits to Tanzania,
Mauritius, Mozambique, and Belgium—March 3–14, 2016**

Board Action:

Executive Directors' **information**

**Ms. Grasso's Report to the Executive Board on Her Visits to
Tanzania, Mauritius, Mozambique, and Belgium
March 3-14, 2016**

During March 3-14, 2016, I traveled to Tanzania, Mauritius, Mozambique and Belgium to visit East AFRITAC, AFRITAC South, the Africa Training Institute (ATI), and Resident Representative (RR) offices, and to meet with the authorities, recipients of IMF capacity development (CD), and external partners. I heard a lot of praise for the impact of our presence on the ground in Africa and for the high quality of the CD that we deliver to the region. I also took note of important areas where we could improve, such as the need for closer integration of TA and training, and more systematic integration of CD with IMF surveillance.

In Tanzania, I visited East AFRITAC and the RR office, and saw first-hand the tremendous positive impact of our presence on the ground. In a meeting with Governor Ndulu and his team, he emphasized to me the critical role that IMF TA and training has played in supporting the transition from socialism to a well-functioning market economy. He highlighted the 2009 Tanzania conference and its positive impact on the relationship of the Fund with the region.

Senior level policy makers in the areas of supervision and financial stability from Kenya, Nigeria, Uganda, WAEMU, CEMAC, and other countries in the region were gathered in Dar for a workshop on Macro-Prudential Frameworks jointly organized by the IMF and the Bank of Tanzania. In my conversations with some of them, they spoke of the benefits they have personally gained from IMF CD in terms of growing their own capabilities and skills. This enabled a number of them to become short term experts, listed on the rosters that our TA departments draw from when planning TA missions to the region and beyond. Tanzanian users of IMF CD services from the Ministry of Finance, the Revenue Authority, the Central Bank, and the National Statistics Agency spoke highly of our peer-to-peer learning programs. They view these programs as an excellent complement to expert-delivered TA or training, and find great value in hearing how their peers in similar countries deal with the issues that they themselves are facing.

In Mauritius, I visited AFRITAC South and the ATI and met with the President of Mauritius, Ms. Gurib-Fakim. I also met with a number of senior officials from Mauritius and from across Africa who had come to participate in a high-level seminar on the Future of Monetary Integration in Africa, in which I took part. I gave remarks in the opening session; I chaired the Presidential Lecture delivered by Mr. Carlos Lopes, Executive Secretary of the UN Economic Commission for Africa; and I participated in a panel discussion on "Integration starts at Home: The Role of Capacity Development".

In my interventions at the high level seminar on Monetary Integration in Africa, I highlighted the important role that CD plays to prepare countries for monetary integration and regional integration more generally. The ATI delivers a broad range of courses on macroeconomic and financial topics relevant to the region, while our resident advisors in all 5 AFRITACs offer specialized expertise in a wide range of technical and policy issues. Through these centers we are able to bring close to our member countries in the region a wealth of knowledge and expertise to help respond to the technical and policy needs that underpin the countries' economic programs.

I also spoke of the three core mandates of the IMF—surveillance, lending and CD. Our edge over other institutions that provide CD is that we are able to use the surveillance we do to develop and prioritize the CD programs that countries need most, and then to follow-up on these programs as they are implemented. I indicated that under the umbrella of AIM, we at the IMF plan to integrate even more, and more systematically, surveillance and CD in order to respond best, and in a sustained way, to the needs of our members.

Mozambique was my third and last stop in Africa. I visited the RR office and met with local staff. I also had meetings with the authorities: the Minister of Economy and Finance, the Governor of the Central Bank, and the President of the National Institute of Statistics (INE). There as well, I heard a lot of praise for the CD received from the IMF and call for more CD and in more sophisticated areas. For example, the Minister explained that he needed our help in forming a “risk management unit” in his office that would follow all MoF operations and keep track of risks and report them directly to him. The Minister also talked about the critical importance of CD in implementing key structural reforms that would help improve the efficiency and transparency of public spending, and felt that CD was crucial to the success of Mozambique's PSI supported program.

Ms. Isaltina Lucas, the then President of the National Institute of Statistics, had a number of interesting comments about our CD. Before being the President of INE, she held various high level positions at the Ministry of Finance and had spearheaded major reform initiatives with the help of IMF advice and CD. She spoke of the importance of coupling TA with training, of the value of peer learning, and the tremendous value that the authorities place on our presence on the ground to advise them and liaise with them in a continuous way. . I have just learnt that Ms. Lucas has just been promoted to the position of Vice-Minister of Economy and Finance, which should enhance cooperation with the IMF even further.

In all three African countries I visited, I met ambassadors of key donor partner countries. They unanimously expressed strong support for our work. We exchanged views on IMF CD and how best to tailor its delivery to recipient countries' needs. A number of donors agreed that CD activities need to be evaluated in a long term perspective to be able to appreciate their impact. However this poses a challenge for the need to show results in the short term to the politicians and parliamentarians in their countries who make the decisions on financing.

I also visited an orphanage in Tanzania, Watoto Wetu (which means Our Children in Swahili). In Mauritius, I also had the opportunity to visit the Foundation Resources and Nature (FORENA) which partners with an NGO, La Maison Familiale Rurale Du Nord, in training school drop outs in organic farming techniques. I made donations in both places (and a third donation also went to an orphanage in Mozambique), all in the name of the IMF. It was important for me to interact with the local population and see the faces of the children that should ultimately be the beneficiaries of the work that the IMF is performing in their countries.

On my way back from Africa, I stopped in Belgium where I met with Deputy Prime Minister and Minister for Development, Mr. Alexander de Croo. Together we signed a framework agreement for cooperation on capacity development between the Fund and Belgium. I thanked him for Belgium's support of IMF CD, particularly its steadfast support in the area of revenue administration, including through participation in our thematic trust fund on revenue mobilization, and support for online learning and the IMF's RTACs in Africa. I expressed my hope that Belgium would renew its support in these areas and consider taking advantage of additional opportunities for strengthening the visibility and traction of Belgian development funding within the context of IMF CD. I discussed with Mr. de Croo the needs of the Africa region in terms of CD and explained how the footprint we have on the ground—the five AFRITACs and the ATI—helps us meet the CD needs of the region. Mr. de Croo could not commit to a specific resource envelope for IMF CD at this stage.

In Belgium I also met Mr. Mimica, EU Commissioner for Development and Cooperation. We discussed our CD cooperation and EU funding, and I related to him my observations from my visit to Africa and the work on economic institution building performed by experts in our AFRITACs. We agreed that it would be appropriate to move forward on discussing specific vehicles and operations to further strengthen this cooperation over the next few years. I expect that we will be able to make a more detailed announcement of our cooperation during the Spring Meetings.

To summarize, the feedback on IMF CD I received during this trip was very positive. Through CD, the Fund is making a remarkable contribution to our member countries. But we also face a key issue—which was highlighted to me by Mr. de Croo on this trip, but has also become increasingly evident to my management colleagues and I in other instances: whereas our surveillance and lending work is widely recognized across the globe, our CD work does not have the same visibility, most particularly outside the recipient countries. We all, staff, management, and Executive Directors, need to make a strong case for properly funding these activities. As Governor Ndulu pointed out to me at the beginning of my trip, IMF CD is a public good, benefiting both the recipient country as well as the rest of the world, particularly the entities which engage in economic relations with that country.