

COMMUNITY OF AFRICAN BANKING SUPERVISORS (CABS)

**WORK PLAN
2014-16**

January 2014

I. INTRODUCTION

1. This report presents the CABS Work Plan for 2014-2016. The Committee of African Supervisors has developed this work plan as directed by the 37th Assembly of Governors of the Association of African Central Banks (AACB), which was held on 23 August 2013 in Balaclava, Mauritius. In performing this assignment, the Committee of African Supervisors has benefited from the support of the AACB Secretariat and Making Finance Work for Africa (MFW4A). This work plan and related budget for 2014-16 are submitted to the Bureau of AACB for consideration.
2. Section II recalls the historical background leading to the establishment of the CABS. Section III summarizes the priority areas of intervention for CABS as stated in the Supervisors meetings in Kampala (April 2011) and Algiers (January 2013). It also presents the key work streams of CABS for the period of 2014-2016. Section IV presents the three-year work plan, the related budget estimates and the implementation plan.

II. BACKGROUND

3. In April 2011, in partnership with MFW4A and with support from the Bank of Uganda, the AACB held a workshop entitled: The "African Approach to the implementation of international standards for banking supervision and the Basel Capital Framework". The objective of the meeting was to discuss the impact of the recent financial international standards on the African banking systems and develop an African approach that takes into account its characteristics.
4. During the workshop, participants underlined the need for African countries to upgrade their regulatory framework and strengthen their supervisory capacity. This implies improving the financial sector disclosure and governance as well as developing capacity in consolidated supervision and supervision of cross-border financial institutions.
5. The participants recommended the establishment of a « Community of African Banking Supervisors » (CABS), which aims to:
 - i. Assist national and regional supervisory bodies in developing their capacity;
 - ii. Strengthen cross-border supervisory cooperation;
 - iii. Undertake country-level roadmap diagnostics to prioritize reforms;
 - iv. Leverage the experience of African central banks that have implemented Basle II; and,
 - v. Promote the collective voice of African regulators in the international arena.
6. The need for such a framework had also been underlined during the Central Bank Governors "Roundtable on Regional Banks in Africa", which took place in Washington DC in April 2012.
7. The CABS was inaugurated in Algiers, on 10th January 2013 as part of the AACB structure. It forms one of its Technical Groups.
8. The AACB Secretariat took the lead, with the technical assistance of MFW4A to prepare a road map, which was reviewed and endorsed by the CABS Bureau before being submitted to the AACB governing bodies for consideration. During their Ordinary Meeting

of 23 August 2013 that took place in Balaclava, Mauritius, the Assembly of Governors "Took note of the establishment of the Community of African Banking Supervisors (CABS). The Assembly highlighted the importance of banking supervision in Africa and insisted that there should be a synergy and complementary in the activities of the CABS and that of regional supervisory bodies. They directed that a Working Committee comprising experts from Banking Supervision should develop a comprehensive work plan and budget for submission to its next meeting".

9. The CABS is an entity created by and within the AACB. While it has its own governance structure (Community Annual Meeting to review and decide on its work plan, Bureau to coordinate its activities...), it remains part of the AACB. It reports to the highest AACB governing bodies, i.e, the Bureau the Assembly of Governors.
10. In line with the AACB Assembly Decision, a Working Committee comprising supervisors from the AACB sub-regions, met at the premises of the Bank of Mauritius, from 20 to 22 January 2014, to prepare the work plan and related budget for the period 2014-2016. The proposed work plan builds upon the potential complementarity that exists within the continent. It aims at promoting synergies among CABS members, in particular the regional supervisory bodies.

III. WORK PLAN 2014-2016: AREAS OF INTERVENTION AND WORK STREAMS

11. The strategic objectives of CABS are to:
 - i. Build supervisory capacity, through exchange of experience and training programs;
 - ii. Develop the appropriate tools for supervision;
 - iii. Promote MoUs between bank and non-bank regulators to facilitate the exchange of information and coordinated supervision; and,
 - iv. Advocate for African common positions in the international arena.
12. In conducting its activities, the CABS will build on existing frameworks and institutions, in particular on established regional supervisory bodies. The CABS will also avoid any duplication of efforts and give priority to joint work and cooperation among its members.

3.1. Areas of Intervention

13. During their meetings in Algiers, African supervisors confirmed that the five priority areas of intervention are:
 - i. Macro-prudential supervision;
 - ii. Cross-border banking supervision;
 - iii. Crisis management and bank resolution;
 - iv. The new Basel Core Principles (BCP) on Effective Banking Supervision;
 - v. E- Money supervision.
14. It is expected that the Work Plan of 2014-2016 shall help AACB members to comply with Basel Core Principles. CABS shall encourage and assist its members to implement the Basel II Capital Requirements. It shall also contribute to increased harmonization among the AACB countries in the area of supervision.

15. Beside e-money supervision, the other areas in which the meetings of Kampala and Algiers called for joint work, in order to strengthen the current supervisory framework and build up supervisors' capacity include:
 - i. branchless banking services;
 - ii. Non-banking Financial institutions (pensions, insurance, securities, etc.); and,
 - iii. Diversified financial conglomerates.
16. The five priority areas will inform the work plan in its three first years. In parallel, to better assess the needs of its members and identify the potential sources of support from within the Community to achieve its strategic objectives, a diagnostic exercise will be conducted.

3.2. Work Streams

17. To reach the above-mentioned strategic objectives, the CABS will work in three main directions:
 - i. Capacity Building and Knowledge Sharing;
 - ii. Institution Building and Resource Mobilization; and,
 - iii. Advocacy.
18. The ranking of these work streams does not imply the same sequencing of their implementation:

➤ Capacity Building & Knowledge Sharing:

19. To achieve capacity building & promote knowledge sharing, the CABS will organize workshops, set up working groups; and where relevant, identify and promote staff exchange; as well as help secure technical assistance, preferably from within the Community. Working groups will leverage on the information and communications technologies (ICT) to conduct their activities.
20. The first set of identified priority themes¹ that will inform the CABS activities from 2014 to 2016 are:
 - i. Macro-prudential Supervision;
 - ii. Cross-border Banking Supervision;
 - iii. Crisis Management and Bank Resolution; and
 - iv. The new Basel Core Principles on Effective Banking Supervision.
21. A seminar will be organized on each of these themes. Dedicated working groups will also be established to ensure strengthening of supervisory capacity amongst CABS members. They will be composed of interested countries from each sub-region. The exchange of information among members will be facilitated by the establishment of an intranet platform and the creation of a virtual library. The leader of each group will be the coordinator and will perform several roles, in particular assisting the Secretariat in

¹ The other areas will be covered based on financial and human resources availability.

setting up the virtual library, organizing and facilitating the conference calls, leveraging on the experience of African central banks, etc.

22. To facilitate knowledge sharing and contribute to capacity building, the library must include Acts (Laws & Regulations), circulars, policies and guidelines issued by members related to areas of best practices and current trends in the financial industry, especially the five identified priority areas. The intranet platform shall facilitate access to available knowledge and knowhow; as well as consultations and exchange of information.

➤ **Institution Building & Resource Mobilization:**

23. In order to work efficiently, the CABS shall structure itself, develop and adopt internal rules that govern its functioning, in line with the AACB Statutes.
24. To support its activities (in particular capacity building through exchange of experience, working groups and advocating for African common positions), the CABS will first mobilize resources from its members, with limited recourse to the AACB regular budget. However, where these resources are insufficient to cope with the existing needs, development partners will be approached to assist. The Bureau and the Secretariat will play a catalytic role in mobilizing resources, both from within the Community and from Partners.

➤ **Advocacy:**

25. The CABS has identified the promotion of an African position during the international discussions on Financial Regulatory Reforms as a top priority. However, to be more effective, the advocacy shall build on a better knowledge of the Community members concerns. Therefore, advocacy will be given less prominence in the first year of the proposed three-year program.
26. The three-year work plan has been designed based on requirements from the country members of the Community. Related major costs will be met through in kind contributions from member countries hosting the CABS activities. Therefore the expected contribution from the AACB will be kept at a minimum.
27. The first year of the work plan (2014) is mainly devoted to laying down the foundations of a dynamic Community that will build upon the strengths of its members and regional supervisory bodies, to better respond to members' needs. The second and the third year will consist of increasingly responding to the Community members' needs and concerns, through mutual support and efficient advocacy at the international level.

IV. THE THREE-YEAR WORK PLAN 2014 -2016

28. The three-year work plan 2014-2016, budget estimates and annual implementation plans are presented below.

4.1. The Interim 2014 Work Plan, budget estimates and implementation plan

29. The 2014 Work Plan may be considered as an interim work plan since it would not cover the whole year and will correspond to the period of laying the foundations of CABS future activities. In 2014, the Community would focus on two of the three work streams.

Work on Advocacy would receive less attention as compared with 2015 and 2016, when the network of CABS members becomes fully operational.

30. The two work streams are:
 - i. Capacity Building and Knowledge Sharing; and,
 - ii. Institution Building and Resource Mobilization.
31. In 2014, the intranet platform would be established. At least two out of the three working groups would be fully functional and a Regional Seminar on a selected theme be organized.
32. Based on these achievements, CABS would be in a better position to engage advocacy activities in the areas covered by the working groups.
33. Activities planned for the interim period of 2014 are:
 - i. Finalization and Adoption of the Internal Rules;
 - ii. Setting up the Intranet Platform and the Virtual Library;
 - iii. Establishment of working groups on three priority areas;
 - iv. Organization of one thematic seminar;
 - v. Establishment of links with sub regional banking supervision platforms as well as other institutions ; and,
 - vi. Conduct a comprehensive diagnostic to identify regulatory and supervisory gaps and strengths in each member country².

➤ **The Interim 2014 Work Plan**

34. Pending the approval of the proposed work plan by the AACB Assembly of Governors at their next meeting in August 2014, it would be advisable that the AACB Bureau authorize implementation of the 2014 Interim work plan which covers the activities that may commence, in order to enable the CABS take off. These activities are:

Finalization and adoption of the internal rules

35. As a Technical Group of the AACB, the CABS will develop internal rules to guide its activities. The proposed rules should address specific issues, such as procedures governing activities of the working groups, including calling of meetings or attending to requests, ensuring confidentiality in the exchange of information, assistance by peers, etc. The rules will be adopted during the first quarter of 2014.

Establishment and maintenance of the intranet system and the Virtual Library

36. Among the major features of the 2014 work program will be:

² This activity shall help identify the specific needs of country members and regional colleges as well as allow a better understanding of the knowhow accumulated within the continent. This will help design and fine-tune the work plan for future years, starting from 2016.

- i. The design and establishment of an intranet system to facilitate information and knowledge sharing and interaction among Supervisors; and,
 - ii. The creation of a virtual library.
37. Through the virtual library and the intranet platform facility, the Community will remain informed on the evolution of the international banking regulatory and supervisory best practices and on the needed alignment at regional and country levels. MFW4A has agreed to assist CABS in setting up the virtual library and intranet platform. In setting up the intranet platform, CABS will ensure the adequate link with the regional supervisory bodies internet platforms.

➤ **Other Activities planned in 2014**

Establish Working Groups

38. During the year under consideration, CABS would set up working groups and actively participate in their functioning, through sharing information and experience and preparing thematic notes. The working groups may include blogs and regular conference calls. Modalities and rules governing their functioning are stated in the Internal Rules.
39. To expedite the process, and pending the AACB approval, Nigeria and South Africa have been mandated to lead the Working Groups on Crisis Management & Banking Resolutions and Cross-Border Supervision, respectively.
40. In establishing the Working Groups, CABS will work closely with the regional supervisory bodies.

Organization of one Thematic Seminar

41. Macro-Prudential Supervision. The first thematic seminar would take the form of a training program. It would be developed in collaboration with the Toronto Centre. The draft outline of the program is annexed (see Annex1)³. The program would include case studies and may call on resource persons from African Central Banks and from African institutions such as the SADC Training Forum of the SADC Committee of Central Bank Governors and the University of Stellenbosch (South Africa). The other African-based institutions (such as AFRITAC) would also be approached. Algeria has kindly accepted to host the Seminar.
42. This approach would ensure that CABS builds upon what has been already achieved within the continent, while benefiting from the knowledge and the know-how of reputable international experts. A decision will be made on the most effective ways to follow up on the seminar.

³ The Toronto Centre's objective is the promotion of financial stability and access to financial services. It aims at building the capacity of financial sector regulators and supervisors, particularly in emerging markets and low-income countries. One of its training program focuses on Macro-prudential Surveillance. This program took place in South Africa in August 2013 (cf. <http://www.torontocentre.org/Programs/Sectors/Banking/357>). Toronto Centre has kindly accepted to organize the training programs and fund the experts.

Establish links with sub regional banking supervision platforms as well as other institutions

43. CABS will work to establish links with sub-regional banking supervision platforms as well as sister institutions in the rest of the world, to facilitate access to information related to banking supervision, as part of its mission to avoid duplication among its members, build their capacity and promote cross-fertilization process.

Conducting a Comprehensive Diagnosis on Supervisory Gaps and Strengths

44. A questionnaire would be prepared to conduct a comprehensive diagnostic on supervisory and regulatory gaps in member countries. The questionnaire⁴ should help identify the existing gaps and shortcomings; and the critical supervision areas in which urgent action is needed at the Sub-regional and Continental levels.
45. Information and data gathered would also assist in identifying areas in which supervisors may benefit from the experience of their African peers as well as areas for which external expertise is required. Countries and Sub-regions that may assist in addressing the existing gaps and the most cost-effective solutions will also be identified under this exercise. The results of the diagnostic will feed into the future work program of the CABS, particularly with respect to knowledge sharing and capacity building, contents of the virtual library and features of the intranet platform. Training programs to cover the training gaps as identified in the diagnostic exercise would be further developed in the next year.
46. The Working Committee has mandated the Banking Commission of West African Monetary Union and Reserve Bank of Zimbabwe to lead the diagnostic exercise, pending the approval of the proposed Work Plan by the Assembly of Governors.

➤ Budget estimates for the year 2014

47. The budget has been developed based on the activities to be undertaken. Costs to be met by the AACB will mainly relate to administrative expenses of the Secretariat. Contributions from CABS members, usually provided in kind are indicated but not estimated. The contribution from the AACB as part of the regular activities of the AACB Secretariat is also provided in kind and not estimated. The only significant costs may relate to the management of the intranet platform and the virtual library as well as travel costs. Estimates have been established for these items. Given the role the Secretariat is called to play, expenses would remain very limited and would not have any significant impact on the AACB budget. The bulk of the costs related to the CABS activities would be borne by countries committed to take the lead in addressing the supervisory issues; and shortcomings would be complemented with support from identified development partners.

⁴The draft questionnaire is in Annex.

Budget 2014 per Work Stream in Euros

Work Streams		AACB Budget	Countries	Partners
Institutional Building & Resource Mobilization	Development of the internal rules	+++	+++	5,000 (MFW4A)
	Secretariat and Bureau regular activities	+++	+++	10,000 (MFW4A/GIZ/ German Coop : On specific requests)
Capacity Building & Knowledge Sharing	Set up the Intranet Platform	+++	+++	4,000 (MFW4A)
	Maintain the Intranet Platform	1,000	+++	2,000 (MFW4A on Request)
	Set up the Virtual Library	+++	+++	3,000
	Manage the Virtual Library	500	+++	MFW4A on Request
	Set up and Manage Working Groups	+++	Nigeria & South Africa	MFW4A on Request
	Organization of one thematic Seminar	3,000	Algeria	Toronto Centre/GIZ/ German Cooperation/ MFW4A
	Conduct Comprehensive Diagnostic	+++	BC-WAMU/ Zimbabwe	MFW4A/GIZ
Total		4 500	+++	24 000

+++ Contributions in kind from CABS members

Contribution from partners

48. Discussions with development partners and resource centers have helped identify sources of financial and technical support to fill the gaps in implementing the 2014-2016 Work Plan.
49. Making Finance Work for Africa Secretariat has agreed to extend its support in the preparation of the internal rules that frames the future activities of CABS. MFW4A also agreed to assist the CABS/AACB in mobilizing needed financial and technical resources for Capacity Building and Knowledge Sharing.
50. MFW4A Secretariat has agreed to assist CABS in setting up the intranet platform and the virtual library.
51. The Toronto Centre has agreed to provide expertise in the preparation and the organization of the first thematic Seminar.

52. GIZ and German Cooperation have agreed to assist in financing the organization of the seminars.
53. MFW4A has agreed to assist mobilizing needed resources, to complement those made available by Working Groups leading member countries.

Implementation Plan

54. The implementation plan describes the sequencing of the activities described above. It will guide the Secretariats' work and serve as a supervisory tool for the CABS governing bodies. It will also allow the AACB Bureau to oversee the CABS activities.

Implementation Plan 2014

Tasks	Date of delivery	Products
Preparation of the Work Program & related Budget	January	Work Plan 2014-2016 Budget
Preparation of the Internal Rules	February	Guidelines
Set Up the Intranet Platform	May	Intranet Platform Operational
Set Up the Virtual Library	May	Virtual Library in place
Organize the Seminar on Macro-prudential Supervision	September	CABS selected members trained
Set up Working Groups	September	WG Cross-Border Supervision and WG Crisis Management & Banking Resolutions
Establish links with sub regional banking supervision platforms as well as other institutions	September	Established Links
Diagnosis Exercise	December	Diagnosis report

4.2. Work Plan 2015

55. In 2015, the Community will be active in the three work streams and the work on Advocacy will receive more attention than in 2014. The following activities will be undertaken:

Manage Intranet Platform and the Virtual Library.

56. These two activities will be conducted by the Secretariat, in close collaboration with CABS members.

Establish Supervisory Harmonization Program, including work on the BCP

57. In an attempt to foster harmonization of the banking supervisory processes and regulatory standards of the CABS members, it is essential that a comprehensive program be agreed upon to guide the work of the CABS in this regard. The program will be designed on the basis of the regulatory, supervisory and skills gaps identified in the diagnostic exercise. The program will include agreed interventions by the relevant jurisdictions and assistance provided by the CABS to achieve the harmonization. The areas for harmonization could include the Core Principles for Effective Banking Supervision and the Basel II Capital Accord. The CABS will establish a Working Group to manage and oversee the supervisory harmonization program.

Organize the Cross-Border Supervision Seminar.

58. In 2015, South Africa will host a Seminar on Cross-border supervision, to allow interested countries to share their experiences and benefit from the experiences of other regions in the world, in particular from emerging countries. GIZ is offering to assist financially in meeting the costs related to the resource persons and experts. Toronto Centre is also proposing to support in the organisation of the event. The draft outline is annexed.

Develop and Implement an in country-based training program to cover the gaps identified in the diagnostic exercise.

59. The CABS notes the need for in-house, practice based capacity building and training for its members. While seminars are a good platform to deliver high level training services, the members may require a team of experts from those Central Banks that may have implemented certain laws, regulations, rules, as well as programs and processes relating to particular areas as may be determined in the diagnostics.

60. In this regard, the CABS will develop tailor-made capacity building and training programs for central banks as required. The outcome of this process may include the development of new or revised systems, processes, rules and regulations in areas where improvements may be needed

Implement a technical consultative process for engagement with international standard setting bodies (BCBS, FSB, IASB, G-20) and other sister organisations as part of the mandate to strengthen the African Voice.

61. The CABS will devise a mechanism to canvass, coordinate and deliver inputs in the international standard setting bodies identified by the AACB, i.e. the BCBS, FSB, G20 and the IASB. Where one or more of the CABS members serves on any of these bodies, the CABS could mandate the said member to convey such input. However, the CABS could also draft letters and /or memos for the President of the AACB to be sent to the leadership of these organizations with whatever inputs it may deem significant for the members.

Budget estimates for the year 2015 per Work Stream (in Euros)

Work Streams		AACB Budget	Countries	Partners
Institutional Building & Resource Mobilization	Secretariat and Bureau regular activities	+++	+++	10,000 (MFW4A/ GIZ/ German Coop : On specific requests)
Capacity Building & Knowledge Sharing	Maintenance of the Intranet Platform	1,000	+++	MFW4A on Request
	Management of the Virtual Library	500	+++	
	Set up and Management of Working Groups	+++	+++	MFW4A / De Partners on Request
	Organization of one thematic Seminar	3,000	South Africa	MFW4A/GIZ/German Cooperation
	Conduct Comprehensive Diagnosis	+++	BC-WAMU/ Zimbabwe	MFW4A/GIZ
Total		4 500	+++	10,000 (Actual amount will depend on requests received)

+++ Contributions in kind from CABS members

Implementation Plan 2015

Tasks	Date of delivery	Products
Manage Intranet Platform	Continuous	Notes, Virtual Meetings, ...
Manage Virtual Library	Continuous	Documents
Establish Supervisory harmonization Program, including work on the BCP		Supervisory Harmonisation Program
Establish a WG on the New Basel CP	Continuous	WG Operational
Cross-Border Supervision Seminar	September 2015	Seminar
Implement an in country-based training program to cover the gaps identified in the diagnostic exercise.	Continuous	Work-based training sessions for specified supervisors on predetermined topics.
Implement a technical consultative process for engagement with international standard setting bodies (BCBS, FSB, IASB, G-20) and other sister organisations.	Continuous	Notes

4.3. Work Plan 2016

62. The 2016 Work Plan will mainly be an extension of the activities from 2015. However, adjustments will be made based on requests emanating from members of the Community. The budget estimates are not expected to vary substantially from the previous year. It is expected that more country members will show increased commitment to the CABS as they see improvements from actively participating in the Community activities and programs.

Activities are listed below:

Manage Intranet Platform & Virtual Library.

63. As in the previous years, the Secretariat will manage the intranet platform and the virtual library.

Crisis Management and Banking Resolution Seminar in 2016

64. Nigeria and few other member countries have had banking crises and resolution experiences. Consequently, it is recommended that Nigeria consider hosting a seminar on Crisis Management and Banking Resolution in year 2016, subject to the approval of the AACB Assembly of Governors. The seminar will afford other interested countries, the opportunity to share their experiences and benefit from other experiences of other parts of the world. The MFW4A and GIZ are offering to assist financially in meeting the costs related to the resource persons and experts for the seminar. Toronto Centre is also proposing to support in the organisation of the event. The draft outline is annexed.

Establish new Working Groups based on demands from within the CABS

65. New Working Groups will be established, based on requests received by the Bureau and the Secretariat and endorsed by the Community.

Implementation of the Supervisory Harmonisation Program

66. Implementation of the Supervisory Harmonisation Program will continue in the year 2016.

Implement an in country-based training program to cover the gaps identified in the diagnostic exercise.

67. CABS will continue with the implementation of in country-based training programs to help upgrading the technical skills of its members.

Technical consultations with international standard setting bodies (BCBS, FSB, IASB, G-20) and the other sister organisations.

68. Technical consultations and advocacy for Africa's concerns and positions will be pursued.

Budget estimates for the year 2016 per Work Stream (in Euros)

Work Streams		AACB Budget	Countries	Partners
Institutional Building & Resource Mobilization	Secretariat and Bureau regular activities	+++	+++	MFW4A/GIZ/ German Coop : On specific requests)
Capacity Building & Knowledge Sharing	Maintenance of the Intranet Platform	1,000	+++	MFW4A on Request
	Management of the Virtual Library	500	+++	
	Set up and Management of Working Groups	+++	+++	MFW4A / De Partners on Request
	Organization of one thematic Seminar	3,000	Nigeria	MFW4A/GIZ/ German Cooperation
	Implement Supervisory Harmonisation Program	+++	BC-WAMU/ Zimbabwe	MFW4A/GIZ
Total		4, 500	+++	

+++ Contributions in kind

Implementation Plan 2016

Tasks	Date of delivery	Products
Manage Intranet Platform	Continuous	Notes, Virtual Meetings, ...
Manage Virtual Library	On going	Documents
Seminar on Crisis Management	September 2016	Seminar
Implement the Supervisory harmonization Program	On-going	Harmonization in progress
Continue with technical consultations with international standard setting bodies (BCBS, FSB, IASB, G-20) and other sister organisations.	On-going	Meetings, notes...

V. CONCLUSIONS AND RECOMMENDATIONS

69. The Community of African Banking Supervisors was established as one of the technical Groups of the AACB on 10 January 2013. The proposed work plan aims in particular to:
i) strengthen cross-border supervisory co-operation; ii) promote capacity-building and BCP compliance; iii) leverage the experience of Central Banks in Africa that have implemented Basel II; and iv) promote the collective voice of African supervisors. This work plan will help the CABS become a platform for exchanging views, learning from peers, reflecting on relevant global discussions and help in voicing the concerns of the continent.
70. This 3-year work plan outlines the key activities to be undertaken by the CABS during the period in the pursuance of its objectives. It includes an interim program for 2014 which covers the activities that may commence in order to enable the CABS to become operational before end of this year.
71. The Committee of experts recommends the adoption of the proposed program, by the Bureau of Governors, for further consideration by the AACB Annual Assembly. It also recommends allowing the CABS engage in the implementation of the interim program for 2014.

DRAFT OUTLINE OF THE SEMINARS

Seminar I: Macroprudential Surveillance: Multiple Views, One Objective

Course Objectives: This course is designed to enhance participants' understanding of the practice of Macroprudential Surveillance. This program goes beyond theoretical concepts and drills down to the "how-to-do-it" and the challenges facing macroprudential surveillance. It is a highly interactive program. Through the use of case studies, this program aims to provide participants with a practical approach to surveillance. It emphasizes that while models and quantitative techniques are useful, they have their limitations and must be complemented with non-model based approaches of identifying vulnerabilities such as collecting market intelligence, monitoring build-up of risks from new products and new market developments, monitoring excessive growth of financial aggregates and relying on good supervision to uncover threats to financial stability.

Target Audience: The Course is designed for middle-to-senior level officials from Central Banks and supervisory agencies involved in managing financial stability, financial surveillance, and supervision of financial institutions.

Duration: One week

Program Agenda

- (i) Key Issues in Macroprudential Surveillance from an Economist's and Supervisor's perspective (Overview)
- (ii) Effective Stakeholder Communication & Persuasion
- (iii) Macroprudential Surveillance Framework
- (iv) Leadership Process - *Action Planning*
- (v) Identifying Risks: A Structural Analysis Perspective
- (vi) Identifying Risks: Indicators
- (vii) Case Study and Activities on Financial Indicators and Macro-Financial Linkages
- (viii) Case Study and Activities on Financial Indicators and Macro-Financial Linkages
- (ix) Identifying Systemically Important Financial Institutions
- (x) Lehman Brothers Case Study: Crisis Management
- (xi) Macro Stress Testing : The Experience of South African Reserve Bank
- (xii) Institutional Structure for Macroprudential Oversight
- (xiii) Macroprudential Instruments
- (xiv) Case Study on Macroprudential Instruments

Seminar II: Cross Border Banking Supervision

Course Objectives: Participants will learn critical supervisory leadership skills. With growth and development, both local and foreign banks play critically important roles in supporting growth but are supervisors well equipped in their surveillance of financial entities which have expanded beyond national borders and even crossed sectoral boundaries? What issues should they be mindful of and what measures can they take both in “normal” circumstances and in times of stress? Participants will have the opportunity to discuss these issues and learn from role plays in their respective groups using selected case studies. During the week participants will learn the use of soft skills in communication and persuasion as well as in planning. They will use the Toronto Centre action planning methodology to develop their own action plans.

Target Audience: The Course is designed for senior to mid-level regulators and supervisors from central banks and supervisory agencies.

Duration: One week

Program Agenda

- i. Context for Change: Lessons from the Crisis and the Way Forward
- ii. Successful Stakeholder Communication
- iii. Action Planning and Leadership Process
- iv. Case Study on Cross Border Resolution Challenges and Issues arising from bank regionalization/expansion plans
- v. Issues Arising from Cross Border Resolution of Problem Financial Institutions
- vi. Case Studies (Barings, Iceland Banks, Fortis, BCCI)
- vii. Effective Information Sharing and Issues
- viii. Issues and Challenges in Cross Border Resolution of Problem Financial Institutions (Panel Discussion)

DRAFT QUESTIONNAIRE

The questionnaire will be prepared by the Secretariat to help identify priority concerns that need to be addressed by countries and regions.

General Questions:

What are the Basel Core Principles for effective supervision that your system is compliant with?

What are the initiatives under implementation or envisaged that you are engaged in at regional levels?

I. Legal and Regulatory Framework of banking supervision:

Question to be addressed: Do you think there are gaps in the existing legal and regulatory framework? If yes, please indicate the areas that need to be covered in priority. Please elaborate on each item you consider critical:

Licensing
Capital requirements
Accounting Standards
AML
Micro-prudential supervision
Macro-prudential supervision
Liquidity Requirements; Liquidity Coverage Ratio and High Quality Liquid Assets
Risk-Based Supervision and Domestically Systemically Important Banks
Risk management including Early Warning Systems
Corporate Governance
M-banking
Cross-border banking
MFIs development

II. Reporting systems:

Question to be addressed: Does the current reporting system (tools in use, format, periodicity, exchange of information, etc.) allow appropriate monitoring and supervision? If not, please indicate the areas that need special attention.

Question to be addressed: Is the current ICT and physical infrastructure providing the necessary support for monitoring and supervision? Please elaborate.

III. Institutional framework and processes:

Question to be addressed: Are the current institutional framework and processes (rules governing the supervisory activities, relationships with the other financial authorities, etc.) adequate? If not, what improvements are needed?

V. Human resources:

Question to be addressed: Are the staff training needs sufficiently addressed? If not, what are the specific areas that should benefit from support? What is the most suitable format (workshop, training, short-term technical assistance, secondment in sister institutions, etc.)?