

Annual Report on Cooperation

2017



BANCO DE
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Annual Report on Cooperation

2017



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EUROSYSTEM

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Editorial

In the *Annual Report on Cooperation*, Banco de Portugal provides information on its cooperation activity with emerging and developing countries in 2017, within the scope of central banks' jurisdiction.

For more than 25 years, Banco de Portugal's cooperation activities have been carried out across multiple geographical areas and, most notably, in Portuguese-speaking countries. These activities are intended to foster the development and understanding of monetary, financial and supervisory issues, by encouraging the adoption of best practices in central banking. They also take different forms, particularly:

- providing on-site technical assistance,
- organising courses and seminars on topics specific to central banking,
- participating in meetings and conferences,
- providing traineeships and facilitating work visits to Banco de Portugal, and
- sponsoring scholarships.

We would like to thank our partner central banks for their support and interest in our initiatives and we hope that, going forward, we can expand our cooperation activities.

International Relations Department
April 2018

1 Cooperation in 2017

In 2017 Banco de Portugal carried out 126 cooperation activities, which corresponds to a slight reduction from 2016 (131 activities). Nevertheless, this accounts for the third highest level of implementation since 1991.

The lower number of activities contributed to the somewhat steep reduction in the involvement of Banco de Portugal's human resources in cooperation activities, which totalled 1,144 days (1,402 days in 2016), performed by approximately 280 employees from different departments.

As usual, cooperation activities included a wide range of topics, covering all central banking policy areas. Similarly to 2016, the Statistics area carried out the most activities (22) and required the largest share of human resources (corresponding to 277 days). Also particularly important was Banco de Portugal's participation in the structures monitoring the Exchange Rate Cooperation Agreement between Portugal and Cabo Verde, and the Economic Cooperation Agreement between Portugal and São Tomé and Príncipe (188 days), and in Supervision and Financial Stability initiatives (142 days).

Cooperation among Portuguese-speaking countries continues to be particularly important, accounting for around four-fifths of total activities.

Most notable in 2017 was a technical cooperation protocol signed between central banks of Portuguese-speaking countries and the Alliance for Financial Inclusion (AFI) to advance financial inclusion and education, as well as the first Meeting on International Relations for central banks of Portuguese-speaking countries, a forum for sharing experiences and the discussion of subjects of mutual interest for senior officers conducting international relations in those central banks.

The *XXVII Lisbon Meeting* took place on 9 October, focusing on regional financial integration and, as usual, the issues typically discussed in the IMF/World Bank Annual Meetings. This Meeting was followed by the *Money in Africa* conference, which was co-organised by Banco de Portugal, the European Association for Banking and Financial History (eabh) and Banque de France, and where different historical experiences were compared in terms of monetary and financial transition in post-independence Africa, most specifically in French, English- and Portuguese-speaking African countries.

At bilateral level, Banco de Portugal was involved in two projects that, given their scope, are particularly noteworthy: the restructuring of Banco de Cabo Verde's organisational structure and the peer review of Banco Central de Chile's statistical system.

In 2017 Banco de Portugal's cooperation model achieved benchmark status for measuring best practices across the European System of Central Banks (ESCB). One year after the adoption of a set of Principles and Recommendations of Cooperation by the Central Banks of Portuguese-speaking Countries, this model inspired the ESCB to develop its own document setting out recommendations for cooperation activities carried out by its member central banks. This document, entitled *International Central Bank Cooperation: ESCB Best Practices*, was adopted by the Eurosystem's Governing Council and the ESCB's General Council and can be consulted on the ECB's website.¹

1. https://www.ecb.europa.eu/ecb/tasks/international/financialarchitecture/shared/pdf/ecb.central_bank_cooperation_escb_best_practices.en.pdf?3374b159bd8662e11b1bbfdaa62ed5d7

2 Cooperation in numbers

Chart 1 • Cooperation activities



Chart 2 • Days in cooperation activities



Chart 3 • Participants in training events



Chart 4 • Banco de Portugal staff in cooperation activities



Chart 5 • Scope of cooperation activities

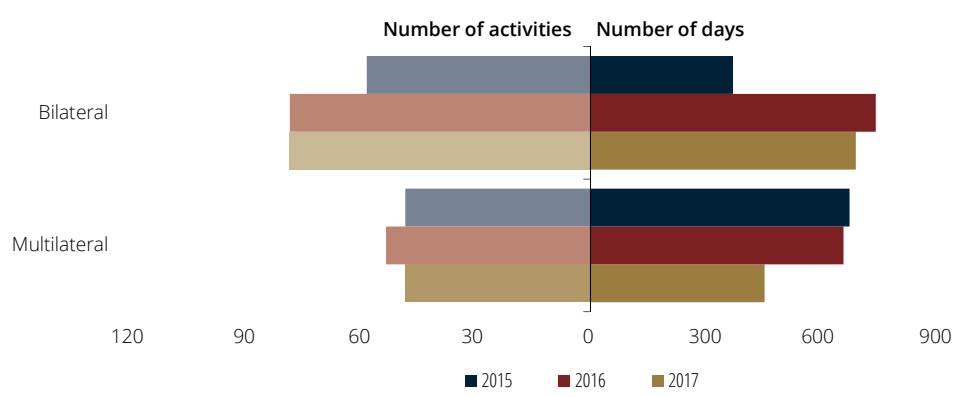


Chart 6 • Main counterparties of cooperation activities

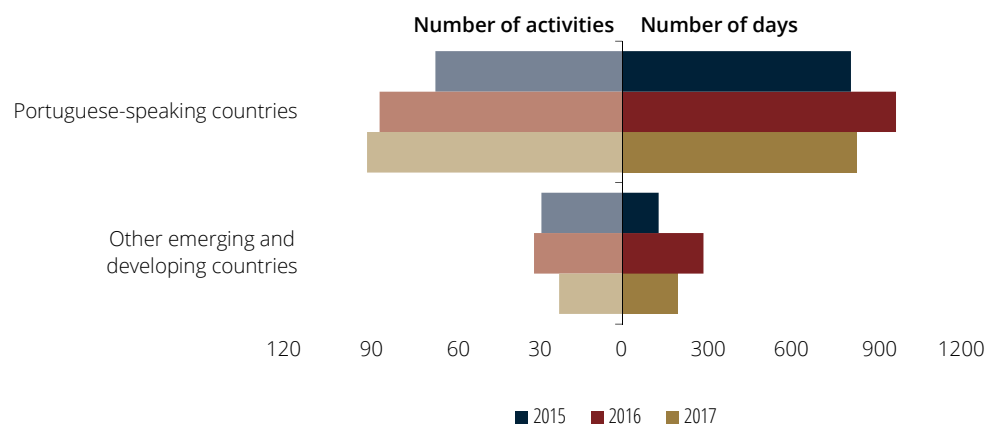


Chart 7 • Types of cooperation activities

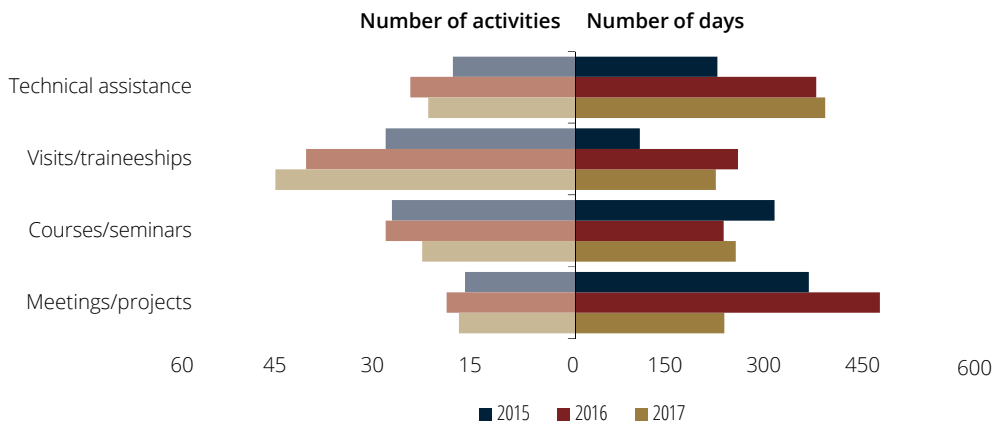


Chart 8 • Cooperation activities by area of intervention

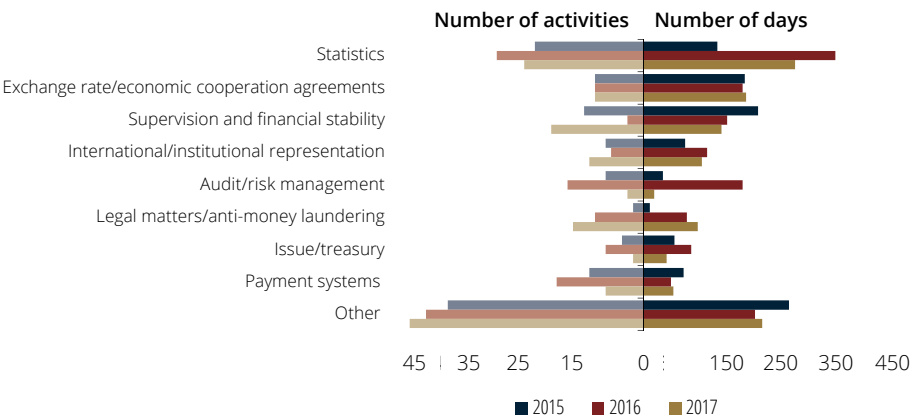


Chart 9 • Cooperation activities with Portuguese-speaking countries

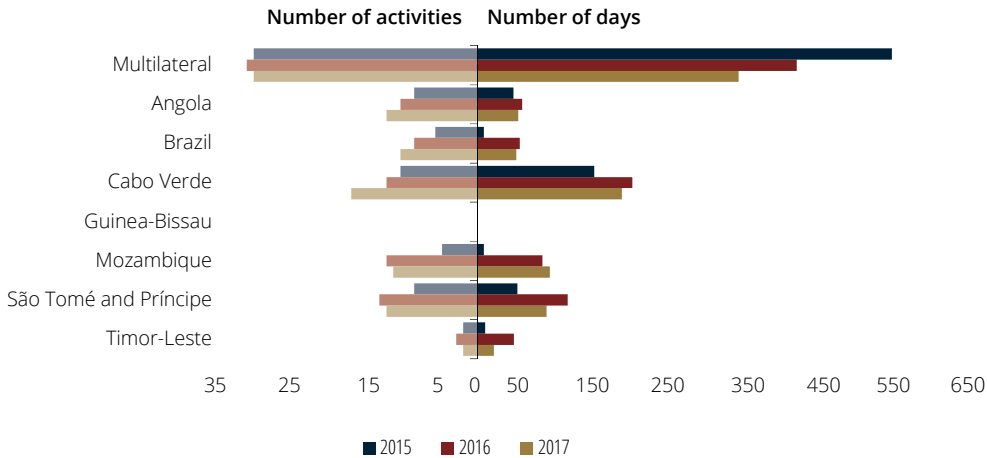


Chart 10 • Cooperation activities with other emerging and developing countries

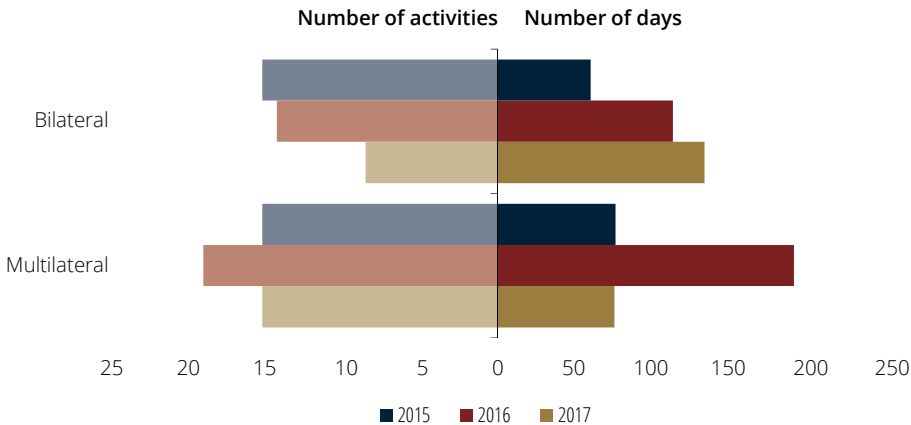


Table 1 • Cooperation activities

	2015		2016		2017	
	Activities	Days	Activities	Days	Activities	Days
Portuguese-speaking countries	74	903	96	1,082	101	925
Multilateral activities	32	594	33	458	32	374
Meetings/multilateral projects	13	371	16	351	12	205
Courses/seminars	12	223	9	107	11	170
Scholarships	7	0	8	0	9	0
Bilateral activities	42	309	63	624	69	550
Angola	9	52	11	65	13	59
Brazil	6	10	9	61	11	56
Cabo Verde	11	168	13	223	18	207
Guinea-Bissau	0	0	0	0	0	0
Mozambique	5	10	13	94	12	104
São Tomé and Príncipe	9	58	14	130	13	100
Timor-Leste	2	12	3	53	2	24
Other emerging and developing countries	32	143	35	320	25	219
Multilateral activities	16	80	20	201	16	79
Bilateral activities	16	63	15	119	9	140
Total	106	1,046	131	1,402	126	1,144

Table 2 • Cooperation activities by area of intervention

	2015		2016		2017	
	Activities	Days	Activities	Days	Activities	Days
Exchange rate/economic cooperation agreements	9	185	9	181	9	188
Legal matters/anti-money laundering	2	11	9	79	13	99
Audit/risk management	7	35	14	181	3	19
Accounting	2	56	2	20	1	14
Issue/treasury	4	56	7	87	2	42
Statistics	20	135	27	352	22	277
Economic research	2	96	1	35	1	12
Pension fund	1	2	0	0	0	0
Information systems and technologies	2	24	1	10	4	18
Monetary policy/asset management	6	31	7	42	5	49
Human resources/strategic planning/ Support services	3	12	7	24	14	71
International relations	9	39	7	41	6	37
International/institutional representation	7	76	6	116	10	107
Payment systems	10	73	16	50	7	54
Supervision and financial stability	11	210	3	153	17	142
Other	11	6	15	32	12	16
Total	106	1,046	131	1,402	126	1,144

3 Highlights

3.1 *Money in Africa* conference

On 9 and 10 October, immediately after the *XXVII Lisbon Meeting*, the Conference *Money in Africa – Monetary and financial decolonisation in Africa in the 20th Century* took place in Lisbon, and was co-organised by Banco de Portugal, the European Association for Banking and Financial History (eabh) and Banque de France.

Monetary transition processes are important and often decisive steps in state building and in managing international economic and financial relations in new states. Transition to independence in Africa has been a paradigmatic example, however little attention has been paid to these aspects in the scope of African decolonisation processes.

The objective of the *Money in Africa* conference is to shed light on a range of historical experiences in terms of monetary and financial transitions in post-independence Africa, while providing a comparative analysis of the different regions in the continent and their particularities, which are often associated with their pre-independence links.

The conference sessions and the closing round table, where several central bank governors participated, led to the drafting of scientific papers discussing different monetary decolonisation patterns and periods, as well as the teachings on post-colonial monetary developments across African countries and the current challenges they face in terms of economic policy.

Due to the high quality of such papers, a special issue of the *Financial History Review* journal will focus on *Money in African Decolonisation*, and its authors were asked to submit their original papers to the journal's panel.

For more information on the *Money in Africa* conference, see <https://www.bportugal.pt/evento/money-africa-monetary-and-financial-decolonisation-africa-20th-century>

3.2 Cooperation protocol signed between the Alliance for Financial Inclusion and the Central Banks of Portuguese-speaking Countries

In July 2017 the Central Banks of Portuguese-speaking Countries and the Alliance for Financial Inclusion (AFI) signed a technical cooperation protocol that acknowledges and provides a framework to the institutional cooperation between the various central banks and this international body, aiming towards capacity-building to foster financial inclusion and education in Portuguese-speaking countries.

This protocol helped reinforce the sharing of experiences and technical support that was already a key aspect of cooperation among Central Banks of Portuguese-speaking Countries, to the extent that it brings into this dynamics an international body with extensive experience in carrying out financial inclusion and education activities, particularly by promoting access by disadvantage populations to high-quality financial services.

The protocol was signed in Lisbon, during the *3rd Meeting on Financial Inclusion and Education for Central Banks of Portuguese-speaking Countries*, organised by Banco de Portugal on 6 and 7 July 2017.

AFI has been acknowledged by the G20 and comprises central banks, supervisory authorities and other financial system regulators from more than 90 developing countries. AFI's activities are carried out worldwide and are divided into working groups providing an in-depth knowledge of the various national environments and the different stages of implementation of financial inclusion and education initiatives.

3.3 Support provided to organisational restructuring | Banco de Cabo Verde (BCV)

Discussions are ongoing in Banco de Cabo Verde regarding its structure, from a strategic perspective. The chair of the working group established to “improve its organisational structure” visited Portugal in 2017 to learn about the solutions adopted.

In the course of this visit, Banco de Portugal presented the principles underlying its own organisational structure, focusing chiefly on mobility, flexibility and motivation, and the composition of a number of areas, such as the Office of the Governor, Banking Prudential Supervision, Financial Stability, Risk Management, Compliance, Payment Systems, and International Relations.

In 2018 Banco de Portugal will continue to support Banco de Cabo Verde in this process, more specifically through the analysis and comments to the draft organisational structure, and a technical assistance mission is planned to visit its headquarters, in Praia.

3.4 Peer review of the statistical system | Banco Central de Chile

As part of its medium/long-term strategic plan, Chile's central bank requested a peer review of its statistical system. More specifically, the review looked into the quality, methodology and dissemination of statistics.

Banco de Portugal was asked to conduct this peer review, and shared its experience, know-how and opinions on domains such as: the relevance of Banco Central de Chile's statistical agenda in the international context; the adequacy of the collection, compilation, production and dissemination of statistics; its technological infrastructure; the effectiveness and scope of the dissemination of statistics and microdata; quality standards; its relationship with data providers; risks to the statistical process.

Banco de Portugal's assistance to Chile's central bank took the form of remote meetings and document review, leading to a final report comprising recommendations for improvement.

3.5 International Central Bank Cooperation: ESCB Best Practices

In the scope of its participation in the ESCB's work, Banco de Portugal presented its Principles and Recommendations of Cooperation, which were adopted by the Central Banks of Portuguese-speaking Countries and discussed in detail in the *2016 Annual Report on Cooperation*.

On the basis of this set of principles and recommendations, in 2017 the ESCB established an ad hoc working group, under the auspices of the International Relations Committee, with

the sole purpose of providing a similar platform/document that would act as a benchmark for the ESCB's cooperation activities with third countries. Given that central bank cooperation comprises a large and diverse range of activities, the format and geographical focus of which have shifted over time, this document was intended to describe best practices that would illustrate the rationale, modalities and principles which the ESCB applies to its cooperation activities.

At the end of 2017, both the Eurosystem's Governing Council and the ESCB's General Council approved the document *International Central Bank Cooperation: ESCB Best Practices*, which was published on the ECB's website. Furthermore, they recommended its publication on the websites of ESCB central banks, after being translated by the ECB into the EU official languages.

This document is available in https://www.ecb.europa.eu/ecb/tasks/international/financialarchitecture/shared/pdf/ecb.central_bank_cooperation_escb_best_practices.en.pdf?3374b159bd8662e11b1bbfdaa62ed5d7

4 International courses and seminars in Portugal

4.1 Introduction to Reserve Management | 13 to 15 February

Introductory course, organised by the Markets and Reserve Management Department, presenting the main concepts and procedures on reserve management. It covers issues related to market monitoring, the conduct of portfolio management operations (front-office) and their recording and processing (back-office).

4.2 Introduction to Risk Management | 16 and 17 February

Introductory course, organised by the Risk Management Department, intended to complement the skills gained in the course *Introduction to Reserve Management*, focusing in particular on aspects providing an adequate framework for managing risks that are inherent to reserve management (and other financial assets).

4.3 Financial Programming and Policies | 20 to 31 March

Co-organised with the IMF's Institute for Capacity Development, this course aims to revise and develop the analytical bases and main policy instruments for macroeconomic stabilisation and adjustment, to allow the assessment of the combination of monetary and fiscal policies with goals like economic growth, price stability and external equilibrium.

4.4 Issue and Treasury | 8 to 12 May

Organised by the Issue and Treasury Department, targeting expertise in developing new banknotes, their quality requirements, the identification of features and requirements for banknote recirculation, the organisation of cash distribution, sorting, storage and logistics, business continuity in the scope of issue and treasury, and the identification of banknote security characteristics and features as part of counterfeit detection and prevention.

4.5 Payment Systems | 8 to 12 May

This seminar, organised by the Payment Systems Department, presents and improves skills essential to central bank experts working in operations processing and the oversight of payment systems (both for retail operations and large transactions).

4.6 Accounting, Internal Control and Budget | 8 to 12 May

Organised by the Accounting Department, its purpose is to give an in-depth account of the IAS/IFRS accounting standards and the implications of their adoption for central bank accounting. It also looks into topics linked to accounting internal control, monitoring accounting transactions, report drafting and budget management.

4.7 Monetary Policy Implementation | 15 to 19 May

Organised by the Markets and Reserve Management Department, this course advances know-how in monetary policy implementation. Focusing on monetary policy implementation carried out by Portugal as part of the Eurosystem, it also looks into practices likely to be adopted and implemented in other kind of frameworks.

4.8 Statistics and Microdata Bases | 29 May to 2 June

Organised by the Statistics Department, this course presents Banco de Portugal's experience in terms of organisation/structure of a central bank's statistics department. It looks into its main statistical areas, chiefly focusing on the compilation, processing and dissemination of data, namely microdata bases.

4.9 Macroeconomic Forecasts | 26 to 30 June

Organised by the Economic Research Department, its purpose is to provide its participants with the necessary tools to develop and/or improve short- and medium-term forecast models for macroeconomic variables.

4.10 Specialised course in market monitoring | 18 to 22 September

Specialised course, organised by the Markets and Reserve Management Department, fosters the development of better knowledge on the techniques and tools to support market monitoring and regular analysis, from both a historical and a forward-looking perspective. Featuring a number of in-work components to ensure an active participation, the course fosters the integration of this analysis into forecasts on exchange rates and yields, from a reserve management perspective. It also looks into financial indicators associated with reserve management.

5 Multilateral activities

5.1 Meetings/conferences

- *High-level policy dialogue between Eurosystem and Mediterranean countries' central banks* – Malta, 6 to 8 April
- *8th Meeting of Governors of Central Banks from Portuguese-speaking countries* – Mozambique, 9 to 15 April
- *Briefing on the Spring IMF/WB meetings* – Mozambique, 12 April
- *CIII Meeting of Central Bank Governors of the CEMLA* – Argentina, 17 to 21 May
- *XII Meeting on International Reserve Management (CEMLA)* – Dominican Republic, 6 to 11 June
- *10th Jubilee of the Ohrid Conference on Payment and Securities Settlement Systems* – Macedonia, 3 to 9 July
- *3rd Meeting on Financial Inclusion and Education for Central Banks from Portuguese-speaking countries* – Portugal, 6 and 7 July
- *Meeting of Central Bank Heads of Document Management (CEMLA)* – Colombia, 25 to 29 July
- *16th Meeting on Human Resources for Central Banks from Portuguese-speaking countries* – Timor-Leste, 7 to 17 September
- *Global Seminar for Heads of Internal Audit from Central Banks (CEMLA)* – Switzerland, 27 to 29 September
- *Governance: background and challenges* – Cabo Verde, 28 to 30 September
- *III Financial Information Forum of the CEMLA* – Chile, 3 to 5 October
- *7th ECB Conference on Central, Eastern and South-eastern European (CESEE) countries* – Germany, 4 and 5 October
- *XXVII Lisbon Meeting* – Portugal, 9 October
- *Conference Money in Africa – Monetary and financial decolonisation in Africa in the 20th Century* – Portugal, 9 and 10 October
- *Meeting on International Relations for Central Banks from Portuguese-speaking Countries* – Portugal, 10 October
- *XIII Meeting of Central Bank Legal Advisors (CEMLA)* – Argentina, 11 to 13 October
- *CIV Meeting of Central Bank Governors of the CEMLA* – USA, 12 October
- *IX Conference on Financial Education and Inclusion in Latin America and the Caribbean (CEMLA)* – Dominican Republic, 23 to 27 October
- *Financial Information Forum for Portuguese-speaking African countries and Timor-Leste* – Portugal, 25 to 27 October
- *III Financial Citizenship Forum* – Brazil, 5 to 9 November
- *High-level policy dialogue between Eurosystem and Gulf countries' central banks and monetary agencies* – Germany, 8 and 9 November
- *VIII Meeting of Central Bank Heads of Security (CEMLA)* – Mexico, 15 to 18 November

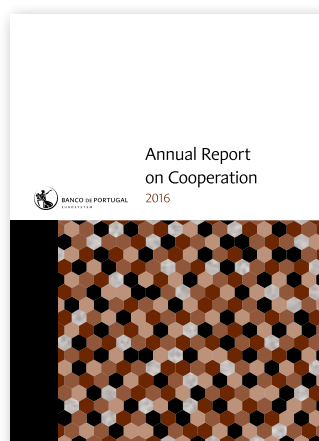
5.2 Multilateral projects

- Support to the consolidation of the rule of law (coordinated by Camões – Instituto da Cooperação e da Língua and sponsored by the EU)
- Update of the statistical series of macroeconomic indicators of Portuguese-speaking countries
- Identification of constraints on the EU's recognition of supervision equivalence in third countries

5.3 Courses/seminars

- *National Financial Accounts* – Cabo Verde, 5 to 11 February
- *Introduction to Reserve Management* – Portugal, 13 to 15 February
- *Introduction to Risk Management* – Portugal, 16 and 17 February
- *Financial Programming and Policies* – Portugal, 20 to 31 March
- *Issue and Treasury* – Portugal, 8 to 12 May
- *Payment Systems* – Portugal, 8 to 12 May
- *Accounting, Internal Control and Budget* – Portugal, 8 to 12 May
- *Workshop on Sectoral Financial Accounts* – Turkey, 14 to 17 May
- *Monetary Policy Implementation* – Portugal, 15 to 19 May
- *Exchange of experience on punitive and restrictive measures* – Brazil, 17 to 21 May
- *Statistics and Microdata Bases* – Portugal, 29 May to 2 June
- *Macroeconomic Forecasts* – Portugal, 26 to 30 June
- *Seminar on Financial Inclusion* – Morocco, 14 July
- *Specialised Course on Market Monitoring* – Portugal, 18 to 22 September
- *Financial Accounts* – South Africa, 16 to 20 October
- *Training on Legal Expert Empowerment* – Mozambique, 26 to 30 November
- *Treasury Stock Management* – Mozambique, 26 November to 2 December

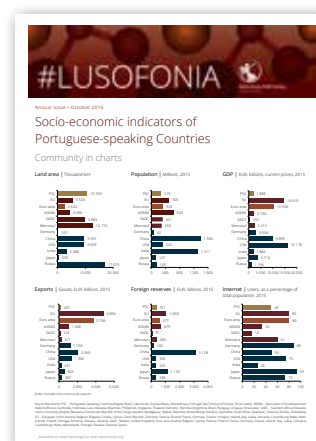
6 Cooperation publications in 2017



**Annual Report on Cooperation
| 2016**



**Economic developments
in Portuguese-speaking African
countries and Timor-Leste
| 2016-2017**



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Available at:

<https://www.bportugal.pt/en/publications/banco-de-portugal/2017/386-385-7399>

