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## FOR IMMEDIATE RELEASE

June 28, 2024

## AFRITAC South's Steering Committee lauds support and calls for additional financing to meet critical macroeconomic capacity building challenges

The Steering Committee (SC) of the International Monetary Fund's Regional Technical Assistance Center for Southern Africa (AFRITAC South) met in Maseru, Kingdom of Lesotho, on June 27-28, 2024, under the Chairmanship of Mr. Lehlomela Mohapi, First Deputy Governor of the Central Bank of Lesotho. It discussed IMF and AFR strategies for capacity development (CD), the regional outlook for sub-Saharan Africa, workplan implementation over the past 12 months, the extensive workplan in the current fiscal year, and the alarming financing outlook. Particular focus was paid to strengthening public finances, including through leveraging the potential of digitalization and improving debt management.

In his opening remarks Hon. Minister Professor Ntoi Rapapa, Minister of Education and Training of the Kingdom of Lesotho and Acting Minister of Finance and Development Planning, welcomed the Fund's commitment to fostering international financial stability through policy advice, financial assistance, and CD. He highlighted areas of support received by the Kingdom of Lesotho and also stressed that sustaining support, as sub-Saharan Africa recovers from multiple shocks, will require sufficient resources for AFRITAC South to meet the high and growing demand in traditional areas such as domestic revenue mobilization and to address new challenges such as climate shocks.

At the conclusion of the meeting, the Chair issued the following statement:

"Members commended the Center's continued efforts to support the region in addressing key policy challenges in improving fiscal sustainability, strengthening financial stability and monetary policy, and improving macroeconomic statistics. The integration of climate risks into workstreams, the opportunities from digitalization, and increased work on gender, governance, and anti-corruption were welcomed. The Center was directed to closely coordinate with IMF teams working on surveillance and lending programs as well as with CD Departments. The committee took note of progress on outcomes across several areas, as well as challenges such as staff turnover within institutions.

As noted in the recent IMF review of CD, the Steering Committee reaffirmed the importance of the regional CD centers such as AFRITAC South in providing timely, tailored, coordinated, and flexible CD support. It appreciated recent efforts at fundraising and contributions from development partners and member countries. In this context, the Committee expressed serious concerns over the financing outlook which could lead to a scaling back in CD support at the very time it is critical in supporting the region's recovery and growth prospects, and complementary to

IMF lending and surveillance. It supported a multi-pronged strategy centered on increased funding from existing and new development partners, leveraging other IMF CD vehicles, and finalizing agreements with the few remaining member countries. AFRITAC South should contemplate a contingency plan and also continue to seek cost efficiencies, including further scope to use regional advisors.

The Committee thanked the authorities for their hospitality, the excellent organization of the meeting and congratulated the Kingdom of Lesotho on its 200<sup>th</sup> anniversary.”

The June 2024 SC meeting was attended by officials of member countries (Angola, Botswana, Eswatini, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Zambia, and Zimbabwe), representatives of contributing partners (the European Union Switzerland, Germany and United Kingdom) and representatives of the People’s Republic of China, the Southern African Development Community, the COMESA Monetary Institute, MEFMI, and officials from revenue departments and statistics agencies from several AFS member countries.