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MAIN HIGHLIGHTS

- AFS capacity development (CD) activities during the quarter included technical assistance (TA) missions to all 13-member countries as well as regional seminars/courses and customized workshops.
- Outreaches by AFS Coordinator to Eswatini, Lesotho, Madagascar, and Seychelles helped further improve engagement with the authorities. The missions also provided opportunity to discuss emerging CD priorities and support for the center's phase II program.

EXECUTION OF THE FY20 WORK PLAN

Tax Administration By Thabo Letjama



Regional Harmonization: AFS resident advisor participated in the ATAF high-Level seminar on taxation of the digital economy and was a member of a panel that explored options on how African countries could respond to the global discussions on the taxation of the digital economy and contribute their technical expertise, markets and economies to the global discussion.

Angola: The Angola Revenue Administration further strengthened its capacity to manage strategic reforms through development of key performance indicators and targets for the 2020-2024 strategic plan and cascading the corporate strategy down to the tactical and operational levels.

Botswana: The Botswana Unified Revenue Service (BURS) further strengthened its capacity to manage compliance of the financial sector through conducting profile meetings for some large taxpayers and resolving audit issues identified by the Large Taxpayers Unit. The purpose of the profile meetings was to create a deeper knowledge of the sector and its business operations,



AGT team during a strategic management workshop in Luanda- July 2019

understand the treatment of key transactions for tax purposes, and identify compliance risks.

South Africa: The South African Revenue Service (SARS) further strengthened its capacity to audit transfer pricing (TP) transitions. A mission worked with the SARS Institute of Learning (SIOL) to review the introduction to TP course to incorporate customs valuation issues and better tailor it to the South African context; trained 55 officers on the revised training course; and conducted a high-level TP seminar for 125 SARS senior officials, in collaboration with the Tax, Customs and Excise Institute.

Regional Harmonization: Two officers from each of Comoros and Madagascar tax administrations participated in a seminar on taxpayer registration organized by AFW1. The seminar familiarized participants to modern practices for registering taxpayers and controls for safekeeping integrity of the taxpayer register.

Comoros: Assistance was provided to bolster capacity of the Large Taxpayer Office within the Comoros tax office (AGID) to develop a taxpayer services strategy. The mission also helped AGID to expand management of the large taxpayers to Anjouan and advance progress on increasing the on-time filing and payment rates by the large taxpayers across the entire country.

Zimbabwe: The Zimbabwe Revenue Authority (ZIMRA) was

supported to develop a business requirement specification for a new tax revenue management system and design criteria for evaluating shortlisted bids for procurement of the new system. The mission guided in the application of the criteria and advised ZIMRA on requisite steps to ensure successful implementation of the new system.



Customs Administration

By Philip Wood



Botswana: Assistance was provided build the capacity of BURS to implement a risk-based approach to compliance management and to develop procedures for the operation of the central unit responsible for the processing customs declarations. Procedures and a supporting management assurance plan were developed in partnership with the operational management team. A two-day workshop on customs valuation raised awareness of the key principles of the WTO Customs Valuation Agreement. Guidance was also provided on the appropriate development and application of the valuation database as a risk-assessment tool.

Eswatini: A workshop was designed and delivered with the participation of officers from excise, risk management, operations, ASYCUDA and the analytical unit. The workshop produced a Trader Scheme of Control, Official Scheme of Control, and risk-based audit plans for the two largest distilleries. The outputs are to be used as templates for all excise businesses. The warehouse module in ASYCUDA is to be activated and populated with data agreed in the workshop.

Madagascar: Ongoing assistance was provided with the development of a new strategic plan. A methodology for the preparation of the plan had previously been agreed and this was used as the basis for the development of the plan. The recently appointed Director General and his management team worked with the mission to develop and validate new Vision, Mission and Value statements for the General Directorate of Customs (DCE). TA was also provided to assist the DCE to develop a set of strategic goals, supporting objectives and performance indicators. Further TA support is to be provided to assist with the launch and publication of the Strategic Plan.

Namibia: TA was provided to support the Directorate of Customs and Excise to develop the capacity to conduct post clearance audits (PCA) as part of a risk-based approach to compliance management. Workshop sessions were used to assist the PCA unit to implement the previously agreed procedures. The mission also assisted PCA to develop a risk-based operational plan and a supporting implementation action plan.

Zambia: A stakeholder engagement training event was designed and delivered to sixteen participants from various business areas including domestic tax, customs and enterprise-level units. Feedback from participants was very positive with 99.5 percent of ratings at the good or very good standard. The knowledge and skills acquired by the participants are to be used to support the implementation of the reform and modernization program and, specifically, to inform the development of an associated communications strategy. During the various working sessions, the experts also facilitated discussions on change management, organizational design and project management.



Stakeholder Engagement Training: Lusaka, Zambia – May 2019

Zimbabwe: A TA mission focused on reviewing progress against previously agreed action plans, assessing the capacity of the intelligence function, and supporting ZIMRA to develop a National Intelligence Strategy. Some good progress is being made with indications of a higher numbers of offences being detected, improved revenue receipts and a reduction in the number of physical examinations being conducted.



Public Financial Management (PFM)

By Moulay El Omari, Robert Clifton, and Sybi Hida

Eswatini: One AFS advisor participated in a FAD TA mission to undertake a Public Investment Management Assessment (PIMA) in accordance with the IMF's 2018 revised PIMA framework.



Eswatini: AFS assisted the Treasury Department in developing a roadmap towards the adoption of International Public Sector Accounting Standards and provided onsite training to stakeholders.

Madagascar: One AFS advisor participated in a FAD-led TA mission to assist in improving fiscal risk management.



Lesotho: AFS provided hands-on support to the in strengthening macro-fiscal forecasting by developing a financial programming framework.

Lesotho: AFS participated in a FAD-led TA mission to review progress in advancing reforms in IFMS roll-out, budget preparation, and arrears management.

Botswana: AFS provided follow-up support to the Ministry of Finance and Economic Development in strengthening financial oversight of the state-owned enterprises.

Mozambique: AFS assisted the authorities in preparing three chapters and tools for its macro-fiscal forecasting manual.

Zimbabwe: AFS provided hands-on support to the authorities in building the capacity on fiscal risks analysis and management.



Real Sector Statistics

By Donna Grcman and Achille Pegoue

Eswatini: A mission helped the Central Statistics Office revise the GDP series from 2000 to 2017 to improve consistency between macroeconomics statistics (balance of payments) and further the quality of the budget outlook compiled by



the Ministry of Economic Planning and Development, support of macroeconomic policy and IMF surveillance. Analysis of the relationship between quarterly indicators and gross value added of annual national accounts is ongoing to improve the credibility of quarterly GDP estimates by an accurate prediction of annual GDP growth rate.

A mission also assisted to develop a producer price index (PPI) and to determine new weights for the consumer price index (CPI).

Regional meeting: A mission attended the 26th SADC Statistics Committee meeting to present AFS CD initiatives for Real Sector Statistics. The mission noted ongoing review of the SADC Regional Strategy for Development of Statistics (RSDS) 2015-2020. Regarding SADC support to harmonization of data transmission to regional/international organization, the mission suggested that integration of new weights of price indices, change of base period and application of domestic concept can be considered as new challenges. The Committee encourage donors to lift up assistance to census and industrial statistics.

Botswana, Namibia, South Africa and Seychelles are all rebasing their annual national accounts. They all are updating the annual methods and data sources during this process. **Zimbabwe** has recently changed its currency from US dollars to the local currency Real Time Gross Settlement (RTGS) and a mission was undertaken to re-denominate the GDP to the RTGS.

Mozambique, Namibia, Lesotho and Seychelles are aiming to improve their quarterly national accounts by accessing administrative data and improving the methods. **South Africa** continue to review the seasonal adjustment processes for all its quarterly national accounts as part of the rebasing exercise.

Namibia, Lesotho and Seychelles will be rebasing the CP1 as soon as the household budget survey data for each of the countries becomes available. Work is also being undertaken to develop or rebase the PPI in **Botswana** and **Namibia**.

National Accounts missions to **Namibia, Zimbabwe and Seychelles** were undertaken during May, June and July to continue to build capacity. Missions to **Botswana, Mozambique, Lesotho, South Africa** and **Namibia** are planned for the upcoming three months.

Money and Foreign Exchange Market Operations

By Carina Selander



Customized Training Program

AFS funded a customized training program to further develop the liquidity forecasting frameworks for the Bank of Botswana (BoB) and the Bank of Mauritius (BoM) and to train staff in operating and managing the databases, tools, models, and templates for this purpose.

With the BoM, the workshop built a liquidity forecasting template customized for the current framework, developed an E-views based model for forecasting currency in circulation (CiC), and built two satellite files—one for Government and BoM securities and one for Government revenues and expenditures. AFS also held three follow-up sessions with the BoM since the workshop. With the BoB, the mission re-introduced BoB staff to the template, satellite sheets and the model for CiC that was built during the March 2019 mission.



Banking Regulation and Supervision

By Ravi Mohan P.R.

AFS resident advisor participated in a FinTech seminar organized by the Fund in Botswana. This was fifth in a sequence of seminars after the Bali Meeting of October 2018 for disseminating information about the innovations in the technological front, their advantages, the inherent risks involved and risk mitigation techniques.

Eswatini: A mission assisted in implementing Basel II and select elements of Basel III. The mission specifically looked into the process of finalization of draft guidelines for banks covering the three pillars of Basel II and strengthened capacity of the supervisory staff.

Madagascar: A mission assisted the authorities in risk-based supervision (RBS). The objective of the mission was to assist the Commission for the Supervision of Banks and Finance of Madagascar towards implementation of RBS approach in accordance with the recommendations of the Financial Sector Assessment Program, and in continuation of the February 2018 AFS mission. The mission helped to complete the risk profiling of institutions, develop risk matrix and enable the on-site supervisors to conduct on site examinations in a risk-based approach. The mission also assisted in the implementation of Pillar 2 of Basel II, especially the interlinkages between RBS and Pillar 2.

Regional Harmonization: Seminar on risk-focused supervision of cross-border transactions

The seminar held in Pretoria for the officials of South African Reserve Bank (SARB) and central bank (Eswatini, Lesotho, Namibia and Seychelles) consisted of junior and senior analysts from the Financial Surveillance Department and on-site and off-site supervisors from the Prudential Authority of SARB and on-site supervisors from the other countries. The seminar dwelt upon the concepts, operational aspects and implementation challenges of cross border supervision including the Basel Core Principle dealing with this aspect and the details of the work done by the Working Group on Supervisory Colleges of Basel Committee on Banking Supervision. New topics such as Fin Tech, Reg Tech and Sup Tech, which have relevance in the context of cross border supervision were incorporated in the agenda.



PARTICIPANT FEEDBACK



'The training was relevant. The facilitators and the training material were informative. Overall, the course will assist me in making valuable contributions in my division on enhancing the risk focused supervision process pertaining to cross border transactions in Eswatini'

Ms. Setsabile Mamba, Central Bank of Eswatini

'The training was rewarding, as it provided a holistic overview on RBS. It covered detection and monitoring of key risks relating to cross-border transactions, in particular country risk, ML CFT risks, which are relevant to Seychelles being a net importer jurisdiction.'

Mr. Lynn Commettant, Central Bank of Seychelles



'I believe I represent all engaged stakeholders in thanking IMF for its continuous investment in the African continent. This course was an insightful encounter that practically challenged us to actively be conscious of the role we play as regulators. I am eternally grateful to the SARB and the IMF'

Ms. Oratilwe Seemane, South Africa

Financial Market Infrastructure and Payments

By Faith Stewart

Eswatini: As part of its ongoing effort to build assessment proficiency for the financial market infrastructures (FMIs,) AFS carried out a follow-up mission to review the initial self-assessments undertaken following the training mission in 2018. The mission also reviewed the draft rules for the central securities depository (CSD) and made suggestions for their enhancement. It is expected that the assessment reports and the CSD rules will be revised and finalized in the coming months and eventually published. The mission also helped to elucidate the respective roles of the central bank and securities regulator, the Financial Services Regulatory Authority in the oversight of CSDs.





Front: Governor Majozi V. Sithole and Peter Katz seated (AFS expert)
Back: CBE's senior management team

Financial and Fiscal Law

Angola and Botswana: AFS funded a LEG mission to Botswana to support the authorities in the finalization of the amendments to the Bank of Botswana Act in line with international good practices in respect of central banking.

Macroeconomic Training –Financial Development and Financial Inclusion (FDFI)

ICD-led a macroeconomic training course on FDFI for mid-level to senior officials from central banks and government agencies dealing with regulation of the financial sector. The course, *inter-alia*, focused on the macroeconomic relevance of FDFI, policies to encourage FDFI, indicators used to measure financial inclusion as well as the practical aspects of financial development and inclusion. Compared to the previous offerings, the course included a new lecture on Fintech, a new case study on M-Pesa and a workshop where participants learned to use FinStats 2019.



AFS SEMINARS AND COURSES

AFS FY20 plan includes a number of seminars and courses —some jointly with partners such as AFRITACs Central, East, and West 2, COMESA, and SADC—to help countries address capacity gaps in core areas. Forthcoming seminars include:

- Monetary Policy Implementation and Financial Market Development (August 26-30, 2019)
- Improving budget outcomes through transparent and gender responsive budgets (September 23-27, 2019)
- Revenue Administration Governance jointly with AFE/AFW2 (September 23-25, 2019)
- Establishment of Effective Systems and Procedures for Customs Valuation (October 7-11, 2019)
- Corporate Governance Issues in Banking Sector –targeting SADC countries (October 14- 18, 2019)

AFS TA REPORTS TRANSMITTED TO AUTHORITIES

Members of the AFS Steering Committee are encouraged to register to access confidential TA-related information from the center's secure website. The site provides a broad range of information, including TA reports, status of milestones, minutes of Steering Committee meetings, and forward-looking TA mission plans. To acquire access, please contact Mr. J. Kawal (jkawaljeewan@imf.org) or Mr. D. Chundunsing (DChundunsing@imf.org).

