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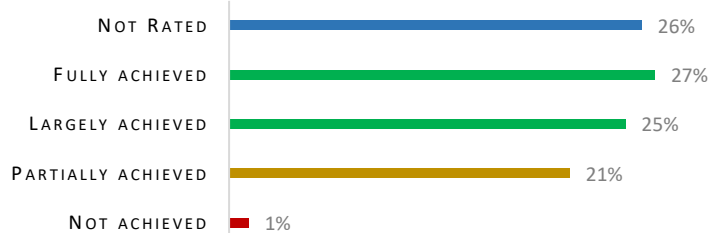
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## HIGHLIGHTS

AFS capacity development (CD) work during the quarter included around 30 **technical assistance** (TA) missions to the 13-member countries, a first-of-its-kind **Orientation Program** for new recruits of the region's central banks, three **regional seminars**, including one for the Southern African Development Community (SADC) countries and one for the Common Market for Eastern and Southern Africa (COMESA) countries, and two **professional attachments**.

Member countries made further progress on milestones during the second quarter as highlighted in the topical sections of this bulletin. Figure 1 below summarizes the status of the FY18 and FY19 milestones as at end-October 2019. FY19 milestones in respect of which no mission has yet taken place or where AFS is awaiting information from country authorities have not been rated. Progress on these milestones are expected in the remaining part of this financial year.

Figure 1. Status of FY18 and FY19 milestones as of end October 2018



## EXECUTION OF THE FY19 WORK PLAN BY TOPIC

### Banking Supervision and Regulation

By Ravi Mohan P.R

**Angola:** A mission assisted the authorities in finalizing the implementation of Pillar 2 process, especially the Supervisory Review and Evaluation Process. In the context of recent revision to the pillar 3 disclosures, the mission recommended changes to the disclosure regime. The mission also helped the authorities in the implementation of select elements of Basel III, especially the Definition of Capital as relevant to the Angolan context.

**Regional Harmonization:** A seminar on 'Crisis Management and Crisis Resolution' was conducted in collaboration with the South African Reserve Bank (SARB) Academy. It was attended by mid-to senior-level officials from central banks and bank supervisory agencies of Southern African Development Community (SADC) countries. The officials were selected amongst those directly responsible for prudential regulation, financial stability, bank resolution, and on-site and off-site supervision of banks.



Crisis Resolution and Crisis Management Seminar - SA Reserve Bank 2018





*"Participating in this seminar allowed me to gain more insights on key aspects regarding crisis preparedness and crisis management frameworks and challenges associated with practical aspects surrounding the implementation of a resolution regime in jurisdictions like mine. Personally, I am confident I will leverage the experiences and recommendations shared during the seminar, which will certainly help me in the various activities related with the ongoing work towards the establishment of an effective regime for crisis management and resolution as well as the redesign of the Deposit Guarantee scheme in my country".* **Mr. Nicolau Antonio Ndlalane, Principal Analyst /Economist, Crisis Monitoring and Resolution Department, Banco de Mozambique.**

*"The Seminar was indeed very timely for the Bank of Mauritius as we are currently engaging with our stakeholders in designing a crisis management and resolution framework. The presentations were well structured and insightful, and the extensive knowledge of the resource persons must be underscored. The various case studies have indeed contributed in broadening our understanding of the various concepts as well as their implementation in live situations. In addition, the Seminar provided a platform for participants to share their personal and country experience in dealing with bank failures, which is a fruitful way to learn from our peers"* **Ms. Rajshri Jutton Gopy, Chief-Legal Services. Bank of Mauritius.**



*"This seminar has provided me with both theoretical and practical knowledge about crisis prevention and management. Since three of our domestic systemically important banks are subsidiaries of South African Banking groups, while the remaining DSIB is part of a banking group with banking subsidiaries in Zambia and Botswana, the comprehensive coverage of, and emphasis on cross border supervisory cooperation and information sharing was a great eye-opener. Furthermore, the material and*

*case studies relating to resolution options and liquidation came at an opportune time since we are currently enhancing our banking law to give the central bank more powers to effectively deal with problem banks. Given my passion for teaching, I am excited to provide training to my colleagues in Namibia on crisis management and prevention"* **Mr. Sakaria Mwiyale, Senior Financial Analyst, Bank of Namibia.**

## Money and Foreign Exchange Market Operations

By Carina Selander

**Botswana:** An AFS mission started working in two parallel tracks –the Near-Term Forecasting (NTF) framework and the Business Expectations Survey (BES). The two teams worked jointly on incorporating the BES results into the NTF and on aligning the BES and the Forecast processes. The mission worked with staff and management from various units within the Research and Financial Stability Department.

**Seychelles:** An AFS mission assisted the Central Bank of Seychelles to evaluate the current state of the government securities market (including aspects of public debt management, the legal framework, the necessary auction, trading, payment and settlement infrastructure) and to scope the prospects of developing a secondary market for government securities.

**Zambia:** An AFS mission worked with the central bank on developing the near-term forecasting (NTF) toolkit for inflation and helped adjust the core model to incorporate different inflation measures (adding Phillips curves).

In addition, the mission started integrating the NTFs into the forecast process. This implied going through the exercise of

**Orientation Program:** AFS, in coordination with the Bank of Mauritius, conducted an Orientation Program for the newly recruited Central Bank Officials in the region. The five-day program was attended by about 60 participants from 9 countries in sub Saharan Africa. Presentations included general discussions on the evolution of Central Banking and all the critical functions of a Central Bank.

Mr. Googoolye, Governor of the Bank of Mauritius opened the seminar and highlighted the collaboration between the Bank of Mauritius and AFRITAC South. Mr. Abdoul Aziz Wane, Director, AFRITAC South and Africa Training Institute thanked the governor for this initiative and donors for their support. On behalf of Donors, the European Union emphasized the importance of Human capital. The program helped the newly recruited officers to have an overview of the central bank's mandate, objectives and functions.



deriving NTFs, incorporating them into the core model, assessing the implications for the initial conditions, applying judgement and then running the medium-term forecast.

### Professional Attachment Programs (PAP)

During the quarter AFS funded two PAPs to build further on the capacity development work in the region.

**Mozambique:** Three officers from Autoridade Tributaria, the revenue authority in Mozambique, visited Receita Federal Do Brazil, the revenue administration office in Brazil, to benchmark and learn about taxpayer registration processes. The attachment took place in Brasilia, during the period September 24-28, 2018.

**Mauritius:** An official from the Financial Markets and Reserve Management Division participated in an AFS mission to Seychelles as part of the AFRITAC South program of participation of member country officials in the center's TA missions.

AFS strongly supports these programs as they play a significant role in promoting peer-to-peer learning and regional cooperation.

### Public financial management (PFM)

*By Jean-Luc Helis, Robert Clifton, and Sybi Hida*

**Regional Harmonization:** AFS and AFE, in collaboration with the Common Market for Eastern and Southern Africa, organized a regional seminar on 'Strengthening Medium-Term Fiscal Frameworks and Fiscal Risks Management'. The seminar provided a platform to 42 participants from 22 countries to exchange ideas and experiences, and to draw on the knowledge and experience of IMF experts in macroeconomic forecasting and fiscal risks management.



**Botswana:** AFS assisted the authorities on developing a new Chart of Accounts, reviewing the draft Public Asset Management Policy, and strengthening capacities for moving towards IPSAS-based accrual accounting.

**eSwatini:** AFS assisted the authorities to strengthen the approach and methodology used for the compilation of a Medium-Term Fiscal Framework.

**eSwatini:** An AFS follow-up mission supported the authorities on developing the new government public financial management regulations.

**Madagascar:** AFS provided follow-up assistance to the authorities to strengthen the payroll system, integrate the wage bill planning into the medium-term budget preparation process, and build a more credible 2019 budget.

**Namibia:** AFS provided training and hand-on assistance to the authorities in using a budget preparation tool for the mid-year budget review and produced an operating manual for the tool.

**Lesotho:** AFS provided training and hands-on assistance to develop a macroeconomic forecasting model, and to improve financial reporting, bank reconciliations, and cash management.

**Seychelles:** AFS provided follow-up TA to identify, monitor, and mitigate the fiscal risks emanating from the state-owned enterprises, and hands-on support to develop the new Government Accounting Manual.

**Zambia:** AFS funded a training and hands-on assistance to improve cash management tools and practices.

### Tax Administration

*By Thabo Letjama*

**Regional Harmonization:** At the invitation of African Tax Administration Forum (ATAF), AFS resident tax administration advisor attended the fifth General Assembly (GA) and participated as member to a panel that discussed the need for new solutions to enhance domestic resource mobilization in Africa. The GA was attended by Commissioners General (CGs) from 38 African member countries, development partners, and some tax practitioners from the continent. Among others, the GA resolved to: i) establish a dialogue forum for CGs to exchange experiences and to increase engagement in



ATAF activities, ii) establish a model to evaluate tax incentives offered by African states to attract investment, and iii) develop an engagement framework for development partners to enhance TA coordination in the continent.

**Comoros:** AFS fielded a mission to work with the large taxpayer unit of the Comoros Tax Administration (AGID) to implement the filing and payment compliance strategy for large taxpayers that was developed by AFS in FY17.

**Mauritius:** A mission assisted the Mauritius Revenue Authority (MRA) to review its taxpayer communication strategy. The mission worked with the MRA team to identify areas where the current communications strategy could be enhanced to better educate and inform taxpayers of their compliance obligations. This mission was running concurrently with a mission led by FAD on Advanced Data Analytics. This mission developed predictive models for selection of cases for both Customs and Tax to enhance effectiveness of compliance risk management in MRA. The mission also ran workshops to provide advice on establishment of data analytics unit for MRA.

**Zimbabwe:** A mission assisted ZIMRA to advance progress in developing a strategic management framework. The assignment worked with the ZIMRA team to finalize the methodology and develop requisite tools for effective implementation of the new strategic plan for the period 2019-23.

**Zimbabwe:** A tax administration diagnostic assessment tool (TADAT) mission was carried out to assess the tax administration in Zimbabwe. The mission team was led by Fiscal Affairs Department (FAD) of the IMF, and comprised of a representative from AFS, ATAF, US Treasury's Office of Technical Assistance (OTA), and the Department for International Development (DFID) of the United Kingdom.



Members of ZIMRA management Team attending the strategy development session

### Customs Administration

*By Kenneth Head*



**A Regional Seminar** on 'Strengthening the Administration of Excise' was attended by 39 participants from the 13 AFS member countries. The seminar provided a forum to explore challenges to the administration of excise programs and is expected to strengthen the capacity of excise staff and support the development of risk-based control programs to improve compliance and protect revenue.

**Lesotho:** A post clearance audit (PCA) assignment was conducted. This was a follow-up to previous advice to build capacity and improve staff effectiveness. The TA included a review and updating of the previously agreed action plan and the upskilling of PCA auditors in conducting audits, including for the purpose of Preferred Trader (Authorized Economic Operator) Accreditation.

**Mauritius:** AFS resident advisor participated in a FAD-led mission to the MRA which focused on a data analytics strategy and the setting-up of a unit to better exploit available data using more sophisticated taxpayer risk profiling techniques across both tax and customs. The outcomes of the mission are expected to demonstrate the usefulness of data analytics techniques across tax and customs administration in Mauritius, provide guidance on the establishment of a data analytics unit, and provide a strategy on the way forward for the MRA.

**Mozambique:** A PCA mission to the Mozambique Tax Administration (ATM) included: (i) a review of the status of the implementation of the recommendations made by the previous AFS assignment, and a review and update of the action plan previously formulated and agreed with the ATM; (ii) an assessment of the development of PCA including an assessment of audit results to date; and (iii) further guidance on development of the Audit Performance Management Framework.

**Namibia:** An AFS mission worked with the Customs and Excise Department to strengthen the risk management and enforcement functions. The mission tasks were to: (i) assess the status of implementation of the recommendations made by previous AFS risk management mission; (ii) review the capability of staff in the Risk Management Unit to effectively deliver its mandate; (iii) review intelligence handling; and, (iv) assess whether the current risk management structure and its mandate is in line with requirements of NAMRA.

## Real Sector Statistics

By Achille Pegoue and Donna Grcman

**Angola:** AFS assisted the National Institute of Statistics (INE) to continue with the compilation of the new benchmark 2014. The mission identified a set of data and methodological improvements to include in the new time series of annual GDP to enhance consistency with source data, other macroeconomic accounts, and quarterly GDP. The mission also proposed a realistic timeline to release the new time series in October 2019 instead of December 2018 and preserve the INE's credibility already eroded by large revision of published data.



**Comoros:** AFS helped the National Institute of Statistics and Demographic Study (INSEED) to estimate the GDP growth rate for 2015 and 2016 with the *System of National Accounts (SNA)* 1993 as standard. The framework to compile preliminary GDP for 2017 was also established. Previous AFS missions (December 2017 and May 2018) had helped the INSEED to finalize the base year 2007 and release the supply and use table from 2007 to 2010 and GDP from 2011 to 2015 at both constant and current prices.

**Lesotho:** AFS reviewed the progress made by the Bureau of Statistics (BOS) in compiling quarterly GDP estimates by production at constant and current prices. The first AFS mission on the same topic took place in February 2018. The robustness tests were conclusive and large revisions are not expected when the annual GDP will be released. BOS has yet to improve availability of value added tax (VAT) below a three-month lag to release timely quarterly GDP and compile a government employment index to limit the volatility in the quarterly value added of public administration. The mission recommended an enhanced coordination with the Ministry of Finance to improve these data limitations before March 2019 when the currently released experimental quarterly GDP will be converted into the final version.

**Madagascar:** An AFS mission on national accounts reviewed the progress made by the National Institute of Statistics of Madagascar (INSTAT) in compiling quarterly GDP estimates by production at constant prices. The first mission took place in February 2018. Although INSTAT made some progress since the first mission the links between quarterly indicators and annual GDP estimates should be improved before the dissemination of experimental quarterly GDP estimates. The AFS mission on price statistics helped the INSTAT to continue with the reweighting of the consumer price index (CPI). The mission reviewed the work done to date on the calculation of new weights and developed methods and procedures for the completion of the work.

**eSwatini:** AFS assisted the Central Statistical Office (CSO) with the compilation of quarterly GDP. The first AFS technical assistance mission held in March 2018 had intensively trained the CSO staff on procedures to identify benchmark indicators, assess correlation coefficients, and implement the benchmarking method. The CSO built on this training and compiled the quarterly value-added data for some industries. The mission helped the CSO to finalize the work and a quarterly GDP time series from 2013 to the second quarter of 2018 is now available.

## Financial and Fiscal law

**Botswana:** A mission continued to work on the Draft Tax Administration Bill to address and, also clarify, some issues emerging from a further round of internal consultations held by the Botswana Unified Revenue Service (BURS). The mission worked through the table of comments and queries provided by BURS, and discussed a number of other issues concerning the TAB. It was agreed that a significant number of amendments would be made to the TAB. The mission also discussed the best way to approach the consequential amendments to the other tax laws, and the content of the Tax Administration Regulations.

## AFS SEMINARS AND COURSES

AFS FY19 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 and courses<sup>1</sup> include:

<sup>1</sup> The venue is AFS, Ebene, Mauritius, unless otherwise stated.

- Mainstreaming National Accounts and Balance of Payment Statistics December 3-7, 2018
- Advanced Rulings for Classification Purposes, Origin and Valuation January 28-February 1, 2019  
Jointly with AFE/COMESA
- Moving Towards International Public-Sector Accounting Standards (IPSAS) February 11-15, 2019  
Jointly with AFE/COMESA  
Venue: Sandton, South Africa

### IMF ONLINE COURSES

Forthcoming IMF [online courses](#) available to government officials and, in some cases, to the general public include

- Financial Programming and Policies, Part 1: Macroeconomic Accounts & Analysis (FPP.1x)  
Language: Russian, English, Spanish, and French
- Macroeconometric Forecasting (MFx)  
Language: English
- Financial Programming and Policies, Part 2: Program Design (FPP.2x)  
Language: English and French
- Macroeconomic Diagnostics (MDSx)  
Language: English

### AFS TA REPORTS TRANSMITTED TO COUNTRY AUTHORITIES

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

### STAFF NEWS



**Mr. Philip Wood** is a Customs and Strategic Management expert with 30 years of experience in more 40 countries. He was previously a member of HM Revenue and Customs in the United Kingdom and has obtained a wide experience of Customs work. As a graduate of the Civil Service Fast Stream Development Program he has been appointed to roles at administrative, operational, and senior management levels, including administrative management of customs operations at London Heathrow and compliance management (VAT, Excise, and Corporation Tax) for some of the UK's largest and most complex businesses.

Mr. Wood is replacing **Mr. Kenneth Head** who joined AFS in 2015. AFS would like to thank Mr. Head for his excellent contributions which included the implementation the customs administration capacity development program for phase I and the formulation of the phase II program for the 13-member countries. AFS staff wishes him a good and well-deserved retirement.



**Ms. Donna Grcman** is the new real Sector Statistics Advisor. Before joining AFS she held the same position in AFRITAC West 2 which covers six countries (Cabo Verde, Ghana, Liberia, Nigeria, Sierra Leone, and the Gambia). Prior to this she worked for the Australian Bureau of Statistics (ABS) in various economic statistical areas. She has also been engaged as short-term expert in IMF missions on national accounts statistics during her tenure at the ABS.

AFS thanks **Ms. Brenda Sylvester**, who joined AFS in 2016 as the Result-Based Management Advisor to support the implementation of the new IMF-wide RBM Framework. Ms. Sylvester has been instrumental in the adoption of the new framework by AFS in 2018 and in training the staff of the center.



### ANNOUNCEMENTS

The 10<sup>th</sup> AFS Steering Committee meeting is planned for April 1-2, 2019 in Angola.

