

AFRITAC South FY15 Annual Report—Information Annexes

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Annex I. Steering Committee Members

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 SOUTH AFRICA	Mr. Themba Zulu (Chairperson) Director, National Treasury Email: themba.zulu@treasury.gov.za Ms. Nomfundo Ngwenga chaired the AFS SC meeting held in April, 2015	
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ANNEX II. Staff



Effie Psalida is the IMF AFRITAC South Coordinator as of July 2015. She joined the International Monetary Fund in 1992 and most recently served in the Institute for Capacity Development as Chief of the Global Partnerships Division. Ms. Psalida has worked on countries in Africa, Central and East Asia, Europe, and the Middle East.



Besweri Magoola Kalyebbi has served as tax administration advisor at AFRITAC South since January 2012 and has over 20 years' experience in revenue administration. He also provided technical assistance to various countries, including Malawi, Ghana, Sierra Leone, Liberia, and Zimbabwe as a short-term expert of the IMF and to Ethiopia under the auspices of the World Customs Organization. His last postings at the Uganda Revenue Authority (URA) were as the Head of Research, Planning, and Business Development division from 2009 to 2011 and Head of the URA Modernization Program from 2005 to 2009.



Ravi Mohan Periyakavil Ramakrishnan has over 30 years of experience in central banking operations and financial sector regulation and supervision at the Reserve Bank of India. His specialization includes implementation of Basel II and III, Risk Based Supervision, Cross Border Supervision, and International Financial Reporting Standards. He represented India in a number of Groups of Basel Committee on Banking Supervision such as the Definition of Capital Group, Standards Implementation Group on Operational Risk, Accounting Task Force and the Colleges Working Group. He was a member of the Accounting Standards Board of India for a decade. His last posting at the Reserve Bank of India was as the Head of Department of Banking Supervision.



Carina Selander is the resident advisor in monetary policy at AFRITAC as of May 1 2015. Prior to this she was working at the Swedish central bank (The Riksbank). Carina has been working within forecasting and modeling as well as with technical assistance at the Riksbank since 2009. In the area of technical assistance she has worked on countries in Africa and Central Asia prior to taking up the position at the AFRITAC South.



Peter Murphy joined AFRITAC South in June as Public Financial Management Resident Advisor. He has been a senior economist in the IMF's Fiscal Affairs Department since 2010. Prior to joining FAD, Mr. Murphy was a World Bank task manager for three years for PFM and Public Administration reform in the Government of Cambodia. He has also been a lead advisor to the Governments of Ghana, Lesotho, Tanzania, Uganda, and a short-term expert in Botswana, Eritrea, Ethiopia, Kenya, Malawi, Mauritius, Mozambique, Nigeria, Sierra Leone, South Africa, Sudan, Swaziland, Zambia, and Zimbabwe.

ANNEX II. AFRITAC South Staff



Kenneth Head joined AFRITAC South in September 2015 as the Regional Customs Administration Advisor. Prior to that he held the same position at CARTAC. He served for over 30 years in HM Customs and Excise in the UK working in management, policy, operations, training and investigations in both Customs and VAT. From 1993 to 1997 he served as the UK Customs attaché to the Netherlands based in Hague providing expert advice to HM Ambassador on all pan-European Customs and VAT fraud related matters. Since 2004, he has worked in the private sector and has extensive experience in delivering technical assistance and managing capacity building and modernization programs in customs administrations in developing economies including Angola and Suriname.



Gregory Legoff joined AFRITAC South in August 2015 as a Real Sector Statistics Resident Advisor. He held a similar position at the IMF Pacific Financial Technical Assistance Centre in Suva, Fiji from 2012 to 2015. He previously worked on national accounts statistics at the Australian Bureau of Statistics from 2007 to 2012. Prior to that, Gregory worked at the Organization for Economic Co-operation and Development, mainly on international trade statistics.



Sybi Hida joined AFRITAC South in September 2015 as Macro Fiscal Advisor. Previously he worked in Gambia as an IMF macro fiscal resident advisor. Sybi has worked for the Ministry of Finance of Albania where he has been closely associated with macroeconomic and fiscal policy formulation, economic policy advice, and public finance management. He left the ministry as General Director of Macroeconomic and Fiscal Policy and was elected a Member of Parliament for four years. He also worked for about two years at the European Department of the IMF.



Imran Aziz joined AFS in September 2015 as a Public Financial Management Advisor. Between 2012 and 2015 he worked as a short-term expert for the IMF, supporting the development of medium-term fiscal and budget frameworks in Mozambique, Lesotho, Seychelles, and Tanzania and as a technical facilitator for FAD/RTAC workshops on medium-term budget frameworks piloted in over 30 African countries. Between 2006 and 2012 he worked as a resident budget advisor in Liberia (development of an MTEF) and Uganda (Program budgeting, fiscal reporting, and design of PFM reform strategies). Prior to this he was an economist in the UK Treasury and Department for International Development, working predominantly on emerging markets and international aid flows respectively.



Dovindutt Baichoo joined AFRITAC South in October 2013 as Economist. He previously worked at the Ministry of Finance and Economic Development, Mauritius, as lead analyst and has significant experience in the area of macroeconomic and fiscal policy, public financial management, debt management, and Government Finance Statistics (GFS). During his career at the Ministry he also served as Director of various corporate bodies in the financial services sector and served as chair of the SADC Macroeconomic Coordination Committee.

ANNEX II. AFRITAC South Staff



Doorgesh (Yuvn) Chundunsing
Office Manager



Kumaribye (Nandini) Mohit
Finance and Administrative Assistant



Padma Shree Chiran
Administrative Assistant



Varsha Lowtoo Jadunundon
Administrative Assistant



Diya Mungra
Administrative Assistant

ANNEX II. AFRITAC South Staff



Arlette Marcel
Office Attendant



Vikram Lungar
Driver

Annex III. Technical Assistance Reports

Area	Country	Title of Report
Customs Administration	Botswana	Developing the Risk Management Functions in Customs
	Comoros	Follow up assignment on the Enhancement of Customs Control
	Lesotho	Developing Risk Management Function in Customs - Follow up assignment
	Lesotho	Developing the Custom Post Clearance Audit Function
	Madagascar	Developper les Fonctions de Gestion des Risques et L'application des Mesures dans l'Administration des Douanes
	Namibia	Workshop in Risk Management and Enforcement in Customs
	Namibia	Follow up in Risk Management Functions in Customs
	Namibia	Enhancing the Administration of Excise in Namibia - Follow up
	Seychelles	Developing Risk Management and Enforcement Functions and Trade Facilitation Functions in Customs
	Seychelles	Enhancing Administration of Excise in Seychelles
	Seychelles	Developing the Post Control Audit Functions in Custom
	Swaziland	Developing Risk Management Functions in Customs
	Zambia	Workshop in Excise Tax Procedures for Telecom Operators
	Zimbabwe	Developing Post Control Audit Capacity in Custom and Excise Division
	Zimbabwe	Evaluation of Excise Control Processes and procedures
	Zimbabwe	Developing the Risk Management Function in Custom
	Tax Administration	Angola
Botswana		Review of Business Processes and Development of ITAS Specification Document
Comoros		Securisation du Numero d'Identification Fiscal Identification des Contribuables/Amelioration de la Qualite du Fichier des Contribuables
Lesotho		Developing a Compliance Risk Framework in the Lesotho Revenue Authority
Madagascar		Review of Legal Framework for Mining And Petroleum Taxation
Madagascar		Transfer Pricing Scoping Report
Madagascar		Plan d'Actions Prioritaires Pour le Renforcement des Capacités des Administrations Fiscale et Douanière
Namibia		Review of Initialization of the Large Taxpayer Office
Namibia		Large Taxpayer Audit Training
Seychelles		Development of Audit Manual
South Africa		Revenue Administration Gap Analysis Program - The Value-Added Tax Gap
Swaziland		Developing a Compliance Management Model Framework in the Swaziland Revenue Authority
Swaziland		Self-Assessment and the development of a Compliance Framework
Swaziland		The SRA Organization: Delivering the 2015-18 Strategic Plan
Zambia		Advancing Mining and Large Taxpayer Administration Reforms
Zimbabwe	Implementing Compliance Risk Management at the Large Client Office	

Annex III. AFRITAC South's Technical Assistance Reports

Real Sector Statistics	Lesotho	Report on National Accounts Statistics – May 2014
	Mozambique	TA Report on National Accounts Mission
	Seychelles	TA Report on National Accounts Mission
	Seychelles	Mission Report on National Accounts
	Seychelles	Mission Report on National Accounts
	Zambia	Mission Report on National Accounts
Public Financial Management	Angola	Melhoramento Do Quadro Fiscal de Medio Prazo (QFMP)
	Angola	Fiscal Responsibility Law and Fiscal Rules
	Botswana	Strengthening Macro-Fiscal Management and Budget Formulation
	Comoros	Nouvelle Strategie de Reformes en Gestion des Finances Publiques, 2014-16
	Comoros	Le Systeme d'Information des Finances Publiques- Commentaires sur le Cahier des Charge du Nouveau Logiciel du Systeme Integre de Gestion de l'Information Financiere de l'Etat (SIGIFE)
	Comoros	Organisation et Fonctionnement du Systeme de Compte Unique du Tresor de L'Union et des Iles Autonomes
	Comoros	Propositions pour la Confection d'un Guide Budgétaire Adapté aux Evolutions du Processus de Préparation du Budget
	Comoros	La Mise a Jour du Cadrage Macro-Budgétaire a Moyen Terme 2015-17
	Lesotho	Strengthening the Methodologies for the Medium-Term Fiscal Framework (MTFF)
	Madagascar	Revue des dispositifs d'execution budgetaire
	Madagascar	Assistance a la formulation des actions prioritaires de renforcement de la gestion financiere publique (2014-15)
	Madagascar	Renforcer le Controle Financier
	Madagascar	Cadrage Macro-Budgétaire a Moyen Terme 2015-2017
	Mauritius	Strengthening the Framework for the Management of Fiscal Risks from State Owned Enterprises
	Mauritius	Developing a Grant In Aid Formula for Local Authorities
	Mozambique	Refocusing the Public Financial Management Strategy- POR
	Mozambique	Implementing a Public Investment System: Projects Selection, Analysis and Evaluation
	Mozambique	Improving Cash Flow Forecasting and Rationalizing Banking Arrangements
	Namibia	Response to Comments on the Proposed Public Finance Management Act for Namibia and Revised Draft Law
	Namibia	Reforming the Public Financial Management Legal Architecture
	Seychelles	Implementing IPSAS for Government Financial Statements
	Seychelles	Establishing a Structured Government Cash Management System with Appropriate Banking Arrangements
	Seychelles	Introducing a Medium-Term Budget Framework
	Seychelles	Strengthening the Internal Audit Function
	Seychelles	Strengthening the Methodologies for the MTFF
	Seychelles	Improving Cash Management and Financial Management Information Systems for Effective Budget Execution
	Swaziland	Review of the Public Financial Management Bill

Annex III. AFRITAC South's Technical Assistance Reports

	Swaziland	Strengthening MTFE Methodologies and Coordination
	Swaziland	Chart of Accounts and Regulatory Framework
	Swaziland	Establishing a Treasury Single Account and Structured Cash Management Institutional Arrangements
	Zambia	Introducing Program-Based Budgeting in the context of Medium Term Expenditure Framework (MTEF)
	Zambia	Improving Cash-Basis IPSAS Financial Reporting
	Zambia	Strengthening Cash Management Unit and Government Banking Arrangements
	Zambia	A Strategy for Establishing and Implementing the Treasury Single Account- Possible Steps
	Zimbabwe	Reforming the Accounting and Fiscal Reporting Framework
	Zimbabwe	Deepening Skills and Enhancing Tools for Macro Fiscal Forecasting
	Zimbabwe	Capacity Building for an Enhanced Macro Fiscal Framework
	Zimbabwe	Introducing Cash-Basis IPSAS Financial Reporting
	Zimbabwe	Public Financial Management Reform Strategic Plan
Financial Sector Supervision	Botswana	Legal Framework for Central Banking, Banking Supervision and Resolution, and Financial Stability Arrangements
	Comoros	Renforcement des Capacites de la Banque Centrale des Comores dans le Domaine de la Supervision des Institutions Financieres, de la Comptabilite et du Controle Interne
	Comoros	Revision du Cadre Prudentiel Encadrant le Traitement Comptable du Risque de Credit
	Lesotho	Implementation of the Basel II Capital Adequacy Framework
	Mauritius	Strengthening the Pillar 2 Process of Basel II
	Mauritius	Review of the Functioning of Supervisory Colleges
	Namibia	Compliance with Basel II Capital Adequacy Framework - Implementation of Pillar 2
	Zambia	Compliance with Basel II Capital Adequacy Framework- Implementation of Pillar 2
Monetary Policy Framework Operations	Angola	Assessing TA Needs in Monetary Policy Design and Implementation
	Angola	Technical Assistance on Inflation Forecasting
	Mauritius	Assessing TA Needs in Monetary Policy Design and Implementation
	Mauritius	Strengthening the forecasting and Policy Analysis System
	Mozambique	Assessing TA Needs in Monetary Policy Design and Implementation
	Mozambique	Developing a FPAS at the Bank of Mozambique
	Seychelles	Assessing TA Needs in Monetary Policy Design and Implementation
	Zambia	Assessing TA Needs in Monetary Policy Design and Implementation

Annex IV

Country Notes

Medium-Term Macroeconomic Prospects and Challenges

The sharp plunge in oil price is impacting severely the Angolan economy where oil accounts for over 95 percent of exports and about 75 percent of fiscal revenue. The October WEO update foresees Brent oil price to average US\$53.4 a barrel this year with high expectations for further decline given strong OPEC production, the potential comeback of Iran's oil in the international market, and possible effects of low demand. A timely policy reaction and comfortable level of international reserves have helped better manage the effects of the shock than in the 2008-09 global crisis.

In 2015-16 growth is projected to average 3.5 percent while external balances are likely to weaken further both due to market conditions and limited scope for import substitution in the short run. Going forward, expediting structural reforms and further diversification of the economy are needed to preserve macroeconomic stability. Improving business climate, investing on human capital development, improving infrastructure, and reducing high income inequality remain key challenges.

Capacity Building Agenda

Overview

AFS assists Angola in addressing key capacity building and institutional reform challenges. In the area of PFM, AFS assistance has mainly focused on: the medium-term fiscal framework (MTFF); expenditure arrears prevention measures and fiscal responsibility legal frameworks which will help ensure improvements in governance, accountability, effectiveness, and transparency of fiscal operations. The TA interventions in these areas are mostly intended to: reduce pro-cyclicality of fiscal policy in light of high volatility of oil revenue; prevent the re-occurrence of expenditure arrears; and to enshrine in the legal framework modern principles of sound public financial management.

Since FY 2015, AFS has also provided TA in the area of revenue administration, which is a priority area against the background of declining oil prices. AFS supports Angola's efforts to make the gradual transition to forward-looking monetary policy by providing TA on inflation forecasting and liquidity management. AFS TA on real sector statistics complements TA projects on the MTFF and monetary framework operations. AFS also plans to start TA on banking sector supervision.

Public Financial Management

Topic outcomes

- Medium-term macro-fiscal and budget frameworks implemented
- More effective commitment, cash and expenditure management
- Comprehensive, timely and accurate accounting and financial reporting

Progress on milestones since FY12

Milestones met since FY 2013	Set in	Met in
1. Operational action plans developed and approved by the Minister in charge of Finance, to support the implementation of MTFF	2013	2014
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: Seminar on PBB feasibility conducted	2016	--
2. Pending Milestone: Guidelines to limit the accumulation of arrears approved by the Minister in charge of Finance	2016	--
3. New Milestone: Fiscal rules document and rules based MTFF submitted to Cabinet	2016	Good Progress
4. Pending Milestone: Draft Fiscal Responsibility Law to support the implementation of the MTFF submitted to Parliament	2017	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16

Key achievements and priorities

Against the background of highly volatile oil prices and with the known oil reserves likely to be exhausted within the current generation, the authorities are attaching increasing priority to developing a robust fiscal framework and building capacity for sustainable natural resource management. This has resulted in strong demand for TA in the area of PFM. Since 2012, with FAD and AFS assistance, the Angolan authorities have made steady progress in developing the medium-term fiscal framework (MTFF), and in preventing new expenditure arrears. On the MTFF in particular: (i) macroeconomic assumptions and methodologies have been improved; (ii) formal macro- fiscal forecasting templates have been introduced; (iii) an activity plan for strengthening the MTFF over the next 18–24 months, including the preparations for the introduction of a Fiscal Responsibility Law (FRL), has been developed and is being implemented with AFS TA; and (iv) collaboration among three key macroeconomic management agencies, namely the Ministry of Finance (MoF), Banco Nacional de Angola (BNA; the central bank), and the Ministry of Planning and Territorial Development (MPDT, in particular its Macroeconomic Department) has been strengthened with the establishment of a Macro-Fiscal Working Group. On expenditure arrears, adequate procedures to control the large investment contracts observing the overall budget ceilings have been defined (including reports to follow each execution phase: commitment, liquidation, and payments with a multiyear perspective).

Key challenges

The Government of Angola has re-confirmed its commitment to PFM reforms in the context of the AFS multi-mission TA projects. Therefore, going forward, and as requested by the authorities, AFS will continue to support further development of the fiscal framework through the design of appropriate fiscal rules, which could be eventually reflected in the FRL. On the MTFF, the authorities indicated the need for future AFS and FAD TA to focus on preparing a corresponding manual. With respect to the design of the fiscal framework for natural resource management and preparation of the FRL, AFS will assist the authorities with simulations of possible fiscal rules. AFS will also support the drafting of the FRL if there is continued political support for this reform. Furthermore, the budget department of the Ministry of Finance has expressed interest in an exploratory seminar on the introduction of performance-based budgeting (PBB).

The development of the FRL will require the government to make strategic decisions on the principles of managing the natural resource wealth and the underpinning fiscal framework, which could take time to build consensus on. Meanwhile, there is a need to ensure continued political support for the on-going PFM reforms and related capacity building activities by all stakeholders to avoid possible delays and setbacks. AFS will continue engaging the authorities in consultations with the country team to secure more political commitment and support for reforms.

The management of expenditure arrears will also continue to be a priority going forward as the authorities seek to strengthen their expenditure prioritization and public investment management processes in order to reduce the further build up of arrears.

Key partners

In the area of PFM, Angola has not received significant TA in recent years from other donors. The United States Treasury has provided support in Debt Management.

HQ-(co) funded projects

Dept.	Purpose Description	Fiscal Year
FAD	Expenditure Control and Arrears	2013/14
FAD/LEG	Fiscal Responsibility Law	2014
FAD	Public Investment	2015

FY15 Execution of Work Plan (field persons-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Medium-term macro-fiscal and budget frameworks implemented (No milestone set -- Public investment framework) led by HQ	0	8
2. Medium-term macro-fiscal and budget frameworks implemented (#Draft Fiscal Responsibility Law to support the implementation of the MTFF submitted to Parliament)	12	14
3. Improved internal control procedures (#Guidelines to limit the accumulation of arrears approved by the Minister in charge of Finance)	5	0
Total	17	22

FY16 Work Plan (field persons-weeks)

Topic Outcomes	Plan	Revised*
1. Medium-term macro-fiscal and budget frameworks implemented (#New Milestone: Seminar on PBB feasibility conducted)	5	5
2. Improved internal control procedures (#Pending Milestone: Guidelines to limit the accumulation of arrears approved by the Minister in charge of Finance)	0	2
3. Medium-term macro-fiscal and budget frameworks implemented (#New Milestone: Fiscal rules document and rules based MTFF submitted to Cabinet)	5	5
4. Medium-term macro-fiscal and budget frameworks implemented (#Pending Milestone: Draft Fiscal Responsibility Law to support the implementation of the MTFF submitted to Parliament)	0	0
Total	10	12

*As at July 31, 2015

Revenue Administration (Tax)*Topic outcomes*

- Diagnostic Review and Needs Assessment
- Enhanced collections from improved and cost-effective administrations and strengthened compliance

Progress on milestones since FY12

Milestones met since FY 2013	Set in	Met in
1. Diagnostic report: Reform Strategy	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: Improved Audit capacity, utilizing information sources to select cases.	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

In FY 2015, FAD and AFS had their first engagement with the National Tax Directorate (DNI) of Angola through a joint tax and customs diagnostic evaluation of the current state of the tax and customs administrations and to provide advice on measures deemed necessary to improve their effectiveness and efficiency. By the time of the mission, the DNI had already made significant achievements in reforming the tax system by rewriting the tax code, creating a strong reform project office, establishing a large taxpayer unit, and instituting central oversight and litigation units. These recent reforms are consistent with international good practice. AFS will assist the DNI in its efforts to strengthen control of taxpayers at registration, declaration and payment, and to improve the overall system of supervision, taxpayer account management and audits that take advantage of third-party information.

Key challenges

There are major challenges on the horizon. Significant weaknesses exist in the set up of the administration leading to duplications in processes, in basic taxpayer controls, and in the general management of the taxpayer register. Implementing processes based on risk management with significant information acquisition, analysis and matching also pose a number of challenges. Although the administration can legally demand transaction information from taxpayers, there is as yet low capacity for data mining and information analysis.

The creation of the General Tax Administration, a revenue authority type entity, brings together the more advanced and better resourced Customs Department and the newly reformed DNI under one administration. The process has significant change implications at the organization, structure, staff, and procedure levels and will need to be managed exceptionally well to exploit existing synergies for improved controls and services to taxpayers.

Key partners

The DNI has largely relied on private sector providers for TA (e.g. McKinsey).

HQ-(co) funded projects

None, as at the end of July 2015.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Diagnostic Review and Needs Assessment (#Diagnostic report: Reform Strategy)	4	5
Total	4	5

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. Enhanced collections from improved and cost-effective administrations and strengthened compliance (#Improved Audit capacity, utilizing information sources to select cases.)	2	2
Total	2	2

*As at July 31, 2015

Revenue Administration (Customs)**Topic outcomes**

- Diagnostic
- Barriers to trade are diminished and progress in regional harmonization with international best practice achieved

Progress on milestones since FY12

Milestones met since FY 2013	Set in	Met in
1. Customs administration modernization progress is known and advice given on measures to improve performance	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: Customs is aware of cargo blockages at export and has taken steps to rectify blockages - including by having a functioning customs-to-business forum for export oriented companies.	2017	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

Angola's Customs has ambitious plans for development. These center on (i) completing the migration of their declaration processing system from Trade Information Management System (TIMS) to Asycuda

World; (ii) improving infrastructure of border crossings (a survey and improvement plan was completed in 2014, this is now being implemented, and a large border crossing at Santa Clara (Namibia border) is already operational); and (iii) establishing a unified revenue service. Angola's Customs acknowledged that the focus of customs administration had been on import and transit and recognized that administration of export-oriented sectors had been neglected. They intend to revise the existing systems to facilitate exporters and those involved in manufacturing. AFS will focus on providing TA in the area of trade facilitation.

Key challenges

The large size of the country (and its long land borders and coastline) and limited infrastructure are key challenges for customs. The improved regional security situation has been accompanied by increases in trade and transit traffic, especially with the DRC, and while customs facilities and systems are well developed in Luanda, they are significantly less developed in other areas. Successfully integrating customs into a unified revenue authority will be challenging.

Key partners

Angola has traditionally relied on the expertise of private sector providers (e.g., McKinsey) and has tended not to seek or rely on TA provided by other development partners. They do however participate in regional initiatives and benefit from regional programs such as those delivered by the Southern African Development Community (SADC) and the World Customs Organization (WCO).

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Diagnostic (#Customs administration modernization progress is known and advice given on measures to improve performance)	4	5
Total	4	5

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. Barriers to trade are diminished and progress in regional harmonization with international best practice achieved (#Customs is aware of cargo blockages at export and has taken steps to rectify blockages - including by having a functioning customs-to-business forum for export oriented companies)	2	2
Total	2	2

*As at July 31, 2015

Financial Sector Supervision

Topic outcomes

- Diagnostic

Progress on milestones since FY12

Milestones met since FY 2013	Set in	Met in
1. None	--	--
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: Authorities agree on priority areas for TA support	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

No activities in the area of financial sector supervision have been conducted yet. Over the last two years, Angola has made significant progress in strengthening banking supervision with support of private

sector consultants. The NBA is about to complete Basel II regulations and liquidity risk management regulations under Basel III. In addition, a macro-prudential department was restructured. The asset quality review was completed by end-2014. Given these significant changes (undertaken and planned) in banking supervision and regulation, the BNA seeks an FSAP update or at least a diagnostic review of supervision and regulation issues in FY 2016. Priorities going forward include enhanced compliance with the Basel capital adequacy framework and improvements in RBS.

Key challenges

The key challenge is to secure support of all the stakeholders for implementation of the planned capacity building activities.

Key partners

Private sector TA providers.

HQ-(co) funded projects

Dept.	Purpose Description	Fiscal Year
MCM	TA Following an FSAP	MCM

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Higher levels of compliance with the Basel I Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework (#AFS will agree with the authorities as to which elements of Basel III should be implemented by the Bank of Angola and what would be sequence of such implementations within which timeframe)	4	0
2. Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision (#No milestone Set--Review of banking legislation) LEG	2	0
Total	6	0

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. Diagnostic (# Authorities agree on priority areas for TA support)	6	6
Total	6	6

*As at July 31, 2015

Monetary Policy Framework Operations

Topic outcomes

- Appropriate instruments of monetary operations
- A firm grasp of the monetary transmission mechanism

Progress on milestones since FY12

Milestones met since FY 2013	Set in	Met in
1. Prepare a comprehensive action plan and identify areas of AFS TA	2014	2014
2. Strengthened liquidity management and draft collateral guidelines for the NBA prepared	2015	2015
3. Develop a work program of the technical assistance for the NBA to establish inflation forecasting framework	2015	2015

Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: NBA begins using policy interest rates more actively to guide market interest rates and liquidity conditions.	2016	--
2. New Milestone: NBA starts using an updated inflation forecasting framework in monetary policy formulation and implementation.	2017	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

In FY 2014, AFS completed a TA needs assessment. In FY15a scoping mission was carried out and a strategic plan for building and maintaining capacity in macroeconomic analysis was developed. Key priorities for AFS TA going forward include (i) development of an inflation forecasting framework; and (ii) improvements to monetary policy instruments and liquidity management.

Key challenges

The key challenges are to secure support of all the stakeholders for implementation of the planned capacity building activities, good coordination with other agencies, and retention of qualified staff.

Key partners

The Central Bank of Brazil.

HQ-(co) funded projects

Since FY12 there has been one HQ funded mission to Angola, FY15 on Liquidity management. There are no planned missions for FY16 either.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Appropriate instruments of monetary operations (#Strengthened liquidity management and draft collateral guidelines for the NBA prepared)	6	4
2. A firm grasp of the monetary transmission mechanism (#Develop a work program of the technical assistance for the NBA to establish inflation forecasting framework)	12	4
Total	18	8

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. Appropriate instruments of monetary operations (# NBA begins using policy interest rates more actively to guide market interest rates and liquidity conditions)	8	8
2. A firm grasp of the monetary transmission mechanism (# NBA starts using an updated inflation forecasting framework in monetary policy formulation and implementation)	8	8
Total	16	16

*As at July 31, 2015

Real Sector Statistics

Topic outcomes

- Compilation and dissemination of annual and quarterly national accounts following international standards
- Improved accuracy of price statistics

Progress on milestones since FY12

Milestones met since FY 2013	Set in	Met in
1. Assessment of sources and methods for compilation of CPI	2013	2013
Pending and new milestones for FY16 and onward	Set for	Status*
1. Pending Milestone: Training on compilation of annual and quarterly GDP by production and expenditure approach at current prices and in volume terms	2016	--
2. Pending Milestone: Strengthening the compilation of annual GDP estimates: enhancing the compilation procedures of value added in specific activities at current prices and in volume terms, hands on training	2017	--
3. Pending Milestone: Training and assistance on development of regional capacity for enhancement the geographical coverage of CPI	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

Improvements in the area of real sector statistics are in good progress. In 2014, the National Institute of Statistics (INE) published annual GDP time series for 2002–12, based on the System of National Accounts (SNA) 1993. The geographical coverage of the Consumer Price Index (CPI) was extended to six provinces. INE's key priorities now include a further strengthening of the compilation of annual national accounts (in particular updating the base year), the development of a system for quarterly GDP estimates, and further expanding the geographic coverage of the CPI. Both projects are essential for successful development of the MTFE and inflation forecasting framework.

Key challenges

Continued ownership by all the stakeholders is required to achieve progress in developing national accounts and price statistics.

Key partners

The World Bank and the African Development Bank support Angola in improving price statistics, including the PPI.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Compilation and dissemination of annual and quarterly national accounts following international standards (#Training on compilation of annual GDP by production and expenditure approach at current prices and in volume terms)	2	0
2. Compilation and dissemination of annual and quarterly national accounts following international standards (#Strengthening the compilation of annual GDP estimates: enhancing the compilation procedures of value added in specific activities at current prices and in volume terms, hands on training)	0	2
3. Improved accuracy of price statistics (#Training and assistance on development of regional capacity for enhancement of the geographical coverage of CPI)	2	0
Total	4	2

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. Compilation and dissemination of annual and quarterly national accounts following international standards (#Training on compilation of annual and quarterly GDP by production and expenditure approach at current prices and in volume terms)	3	3

2. Compilation and dissemination of annual and quarterly national accounts following international standards (#Strengthening the compilation of annual GDP estimates: enhancing the compilation procedures of value added in specific activities at current prices and in volume terms, hands on training)	0	0
3. Improved accuracy of price statistics (#Training and assistance on development of regional capacity for enhancement the geographical coverage of CPI)	1	1
Total	2	2

**As at July 31, 2015*

Medium-Term Macroeconomic Prospects and Challenges

Botswana achieved high growth for almost half a century which helped the country to graduate to the upper middle income country status. While progress towards diversification is taking place, the country remains highly dependent on the diamond sector and on SACU revenue - both of which are volatile and present potential risks to growth sustainability and macroeconomic stability going forward. The growth projection for 2015 and the prospects for the medium term indicate that the downward trend is likely to persist.

The challenges ahead include further diversification of the economic and fiscal revenue base and rebuilding financial buffers to address potential price and output related risks facing the diamond industry. The improvement in the fiscal balance and the external current account balance should help to rebuild buffers which have been eroded in the recent years due to stimulus measures. To support economic diversification, efforts will be needed to bring the medium-term expenditure framework to completion and mobilize domestic revenue. Private sector enabling reforms, including reforms aimed at broadening access to financial services while ensuring stability, will also be important, together with improvements in data collection.

Capacity Building Agenda

Overview

The authorities' objectives of raising growth potential and promoting diversification in a sustainable manner will require significant capacity building efforts across a number of areas. AFS will continue to support Botswana in its efforts to undertake fiscal consolidation through both PFM and revenue administration reforms, to modernize the monetary policy framework, to strengthen capacity in macroeconomic modeling and forecasting, to update financial sector supervision, and to improve real sector statistics.

Capacity Building Agenda

Public Financial Management

Topic outcomes

- Medium-term macro-fiscal and budget frameworks implemented
- More effective commitment, cash and expenditure management
- Comprehensive, timely and accurate accounting and financial reporting

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Commitment and cash management plans developed and approved by the Minister in charge of Finance	2013	2014
2. Financial Instructions consistent with IPSAS	2013	2014
3. Guidelines submitted to develop an MTF	2015	2015
4. Implementation strategy for introducing accrual basis IPSAS developed and submitted for adoption (<i>milestone partially met and redefined in FY16 WP</i>)	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: MTF updated and submitted to Cabinet	2017	--
2. New Milestone: Proposals developed for the preparation of the budget	2016	--
3. Pending Milestone: Macro-fiscal & budget preparation process further developed	2016	
4. Pending Milestone: Core Staff trained on new cash management procedures and framework for cash flow planning system developed	2016	--
5. New Milestone: The COA and the regulatory frameworks are updated and more consistent with IPSAS accrual reporting requirements	2017	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

Since 2011, AFS and FAD TA have mainly focused on strengthening the PFM legal and regulatory framework, medium- term fiscal framework (MTFF), medium- term budget framework (MTBF), cash management, and accounting and fiscal reporting. Significant progress has been made in the development and implementation of the MTFF, including (i) development of tools and skills to strengthen the MTFF, which currently guides the budget process and (ii) establishment of a medium-term expenditure framework (MTEF) road map. In addition, with AFS support the Botswana authorities have made good progress in terms of: (i) development and adoption of a cash management procedures manual (2013); (ii) revision of financial regulations and financial instructions to incorporate good PFM practices (2013 and 2014); (iii) establishment of a cash management working group (2014); (iv) development of appropriate tools for cash flow forecasting; and (v) laying a strong foundation to underpin a gradual transition from cash accounting to accrual accounting and reporting under International Public Sector Accounting Standards (IPSAS).

Going forward, AFS TA activities will focus on (i) further strengthening of the MTFF and MTEF, building up on the achievements of the EU-funded and FAD-backstopped macro-fiscal resident advisor- project¹; (ii) the gradual introduction and implementation of accrual accounting and reporting; and (iii) development of an institutional framework for cash flow planning and management. With respect to accounting and fiscal reporting, AFS will mostly focus its TA on further updating and improving the PFM legal and regulatory framework (regulations and financial instructions) consistent with IPSAS accrual accounting and reporting requirements, the development of a new budget classification and a chart of accounts, the elaboration of public asset management policy, and further development of government staff skills in accrual accounting and reporting.

Key challenges

Limited staff capacity in terms of skills within the Ministry of Finance and Development Planning (MoFDP) and line ministries may limit TA absorptive capacity and pose risks to the successful implementation of ongoing reforms. To mitigate these risks, AFS continues to engage the authorities in the discussion on the need to clarify the roles and responsibilities and ensure proper coordination of all key stakeholders in the reform process. In addition, AFS has assisted the authorities in reviewing the sequencing of the implementation of their reform strategy. AFS also continues to provide onsite targeted technical training for relevant officials with a view to strengthening staff capacity. The implementation of budgeting and accounting reforms requires significant changes to the PFM legal and regulatory framework to underpin the reforms.

Key partners

Since 2012, the EU is the major donor mostly supporting efforts to improve budget preparation. Currently the EU is also providing MFDP with TA for PFM reform coordination

HQ-(co) funded projects

Dept.	Purpose Description	Fiscal Year
FAD	Introducing Medium-Term Expenditure Framework (MTEF)	2013

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Medium-term macro-fiscal and budget frameworks implemented (#	3	3

¹ The resident advisor contract was terminated in mid-FY15.

Guidelines submitted to develop an MTFF)		
2. More effective commitment, cash and expenditure management (# Core Staff trained on new cash management procedures and framework for cash flow planning system developed)	4	0
3. Comprehensive, timely and accurate accounting and financial reporting (# Implementation strategy for introducing accrual basis IPSAS developed and submitted for adoption)	0	6
Total	7	9

FY16 Work Plan (field person-weeks)

Topic Outcomes	Plan	Revised*
1. Medium-term macro-fiscal and budget frameworks implemented (# Fiscal rules document updated and rules based MTFF submitted to Cabinet)	5	5
2. Medium-term macro-fiscal and budget frameworks implemented (# New guidelines, methodologies and formats for the preparation of the budget developed and used for the preparation of the FY16/17 budget)	3	3
3. More effective commitment, cash and expenditure management (# Core Staff trained on new cash management procedures and framework for cash flow planning system developed)	3	6
4. Comprehensive, timely and accurate accounting and financial reporting (#The COA and the regulatory framework are updated and more consistent with IPSAS accrual reporting requirements)	6	6
Total	17	20

*As at July 31, 2015

Revenue Administration (Tax)

Topic outcomes

- Diagnostic
- Enhanced collections from improved and cost-effective administrations and strengthened compliance
- More efficient and effective organizational structures

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. VAT administration system streamlined	2013	2013
2. New business processes developed for the LTU	2013	2013
3. Proposals for a streamlined BURS organization structure (b/f 2003)	2013	2014
4. User requirement specification document submitted to authorities	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. Pending milestone: Updated Reform Strategy to guide future TA inputs	2016	--
2. Pending Milestone: Compliance risk management framework developed	2017	--
3. New Milestone: Improved LTU procedures and outputs	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

After an AFS-funded diagnostic mission in 2011, TA inputs have been made over the subsequent period to support the establishment of a large tax payer unit (LTU) and thereafter, to review the VAT system in light of declining contributions to revenue, to provide a framework for organizational restructuring that is required to streamline management and operational control, the implementation of which is still ongoing, and the domestic tax-wide processes reengineering.

Getting the proper structure in place is critical as is the procurement and implementation of a new integrated tax administration system to support improved management and operational control.

Key challenges

AFS-funded TA on organizational restructuring is still not fully implemented, with impacts on strategy and process formulation and implementation. An improved structure is essential to enhanced service delivery, taxpayer monitoring, and general compliance management.

Additionally, the information technology system for tax operation is outdated and no longer appropriate for the scale of operations and desired service architecture. The Botswana Unified Revenue Service (BURS), with the assistance of the Swedish Tax Administration (SwTA), developed an interim system and deployed it for use initially by large taxpayers. A process to acquire and implement an integrated tax administration system (ITAS) has commenced and it poses significant implementation risks.

Key partners

The SwTA was active under a jointly funded project to improve tax administration. AFS collaborated closely with the SwTA in the provision of TA. The SwTA is currently providing support in the area of LTU, transfer pricing, and e-filing with funding from the revenue authority.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Diagnostic Review and Needs Assessment (#Diagnostic report: Updated Reform Strategy)	4	0
2. Enhanced collections from improved and cost-effective administrations and strengthened compliance (#Compliance risk management framework developed)	3	0
3. Enhanced collections from improved and cost-effective administrations and strengthened compliance (#User requirement specification document submitted to authorities)	0	3
4. Enhanced collections from improved and cost-effective administrations and strengthened compliance (No milestone set. Resources for review of VAT Law by LEG)	2	0
5. Enhanced collections from improved and cost-effective administrations and strengthened compliance (# No milestone set. Resources for legislative amendments required for the implementation FAD recommendations on property taxation)	0	0
Total	9	3

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. Diagnostic (#Updated Reform Strategy to guide future TA inputs)	4	0
2. Enhanced collections from improved and cost-effective administrations and strengthened compliance (# Compliance risk management framework developed)	0	0
3. More efficient and effective organizational structures (#Improved LTU procedures and outputs)	3	3
4. Enhanced collections from improved and cost-effective administrations and strengthened compliance (#No milestone set – Follow up on LEG mission on property taxation)	2	9
Total	9	12

*As at July 31, 2015

Revenue Administration (Customs)

Topic outcomes

- Diagnostic
- Barriers to trade are diminished and progress in regional harmonization with international best practice achieved

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Selected customs officers are assigned to the risk management unit and have started risk assessment of high-stake imports	2013	2013
2. Customs has a procedure for identifying cargo clearance blockages - and management is able to take steps to rectify blockages	2013	2015
3. To design an enforcement strategy and develop techniques (to link the work of risk management, anti-smuggling, investigation, PCA and other compliance units) to help create an integrated anti-fraud strategy	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. Pending Milestone: The Risk Profiling & Intelligence (RPI) Team is able produce information products to inform management and operational units - and enforcement units work effectively to use those products.	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

Coordinated Border Management (CBM)—border management, together with the associated functions of risk management, enforcement, and trade facilitation, are key issues. BURS Customs, with TA from AFS, has worked to strengthen the risk management function and the associated areas of enforcement and trade facilitation. The Risk Profiling and Intelligence Team (RPI) is now able to conduct analysis of information and produce good quality alerts and other information products. The team has also begun to create a compendium of seizures and detections to inform and aid border based staff. In addition, a network of risk management contact persons has been created to act as a channel for the two-way information flow on risk and intelligence matters between the RPI and customs stations. A key priority is to migrate to a more sophisticated declaration processing system and to give the RPI full control over the selectivity function. BURS are working on updating the customs act and will draft a revised act to ensure compliance with the Revised Kyoto Convention, the World Trade Organization (WTO) Bali Agreement, and the requirements of regional blocs (Southern African Development Community--SADC and Southern African Customs Union--SACU).

Key challenges

The large size of Botswana and the enormous (and in areas porous), land border make customs administration difficult – cigarette smuggling is particularly problematic. Additionally, information flows for risk management purposes are constrained by the distances and remoteness of borders and customs stations from HQ.

Key partners

TA in the customs area is provided by SACU, which coordinates programs to upgrade customs legislation and implement a SACU-wide preferred trader scheme (PTS). SACU, in collaboration with the Finnish Customs, offers other TA to BURS Customs. The World Customs Organization (WCO) Regional Office for Capacity Building provides TA in developing the management function and in the roll-out of the nCEN system. The Japanese government (through JICA) has provided TA to help develop the Trans-Kalahari Corridor, including infrastructure and systems improvements at the

border with Namibia. Additionally, the South African Trade Hub has provided TA to develop a ‘cloud’ computing project between Botswana and Namibia to share declarations and so improve both facilitation and compliance.

The WCO has agreed to provide two short-term experts (customs and immigration) to review current arrangements concerning the CBM and prepare proposals for improvement. BURS staff participate in AFS seminars and regional initiatives and benefit from regional programs such as those delivered by SADC and the WCO.

As a SADC member, BURS will benefit from the work being done to implement the SADC trade protocol, namely: creating a refined framework for assessment to allow self assess conformity with the WTO Bali Agreement; developing a regional bond guarantee system to enable implementation of the transit management system; aligning border controls (including border opening/closing times) across SADC and extending operating hours; developing a SADC-wide ICT strategy that includes the principles of the WCO globally networked customs initiative and implementing an electronic certificate of origin SADC-wide; online publication of trade rules, non-tariff measures (NTMs) and tariffs; delivering a train the trainers program in origin, risk management, tariff and non-tariff barriers (with support from GiZ); and preparing an online enquiry mechanism to allow the trade to bring to the attention of SADC NTMs they encounter. SADC members will also benefit from the EU Trade Related Facility – an EU funded program to develop customs and trade in the region (associated with the SADC/EU Economic Partnership Agreement (EPA) and implemented by the SADC Secretariat). Additionally, Trade Hub (USAID) will implement a new multi-year program to help facilitate trade in the region.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance (#Customs has a procedure for identifying cargo clearance blockages - and management is able to take steps to rectify blockages)	1	1
2. Diagnostic (#Customs administration modernization progress is known and advice given on measures to improve performance)	6	0
3. Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance (#To design an enforcement strategy and develop techniques (to link the work of risk management, anti-smuggling, investigation, PCA and other compliance units) to help create an integrated anti-fraud strategy)	3	3
Total	10	4

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance (#The Risk Profiling & Intelligence (RPI) Team is able produce information products to inform management and operational units - and enforcement units work effectively to use those products.)	3	3
Total	3	3

**As at July 31, 2015*

Financial Sector Supervision

Topic outcomes

- Higher levels of compliance with the Basel I Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework
- Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and offsite supervisory methodologies and risk assessment criteria
- Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. AFS and the authorities agree on the areas/texts and the timeline for amendments to the Banking Act. AFS and the authorities agree on the supervisory process and organizational changes required for compliance with the proposed amendments	2013	2014
Pending and new milestones for FY16 and onward	Set for	Status*
1. Pending Milestone: AFS will agree with the authorities as to which elements of Basel III should be implemented by the Bank of Botswana and what would be sequence of such implementations within which timeframe	2017	--
2. Pending Milestone: The AFS will agree with the authorities on the risk assessment templates for the cross border banks	2017	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

There has been progress in reviewing the Banking Act and the Bank of Botswana Act to improve compliance with the BCPs. The follow-up action by the authorities based on the review of these laws will be needed to ensure a higher level of compliance with the BCP. AFS is seeking to engage the Bank of Botswana on risks-based supervision (RBS) and the implementation of elements of Basel II and III. In addition, the establishment of a macro-prudential framework and further improvement of NBFi regulation and supervision are priority areas.

Key challenges

RBS needs to be aligned with the implementation of Basel II and Basel III standards.

Key partners

The authorities have been working with the Macroeconomic and Financial Management Institute for Eastern and Southern Africa (MEFMI) on risks-based supervision (RBS) implementation. AFS seeks to collaborate with MEFMI on RBS to ensure that RBS is aligned with the implementation of Basel II and III standards.

HQ-(co) funded projects

Dept.	Purpose Description	Fiscal Year
MCM	Financial Stability	MCM

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Higher levels of compliance with the Basel I Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy	4	0

Framework (#AFS will agree with the authorities as to which elements of Basel III should be implemented by the Bank of Botswana and what would be sequence of such implementations within which timeframe)		
2. Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria (#The AFS will agree with the authorities on the risk assessment templates for the cross border banks)	3	0
3. Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision (No milestone– Review of banking legislation by LEG)	3	0
Total	10	0

FY16 Work Plan

Topic Outcomes (#Milestones)	Plan	Revised*
1. Higher levels of compliance with the Basel I Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework (#Pending Milestone: AFS will agree with the authorities as to which elements of Basel III should be implemented by the Bank of Botswana and what would be sequence of such implementations within which timeframe)	To be allocate from reserves /savings	To be allocate from reserves/ savings
2. Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and offsite supervisory methodologies and risk assessment criteria (#The AFS will agree with the authorities on the risk assessment templates for the cross border banks)	To be allocate from reserves /savings	To be allocate from reserves/ savings
3. Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision (#No milestone Set – for review of banking legislation by LEG)	2	2
Total	2	2

**As at July 31, 2015*

Monetary Policy Framework Operations

Topic outcomes

- Appropriate instruments of monetary operations
- A firm grasp of the monetary transmission mechanism

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Capacity building needs identified and action plan for updating forecasting model agreed by authorities	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: The Bank of Botswana updates its forecasting model	2017	--

**As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.*

Key achievements and priorities

AFS has initiated a multi-year projects on modeling and forecasting as follow-up on previous MCM TA in this area. Going forward, AFS will continue to focus on modeling and forecasting. With AFS-funded LEG assistance, there will also be TA provided to review the central bank law.

Key challenges

The key challenges are to secure support of all the stakeholders for the implementation of the planned capacity building activities in modeling and forecasting, to keep momentum going in the project and for the Bank of Botswana to retain qualified staff.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. A firm grasp of the monetary transmission mechanism (#Capacity building needs identified and action plan for updating forecasting model agreed by authorities)	0	3
2. Coherent approach to monetary policy formulation (# No milestone set. Resources for review of banking law by LEG)	3	0
Total	3	3

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. A firm grasp of the monetary transmission mechanism (#The Bank of Botswana updates its forecasting model)	4	4
2. Coherent approach to monetary policy formulation (# No milestone set. Resources for review of banking law by LEG)	2	2
Total	6	6

*As at July 31, 2015

Real Sector Statistics**Topic outcomes**

- Compilation and dissemination of annual and quarterly national accounts following international standards
- Improved accuracy of price statistics

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Strengthening the compilation of annual GDP estimates: assessment of sources and compilation procedures	2013	2013
Pending and new milestones for FY16 and onward	Set for	Status*
2. Pending Milestone: Improvement of quarterly GDP estimates and related high frequency indicators	2017	--
3. Pending Milestone: Introduction of new benchmark year, rebasing the GDP time series to 2015 base year	2016	--
4. New Milestone: PPI introduced	2017	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

In 2014, the Statistics Botswana (SB) started preparations for an economic census, as a new benchmark data set for economic statistics and in particular for annual and quarterly national accounts. The rebased GDP time series to 2014/15 benchmark estimates are expected at the end of 2017. Reforms in the area of price statistics aim at the introduction of a PPI, which is still work in progress. Going forward, AFS will continue to focus on further improvements in annual and quarterly national accounts, the CPI, as well as on the introduction of a PPI.

Key challenges

The challenges are related to the need for stronger ownership by the authorities. The insufficient staffing and other resources, as well as scarce and poor quality of source data, if not addressed, would be an obstacle to TA efficiency.

Key partners

The SB has been covered by the project initiated by the African Development Bank (AfDB) and World Bank's 2010 round of Purchasing Parities Comparison program, related to the GDP components by final expenditure. Currently, the SB is assisted by the AfDB in strengthening the statistical business register, also responding to the 2014/15 EC needs. The SB also benefits from a SADC/COMESA project on the harmonization of the standards and methods for compilation of the harmonized consumer price index (HCPI).

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Compilation and dissemination of annual and quarterly national accounts following international standards (#Improvement of quarterly GDP estimates and related high frequency indicators)	2	0
2. Compilation and dissemination of annual and quarterly national accounts following international standards (#Introduction of 2015 as a new benchmark year, rebasing of annual GDP time series)	0	1
3. Improved accuracy of price statistics (#Updated CPI)	2	0
Total	4	1

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. Compilation and dissemination of annual and quarterly national accounts following international standards (#Improvement of quarterly GDP estimates and related high frequency indicators)	0	0
2. Compilation and dissemination of annual and quarterly national accounts following international standards (#Introduction of new benchmark year, rebasing the GDP time series to 2015 base year)	2	2
3. Improved accuracy of price statistics (#PPI introduced)	1	1
Total	3	3

*As at July 31, 2015

Medium-Term Macroeconomic Prospects and Challenges

Comoros is a small, poor, and fragile-three island state with limited natural resources and connectivity to the rest of the world. Political instability and fractious inter-island relations marked the country during the first decades after independence from France in the mid-1970s with more than 20 coups or coup attempts taking place. During the 2009–13 ECF arrangement, the secular decline in per capita GDP was arrested and some progress was achieved in consolidating macroeconomic stability and advancing structural reforms that enabled Comoros to attain the completion point under the HIPC Initiative in December 2012. Since the expiration of the program, economic growth has slowed, on account of chronic electricity shortages and weak implementation of the public investment program, and revenue performance has deteriorated. Moreover, implementation of structural reforms has slowed. Further progress in implementing structural reforms to increase the government's fiscal space, in the energy sector, and to establish an environment conducive to growth of the private sector will be essential.

There has been some progress in recent years in implementing reforms in the areas of revenue administration and public financial management but much remains to be done. Necessary decisions have been taken and decrees issued but, with limited capacity, the extent of implementation and impact on performance are uncertain at best. These shortcomings underline the need for continued technical assistance, to help strengthen the country's implementation capacity.

Capacity Building Agenda

Overview

Raising growth potential and reducing poverty requires significant efforts in capacity building. Key areas for AFS capacity building in the area of PFM include budget preparation and execution, and cash management, as well as the medium-term fiscal framework (MTFF). Strengthened tax and customs administration, including tightened control of exemptions, are priorities for TA on revenue administration. In addition, AFS provides TA on banking supervision, taking into account the specificity of the Comoros banking system dominated by foreign banks. AFS also provides TA on national accounts.

Public Financial Management

Topic outcomes

- Medium-term macro-fiscal and budget frameworks implemented
- More effective commitment, cash and expenditure management

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Operational action plans developed and approved by the Minister in charge of Finance, to support the implementation of PFM reforms on cash management and internal control	2013	2013
2. Guidelines submitted to the Minister in charge of Finance to strengthen commitment and payment controls	2013	2013
3. Updated operational action plans developed and approved by the Minister in charge of Finance, to support the implementation of PFM reforms	2014	2014
4. Guidelines to improve payroll magt. approved by the Minister in charge of Finance	2014	2014
5. Quarterly cash plan harmonized with commitments plan for the Union, developed and approved by the Minister in charge of Finance; and adoption of an agreement between the MoF and the Central Bank for managing the TSA.	2013	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. Pending Milestone: Macro-fiscal and budget preparation process further developed.	2016	--
2. New Milestone: A new treasury single account established and implemented	2017	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

Since 2011, AFS, in close collaboration with FAD, has provided significant technical assistance (TA) to Comoros in the area of public financial management (PFM). Despite numerous challenges slowing the pace of reforms over the period, Comoros has registered good progress in implementing its PFM reform strategy, and strengthening cash management and banking arrangements, and the MTF. Main achievements over the period include: (i) the development and adoption of a new Decree on Financial Control (in 2012); (ii) the development of a strategy to improve the payroll system (in 2013); (iii) adoption of an updated PFM reform strategy and an action plan (in 2013); (iv) the development of an MTF used for the preparation of the 2015 budget (in 2014); and (v) the development and signature of an Agreement between the Ministry of Finance and the Central Bank of Comoros to manage the new Treasury Single Account (in 2014). Going forward, AFS will focus on the full implementation of the TSA system and the development of the macro fiscal and budget framework.

Key challenges

Notwithstanding progress achieved in PFM reforms, many challenges remain to be resolved. Comoros has overall low capacity in the public sector. In addition, fiscal outcomes are adversely affected by poor revenue capacity and weak spending and revenue controls. Improvements in these areas are a high priority to achieve meaningful outcomes. For improved policy formulation and implementation, better macroeconomic statistics are also required. The authorities need to address staffing shortages in order to enhance the functionality of PFM units and the absorptive capacity and effectiveness of TA interventions. To address some of the constraints, AFS TA is already contributing towards efforts to strengthen spending control through improvements in the PFM regulatory framework and government banking arrangements. In addition, AFS continues to provide relevant and targeted onsite training to enhance staff skills.

Key partners

On PFM, the World Bank (WB) mainly provides TA on the development of the financial management information system (FMIS); and the African Development Bank (AfDB)--on public procurement, the MTF, and accounting and fiscal reporting. France provides TA on the implementation of the PFM strategy and action plan (resident advisor).

Regular meetings are organized with representatives of the WB (in Madagascar and Comoros), the EU (in Madagascar, Mauritius, and Comoros), France (in Comoros), UNDP (in Comoros), and the AfDB (in Comoros) to discuss the activities planned and the main conclusions of the respective TA missions

HQ-(co) funded projects

The July 2014 FAD TA mission assisted the authorities on budget preparation and MTF. The mission proposed priority measures to improve budget credibility and coverage, a strategy to develop public investment programs and integrate externally financed investment spending in the central government's annual budget, and suggested the preparation of a capacity building plan. Previous FAD missions are presented below.

Dept.	Mission Purpose/Description	Fiscal Year
FAD/AFS	Improving budget execution and developing an FMIS	2011
FAD	Budget preparation and classification, and MTF	2012
FAD/AFS	New PFM strategy and action plan (2014–16) based on the 2013 public expenditure and financial accountability (PEFA) assessment	2014

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Medium-term macro-fiscal and budget frameworks implemented (#Improved procedures for budget preparation including: the development of a medium term macro-fiscal framework; the preparation of quarterly budget report comprising at least three stages of expenditure (commitments, verification, and payments); the inclusion of total subsidies in the budget document; and the improvement of the economic and functional classifications)	7	7
2. More effective commitment, cash and expenditure management (# Quarterly cash plan harmonized with commitments plan for the Union, developed and approved by the Minister in charge of Finance; and adoption of an agreement between the MoF of the Union and the Central Bank for managing the TSA)	5	7
Total	12	14

FY16 Work Plan (field person-weeks)

Topic Outcomes	Plan	Revised*
1. Medium-term macro-fiscal and budget frameworks implemented (#Macro-fiscal and budget preparation process further developed)	5	5
2. More effective commitment, cash and expenditure management (#A new treasury single account established and implemented)	3	3
Total	8	8

*As at July 31, 2015

Revenue Administration (Tax)**Topic outcomes**

- Enhanced collections from improved and cost-effective administrations and strengthened compliance
- More efficient and effective organizational structures

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Capacity for audit of banks developed	2013	2013
2. Audit training delivered	2014	2014
3. Automated taxpayer register	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. Pending Milestone: AGID makes implementation progress	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

A legal framework for a semi-autonomous tax administration organization (AGID) was approved; however, two target opening deadlines were missed because of organizational weaknesses and general capacity constraints. AFS has provided audit training to help boost the capacity for managing the compliance of financial institutions, as well as non-financial taxpayers. In addition, a staff member of the Comoros tax administration (DGI), along with a colleague from Customs, benefitted from an Australian-funded attachment to the Mauritius Revenue Authority (MRA), which helped provide benchmarking lessons and practical insights into policies and procedures some of which can be replicated back in the Comoros. More recently, AFS has provided support to develop an automated

taxpayer register derived from a taxpayer census with the objective of enhancing operational control and compliance monitoring.

Going forward AFS will focus on assisting the authorities to finalize establishment of the semi-autonomous tax administration organization (AGID) and developing mechanisms to help improve compliance management.

Key challenges

The capacity of the tax administration teams at all levels are in need of significant enhancement, a factor responsible for the slow pace of reform implementation, and missed opportunities and targets. The staff's skills can be enhanced mainly by revamping the recruitment process and strengthening training and deployment; the creation of teams to understudy experts on specific reform projects would enhance capacity and sustainability. Resources for counterpart funding of reform activities are lacking or inadequate.

Key partners

The AfDB funded a project to guide the establishment of the new semi-autonomous tax administration. However, this project has closed with project continuity suffering. The EU has promised to consider the request for a long-term resident advisor in tax administration.

HQ-(co) funded projects

An FAD mission in 2012 helped assess the status of reforms and identify priorities for realizing the reform objectives.

Dept.	Purpose Description
FAD	Diagnostic Revenue Administration

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Enhanced collections from improved and cost-effective administrations and strengthened compliance (#Automated taxpayer register)	0	3
2. More efficient and effective organizational structures (# AGID makes implementation progress)	3	0
Total	3	3

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. More efficient and effective organizational structures (# Implementation of AGID)	4	4
Total	4	4

*As at July 31, 2015

Revenue Administration (Customs)

Topic outcomes

- Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance
- More efficient and effective organizational structures

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Customs administration modernization progress is known and advice given on measures to improve performance	2013	2014
Pending and new milestones for FY16 and onward	Set for	Status*
1. Pending Milestone: Comoros Customs is aware of effective customs airport operations in a leading regional revenue authority (internship)	2016	--
2. Pending Milestone: The excise function relating to petroleum is based on sound systems and procedures that safeguard revenue by having accurate reporting; remittance and a robust compliance strategy in place	2017	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

With AFS assistance, Comoros has been working to strengthen control of petroleum imports, a revenue significant area. New systems and procedures have been drafted and training in audit and other control skills has been provided. This work is not yet complete and customs have yet to assume full control of the revenue administration of petroleum. Other key issues remain the development of risk management and enforcement functions, which AFS TA will continue to address. AFS has funded the Legal Department of the IMF to support Comoros in the drafting of a new customs code which is in line with international good practice and trade agreements e.g. COMESA.

Key challenges

The relatively poor infrastructure, equipment and limited mobility of customs are key challenges. Additionally, dispersal of customs operations across a number of islands constrains fully effective communication and management.

Key partners

Comoros Customs participate in AFS seminars and regional initiatives and benefit from regional programs such as those delivered by the Common Market for Eastern and Southern Africa (COMESA) and the World Customs Organization (WCO).

The French government provided a long-term resident adviser to customs (2012–14) and supplied equipment (predominantly ICT) but this program has now come to an end.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. More efficient and effective organizational structures (#The excise function relating to petroleum is based on sound systems and procedures that safeguard revenue by having accurate reporting; remittance and a robust compliance strategy in place)	2	2
2. More efficient and effective organizational structures: (#Proposed amendments to the Comoros Customs Act are drafted to align it to Revised Kyoto Convention)	2	3
Total	4	5

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance (#Comoros Customs is aware of effective customs airport operations in a leading regional revenue authority (internship))	1	1
2. More efficient and effective organizational structures: (#The excise function relating to petroleum is based on sound systems and procedures that safeguard revenue by having accurate reporting; remittance and a robust compliance strategy in place)	2	2
Total	3	3

*As at July 31, 2015

Financial Sector Supervision

Topic outcomes

- Implementation of/improvement in risk based supervision (RBS) frameworks, with clear onsite and offsite supervisory methodologies and risk assessment criteria

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. AFS will make recommendations for improvement	2013	2013
2. AFS will agree with the authorities on a draft regulation to be issued	2014	2014
Pending and new milestones for FY16 and onward	Set for	Status*
1. Pending Milestone: The authorities will issue risk management guidelines to banks	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities (Achievements since FY12)

With MCM TA, a new banking law was adopted in June 2013, in line with international standards to strengthen banking supervision, internal audit and control, and the Central Bank of Comoros has started preparing operating procedures for its implementation. AFS has started to provide TA on select aspects of banking supervision, including on elements of risk-based supervision. Going forward, AFS TA will continue to focus on RBS.

Key challenges

Implementation and absorption capacity of the Central Bank of Comoros needs to be strengthened.

HQ-(co) funded projects

Lead Dept.	Purpose Description
LEG	AML/CFT
MCM	Banking Supervision
MCM	Assessment of Monetary Instruments/Regulations
MCM	TA Evaluation

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and offsite supervisory methodologies and risk assessment criteria (#The authorities will issue risk management guidelines to the banks)	5	0
Total	5	0

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and offsite supervisory methodologies and risk assessment criteria (#The authorities will issue risk management guidelines to the banks)	4	4
Total	4	4

*As at July 31, 2015

Real Sector Statistics

Topic outcomes

- Compilation and dissemination of annual and quarterly national accounts following international standards
- Improved accuracy of price statistics

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Strengthening the compilation of annual GDP estimates: hands on training on specific national accounts compilation procedures	2014	2014
2. Training on compilation of annual GDP by production and expenditure approach in volume terms, dealing with time series	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: Training on compilation of annual GDP by production and expenditure approach in volume terms, dealing with time series, conducted	2016	--
2. New Milestone: Improvements of price statistics, will be specified after the FY15 assessment mission	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

With AfDB TA, Comoros has made significant progress toward the introduction of a new base year for GDP estimates. Going forward, the AFS TA is being focused on the compilation of GDP in volume terms and rebased GDP time series.

Key challenges

The relatively low absorption capacity is related to staff turnover, shortage of financial resources, and budget constraints. This would slow down the development of national accounts and price statistics.

Key partners

The AfDB, the United Nations Economic Commission for Africa (UNECA), and AFRISTAT are the key partners supporting the General Directorate of Statistics and Planning (DGSP) to improve national accounts and price statistics

HQ-(co) funded projects

Dept.	Purpose Description
STA	National Accounts
STA	GDDS: Metadata Development

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Compilation and dissemination of annual and quarterly national accounts following international standards: (#Training on compilation of annual GDP by production and expenditure approach in volume terms, dealing with time series).	2	2
Total	2	2

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. Compilation and dissemination of annual and quarterly national accounts following international standards (#Follow Up - Training on compilation of annual GDP by production and expenditure approach in volume terms, dealing with time series, conducted)	2	2
2. Improved accuracy of price statistics (# Improvements of price statistics, will be specified after the FY15 assessment mission)	1	1
Total	3	3

*As at July 31, 2015

Medium-Term Macroeconomic Prospects and Challenges

Lesotho's high level of government spending and dependence on SACU revenue (which tend to be highly volatile) present a major source of macroeconomic vulnerability. Most recent assessments point towards a significant fall in SACU revenue in FY 2016/17 and beyond, which, if left unaddressed, could affect fiscal balances and undermine macroeconomic stability. In addition, progress in addressing poverty and unemployment, especially at rural level has been very slow. In this context, improving public sector efficiency and containing growth in public spending, mainly government wages will help create fiscal space. This needs to be supported by strengthened budget control, sound cash management and improved management of the public service. Creating greater space for the private sector and reducing cost and access to credit are essential for private sector led growth. Fast tracking implementation of the 2012 National Strategic Development Plan is key to address poverty and unemployment. Also more effort and investment on improving quality of statistics will help improve policy making.

Capacity Building Agenda

Overview

AFS promotes a range of institutional reforms and capacity building activities in Lesotho. A sound PFM framework is essential for meeting the authorities' objectives of accelerating economic growth, promoting its inclusiveness, and improving the poor social indicators in a sustainable manner. AFS has devoted significant resources to the preparation of a comprehensive PFM reform plan, the strengthening of the medium-term budget framework, the legal framework for public debt, cash management, budget execution and fiscal reporting. Revenue mobilization and trade facilitation are important for reducing dependence on the volatile SACU revenue and strengthening competitiveness. AFS focuses on the organizational structure of the Lesotho Revenue Authority (LRA), segmentation of tax payers, and risk management and post control audit in customs. AFS also supports improvements in banking supervision and the payment system, which would promote financial stability. AFS TA inputs in the area of real sector statistics (annual and quarterly national accounts, the consumer price index—CPI, and the producer price index—PPI) would help promote evidence based policy making across all major ministries and agencies.

The IMF headquarters provides TA in the area of the legal framework for financial institutions, financial stability assessment, regulation of non-bank financial institutions, and some aspects of banking supervision not covered by AFS.

Other donors are active in the related fields of PFM, revenue administration, and real sector statistics.

Public Financial Management

Topic outcomes

- PFM reform strategy and action plans developed
- PFM legal and regulatory frameworks updated and implemented
- Medium-term macro-fiscal and budget frameworks implemented
- More effective commitment, cash and expenditure management
- Comprehensive, timely and accurate accounting and financial reporting

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Operational action plans developed and approved by the Minister in charge of Finance, to support the implementation of the PFM reforms.	2013	2013
2. Updated PFM strategy and action plan adopted by Cabinet	2014	2014
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: Specific PFM action plan for decentralization submitted for adoption	2016	--
2. Pending Milestone: New Debt Management Act adopted by Parliament	2017	--
3. Pending Milestone: Guidelines submitted to develop an MTFF/MTEF	2016	--
4. Pending Milestone: Commitment and cash management plans, and strategy to establish a TSA developed and approved by the Minister in charge of Finance. CMU fully operational.	2016	--
5. New Milestone: COA, Regulatory framework and financial reporting more consistent with cash basis IPSAS reporting requirements	2017	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities (Achievements since FY12)

Since 2011, AFS TA activities in Lesotho has focused on the PFM reform strategy and action plans, PFM legal and regulatory frameworks, the medium-term fiscal framework (MTFF), cash management and banking arrangements, and internal controls. Progress has been made in all these areas, but has recently slowed down due to intensified internal political tensions. Main achievements over the period include: (i) the development and adoption of a new PFM reform strategy and action plan with the IMF's Fiscal Affairs Department (FAD)/AFS assistance, and in close collaboration with other TA providers (2013); (ii) the development of a new Public Debt Management Bill by the IMF's Legal Department (LEG) with AFS-funded TA; (iii) the strengthening of fiscal forecasting skills and MTFF tools and their links to the budget process; (iv) the improvements in the budget process with the adoption of a new budget calendar by the Cabinet and its greater involvement in the strategic phase of the budget process; (v) the establishment of a formal cash management unit within the Ministry of Finance (2013); (vi) the development of cash flow forecasting tools; (vii) the adoption of the Treasury Regulations developed with AFS support (2014); and (viii) the development of a clear strategy for improving fiscal reporting and gradually introducing Cash basis IPSAS financial reporting.

Going forward, AFS will endeavor to deliver on this as part of its support for implementing the PFM reform strategy and action plan. Specifically, AFS TA activities will focus on continuing to strengthen the MTFF preparation and implementation, accounting and fiscal reporting, cash management institutional arrangements, and implementation of the treasury single account (TSA). In addition, AFS and FAD will provide assistance in reviewing the MoFs capacity to oversee fiscal decentralization and budget execution. Dedicated support in cash management, accounting and fiscal reporting will be provided by an EU-funded resident advisor based in the Accountant-General's office. AFS will also continue to participate in PFM donor coordination meetings.

Key challenges

Recent political instability and abrupt changes in senior management of the ministry of finance have weakened coordination and high-level support for reforms and limited the country's absorptive capacity for AFS TA. Stronger staff capacity and political support are critically required to successfully revive the implementation of the PFM reform strategy. To address some of the challenges, AFS will support efforts to step up reform dialogue with the authorities in the context of the existing PFM coordination arrangements involving donors, and coordinate more closely with the IMF's African

Department (AFR) to leverage its influence in the context of surveillance and policy dialogue missions.

Key partners

The World Bank, the EU, African Development Bank (AfDB), U.K. Department for International Development (DFID), USAID and UNDP are the main PFM partners in Lesotho. The World Bank supports the implementation of the Epicor-based integrated financial management information system while the EU supports PFM reform institutional coordination. The AfDB focuses on strengthening procurement and audit capacity.

HQ-(co) funded projects

Dept.	Mission Purpose/Description	Year
LEG	Program TA in Fiscal Law: Development of Public Debt Law	2013
FAD	PFM Systems Review	2013

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. PFM reform strategy and action plans developed (# Updated PFM strategy and action plan adopted by Cabinet)	2	0
2. PFM Legal and regulatory frameworks updated (#New Debt Management Act adopted by Parliament) LEG	2	0
3. Medium-term macro-fiscal and budget frameworks implemented (# Guidelines submitted to develop an MTFP and related fiscal principles/rules)	10	5
4. More effective commitment, cash and expenditure management (#Commitment and cash management plans, and strategy to establish a TSA developed and approved by the Minister in charge of Finance. CMU fully operational)	6	6
Total	20	11

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. PFM reform strategy and action plans developed (# Specific PFM action plan for decentralization submitted for adoption)	8	8
2. PFM legal and regulatory framework updated (#New Debt Management Act adopted by Parliament)	0	2
3. Medium-term macro-fiscal and budget frameworks implemented (# Guidelines submitted to develop an MTFP and related fiscal principles/rules)	6	6
4. More effective commitment, cash and expenditure management (# Commitment and cash management plans, and strategy to establish a TSA developed and approved by the Minister in charge of Finance. CMU fully operational)	5	5
5. Comprehensive, timely and accurate accounting and financial reporting (# COA, Regulator framework and financial reporting more consistent with cash basis IPSAS reporting requirements)	2	2
Total	21	23

*As at July 31, 2015

Revenue Administration (Tax)

Topic outcomes

- Enhanced collections from improved and cost-effective administrations and strengthened compliance

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Needs assessment report	2014	2014
2. A domestic taxes reform strategy approved by the Commissioner General	2014	2014
Pending and new milestones for FY16 and onward	Set for	Status*
1. Pending Milestone: Compliance risk management framework developed	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

The authorities have implemented full taxpayer segmentation as part of the recent organization structure reforms, creating separate units for the administration of large, medium, and small and micro taxpayers. However, the headquarters function in domestic tax is inadequately organized, self-assessment needs strengthening, and the return process requires alignment. Work has started to develop a compliance management framework, and to revise the income tax and VAT laws and finalize the Tax Administration Bill (LEG).

Key challenges

The absence of an operational policy unit for the domestic tax division undermines the effectiveness of the taxpayer segmentation strategy; Low project implementation capacity is a main challenge although there are now structures in place to ensure better results.

Key partners

The EU and U.S. Treasury provided targeted interventions.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Enhanced collections from improved and cost-effective administrations and strengthened compliance (#Compliance risk management framework developed)	3	3
2. Enhanced collections from improved and cost-effective administrations and strengthened compliance (#Tax Administration Legal Framework)	2	4
Total	5	7

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. Enhanced collections from improved and cost-effective administrations and strengthened compliance (#Compliance risk management framework developed)	3	3
Total	3	3

*As at July 31, 2015

Revenue Administration (Customs)

Topic outcomes

- Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance
- More efficient and effective organizational structures

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Selected customs officers are assigned to the post release audit unit and have started scrutinized transactions for errors and fraud	2013	2013
2. Customs administration modernization progress is known and advice given on measures to improve performance	2014	2014
3. Selected customs officers are assigned to the risk management unit and have started risk assessment of high stake imports	2014	2015
4. Customs officers assigned to the post release audit unit are able to plan and execute audits successfully using risk management methodology and are able to identify revenue leakage and take recovery/corrective action	2014	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: The Case Selection Team (CST) is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments - and produce reports to inform management on risk issues	2016	--
2. New Milestone: Officers assigned to the post release audit unit are able to plan and execute audits successfully using risk management methodology and share information/planning with LRA tax auditors.	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

Customs, as part of the Lesotho Revenue Authority (LRA), has been involved in a series of significant reforms and changes that are now being put into place. The most significant has been the creation of a new structure for the LRA with operational units being organized along strictly functional lines (rather than being housed in different tax types). The Customs Modernization Program initiated in 2012 has been fruitful. The main features of this program have been the implementation of an automated declaration processing system, the development of a preferred trader scheme, strengthening risk management, and the creation of centralized declaration processing that includes inspection and classification, valuation and origin (CVO) expertise on site.

AFS will continue to focus on risk management and post control audits (PCA).

Key challenges

The effective implementation of the new structure will present significant challenges to ensure that efficiency gains are achieved and operational effectiveness is enhanced. Additionally, the creation of the central declaration processing center together with centralized cargo inspection and CVO presents significant opportunities for improvement but will require continued effort to ensure that opportunities are optimized and that the management of risk is fully integrated into the control systems.

Key partners

In addition to TA from AFS, LRA Customs have benefited from assistance from a number of sources. The Customs Modernization Program was implemented with the support of the World Bank. Some TA has been provided by the Revenue Commissioners of Ireland and a long-term advisor, now fully funded by the LRA, is in place. There is also a memorandum of understanding between the LRA and the South African Revenue Service (SARS).

As a Southern African Development Community (SADC) member, the LRA will benefit from the work being done to implement the SADC trade protocol, namely: creating a refined framework for assessment to allow self assess conformity with the World Trade Organization (WTO) Bali Agreement; developing a regional bond guarantee system to enable implementation of the transit management system; aligning border controls (including border opening/closing times) across SADC and extending operating hours; developing a SADC-wide ICT strategy that includes the principles of the World Customs Organization (WCO) globally networked customs initiative and implementing an electronic certificate of origin SADC-wide; online publication of trade rules, non-tariff measures (NTMs) and tariffs; delivering a train the trainers program in origin, risk management, tariff and non-tariff barriers (with support from GiZ); and preparing an online enquiry mechanism to allow the trade to bring to the attention of SADC NTMs they encounter. SADC members will also benefit from the EU Trade Related Facility – an EU funded program to develop customs and trade in the region (associated with the SADC/EU Economic Partnership Agreement (EPA) and implemented by SADC secretariat). Additionally, TradeHub (USAID) will implement a new multi-year program to help facilitate trade in the region.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance (#Selected customs officers are assigned to the risk management unit and have started risk assessment of high stake imports)	1	1
2. More efficient and effective organizational structures (#Customs officers assigned to the post release audit unit are able to plan and execute audits successfully using risk management methodology and are able to identify revenue leakage and take recovery/corrective action)	2	2
Total	3	3

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance (# The Case Selection Team (CST) is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments - and produce reports to inform management on risk issues)	1	1
2. More efficient and effective organizational structures (# Officers assigned to the post release audit unit are able to plan and execute audits successfully using risk management methodology and share information/planning with LRA tax auditors)	2	2
Total	3	3

*As at July 31, 2015

Financial Sector Supervision

Topic outcomes

- Higher levels of compliance with the Basel I Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework
- Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and offsite supervisory methodologies and risk assessment criteria

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. AFS and the authorities agree on the supervisory process and organizational changes that would be required to comply with the implementation of non-compliant issues	2013	2013
2. AFS and the authorities will agree on the areas where the Basel I regulations need to be issued/ enhanced. AFS and the authorities finalize a migration matrix for transition to Basel II	2013	2013
3. AFS will agree with the authorities on the deficits in the RBS in place already and document the aspects which need enhancements and additions in the methodologies or scoping	2013	2013
4. The authorities will undertake the pilot supervision of a foreign bank based on the AFS recommended framework	2014	2014
5. The authorities will determine the elements of Basel II and III which are appropriate for Lesotho for adoption and implementation. The AFS will agree with the authorities on the above and on the timeline as well the sequence of implementation of the elements.	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. New milestone: The authorities implement an agreed number of elements of Basel II and III.	2016	--
2. New Milestone: At least three ICAAPs reviewed in FY16	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

TA advice on compliance with the BCP, the Basel Capital Adequacy Framework, as well as implementation of RBS, is being implemented. Going forward, AFS will focus on strengthening risk-based supervision and the Basel Capital Adequacy Framework. AFS's TA efforts will be closely coordinated with extensive MCM TA activities.

Key challenges

Supervision staff is relatively new. Multiple capacity building challenges in the area of financial sector supervision will have to be addressed simultaneously.

HQ-(co) funded projects

Dept.	Purpose Description
MCM	Develop Regulations to Implement the New Financial Institutions Act
MCM	Evaluate the Off-Site Supervision Policies
MCM	Financial Stability Assessment
MCM	Insurance Supervision
MCM	Risk Management

Key partners

The World Bank provides significant TA on financial sector development issues.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Higher levels of compliance with the Basel I Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework (#The authorities will determine the elements of Basel II and III which are appropriate for Lesotho for adoption and implementation. The AFS will agree with the authorities on the above and on the timeline as well the sequence of implementation of the elements)	4	1
2. Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and offsite supervisory methodologies and risk assessment criteria (#AFS will organize hands on training for the supervisors on the practical aspects of risk based supervision)	1	0
Total	5	1

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. Higher levels of compliance with the Basel I Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework (#The authorities implement an agreed number of elements of Basel II and III)	4	4
2. Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and offsite supervisory methodologies and risk assessment criteria (#At least three ICAAPs reviewed in FY16)	2	2
Total	6	6

*As at July 31, 2015

Monetary Policy Framework Operations**Topic outcomes**

- Appropriate instruments of monetary operations

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. No milestone set.	--	--
Pending and new milestones for FY16 and onward	Set for	Status*
2. No Milestone set.	--	--

Key achievements and priorities

AFS is supporting LEG TA on regulations for the payment system. The follow-up mission planned for FY16 is required to achieve the objectives of the project.

Key challenges

The Key challenge is the low implementation capacity.

HQ-(co) funded projects

There have been 5 missions on Payment systems funded by HQ since FY12, the last in FY14.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Appropriate instruments of monetary operations (# No milestone set. AFS funded TA support by LEG on a draft regulations for the payments system)	2	1
Total	2	1

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. Appropriate instruments of monetary operations (# No milestone set. AFS is funding a follow-up TA by LEG to finalize draft regulations for the payment system)	2	2
Total	2	2

*As at July 31, 2015

Real Sector Statistics**Topic outcomes**

- Compilation and dissemination of annual and quarterly national accounts following international standards
- Improved accuracy of price statistics

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Strengthening the compilation of annual GDP estimates: preparation for introduction of new benchmark year, adaption of the questionnaires for the national accounts purposes	2013	2014
2. Strengthening the compilation of annual GDP estimates: introduction of new benchmark year, adaption of the questionnaires for the national accounts purposes, including for quarterly GDP estimates	2013	2014
Pending and new milestones for FY16 and onward	Set for	Status*
1. Pending Milestone: Improvement of quarterly GDP estimates and related high frequency indicators	2017	--
2. Pending Milestone: Introduction of new benchmark year, rebasing the GDP time series to 2015 base year	2016	--
3. New Milestone: PPI introduced	2017	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

The economic census (EC) was completed in 2014, providing major inputs into enhancement of annual national accounts and subsequent development of the quarterly GDP (QNA) compilation system. It is anticipated that the rebased annual GDP time series will be completed in November 2015; the introduction of quarterly GDP by production approach is planned for mid-2016. AFS will continue to support the authorities in these areas.

The CPI weighting system was established during November–December 2014, and the rebased indices will be published during 2015. The activities on PPI development are still work in progress. Going forward, AFS will continue to provide follow-up TA in this area.

Key challenges

Insufficient resources, including high staff turnover, as well as lack of well-regulated data exchange procedures between institutions, if not addressed, may delay TA advice implementation.

Key partners

During 2007–10, the Bureau of Statistics (BOS) had received substantial assistance from the EU on annual national accounts, including adoption of software for a regular compilation of the annual GDP estimates by production and expenditure approaches. The development of Lesotho's statistical system will be supported by a one million euros grant from the EU, to be allocated after the first quarter of 2015.

In 2013, the Macroeconomic and Financial Management Institute for Eastern and Southern Africa (MEFMI) supported a joint project between the BOS and the Central Bank of Lesotho (CBL) on developing a system of Economic Activity Indicators (EAI) and QNA. The planned improvements of the continuous multipurpose household survey, an important data source for national accounts compilation, are supported by the World Bank.

The BOS is covered by the African Development Bank and the World Bank's 2010 round of the Purchasing Power Parities Comparison program, related to the final demand GDP components.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Compilation and dissemination of annual and quarterly national accounts following international standards (#Introduction of 2012 as a new benchmark year, rebasing of annual GDP time series)	2	6
2. Compilation and dissemination of annual and quarterly national accounts following international standards (# Organization of the data sources and adoption of a compilation framework for quarterly GDP estimates by production approach)	2	2
3. Improved accuracy of price statistics (#Preparing work on introduction of PPI, composition of basket and weighting system)	2	2
Total	6	10

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. Compilation and dissemination of annual and quarterly national accounts following international standards (#Introduction of 2012 as a new benchmark year, rebasing of annual GDP time series)	3	3
2. Compilation and dissemination of annual and quarterly national accounts following international standards (# Organization of the data sources and adoption of a compilation framework for quarterly GDP estimates by production approach)	3	3
3. Improved accuracy of price statistics (Preparing work on introduction of PPI, composition of basket and weighting system)	1	1
Total	7	7

*As at July 31, 2015

Medium-Term Macroeconomic Prospects and Challenges

Madagascar remains one of the poorest and most fragile economies in the world. Political situation as well as institutional and governance issues have been holding back much needed growth. Recently the country has also been hard hit by weak commodity prices and unfavorable weather conditions - both of which remain major source of vulnerability. These unfavorable developments together with the existence of a large informal sector and increasing tax non-compliance have kept government revenue/GDP ratio very low relative to the country's development needs.

Recent initiatives in cleaning up the government's payroll, strengthening tax and customs administration, enhancing transparency at the central bank, and developing the medium-term policy strategy are likely to improve the business climate. Speeding up reforms of the judiciary for enforcing the rule of law, further strengthening of tax administrations to counter tax evasion, and improving management of public finances, including public enterprises, will give way for more capital investment and help improve future economic prospects. Improving the quality of statistics remains vital.

Capacity Building Agenda

Overview

AFS started to provide technical assistance (TA) to Madagascar in April 2014. Under the PFM, AFS supports the authorities in developing the legal and regulatory framework for financial control, in implementing program-based budgeting, and in increasing the capacity to manage the medium-term fiscal framework and the medium-term expenditure framework (MTFF/MTEF). TA in tax administration is focused on administrative procedures for handling transfer pricing transactions, improving tax legislation, strengthening the large taxpayer office, and implementing modern risk management procedures in customs. Under monetary policy framework operations activities are being reprioritized following the June 2015 diagnostic mission. Planned TA going forward includes liquidity management and liquidity forecasting, improving functioning of the foreign exchange market, strengthening the payments and settlements systems, and establishing a clearer and more prioritized set of objectives for monetary policy. Following a Financial Sector Assessment Program envisaged in FY16, AFS will prepare a TA program on financial sector supervision. In the area of statistics, AFS focuses on the rebasing of GDP time series and on updating the weighting system of the consumer price index (CPI).

Public Financial Management

Topic outcomes

- PFM reform strategy and action plans developed
- Medium-term macro-fiscal and budget frameworks implemented
- Improved internal control procedures

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Updated PFM strategy and action plan adopted by Cabinet	2015	2015
2. New instructions to strengthen financial control submitted for adoption	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: Action plan for public expenditure control and audit systems submitted for adoption	2016	--
2. Pending Milestone: Guidelines submitted to develop an MTFF and related fiscal principles/rules	2016	--
3. Pending Milestone: Strategy for implementing PBB developed and adopted by the Minister of Finance	2016	--
4. New Milestone: New procedures and methodologies for internal control submitted for adoption	2017	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

Since its formation in 2014, and the normalization of its relations with the IMF and other cooperating partners, the new Malagasy Government has demonstrated strong commitment towards implementing

reforms in the area of the PFM. Cognizant of the numerous economic and fiscal challenges facing the country, partly stemming from weak PFM systems, the authorities' demand for TA in the area has significantly increased. In response, the April 2014 IMF's Fiscal Affairs Department (FAD)/AFS mission took stock of the crisis impact on the PFM system, and concluded that, in the context of the expected expansion of public expenditures resulting from the reengagement with donors, budget management should be strengthened to meet new challenges. In this context the TA should focus on a few key objectives: strengthen credibility and sustainability of public finances; ensure an effective and efficient allocation of resources to priority sectors; enforce fiscal discipline; clear and prevent expenditure arrears, and improve public investment efficiency. Madagascar is endowed with good human capacities that should facilitate the implementation of activities in these areas.

Against this background, the July 2014 FAD/AFS mission assisted the authorities to finalize a Priority Action Plan (PAP) for PFM reforms for 2014–15. As an achievement, the PAP developed with AFS/FAD assistance was adopted by the Council of Ministers in October 2014 and is currently under implementation. In addition, the above diagnostic and reform planning missions were followed up with AFS missions on priority actions, in particular on strengthening financial control (with the development of a specific law for financial control adopted by the Council of the Government on March 2015), and on developing the medium-term macro fiscal framework (MTMFF).

The authorities have requested further TA focusing on developing the macro-fiscal and budget frameworks, strengthening the internal control and audit systems, managing fiscal risks, and preventing payment arrears. AFS will accommodate these requests in the context of multi-mission projects.

Key challenges

In addition to political economy obstacles to reforms, contradictory advice from many donors in the field is a risk to the effective delivery of AFS TA interventions. Enhanced donor coordination and prioritization of reforms would help mitigate this risk. In this regard, AFS will endeavor to engage other PFM donors to establish proper collaborative and coordination arrangements and ensure the proper sequencing in the reform implementation process.

Key partners

On PFM, the World Bank financed the second Governance and Institutional Development Project (PGDI II) that includes, inter alia, the development of the financial management information system (FMIS), the strengthening of fiscal transparency and public procurement, as well as non-renewable natural resources revenue management. The African Development Bank provides TA, in particular for developing the PFM reform strategy and corresponding action plan 2016–18. The EU has decided to provide TA on the IT systems for human resources and payroll management, and public assets and liabilities management, but also to the Parliamentary Budget Committee, and Ministries, including the Ministries of Health and Education. GIZ is providing TA on the decentralization process.

HQ-(co) funded projects

Dept.	Mission Purpose/Description	Year
FAD	Definition of conditions for developing a medium-term budgetary framework (MTBF) and improving fiscal transparency in the context of natural resource management (financed by the Managing Natural Resources Wealth Topical Trust Fund—MNRW TTF)	FY15

*Follow-up activities are planned under the MRNTWFF until end-FY16, and will focus on medium-term budgeting, budget documentation, fiscal transparency and fiscal risks management.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes	Plan	Actual
1. PFM reform strategy and action plans developed (# Updated PFM strategy and action plan adopted by Cabinet)	0	8
2. Medium-term macro-fiscal and budget frameworks implemented (# Guidelines submitted to develop an MTFF and related fiscal principles/rules)	0	4
3. Medium-term macro-fiscal and budget frameworks implemented (# Strategy for implementing PBB developed and adopted by the Minister of Finance)	0	6
4. Improved internal control procedures (# New instructions to strengthen financial control submitted for adoption)	0	2
Total	0	20

FY16 Work Plan (field person-weeks)

Topic Outcomes	Plan	Revised*
1. PFM reform strategy and action plans developed (#77 Action plan for public expenditure control and audit systems submitted for adoption)	8	7
2. Medium-term macro-fiscal and budget frameworks implemented (# Guidelines submitted to develop an MTFF and related fiscal principles/rules)	6	6
3. Medium-term macro-fiscal and budget frameworks implemented (# Strategy for implementing PBB developed and adopted by the Minister of Finance)	2	2
4. Improved internal control procedures (#New procedures and methodologies for internal control submitted for adoption)	6	6
Total	22	21

*As at July 31, 2015

Revenue Administration (Tax)*Topic outcomes*

- Enhanced collections from improved and cost-effective administrations and strengthened compliance
- More efficient and effective organizational structures

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
3. Guidance provided on taxing mining and hydrocarbon sector	2015	2015
4. Guidance provided on dealing with base erosion and profit shifting issues	2015	2015
5. Diagnostic report: Reform Strategy	2015	2015
6. Reform Action plan developed for diagnostic and submitted to authorities	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: Streamlined tax administration organization structure	2017	--
2. New Milestone: Improved LTO procedures and outputs implemented	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

AFS engaged with the tax administration authorities for the first time in FY15. An AFS funded HQ-led diagnostic mission identified areas in need of improvement, both structurally and procedurally. AFS TA will focus on reviewing the organizational structure and process, transfer pricing, and tax administration legislation.

Key challenges

Staff capacity issues and speed of implementation may pose challenges for the Tax Directorate under the Ministry of Finance, owing to civil service approval procedures which take longer.

Key partners

The WB, French Development Agency, Japanese Cooperation, and the African Development Bank are providing support to tax administration. However, no firm commitments exist yet. The French Cooperation maintains a resident consultant providing support which also includes funding for specialized experts. The World Bank supports the review of tax laws in the mining and petroleum sectors. Australia, through the embassy, has been closely tracking AFS TA implementation and is keen on providing support.

Meetings/ Coordination with donors on specific projects

Meetings were held with representatives of several donors including the EU, WB, France, Japan, and AfDB, most of them keen to support the administration. More recently, the Advisor has been in constant touch with the French resident consultant and WB representative to ensure greater coordination of interventions for maximum impact.

HQ-(co) funded projects

The HQ-led mission to develop the Reform Action Plan was funded by HQ with AFS Adviser participation being financed by AFS.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Enhanced collections from improved and cost-effective administrations and strengthened compliance (#Guidance provided on taxing hydrocarbon sector)	0	2
2. Enhanced collections from improved and cost-effective administrations and strengthened compliance (#Plan devised to deal with base erosion and profit shifting issues)	0	2
3. Diagnostic (# Reform Strategy)	0	6
4. Diagnostic (#Action plan developed and submitted to authorities)	0	2
Total	0	12

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. More efficient and effective organizational structures (#Streamlined tax administration organization structure)	2	2
2. More efficient and effective organizational structures (#Improved LTO procedures and outputs implemented)	2	2
3. Enhanced collections from improved and cost-effective administrations and strengthened compliance (#No milestone set – LEG: Improved tax legislation submitted to the Ministry of Finance)	2	2
Total	6	6

*As at July 31, 2015

Customs administration**Topic outcomes**

- Enhanced collections from improved and cost-effective administration and strengthened compliance
- More efficient and effective organizational structures

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Customs administration modernization progress is known and advice given on measures to improve performance	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. Pending Milestone: The Risk Management/Customs Intelligence Team (DAR) is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments - and produce reports to inform management on risk issues	2016	--
2. Pending Milestone: Customs officers assigned to the post clearance audit unit are able to plan and execute audits successfully	2017	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

AFS became engaged with Madagascar's Customs by conducting a diagnostic visit in FY15. Customs uses the Asycuda cargo declaration processing system and is a partner in the GasyNet trade portal. They have access to the ValueTrade valuation system (they subscribe on commercial terms) and have access to scanning equipment. AFS will focus its TA on risk management and post control audit (PCA).

Key challenges

Smuggling, particularly valuation fraud, presents particular challenge to customs administration.

Key partners

Customs receives assistance on commercial terms from a number of private sector providers, including SGS, Cotechna, and Crimson Logic. TA has been provided by the Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA), and the World Customs Organization (WCO).

As a SADC member, Madagascar will benefit from the work being done to implement the SADC trade protocol, namely: creating a refined framework for assessment to allow self assess conformity with the WTO Bali agreement; developing a regional bond guarantee system to enable implementation of the transit management system; aligning border controls (including border opening/closing times) across SADC and extending operating hours; developing a SADC wide ICT strategy that includes the principles of the WCO globally networked customs initiative and implementing an electronic certificate of origin SADC-wide; online publication of trade rules, NTMs and tariffs; delivering a train the trainers program in origin, risk management, tariff and non-tariff barriers (with support from GiZ); and preparing an online enquiry mechanism to allow the trade to bring to the attention of SADC NTMs they encounter. SADC members will also benefit from the EU Trade Related Facility – an EU funded program to develop customs and trade in the region (associated with the SADC/EU Economic Partnership Agreement (EPA) and implemented by the SADC Secretariat). Additionally, Trade Hub (USAID) will implement a new multi year program to help facilitate trade in the region.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance (#The Risk Management/Customs Intelligence Team (DAR) is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments - and produce reports to inform management on risk issues)	0	3
2. More efficient and effective organizational structures (#Customs officers assigned to the post clearance audit unit are able to plan and execute audits successfully)	0	2
3. Diagnostic (#Customs administration modernization progress is known and advice given on measures to improve performance)	0	6
Total	0	11

FY16 Work Plan (field person-weeks)

Topic Outcomes	Plan	Revised*
1. Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance (#The Risk Management/Customs Intelligence Team (DAR) is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments - and produce reports to inform management on risk issues)	2	2
2. More efficient and effective organizational structures (#Customs officers assigned to the post clearance audit unit are able to plan and execute audits successfully)	2	2
Total	4	4

*As at July 31, 2015

Financial Sector Supervision**Topic outcomes**

- Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
No TA provided on FSS between FY12 and FY15		
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: AFS will agree with the authorities on a work plan for the follow up on FSAP recommendations	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

The IMF Monetary and Capital Markets Department (MCM) plans a Financial Sector Assessment Program (FSAP) in FY16. Following the completion of the FSAP, AFS will identify priority areas for its assistance.

FY15 Execution of Work Plan

No TA provided by AFS.

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision (#AFS will agree with the authorities on a work plan for the follow up on FSAP recommendations)	4	4
2. Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision (# No milestone –AFS will fund a LEG TA on review of banking law)	2	2
Total	6	6

*As at July 31, 2015

Monetary Policy Framework Operations**Topic Outcomes**

- Appropriate instruments of monetary operations
- Deeper and more efficient primary and secondary money markets
- Coherent approach to monetary policy formulation
- A firm grasp of the monetary transmission mechanism

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
No Milestone set.	--	--
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: Establish capacity to effectively manage liquidity conditions with the use of appropriate instruments.	2016	--
2. New Milestone: Rules for interbank trading and Master Repurchase Agreement covering trading between banks and the BCM have been introduced, to facilitate an effective liquidity management and price discovery in the money markets.	2016	--
3. New Milestone: The payments and settlements system supports monetary policy implementation and market development more effectively	2016	--
4. New Milestone: Rules for interbank tradings and code of conduct for dealers consistent with international best practices has been introduced	2016	--
5. New Milestone: Updated intervention strategy prepared	2016	--
6. New Milestone (FY16): Database created, forecasting and monetary policy analysis strengthened.	2017	--
7. New Milestone (FY16): Develop a comprehensive strategy, tools and procedures for internal and external communication.	2017	--
8. New Milestone: CBM's monetary policy objectives and framework are updated	2017	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

The July 2014 IMF's assessment needs mission identified key TA needs in a broad range of central bank areas, including such that are not within the scope of monetary policy framework and operations. The AFS work plan for FY16 was updated accordingly. However, in June 2015 there was a joint AFS/HQ diagnostic mission to Madagascar focusing entirely on Monetary policy framework and operations. The mission identified the following key areas to focus TA on: clarifying monetary policy objectives and the central bank legal framework, building analytical and operational capacity in inflation forecasting, strengthening liquidity management, reviewing foreign exchange intervention policy, and improving the payments system. The AFS plans to provide TA in these areas through multi-mission projects over this and the next financial year.

Key Challenges

One challenge for this year will be limited amount of time left for this fiscal year to provide TA on, given that the diagnostic mission was not until June and that the follow-up missions will have to await recommendations from this mission. Implementation of TA in multiple inter-connected areas may also present challenges when it comes to co-ordination, sharing of information between missions as well as absorption capacity. AFS will adjust the pace and the sequencing of TA depending on progress and of absorption capacity.

Key Partners

The World Bank provides assistance in the area of the real gross settlement system (RTGS).

Meetings/ Coordination with donors on specific projects

The diagnostic mission in June met with donors at the World Bank building in Antananarivo to inform donors of the mission, its aim and preliminary results.

HQ-funded projects

TA needs assessment mission and a mission on central bank law in FY15,

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Coherent approach to monetary policy formulation (AFS funded LEG led TA on reforming the organic legal framework for the central bank law)	0	2
Total	0	2

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. Appropriate instruments of monetary operations (#Establish capacity to effectively manage liquidity conditions with the use of appropriate instruments)	8	8
2. Appropriate instruments of monetary operations (#The payments and settlements system supports monetary policy implementation and market development more effectively)	2	2
3. Coherent approach to monetary policy formulation (#Develop a comprehensive strategy, tools and procedures for internal and external communication)	0	4
4. Coherent approach to monetary policy formulation (#CBM's monetary policy objectives and framework are updated)	4	0
5. Coherent approach to monetary policy formulation (# No milestone – follow-up TA on reforming the organic legal framework for central bank law LEG)	2	2
6. Deeper and more efficient primary and secondary money markets (#Rules for interbank trading and Master Repurchase Agreement covering trading between banks and the BCM have been introduced, to facilitate an effective liquidity management and price discovery in the money markets)	8	4
7. Deeper and more efficient primary and secondary money markets (#Rules for interbank tradings and code of conduct for dealers consistent with international best practices has been introduced)	4	2
8. Deeper and more efficient primary and secondary money markets (#Updated intervention strategy prepared)	2	2
9. A firm grasp of the monetary transmission mechanism (#Database created, forecasting and monetary policy analysis strengthened)	0	4
Total	30	28

*As at July 31, 2015

Real Sector Statistics*Topic outcomes*

- Compilation and dissemination of annual and quarterly national accounts following international standards
- Improved accuracy of price statistics

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Assessment of sources and methods and establish a TA program (National Acc.)	2015	2015
2. Assessment of sources and methods and establish a TA program (PPI)	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: 2007 benchmark year and rebasing of GDP time series completed	2017	--
2. New Milestone: Quarterly NA based on production approach is completed	2017	--
3. New Milestone: CPI rebased in line with recommendation of the diagnostic mission	2017	--

Key achievements and priorities

As a result of World Bank support for collecting the required basic source data, the National Institute of Statistics (INSTAT) produced a benchmark GDP data set for 2007, following the System of National Accounts (SNA), 1993, and based on a supply and use tables framework. As a next step, AFS will assist INSTAT in updating the GDP time series to the 2007 base year estimates, replacing the previous 30 years old base year and the related old SNA 1968 methodological standards. The development of price statistics is currently focused on the rebasing of the CPI. AFS plans to support INSTAT in the CPI rebasing. Suspended in 2009, the production of PPI could be resumed with AFS support, depending on the availability of staff and financial resources in INSTAT.

Key challenges

The shortage of financial resources and budget constraints result in low absorption capacity and slow development of national accounts and price statistics. Enhancing the system of data exchange between institutions will provide more efficient access of INSTAT to the administrative data sources, thus reducing the impact of financial constraints.

Key partners

The World Bank supports INSTAT in organizing various surveys on economic activities and also household-based surveys, mainly designed for poverty analysis; INSTAT was covered by the African Development Bank and the World Bank's 2010 round of the Purchasing Power Parities Comparison program, related to the final demand GDP components.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Compilation and dissemination of annual and quarterly national accounts following international standards (#Assessment of sources and methods and establish a TA program)	0	3
2. Improved accuracy of price statistics (#Assessment of sources and methods and establish a TA program)	0	2
Total	0	5

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. Compilation and dissemination of annual and quarterly national accounts following international standards (#2007 benchmark year and rebasing of GDP time series completed)	1	1
2. Compilation and dissemination of annual and quarterly national accounts following international standards (#Quarterly NA based on production approach is completed)	1	1
3. Improved accuracy of price statistics (#CPI rebased in line with the recommendation of the diagnostic mission)	1	1
Total	3	3

*As at July 31, 2015

Medium-Term Macroeconomic Prospects and Challenges

Mauritius's growth performance has been comfortable at about 3.5 percent over the last 5 years. With almost zero-population growth, per capita income has been growing, but inequality has increased and unemployment has persisted at about 8 percent—particularly among low-skilled young and women. The generous social safety net system has insured enough inclusiveness to guarantee improved living standards overall. However, it has come at the expense of persistent and increasing fiscal deficits which put into question the reach of the legally mandated public debt ceiling at 50 percent of GDP by 2018. At the same time, an ageing population and a shrinking labor force pose further issues to fiscal sustainability in the long term.

With low commodity prices and moderate domestic demand, inflation has recently been falling. The current account deficit has been declining, partly owing to low commodity and energy prices.

Going forward, the challenge will be to sustain reform efforts in several domains, while maintaining economic stability and debt sustainability. Reforms to enhance productivity, further diversify trade and tourism, and improve the cost-effectiveness of public sector infrastructure and service delivery are critical. Investment in the water, road network, and electricity sectors are urgently needed to eliminate major bottlenecks. Skills mismatches need to be addressed to provide qualified labor to emerging new sectors, while at the same time making low-skilled labor more productive. Given the large investment needs, medium-term fiscal consolidation is all the more essential. It should focus on current expenditure rationalization and effective revenue raising measures.

Against this backdrop, further capacity building is needed in: Public Finance Management, Monetary Policy Design and Implementation, Monetary and Financial Statistics, BOP and External Sector Statistics, Contingency Planning for Crisis Preparedness and Management.

Capacity Building Agenda

Overview

AFS technical assistance (TA) to Mauritius aims at strengthening the economy's resilience to shocks and fostering higher economic growth. The PFM and revenue administration capacity building agenda supported by AFS helps underpin the necessary fiscal adjustment and raise the effectiveness and transparency of government operations and improve existing legislation. AFS also provides significant TA on the modernization of the monetary policy framework, which promotes the on-going transition to a more forward-looking monetary regime. AFS TA inputs into financial sector supervision reforms focus on aligning banking supervision with the evolving international standards and practices, including cross-border aspects. AFS TA on different aspects of the legal framework is closely coordinated across sectors. AFS supports Mauritius in its transition to the Special Data Dissemination Standard Plus (SDDS Plus).

The Mauritius authorities share their experience with other AFS member countries through their active participation in regional peer-to-peer and training events, as well as through the co-hosting of regional events organized by AFS.

Public Financial Management

Topic outcomes

- PFM Legal and regulatory frameworks updated
- Medium-term macro-fiscal and budget frameworks implemented

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Operational action plans developed and approved by the Minister in charge of Finance, to support the implementation of PFM reforms on the legal framework, PBB, and accrual accounting	2013	2013
2. Guidelines developed on managing fiscal risks for SOEs	2014	2014
3. PFM Legal and regulatory frameworks updated (# Partially met)	2013	2015
4. Medium-term macro-fiscal and budget frameworks implemented	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. Pending Milestone: New PFM Act submitted to Parliament (Milestone has been rated as partially met in FY15 WP execution)	2017	--
2. Pending Milestone: New GIA formula adopted by the Government for the preparation and implementation of the 2016 budget	2016	--
3. New Milestone: Status update and strategy for further legal and regulatory reforms established	2016	--
4. New Milestone: Progressive implementation of recommendations on fiscal risk management	2016	--
5. New Milestone: Guidelines to address contingent liabilities in an Asset Liability Management Framework developed and submitted for adoption	2016	--

**As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.*

Key achievements and priorities

Since 2012, Mauritius has benefited significantly from AFS/IMF's Fiscal Affairs Department (FAD) TA in the area of public financial management (PFM). As main achievements over the period, the authorities updated their PFM action plan in 2012 with AFS and FAD assistance and in close collaboration with other TA providers. AFS was also involved in the development of a draft strategy to move toward accrual accounting (2012). In addition, since 2012, AFS has assisted the authorities to: (i) refine the draft PFM Act, following feedback from stakeholders, and draft a White Paper on the new PFM Act; and (ii) strengthen systems for the disclosure and management of the fiscal risks emanating from operations of state-owned enterprises (SOEs), through a joint AFS/World Bank mission that resulting in an action plan to be considered by the authorities. This assessment was supplemented by a follow-up workshop in March 2014, jointly with South Africa, which provided opportunities for peer-to-peer learning and review of international experiences on the disclosure and systems for the management of fiscal risk emanating from SOEs. In addition, AFS assisted the authorities to define a new grant-in-aid formula for local authorities.

However, no progress has been made on these projects during FY15. The finalization, adoption and implementation of the new PFM Act, the action plan for strengthening the management of the risks related to SOEs, and the grant-in-aid formula, have been postponed to FY16/FY17 by the authorities as the country was going through parliamentary elections that took place in December 2014.

Going forward, AFS will discuss with the authorities their PFM TA priorities and, where possible, will focus on completing already initiated projects. If during discussion with the authorities new priorities are identified AFS will aim, where feasible, to redirect available resources to address these new priorities.

Key challenges

The planned PFM reforms require strong political support from the newly elected Government.

Key partners

UNDP provides TA on performance-based budgeting—PBB (resident advisor). The World Bank and the EU assist on issues related to management of SOEs.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Actual
1. PFM Legal and regulatory frameworks updated (#New PFM Act submitted to Parliament)	5	0
2. Medium-term macro-fiscal and budget frameworks implemented (#Guidelines developed on managing fiscal risks for SOEs)	6	0
3. Medium-term macro-fiscal and budget frameworks implemented (#New GIA formula adopted by the Government for the preparation and implementation of the 2015 budget)	6	0
Total	17	0

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. PFM Legal and regulatory frameworks updated (#Status update and strategy for further legal and regulatory reforms established)	0	3
2. Medium-term macro-fiscal and budget frameworks implemented (#New GIA formula adopted by the Government for the preparation and implementation of the 2016 budget)	2	2
3. Medium-term macro-fiscal and budget frameworks implemented (# Progressive implementation of recommendations on fiscal risk management)	0	3
4. Medium-term macro-fiscal and budget frameworks implemented (#Guidelines to address contingent liabilities in an Asset Liability Management Framework developed and submitted for adoption)	3	0
Total	5	8

*As at July 31, 2015

Revenue Administration (Tax)**Topic Outcomes**

- Enhanced collections from improved and cost-effective administrations and strengthened compliance

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Compliance framework developed	2013	2013
2. Risk Management Framework developed for implementation	2014	2014
3. Revenue Administration Act approved by cabinet (#Partially met)	2013	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: Improved tax risk management and audit results	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

The Mauritius Revenue Authority (MRA) developed a compliance management framework and established a Tax Risk (Management) Unit that is helping to detect areas of taxpayer non-compliance. In addition, significant progress has been made in the drafting of the revenue administration bill with submission to the Cabinet expected in the coming months. Going forward, AFS will continue to

provide TA on risk management and revenue administration legislation. AFS has funded the Legal Department of the IMF to review the customs legislation and provide a new draft which is based on international good practice and will support the Mauritius Revenue Administration Act.

Key challenges

Approval for TA inputs has not been forthcoming since towards the end of the last fiscal year leading to postponements and cancellations. Anticipated new projects for FY16 have not taken off. TA to the MRA is becoming more a case issue rather than project-based, meaning that the experts requested may not be the individuals we normally use. This may complicate TA resourcing and delivery.

Key partners

Her Majesty Revenue and Customs (HMRC) provided hands-on support in tax risk management in 2014.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. More efficient and effective organizational structures (#Revenue Administration Act approved by cabinet)	1	1
Total	1	1

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. Enhanced collections from improved and cost-effective administrations and strengthened compliance (#Improved tax risk management and audit results)	2	2
Total	2	2

*As at July 31, 2015

Customs administration

Topic outcomes

- Enhanced collections from improved and cost-effective administration and strengthened compliance
- More efficient and effective organizational structures

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. One milestone has been in good progress since FY14 (LEG)		
Pending and new milestones for FY16 and onward	Set for	Status*
1. Pending Milestone: MRA is aware of effective practices in the administration of taxes on gambling in a leading regional revenue authority	2016	--
2. Pending Milestone: Proposed amendments to customs legislation are submitted to the MRA Director General	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

MRA's Customs remains one of the most progressive and advanced customs administrations in the region. Declarations are generally fast and traders are not required to submit hard copy documents to complete the clearance process. A significant project is the development of a 'single window'

trade portal to complement the cargo community system that is already in place and the creation of an online reference library for licenses, permits and other non-tariff measures (NTM).

Key challenges

The successful marriage of two, potentially competing, trade interfaces (the single window and the cargo community system) will present challenges.

Key partners

The World Bank has provided assistance in support of both the national single window and the online NTM database. TA in the customs area has been provided by the World Customs Organization (WCO) Regional Office for Capacity Building (which has provided TA in developing the management function and in the roll-out of the nCEN system).

As a Southern African Development Community (SADC) member, the MRA will benefit from the work being done to implement the SADC trade protocol, namely: creating a refined framework for assessment to allow self assess conformity with the World Trade organization (WTO) Bali Agreement; developing a regional bond guarantee system to enable implementation of the transit management system; aligning border controls (including border opening/closing times) across SADC and extending operating hours; developing a SADC wide ICT strategy that includes the principles of the WCO globally networked customs initiative and implementing an electronic certificate of origin SADC-wide; online publication of trade rules, NTMs and tariffs; delivering a train the trainers program in origin, risk management, tariff and non-tariff barriers (with support from GiZ); and preparing an online enquiry mechanism to allow the trade to bring to the attention of SADC NTMs they encounter. SADC members will also benefit from the EU Trade Related Facility – an EU funded program to develop customs and trade in the region (associated with the SADC/EU Economic Partnership Agreement (EPA) and implemented by the SADC Secretariat). Additionally, TradeHub (USAID) will implement a new multi-year program to help facilitate trade in the region. Meetings/ Coordination with donors on specific projects

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. More efficient and effective organizational structures (#Proposed amendments to customs-related legislation submitted to the MRA Director General)	0	4
Total	0	4

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance (#MRA is aware of effective practices in the administration of taxes on gambling in a leading regional revenue authority)	1	1
2. More efficient and effective organizational structures (#Proposed amendments to customs legislation are submitted to the MRA Director General)	2	2
Total	3	3

*As at July 31, 2015

Financial Sector Supervision

Topic outcomes

- Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Areas of AFS TA on Basel III implementation are agreed with Mauritius	2013	2013
2. AFS and authorities agree on the measures to be taken to strengthen consolidated supervision of cross border banks and a timeline for implementation of the measures	2014	2014
3. The authorities will modify their SREP taking into account the recommended (1) templates to be used for the risk assessment and (2) the framework to be used for determining the supervisory actions to be taken based on the risk assessment	2014	2014
4. AFS will agree with the authorities on the legal and regulatory measures to be taken in order to put in place a clear framework for crisis management, recovery and resolution	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: AFS will agree with the authorities on a work plan for the follow up on FSAP recommendations	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

With AFS inputs in FY13, the Bank of Mauritius circulated to the stakeholders, including banks, a draft paper on transition to Basel III. Thereafter, the Bank of Mauritius has circulated a draft regulation for the implementation of Basel III in Mauritius. In FY14, AFS reviewed the implementation of Pillar 2 of Basel II and recommended certain measures for enhanced implementation. Also, with AFS support, the functioning of the supervisory colleges was reviewed and recommendations were made for better functioning of the colleges. In FY15, the Bank of Mauritius reviewed its regulatory framework for crisis management with AFS support. Going forward, AFS will focus on a further strengthening of the regulatory framework for bank resolution and crisis resolution, as well as on macroprudential supervision.

Key challenges

Institutional reforms should be well coordinated across all agencies involved in financial sector supervision and macro-prudential oversight.

Key partners

German International Cooperation (GIZ)

HQ-funded projects

Dept.	Purpose Description
MCM	Strengthening Monetary Operations, 2013

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes/(#Milestones)	Plan	Actual
1. Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision (#AFS will agree with the authorities on the legal and regulatory measures to be taken in order to put in place a clear framework for crisis management, recovery and resolution)	5	4
Total	5	4

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision (#AFS will agree with the authorities on a work plan for the follow up on FSAP recommendations)	4	4
2. Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision (#No milestone set – Review of Banking Law by LEG)	2	2
Total	6	6

*As at July 31, 2015

Monetary Policy Framework Operations**Topic Outcomes**

- Coherent approach to monetary policy formulation
- A firm grasp of the monetary transmission mechanism

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Prepare a comprehensive action plan and identify areas of AFS TA	2014	2014
2. Agree with the authorities on the plan for developing modeling capacity under Improving the Forecasting and Policy Analysis System (FPAS)	2014	2014
Pending and new milestones for FY16 and onward	Set for	Status*
1. New milestone: An updated FPAS implemented	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

A technical assistance mission visited the Bank of Mauritius (BoM) to assist with building medium-term forecasting and policy analysis capacities (FPAS) and scope further assistance needs in this area. The forecasting skills developed during previous missions (2008-2012) deteriorated in the absence of sufficient human resources and organizational underpinning. The mission developed an ambitious work program involving both training through TA missions and through the use of ATI customized training as well as ATI course. Good progress was made through Ta delivery last FY and TA ahead will focus on following this work program.

Challenges

Political consensus has to be built for strengthening the operations of the monetary policy framework. The key challenges are to secure support of all the stakeholders for implementation of the planned capacity building activities, good coordination with other agencies, and retention of qualified staff.

HQ-funded projects

HQ founded two missions in FY12, on Macroeconomic modeling and another on Modeling and forecasting. In FY13 there was a Multi Topic Mission founded by HQ and in FY14, there was a mission on Strengthening Monetary Operations.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Coherent approach to monetary policy formulation (# No Milestone Set— Review of Central Bank Law by LEG)	2	1
2. A firm grasp of the monetary transmission mechanism (#Draft FPAS submitted to the Bank of Mauritius management)	24	19
Total	26	20

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. A firm grasp of the monetary transmission mechanism (# An updated FPAS implemented)	6	6
Total	6	6

*As at July 31, 2015

Real Sector Statistics***Topic outcomes***

- Compilation and dissemination of annual and quarterly national accounts following international standards
- Improved accuracy of price statistics

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Strengthening the compilation of national accounts: assessment of sources and compilation procedures, strategy for further development	2013	2013
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: Proposed action plan for development of financial accounts and financial balance sheets implemented	2016	--
2. Pending Milestone: Introduction of RPPI	2017	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

Statistics Mauritius (SM) joined the IMF Special Data Dissemination Standards (SDDS) in February 2012. The progress in the development of national accounts and price statistics was assessed by the IMF multi-topic mission to Mauritius in 2013. SM compiled annual and quarterly GDP at current prices and volume terms, Supply and Use Tables (SUT) and non- financial institutional sector accounts (the last estimate available for the 2007 benchmark year). Based on the 2013 census of economic activities and other source data, SM plans to change the base year for national accounts to 2013.

One of the priorities, expressed by the authorities during the IMF multi-sector mission in 2013, is to adopt the IMF SDDS Plus's requirements for official statistics in economies with significant presence of financial sector activities. In this regard, in 2014, SM launched a project on introducing a Real Estate Property Price Index (RPPI), one of the categories encompassed by the SDDS Plus. The RPPI will be also included in the set of financial soundness indicators.

Key challenges

Further integration of global business companies (GBC) information in the domains of macroeconomic statistics.

Key partners

In the development of national accounts and price statistics, SM collaborates with the regional institutions: the African Development Bank, SADC, and COMESA. Bilateral cooperation of SM with the Central Statistical Office of Seychelles and the Statistics South Africa (SSA) enhances the experience and statistical capacity of the countries involved.

HQ-funded projects

A multi-topic mission, including national accounts and price statistics, was conducted in January 2013.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Compilation and dissemination of annual and quarterly national accounts following international standards (#Source data are assessed and action plan proposed for development of financial accounts and financial balance sheets)	0	1
2. Improved accuracy of price statistics (#Introduction of RPPI)	2	2
Total	2	3

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. Compilation and dissemination of annual and quarterly national accounts following international standards (#Proposed action plan for development of financial accounts and financial balance sheets implemented)	2	2
2. Compilation and dissemination of annual and quarterly national accounts following international standards (#Introduction of RPPI)	1	1
Total	3	3

*As at July 31, 2015

Medium-Term Macroeconomic Prospects and Challenges

Mozambique's impressive record of robust macroeconomic performance is expected to be further boosted by the natural resource boom and infrastructure investment in the medium term. The main policy challenge is to maintain the growth momentum while preserving fiscal and debt sustainability. Fiscal adjustment over the medium-term will be essential to preserve debt sustainability and macroeconomic stability.

Structural reforms focusing on public financial management, monetary policy tools and banking supervision, and business facilitation should be implemented vigorously to sustain growth and render it more inclusive. With foreign aid likely to decline over the medium-term, increased borrowing can provide additional resources for improving both Mozambique's physical infrastructure and human capital. To ensure the efficiency of investment and borrowing, further strengthening of investment planning and implementation, and debt management are essential. Despite progresses already made in these areas, low capacity in policy making and implementing agencies has often become the bottleneck to further deepening the reforms.

Capacity Building Agenda

Overview

Mozambique has significant capacity building needs associated with the beginning of the resource revenue boom and increased government expenditure on infrastructure. The country authorities address these needs with assistance of a large group of donors. AFS focuses on a select number of projects in collaboration with IMF headquarters (HQ) staff and other donors. In the area of public financial management (PFM), AFS provides TA on cash management and some aspects of medium-term fiscal framework implementation. In the area of revenue administration, AFS provides TA on compliance management and enforcement, including post clearance audit. In the area of financial sector supervision, AFS provides inputs into the development of risk-based supervision and compliance with the Basel Core Principles. In the area of monetary policy framework operations, AFS funds a modeling project and plans to provide advice on policy formation and communication. In the area of real sector statistics, AFS assists the authorities in both national accounts and price statistics.

Public Financial Management

Topic outcomes

- More effective commitment, cash and expenditure management
- Medium-term macro-fiscal and budget frameworks implemented

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Guidelines submitted to improve the link between the national planning system and the budget process	2013	2013
2. International experiences presented and discussed to facilitate discussions on possible options for developing PFM professional careers; Draft proposal prepared by the CEDSIF on defining PFM careers discussed.	2013	2013
3. Guidelines submitted to improve the link between the national planning system and the budget process	2014	2014
4. Commitment and cash management plans, and strategy to establish a TSA developed and approved by the Minister in charge of Finance (# partially met and redefined in FY16 revised WP)	2013	2015
5. Guidelines to improve budget information reporting developed and submitted for adoption (#Partially met and not C/F)	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. Milestone redefined: TSA implemented and comprehensive cash flow forecasts available. (Milestone “Commitment and cash management plans, and strategy to establish a TSA developed and approved by the Minister in charge of Finance” has been reported as partially met in FY15 WP execution)	2016	--
2. New Milestone: Yet to be define under medium term macro-fiscal and budget frameworks implemented	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

In 2012 and 2013, AFS missions assisted the authorities of Mozambique to improve investment planning, including the setting up of the New Inter-Ministerial Evaluation Commission, and the finalization of the Priority Integrated Investment Program (PIIP) and Investment Planning Manual, both adopted by the Cabinet in July 2013. Good progress has been noted on improving cash management and internal control, in particular on re-establishing the steps of commitment of funds, liquidation, and payment in the expenditure cycle, developing appropriate cash management tools, and gradually introducing a Treasury Single Account (TSA). A Fiscal Transparency Assessment (FTE) was performed by FAD in November 2013 with AFS’ participation, resulting in a priority action plan to improve transparency, financial reporting, and management of fiscal risks. Going forward, the main assistance in implementing the cash management reforms is the main priority for AFS.

Key challenges

Challenges emerge from a growing number of TA providers with difficulties to effectively coordinate among themselves, against the background of limited reform ownership and implementation capacity. This has the potential to weaken the impact of TA advice. AFS will endeavor to engage other PFM donors to streamline existing collaborative and coordination arrangements. AFS will also continue its engagement with the IMF’s African Department and other PFM partners to conduct high-level policy dialogue with the authorities on ownership and commitment to reforms.

Key partners

The World Bank, the UNDP, France, and Germany provide TA, in particular, on financial decentralization, and internal and external audit. The U.K. Department for International Development (DFID), Norway, Denmark, Switzerland, and the EU assist the authorities in implementing the reform of the integrated financial information management system (IFMIS)—SISTAFE (IFMIS project and PFM Law).

HQ-(co) funded projects

Since 2011, FAD has managed a project financed by the government of Denmark's Development Cooperation (DANIDA) focusing on various PFM areas, including PFM reforms coordination (one resident coordinator), accounting and fiscal reporting. Another DANIDA project, to be implemented by FAD, is being finalized for the period 2015–17. Other HQ-led missions include:

Dept.	Mission Purpose/Description	Fiscal Year
FAD	Fiscal Transparency Assessment	2013
FAD	Update the PFM action plan	2014
FAD	Reassessment of the public accounting roadmap	2014

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes	Plan	Actual
1. More effective commitment, cash and expenditure management (#Commitment and cash management plans, and strategy to establish a TSA developed and approved by the Minister in charge of Finance)	5	3
2. Comprehensive, timely and accurate accounting and financial reporting (#Guidelines to improve budget information reporting developed and submitted for adoption)	0	1
Total	5	4

FY16 Work Plan (field person-weeks)

Topic Outcomes	Plan	Revised*
1. More effective commitment, cash and expenditure management (#TSA implemented and comprehensive cash flow forecasts available)	5	5
2. Medium-term macro-fiscal and budget frameworks implemented (New milestone to be defined)	0	4
Total	5	9

*As at July 31, 2015

Revenue Administration (Tax)**Topic Outcomes**

- Enhanced collections from improved and cost-effective administrations and strengthened compliance

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Specialized audit training in the financial, insurance and tourism sectors	2013	2013
2. Capacity to develop transfer pricing guidelines developed	2013	2013
3. Proposals approved for implementation to streamline VAT refund process.	2014	2014
4. 'Compliance management framework developed	2014	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. Pending Milestone: Compliance Risk Management strategy developed	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

Most of the TA support is through the IMF HQ. AFS assisted the authorities in improving audit capacity and training on transfer pricing. More recently, resources have been allocated to developing a compliance management framework with the initial TA input being successfully delivered but implementation progress has been slow with the authorities asking for a

postponement of the follow-up TA input. Going forward, AFS will continue to assist the authorities on compliance management.

Key challenges

There has been limited progress in implementing the integrated tax administration system (ITAS) which is key to improving service delivery and bringing taxpayers under control based on increasingly better information. A lack of direct responsiveness of the authorities undermines the effectiveness of communication and effective planning for project continuity.

Key partners

DFID, Switzerland (SECO), Germany (KfW), Norway, Denmark, and Belgium—all contribute to a Common Fund or Basket Fund to support tax administration reform activities. Norway additionally provides TA on petroleum sector taxation. Portugal provides TA to the Revenue Authority (AT); and the World Bank provides TA on natural resource taxation.

HQ-funded projects

In FY14, one follow-up HQ-led revenue administration mission plus 4 other missions focused on natural resource taxation and related legislation. No activities are planned in FY2015

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Enhanced collections from improved and cost-effective administrations and strengthened compliance (#Compliance Risk Management strategy developed)	2	0
Total	2	0

FY16 Work Plan (field person-weeks)

Topic Outcomes (3Milestones)	Plan	Revised*
1. Enhanced collections from improved and cost-effective administrations and strengthened compliance (#Compliance Risk Management strategy developed)	2	2
Total	2	2

*As at July 31, 2015

Revenue Administration (Customs)

Topic outcomes

- More efficient and effective organizational structures

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Selected customs officers are assigned to the post release audit unit and have started scrutinized transactions for errors and fraud	2013	2013
2. Customs officers assigned to the post release audit unit are able to plan and execute audits successfully	2014	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: Officers assigned to the post release audit unit are able to plan and execute audits successfully using risk management methodology and share information/planning with TMA tax auditors.	2017	--

Key achievements and priorities

Mozambique customs has successfully integrated into the Mozambique Revenue Authority. Cargo declaration processing is fully automated though the system in use is no longer new and migration to a new system must be a key priority. An electronic trade portal has been successfully implemented. AFS will continue to provide TA on post clearance audit (PCA).

Key challenges

Mozambique has a large number of land borders and the infrastructure at most is in urgent need of improvement. The customs service is dispersed over a large geographical area which makes effective communication and command and control challenging.

Key partners

The trade portal and other initiatives have been implemented using public-private financing initiatives. The revenue authority has received TA from the World Bank, DFID, and other bilateral donors.

The World Customs Organization (WCO) Regional Office for Capacity Building provides TA in developing the management function and in rolling out the nCEN system. The customs has begun construction of a large and well equipped training centre. Cooperation is anticipated with the South African Revenue Service (SARS) following the signing of a Mutual Assistance Agreement (MAA) in April 2014. Scanning of cargo and an electronic trade portal (a ‘single window’) are provided by public private partnership (PPP) programs, in which the customs is a stakeholder.

As a Southern African Development Community (SADC) member, Mozambique will benefit from the work being done to implement the SADC trade protocol, namely: creating a refined framework for assessment to allow self assess conformity with the WTO Bali Agreement; developing a regional bond guarantee system to enable implementation of the transit management system; aligning border controls (including border opening/closing times) across SADC and extending operating hours; developing a SADC wide ICT strategy that includes the principles of the World Customs Organization (WCO) globally networked customs initiative and implementing an electronic certificate of origin SADC-wide; online publication of trade rules, non-tariff measures (NTMs) and tariffs; delivering a train the trainers program in origin, risk management, tariff and non-tariff barriers (with support from GiZ); and preparing an online enquiry mechanism to allow the trade to bring to the attention of SADC NTMs they encounter. SADC members will also benefit from the EU Trade Related Facility – an EU funded program to develop customs and trade in the region (associated with the SADC/EU Economic Partnership Agreement (EPA) and implemented by the SADC Secretariat). Additionally, TradeHub (USAID) will implement a new multi year program to help facilitate trade in the region.

Mozambique, together with Zambia, is likely to benefit from a DFID initiative, currently in the planning stage, to develop facilitation and enhance compliance along trade corridor inland from Beira Port.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. More efficient and effective organizational structures (#Customs officers assigned to the post release audit unit are able to plan and execute audits successfully)	2	2
Total	2	2

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. More efficient and effective organizational structures: (#Officers assigned to the post release audit unit are able to plan and execute audits successfully using risk management methodology and share information/planning with TMA tax auditors.)	2	2
Total	2	2

*As at July 31, 2015

Financial Sector Supervision

Topic outcomes

- Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Agree with the authorities on the AFS TA plans	2013	2013
2. AFS will deliver a workshop on ICAAP assessment and will agree with the authorities on the template for the ICAAP assessment	2014	2014
3. AFS will assist the authorities in conducting a self assessment under which the authorities will identify the non-compliant areas and in determining the measures for full compliance	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: AFS will agree with the authorities on a work plan for the results of assessment of Basel Core Principles for Effective Banking Supervision.	2017	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

AFS assisted the authorities in enhancing compliance with the Pillar 2 process of the Basel II capital adequacy framework through hands-on training to supervisors to enable them to undertake the assessment of the banks' Internal Capital Adequacy Assessment Process (ICAAP). Going forward, AFS TA will focus on the enhanced implementation of BCP and Basel standards.

Key challenges

To ensure calibrated and well strategized implementation of several regulatory enhancements.

HQ- funded projects

Dept.	Purpose Description
MCM	Stress Testing for Bank Supervisors
MCM	Improve Stress Testing and Review Banks Reporting Template

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes/(#Milestones)	Plan	Actual
1. Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision (#AFS will assist the authorities in conducting a self assessment under which the authorities will identify the non-compliant areas and in determining the measures for full compliance)	4	2
Total	4	2

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision (#AFS will agree with the authorities on a work plan for the results of assessment of Basel Core Principles for Effective Banking Supervision)	2	2
Total	2	2

*As at July 31, 2015

Monetary Policy Framework Operations

Topic Outcomes

- Coherent approach to monetary policy formulation
- A firm grasp of the monetary transmission mechanism

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Prepare a comprehensive action plan and identify areas of AFS TA	2014	2014
2. Improving the Forecasting and Policy Analysis System (FPAS)	2014	2014
3. Inflation forecasting framework introduced	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. New milestone: Develop a comprehensive strategy, tools and procedures for internal and external communication.	2016	--
2. New milestone: An updated FPAS implemented	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

AFS has recently (FY14) completed an evaluation of capacity building needs in the area of monetary policy framework operations. In FY15 the Bank of Mozambique has made good progress in developing a new inflation forecasting model with AFS TA. Going forward, AFS will continue to provide TA focusing on modeling and forecasting. In addition, AFS will also provide TA on the communication strategy as an extension of the on-going TA on modeling and forecasting.

Key Challenges

Ensuring staff retention should be given priority for the sustainability of the project. Part of internal communication is a “soft” skill hard to teach and learn without a real life example. Peer to peer training with a more advanced central bank would be preferable but may prove hard to fund and facilitate.

HQ-funded projects

For FY12 there were three missions to Mozambique, two on Payment system oversight and on Monetary Policy framework development. During FY13 there were an additional two missions on payment system oversight and one additional mission on Monetary Policy framework development. In FY14 activity was lowered and there was only one mission, on payment system oversight. In FY15 there was a mission on monetary forecasting and for FY16 there is an additional mission planned for monetary forecasting.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Coherent approach to monetary policy formulation (#Draft BM's monetary policy communication strategy submitted to management)	4	0
2. A firm grasp of the monetary transmission mechanism (#Draft inflation forecasting framework submitted to BM management --RES)	24	16
Total	28	16

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. Coherent approach to monetary policy formulation (#Develop a comprehensive strategy, tools and procedures for internal and external communication)	4	5
2. A firm grasp of the monetary transmission mechanism (# An updated FPAS implemented)	12	10
Total	16	15

*As at July 31, 2015

Real Sector Statistics**Topic outcomes**

- Compilation and dissemination of annual and quarterly national accounts following international standards
- Improved accuracy of price statistics

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Training on specific issues in compilation of annual GDP by production and expenditure approach at current prices and in volume terms	2014	2015
2. Strengthening the compilation of annual GDP estimates: enhancing the compilation procedures on measuring value added for specific economic activities at current prices and in volume terms, hands on training	2015	2014
Pending and new milestones for FY16 and onward	Set for	Status*
1. Pending Milestone: Training on specific issues in compilation of annual and quarterly GDP by production and expenditure approach at current prices and in volume terms	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

The National Institute of Statistics (INE) rebased the national accounts to 2009. Due to some data constraints, the rebased and revised GDP time series, both annual and quarterly data, were released in 2014. Following the international requirements for regular updating the base year, INE plans an economic census (EC) to cover all economic activities in 2014/2015 and to implement a new benchmark using more comprehensive data sources for the 2015 reference period. AFS will assist the authorities in these activities.

An AFS mission has assessed the CPI compilation system and has elaborated recommendations for further improvements. Going forward, other donors will provide additional TA on price statistics.

Key challenges

The scarce and poor quality of source data, if not addressed, would be an obstacle to TA efficiency. Improved data sharing procedures between institutions are needed for ensuring required access of INE to administrative data sources, as an important precondition for enhancement of the national accounts estimates.

Key partners

The Africa Development Bank, United Nation Economic Commission for Africa (UNECA), Afristat, and a consortium of Nordic countries (Denmark, Norway and Sweden) have been the main TA provider to INE over many years, especially in the construction of national accounts. INE receives TA in development of price statistics and short-term business statistics from Statistics Portugal.

HQ-funded projects (FY12 onwards)

An IMF project, planned in 2015, under Managing Natural Resource Wealth Topical Trust Fund (MNRW TTF) covers statistics for managing natural resources in the national accounts.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Compilation and dissemination of annual and quarterly national accounts following international standards (#Training on specific issues in compilation of annual GDP by production and expenditure approach at current prices and in volume terms)	2	1
2. Compilation and dissemination of annual and quarterly national accounts following international standards (#Strengthening the compilation of annual GDP estimates: enhancing the compilation procedures on measuring value added for specific economic activities at current prices and in volume terms, hands on training)	0	3
3. Improved accuracy of price statistics (#Adoption of methodological basis and related technical conditions at provincial level for collection and processing of price data)	2	0
Total	4	4

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. Compilation and dissemination of annual and quarterly national accounts following international standards (#Training on specific issues in compilation of annual and quarterly GDP by production and expenditure approach at current prices and in volume terms)	2	2
Total	2	2

*As at July 31, 2015

Medium-Term Macroeconomic Prospects and Challenges

Namibia has made impressive strides in economic development since gaining independence in 1990. The positive growth record in recent years has raised overall incomes and delivered good economic outcomes, but has not thus far led to sufficient job creation and lower inequality. Expansionary fiscal policy has also been impacting on external balances, bringing down international reserves to less than two months of imports.

In light of downside risks (e.g., uncertain global environment, falling SACU revenues) and the needs to rebuild its fiscal policy buffer, it is important to pursue a “growth-friendly” fiscal consolidation strategy over the medium term.

To ensure financial sector stability, it is important to closely monitor potential risks related to large concentration of commercial banks assets in mortgage loans, the elevated level of household indebtedness, and concentration of large institutional investors in wholesale bank funding.

Capacity Building Agenda

Overview

AFS TA to Namibia focuses on the reforms needed to support fiscal sustainability, to improve expenditure quality, as well as to strengthen financial sector supervision and real sector statistics. In the public financial management (PFM) area, TA centers on performance-based budgeting (PBB), cash management, and the legal framework. In the area of revenue administration, TA is provided on the organizational structure, self-assessment, risk management, trade facilitation, and the excise function. AFS TA efforts in the area of financial sector supervision aim at strengthening compliance with the Basel capital adequacy standards. Namibia also receives extensive AFS TA on national accounts and price statistics.

Public Financial Management

Topic outcomes

- Medium-term macro-fiscal and budget frameworks implemented
- More effective commitment, cash and expenditure management
- PFM and legal regulatory frameworks updated and implemented

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. No milestone met	--	--
Pending and new milestones for FY16 and onward	Set for	Status*
1. Pending milestone: New PFM Act submitted to Parliament	2017	--
2. New milestone: Commitment and cash management plans developed and submitted for adoption	2017	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

In 2012 and 2013, the IMF’s Fiscal Affairs Department (FAD)/AFS missions assisted the Government of Namibia in implementing the PBB, in particular, by improving program design methodology, developing a robust costing system, and creating enforcement mechanisms to use the program classifications. With AFS assistance, the Namibian authorities have piloted PBB, which has improved budget preparation and presentation in pilot ministries.

During FY14, significant TA has also been provided in reviewing the PFM legal framework, and developing a discussion paper based on good international practice to guide the development of a new PFM Act. The Minister of Finance has assigned the Law Reform and Development Commission (LRDC) to consult line ministries, state owned enterprises (SOEs) and regional councils on the draft PFM Bill.

Going forward, the priority would be to assist the authorities in further developing the new legal framework for PFM, and further improving cash management, particularly focusing on cash flow planning and management processes and government banking arrangements (building on the previous interventions of the GIZ) and improving fiscal oversight over SOEs and local governments. Additional TA could be provided on PBB (assessment of the current situation), in close collaboration with other TA providers, if requested by the authorities. The authorities have not requested AFS TA in macro fiscal and budget frameworks as this is being provided to them by bilateral donors.

Key challenges

The planned PFM reforms require strong political support from the Government. Recent changes in government, particularly in the leadership of the Ministry of Finance (following the December 2014 general elections) present a good opportunity for creating a positive and conducive platform to reinvigorate political commitment towards PFM reforms. Capacity constraint is also an issue to be addressed, in particular to support the on-going PBB implementation to improve the quality of expenditure planning, control, and evaluation. Another challenge is the reform of state-owned enterprises (SOEs) to reduce reliance on government current transfers and subsidies and to build fiscal buffers. AFS is committed and ready to provide necessary support in these areas, whenever the authorities request specific TA.

Key partners

The World Bank and the EU provide TA on the PBB (line ministries). The U.K. Department for International Development (DFID) finances a resident adviser to the ministry of finance on macro-fiscal issues. GIZ financed a resident advisor on cash and debt management, and the reform of the SOEs’ funding policy. A resident advisor financed by the Ministry of Finance provides TA on accounting and fiscal reporting. Two resident advisors financed by the Government of Japan assist the Ministry of Finance in budget formulation and execution

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan*	Actual
1. PFM Legal and regulatory frameworks updated (#New PFM Act submitted to Parliament)	10	2
Total	10	2

**Plan included two person-weeks of LEG inputs which were not utilized.*

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. PFM Legal and regulatory frameworks updated (#New PFM Act submitted to Parliament) (AFS/LEG)	8	8
2. More effective commitment, cash and expenditure management (#Commitment and cash management plans developed and submitted for adoption)	5	5
Total	13	13

**As at July 31, 2015*

Revenue Administration (Tax)

Topic outcomes

- Enhanced collections from improved and cost-effective administrations and strengthened compliance
- More efficient and effective organizational structures

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Advice on the establishment of a reform governance framework is provided	2014	2014
2. Proposal on revenue agency framework to adopt presented to Cabinet	2013	2014
3. Establishment of LTU and introduction of self-assessment for the LTU	2014	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: Improved LTO procedures and outputs	2016	--
2. Pending Milestone: Self-assessment implemented for segment at a time	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

The government has approved a proposal to establish a semi-autonomous revenue authority, whose implementation modalities are being determined. The Inland Revenue Department has adopted and implemented a reform governance framework with some project implementation now underway. An integrated tax administration system (ITAS) is currently under implementation. In July 2014 the IRD established a Large Taxpayer Office (LTO) which is at an early development stage. AFS will continue to provide support to strengthen the functioning of the LTO and help it implement self assessment for income tax

Key challenges

The gaps in the leadership at the IRD, including lack of a substantive Commissioner plus six other high level positions, may be undermining the effectiveness of the strategic and operational execution, as well as the effectiveness of project management. Decision approval and implementation are both lengthy and at times result in sub-optimal outcomes in spite of having all the relevant information and blessing of the Ministry executive.

Key partners

Collaboration with the EU, GiZ and the World Bank happens routinely.

Meetings/ Coordination with donors on specific projects

Meetings were held with the GiZ and EU to coordinate on capacity development. The EU readily shared information from an expert report on a training needs analysis.

HQ-(co) funded projects

The last headquarters (HQ)-funded diagnostic mission was in FY13.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. More efficient and effective organizational structures (#Advice on the establishment of a reform governance framework is provided)	4	4
2. More efficient and effective organizational structures (#Proposal on revenue agency framework to adopt presented to Cabinet)	6	0
3. More efficient and effective organizational structures (#Establishment of LTU and introduction of self-assessment for the LTU)	0	2
Total	10	6

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. Enhanced collections from improved and cost-effective administrations and strengthened compliance (#Improved LTO procedures and outputs)	3	3
2. More efficient and effective organizational structures (#No milestone set. Legal advice on revenue authority framework provided) LEG	2	2
Total	5	5

*As at July 31, 2015

Revenue Administration (Customs)

Topic outcomes

- Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance
- More efficient and effective organizational structures

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Selected customs officers are assigned to the risk management unit and have started risk assessment of high-stake imports	2013	2013
2. Customs administration modernization progress is known and advice given on measures to improve performance	2013	2013
3. To design and deliver a workshop in enforcement strategy and techniques (to link the work of risk management, anti-smuggling, investigation, PCA and other compliance units) to help create an integrated anti-fraud strategy	2015	2015
4. The excise function is based on systems and procedures to safeguard revenue by having a robust compliance strategy in place (that makes use of the guidance notes/ instructions prepared in previous inputs)	2013	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: The excise division has detailed profiles of significant excise operators that include details of ownership; manufacturing processes; production ratios; assessment of risk; bond/security requirements and other factors	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

Namibia Customs is completing the migration to the Asycuda World computerized cargo declaration processing system. The risk management function has been strengthened over the past four years and now incorporates a number of risk management liaison officers attached to border crossings and customs stations. A key priority for the short to medium term will be the integration of the customs department into the planned revenue agency. The development of Walvis Bay port and linked transit corridors will require greater emphasis on fast clearance and facilitation by customs.

Key challenges

Namibia customs are dispersed over a very large geographical area and communication is not as good as it should be – thus presenting a significant constraint to operational communication, and command and control. The large transit freight sector brings with it the challenge of transit fraud (made more difficult by limited anti-smuggling capacity).

Key partners

TA in the customs is provided by: Finnish Customs; the Southern African Customs Union (SACU) (which assists in developing a preferred trader scheme); the EU (which funds experts in the area of law and human resources and training); and the World Customs Organization (WCO) Regional Office for Capacity Building (which provides TA on developing the management function and in the roll-out of the nCEN system). Additionally, the USAID-funded TradeHub Southern Africa is piloting a ‘cloud’ platform to facilitate data exchange between Namibia and Botswana on the Trans-Kalahari Corridor.

As a Southern Development Community (SADC) member, Namibia will benefit from the work being done to implement the SADC trade protocol, namely: creating a refined framework for assessment to allow self assessment conformity with the World Trade Organization (WTO) Bali Agreement; developing a regional bond guarantee system to enable implementation of the transit management system; aligning border controls (including border opening/closing times) across SADC and extending operating hours; developing a SADC-wide ICT strategy that includes the principles of the World Customs Organization (WCO) globally networked customs initiative and implementing an electronic certificate of origin SADC-wide; online publication of trade rules, non-tariff measures (NTMs) and tariffs; delivering a train the trainers program in origin, risk management, tariff and non-tariff barriers (with support from GiZ); and preparing an online enquiry mechanism to allow the trade to bring to the attention of SADC NTMs they encounter. SADC members will also benefit from the EU Trade Related Facility – an EU funded program to develop customs and trade in the region (associated with the SADC/EU Economic Partnership Agreement (EPA) and implemented by the SADC Secretariat). Additionally, TradeHub (USAID) will implement a new multi-year program to help facilitate trade in the region.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance (#To design and deliver a workshop in enforcement strategy and techniques (to link the work of risk management, anti-smuggling, investigation, PCA and other compliance units) to help create an integrated anti-fraud strategy)	2	2
2. More efficient and effective organizational structures (#The excise function is based on systems and procedures to safeguard revenue by having a robust compliance strategy in place (that makes use of the guidance notes/ instructions prepared in previous inputs)	2	2
3. More efficient and effective organizational structures (<i># No milestone set – activity “ To ensure that customs structure and processes are effectively integrated into the new revenue agency so that opportunities for efficiency gains, information sharing, more effective enforcement and taxpayer facilitation are grasped”</i>)	1	0
Total	5	4

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance (#The Risk Management Team (RMT) provide operational information products (briefings, alerts, intelligence) to investigation, enforcement units who are able to make use of the information and, in turn, provide feedback and intelligence to the RMT)	1	1

2. More efficient and effective organizational structures: (#The excise division has detailed profiles of significant excise operators that include details of ownership; manufacturing processes; production ratios; assessment of risk; bond/security requirements and other factors)	2	2
Total	3	3

*As at July 31, 2015

Financial Sector Supervision

Topic outcomes

- Higher levels of compliance with the Basel I Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Agree with the authorities on the AFS TA plans	2013	2013
2. AFS will agree with the authorities as to which elements of Basel III should be implemented by the Bank of Namibia and what would be sequence of such implementations within which timeframe	2015	2015
3. The authorities will modify their SREP taking into account the recommended (1) templates to be used for the risk assessment and (2) the framework to be used for determining the supervisory actions to be taken based on the risk assessment	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. New milestone: Based on the action plan agreed in FY15, the authorities will agree on the number of elements of Basel III to be implemented	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

Namibia has implemented the Basel II capital adequacy standard is work in progress. In FY12, AFS assisted the authorities in reviewing their Basel II Capital Adequacy Framework. In FY13, AFS reviewed the Pillar 2 process of Basel II in place and conducted an on-site workshop for the supervisors to guide them make assessment of the internal adequacy assessment process in the banks. The AFS further assisted the supervisors in making ICAAP assessments under Pillar 2 of Basel II. Going forward, AFS will assist Namibia in transiting to the Basel III capital adequacy standard and in implementing macro-prudential supervision.

Key challenges

Implementation risks are low in this area.

Key partners

The World Bank program for FY13 and FY14 includes TA on anti-money laundering risk assessment, and the insolvency and creditor regime.

HQ-(co) funded projects

Lead Dept.	Purpose Description
MCM	Strengthening of Supervision of Non-Bank Financial Institutions
MCM	Stress Testing

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Higher levels of compliance with the Basel I Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework (#AFS will agree with the authorities as to which elements of Basel III should be implemented by the Bank of Namibia and what would be sequence of such implementations within which timeframe)	0	4
2. Higher levels of compliance with the Basel I Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework (#The authorities will modify their SREP taking into account the recommended (1) templates to be used for the risk assessment and (2) the framework to be used for determining the supervisory actions to be taken based on the risk assessment)	0	4
Total	0	8

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. Higher levels of compliance with the Basel I Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework (#Based on the action plan agreed in FY15, the authorities will agree on the number of elements of Basel III to be implemented)	4	4
Total	4	4

*As at July 31, 2015

Real Sector Statistics**Topic outcomes**

- Compilation and dissemination of annual and quarterly national accounts following international standards
- Improved accuracy of price statistics

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Strengthening the compilation of annual GDP, treatment of taxes on products in the context of the CRP receipts and transfers to SACU member countries	2014	2014
2. Enhancement of compilation procedures of CPI	2013	2014
3. Providing training on specific issues in compilation of annual GDP by production and expenditure approach at current prices and in volume terms	2015	2015
4. Assessment and organization of the available source data for introduction of export and import producer price index	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: Introduction of export and import producer price indices, composition of basket and weighting system	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

The GDP annual and quarterly time series have been rebased to the 2010 benchmark year. The results were published in 2014. The priorities in development of national accounts statistics include

improvement of the timeliness of quarterly accounts and enhancement of the source data, including development of a statistical business register.

The CPI has been rebased to the 2010 household income and expenditure survey, published in November 2013. The enlargement of the scope of price statistics is considered as one of the key priority in the Namibian Statistical Agency (NSA) strategic plan until 2016/17.

Key challenges

Problems regarding sustainability of the resources, including staff turnover, would hinder further development of national accounts and real sector statistics if not addressed.

Key partners

The NSA participated in the Africa Development Bank project, as a part of the World Bank’s 2010 round of the Purchasing Parities Program (PPP), related to the GDP components by final expenditure. The NSA also benefited from the SADC and Common Market for Eastern and Southern Africa (COMESA) project on harmonization of the standards and methods for compilation of the harmonized consumer price index (HCPI).

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Compilation and dissemination of annual and quarterly national accounts following international standards (#Providing training on specific issues in compilation of annual GDP by production and expenditure approach at current prices and in volume terms)	3	2
2. Improved accuracy of price statistics (#milestone redefined: Assessment and organization of the available source data for introduction of export and import producer price index)	2	1
Total	5	3

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. Improved accuracy of price statistics (#milestone redefined: Introduction of export and import producer price indices, composition of basket and weighting system)	2	2
Total	2	2

*As at July 31, 2015

Medium-Term Macroeconomic Prospects and Challenges

Seychelles is continuing its recovery from a severe debt and balance of payments crisis in 2008. Its economic program, supported by an Extended Fund Facility, is addressing the legacy of this crisis and its inherent vulnerabilities as an island micro-state. Its macroeconomic policies are anchored by an overarching goal of reducing public debt below 50 percent of GDP by 2018. While attainable, this ambitious target places a premium on the efficiency of spending, medium-term budget planning, revenue mobilization, and governance at the level of public enterprises. At the same time, Seychelles aims to enhance resilience and flexibility in the highly open economy through an independent, increasingly forward-looking monetary policy framework and exchange rate flexibility. This evolving framework requires the development of new tools and data. The continuing accumulation of foreign exchange reserves builds an important buffer although it also poses some challenges to monetary policy. In this changing economic landscape, it is also important to ensure that the financial sector is well-supervised and remains sound, with a growing contribution to growth through enhanced financial intermediation.

Capacity Building Agenda

Overview

AFS will continue to support Seychelles' wide-ranging reform agenda aimed at reducing fiscal and external vulnerabilities and supporting economic growth. AFS will build up on the recent positive results in the area of public financial management (PFM), including the implementation of the 2012 PFM legislation, a further strengthening of fiscal accounting and reporting, internal control, and additional steps to optimize cash management. The medium-term fiscal framework (MTFF), a cornerstone of the authorities' National Development Strategy, will also be the focus of AFS TA. Revenue administration efforts will continue to center on compliance and risk management, as well as better enforcement. In the area of financial sector supervision, AFS will continue TA on risk-based supervision with a focus on offshore banks. AFS will also start to support the Central Bank of Seychelles' transition to a more forward-looking monetary policy regime, on strengthening the functioning of primary and secondary markets and on communication strategy. AFS TA in statistics will help Seychelles to progress toward compliance with the Special Data Dissemination Standard (SDDS), thereby improving the quality and timeliness of data needed for policy making.

Public Financial Management

Topic outcomes

- Medium-term macro-fiscal and budget frameworks implemented
- More effective commitment, cash and expenditure management
- Comprehensive, timely and accurate accounting and financial reporting

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. New draft PFM Act developed and submitted to parliament	2013	2013
2. Financial reports for the period 2010-12 consistent with cash-IPSAS	2013	2013
3. Strengthened budget classification for use in the preparation of the 2013 budget	2013	2013
4. New draft regulations developed and submitted to Cabinet	2014	2014
5. Guidelines submitted to develop an MTFF in the context of oil resource magt.	2014	2015
6. Commitment and cash management plans developed and approved by the Minister in charge of Finance	2014	2015
7. Financial reports for the period 2010 - 2012 consistent with cash-IPSAS developed	2014	2015
8. Guidelines for strengthening internal audit approved and adopted	2013	2014

Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: Assessment of the feasibility of a macro econometric forecasting tool is completed	2016	--
2. New Milestone: Commitment and cash management plans developed in line Ministries	2016	--
3. New Milestone: Improved coverage of SOEs in consolidated reporting	2016	--
4. New Milestone: Capacity for managing fiscal risks related to SOEs strengthened	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

Since 2011, the Government of Seychelles has demonstrated high demand and impressive absorption of AFS TA, and is making steady progress with good achievements in implementing PFM reforms. With AFS support, parliament adopted a new PFM Act in November 2012, and the corresponding Public Financial Management Regulations (PFMR) and Accounting Procedures Manual have been revised accordingly and submitted recently to government for approval. In addition, the authorities implemented cash based International Public Sector Accounting Standards (IPSAS) with the first IPSAS cash consistent financial statements produced for 2011 and 2012 and submitted for audit to the Auditor General as a pilot test and fuller implementation for the 2013 audited financial statements. Other achievements include: (i) the adoption for the 2013 budget of a new chart of accounts based on the Government Financial Statistics Manual (GFSM), 2001; (ii) the development of a new internal audit framework; (iii) steps toward establishment of a structured cash management system and improved government banking arrangements; and (iv) the streamlining of the macro fiscal functions by centralizing the preparation of fiscal projections and coordination of the MTFP process in a single unit within the ministry of finance (the Forecasting and Analysis Bureau)

Key challenges

Coordination in TA delivery among key PFM supporting agencies remains an area for improvement to ensure sustained and successful implementation of reforms. Better sequencing of reforms is also required especially in moving towards the implementation of program-based budgeting (PBB). In addition, the success of other PFM reforms, including PBB, is still dependent upon further development, functional stabilization, and strong ownership of the Treasury Information System (TIS) and the Virtual Accounts Mate (VAM) based integrated financial management information system (IFMIS). Furthermore, intensive development of tools and skills for macro-fiscal analysis and forecasting will be needed in the short and medium term, as well as the establishment of a framework for identifying and managing fiscal risks.

Key partners

AFS collaborates with other partners, mainly the World Bank and the EU in supporting PFM reforms. The World Bank has been supporting the Government of Seychelles in PBB implementation. The EU has undertaken capacity building for strengthening the Office of the Auditor General, the Finance and Public Accounts Committee (FPAC), and the Internal Audit Department of the Ministry of Finance Trade and Investment (MOFTI).

Meetings/ Coordination with donors on specific projects

The World Bank and European Union's representatives in charge of Seychelles being based in Mauritius, regular meetings are organized with them to discuss the activities planned and the main conclusions of TA missions.

HQ-(co) funded projects

Diagnostics: A March 2014, an FAD mission, with AFRITAC-South (AFS) participation, supported the authorities in developing a medium-term strategy for introducing and implementing the medium-term budget framework (MTBF).

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Medium-term macro-fiscal and budget frameworks implemented (# Guidelines submitted to develop an MTFE in the context of oil resource management)	6	9
2. More effective commitment, cash and expenditure management (# Commitment and cash management plans developed and approved by the Minister in charge of Finance)	5	5
3. Comprehensive, timely and accurate accounting and financial reporting (# Financial reports for the period 2010-12 consistent with cash-IPSAS developed)	5	5
Total	16	19

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. Medium-term macro-fiscal & budget frameworks implemented (# Assessment of the feasibility of a macro econometric forecasting tool is completed)	5	5
2. Medium-term macro-fiscal and budget frameworks implemented (#Capacity for managing fiscal risks related to SOEs strengthened)	3	2
3. More effective commitment, cash and expenditure management (# Commitment and cash management plans developed in line Ministries)	3	3
4. Comprehensive, timely and accurate accounting and financial reporting (# Improved coverage of SOEs in consolidated reporting)	3	1
Total	14	11

*As at July 31, 2015

Revenue Administration (Tax)**Topic Outcomes**

- Diagnostics

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Compliance framework developed	2013	2013
2. Improved audit capacity for compliance management	2014	2014
3. Evaluation of compliance management capacity from audit perspective	2014	2014
4. Evaluation report on suitability of CMS for current and future business of SRC	2014	2014
5. Audit training, Phase 2	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: Agreed tax administration reform strategy to guide future TA	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

The Seychelles Revenue Commission (SRC) successfully implemented the VAT in 2013, along with several changes to the tax code, with the support from an EU-funded resident advisor backstopped by FAD. AFS-funded TA focused on developing the compliance management framework (which is

currently under implementation). Further TA was provided to review the existing automated system, and to evaluate the effectiveness of taxpayer audit the result of which were three further inputs to improve audit capacity through training and the development/update of an audit manual.

Key challenges

Key challenges include the ineffective IT system and the need to enhance the audit capacity of the staff, critical for the management of specific taxpayer compliance through technical training and tools.

Key partners

The EU provided financial support for the resident advisor on VAT implementation, backstopped by FAD. Australia provides direct support to the SRC in several tax technical areas.

HQ-funded projects

FAD backstopped the resident advisor on VAT implementation.

Dept.	Purpose Description
FAD	Resident Advisor on VAT
FAD	Regional Workshops on VAT

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Enhanced collections from improved and cost-effective administrations and strengthened compliance (#Audit training, Phase 2)	3	2
Total	3	2

FY16 Work Plan (field person-weeks)

Topic Outcomes (3Milestones)	Plan	Revised*
1. Diagnostics (#Updated reform strategy)	4	4
Total	4	4

*As at July 31, 2015

Customs administration

Topic outcomes

- Enhanced collections from improved and cost-effective administration and strengthened compliance
- More efficient and effective organizational structures
- Diagnostic and needs assessment

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Selected customs officers are assigned to the risk management unit and have started risk assessment of high-stake imports	2013	2013
2. The organization has a workable plan for implementing the SADC training modules	2013	2013
3. The Risk Assessment Team is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments	2014	2014
4. Customs is aware of cargo blockages as they occur and takes steps to rectify blockages - including by having a functioning customs-to-business forum	2014	2015

5. SRC Customs is able to use information generated by the Risk Management Unit to ensure successful interventions by anti-smuggling and investigation units	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. Pending Milestone : Customs officers assigned to the post release audit unit are able to plan and execute audits successfully and are able to identify revenue leakage and take recovery/corrective action	2016	--
2. Pending Milestone: The excise function is based on systems and procedures to safeguard revenue by having a robust compliance strategy in place supported by sound laws and regulations and effective risk management	2017	--
3. New Milestone: The Risk Assessment Team (RA) provide information products (briefings, alerts, intelligence) to enforcement units who make use of the information and provide feedback and intelligence to the RA	2016	--
4. New Milestone: Customs administration modernization progress is known and advice given on measures to improve performance	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

Seychelles customs has successfully implemented the Asycuda World computerized cargo declaration processing system. The risk management function has grown in strength and is now fully operational and can gather, analyse and use information from different sources to aid risk management. AFS TA has contributed to the development of the risk management function in the SRA in line with milestones in the table above. Excise, a significant revenue earner, and PCA functions have been strengthened and, going forward, AFS will continue to assist the authorities on risk management, trade facilitation, excise function, and post clearance audit (PCA) to achieve the milestones shown in the above table.

Key challenges

Excise administration requires strengthening as many gaps in controls exist and, as indicated above, is an area where AFS will continue support. While the risk management function has been strengthened, the enforcement function (investigation and anti-smuggling) requires significant additional capacity building. The customs clearance process is not yet fully secure. PCA progress has been slower, as can be seen in the pending milestone, as some resources initially allocated to PCA, were devoted to addressing excise

Key partners

TA in the customs area has been provided by the EU, the Common Market for Eastern and Southern Africa (COMESA) (which partly funds the implementation of Asycuda World), and the World Customs Organization (WCO) Regional Office for Capacity Building (which has provided TA in developing the management function and in rolling out the nCEN system). Additionally, the Government of Seychelles has contracted a number of overseas experts to provide long-term TA, including to the Customs and Excise Departments.

As a Southern African Development Community (SADC) member, Seychelles will benefit from the work being done to implement the SADC trade protocol, namely: creating a refined framework for assessment to allow self assess conformity with the WTO Bali Agreement; developing a regional bond guarantee system to enable implementation of the transit management system; aligning border controls (including border opening/closing times) across SADC and extending operating hours; developing a SADC wide ICT strategy that includes the principles of the World Customs Organization

(WCO) globally networked customs initiative and implementing an electronic certificate of origin SADC-wide; online publication of trade rules, non-tariff measures (NTMs) and tariffs; delivering a train the trainers program in origin, risk management, tariff and non-tariff barriers (with support from GIZ); and preparing an online enquiry mechanism to allow the trade to bring to the attention of SADC NTMs they encounter. SADC members will also benefit from the EU Trade Related Facility – an EU funded program to develop customs and trade in the region (associated with the SADC/EU Economic Partnership Agreement (EPA) and implemented by the SADC Secretariat). Additionally, TradeHub (USAID) will implement a new multi year program to help facilitate trade in the region.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Barriers to trade are diminished and progress in regional harmonization with international best practice achieved (#Customs is aware of cargo blockages as they occur and takes steps to rectify blockages - including by having a functioning customs-to-business forum)	1	1
2. Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance (#SRC Customs is able to use information generated by the Risk Management Unit to ensure successful interventions by anti-smuggling and investigation units)	1	1
3. More efficient and effective organizational structures (#The excise function is based on systems and procedures to safeguard revenue by having a robust compliance strategy in place supported by sound laws and regulations and effective risk management)	2	2
4. More efficient and effective organizational structures (#Customs officers assigned to the post release audit unit are able to plan and execute audits successfully and are able to identify revenue leakage and take recovery/corrective action)	2	2
Total	6	6

FY16 Work Plan (field person-weeks)

Topic Outcomes	Plan	Revised*
1. Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance (#The Risk Assessment Team (RA) provide information products (briefings, alerts, intelligence) to enforcement units who make use of the information and provide feedback and intelligence to the RA)	1	1
2. Diagnostics (# Customs administration modernization progress is known and advice given on measures to improve performance)	4	4
3. More efficient and effective organizational structures (#The excise function is based on systems and procedures to safeguard revenue by having a robust compliance strategy in place supported by sound laws and regulations and effective risk management)	2	2
4. More efficient and effective organizational structures (#Customs officers assigned to the post release audit unit are able to plan and execute audits successfully and are able to identify revenue leakage and take recovery/corrective action)	2	2
Total	9	9

*As at July 31, 2015

Financial Sector Supervision

Topic outcomes

- Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and offsite supervisory methodologies and risk assessment criteria

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. AFS and the authorities will agree on the areas where the Basel I regulations need to be issued/enhanced. AFS and the authorities finalize a migration matrix for transition to Basel II	2013	2013
2. Off-site banking supervision has been identified as a priority by HQ-based TA. The AFS expert will define the scope of possible TA in RBS	2013	2013
3. Agree with the authorities on the AFS TA plans	2013	2013
4. AFS and the authorities will agree on a framework which can be put in place in Seychelles for off shore banks	2014	2014
5. Recommendations on Implementation of supervision of AML/CFT risks in offshore banks provided to authorities	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
2. New milestone: AFS will agree with the authorities in risk assessment of off shore banking institutions.	2016	--
3. New Milestone: AFS will agree with the authorities in risk assessment with specific focus on AML-CFT risks.	2016	

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

A joint AFS/MCM mission, which took place in 2013, defined TA priorities for Seychelles. AFS provided TA on risk-based supervision, compliance with the Basel capital adequacy framework, and the supervision of off-shore banks. TA advice in these areas is being implemented. Going forward, AFS will focus on regulation of offshore banks.

HQ-(co) funded projects

Dept.	Purpose Description
MCM	Basel II/III Implementation
MCM	Banking Supervision/Development of Foreign Exchange and Government Securities Markets

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and offsite supervisory methodologies and risk assessment criteria (#Recommendations on Implementation of supervision of AML/CFT risks in offshore banks provided to authorities)	2	3
Total	2	3

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and offsite supervisory methodologies and risk assessment criteria (#AFS will agree with the authorities in risk	4	4

assessment of off shore banking institutions.)		
2. Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and offsite supervisory methodologies and risk assessment criteria (#AFS will agree with the authorities in risk assessment with specific focus on AML-CFT risks.)	4	4
Total	8	8

**As at July 31, 2015*

Monetary Policy Framework Operations

Topic Outcomes

- Appropriate instruments of monetary operations
- Deeper and more efficient primary and secondary money markets
- A firm grasp of the monetary transmission mechanism

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Prepare a comprehensive action plan and identify areas of AFS TA	2014	2014
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone (Redefined): Excess liquidity situation has been drained; Forecasting and operational capacity is strengthened to support effective policy implementation and a comprehensive communication strategy on monetary policy implementation is developed	2016	--
2. New Milestone: Introduce measures to facilitate effective liquidity management and price discovery in the money and secondary markets.	2016	--
3. New milestone (Redefined): Organize data sets and procedures for short-term to support forecasting and monetary policy analysis. Develop communication strategy on monetary policy formulation	2017	--

**As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.*

Key achievements and priorities

During FY14 there were several diagnostics and needs assessment missions to the Seychelles and the work plan for 2015 thus contained plans for follow-up missions building on these recommendations. The missions identified priority measures for moving to a forward-looking monetary regime. Despite that, the planned follow-up TA for FY15 was postponed, the CBS has continued to develop and improve and the AFS will focus on providing TA on modeling and forecasting ahead. Moreover, TA will also be provided in money and secondary market developments and within liquidity forecasting and management.

Key Challenges

The technical infrastructure for money markets may prove to be a challenge when trying to develop the secondary market. As for the TA focusing on forecasting and modeling the key challenges are to secure support and resources for the planned capacity building activities in terms of software, commitment, the retainment of qualified staff.

HQ-funded projects

In FY12 there were one combined mission on Banking supervision and Development of FOREX and government securities markets. There was also a mission on Payments systems. In FY13 there was another mission on Payment systems and one mission on FOREX and Monetary Operations. There

were no HQ funded missions in FY14 but one in FY15 On strengthening the Monetary Framework. There are no planned HQ missions for FY16.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Diagnostics	9	0
Total	9	0

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. Appropriate instruments of monetary operations (#Excess liquidity situation has been drained ; Forecasting and operational capacity is strengthened to support effective policy implementation and a comprehensive communication strategy on monetary policy implementation is developed)	8	8
2. Deeper and more efficient primary and secondary money markets (#Introduce measures to facilitate effective liquidity management and price discovery in the money and secondary markets.)	6	4
3. A firm grasp of the monetary transmission mechanism (#Organize data sets and procedures for short-term to support forecasting and monetary policy analysis. Develop communication strategy on monetary policy formulation)	8	10
4. Appropriate instruments of monetary operations (LEG) (#No milestone set)	4	4
Total	26	26

*As at July 31, 2015

Real Sector Statistics

Topic outcomes

- Compilation and dissemination of annual and quarterly national accounts following international standards
- Improved accuracy of price statistics

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Finalization of quarterly GDP estimates, assessment of project results(including design national account framework for GDP estimates by production, expenditure and income approaches), enhancing source data and procedures for seasonal adjustments (milestone redefined)	2013 2014 2015	2015
2. Introduction of PPI, assessment of source data, composition of basket and weighting system	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. Pending Milestone: Finalization of quarterly GDP estimates, assessment of project results(including design national account framework for GDP estimates by production, expenditure and income approaches), enhancing source data and procedures for seasonal adjustments	2016	--
2. New Milestone: Rebasing GDP to 2013 done	2017	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

Seychelles have made good progress towards the implementation of a system for quarterly GDP estimates. The quarterly GDP time series for the period 2006 – 2012 has been brought in full

consistency with the latest annual figures. Presently, the National Statistics Office of Seychelles regularly produces quarterly GDP estimates by economic activity. Since May 2015 Seychelles became the third SDDS subscriber amongst Sub-Saharan African countries. Going forward, AFS will continue to assist NSB of Seychelles, focusing on further enhancement of quarterly national accounts, in particular for introducing GDP estimates by final expenditure approach.

Key challenges

Challenges related to staff retention and high turnover are being addressed by the authorities.

Key partners

The National Bureau of Statistics (NBS) receives TA from the World Bank and the African Development Bank in the area of national accounts and prices, including the 2010 round of the World Bank Purchasing Parities Comparison (PPC) program. The AFS project on quarterly represents a follow-up stage of the World Bank's project on improvement of annual national accounts.

The NBS is also working with the Statistics Mauritius to improve the quality of macroeconomic statistics, including developing labor market statistics, which is required for SDDS compliance.

In 2014, the NBS hired an external consultant from the Australian Bureau of Statistics (ABS) for one year to assist its staff in developing economic statistics and national accounts.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Compilation and dissemination of annual and quarterly national accounts following international standards (#Finalization of quarterly GDP estimates, assessment of project results(including design national account framework for GDP estimates by production, expenditure and income approaches), enhancing source data and procedures for seasonal adjustments)	2	2
2. Improved accuracy of price statistics (#Introduction of PPI, assessment of source data, composition of basket and weighting system)	2	1
Total	4	3

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. Compilation and dissemination of annual and quarterly national accounts following international standards (#Finalization of quarterly GDP estimates, assessment of project results(including design national account framework for GDP estimates by production, expenditure and income approaches), enhancing source data and procedures for seasonal adjustments)	1	1
2. Compilation and dissemination of annual and quarterly national accounts following international standards (#Rebasing GDP to 2013 done)	1	1
Total	2	2

*As at July 31, 2015

Medium-Term Macroeconomic Prospects and Challenges

South Africa's economic growth is projected at 1.4 percent in 2015 and is expected to weaken further in 2016 due to electricity constraints, weak business and consumer confidence, and low commodity prices. Medium-term growth is projected to pick up modestly assuming electricity shortages ease, but remain sluggish and insufficient to reduce high unemployment.

Structural reforms to address electricity and transport bottlenecks, alleviate skill mismatches, and improve the functioning of product and labor markets are imperative to raise growth and improve job prospects, but progress remains mixed. Structural reforms are also necessary to lower vulnerabilities, increase the scope for countercyclical macro policies, and raise the economy's ability to rebalance toward exports and investment.

The 2015 Medium-Term Budget Policy Statement (MTBPS) maintained the commitment to fiscal consolidation and kept the expenditure ceilings set in the 2015 Budget, but lower growth forecasts have resulted in an upward revision of deficit and debt targets. Staff's projections, consistent with those in the October WEO and reflecting a weaker macro, suggest the deficit will remain well-above 3 percent of GDP over the medium term with debt reaching 54 percent of GDP. Downside risks are considerable. Containing the high wage bill remains critical. Delivering on spending efficiency and commitments to improve state-owned enterprises' financial and operational performance is essential for growth and to contain fiscal risks.

Capacity Building Agenda

Overview

South Africa has strong capacity across all areas, where AFS is active. Therefore, AFS focuses on targeted technical inputs requiring specialized expertise and cross-country knowledge. In the area of PFM, AFS is engaging with the authorities in the area of management of risks arising from state-owned enterprises (SOEs) and in supporting the development of the strategic plan of the Parliamentary Budget Office (PBO). AFS has funded a project on tax gap analysis in the South African Revenue Service (SARS). In the area of monetary policy, AFS, in collaboration with the Africa Training Institute (ATI), provides advanced training on macroeconomic modeling and forecasting to SARB officials.

The South African authorities generously share their experience with other AFS member countries through their active participation in regional peer-to-peer and training events, as well as through the co-hosting of regional events organized by AFS. AFS is also discussing with relevant agencies on the possibility of seconding AFS country officials.

Public Financial Management

Topic outcomes

- Medium-term macro-fiscal and budget frameworks implemented

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Guidelines developed on synchronizing the long term fiscal sustainability needs with the long term revenue generation strategies.	2013	2013
2. Trained Core Staff in PBB	2014	2014
3. Guidelines developed on managing fiscal risks for SOEs	2014	2015
4. 5-year strategic plan for the PBO developed (milestone was set for FY16)	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status
No milestone set	--	--

Key achievements and priorities

South Africa has well established PFM systems and substantial skills in this area. Since 2011, in collaboration with the IMF's Fiscal Affairs Department (FAD), AFS has supplemented these

capabilities through additional international expertise in developing a long-term fiscal sustainability report, strengthening performance-based budget management, developing the capacity of the Parliamentary Budget Office, and facilitating regional peer exchanges in the area of management of fiscal risks related to SOEs.

Going forward, AFS, in collaboration with FAD, will continue to support the Government through targeted peer-to-peer interactions on an as needed basis to advance their initiatives to enhance systems and tools of fiscal risk management and to promote the effective functioning of the Parliamentary Budget Office (PBO).

Key challenges

To further enhance the effectiveness of the support, AFS will engage the authorities in forward-looking planning of their requests for expert advice.

Key partners

The EU, GIZ and Switzerland are the main PFM partners providing TA in the area of PFM. The EU continues to support the implementation of the Government's PFM Capacity Building Strategy through the Office of the Accountant-General. Aimed at strengthening PFM capacity across the Government, the support program mainly intends to: (i) develop and maintain an enabling PFM institutional environment; (ii) enhance the organizational PFM capacity; (iii) establish an empowered and sustained PFM corps of competent and committed employees across government; (iv) develop an environment to sustain mutually beneficial stakeholder relationships within the PFM domain; (v) increase PFM capacity within the provincial and local government spheres.

GIZ provides TA on budget reform, external financial control, and legislative financial control. SECO (Switzerland), in collaboration with the EU, also contributes to the Financial Management Improvement Program (FMIP III). This project provides capacity building to provincial and local governments.

HQ-(co) funded projects

Dept.	Mission Purpose/Description	Fiscal Year
FAD	Follow up on long-term forecasting	2014
FAD	Budget Institutions follow-up to the IMF 2010 study across G-20 countries.	2013
FAD	Public expenditure review	2014

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Actual
1. Medium-term macro-fiscal and budget frameworks implemented (#Guidelines developed on managing fiscal risks for SOEs)	1	1
2. More effective commitment, cash and expenditure management (#5-year strategic plan for the PBO developed)	2	2
Total	3	3

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
Medium-term macro-fiscal and budget frameworks implemented (#Analytical capacity of PBO strengthen)	To be allocate from reserves /savings	To be allocate from reserves/savings
Total	--	--

*As at July 31, 2015. Activity endorsed in August 2015 with 2 HQ Weeks and 2 STX weeks.

Revenue Administration (Tax)

Topic Outcomes

- Enhanced collections from improved and cost-effective administrations and strengthened compliance

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Tax Gap Analysis capacity building, with possible regional spill over effects	2014	2015
Pending and new milestones for FY16 and onward	Set for	Status*
No milestone set	--	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities (Achievements since FY12)

AFS has developed a good working relationship with SARS and receives quality support for seminar events, where SARS staff act as resource persons. AFS financed a FAD-led review of the tax gap analysis methodology used by SARS with a view to asking SARS to support countries in the region in developing their own tax gap analysis and measurement models.

Key partners

The African Tax Administration Forum (ATAF) has a strong connection to SARS by reason of its location and inception, so AFS seeks to also develop a close working relationship with ATAF.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Enhanced collections from improved and cost-effective administrations and strengthened compliance (#Enhanced Tax Gap Analysis capacity)	5	5
Total	5	5

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
No milestone set	0	0
Total	0	0

*As at July 31, 2015

Customs administration

No TA provided or Planned.

Financial Sector Supervision

No TA provided or Planned.

Monetary Policy Framework Operations

Topic Outcomes

- A firm grasp of the monetary transmission mechanism

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. No Milestones set since FY12. In collaboration with ATI, advanced training macroeconomic modeling and forecasting was provided to SARB officials (ongoing project)	--	--
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: Advanced Training on Macroeconomic modeling and forecasting conducted.	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

Training has been requested by SARB on advanced macroeconomic modeling and will be provided under the ATI project of customized training in support for TA activities of AFRITACs. The training was initiated in FY15 and was very well received by the SARB. The Reserve Bank showed strong interest in a follow-up training and SARB and ATI therefore agreed on follow-up training at two occasions during FY16.

Key Challenges

Key challenges are to achieve continuity and momentum in this activity since it is only accepted on a seminar basis with lengthy periods in between.

Key Partners

The ATI and SARB.

HQ-funded projects

Between FY12 to FY15 there has been no HQ funded missions to South Africa. However, for FY16 there two missions planned, one in Modeling and forecasting and one in Reserve management.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. A firm grasp of the monetary transmission mechanism (# No Milestone set. Activity related to Advanced training macroeconomic modeling and forecasting)	0	3
Total	0	3

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. A firm grasp of the monetary transmission mechanism (#Advanced Training on Macroeconomic modeling and forecasting conducted.)	2	2
Total	2	2

*As at July 31, 2015

Real Sector Statistics

No TA provided in this area. In FY16 AFS plans to invite qualified South African experts to provide TA. AFS is also coordinating with the relevant agencies in South Africa for possibilities of sending AFS country officials on attachments as part of the peer-to-peer learning program.

Medium-Term Macroeconomic Prospects and Challenges

Swaziland gradually recovered from the fiscal crisis of 2010–11, buoyed by the improved revenues from the Southern African Customs Union (SACU) through 2014. Until recently improved SACU revenues relieved the pressure on fiscal and external balances, though economic growth stays sluggish. Swaziland's economic outlook, however, remains subject to downside risks (mainly associated with the uncertain prospects for South African economy and the high volatility of the SACU revenue). SACU revenues are expected to decline markedly in coming years, resulting from adjustments for overpayments in 2014/15 and expected slowdown in South Africa's imports – thus putting pressures on fiscal and external balances.

These developments point to the need to strengthen Swaziland's resilience to shocks. Swaziland's key economic policy challenges are therefore to strengthen its resilience to exogenous shocks and achieve high, inclusive growth, while meeting critical social and development needs. In this light, a prudent fiscal policy stance should be maintained over the medium-term, while protecting critical social and development expenditures. In particular it is important to (i) improve revenue administration, (ii) rationalize recurrent expenditure (while safeguarding critical social and development expenditures), (iii) effectively implement public sector reforms, and (iv) enhance efforts to strengthen PFM.

Capacity Building Agenda

Overview

In light of the significant macroeconomic challenges facing Swaziland, AFS designed and started to implement a wide-ranging capacity building program. AFS provides significant TA on public financial management (PFM) and revenue administration issues. These projects are of critical importance for supporting fiscal reforms aimed at improving budget preparation and monitoring and at strengthening non-SACU revenue performance. AFS also provides TA and training to the Central Bank of Swaziland on a range of banking supervision issues, including risk-based supervision, while the IMF's Monetary and Capital Markets Department (MCM) focuses on the supervision of non-bank financial institutions. Ongoing projects with the statistics office staff will continue to contribute to the improvements in national accounts and price statistics which are required for further progress in other TA areas.

Public Financial Management

Topic outcomes

- Medium-term macro-fiscal and budget frameworks implemented
- More effective commitment, cash and expenditure management
- Comprehensive, timely and accurate accounting and financial reporting

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Operational action plans developed and approved by the Minister in charge of Finance, to support the implementation of PFM reforms on the legal framework, MTFE, COA, and FMIS	2013	2013
2. Core staff trained on the preparation of a long-term fiscal sustainability report. Replaced with "Trained Core Staff in PBB.	2014	2014
3. Guidelines developed on managing fiscal risks for SOEs. (A matrix on fiscal risks management, including from SOEs, developed in workshop).	2014	2014
4. Core staff trained on the preparation of MTFE methodology	2015	2015
5. Strengthened budget classification and financial reporting procedures to be used in the preparation and implementation of the 2014/2015 budget	2013	2015

Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: MTFF documentation developed, and first annual fiscal risks statement published as supplementary information to Budget documentation for FY16-2017	2017	--
2. Pending Milestone: Commitment and cash management plans, bank reconciliation procedures and strategy for implementing TSA developed and approved by the Minister in charge of Finance	2016	--
3. Pending Milestone: Strategy for progressive implementation of cash basis IPSAS developed and PFM regulatory framework updated and submitted for adoption	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

Since 2011, AFS, in collaboration with the IMF's Fiscal Affairs Department (FAD), has provided significant TA in the area of PFM. Mixed progress has been achieved over the period with most reforms pending final implementation: (i) a new PFM bill was developed but yet to be passed by Parliament; (ii) development of skills and tools and their use in the preparation of the medium-term macro fiscal framework (MTFF) for budget submissions (starting with the 2014/15 budget); (iii) a new chart of accounts used for the preparation of the 2014/15 budget (in 2014); and (iv) the elaboration of the bank account structure and a sequenced strategy for implementing a new treasury single account (TSA) (2014); (v) the adoption and launching of a medium-term expenditure framework (MTEF) reform process.

Going forward, AFS TA will focus on assisting the authorities in documenting the tools and deepening the skills for macro fiscal analysis and forecasting, institutionalizing the MTFF process to ensure that it effectively guides high-level decisions during the budget preparation and implementation, progressively implementing improved cash management and the TSA system, gradually implementing cash basis International Public Sector Accounting Standards (IPSAS) for accounting and financial reporting, and developing financial regulations to implement the new PFM Act when adopted by Parliament. FAD will install an EU-funded, resident advisor during FY16 to provide complementary additional support to the Accountant Generals Department for cash management, accounting and expenditure control.

Key challenges

Major challenges lie ahead in Swaziland to ensure effective PFM. Insufficient political commitment to fiscal sustainability has resulted in deviations of the budgets from the MTFF, both of which are approved by the Cabinet. This largely undermines the credibility of fiscal policy management. Significant delays in the passing of the PFM bill into a new Act further constrain the implementation of other reforms. Swaziland is yet to adopt a new PFM reform strategy which should effectively address the issues of prioritization, sequencing, and inter-agency coordination of reforms. Low staff capacity and functionality of the financial management information system further constrain effective budget execution and fiscal reporting. High staff turnover in key positions adversely affects the continuity and effectiveness of TA.

The ministry of finance is yet to establish a dedicated macro fiscal unit as agreed with previous AFS TA missions (and for which draft terms of reference have been provided to the authorities). A weak statistical environment and weak fiscal reporting undermines the effectiveness of the macro fiscal analysis, forecasting, and monitoring. AFS is addressing some of the challenges by collaborating with the IMF's Article IV consultation team, by discussing Human Resource (HR) policies with senior officials, and further interacting with main PFM donors.

Key Partners

The European Union (EU), the World Bank and the African Development Bank are the major PFM donors in Swaziland supporting the development of a new PFM reform strategy, the establishment of a new integrated financial management information system, the strengthening of payroll and procurement systems, and the development of the planning and budgeting framework. The EU provides support in thematic areas of: budget planning and formulation; budget execution (improved management, controls, and fiscal reporting); and budget oversight (working with oversight bodies in Parliament, the office of the auditor general, and the anti-corruption commission). The U.K. Department for International Development (DFID) also finances a long-term resident advisor in the Budget Office. The AfDB provides complementary TA, through funding of a long-term resident advisor since August 2013, to assist the authorities in developing and implementing a detailed PFM action plan.

HQ-(co) funded projects

Dept	Mission Purpose/Description	Fiscal Year
FAD	Follow-up on PFM reform strategy: Strategic Issues in PFM Reform	2013

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Actual
1. PFM reform strategy and action plans developed (#Operational action plans developed and approved by the Minister in charge of Finance, to support the implementation of PFM reforms)	7	0
2. Medium-term macro-fiscal and budget frameworks implemented (#Core staff trained on the preparation of MTFF methodology)	6	1
3. More effective commitment, cash and expenditure management (#Commitment and cash management plans, bank reconciliation procedures and strategy for implementing a TSA developed and approved by the Minister in charge of Finance)	5	10
4. Comprehensive, timely and accurate accounting and financial reporting (#Strengthened budget classification and financial reporting procedures to be used in the preparation and implementation of the 2014/2015 budget)	3	2
5. Comprehensive, timely and accurate accounting and financial reporting (Strategy for implementation of cash basis IPSAS developed and submitted for adoption)	0	6
Total	21	19

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. Medium-term macro-fiscal and budget frameworks implemented (#MTFF documentation developed, and first annual fiscal risks statement published as supplementary information to Budget documentation for FY16-2017)	3	3
2. More effective commitment, cash and expenditure management (#Commitment and cash management plans, bank reconciliation procedures and strategy for implementing a TSA developed and approved by the Minister in charge of Finance)	3	3
3. Comprehensive, timely and accurate accounting and financial reporting (#Strategy for implementation of cash basis IPSAS developed, and PFM regulatory framework updated and submitted for adoption)	6	6
Total	12	12

*As at July 31, 2015

Revenue Administration (Tax)

Topic Outcomes

- Enhanced collections from improved and cost-effective administrations and strengthened compliance

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Improved audit capacity	2013	2013
2. Advanced audit training delivered	2014	2014
3. Income Tax Self-Assessment for the LTU implemented	2013	2014
4. Self-assessment implemented for segment at a time	2015	2015
5. Accountability framework updated	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: Improved tax risk management and audit results	2016	--
2. Pending Milestone: Compliance risk management framework to guide resource allocation developed	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

Swaziland successfully implemented a Value Added Tax (VAT) in 2012 and integrated the erstwhile VAT Department into a single Domestic Tax Department with a delineated headquarters function. AFS provided audit training in two phases to support the VAT audit team in building their compliance management and field audit capacity. More recently, with AFS support, the Swaziland Revenue Authority (SRA) has implemented income tax self-assessment for the large taxpayers and has commenced the development of a compliance and risk management framework. Going forward, AFS will focus on supporting the development of the compliance and risk management framework.

Key challenges

Some recommendations that would improve tax administration efficiency would require political support for changing the prevailing culture in the organization.

Key partners

IMF Tax Policy and Administration Topical Trust Fund

HQ-funded projects

There have been annual HQ-led missions with AFS participation and funding from the IMF Tax Policy and Administration Topical Trust Fund (TTF) since 2011.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Enhanced collections from improved and cost-effective administrations and strengthened compliance (#Self-assessment implemented for segment at a time)	0	2
2. More efficient and effective organizational structures (#Revenue Accountability framework updated)	0	2
3. Enhanced collections from improved and cost-effective administrations and strengthened compliance (#Compliance risk management framework to guide resource allocation developed)	3	2
Total	3	6

FY16 Work Plan (field person-weeks)

Topic Outcomes (3Milestones)	Plan	Revised*
1. Enhanced collections from improved and cost-effective administrations and strengthened compliance (#Improved tax risk management and audit results)	5	5
2. Enhanced collections from improved and cost-effective administrations and strengthened compliance (# Compliance risk management framework to guide resource allocation developed)	2	2
Total	7	7

*As at July 31, 2015

Customs administration**Topic outcomes**

- Enhanced collections from improved and cost-effective administration and strengthened compliance
- Diagnostic
- More efficient and effective organizational structures

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Selected customs officers are assigned to the risk management unit and have started risk assessment of high stake imports	2013	2013
2. Selected customs officers are assigned to the post release audit unit and have started scrutinized transactions for errors and fraud	2013	2013
3. The Intelligence Team is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments	2014	2014
4. Major cargo declarations and control processes are mapped and new processes are modeled	2014	2014
5. The Intelligence Team is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments - and to enable more effective use of anti-smuggling/ enforcement assets	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: The Intelligence Team provide information products (briefings, alerts, intelligence) to enforcement units who make use of the information and provide feedback and intelligence to the Intel Team	2016	--
2. New Milestone: Customs administration modernization progress is known and advice given on measures to improve performance	2016	--
3. Pending Milestone: Customs officers assigned to the post release audit unit are able to plan and execute audits successfully and are able to identify revenue leakage and take recovery/corrective action	2017	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

Customs is a part of the Swaziland Revenue Authority (SRA) and is becoming progressively more integrated into the SRA structure. The computerized cargo declaration processing system has been successfully upgraded to the Asycuda World system which has significantly enhanced features for report generation and risk management. The strengthening of the risk management function is a key priority – together with strengthened linkages to, and enhanced capacity of, the enforcement function.

Key challenges

Risk management is relatively nascent and the staff are somewhat inexperienced. The enforcement function should be strengthened. Border infrastructure is poor with no access to scanners or other inspection tools.

Key partners

Customs has received TA from the World Bank, the World Customs Organization (WCO) and via a memorandum of understanding with South African Revenue Service—SARS (which receives customs staff on placements and on training programs).

TA on developing the management function and the roll-out of the nCEN system is provided by the WCO Regional Office for Capacity Building. The Southern African Customs Union (SACU) coordinates programs to upgrade customs legislation, to implement a SACU-wide Preferred Trader Scheme (PTS), and, in collaboration with the Finnish Customs, SACU provides other TA to SRA's Customs. The World Bank provides funding for customs, including release studies and capacity development.

As a Southern African Development Community (SADC) member, Mozambique will benefit from the work being done to implement the SADC trade protocol, namely: creating a refined framework for assessment to allow self assess conformity with the WTO Bali Agreement; developing a regional bond guarantee system to enable implementation of the transit management system; aligning border controls (including border opening/closing times) across SADC and extending operating hours; developing a SADC wide ICT strategy that includes the principles of the World Customs Organization (WCO) globally networked customs initiative and implementing an electronic certificate of origin SADC-wide; online publication of trade rules, non-tariff measures (NTMs) and tariffs; delivering a train the trainers program in origin, risk management, tariff and non-tariff barriers (with support from GIZ); and preparing an online enquiry mechanism to allow the trade to bring to the attention of SADC NTMs they encounter. SADC members will also benefit from the EU Trade Related Facility – an EU funded program to develop customs and trade in the region (associated with the SADC/EU Economic Partnership Agreement (EPA) and implemented by the SADC Secretariat). Additionally, TradeHub (USAID) will implement a new multi year program to help facilitate trade in the region.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance (#The Intelligence Team is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments - and to enable more effective use of anti-smuggling/ enforcement assets)	1	5
2. More efficient and effective organizational structures (#Customs officers assigned to the post release audit unit are able to plan and execute audits successfully and are able to identify revenue leakage and take recovery/corrective action)	2	0
3. More efficient and effective organizational structures (#SRA Customs has implemented the newly modeled processes and they have contributed to trade facilitation and compliance objectives)	2	0
Total	5	5

FY16 Work Plan (field person-weeks)

Topic Outcomes	Plan	Revised*
1. Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance (#The Intelligence Team provide information products (briefings, alerts, intelligence) to enforcement units who make use of the information and provide feedback and intelligence to the Intel Team)	1	1
2. Diagnostics (#Customs administration modernization progress is known and advice given on measures to improve performance)	4	4
3. More efficient and effective organizational structures (#Customs officers assigned to the post release audit unit are able to plan and execute audits successfully and are able to identify revenue leakage and take recovery/corrective action)	2	2
Total	7	7

*As at July 31, 2015

Financial Sector Supervision*Topic outcomes*

- Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and offsite supervisory methodologies and risk assessment criteria

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. AFS and the authorities agree on the supervisory process and organizational changes that would be required to comply with the implementation of non-compliant issues	2013	2013
2. AFS and the authorities will agree on the areas where the Basel I regulations need to be issued/ enhanced. AFS and the authorities finalize a migration matrix for transition to Basel II	2013	2013
3. AFS will agree with the authorities on the deficits in the RBS in place already and document the aspects which need enhancements and additions in the methodologies or scoping	2013	2013
4. The AFS will review the stress testing framework developed by the authorities and inform them about the modifications needed in the framework	2015	(May 2015)
Pending and new milestones for FY16 and onward	Set for	Status*
1. Milestone Redefined: AFS will review the implementation of the revised stress testing model (<i>Initial milestone: AFS will deliver to the authorities a process document for the supervisors</i>)	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

Implementation of previous AFS TA advice on improvements in the areas of non-compliance with the BCP and with the Basel I capital adequacy standard, as well as risk-based supervision, is work in progress. Going forward, AFS will focus on TA on risk-based supervision.

Key challenges

Absorption capacity.

Key partners

MEFMI.

HQ- funded projects

Dept.	Purpose Description
MCM	Capital Markets Supervision
MCM	Review of Capital Markets Regulation
MCM	Capital Markets Evaluation
MCM	Supervision of Insurance and Pension Fund Institutions
MCM	Insurance Supervision
MCM	Supervision of Non-Bank Financial Institutions

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes/(#Milestones)	Plan	Actual
1. Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria (#The AFS will review the stress testing framework developed by the authorities and inform them about the modifications needed in the framework)	2	0
Total	2	0

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and offsite supervisory methodologies and risk assessment criteria (#The AFS will review the stress testing framework developed by the authorities and inform them about the modifications needed in the framework)	0	2
2. Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and offsite supervisory methodologies and risk assessment criteria (#AFS will review the implementation of the revised stress testing model)	4	2
Total	4	4

*As at July 31, 2015

Monetary Policy Framework Operations

No TA activity undertaken or planned.

Real Sector Statistics**Topic outcomes**

- Compilation and dissemination of annual and quarterly national accounts following international standards

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Strengthening the compilation of annual GDP estimates: introduction of new benchmark year, design NA framework for GDP estimates by production, expenditure and income approach	2013	2014

Pending and new milestones for FY16 and onward	Set for	Status*
2. Pending Milestone: Strengthening the compilation of annual GDP estimates: introduction of new benchmark year for annual GDP time series	2016	--
3. New Milestone: Development of system for QGDP estimates by production approach	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

Reforms regarding the rebasing of GDP time series are in good progress. The Central Statistical Office (CSO) completed the economic census (EC); together with other available source data, the 2012 EC results were integrated into the benchmark GDP compilation framework in December 2014. The final step is the rebasing of time series to the new benchmark GDP estimates, planned for June-July 2015. The next stage of TA will involve the development of a system for quarterly GDP estimates by components of the production approach.

Key challenges

Problems regarding sustainability of the resources, in particular staff turnover, would hinder further development of real sector statistics, if not addressed.

Key partners

The CSO of Swaziland was covered by the Africa Development Bank project, as part of the World Bank (WB) 2010 round of Purchasing Parities Comparison Program (PPP), related to the GDP components by final expenditure. The World Bank also supports the CSO in conducting household surveys mainly for poverty analyses. The CSO has benefited from the SADC and Common Market for Eastern and Southern Africa (COMESA) initiatives on harmonization of the standards and methods for compilation of the harmonized consumer price index (HCPI).

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Compilation and dissemination of annual and quarterly national accounts following international standards (#Strengthening the compilation of annual GDP estimates: introduction of new benchmark year, design NA framework for GDP estimates by production, expenditure and income approach)	2	2
2. Compilation and dissemination of annual and quarterly national accounts following international standards (#Strengthening the compilation of annual GDP estimates: introduction of new benchmark year, design NA framework for GDP estimates by production, expenditure and income approach)	2	2
Total	4	4

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. Compilation and dissemination of annual and quarterly national accounts following international standards (#Strengthening the compilation of annual GDP estimates: introduction of new benchmark year for annual GDP time series)	2	2
2. Compilation and dissemination of annual and quarterly national accounts following international standards (#Development of system for QGDP estimates by production approach)	2	2
Total	4	4

*As at July 31, 2015

Medium-Term Macroeconomic Prospects and Challenges

Zambia has high growth potential, but reduced copper prices, uncertainty associated with a new mining tax regime, and elevated fiscal deficits are challenging prospects for maintaining the past decade's rapid pace of development. Sustaining strong growth will require creating room for needed public investments in infrastructure while maintaining macroeconomic stability and ensuring financial deepening to support private sector activity.

A key challenge will be to mobilize government revenue and reorient spending from current to capital. Enhancing tax administration, budget preparation and medium-term macro-fiscal forecasting, debt management, payment controls, and in-year fiscal reporting will all be important to anchor the fiscal position. Improving the quality and availability of macroeconomic statistics would be important to guide economic policy making generally, and strengthening monetary policy analysis and formulation would help towards meeting inflation targets.

Capacity Building Agenda

Overview

To help address the challenges posed a large fiscal adjustment need, AFS provides extensive TA on public financial management (PFM) issues (including cash management, performance-based budgeting--PBB, medium-term fiscal framework--MTFF, and accounting and reporting), as well as on revenue administration (including risk and compliance management and excise function). To facilitate transition to a more forward-looking monetary regime and promote financial sector stability, AFS plans to support the Bank of Zambia in developing money markets, improving the monetary policy formulation processes, and undertaking transition to the Basel II capital adequacy standard. Extensive TA in statistics (including on annual and quarterly GDP, high-frequency indicators, and the producer price index) will help improve macroeconomic management and forecasting across sectors.

Public Financial Management

Topic outcomes

- PFM Legal and regulatory frameworks updated
- Medium-term macro-fiscal and budget frameworks implemented
- More effective commitment, cash and expenditure management
- Comprehensive, timely and accurate accounting and financial reporting

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Guidelines submitted to develop PBB	2015	2015
2. Guidelines to strengthen cash management and implement the TSA approved by the Minister in charge of Finance.	2014	2015
3. Guidelines submitted to the Minister of Finance to strengthen fiscal reporting	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. Pending Milestone: New PFM Bill submitted to Parliament	2016	--
2. Pending Milestone: Guidelines submitted to develop an MTFF	2016	--
3. New Milestone: Cash flow plans approved by the Minister in charge of Finance and TSA implemented at Central Government sector level.	2016	--
4. New Milestone: Gaps in fiscal reporting addressed in line with the guidelines submitted by AFS	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

Since 2011, AFS, in collaboration with FAD, has provided TA to Zambia in the area of PFM focusing on the PFM reform action plans, cash management, accounting and fiscal reporting and budgeting

frameworks. Main achievements over the period include: (i) development and adoption of a new PFM reform strategy and action plan (2013); (ii) establishment of a cash management unit and cash management committee within the Ministry of Finance (2014); and (iii) development and adoption of a PBB framework (2014). Good progress has also been made in: (i) laying a good foundation for the establishment of a Treasury Single Account (TSA) (2014); (ii) improving financial reporting consistent with principles of the cash basis IPSAS; and (iii) developing a cash management procedures manual, terms of reference for the cash management unit (CMU), and a cash flow forecasting model which is currently in use.

Following the FAD diagnostic mission conducted in November 2013, AFS allocated a substantial amount of TA resources for macro fiscal and budget frameworks these have however have yet to be deployed. Going forward, it is understood the authorities wish to reprioritize their TA priorities, this will be further discussed during the annual meetings.

Pending further clarification on new priorities AFS TA will continue to support development of a new PFM legal and regulatory framework the establishment and full implementation of the TSA system, further strengthening of financial and fiscal reporting, and the development of a macro fiscal and budget framework.

Key challenges

Limited high-level support, a slow decision making process, weak coordination and sequencing of competing reforms, and skills gaps constrain effective reform implementation. Weak public expenditure management systems across line ministries adversely affect budget execution. To mitigate the risks related to these weaknesses, AFS will seek to leverage the policy dialogue that the authorities maintain with the IMF's African Department (AFR) in order to secure the necessary support. AFS will also continue to collaborate with main PFM donors in the PFM reform implementation process through its regular post-mission debriefings and participation in PFM donor coordination meetings.

Key partners

On PFM, the World Bank, the U.S., and the German Development Cooperation (GIZ) are the main partners providing TA on the development of the integrated financial management information system (IFMIS), the treasury single account (TSA), and the planning and budgeting framework. The African Development Bank (AfDB) also provides TA on audit. The U.S. Treasury technical support in cash management ended in October 2014. The World Bank, GIZ, AfDB, and the EU participate in the multi-donor trust fund supporting implementation of the PFM reform strategy. The EU approved in July 2013 a EUR 13 million support program for the PFM, accountability, and statistics. GIZ provides TA on (i) strengthening the national planning and budget preparation processes, and transparent and efficient implementation of the results-based budgeting process; and (ii) promoting budget execution and control systems--direct support to capacity development of the Internal Audit department.

Meetings/ Coordination with donors on specific projects

Regular meetings are organized, in collaboration with the IMF Resident Representative, with main donor partners to discuss the activities planned and the main conclusions of the respective TA missions to enhance coordination

HQ-(co) funded projects

Dept.	Mission Purpose/ Description	Fiscal Year
FAD/AFS	Selected PFM Issues and Action Plan	2011
FAD/AFS	Strengthening Public Financial Management Systems	2013

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan*	Actual
1. PFM Legal and regulatory frameworks updated (#New PFM Act submitted to Parliament) (FAD/LEG)	0	10
2. Medium-term macro-fiscal and budget frameworks implemented (# Guidelines submitted to develop an MTFF)	6	0
3. Medium-term macro-fiscal and budget frameworks implemented (# Guidelines submitted to develop PBB)	6	0
4. More effective commitment, cash and expenditure management (#Guidelines to strengthen cash management and implement the TSA approved by the Minister in charge of Finance)	5	1
5. Comprehensive, timely and accurate accounting and financial reporting (#Guidelines submitted to the Minister of Finance to strengthen fiscal reporting)	5	6
Total	22	17

FY16 Work Plan (field person-weeks)

Topic Outcomes	Plan	Revised*
1. PFM Legal and regulatory frameworks updated (#New PFM Act submitted to Parliament)	6	6
2. Medium-term macro-fiscal and budget frameworks implemented (#Guidelines submitted to develop an MTFF)	5	6
3. More effective commitment, cash and expenditure management (# Cash flow plans approved by the Minister in charge of Finance and TSA implemented at Central Government sector level)	3	3
4. Comprehensive, timely and accurate accounting and financial reporting (# Gaps in fiscal reporting addressed in line with the guidelines submitted by AFS)	4	4
Total	18	19

*As at July 31, 2015

Revenue Administration (Tax)*Topic outcomes*

- Enhanced collections from improved and cost-effective administrations and strengthened compliance
- More efficient and effective organizational structures

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Taxpayer Service framework approved by the Commissioner General ZRA	2013	2013
2. Well functioning large taxpayer unit; taxpayer segmentation well advanced	2013	2013
3. Diagnostic report: Updated Reform Strategy	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. Revised VAT legislation submitted to Ministry of Finance (LEG) milestone!	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

With AFS TA, an evaluation of the taxpayer service framework was undertaken so as to improve the quality of service offered to clients; and a large taxpayer unit (LTU) functioning on good practice principles and further taxpayer segmentation were implemented. The Zambia Revenue Authority (ZRA)

has implemented a new Integrated Tax Administration System (ITAS) also with AFS TA. Going forward, AFS will focus on legal aspects of tax administration reforms.

Key challenges

The capacity of the mining unit has received a big boost from the Norwegian funded project but the non-mining units are lagging behind.

Key partners

The Norwegian Tax Administration helps build the capacity of staff in the mining unit; the U.S. Treasury Office addresses the skill gaps for the other units. The U.K. Department for International Development (DFID) is in the process of designing a program of support to the ZRA. Other donors, for example GIZ, provide specific support on request. Collaboration with the EU and the World Bank happens routinely.

Meetings/ Coordination with donors on specific projects

Meeting held with the Norwegian Ambassador in relation to the support provided to the mining unit under the large taxpayer office, and with other donors on general revenue administration reforms.

HQ-(co) funded projects

The Norwegian-funded HQ-led mission to update the reform plan, but mainly focused on natural resources revenue administration.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Enhanced collections from improved and cost-effective administrations and strengthened compliance (#Diagnostic report: Updated Reform Strategy)	2	2
2. Enhanced collections from improved and cost-effective administrations and strengthened compliance (#Capacity to effectively audit construction sector)	2	0
Total	4	2

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. Enhanced collections from improved and cost-effective administrations and strengthened compliance (#Revised VAT legislation submitted to Ministry of Finance) LEG	4	4
Total	4	4

*As at July 31, 2015

Revenue Administration (Customs)

Topic outcomes

- Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance
- More efficient and effective organizational structures

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Customs administration modernization progress is known and advice given on measures to improve performance	2013	2013
2. The excise function is based on systems and procedures to safeguard revenue by having a robust compliance strategy in place supported by effective risk management	2014	2015
3.		

Pending and new milestones for FY16 and onward	Set for	Status*
1. Pending Milestone: The Intelligence Team is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments	2016	--
2. New Milestone: Excise officers are able to extract data from excise operators and are able to successfully interpret that data to audit operators, assess duty and enforce compliance.	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

Zambia's customs is fully integrated into the ZRA. Cargo declaration processing is fully automated and cargo is processed at central declaration processing centers away from borders. Border crossings with neighboring countries are undergoing refurbishment and improvement. AFS will continue to address the following priority issues: strengthening risk management, investigations and enforcement; and optimizing revenue from excise.

Key challenges

Excise evasion is a significant issue. The large transit trade brings with it challenges to prevent and detect transit fraud. Customs is dispersed over a large geographical area and this factor, combined with limited communication infrastructure, limits effective command and control of customs resources. The excise unit requires additional skills to be able to effectively manage complex and large-scale excise traders, especially air time providers and alcohol producers

Key partners

ZRA Customs receives TA from the World Bank, DFID, the World Customs Organization (WCO), and others.

The WCO Regional Office for Capacity Building provides TA in developing the management function and in rolling out of the nCEN system; DFID plans a significant revenue and customs development project; GIZ provides TA to the ZRA on select topics; and the Norwegian Aid provides TA on taxation of minerals and mining. The ZRA is able to call upon a World Bank-administered trust fund established to assist in the development of the public sector, including revenue administration. The International Financing Corporation (IFC) has provided trade facilitation-related TA, including advice on reducing dwell times at the Chirundu border crossing.

As a Southern African Development Community (SADC) member, Mozambique will benefit from the work being done to implement the SADC trade protocol, namely: creating a refined framework for assessment to allow self assess conformity with the World Trade Organization (WTO) Bali Agreement; developing a regional bond guarantee system to enable implementation of the transit management system; aligning border controls (including border opening/closing times) across SADC and extending operating hours; developing a SADC wide ICT strategy that includes the principles of the World Customs Organization (WCO) globally networked customs initiative and implementing an electronic certificate of origin SADC-wide; online publication of trade rules, non-tariff measures (NTMs) and tariffs; delivering a train the trainers program in origin, risk management, tariff and non-tariff barriers (with support from GiZ); and preparing an online enquiry mechanism to allow the trade to bring to the attention of SADC NTMs they encounter. SADC members will also benefit from the EU Trade Related Facility – an EU funded program to develop customs and trade in the region (associated with the SADC/EU Economic Partnership Agreement (EPA) and implemented by the SADC Secretariat). Additionally, TradeHub (USAID) will implement a new multi year program to help facilitate trade in the region.

Zambia, along with Mozambique, is likely to benefit from a DFID initiative, currently in the planning stage, to promote trade facilitation and enhance compliance along trade corridor inland from Beira Port.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance (#The Intelligence Team is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments)	1	0
2. More efficient and effective organizational structures (#The excise function is based on systems and procedures to safeguard revenue by having a robust compliance strategy in place supported by effective risk management)	2	2
Total	3	2

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance (#The Intelligence Team is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments)	2	2
2. More efficient and effective organizational structures: (#Excise officers are able to extract data from excise operators and are able to successfully interpret that data to audit operators, assess duty and enforce compliance)	2	2
Total	2	2

*As at July 31, 2015

Financial Sector Supervision

Topic outcomes

- Adoption of macro prudential approach to supervision and systemic risk assessment framework

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Agree with the authorities on the AFS TA plans	2013	2013
2. Submission of the draft regulations on Basel II to the stakeholders before end-April 2013	2013	2013
3. The authorities will modify their SREP taking into account the recommended (1) templates to be used for the risk assessment and (2) the framework to be used for determining the supervisory actions to be taken based on the risk assessment	2014	2014
4. The authorities will draft a supervisory manual incorporating the templates for ICAAP assessment and clear policies and processes for taking follow up measures based on ICAAP assessment	2015	2015
5. The authorities will make a thematic review of first round of ICCAPs and will provide a feedback paper to the industry showing good practices in ICAAP	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: AFS will agree with the authorities on a work plan for the implementation of identified aspects of macro prudential overlay of Basel III	2016	--

Key achievements and priorities

With AFS TA, the Bank of Zambia has started transiting to the Basel II Capital Adequacy standard. AFS will continue to provide follow-up TA on effective implementation of the Pillar 2. In FY16, AFS will start assisting Bank of Zambia in implementation of macroprudential overlay of Basel III.

Key challenges

Implementation risk is low.

Key partners

The World Bank/First Initiative assists the Bank of Zambia in the implementation of risk-based supervision.

HQ-(co) funded projects

Lead Dept.	Purpose Description
MCM	Financial Stability Analysis

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Higher levels of compliance with the Basel I Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework (#The authorities will draft a supervisory manual incorporating the templates for ICAAP assessment and clear policies and processes for taking follow up measures based on ICAAP assessment)	4	3
2. Higher levels of compliance with the Basel I Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework (#The authorities will make a thematic review of first round of ICCAPs and will provide a feedback paper to the industry showing good practices in ICAAP)	0	2
Total	4	5

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. Adoption of macro prudential approach to supervision and systemic risk assessment framework (#AFS will agree with the authorities on a work plan for the implementation of identified aspects of macro prudential overlay of Basel III)	4	4
Total	4	4

*As at July 31, 2015

Monetary Policy Framework Operations**Topic Outcomes**

- A firm grasp of the monetary transmission mechanism
- Coherent approach to monetary policy formulation

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Prepare a comprehensive action plan and identify areas of AFS TA	2014	2014

Pending and new milestones for FY16 and onward	Set for	Status*
1. Pending Milestone: Draft an action plan to enhance the depth of money markets submitted to BOZ management	2016	--
2. New milestone: The current status of the forecasting work is reviewed and training program is agreed	2017	--
3. New milestone: Develop a comprehensive strategy, tools and procedures for internal and external communication.	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

Zambia has benefitted greatly from a co-operation project with Norges bank. They have together with the IMF provided TA within a wide range of areas, not only monetary policy framework and operations. AFS has funded a Monetary and Capital Markets Department (MCM) needs assessment mission to determine AFS TA priorities going forward. These priorities include the development of (i) money and secondary markets, (ii) tools for inflation forecasting and monetary analysis, and (iii) a communications strategy. However, since then TA has been provided by Norges bank within the first two prioritized topics and thus their support needs from the AFS has changed. During the latest project assessment the project participants all agreed to ask the AFS assistance within these two areas instead: central bank communication and business surveys in support of monetary policy decision making.

Challenges

Plan the co-operation with Norges Bank and sequence our missions well within the flow of TA coming from Norges bank. Resources and competence might also become an issue when developing an business survey.

Key Partners

Norway funds MCM-back stopped TA on monetary policy analysis and forecasting.

HQ-funded projects

There is a multiple of missions funded by HQ since 2012 within the co-operation project with Norges bank. They range from Project management, stress testing, to inflation targeting and macro modeling.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Deeper and more efficient primary and secondary money markets (#Draft an action plan to enhance the depth of money markets submitted to BOZ management)	6	0
2. A firm grasp of the monetary transmission mechanism (#No milestone set)	12	0
Total	18	0

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. Deeper and more efficient primary and secondary money markets (#Draft an action plan to enhance the depth of money markets submitted to BOZ management)	6	0
2. A firm grasp of the monetary transmission mechanism (# The current status of the forecasting work is reviewed and training program is agreed.)	2	4
3. Coherent approach to monetary policy formulation (#Develop a	4	8

comprehensive strategy, tools and procedures for internal and external communication.)		
Total	12	12

**As at July 31, 2015*

Real Sector Statistics

Topic outcomes

- Compilation and dissemination of annual and quarterly national accounts following international standards
- Improved accuracy of price statistics

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Strengthening the compilation of annual GDP: introduction of new benchmark year for annual compilation of GDP	2013	2014
Pending and new milestones for FY16 and onward	Set for	Status*
3. Pending Milestone: Enhancement of the real sector HFI and adoption of a compilation framework for quarterly GDP estimates by production approach	2016	--
4. Pending Milestone: Introduction of PPI, composition of basket and weighting system	2016	--

**As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.*

Key achievements and priorities

The Central Statistical Office (CSO) conducted an economic census (EC) during 2011-2013; the results were integrated into the revised GDP estimates for 2010, considered as a new benchmark year for national accounts. The rebased time series were officially disseminated in March, 2014. Next priority is the development of a system for quarterly GDP estimates, based on an enhanced system of real sector high frequency indicators.

With AFS support, CSO started a project on introduction of producer price index (PPI) in 2013. Reforms in this area are still work in progress.

Key challenges

Problems regarding sustainability of the resources, including staff turnover, would hinder further development in national accounts and price statistics.

Key partners

The AfDB supported the authority for establishing a strategy for development of the national statistical system of Zambia till 2017. The participation of the CSO officials in the peer review program initiated by COMESA will also enhance the institutional capacity of the statistical system. The CSO also is benefiting from the SADC and COMESA project on harmonization of the standards and methods for compilation of HCPI. A consultant company from The Netherlands, "Micromacro Consultants BV", hired by the Ministry of Finance of Zambia in developing a model for macro-economic forecasting, assisted the CSO in organizing and completing the EC results.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Compilation and dissemination of annual and quarterly national accounts following international standards (#Strengthening the compilation of annual GDP: introduction of new benchmark year for annual compilation of GDP, preparatory work on introduction of quarterly GDP estimates)	2	2
2. Compilation and dissemination of annual and quarterly national accounts following international standards (#Strengthening the compilation of annual GDP: introduction of new benchmark year for annual compilation of GDP)	2	2
3. Improved accuracy of price statistics (#Introduction of PPI, composition the basket and weighting system)	2	1
Total	6	5

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. Improved accuracy of price statistics (#Enhancement of the real sector HFI and adoption of a compilation framework for quarterly GDP estimates by production approach)	3	3
2. Improved accuracy of price statistics (#Introduction of PPI, composition of basket and weighting system)	2	2
Total	5	5

*As at July 31, 2015

Medium-Term Macroeconomic Prospects and Challenges

The second review of the Staff Monitored Program was completed in early October 2015. Economic prospects remain difficult. Growth has slowed down and is expected to weaken further in 2015. Despite the favorable impact of lower oil prices, the external position remains precarious and the country is in debt distress. Nonetheless, the authorities have made progress in implementing their reform program and are committed to intensifying their efforts to lay the ground for stronger, more inclusive, and lasting economic growth, including by rebalancing the budget from current (primarily wages) to capital outlays and improving the investment climate. - Progress has also been made in restoring confidence in the financial sector, including the removal from the gray list by the Financial Action Task Force in February 2015. Moreover, the authorities have stepped up reengagement with creditors by raising payments to the World Bank and by developing a plan to pay arrears to International Financial Institutions. These developments constitute important steps toward reengaging with international creditors.

Capacity Building Agenda

Overview

Responding to the authorities' requests, AFS supports public financial management (PFM)-related projects in the areas of the legal framework, macro fiscal forecasting and analysis, as well as accounting and reporting. The authorities show interest in financial sector supervision issues, where diagnostic work has been completed. AFS has gained traction in the areas of revenue administration with a number of projects related to customs and domestic revenue administration under way. Significant absorption capacity constraints prevent AFS engagement in the area of real sector statistics.

Public Financial Management

Topic outcomes

- Medium-term macro-fiscal and budget frameworks implemented
- PFM reform strategy and action plans developed
- Comprehensive, timely and accurate accounting and financial reporting

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. New draft PFM regulations for Zimbabwe submitted to the Cabinet	2013	2013
2. Guidelines submitted to develop an MTFF	2013	2014
3. Guidelines submitted to the Minister of Finance to strengthen fiscal reporting	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: MTFF documentation developed, and first annual fiscal risks statement published as supplementary information to Budget documentation for FY16-2017	2017	--
2. Pending Milestone: New PFM strategy and action plan adopted	2016	--
3. New Milestone: 2015 Financial Statements are broadly consistent with cash basis IPAS requirements	2017	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

Since 2011, AFS TA to the Government of Zimbabwe in the area of PFM has mainly focused on modernizing the PFM legal and regulatory framework, strengthening the medium-term fiscal

framework (MTFF) and improving accounting and fiscal reporting. Good progress has been made in terms of: (i) development of the draft financial regulations and revisions to the PFM Act with assistance from AFS and FAD; (ii) development and use of the tools for the preparation of the MTFF; and (iii) the preparation of a strategy for gradual introduction of cash basis international public sector accounting standards (IPSAS). However, the recommended financial regulations are yet to be finalized (legal drafting) and gazetted before they can be implemented. The authorities are also yet to institutionalize the Macro Fiscal Working Group and streamline the macro fiscal management functions after the merger of the Ministry of Finance and the Ministry of Planning and Investment Promotion into the new Ministry of Finance and Economic Development.

Going forward, AFS will continue to provide TA focusing on: developing the documentation on the MTFF methodologies and tools that have been introduced through previous TA; streamlining the institutional and organizational framework for macro fiscal management; progressively implementing cash basis IPSAS accounting and reporting, and implementing the PFM reform strategy and action plan. Other areas of interventions will be established once the PFM reform strategy is developed.

Key challenges

The lack of a PFM reform strategy and action plan has adversely affected prioritization, sequencing and proper coordination of the reforms in Zimbabwe. In addition, staff capacity and collaboration among various ministries and agencies need to be improved to ensure successful implementation of PFM-related TA advice. AFS will collaborate with FAD to mitigate these risks by responding to the request from the authorities to assist them in the development of a PFM reform strategy. Subsequently, AFS will closely collaborate with the newly established office of the IMF Resident Representative to continue and enhance the coordination with donors and other TA providers.

Key partners

The World Bank is a key PFM partner in Zimbabwe, mostly facilitating exchange of information and coordination of reforms with other active partners. The World Bank conducts capacity building through the Analytical Multi-Donor Trust Fund (the EU is one of the donors contributing to the Trust Fund). The African Development Bank and the U.K. Department for International Development (DFID) are also active partners in the PFM area mainly focusing on budgeting and audit reforms. The UNDP also facilitates PFM capacity building activities, including the funding of the logistics of the workshops facilitated by AFS macro fiscal TA missions. The Zimbabwe Economic Policy Analysis and Research Unit (ZEPARU), a locally based organization funded by the African Capacity Building Foundation (ACBF), has been also actively involved in strengthening government capacity in macro fiscal policy analysis.

HQ-(co) funded projects

Dept.	Mission Purpose/ Description	Fiscal Year
FAD	Reporting and Oversight of State-Owned Enterprises (SOEs)	2013

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. PFM reform strategy and action plans developed (#New PFM strategy and action plan adopted)	0	8
2. Medium-term macro-fiscal and budget frameworks implemented (#Guidelines submitted to develop an MTFF)	3	0
3. Comprehensive, timely and accurate accounting and financial reporting (#Guidelines submitted to the Minister of Finance to strengthen fiscal reporting)	5	4
Total	8	12

FY16 Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Revised*
1. PFM reform strategy and action plans developed (#New PFM strategy and action plan adopted)	2	2
2. Medium-term macro-fiscal and budget frameworks implemented (#MTFF documentation developed, and first annual fiscal risks statement published as supplementary information to Budget documentation for FY16-2017)	3	4
3. Comprehensive, timely and accurate accounting and financial reporting (#2015 Financial Statements are broadly consistent with cash basis IPAS requirements)	5	6
Total	10	12

*As at July 31, 2015

Revenue Administration (Tax)**Topic Outcomes**

- Enhanced collections from improved and cost-effective administrations and strengthened compliance

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Compliance risk management framework to guide resource allocation	2013	2013
2. Diagnostic report: Updated Reform Strategy	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. New Milestone: Advancement towards use of compliance strategy to manage taxpayer compliance	2016	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities (Achievements since FY12)

With AFS TA, VAT administration in 2012 documented compliance management issues that have been partially addressed. Four inputs on developing a compliance and risk management framework, directly requested by the authorities, have been delivered but with little progress at implementation. In 2014, the joint FAD/AFS mission defined the following TA priorities: the need to revitalize the compliance management project, to strengthen the Large Tax Payer Unit (LTU), and to establish a medium taxpayer office by 2017.

Key challenges

Weak project management results with lower than expected implementation results. AFS discussed TA on project management with the authorities.

The organization for taxpayer compliance management should gradually revert to domestic tax division instead of the investigation division as is the case now.

Key partners

After the end of the Australian support, the Zimbabwe Revenue Authority (ZIMRA) has been directly financing external TA to meet requirements. Some of the experts have asked to coordinate activities with AFS but the continuity of their inputs is uncertain.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Diagnostic Review and Needs Assessment (#Diagnostic report: Updated Reform Strategy)	0	4
2. Enhanced collections from improved and cost-effective administrations and strengthened compliance (#Compliance risk management framework to guide resource allocation)	3	2
Total	3	6

FY16 Work Plan (field person-weeks)

Topic Outcomes (3Milestones)	Plan	Revised*
1. Enhanced collections from improved and cost-effective administrations and strengthened compliance (#Advancement towards use of compliance strategy to manage taxpayer compliance)	3	3
Total	3	3

*As at July 31, 2015

Revenue Administration (Customs)***Topic outcomes***

- Enhanced collections from improved and cost-effective administration and strengthened compliance
- More efficient and effective organizational structures

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Customs administration modernization progress is known and advice given on measures to improve performance	2015	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. Pending Milestone: The Risk Management/Customs Intelligence Team is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments - and produce reports to inform management on risk issues	2016	--
2. Pending Milestone: Selected customs officers are assigned to the post release audit unit [and have started scrutinized transactions for errors and fraud	2016	--
3. Pending Milestone: The excise function is based on systems and procedures to safeguard revenue by having a robust compliance strategy in place	2017	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

AFRITAC South became fully engaged with Zimbabwe's Customs in FY15. Zimbabwe Customs is fully integrated into the Zimbabwe Revenue Authority (ZIMRA). Declaration processing is fully automated using the Asycuda World system (Zimbabwe was the first country in Africa to introduce Asycuda World). Large-scale scanners are available at all major border crossing points (BCP) and a major refurbishment of Beit Bridge, the most important BCP, is planned. Customs officers are well trained and processes are documented.

Based on the diagnostic mission conducted in 2014, AFS TA will focus on risk management, post clearance audit (PCA), and excises.

Key challenges

Excise, export and transit frauds are serious issues – constrained by somewhat fragmented and limited enforcement capacity.

Key partners

In addition to AFRITAC South, TA has been provided by the World Customs Organization (WCO).

As a Southern African Development Community (SADC) member, Mozambique will benefit from the work being done to implement the SADC trade protocol, namely: creating a refined framework for assessment to allow self assess conformity with the World Trade Organization (WTO) Bali Agreement; developing a regional bond guarantee system to enable implementation of the transit management system; aligning border controls (including border opening/closing times) across SADC and extending operating hours; developing a SADC wide ICT strategy that includes the principles of the World Customs Organization (WCO) globally networked customs initiative and implementing an electronic certificate of origin SADC-wide; online publication of trade rules, non-tariff measures (NTMs) and tariffs; delivering a train the trainers program in origin, risk management, tariff and non-tariff barriers (with support from GiZ); and preparing an online enquiry mechanism to allow the trade to bring to the attention of SADC NTMs they encounter. SADC members will also benefit from the EU Trade Related Facility – an EU funded program to develop customs and trade in the region (associated with the SADC/EU Economic Partnership Agreement (EPA) and implemented by the SADC Secretariat). Additionally, TradeHub (USAID) will implement a new multi year program to help facilitate trade in the region.

An AusAid program of TA that included customs has concluded.

HQ-funded projects

Dept.	Mission Purpose/ Description	Fiscal Year
FAD	Reporting and Oversight of State-Owned Enterprises (SOEs)	2013

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
3. Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance (#The Risk Management/Customs Intelligence Team is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments - and produce reports to inform management on risk issues)	1	1
4. Diagnostic (#Customs administration modernization progress is known and advice given on measures to improve performance)	0	4
5. More efficient and effective organizational structures (#Selected customs officers are assigned to the post release audit unit and have started scrutinized transactions for errors and fraud)	2	2
6. More efficient and effective organizational structures (#The excise function is based on systems and procedures to safeguard revenue by having a robust compliance strategy in place)	2	2
Total	5	9

FY16 Work Plan (field person-weeks)

Topic Outcomes	Plan	Revised*
1. Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance (#The Risk Management/Customs Intelligence Team is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments - and produce reports to inform management on risk issues)	2	2
2. More efficient and effective organizational structures (#Selected customs officers are assigned to the post release audit unit [and have started scrutinized transactions for errors and fraud])	2	2
3. More efficient and effective organizational structures (#The excise function is based on systems and procedures to safeguard revenue by having a robust compliance strategy in place)	2	2
Total	6	6

*As at July 31, 2015

Financial Sector Supervision**Topic outcomes**

- Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and offsite supervisory methodologies and risk assessment criteria

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Agree with the authorities on the AFS TA plans	2013	2014
Pending and new milestones for FY16 and onward	Set for	Status*
2. No Milestone set – LEG Activity on crisis resolution framework planned	--	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

An IMF Monetary and Capital Markets Department (MCM) mission undertook a diagnostic and needs assessment work in FY14. Based on this mission, AFS is discussing with the authorities the areas of potential engagement. It was agreed that AFS would provide assistance on the crisis resolution/deposit insurance framework in close collaboration with the World Bank.

Key challenges

The implementation of TA advice is likely to be complicated by the slow resolution of governance/capitalization issues at the Reserve Bank of Zimbabwe

Key partners

The World Bank First Initiative.

HQ-(co) funded projects

Dept.	Purpose Description
MCM	Stress Testing/Bank Supervision/Bank Resolution

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. No activity planned or executed	0	0
Total	0	0

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision (No Milestone set – LEG activity on crisis management framework)	6	6
Total	6	6

*As at July 31, 2015

Monetary Policy Framework Operations**Topic Outcomes**

- Coherent approach to monetary policy formulation

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
2. No activity between FY12 and FY15	--	--
Pending and new milestones for FY16 and onward	Set for	Status*
1. No milestone set: LEG input planned for review of central bank law.	--	--

Key achievements and priorities

Zimbabwe operates under full official dollarization. AFS will fund the IMF's Legal Department (LEG) project on the review of the Reserve Bank of Zimbabwe Act.

Key Challenges

The implementation of TA advice is likely to be complicated by the slow resolution of governance/capitalization issues at the Reserve Bank of Zimbabwe.

HQ-funded projects

Since FY12 there have been a few HQ-funded missions to Zimbabwe. In FY12 and 2014 there were TA assessment needs missions and in FY13 there was a mission on Central banks restructuring/Lender of last resort. In 2015 there were two missions on asset Management Company. For FY16 there are a mixture of projects planned, a workshop and missions in Asset management, and Accounting and audit systems.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. No activity	0	0
Total	0	0

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. Coherent approach to monetary policy formulation (#No milestone set – LEG input planned for review of central bank law.	2	2
Total	2	2

*As at July 31, 2015

Real Sector Statistics

Topic outcomes

- Compilation and dissemination of annual and quarterly national accounts following international standards

Progress on milestones since FY12

Milestones met since FY13	Set in	Met in
1. Assessment of data sources and methods needed for annual GDP by production and by expenditure	2013	2015
Pending and new milestones for FY16 and onward	Set for	Status*
1. Pending Milestone: Strengthening the compilation of annual GDP estimates: training on specific national accounts compilation procedures	2017	--

*As at July 31, 2015 and only where mission(s) were conducted during the first quarter of FY16.

Key achievements and priorities

The AFS activities planned after the IMF multi-sector mission was postponed mainly due to lack of absorption capacity and severe resource constraints at ZIMSTAT.

Key challenges

Problems regarding sustainability of the resources for economic surveys and insufficient staff would hinder further development of real sector statistics.

Key partners

The African Development Bank, the U.K. Department for International Development (DFID), the U.S. Agency for International Development (USAID) and the World Bank are the main donors providing financial support and TA to ZIMSTAT.

FY15 Execution of Work Plan (field person-weeks)

Topic Outcomes (#Milestones)	Plan	Actual
1. Compilation and dissemination of annual and quarterly national accounts following international standards (#Strengthening the compilation of annual GDP estimates: training on specific national accounts compilation procedures)	2	0
Total	2	0

FY16 Work Plan (field person-weeks)

Topic Outcomes (#milestones)	Plan	Revised*
1. Compilation and dissemination of annual and quarterly national accounts following international standards (#Strengthening the compilation of annual GDP estimates: training on specific national accounts compilation procedures)	0	0
Total	0	0

*As at July 31, 2015. Resources will be reallocated if mission is finalized during the course of FY16.

Improved macro policy frameworks to foster sustainable growth and poverty reduction



Topic -Outcomes	Indicators for FY 2017	PROGRESS on INDICATORS	General Risks/Assumptions/Risk Mitigation (as necessary)
1 Bring PFM systems of member countries closer to accepted international practices and standards, build PFM capacities, and promote regional harmonization in this area	100 percent implementation of topic outcome indicators	<i>On Track</i>	1. Sufficient ownership of reform measures by the country authorities and regional organizations. 2. Sufficient financing for AFRITAC South is mobilized. 3. Complementary HQ and other donors' TA is available. 4. No major exogenous shocks relative to the Fall 2011 World Economic Outlook. 5. No deterioration in political conditions in the member countries. Risk mitigation measures include: tailoring the work program to absorption capacity levels, targeting outcomes in less sensitive areas but with the highest possible benefits in countries with unstable political environments, conducting extensive outreach with the donor community and parliamentarians, integrating planning of the center's activities with the IMF resource allocation plan, and earmarking some resources in reserve which could be activated in case of urgent crisis-related need.
2 Enhance tax and customs administration of member countries and promote regional harmonization and standardization consistent with international best practice to facilitate trade	100 percent implementation of topic outcome indicators	<i>On Track</i>	
3 Achieve higher level of compliance with international standards in the area of financial sector supervision and promote regional harmonization and greater cross-border cooperation among supervisors	100 percent implementation of topic outcome indicators	<i>On Track</i>	
4 Bring member countries closer to compliance with international standards for the compilation of national accounts and price statistics	100 percent implementation of topic outcome indicators	<i>On Track</i>	
5 Strengthen capacity in macroeconomic analysis	1 IMF ICD course per year during FY 2012-13 and 2 during FY 2014-17	<i>On Track</i>	
6 Improve member countries' framework for monetary policy, strengthen operational instruments, and develop money markets with the objective of enhancing implementation of monetary and exchange rate policies	100 percent implementation of topic outcome indicators	<i>Started in FY 2014</i>	

ANNEX V. AFRITAC South Strategic Logical Framework

Public Financial Management

1 Bring PFM systems of member countries closer to accepted international practices and standards, build PFM capacities, and promote regional harmonization in this area

Topic Outcomes	Verifiable Indicators FY17 1/	Baseline for INDICATORS	Progress towards Outcomes	Specific Risks (and mitigation)
1. PFM reform strategy and action plans developed	Increased number of countries with a comprehensive country-owned PFM reform strategy (to cover all countries)	Status of PFM reform strategies and action plans in member countries at end-2011 (see PFM Table)	Achieved: Angola, Comoros, Lesotho, Madagascar, Mauritius, Swaziland, and Zambia. On Track: Zimbabwe	In developing this strategic log frame for PFM, the following assumptions/risks have been taken into consideration: (1) sufficient ownership of PFM reform measures by the country authorities and regional organizations; (2) close collaboration with the other donors to avoid duplication of work, and to agree on a realistic sequencing of reforms; (3) complementarity of the AFS strategy and work program with those of AFR and FAD; (4) priorities defined with the authorities according to their needs, capacities, and requests; (5) commitment of the authorities to reach the selected milestones; (6) identification of a number of common thematic reform challenges apparent in the region; (7) no major exogenous shocks relative to the Fall 2011 World Economic Outlook; and (8) no deterioration in political conditions in the member countries. Risk mitigation measures include: tailoring the work program to absorption capacity levels, targeting outcomes in less sensitive areas but with the highest possible benefits in countries with unstable political environments, conducting extensive outreach with the donor community and parliamentarians, integrating planning of the center's activities with the IMF resource allocation plan, and earmarking some resources in reserve, which could be activated in case of urgent crisis-related need.
2. PFM Legal and regulatory frameworks updated	Updated PFM legal and regulatory framework for at least 8 countries (Comoros, Lesotho, Mauritius, Namibia, Seychelles, Swaziland, Zambia and Zimbabwe)	Existing legal and regulatory framework in member countries at end-2011 (see PFM Table)	Achieved: Lesotho, Seychelles, and Zimbabwe. Partially achieved: Comoros, Mauritius, Namibia Swaziland, Zambia	
3. Medium-term macro-fiscal and budget frameworks implemented	Improved PEFA indicators for orderliness of budget process (PI 11) and multi-year fiscal planning framework (PI 12) for all member countries (Angola, Botswana, Comoros, Lesotho, Mauritius, Madagascar, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Zambia, and Zimbabwe)	Last PEFA (CIFA) assessment available (see table) and/or incremental improvement from end-2011	On track: Orderliness of budget process (1) and multi-year fiscal planning framework (Angola, Lesotho, Madagascar, Mauritius, Mozambique, Seychelles, Swaziland, South Africa, and Zimbabwe)	
4. More effective commitment, cash and expenditure management	Improved PEFA indicator for predictability of funding for commitment of expenditure (PI 16) for at least 7 countries (Botswana, Comoros, Mozambique, Lesotho, Seychelles, Swaziland, and Zambia)	Last PEFA (CIFA) assessment available (see table) and/or incremental improvement from end-2011	On track	
5. Improved internal control procedures	Improved PEFA indicators for payroll controls (PI 18), and controls on non-salary expenditure (PI 20) for at least 10 countries (Angola, Comoros, Lesotho, Madagascar, Mozambique, Namibia, Seychelles, Swaziland, Zambia, and Zimbabwe)	Last PEFA (CIFA) assessment available (see table) and/or incremental improvement from end-2011	On track	
6. Comprehensive, timely and accurate accounting and financial reporting	Improved PEFA indicators for budget classification (PI 5) and fiscal reporting (PI 24 and 25) for at least 7 countries (Botswana, Lesotho, Mauritius, Seychelles, Swaziland, Zambia, and Zimbabwe)	Last PEFA (CIFA) assessment available (see table) and/or incremental improvement from end-2011	Broadly on track.	
7. Greater regional harmonization	Series of regional capacity building and study activities	Number of workshops/seminars and number of participants in regional missions/secondments	On Track for seminars and regional events. Secondments and mission participation are planned in FY16	
Topic Outputs 2/	Topic Inputs			
Number of TA reports: FY12 - FY14: 50, and FY15: 39 Number of seminars: FY12: 1 FY13: 2 FY14: 2, FY15: 1 and FY16: 3 (Plan)	Number of field person-weeks: FY12: 69 FY13: 142 FY14: 186, and FY15: 166, and FY16: 204 (Revised) Number of resident advisors: FY12: 2, FY13: 2, FY14: 2,7, FY15: 3 and FY16: 3			<i>NOT FOR USE</i>

1/ Information on milestones is given in the annex tables of FY15 and FY16 work programs.
2/ AFS also provided support in reviewing legislations.

PFM Table. AFS: PFM Baseline Indicators, end-2011.

	PFM reform strategies	Regulatory framework to underpin PFM reforms
	1	2
Angola	C*	C*
Botswana	C*	B*
Comoros	B*	D*
Lesotho	C*	C*
Madagascar		
Mauritius	C*	B*
Mozambique	A*	C*
Namibia	C*	D*
Seychelles	C*	D*
South Africa	B*	B*
Swaziland	D*	D*
Zambia	C*	C*
Zimbabwe	C*	C*

Sources: IMF staff and country authorities.

* See below for the calibration of grades

PFM Strategy

- A Monitored and updated
- B Adopted and institutional framework in place
- C Strategy Adopted by Government
- D No Strategy

Regulatory Framework

- A PFM Act and regulations current and consistent with best practices
- B PFM Act and regulations current but not consistent with best practices
- C PFM Act but obsolete regulations
- D Obsolete

PFM Table (continued) AFS Countries: PEFA (CIFA) Ratings

	A	B	C	L	M	M	M	N	S	S	S	Z	Z
	N	O	O	E	A	A	O	A	E	O	W	A	I
	G	T	M	S	D	U	Z	M	Y	U	A	M	M
	O	S	O	O	A	R	A	A	C	T	Z	B	B
	L	W	R	T	G	I	M	B	H	H	I	I	A
	A	A	O	H	A	T	B	I	E		L	A	B
		N	S	O	S	I	I	A	L	A	A		W
		A			C	U	Q		L	F	N		E
					A	S	U		E	R	D		
					R		E		S	I	C		

Multiyear perspective in fiscal planning, expenditure policy and budgets

PI 6	"A"	"B"	"C"	"A"	"B"	"A"	"B"	"A"	"A"	"B"	"B"	"C"
PI 12	"C+"	"C"	"B"	"D+"	"C+"	"C"						
Predictability in the availability of funds for commitment of expenditures												
PI 4	"D"	"D+"	"B"	"A"	"B+"	"B+"	"A"	"B+"	"A"	"D+"	"D+"	"B+"
PI 16	"D+"	"B"	"B"	"C+"	"C+"	"C+"	"B+"	"A"	"D+"	"D+"	"C+"	
Budget formulation, budget execution and reporting												
PI 5	"C"	"C"	"A"	"A"	"B"	"B"	"C"	"A"	"B"	"C+"	"C"	"C"
PI 11	"B"	"A"	"B+"	"B+"	"B+"	"B+"	"B+"	"B"	"C+"	"B"	"B"	"B"
Commitment and payment controls												
PI 17	"C"	"C"	"B+"	"A"	"A"	"A"	"A"	"A"	"A"	"C"	"C"	"B"
PI 18	"B+"	"D+"	"B+"	"B+"	"B"	"B"	"B+"	"A"	"D+"	"D+"	"C+"	"C+"
PI 20	"C+"	"D"	"C+"	"A"	"B"	"B"	"C"	"C+"	"D+"	"C"	"C+"	"C+"
Timely and relevant accounting & reporting												
PI-24	"C+"	"D+"	"C+"	"A"	"C+"	"A"						
PI- 25	"C+"	"D"	"D+"	"A"	"C+"	"C+"	"C+"	"C+"	"A"	"D+"	"C+"	"D"

PEFA 2009 PEFA 2006 PEFA 2006 PEFA 2010 PEFA 2011 PEFA 2011 PEFA 2008 CIFA 2010 PEFA 2005 CIFA 2011

Sources: Country PEFA/CIFA documents.

ANNEX V. AFRITAC South Strategic Logical Framework				
Revenue Administration (Tax)				
2 Enhance tax and customs administration of member countries and promote regional harmonization and standardization consistent with international best practice to facilitate trade				
Topic Outcomes	Verifiable Indicators FY17 1/	Baseline for Indicators, CY 2010 or CY 2011	Progress towards Outcomes	General Risks/Assumptions (and mitigation)
1. Enhanced tax collections from improved and cost-effective administrations and strengthened compliance	Increased regional average tax revenue-to-GDP ratio (unweighted)	see Table on Revenue Administration (Tax)	On track	1. Sufficient ownership of reform measures by country authorities and regional organizations. (Promote buy-in for policy and technical proposals by seeking client input and seeking greater comprehension through workshops.) 2. No changes in tax policy complicating tax administration. (Engage ministry of finance officials as key stakeholders at critical points.) 3. Sufficient financing for AFRITAC South is mobilized to cover the range of planned activities. (Obtain financing commitments from donors and member countries; prioritize activities to obtain greater value for money.)
2. More efficient and effective organizational structures	Increased number of countries with effective large taxpayers' units (LTU)	7*	On track	
	Increased number of countries with a simplified small business regime	1*	Attached low priority pending establishment of compliance and risk management frameworks.	
3. Barriers to trade are diminished and progress in regional harmonization with international best practice achieved	2 or 3 regional capacity building and harmonization events	0	On track	
Topic Outputs 2/	Topic Inputs			<i>NOT FOR USE</i>
Number of TA reports: FY 2012 - FY 2014: 31, and FY15: 16 Number of seminars: FY12: 0, FY13: 1, FY14: 0, FY15: 2 and FY16: 1 (plan)	Number of field person-weeks: FY12: 27 FY13: 42 FY14: 60, FY15: 61, and FY16: 72 (Revised) Number of resident advisors: FY12: 1 FY13: 1 FY14: 1, FY15: 1 and FY16: 1			

1/ Information on milestones is given in the annex tables of FY15 and FY16 work programs.

2/ Excluding outputs on drafting of tax legislations.

Revenue Administration (Tax) Table. AFS Countries: Baseline Indicators, 2011

	Member Country	2011			FY2012			FY2013			FY2014			FY2015	
		Tax to GDP (2011)	LTU in Place?*	Simplified Small Business Regime in place?	Tax to GDP (2012)	LTU in Place?*	Simplified Small Business Regime in place?	Tax to GDP (2013)	LTU in Place?*	Simplified Small Business Regime in place?	Tax to GDP (2014)	LTU in Place?*	Simplified Small Business Regime in place?	LTU in Place?*	Simplified Small Business Regime in place?
1	Angola	46.3%	No	No	43.8%	No	No	38.4%	No	No	32.4%	No	No	Yes	No
2	Botswana	23.8%	No	No	26.9%	Yes	No	25.6%	Yes	No	25.2%	Yes	No	Yes	No
3	Comoros	10.9%	Yes	No	11.8%	Yes	No	12.1%	Yes	No	12.0%	Yes	No	Yes	No
4	Lesotho	39.6%	No	No	54.8%	No	No	50.7%	No	No	54.1%	Yes	No	Yes	No
5	Madagascar	9.5%	n/a	n/a	9.1%	n/a	n/a	9.3%	Yes	n/a	9.7%	Yes	No	Yes	No
6	Mauritius	18.3%	Yes	No	18.9%	Yes	No	18.6%	Yes	No	18.5%	Yes	No	Yes	No
7	Mozambique	17.2%	Yes	No	19.1%	Yes	Yes	22.9%	Yes	Yes	23.8%	Yes	Yes	Yes	Yes
8	Namibia	28.4%	No	No	31.0%	No	No	29.1%	No	No	31.9%	No	No	Yes	No
9	Seychelles	31.6%	No	No	29.6%	Yes	Yes	27.5%	Yes	Yes	28.5%	Yes	Yes	Yes	Yes
10	South Africa	23.2%	Yes	Yes	23.2%	Yes	Yes	23.5%	Yes	Yes	23.9%	Yes	Yes	Yes	Yes
11	Swaziland	24.4%	Yes	No	36.0%	Yes	No	34.7%	Yes	No	33.8%	Yes	No	Yes	No
12	Zambia	15.6%	Yes	No	15.0%	Yes	Yes	14.7%	Yes	Yes	15.8%	Yes	Yes	Yes	Yes
13	Zimbabwe	24.3%	Yes	Yes	26.3%	Yes	Yes	25.3%	Yes	Yes	25.7%	Yes	Yes	Yes	Yes

Sources: IMF staff and country authorities.

NOTES: Tax and GDP data from Article IV country reports.

LTU in place - Only looks at the LTU concept being in place.

Simplified Small Business Regimes - only where implemented.

n/a--information is not available.

ANNEX V. AFRITAC South Strategic Logical Framework

Revenue Administration (Customs)

2 Enhance tax and customs administration of member countries and promote regional harmonization and standardization consistent with international best practice to facilitate trade

Topic Outcomes	Verifiable Indicators FY17 1/	Baseline for INDICATORS	Progress towards Outcomes	Specific Risks (and mitigation)
1. Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	1.1 Increased regional average tax revenue-to-GDP ratio (unweighted).	Fall 2011 WEO data base for 2010 (see Revenue Administration (Tax) Table)	On track	1. Sufficient ownership of reform measures by the country authorities and regional organizations. 2. Ability to overcome resistance to change. 3. No changes in tax policy complicating tax administration. 4. Sufficient financing for AFRITAC South is mobilized. 5. Complementary HQ and other donors' TA is available. 6. No major exogenous shocks relative to the Fall 2011 World Economic Outlook. 7. No deterioration in political conditions in the member countries. 8. Implementation of programs may require legal and regulatory changes which may take time and require the support of parliamentarians who may not be familiar with the aims of the program. Risks to be mitigated by: ensuring TA is, as far as possible, tailored to absorption capacity of the beneficiary agencies; that a relationship is maintained with customs departments to ensure a two-way flow of information regarding implementation so that limiting factors can be identified early on so that TA can be modified if needed; a relationship is maintained at the Ministry level to ensure Ministry ownership of and buy-in to TA to assist in program monitoring and supervision.
	2.1 Increased number of countries where customs administration relies more on post- rather than pre-clearance accountability and controls.	see Table 2 on Customs Indicators	On track	
2. More efficient and effective organizational structures	2.1 Increased number of countries where customs administration relies more on post- rather than pre-clearance accountability and controls.	see Table 2 on Customs Indicators	On track	
3. Barriers to trade are diminished and progress in regional harmonization with international best practice achieved	3.1 Improved unweighted average ranking in the Efficiency of Customs Administration pillar of the Global Enabling Trade Report for Botswana, Lesotho, Mauritius, Madagascar, Mozambique, Namibia, South Africa, Zambia, and Zimbabwe.	World Economic Forum Customs Efficiency Index Ranking as of 2011 (Table 1 on Customs Indicators)	On track	
	3.2 Improved unweighted average index of trading across borders (ease of doing indicators of the World Bank) for Angola, Comoros, Seychelles, and Swaziland.	World Bank doing business indicators as of 2011 (see Table 1 on Customs Indicators)	On track	
	3.3 Simplified procedures program in place for certain registrants.	see Table 2 on Customs Indicators	On track	
Topic Outputs 2/	Topic Inputs			
Number of TA reports: FY 2012 - FY 2014: 43 FY15: 22 Number of seminars: FY12: 1 FY13: 0 FY14: 1, FY15: 0, and FY16: 1	Number of field person-weeks: FY12: 39 FY13: 39 FY14: 54, FY15: 59, and FY16: 58 (Revised) Number of resident advisors: FY12: 1 FY13: 1 FY14: 1, FY15: 1 and FY16: 1			NOT FOR USE

1/ Information on milestones is given in the annex tables of FY15 and FY16 work programs.

2/ Excluding outputs in terms on drafting of tax legislations.

Country	WEF Burden of Customs Procedures (BCP) Ranking 2011/2012	WEF BCP Score 2011/2012 (1 - 7)	WEF ECA Ranking 2010 1/	WEF ECA Score 2011/2012 (1 - 7)	WEF Enabling Trade Report 2010 Customs Service Ranking	WEF Enabling Trade Report 2010 Customs services index (0 - 12)	WB DB TAB Ranking 2011 2/
Angola	140	2.7				110	3.3
Botswana	34	4.7	46				
Comoros							135
Lesotho	96	3.7	111		113	2.9	
Madagascar	115	3.4	121		116	2.5	
Mauritius	41	4.6	47		65	7.1	
Mozambique	95	3.7	98				
Namibia	71	4.1	95		110	3.3	
Seychelles							36
South Africa	62	4.2	28		21	9.5	
Swaziland	114	3.4					147
Zambia	68	4.1	66		60	7.2	
Zimbabwe	88	3.8	100		87	4.9	
Unweighted average	77	3.53	59.33		85.25	5.09	121

Country	WEF Burden of Customs Procedures (BCP) Ranking 2012/2013	WEF BCP Score 2012/2013 (1 - 7)	WEF ECA Ranking 2012	WEF ECA Score 2012 (1 - 7)	WEF Enabling Trade Report 2012 Customs Service Ranking	WEF Enabling Trade Report 2012 Customs services index (0 - 12)	WB DB TAB Ranking June 2012
Angola				128			164
Botswana	54	4.4	34	4.7			
Comoros							146
Lesotho	110	3.4	123	2.8	113	2.9	
Madagascar	123	3.3	130		116	2.5	
Mauritius	40	4.6	55	4.4	65	7.1	
Mozambique	101	3.5	87				
Namibia	82	3.8	106	3.1	110	3.3	
Seychelles	50	4.4					33
South Africa	56	4.3	33	4.9	21	9.5	
Swaziland	135	3					141
Zambia	62	4.3	63	4.2	60	7.2	
Zimbabwe	111	3.4	98	3.4	87	4.9	
Unweighted average	84	3.85	86	4.0	82	5	121

Country	WEF Burden of Customs Procedures (BCP) Ranking 2013/2014	WEF BCP Score 2013/2014 (1 - 7)	WEF Enabling Trade Report 2014 Customs Service Ranking	WEF Enabling Trade Report 2014 Customs services index (0 - 1)	WB DB TAB Ranking June 2013
Angola	146	2.2	107	0.27	169
Botswana	65	4.2			145
Comoros					146
Lesotho	95	3.7			144
Madagascar	100	3.5	88	0.44	
Mauritius	44	4.6			12
Mozambique	107	3.4			131
Namibia	73	4			141
Seychelles	59	4.2			29
South Africa	52	4.3	49	0.65	
Swaziland	137	3			127
Zambia	57	4.3			163
Zimbabwe	132	3.1		1.36	167
Unweighted average	89	4	81	0.45	120.5
					117.75

Sources: WEF and WB.

1/ Efficiency of Customs Administration pillar of the Global Enabling Trade Report.

2/ Index of trading across borders (ease of doing indicators of the WB).

Country	WEF Burden of Customs Procedures (BCP) Ranking 2014/2014	WEF BCP Score 2014/2015 (1 - 7)	WEF Enabling Trade Report 2014 Customs Service Ranking	WEF Enabling Trade Report 2014 Customs services index (0 - 1)	WB DB TAB Ranking June 2014
Angola	143	1.8	107	0.27	167
Botswana	60	4.2			157
Comoros					144
Lesotho	107	3.4			147
Madagascar	114	3.4	88	0.44	109
Mauritius	38	4.7			17
Mozambique	104	3.5			129
Namibia	64	4.1			136
Seychelles	79	3.8			42
South Africa	62	4.1	49	0.65	100
Swaziland	102	3.5			127
Zambia	59	4.2			177
Zimbabwe	133	3		1.36	180
Unweighted average	89	4	81	0.45	125.5
					122.6

Revenue Administration (Customs) Table 2. AFS Countries: Customs Benchmarking - Based on situation prevailing in 2010

Country	Post Control Audit	Risk Based Selection	Percentage selected based on risk	AEO/Preferred Trader Scheme
Angola	Yes	Yes	16.6%	Yes
Botswana	Yes	Yes - partially	1.0%	No
Comoros	No	Yes - partially	1.0%	No
Lesotho	No	No	0.0%	No
Madagascar	Yes	Yes - partially		No
Mauritius	Yes	Yes	5.0%	Yes
Mozambique	Yes	Yes - partially		Yes
Namibia	No	No	0.0%	No
Seychelles	No	No	1.0%	No
South Africa	Yes	Yes	1.0%	Yes
Swaziland	No	No	0.0%	No
Zambia	Yes	Yes	22.0%	No
Zimbabwe	Yes	Yes - partially		No

Sources: AFS country authorities.

ANNEX V. AFRITAC South Strategic Logical Framework

Financial Sector Supervision

3 Achieve higher level of compliance with international standards in the area of financial sector supervision and promote regional harmonization and greater cross-border cooperation among supervisors

Topic Outcomes	Verifiable Indicators FY 2017 3/	Baseline for INDICATORS	Progress towards Outcomes	Specific Risks (and mitigation)
1. Higher level of compliance with the Basel Core Principles for Effective Banking Supervision (BCP) 1/	1.1 Botswana, Mozambique, and Swaziland will have improved their compliance with BCP based on compliance assessment documented in FSAP reports and /or independent evaluation by experts wherever FSAPs are not available 1.2 Mauritius and Zimbabwe will have an updated crisis resolution framework.	see Table on Financial Sector Supervision Indicators	On track On track	Risks: 1. Absence of sufficient ownership of reform measures by the country authorities and regional organizations. 2. Sufficient financing for AFRITAC South is not mobilized. 3. Complementary HQ and other donors' TA is not available. 4. Major exogenous shocks relative to the fall 2011 World Economic Outlook. 5. Deterioration in political conditions in the member countries. Mitigations measures: BCP compliance assessment may reveal that ownership for implementation of supervisory standards or frameworks has not been distinctly allocated in relevant regulations or statutes. In such cases the risk of insufficient ownership would automatically stand mitigated, to an extent, when regulations and statutes are changed or amended accordingly. The risk may also be mitigated to some extent through seminars for policy division senior officers to the extent lack of ownership arises from inadequate appreciation of the supervisory standards and processes.
2. Higher levels of compliance with the Basel I Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework	2.1 All countries will issue regulation on capital charge on market risk 2.2 All countries will comply with Basel I standards 2.3 Mozambique, Namibia and Zambia will implement Basel II Standards. Lesotho, Seychelles and Swaziland will implement certain elements of Basel II. Mauritius, Namibia, and Zambia will implement elements of Basel III as appropriate for their banking systems.	see Table on Financial Sector Supervision Indicators	On track On track On track for Basel II. Work has been initiated for Seychelles on Basel III. Work is yet to start for the other target countries for Basel III.	
3. Implementation of / improvement in risk based supervision(RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	3.1 Comoros will implement RBS 3.2 Lesotho, Swaziland, and Seychelles will improve/ rationalize their RBS frameworks	see Table on Financial Sector Supervision Indicators	On track On track	
4. Adoption of macroprudential approach to supervision and systemic risk assessment framework 2/	4.1 Macroprudential overlay of Basel III: Mauritius and Zambia 4.2 Seminar	No country has yet established macroprudential approach	TA will start in FY 2016 On track	
5. Greater cross-border communication and cooperation among the supervisory authorities in the region, as a way to foster regional financial stability	5.1 An increased number of countries having presence of cross-border banks sign bilateral memoranda of understanding (MoUs) with parent jurisdictions 5.2 Seminar on regional issues	see Table on Financial Sector Supervision Indicators	On track On track	
Needs assessment/diagnostic	1. Needs assessment /diagnostic: Angola, Seychelles and Zimbabwe		Seychelles and Zimbabwe implemented. Angola planned for FY 2016.	
Topic Outputs	Topic Inputs			
Number of TA reports: FY12 - FY14: 8 FY15: 8 Number of seminars: FY12: 0 FY13: 4 FY14: 2, FY15: 2 and FY 16: 3 (Plan)	Number of field person-weeks: FY12: 6 FY13: 60.5, FY14: 43, FY15: 31, and FY16: 80 (Revised) Number of resident advisors: FY12: 0.3, FY13:1, FY14: 1, FY15: 1, and FY16: 1	IMF does not insist on migration to Basel II from Basel I and Basel III to II etc. Outcomes have been/would be determined on the basis of requests received from the authorities for TA to enable them to migrate from one standard to another. IMF encourages all authorities to adopt the more prudent definitions of capital and liquidity standards offered by Basel III framework		

1/ The objective will need to take into account the substantially-revised Basel Core Principles issued in September 2012.

2/ This objective assumes close cooperation between the research department and bank supervisors.

3/ Information on milestones is given in the annex tables of FY15 and FY16 work programs.

Table: Financial Sector Supervision, Baseline Indicators, 2010-11

Member Country	Higher level of compliance with Basel Core Principles	Higher level of compliance with Basel capital adequacy standards	Implementation of /improvement in risk based supervision framework	Adoption of macroprudential approach to supervision and systemic risk assessment framework	Greater cross border communication and cooperation
Angola	*	Most of their current regulations are based on Basel accord. Will be assessed in the first AFS mission	Implemented , needs enhancement	**	MoU signed with Bank of Mauritius
Botswana	*	Basel I implemented. Basel II under implementation	Under implementation. Draft framework in place	**	MoU with RBZ and Bank of Botswana signed
Comoros	*	Basel I implemented, needs improvement including issue of market risk regulation.	Not implemented	**	Mou signed with Bank of Tanzania
Lesotho	As per the last AFS mission number of principles need to be complied with.	Basel I implemented , needs enhancement, especially market risk regulation	Implemented , needs enhancement	**	MoU with SARB signed
Madagascar	*	To be ascertained	To be ascertained	**	to be ascertained
Mauritius	*	Basel I and II implemented. Basel III under implementation.	Implemented	**	MoUs signed with SARB, and Reserve Bank of Zimbabwe (RBZ), Central Bank of Seychelles, Kenya and draft MoU with Malawi prepared
Mozambique	As per the last FSAP Mozambique has not complied with 8 principles out of which 6 are relevant to the medium term objectives of AFS	Basel I implemented. Basel II under implementation	Under implementation	**	MoUs signed with SARB, Bank of Mauritius, and Reserve Bank of Zimbabwe (RBZ)
Namibia	*	Basel I implemented. Basel II implemented.	Implemented	**	MoU signed with Southern African Reserve Bank and Bank of Botswana
Seychelles	*	Basel I implemented, needs improvement, especially market risk regulation	Under implementation	**	MoU signed with Bank of Mauritius
Swaziland	As per the last AFS mission number of principles need to be complied with.	Basel I implemented	Under implementation	**	MoU signed with Southern African Reserve Bank
Zambia	As per the last FSAP Zambia has complied with all the principles.	Basel I implemented, needs improvement especially in market risk regulation. Basel II under implementation	Under implementation	**	MoUs signed with Bank of Mauritius and RBZ
Zimbabwe	*	Implemented	Implemented	**	MoUs signed with Bank of Botswana, Bank of Zambia, Bank of Malawi, Bank of Tanzania,
South Africa	*	Implemented	Implemented	**	MoUs signed with Lesotho, Mozambique, Mauritius, Namibia, and Swaziland

Sources: AFS country authorities.

*/ During the first mission of AFS on BCP compliance a list will be drawn and agreed with the authorities indicating the areas where improvement through AFS technical assistance will be sought to be achieved.

**/ To be established

ANNEX V. AFRITAC South Strategic Logical Framework

Real Sector Statistics

4 Bring member countries closer to compliance with international standards for the compilation of national accounts and price statistics

Topic Outcomes	Verifiable Indicators FY 2017 (5)	Baseline for INDICATORS(4)	Progress towards Outcomes	Specific Risks (and mitigation)
1. Compilation and dissemination of annual and quarterly national accounts following international standards	Reporting annual national accounts on timely basis in all countries, following the SNA 1993 and introduction of some basic methodological requirements of 2008 SNA in the last updated benchmark year (Mauritius, South Africa, Lesotho, Zambia, Swaziland, and Mozambique)	Ten of twelve countries do not meet internationally required basic methodological standard: two of all twelve countries applying SNA 1993, partially use also SNA 68 for compilation of some segments of national accounts (see STA Indicators, columns 1 and 2); in seven countries the benchmark year is more than 10 years old, other three countries do not update their benchmark year within the recommended five-year intervals (see Real Sector Statistics Table, column 4)	The revision and rebasing of GDP time series were completed in Namibia and Zambia (rebased GDP time series published in March 2014). The TA is ongoing in Lesotho and Swaziland, where the revision/rebasing of GDP shall be completed in 2015. The assessment and hands on training missions planned to Angola and Mozambique were postponed at the authorities' request.	<u>Insufficient human resources/staff turnover</u> (regional seminars and workshops, country workshops and extensive hands-on training provided by missions; participation of secondments in TA missions; better involvement of the staff in the project work; better technical documentation of the project work); <u>Shortage of financial resources and budget constraints</u> (more efficient use of the administrative data for statistical purposes).
	Reporting quarterly national accounts on a timely basis in at least six AFS countries: Botswana (2), Lesotho, Mauritius (1), Seychelles, South Africa (1), and Zambia	Three of twelve countries produce and disseminate quarterly GDP estimates by production and expenditure approaches on timely basis according to IMF SDDS requirements(see Real Sector Statistics Table, columns 6 - 9)	TA to Seychelles for enhancing the initially completed quarterly time series for GDP by activity continued with integration of the available new data sources and further developed short term indicators.	
	Regularly updated (on annual basis) inventory of sources and compilation methods for all AFS countries	Six of twelve countries have updated inventories of sources and compilation methods (see Real Sector Statistics Table, column 3)	Results are expected after completion of the TA projects on national accounts: after publishing of the rebased annual GDP time series and quarterly GDP estimates	
2. Improved accuracy of price statistics	Regularly updated (3) CPI in all AFS countries	Six of twelve countries regularly update (3) CPI (see STA Indicators, column 10); three countries produce CPI which is representative for the entire territory (see Real Sector Statistics Table, column 11)	CPI weighting system was updated in Namibia (rebased CPI was published in October 2013). Good progress was achieved in rebasing the CPI in Lesotho. At the authority's request the planned activities for updating the CPI in Botswana were postponed, mainly because of insufficient absorption capacity.	
	Regularly updated (3)/developed producer price index (PPI) in at least four AFS countries: Mauritius (1), South Africa (1), Seychelles, and Zambia	Two of twelve countries regularly produce PPI (see Real Sector Statistics Table, column 12)	Good progress has been achieved in Zambia and Seychelles. Seychelles started publishing monthly time series of PPI and IIP in 2014.	
	Regularly updated (on annual basis) inventory of sources and compilation methods for all AFS countries	Seven of twelve countries have updated inventories of sources and compilation method (see Real Sector Statistics Table, column 13)	TA is considered after completion of the projects on price statistics: updating CPI and development of PPI	
Topic Outputs	Topic Inputs	<i>NOT FOR USE</i>		
Number of TA reports: FY12 - FY14: 25, FY15: 17 Number of seminars: FY12: 0, FY13: 2, FY14: 3, FY15: 3, and FY16: 3 (Planned)	Number of field person-weeks: FY12: 12, FY13: 36, FY14: 30, FY15: 56, and FY16: 52 (Revised) Number of resident advisors: FY12: 0.3 FY13: 1 FY14: 1, FY15: 1.75 and FY16: 1			

* including seminars

(1) Country which has already met the requirement.

(2) Quality issues still exist.

(3) Including new weights, commodities, outlets/production entities.

(4) Countries' self assessment, updates could be made upon the missions' evaluations. Excluding Madagascar.

(5) Information on milestones is given in the annex tables of FY15 and FY16 work programs.

Real Sector Statistics Table: AFS Countries: Indicators, Survey Results, February 2012 (countries' self assessment*)

a	Annual national accounts, GDP				Quarterly GDP				Price statistics				
	Methodological basis			Benchmark year	Updated and published description of sources and methods	Production approach		Expenditure approach		CPI		Regularly produced/ updated PPI	Updated and published description of sources and methods
	SNA 1968	SNA 1993	Started introduction of 2008 SNA			current prices	constant prices	current prices	constant prices	year of last updated weights	entire geographic coverage		
1	2	3	4	5	6	7	8	9	10	11	12	13	
Angola	-	X	-	2002	-	-	-	-	-	2009	-	-	-
Botswana**	X	X	X	1994	X	X	X	X	X	2006	-	-	X
Comoros*	.	.	-	.	-	-	-	-	-	.	-	-	-
Lesotho	-	X	X	2004	X	-	-	-	-	2003	-	-	X
Madagascar	X		-	1984						2000	X		
Mozambique	-	X	X	2003	X	-	X	-	-	2010	-	-	X
Mauritius	-	X	X	2007	X	X	X	X	X	2007	X	X	X
Namibia	-	X	-	2004	-	-	X	-	-	2001	-	-	-
Swaziland	-	X	-	1985	-	-	-	-	-	2001	-	-	-
Seychelles	-	X	-	.	X					2007	X	X	X
South Africa	-	X	X	2009	-	X	X	X	X	2008	-	X	X
Zambia	-	X	X	1994	X	-	-	-	-	2003	X	-	X
Zimbabwe*	X	X	-	1990	-	-	-	-	-	1995	-	-	-
Number of countries	3	11	6		6	3	5	3	3		4	3	7

* Non-responded countries, assessment based on GDDS metadata and IMF data base

** Quality issues still exist, as the quarterly GDP estimates are not benchmarked to annual accounts

Sources: Country authorities and GDDS.

ANNEX V. AFRITAC South Strategic Logical Framework

Macroeconomic Training

5 Strengthen capacity in macroeconomic analysis

Topic Outcomes	Verifiable Indicators FY 2017	Baseline for Indicators, CY 2010 or CY 2011	Progress towards Outcomes	General Risks/Assumptions (and mitigation)
Improved capacity in macroeconomic analysis	1.1 Organize at least 2 courses on macroeconomic issues annually over the remaining part of the funding cycle and achieve an average improvement in scores of 20 percent.	1 seminar was conducted in FY 2012; scores improved by 50 percent	Median percentage improvement in test scores conducted before and after each training course was above 20 percent for all courses during FY 2012-15	Risks: availability of qualified officials. Mitigation measures: advance scheduling and posting of course materials.
	1.2 Organize one peer-to-peer learning event annually over the remaining part of the funding cycle			
Topic Outputs FY 2015	Topic Inputs FY 2015	<i>NOT FOR USE</i>		
Number of ICD courses: FY12: 1 FY13:1 FY14: 2 FY15: 2 FY16: 2 (Planned) Number of Peer-to-peer events: FY12: 0; FY13: 0 FY14: 0 FY15: 1 FY16: 0	Number of expert weeks: FY12: 6 FY13:6 FY14: 12 FY15: 12 FY16: 12 (Planned)			

ANNEX V. AFRITAC South Strategic Logical Framework

Monetary Policy Framework Operations

6 Improve member countries' framework for monetary policy, strengthen operational instruments, and develop money markets with the objective of enhancing implementation of monetary and exchange rate policies

Topic Outcomes	Verifiable Indicators FY 2017 1/	Baseline for INDICATORS	Progress towards Outcomes	Specific Risks (and mitigation)
1. Coherent approach to monetary policy formulation	1. Consistent monetary policy objectives and targets in 7 more countries	<i>Improvements are targeted in Botswana, Madagascar, Mauritius, Mozambique, Seychelles, Zambia, and Zimbabwe.</i>	<i>TA phased in during FY 2014-2016</i>	1. Assumes cooperation of the authorities in terms of the responsiveness to advice provided. 2. Assumes cooperation of players in various markets. 3. Assumes availability of data on a regular and timely basis, especially from banks, and government statistical offices. 4. Assumes a smooth transition between outgoing and incoming resident advisors on Monetary Policy Framework Operations. Risk mitigation measures include a close cooperation with IMF country teams to tailor advice to country specific needs, outreach to various market players, and a close collaboration with STA on data issues.
2. A firm grasp of the monetary transmission mechanism	2. Existence of a credible inflation forecasting model in 7 more countries	<i>Improvements are targeted in Angola, Botswana, Mauritius, Mozambique, Seychelles, South Africa, and Zambia</i>	<i>TA phased in during FY 2014-2016</i>	
3. Appropriate instruments for monetary operations	3. An improved mix of instruments that can be used to achieve operating targets in 6 more countries	<i>Improvements are targeted in Angola, Lesotho, Madagascar, Mozambique, Seychelles, and Zambia</i>	<i>TA phased in during FY 2014-2016</i>	
4. Deeper and more efficient primary and secondary money markets	4. Appropriate guidelines for the efficient operation of primary and secondary money markets in place in 4 more countries	<i>Improvements are targeted in Angola, Madagascar, Seychelles, and Zambia.</i>	<i>TA phased in during FY 2014-2016</i>	
Topic Outputs	Topic Inputs			
Number of TA reports: FY12 - FY14: 3, FY15: 10 Number of seminars: FY12: 0, FY13: 0, FY14: 0, FY15: 2	Number of field person-weeks: FY12: 0, FY13: 0, FY14: 33, FY15: 59, and FY16:130 (Revised) Number of resident advisors: FY12: 0, FY13: 0, FY 14:1, FY15: 0.25, and FY 16:1			NOT FOR USE

3/ Information on milestones is given in the annex tables of FY15 and FY16 work programs.

Annex VI: Execution of FY15 Work Plan

Table 1. Work Plan of AFRITAC South, FY15 (May 2014 - April 2015): Public Financial Management

Dept.	Medium-Term Outcome in the Log Frame	Country	Activity in FY15	Proj. Inputs FY15 (field, in persons-weeks): Total	Actual: Inputs FY15 (field, in persons-weeks): Total	Milestones	Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Milestone Set for FY15	Milestone Set for FY16	Of which: milestone from FY13	Of which: milestone from FY14	Milestone Number
FAD	PFM reform strategy and action plans developed	Lesotho	Provide support to the implementation of the action plan through review and coordination	2	0	Updated PFM strategy and action plan adopted by Cabinet	1						1				60
FAD	Reserve	Reserve	Reserve	25	0												
FAD	PFM reform strategy and action plans developed	Madagascar	FAD/AFS diagnostic mission to assist the authorities in reviewing the PFM strategy and action plan	0	8	Updated PFM strategy and action plan adopted by Cabinet	1						1				71
FAD	PFM reform strategy and action plans developed	Swaziland	FAD/AFS diagnostic mission to assist the authorities in reviewing the PFM strategy and action plan	7	0	Operational action plans developed and approved by the Minister in charge of Finance, to support the implementation of PFM reforms						1	1				61
FAD	PFM reform strategy and action plans developed	Zimbabwe	FAD/AFS diagnostic mission to assist the authorities in reviewing the PFM strategy and action plan	0	8	New PFM strategy and action plan adopted				1				1			72
LEG	PFM Legal and regulatory frameworks updated	Lesotho	Follow-up on previous LEG TA on Public Debt Management Law	2	0	New Debt Management Act adopted by Parliament				1			1		1		13
FAD	PFM Legal and regulatory frameworks updated	Mauritius	Develop a new PFM Act and address regulations	3	0	New PFM Act submitted to Parliament		1					1		1		14
LEG	PFM Legal and regulatory frameworks updated	Mauritius	Develop a new PFM Act and address regulations (LEG inputs)	2	0												
FAD	PFM Legal and regulatory frameworks updated	Namibia	Develop a new PFM Act and address regulations	8	2	New PFM Act submitted to Parliament				1			1				38
LEG	PFM Legal and regulatory frameworks updated	Namibia	Develop a new PFM Act and address regulations (LEG inputs)	2	0												
FAD	PFM Legal and regulatory frameworks updated	Zambia	Develop a new PFM Act and address regulations	0	8	New PFM Act submitted to Parliament				1					1		73
LEG	PFM Legal and regulatory frameworks updated	Zambia	Develop a new PFM Act and address regulations (LEG inputs)	0	2												
FAD	Medium-term macro-fiscal and budget frameworks implemented	Angola	assessment of public investment framework	0	8												
FAD	Medium-term macro-fiscal and budget frameworks implemented	Angola	Develop a New Fiscal Responsibility Law strategy to implement an MTFF	12	14	Draft Fiscal Responsibility Law to support the implementation of the MTFF submitted to Parliament				1				1	1		3
FAD	Medium-term macro-fiscal and budget frameworks implemented	Botswana	Develop a strategy to implement an MTFF	3	3	Guidelines submitted to develop an MTFF	1						1				40
FAD	Medium-term macro-fiscal and budget frameworks implemented	Comoros	Improve budget preparation and presentation	7	7	Improved procedures for budget preparation including: the development of a medium term macro-fiscal framework; the preparation of quarterly budget report comprising at least three stages of expenditure (commitments, verification, and payments); the inclusion of total subsidies in the budget document; and the improvement of the economic and functional classifications.				1				1			41
FAD	Medium-term macro-fiscal and budget frameworks implemented	Lesotho	Support the development of capacity to manage MTFF/MTEF at level of MoF and strengthen links with the budget process	10	5	Guidelines submitted to develop an MTFF and related fiscal principles/rules				1			1		1		10
FAD	Medium-term macro-fiscal and budget frameworks implemented	Madagascar	Support the development of capacity to manage MTFF/MTEF at level of MoF and strengthen links with the budget process	0	4	Guidelines submitted to develop an MTFF and related fiscal principles/rules				1			1				74
FAD	Medium-term macro-fiscal and budget frameworks implemented	Madagascar	Support the implementation of program-based budgeting	0	6	Strategy for implementing PBB developed and adopted by the Minister of Finance				1				1			75
FAD	Medium-term macro-fiscal and budget frameworks implemented	Mauritius	Improve the management of fiscal risks related to operations of SOEs	6	0	Guidelines developed on managing fiscal risks for SOEs	1						1			1	69- 42
FAD	Medium-term macro-fiscal and budget frameworks implemented	Mauritius	Support the implementation of a new grant in aid formula for local authorities	6	0	New GIA formula adopted by the Government for the preparation and implementation of the 2015 budget				1			1			1	44
FAD	Medium-term macro-fiscal and budget frameworks implemented	Seychelles	Develop a strategy to implement an MTFF	6	9	Guidelines submitted to develop an MTFF in the context of oil resource management	1						1				47
FAD	Medium-term macro-fiscal and budget frameworks implemented	South Africa	Improve the management of fiscal risks related to operations of SOEs	3	1	Guidelines developed on managing fiscal risks for SOEs	1						1			1	70
FAD	Medium-term macro-fiscal and budget frameworks implemented	South Africa	Strengthen the capacities of the PBO	2	2	5-year strategic plan for the PBO developed	1							1			62
FAD	Medium-term macro-fiscal and budget frameworks implemented	Swaziland	Develop MTEF methodology to assist Budget preparation and identification of fiscal space	6	1	Core staff trained on the preparation of MTFF methodology	1						1				51
FAD	Medium-term macro-fiscal and budget frameworks implemented	Zambia	Develop a strategy to strengthen the MTFF	6	0	Guidelines submitted to develop an MTFF				1			1			1	31
FAD	Medium-term macro-fiscal and budget frameworks implemented	Zambia	Develop PBB and related information system (FMIS)	6	0	Guidelines submitted to develop PBB	1						1				52

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY15	Proj: Inputs FY15 (field, in persons-weeks): Total	Actual: Inputs FY15 (field, in persons-weeks): Total	Milestones	Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Milestone Set for FY15	Milestone Set for FY16	Of which: milestone from FY13	Of which: milestone from FY14	Milestone Number
FAD	Medium-term macro-fiscal and budget frameworks implemented	Zimbabwe	Support the development of capacity to manage MTEF at level of MoF and strengthen links with the budget process	3	0	Guidelines submitted to develop an MTFF	1						1		1		68
FAD	More effective commitment, cash and expenditure management	Comoros	Strengthen cash management and government banking arrangements	5	7	Quarterly cash plan harmonized with commitments plan for the Union, developed and approved by the Minister in charge of Finance; and adoption of an agreement between the MoF of the Union and the Central Bank for managing the TSA.	1						1		1		7
FAD	Improved internal control procedures	Comoros	Improve the payroll control system (GISE)	0	0	Audit of the upgraded payroll system performed and recommendations implemented				1				1			76
FAD	More effective commitment, cash and expenditure management	Lesotho	Strengthen cash management and government banking arrangements	6	6	Commitment and cash management plans, and strategy to establish a TSA developed and approved by the Minister in charge of Finance. CMU fully operational.			1				1		1		11
FAD	Improved internal control procedures	Madagascar	Develop the legal and regulatory framework for financial control	0	2	New instructions to strengthen financial control submitted for adoption	1						1				81
FAD	More effective commitment, cash and expenditure management	Mozambique	Strengthen cash management and government banking arrangements	5	3	Commitment and cash management plans, and strategy to establish a TSA developed and approved by the Minister in charge of Finance		1					1		1		17
FAD	More effective commitment, cash and expenditure management	Seychelles	Strengthen cash management and government banking arrangements	5	5	Commitment and cash management plans developed and approved by the Minister in charge of Finance	1						1				53
FAD	More effective commitment, cash and expenditure management	Swaziland	Review commitment and cash management arrangements	5	10	Commitment and cash management plans, and bank reconciliation procedures developed and approved by the Minister in charge of Finance			1				1		1		27
FAD	Improved internal control procedures	Angola	Limit the accumulation of arrears	5	0	Guidelines to limit the accumulation of arrears approved by the Minister in charge of Finance				1			1			1	54
FAD	More effective commitment, cash and expenditure management	Zambia	Strengthen cash management and government banking arrangements and related information system (FMIS)	5	1	Guidelines to strengthen cash management and implement the TSA approved by the Minister in charge of Finance.	1						1			1	67
FAD	More effective commitment, cash and expenditure management	Botswana	Training of staff on the new cash management manual and strengthening the institutional framework for cash flow planning and management	0	0	Core Staff trained on new cash management procedures and framework for cash flow planning system developed				1			1				77
FAD	Comprehensive, timely and accurate accounting and financial reporting	Botswana	Support the consistency of financial report with accrual-IPSAS	0	6	Implementation strategy for introducing accrual basis IPSAS developed and submitted for adoption		1						1			80
FAD	Comprehensive, timely and accurate accounting and financial reporting	Mozambique	Strengthen fiscal reporting	0	1	Guidelines to improve budget information reporting developed and submitted for adoption		1						1			78
FAD	Comprehensive, timely and accurate accounting and financial reporting	Seychelles	Support the consistency of financial report with cash-IPSAS, and strengthen the oversight of SOEs	5	5	Financial reports for the period 2010 - 2012 consistent with cash-IPSAS developed	1						1				57
FAD	Comprehensive, timely and accurate accounting and financial reporting	Swaziland	Support introduction of a new COA and related Treasury systems	3	2	Strengthened budget classification and financial reporting procedures to be used in the preparation and implementation of the 2014/2015 budget	1						1		1		29
FAD	Comprehensive, timely and accurate accounting and financial reporting	Swaziland	Support the consistency of financial report with cash-IPSAS, and strengthen the oversight of SOEs	0	6	Strategy for implementation of cash basis IPSAS developed and submitted for adoption			1					1			79
FAD	Comprehensive, timely and accurate accounting and financial reporting	Zambia	Strengthen fiscal reporting	5	6	Guidelines submitted to the Minister of Finance to strengthen fiscal reporting	1							1			65
FAD	Comprehensive, timely and accurate accounting and financial reporting	Zimbabwe	Strengthen fiscal reporting	5	4	Guidelines submitted to the Minister of Finance to strengthen fiscal reporting	1						1				58
FAD	Greater regional harmonization	All countries	AFS seminars on regional PFM issues	11	10	Two seminars on regional harmonization issues: (1) one on fiscal risks, fiscal reporting and SOEs; and (2) one on natural resource related fiscal management.		1					1				64
FAD	Greater regional harmonization	All countries	Develop regional cooperation and capacity building	2	4	Participation of resident advisors in regional seminars and participation by countries in two missions/secondments		1					1		1		1
Total				194	166		18	6	11	6	0	1	31	11	11	6	

Table 2. Work Plan of AFRITAC South, FY15 (May 2014 - April 2015): Tax Administration

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY 2015	Proj: Inputs FY15 (field, in persons-weeks): Total	Actual: Inputs FY15 (field, in persons-weeks): Total	Milestones	Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Milestone Set for FY15	Milestone Set for FY16	Of which: milestone from FY13	Of which: milestone from FY14	Milestone Number
FAD	Diagnostic Review and Needs Assessment	Angola	HQ Diagnostic Mission	4	5	Diagnostic report: Reform Strategy	1						1				54
FAD	Diagnostic Review and Needs Assessment	Botswana	HQ mission to design next phase of reforms	4	-	Diagnostic report: Updated Reform Strategy				1			1				55
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Botswana	Operational level compliance risk management framework	3	-	Compliance risk management framework developed				1			1				42
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Botswana	Development of user requirement specification for procurement of ITAS	-	3	User requirement specification document submitted to authorities	1						1				72
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Comoros	Automation of the taxpayer materfile using census data		3	Automated taxpayer register	1						1				59
FAD	More efficient and effective organizational structures	Comoros	Operationalization of AGID	3	-	AGID makes implementation progress				1			1				43
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Lesotho	Operational level compliance risk management framework	3	3	Compliance risk management framework developed			1				1				44
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Madagascar	Taxation of extractive industries: Develop capacity to tax mining and hydrocarbon industries	-	2	Guidance provided on taxing hydrocarbon sector	1						1				57
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Madagascar	Defining administrative procedures for handling transfer pricing transactions	-	2	Plan devised to deal with base erosion and profit shifting issues	1						1				58
FAD	Diagnostic Review and Needs Assessment	Madagascar	Action Plan following the 2014 mission	-	2	Action plan developed and submitted to authorities	1						1				73
FAD	Diagnostic Review and Needs Assessment	Madagascar	HQ Diagnostic Mission	-	6	Diagnostic report: Reform Strategy	1						1				56
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Mozambique	Implement recommendations for better compliance management	2	-	Compliance Risk Management strategy developed				1			1				45
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Namibia	Support to phased implementation of self assessment	3	-	Self-assessment implemented for segment at a time				1			1				46
FAD	More efficient and effective organizational structures	Namibia	Support to strengthen the newly established Large Taxpayer Office	-	2	Establishment of LTU and introduction of self-assessment for the LTU		1					1		1		31
FAD	More efficient and effective organizational structures	Namibia	Review status of and advise Revenue Authority implementation	3	-	Revenue Authority administration framework implementation updated						1	1				47
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Seychelles	Provision of further audit training integrating VAT and income tax in a self-assessment environment	3	2	Audit training, Phase 2	1						1				48
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	South Africa	Tax Gap Analysis capacity building, with possible regional spill over effects	5	5	Enhanced Tax Gap Analysis capacity	1						1			1	41
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Swaziland	Roll out of self assessment to other segments (Medium and small taxpayers)	-	2	Self-assessment implemented for segment at a time	1						1				60
FAD	More efficient and effective organizational structures	Swaziland	Update of accountability frameworks	-	2	Accountability framework updated	1							1			61
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Swaziland	Operational level compliance risk management framework	3	2	Compliance risk management framework to guide resource allocation developed			1				1			1	36
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Zambia	HQ mission to design next phase of reforms (partly funded by Norway)	2	2	Diagnostic report: Updated Reform Strategy	1						1				49
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Zambia	Development of capacity, procedures and manuals to facilitate audit of firms in the construction sector	2	-	Capacity to effectively audit construction sector						1	1				50
FAD	Diagnostic Review and Needs Assessment	Zimbabwe	HQ mission to design next phase of reforms		4	Diagnostic report: Updated Reform Strategy	1						1				59

Table 2. Work Plan of AFRITAC South, FY15 (May 2014 - April 2015): Tax Administration

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY 2015	Proj: Inputs FY15 (field, in persons-weeks): Total	Actual: Inputs FY15 (field, in persons-weeks): Total	Milestones	Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Milestone Set for FY15	Milestone Set for FY16	Of which: milestone from FY13	Of which: milestone from FY14	Milestone Number
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Zimbabwe	Operational level compliance risk management framework	3	2	Compliance risk management framework to guide resource allocation	1						1		1		19
LEG	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Botswana	Review of VAT law reform--follow-up	2	-												
LEG	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Lesotho	Tax administration legal framework	2	4												
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Mauritius	Final inputs to the Tax Administration Bill	-	-	Submission of the draft Tax Administration Act to Cabinet		1					1		1		9
LEG	More efficient and effective organizational structures	Mauritius	Review of tax and customs legislation	1	1	Revenue Administration Act approved by cabinet		1					1				51
LEG	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Botswana	"legislative amendments required for the implementation FAD recommendations on property taxation)	-	-												
LEG	Enhanced collections from improved and cost-effective administrations and strengthened compliance	All countries	Regional seminar on designing legal frameworks for the taxation of extractive industries	2	3	Regional seminar on designing legal frameworks for the taxation of extractive industries conducted	1						1				52
FAD	Barriers to trade are diminished and progress in regional harmonization with international best practice achieved	All countries	Regional seminar on improving taxpayer compliance management	4	4	Regional seminar on improving taxpayer compliance management conducted	1						1				53
Total				54	61		16	3	2	5	-	2	27	1	2	3	

Table 3. Work Plan of AFRITAC South, FY15 (May 2014 - April 2015): Customs Administration

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY15	Proj: Inputs FY15 (field, in persons-weeks): Total	Actual: Inputs FY15 (field, in persons-weeks): Total	Milestones	Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Milestone Set for FY15	Milestone Set for FY16	Of which: milestone from FY13	Of which: milestone from FY14	Milestone Number
FAD	Barriers to trade are diminished and progress in regional harmonization with international best practice achieved.	Seychelles	To ensure that cargo dwell times are reduced and that Seychelles Customs develops a partnership approach with compliant traders.	1	1	Customs is aware of cargo blockages as they occur and takes steps to rectify blockages - including by having a functioning customs-to-business forum	1						1			1	12
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Botswana	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having a more effective enforcement strategy implemented by investigation and anti-smuggling specialists	1	1	Customs has a procedure for identifying cargo clearance blockages - and management is able to take steps to rectify blockages	1						1		1		1
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Comoros	Comoros Customs is aware of effective customs operations in a leading regional revenue authority	0	0	Comoros Customs is aware of effective customs airport operations in a leading regional revenue authority (internship)				1			1			1	36
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Mauritius	Mauritius Revenue Authority is aware of effective revenue operations in a leading regional revenue authority as it relates to the administration of taxes on betting and gaming	0	0	MRA is aware of effective practices in the administration of taxes on gambling in a leading regional revenue authority				1			1				37
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Lesotho	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having greater knowledge of threats and compliance	1	1	Selected customs officers are assigned to the risk management unit and have started risk assessment of high stake imports	1						1			1	6
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Namibia	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having a more effective enforcement strategy implemented by investigation and anti-smuggling specialists	2	2	To design and deliver a workshop in enforcement strategy and techniques (to link the work of risk management, anti-smuggling, investigation, PCA and other compliance units) to help create an integrated anti-fraud strategy	1						1				38
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Seychelles	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having a more effective enforcement strategy implemented by investigation and anti-smuggling specialists	1	1	SRC Customs is able to use information generated by the Risk Management Unit to ensure successful interventions by anti-smuggling and investigation units	1						1				39
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Swaziland	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having a more effective enforcement strategy implemented by investigation and anti-smuggling specialists	1	5	The Intelligence Team is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments - and to enable more effective use of anti-smuggling/enforcement assets	1						1				40

Table 3. Work Plan of AFRITAC South, FY15 (May 2014 - April 2015): Customs Administration

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY15	Proj: Inputs FY15 (field, in persons-weeks): Total	Actual: Inputs FY15 (field, in persons-weeks): Total.	Milestones	Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Milestone Set for FY15	Milestone Set for FY16	Of which: milestone from FY13	Of which: milestone from FY14	Milestone Number
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Zambia	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having greater knowledge of threats and compliance	1	0	The Intelligence Team is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments				1			1			1	19
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Zimbabwe	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having greater knowledge of threats and compliance	1	1	The Risk Management/Customs Intelligence Team is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments - and produce reports to inform management on risk issues			1				1		1		18
FAD	Diagnostic	Zimbabwe	Diagnostic	0	4	Customs administration modernisation progress is known and advice given on measures to improve performance	1						1				48
FAD	Diagnostic	Angola	Customs modernisation progress is known and advice given on measures to improve performance	4	5	Customs administration modernization progress is known and advice given on measures to improve performance	1						1				41
FAD	Diagnostic	Botswana	Customs modernization progress is known and advice given on measures to improve performance	6	0	Customs administration modernisation progress is known and advice given on measures to improve performance						1	1				42
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Botswana	Help to direct customs administration towards ensuring that there is an appropriate balance between facilitation and control	3	3	To design an enforcement strategy and develop techniques (to link the work of risk management, anti-smuggling, investigation, PCA and other compliance units) to help create an integrated anti-fraud strategy	1						1				43
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	All countries	Regional customs modernisation policies and strategies - together with progress made and TA needs - are known	1	2	Regional customs modernisation policies and strategies - together with progress made and TA needs - are known and customs authorities and regional bodies are aware of the work of AFRITAC South (and work by development partners is, as far as possible, in harmony)	1						1				44
FAD	More efficient and effective organizational structures	Comoros	Ensuring that adequate controls are in place (including accurate recording and reporting of transactions) to ensure accuracy and effectiveness of customs control of petroleum imports	2	2	The excise function relating to petroleum is based on sound systems and procedures that safeguard revenue by having accurate reporting; remittance and a robust compliance strategy in place			1				1			1	22

Table 3. Work Plan of AFRITAC South, FY15 (May 2014 - April 2015): Customs Administration

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY15	Proj: Inputs FY15 (field, in persons-weeks): Total	Actual: Inputs FY15 (field, in persons-weeks): Total.	Milestones	Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Milestone Set for FY15	Milestone Set for FY16	Of which: milestone from FY13	Of which: milestone from FY14	Milestone Number
FAD	More efficient and effective organizational structures	Lesotho	To follow up on advice given in previous inputs in FY 2013 and 2014 to enhance the effectiveness of the PCA function	2	2	Customs officers assigned to the post release audit unit are able to plan and execute audits successfully using risk management methodology and are able to identify revenue leakage and take recovery/corrective action	1						1			1	23
FAD	More efficient and effective organizational structures	Mozambique	To follow up on advice given in previous inputs in FY 2013 and 2014 to enhance the effectiveness of the PCA function	2	2	Customs officers assigned to the post release audit unit are able to plan and execute audits successfully	1						1			1	25
FAD	More efficient and effective organizational structures	Namibia	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade	2	2	The excise function is based on systems and procedures to safeguard revenue by having a robust compliance strategy in place (that makes use of the guidance notes/ instructions prepared in previous inputs)	1						1		1		11
FAD	More efficient and effective organizational structures	Zimbabwe	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade	2	2	Selected customs officers are assigned to the post release audit unit and have started scrutinized transactions for errors and fraud]			1				1			1	33
FAD	More efficient and effective organizational structures	Zimbabwe	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade	2	2	The excise function is based on systems and procedures to safeguard revenue by having a robust compliance strategy in place			1				1				47
FAD	More efficient and effective organizational structures	Seychelles	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade	2	2	The excise function is based on systems and procedures to safeguard revenue by having a robust compliance strategy in place supported by sound laws and regulations and effective risk management			1					1		1	45
FAD	More efficient and effective organizational structures	Swaziland	To follow up on advice given in previous inputs in FY 2013 to enhance effectiveness in PCA	2	0	Customs officers assigned to the post release audit unit are able to plan and execute audits successfully and are able to identify revenue leakage and take recovery/corrective action				1			1			1	29
FAD	More efficient and effective organizational structures	Zambia	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade	2	2	The excise function is based on systems and procedures to safeguard revenue by having a robust compliance strategy in place supported by effective risk management	1						1			1	31
FAD	More efficient and effective organizational structures	Seychelles	To follow up on advice given in previous inputs in FY 2013 and 2014 to enhance the effectiveness of the PCA function	2	2	Customs officers assigned to the post release audit unit are able to plan and execute audits successfully and are able to identify revenue leakage and take recovery/corrective action			1				1			1	27

Table 3. Work Plan of AFRITAC South, FY15 (May 2014 - April 2015): Customs Administration

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY15	Proj: Inputs FY15 (field, in persons-weeks): Total	Actual: Inputs FY15 (field, in persons-weeks): Total	Milestones	Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Milestone Set for FY15	Milestone Set for FY16	Of which: milestone from FY13	Of which: milestone from FY14	Milestone Number	
FAD	More efficient and effective organizational structures	Swaziland	To follow up on advice given in previous inputs in FY 2014 to map and model improved business processes for customs	2	0	SRA Customs has implemented the newly modeled processes and they have contributed to trade facilitation and compliance objectives							1	1				46
LEG	More efficient and effective organizational structures	Comoros	Customs legislation is reviewed and detailed recommendations for change are made in the light of recommendations made in the FAD mission in December 2013 and Comoros intention to accede to Revised Kyoto Convention	2	3	Proposed amendments to the Comoros Customs Act are drafted to align it to Revised Kyoto Convention			1					1				50
FAD	More efficient and effective organizational structures	Namibia	To ensure that customs structure and processes are effectively integrated into the new revenue agency so that opportunities for efficiency gains, information sharing, more effective enforcement and taxpayer facilitation are grasped	1	0													
LEG	More efficient and effective organizational structures	Mauritius	Review of tax and customs legislation	1	2	Proposed amendments to customs legislation are submitted to the MRA Director General			1					1			1	24
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Madagascar	Identifying, categorising and prioritising risks and developing a draft action plan	0	3	The Risk Management/Customs Intelligence Team (DAR) is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments - and produce reports to inform management on risk issues			1						1			51
FAD	More efficient and effective organizational structures	Madagascar	Developing the PCA by assessing the current working methods and constraints; identifying needs and developing a draft action plan	0	2	Customs officers assigned to the post clearance audit unit are able to plan and execute audits successfully			1					1				52
FAD	Diagnostic	Madagascar	Diagnostic	0	6	Customs administration modernization progress is known and advice given on measures to improve performance	1							1				49
FAD	Reserve	Reserve	Reserve	5	0													
	Total			54	59		15	0	10	4	0	2	29	2	3	13		

Table 4. Work Plan of AFRITAC South, FY15 (May 2014 - April 2015): Financial Sector Supervision

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY 2015	Proj: Inputs FY15 (field, in persons-weeks): Total	Actual: Inputs FY15 (field, in persons-weeks): Total.	Milestones	Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Milestone Set for FY15	Milestone Set for FY16	Of which: milestone from FY13	Of which: milestone from FY14	Milestone Number
MCM	Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision	Mauritius	AFS will assist the authorities in strengthening the framework for crisis management and resolution	5	4	AFS will agree with the authorities on the legal and regulatory measures to be taken in order to put in place a clear framework for crisis management, recovery and resolution	1						1				40
LEG	Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision	Mauritius	Follow up on the legal framework for problem bank resolutions/crisis resolution	0	0												
MCM	Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision	Mozambique	AFS will assist the authorities in strengthening compliance with the BCP by meeting the preconditions to effective banking supervision.	4	2	AFS will assist the authorities in conducting a self assessment under which the authorities will identify the non-compliant areas and in determining the measures for full compliance	1						1				41
MCM	Higher levels of compliance with the Basel Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework	Namibia	AFS will assist the authorities in the implementation of Basel III	6	4	AFS will agree with the authorities as to which elements of Basel III should be implemented by the Bank of Namibia and what would be sequence of such implementations within which timeframe	1						1				42
MCM	Higher levels of compliance with the Basel Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework	Namibia	Enhanced implementation of Basel II through improvement in Supervisory Review and Evaluation Process (SREP)	0	4	The authorities will modify their SREP taking into account the recommended (1) templates to be used for the risk assessment and (2) the framework to be used for determining the supervisory actions to be taken based on the risk assessment	1						1				34
MCM	Higher levels of compliance with the Basel Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework	Zambia	AFS will assist the authorities in the implementation of Basel II in Zambia	4	3	The authorities will draft a supervisory manual incorporating the templates for ICAAP assessment and clear policies and processes for taking follow up measures based on ICAAP assessment	1						1				43
MCM	Higher levels of compliance with the Basel Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework	Zambia	Implementation of Basel II/ Pillar II- ICAAP assessment	0	2	The authorities will make a thematic review of first round of ICCAPs and will provide a feedback paper to the industry showing good practices in ICAAP	1						1				54
MCM	Higher levels of compliance with the Basel Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework	Lesotho	AFS will assist the authorities in the implementation of relevant elements of Basel II and III	4	1	The authorities will determine the elements of Basel II and III which are appropriate for Lesotho for adoption and implementation. The AFS will agree with the authorities on the above and on the timeline as well the sequence of implementation of the elements.	1						1				44
MCM	Higher levels of compliance with the Basel Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework	Botswana	AFS will assist the authorities in the implementation of relevant elements of Basel II and III	4	0	AFS will agree with the authorities as to which elements of Basel III should be implemented by the Bank of Botswana and what would be sequence of such implementations within which timeframe				1			1				45

Table 4. Work Plan of AFRITAC South, FY15 (May 2014 - April 2015): Financial Sector Supervision

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY 2015	Proj: Inputs FY15 (field, in persons-weeks): Total	Actual: Inputs FY15 (field, in persons-weeks): Total	Milestones	Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Milestone Set for FY15	Milestone Set for FY16	Of which: milestone from FY13	Of which: milestone from FY14	Milestone Number
MCM	Higher levels of compliance with the Basel I Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework	Angola	AFS will assist the authorities in the implementation of relevant elements of Basel II and III	4	0	AFS will agree with the authorities as to which elements of Basel III should be implemented by the Bank of Angola and what would be sequence of such implementations within which timeframe						1	1				46
MCM	Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	Lesotho	AFS will assist the authorities in strengthening their risk based supervision in the area of off site monitoring , foreign bank supervision, and risk assessment.	1	0	AFS will organize hands on training for the supervisors on the practical aspects of risk based supervision						1	1				47
MCM	Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	Comoros	AFS will assist the authorities to take preparatory measures for the introduction of risk based supervision in Comoros	5	0	The authorities will issue risk management guidelines to the banks				1			1				48
MCM	Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	Swaziland	AFS will assist the authorities in strengthening their risk based supervision in the matter of risk assessment, especially stress testing of the banks	2	0	The AFS will review the stress testing framework developed by the authorities and inform them about the modifications needed in the framework					1		1				49
MCM	Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	Botswana	AFS will assist the authorities in strengthening their risk based supervision in the area of off site monitoring , foreign bank supervision, and risk assessment.	3	0	The AFS will agree with the authorities on the risk assessment templates for the cross border banks				1			1				50
MCM	Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	Seychelles	AFS will assist the authorities in strengthening their risk based supervision in the area of supervision of off shore banks	2	3	AFS will provide a draft process manual for the assessment of off shore banking license applications: Milestone redefined (May 2015): Recommendations on Implementation of supervision of AML/CFT risks in offshore banks provided to authorities	1						1				53
MCM	Greater cross border communication and cooperation among the supervisory authorities in the region , as a way to foster regional financial stability	All countries	Seminar on regulation and supervision of microfinance institutions, agency banks and mobile financial service providers	4	4	AFS will deliver the seminar regulation and supervision of microfinance institutions, agency banks and mobile financial service providers	1						1				51
MCM	Greater cross border communication and cooperation among the supervisory authorities in the region , as a way to foster regional financial stability	All countries	Seminar on Basel II, Basel III and Macroprudential Supervision	4	4	AFS will deliver the seminar Basel II, Basel III and Macroprudential Supervision	1						1				52
LEG	Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision	Angola	Review of banking legislation	2	0												
LEG	Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision	Botswana	Review of banking legislation	3	0												
MCM	Reserve	Reserve	Reserve	5													
Total				62	31		10	0	3	1	2	16	0	0	0	0	

Table 5. Work Plan of AFRITAC South, FY 2015 (May 2014 - April 2015): Monetary Policy Framework Operations

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY15	Proj: Inputs FY15 (field, in persons-weeks): Total	Actual: Inputs FY15 (field, in persons-weeks):	Milestones	Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Milestone Set for FY15	Milestone Set for FY16	Of which: milestone from FY13	Of which: milestone from FY14	Milestone Number
MCM	Coherent approach to monetary policy formulation	Mozambique	Review the tools and procedures for BM communication, including enhancing financial literacy at large	4	0	Draft BM's monetary policy communication strategy submitted to management				1			1				8
RES	A firm grasp of the monetary transmission mechanism	Mozambique	Follow-up TA mission on inflation modeling and forecasting	24	16	Draft inflation forecasting framework submitted to BM management	1						1				9
MCM	Appropriate instruments of monetary operations	Angola	Developing guidelines for monetary operations	6	4	Draft collateral and lender-of-last-resort policies, guidelines and procedures submitted to BNA management Milestone redefined: Strengthened liquidity management and draft collateral guidelines for the NBA prepared	1						1				10
MCM	Diagnostic	Seychelles	Follow-up on needs assessment mission	9	0												
MCM	Deeper and more efficient primary and secondary money markets	Zambia	Drawing up money market development action plan	6	0	Draft an action plan to enhance the depth of money markets submitted to BOZ management				1			1				11
MCM	A firm grasp of the monetary transmission mechanism	Zambia	Follow-up on needs assessment	12	0												
MCM	A firm grasp of the monetary transmission mechanism	Angola	Developing of inflation forecasting framework	12	4	Draft BNA inflation forecasting framework submitted to BNA management. Milestone redefined: Develop a work program of the technical assistance for the NBA to establish inflation forecasting framework.	1						1				12
MCM	A firm grasp of the monetary transmission mechanism	Botswana	Macroeconomic Modeling	0	3	Capacity building needs identified and action plan for updating forecasting model agreed by authorities	1						1				18 a
LEG	Coherent approach to monetary policy formulation	Botswana	Review of draft central bank law	3	0												
LEG	Coherent approach to monetary policy formulation	Mauritius	Review of draft central bank law	2	1												
MCM	A firm grasp of the monetary transmission mechanism	Mauritius	TA in modeling and forecasting	24	19	Draft FPAS submitted to the Bank of Mauritius management			1				1				13
LEG	Appropriate instruments of monetary operations	Lesotho	Draft regulations for the payments system	2	1												
MCM	A firm grasp of the monetary transmission mechanism	All countries	Regional seminar on modeling and forecasting in cooperation with ATI	0	1	Seminar on modelling and forecasting conducted	1						1				14
MCM	A firm grasp of the monetary transmission mechanism	South Africa	Advanced training on macroeconomic modeling and forecasting to SARB officials	0	3												
LEG	Coherent approach to monetary policy formulation	Madagascar	Reforming the organic legal framework for the central bank law	0	2												
MCM	Diagnostic	All countries	Coordinating the implementation of the FY2015 work program in the area of monetary and foreign exchange markets and operations	0	5												
MCM	Reserve	Reserve	Reserve	8	0												
Total				112	59		5		1	2	0	0	8	0	0	0	0

Table 6. Work Plan of AFRITAC South, FY15 (May 2014 - April 2015): Real Sector Statistics

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY15	Proj: Inputs FY15 (field, in persons-weeks): Total	Actual: Inputs FY15 (field, in persons-weeks): Total.	Milestones	Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Milestone Set for FY15	Milestone Set for FY16	Of which: milestone from FY13	Of which: milestone from FY14	Milestone Number	
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Angola	Hands on training, new activity	2	0	Training on compilation of annual GDP by production and expenditure approach at current prices and in volume terms				1			1					31
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Angola	Assessment of sources and compilation procedures for annual GDP estimates	0	2	Strengthening the compilation of annual GDP estimates: enhancing the compilation procedures of value added in specific activities at current prices and in volume terms, hands on training	1						1		1			4
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Botswana	Improvements of quarterly GDP estimates and related high frequency indicators	2	0	Improvement of quarterly GDP estimates and related high frequency indicators				1			1					42
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Botswana	Introduction of new benchmark year, rebasing the GDP time series to 2015 base year	0	1	New milestone: Introduction of 2015 as a new benchmark year, rebasing of annual GDP time series			1					1				41
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Comoros	Hands on training, new activity	2	2	Training on compilation of annual GDP by production and expenditure approach in volume terms, dealing with time series	1						1					33
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Lesotho	Introduction of new benchmark year, rebasing the GDP time series to 2010 base year	2	6	Introduction of 2012 as a new benchmark year, rebasing of annual GDP time series			1				1					34
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Lesotho	Implementation of quarterly national accounts, new activity	2	2	Organization of the data sources and adoption of a compilation framework for quarterly GDP estimates by production approach			1				1					35
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Mozambique	TA on specific methodological issues, new activity	2	1	Training on specific issues in compilation of annual GDP by production and expenditure approach at current prices and in volume terms	1						1					36
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Mozambique	Assessment of data sources and methods needed for annual GDP by production and by expenditure, provide hands on		3	Strengthening the compilation of annual GDP estimates: enhancing the compilation procedures on measuring value added for specific economic activities at current prices and in volume terms,	1						1				1	11
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Namibia	Hands on training, and assistance in preparation for a DFID sponsored meeting in Uganda.	3	2	Providing training on specific issues in compilation of annual GDP by production and expenditure approach at current prices and in volume terms	1						1					37
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Seychelles	Dissemination of quarterly GDP, assessment of the project results, follow up	2	2	Finalization of quarterly GDP estimates, assessment of project results(including design national account framework for GDP estimates by production, expenditure and income approaches), enhancing source data and procedures for seasonal adjustments	1						1		1			15
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Swaziland	Improvements in annual national accounts, introduction of new benchmark year	4	6	Strengthening the compilation of annual GDP estimates: introduction of new benchmark year for annual compilation of GDP			1				1				1	16
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Zambia	Introduction of new benchmark year, rebasing the GDP time series to 2010 base year	2	2	Strengthening the compilation of annual GDP estimates: introduction of new benchmark year for annual compilation of GDP	1						1		1			19
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Zambia	Implementation of quarterly national accounts, and related High Frequency Indicators (HFI), new	2	3	Enhancement of the real sector HFI and adoption of a compilation framework for quarterly GDP estimates by production approach			1				1					40

Table 6. Work Plan of AFRITAC South, FY15 (May 2014 - April 2015): Real Sector Statistics

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY15	Proj: Inputs FY15 (field, in persons-weeks): Total	Actual: Inputs FY15 (field, in persons-weeks): Total.	Milestones	Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Milestone Set for FY15	Milestone Set for FY16	Of which: milestone from FY13	Of which: milestone from FY14	Milestone Number
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Zimbabwe	TA on specific methodological issues, postponed	2	0	Strengthening the compilation of annual GDP estimates: training on specific national accounts compilation procedures				1			1		1		21
STA	Improved accuracy of price statistics	Angola	Improving CPI, geographical coverage, new activity;	2	0	Training and assistance on development of regional capacity for enhancement the geographical coverage of CPI				1			1		1		32
STA	Improved accuracy of price statistics	Botswana	Updating CPI, follow up	2	0	Updated CPI				1			1			1	6
STA	Improved accuracy of price statistics	Lesotho	Updating CPI, Introduction of PPI, follow up	2	2	Preparing work on introduction of PPI, composition of basket and weighting system			1				1			1	8
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Mauritius	compilation of financial accounts and the financial balance sheet	0	1	New Milestone: Source data are assessed and action plan proposed for development of financial accounts and financial balance sheets			1					1			43
STA	Improved accuracy of price statistics	Mauritius	Introduction of real estate property price index (RPPI), new activity	2	2	Introduction of RPPI			1				1				39
STA	Improved accuracy of price statistics	Mozambique	Improving CPI, geographical coverage, new activity	2	0	Adoption of methodological basis and related technical conditions at provincial level for collection and processing of price data						1	1			1	12
STA	Improved accuracy of price statistics	Namibia	Introduction of exports and imports price indices, new activity of PPI	2	0.5	Assessment and organization of the available source data for introduction of export and import producer price index			1				1				38
STA	Improved accuracy of price statistics	Seychelles	Introduction of producer price index (PPI), follow up	2	1	Introduction of PPI, assessment of source data, composition of basket and weighting system	1						1			1	28
STA	Improved accuracy of price statistics	Zambia	Introduction of PPI, follow up	2	1	Introduction of PPI: composition of the basket and weighting system			1				1			1	18
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	All countries	Regional seminar on annual national accounts: Supply and Use tables and Input Output tables	2	4	Supply and Use tables, design, data sources, compilation techniques	1						1				29
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	All countries	Regional seminar on quarterly national accounts and related real sector HFIs	2	4	Quarterly accounts and real sector high frequency indicators	1						1				30
STA	Improved accuracy of price statistics	All countries	Seminar on PPI, follow up	2	3	PPI workshop, practical compilation issues	1						1				25
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Madagascar	Diagnostic - National Accounts	0	3	Assessment of sources and methods and establish a TA program	1							1			44
STA	Improved accuracy of price statistics	Madagascar	Diagnostic - CPI and PPI	0	2	Assessment of sources and methods and establish a TA program	1							1			45
STA	Reserve	Reserve	Reserve	5	0												
Total				54	56		13		10	5	0	1	25	4	5	7	

Annex VII: FY16 Work Plan
Table 1. Work Plan of AFRITAC South, FY16 (May 2015 - April 2016): Public Financial Management

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY16	Proj: Inputs FY16 (field, in persons-weeks): Total	Rev: Inputs FY16 (field, in persons-weeks): Total	Milestones	Milestone Set for FY16	Milestone Set for FY17	Of which: milestone from FY13	Of which: milestone from FY14	Of which: milestone from FY15	Milestone Number
FAD	PFM reform strategy and action plans developed	Lesotho	FAD/AFS diagnostic mission to assist the authorities in reviewing the decentralization system	8	8	New Milestone: Specific PFM action plan for decentralization submitted for adoption	1					89
FAD	PFM Legal and regulatory frameworks updated	Lesotho	Follow-up on previous LEG TA on Public Debt Management Law	0	2	Pending Milestone: New Debt Management Act adopted by Parliament		1	1			13
FAD	PFM reform strategy and action plans developed	Madagascar	FAD/AFS diagnostic mission to assist the authorities in reviewing the internal and external control and audit systems	8	7	New Milestone: Specific PFM Action plan for public expenditure control and audit systems submitted for adoption	1					90
FAD	Reserve	Reserve	Reserve	17	7							
FAD	PFM Legal and regulatory frameworks updated	Zambia	Develop a new PFM Act and address regulations	6	6	Pending Milestone: New PFM Act submitted to Parliament	1				1	73
FAD	PFM Legal and regulatory frameworks updated	Mauritius	Develop a new PFM Act and address regulations	5	0	Pending Milestone: New PFM Act submitted to Parliament		1	1			14
LEG	PFM Legal and regulatory frameworks updated	Mauritius	Develop a new PFM Act and address regulations (LEG inputs)	2	0							
FAD	PFM Legal and regulatory frameworks updated	Namibia	Develop a new PFM Act and address regulations	6	6	Pending Milestone: New PFM Act submitted to Parliament		1	1			38
LEG	PFM Legal and regulatory frameworks updated	Namibia	Develop a new PFM Act and address regulations (LEG inputs)	2	2							
FAD	Medium-term macro-fiscal and budget frameworks implemented	Angola	Seminar on feasibility of moving towards program based budgeting (PBB)	5	5	New Milestone: Seminar on PBB feasibility conducted	1					83
FAD	Improved internal control procedures	Angola	Limit the accumulation of arrears	0	2	Pending Milestone: Guidelines to limit the accumulation of arrears approved by the Minister in charge of Finance	1			1		54

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY16	Proj: Inputs FY16 (field, in persons-weeks): Total	Rev: Inputs FY16 (field, in persons-weeks): Total	Milestones	Milestone Set for FY16	Milestone Set for FY17	Of which: milestone from FY13	Of which: milestone from FY14	Of which: milestone from FY15	Milestone Number
FAD	Medium-term macro-fiscal and budget frameworks implemented	Angola	Develop fiscal rules and rules based MTFF and submit it for approval	5	5	New Milestone: Fiscal rules document and rules based MTFF submitted to Cabinet	1					84
FAD	Medium-term macro-fiscal and budget frameworks implemented	Angola	Develop a Fiscal Responsibility Law to sustain the implementation of the rules based MTFF	0	0	Pending Milestone: Draft Fiscal Responsibility Law to support the implementation of the MTFF submitted to Parliament		1		1		3
FAD	Medium-term macro-fiscal and budget frameworks implemented	Botswana	Strengthen the definition of existing fiscal rules and develop a rules based MTFF	5	5	Milestone Redefined (FY16): MTFF updated and submitted to Cabinet		1				85
FAD	Medium-term macro-fiscal and budget frameworks implemented	Botswana	Support the implementation of the MTEF road map adopted by the authorities	3	3	New Milestone (Redefined): New-guidelines, methodologies and-formats Proposals developed for the preparation of the budget developed and used for the preparation of the FY2016/17 budget	1					86
FAD	Medium-term macro-fiscal and budget frameworks implemented	Comoros	Improve budget preparation and presentation Provide inputs to support implementation of FAD macro-fiscal and budget reform recommendations	5	5	Pending Milestone (Redefined): Improved procedures for budget preparation including: the development of a medium-term macro-fiscal framework; the preparation of quarterly budget report comprising at least three stages of expenditure (commitments, verification, and payments); the inclusion of total subsidies in the budget document; the improvement	1				1	41
FAD	Medium-term macro-fiscal and budget frameworks implemented	Lesotho	Support the development of capacity to manage MTFF/MTEF at level of MoF and strengthen links with the budget process	6	7	Pending Milestone (Redefined): Guidelines submitted to develop an MTFF/MTEF and related fiscal principles/rules	1		1			10
FAD	Medium-term macro-fiscal and budget frameworks implemented	Madagascar	Support the development of capacity to manage MTFF/MTBF at level of MoF and strengthen links with the budget process	6	6	Pending Milestone: Guidelines submitted to develop an MTFF and related fiscal principles/rules	1				1	74
FAD	PFM Legal and regulatory frameworks updated	Mauritius	Review of status of implementation of legal and regulatory reforms	0	3	New Milestone (2016): Status update and strategy for further legal and regulatory reforms established	1					109

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY16	Proj: Inputs FY16 (field, in persons-weeks): Total	Rev: Inputs FY16 (field, in persons-weeks): Total	Milestones	Milestone Set for FY16	Milestone Set for FY17	Of which: milestone from FY13	Of which: milestone from FY14	Of which: milestone from FY15	Milestone Number
FAD	Medium-term macro-fiscal and budget frameworks implemented	Mauritius	Follow up on implementation of recommendations on fiscal risk management, including SOEs	0	3	New Milestone (2016): Progressive implementation of recommendations on fiscal risk management	1					110
FAD	Medium-term macro-fiscal and budget frameworks implemented	Mauritius	Support the implementation of a new grant in aid formula for local authorities	2	2	Pending Milestone: New GIA formula adopted by the Government for the preparation and implementation of the 2015 2016 budget	1			1		44
FAD	Medium-term macro-fiscal and budget frameworks implemented	Mauritius	Mission to map contingent liabilities and develop guidelines for an Asset Liability Management Framework	3	0	New Milestone: Guidelines to address contingent liabilities in an Asset Liability Management Framework developed and submitted for adoption		1				91
FAD	Medium-term macro-fiscal and budget frameworks implemented	Seychelles	Strengthen the links between the MTFF and budget	5	5	New Milestone: Assessment of the feasibility of a macroeconomic forecasting tool is completed	1					92
FAD	Medium-term macro-fiscal and budget frameworks implemented	Swaziland	Support the implementation of MTFF and the management of fiscal risks	3	3	New Milestone: MTFF documentation developed, and first annual fiscal risks statement published as supplementary information to Budget documentation for FY 2016-2017		1				93
FAD	Medium-term macro-fiscal and budget frameworks implemented	Zambia	Strengthen MTFF methodologies and its role in guiding the budget	5	6	Pending Milestone: Guidelines submitted to develop an MTFF	1				1	31
FAD	Medium-term macro-fiscal and budget frameworks implemented	Zimbabwe	Strengthen MTFF methodologies and its role in guiding the budget	3	4	New Milestone: MTFF documentation (draft manual) developed, and first annual fiscal risks statement published as supplementary information to Budget documentation for FY 2016-2017		1				94
FAD	More effective commitment, cash and expenditure management	Comoros	Strengthen cash management and government banking arrangements	3	3	New Milestone: A new treasury single account established and implemented		1				88
FAD	More effective commitment, cash and expenditure management	Lesotho	Strengthen cash management and government banking arrangements	5	5	Pending Milestone: Commitment and cash management plans, and strategy to establish a TSA developed and approved by the Minister in charge of Finance. CMU fully operational.	1		1			11

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY16	Proj: Inputs FY16 (field, in persons-weeks): Total	Rev: Inputs FY16 (field, in persons-weeks): Total	Milestones	Milestone Set for FY16	Milestone Set for FY17	Of which: milestone from FY13	Of which: milestone from FY14	Of which: milestone from FY15	Milestone Number
FAD	Medium-term macro-fiscal and budget frameworks implemented	Mozambique	Strengthen the capacity of macro-fiscal and fiscal risk management functions within the ministry of finance	0	4	New Milestone (2016): To be defined		1				111
FAD	More effective commitment, cash and expenditure management	Mozambique	Strengthen cash management and government banking arrangements	5	5	Pending Milestone: Commitment and cash management plans, and strategy to establish a TSA developed and approved by the Minister in charge of Finance. Milestone redefined (2016): TSA implemented and comprehensive cash flow forecasts available	1					17- 108
FAD	More effective commitment, cash and expenditure management	Namibia	Strengthen cash management and government banking arrangements	5	5	New Milestone: Commitment and cash management plans developed and submitted for adoption		1				95
FAD	More effective commitment, cash and expenditure management	Seychelles	Strengthen cash management and government banking arrangements	3	3	New Milestone: Commitment and cash management plans developed in line Ministries	1					96
FAD	More effective commitment, cash and expenditure management	Swaziland	Strengthen cash management and government banking arrangements	3	3	Pending Milestone: Commitment and cash management plans, and bank reconciliation procedures developed and approved by the Minister in charge of Finance	1		1			27
FAD	More effective commitment, cash and expenditure management	Zambia	Strengthen cash management and government banking arrangements and related information system (FMIS)	3	3	New Milestone: Cash flow plans approved by the Minister in charge of Finance and TSA implemented at Central Government sector level.	1					97
FAD	Medium-term macro-fiscal and budget frameworks implemented	Madagascar	Support the development and implementation of program based budgeting (PBB)	2	2	Pending Milestone: Strategy for implementing PBB developed and adopted by the Minister of Finance	1				1	75
FAD	Improved internal control procedures	Madagascar	Develop new procedures and methodologies for internal control	6	6	New Milestone: New procedures and methodologies for internal control submitted for adoption		1				98

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY16	Proj: Inputs FY16 (field, in persons-weeks): Total	Rev: Inputs FY16 (field, in persons-weeks): Total	Milestones	Milestone Set for FY16	Milestone Set for FY17	Of which: milestone from FY13	Of which: milestone from FY14	Of which: milestone from FY15	Milestone Number
FAD	More effective commitment, cash and expenditure management	Botswana	Strengthen the institutional framework for cash flow planning and management	3	6	Pending Milestone: Core Staff trained on new cash management procedures and framework for cash flow planning system developed	1				1	77
FAD	Comprehensive, timely and accurate accounting and financial reporting	Botswana	Support the implementation of accrual accounting and reporting	6	6	New Milestone: The COA and the regulatory framework are updated and more consistent with IPSAS accrual reporting requirements		1				87
FAD	Comprehensive, timely and accurate accounting and financial reporting	Lesotho	Support the introduction and implementation of cash basis IPSAS accounting and reporting	2	5	Pending New Milestone: COA, Regulatory framework and financial reporting more consistent with cash basis IPSAS reporting requirements		1				107
FAD	Comprehensive, timely and accurate accounting and financial reporting	Seychelles	Support the consistency of financial report with cash-IPSAS, and strengthen the oversight of SOEs	3	1	New Milestone: Improved coverage of SOEs in consolidated reporting	1					99
FAD	Medium-term macro-fiscal and budget frameworks implemented	Seychelles	Support the consistency of financial report with cash IPSAS, and Strengthen the oversight of SOEs	3	2	New Milestone (2016): Capacity for managing fiscal risks related to SOEs strengthened	1					112
FAD	Comprehensive, timely and accurate accounting and financial reporting	Swaziland	Strengthen financial and fiscal reporting	6	6	Pending Milestone: Strategy for progressive implementation of cash basis IPSAS developed and submitted for adoption and related regulatory framework.	1				1	79
FAD	Comprehensive, timely and accurate accounting and financial reporting	Zambia	Strengthen financial and fiscal reporting	4	4	New Milestone: Gaps in fiscal reporting addressed in line with the guidelines submitted by AFS	1					100
FAD	PFM reform strategy and action plans developed	Zimbabwe	FAD/AFS diagnostic mission to assist the authorities in reviewing the PFM strategy and action plan	2	2	Pending Milestone: New PFM strategy and action plan adopted	1				1	72
FAD	Comprehensive, timely and accurate accounting and financial reporting	Zimbabwe	Strengthen financial and fiscal reporting	5	6	New Milestone: 2015 Financial Statements are broadly consistent with cash basis IPAS requirements		1				101

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY16	Proj: Inputs FY16 (field, in persons-weeks): Total	Rev: Inputs FY16 (field, in persons-weeks): Total	Milestones	Milestone Set for FY16	Milestone Set for FY17	Of which: milestone from FY13	Of which: milestone from FY14	Of which: milestone from FY15	Milestone Number
FAD	Greater regional harmonization	All countries	MOF Staff training (Mauritius)	0	4	New Milestone (2016): Pilot training/workshop developed and delivered for MOF (Mauritius)	1					113
FAD	Greater regional harmonization	All countries	AFS seminars on regional PFM issues: Improving financial reporting in developing countries with international public sector accounting standards (IPSAS)	7	7	New Milestone: Seminar on Improving financial reporting in developing countries with international public sector accounting standards (IPSAS) conducted:	1					102
FAD	Greater regional harmonization	All countries	AFS seminars on regional PFM issues: Strengthening Fiscal Frameworks and PFM Systems for Managing Natural Resource Wealth	7	7	New Milestone: Seminar on Strengthening Fiscal Frameworks and PFM Systems for Managing Natural Resource Wealth conducted:	1					103
FAD	Greater regional harmonization	All countries	Organisation of two secondments	0	2	New Milestone (FY2016): Secondment program implemented	1					105
FAD	Greater regional harmonization	All countries	AFS seminars on regional PFM issues: Debt Sustainability Analysis	2	2	New Milestone: Seminars Debt Sustainability Analysis conducted:	1					104
FAD	Greater regional harmonization	All countries	Participation of regional experts in AFS missions	0	1	New Milestone (FY2016): At least one participation of regional expert in an AFS mission	1					106
FAD	Greater regional harmonization	All countries	Develop regional cooperation and capacity building	2	2	New Milestone: Participation of resident advisors in regional seminars	1					82
Total				197	204		34	15	6	3	8	

Table 2. Work Plan of AFRITAC South, FY16 (May 2015 - April 2016): Revenue Administration (Tax)

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY16	Proj: Inputs FY16 (field, in persons-weeks): Total	Rev: Inputs FY16 (field, in persons-weeks): Total	Milestones	Milestone Set for FY16	Milestone Set for FY17	Of which: milestone from FY13	Of which: milestone from FY14	Of which: milestone from FY15	Milestone Number
FAD	Barriers to trade are diminished and progress in regional harmonization with international best practice achieved.	All countries	Seminar on Tax administration compliance	3	3	New Milestone: Seminar on Tax administration compliance conducted	1					62
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Angola	Enhance the effectiveness of audit through gathering and analysis of data from third party sources	2	2	New Milestone : Improved Audit capacity, utilizing information sources to select cases.	1					63
FAD	Diagnostic	Botswana	Diagnostic report: Updated Reform Strategy	4	0	Pending milestone: Updated Reform Strategy to guide future TA inputs		1			1	55
FAD	More efficient and effective organizational structures	Botswana	Enhancement of LTU Operations	3	3	New Milestone: Improved LTU procedures and outputs	1					64
FAD	Diagnostic	Comoros	Diagnostic activity	0	4	New Milestone (2016): Updated reform plan	1					72
FAD	More efficient and effective organizational structures	Comoros	Implementation of AGID	4	4	Pending Milestone: AGID makes implementation progress	1				1	43
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Lesotho	Implement Compliance Management Framework	3	3	Pending Milestone: Compliance risk management framework developed	1				1	44
FAD	More efficient and effective organizational structures	Madagascar	Enhancement of organizational functioning and streamlining of the functional relationships	3	3	New Milestone: Streamlined tax administration organization structure		1				65
FAD	More efficient and effective organizational structures	Madagascar	Strengthening the Large Taxpayer Office	2	2	New Milestone: Improved LTO procedures and outputs implemented	1					66
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Mauritius	Final inputs to the Tax Administration Bill	0	2	Pending Milestone: Submission of the draft Tax Administration Act to Cabinet	1		1			9
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Mauritius	Enhancing approaches to intelligence and third party data management and analysis	2	2	New Milestone: Improved tax risk management and audit results	1					67
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Mozambique	Compliance Framework (compensation for resources reallocated in FY2015)	2	2	Pending Milestone: Compliance Risk Management strategy developed	1				1	45
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Namibia	Strengthening of the Large Taxpayer Office function	3	3	New Milestone: Improved LTO procedures and outputs	1					68
FAD	Diagnostic	Seychelles	Updated reform strategy	4	4	New Milestone: Agreed tax administration reform strategy to guide future TA inputs	1					69
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Swaziland	Implementing an intelligence function to support data gathering and analysis	5	5	New Milestone: Improved tax risk management and audit results	1					70
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Swaziland	Implementation of Compliance Framework in coordination with TPA-TTF	2	2	Pending Milestone: Compliance risk management framework to guide resource allocation developed	1			1		36
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Zimbabwe	Enhancement of intelligence capability in the use of third party data	3	3	New Milestone: Advancement towards use of compliance strategy to manage taxpayer compliance	1					71

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY16	Proj: Inputs FY16 (field, in persons-weeks): Total	Rev: Inputs FY16 (field, in persons-weeks): Total	Milestones	Milestone Set for FY16	Milestone Set for FY17	Of which: milestone from FY13	Of which: milestone from FY14	Of which: milestone from FY15	Milestone Number
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Botswana	Operational level compliance risk management framework	0	0	Pending Milestone: Compliance risk management framework developed		1			1	42
LEG	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Botswana	Legal: Follow-up on Property Taxation, and some VAT and Income Tax related Issues	2	9	Revised tax legislation submitted to the Ministry of Finance						
LEG	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Zambia	Legal: VAT Reform	4	4	Revised VAT legislation submitted to Ministry of Finance						
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Namibia	Support to phased implementation of self assessment	0	0	Pending Milestone: Self-assessment implemented for segment at a time	1				1	46
LEG	More efficient and effective organizational structures	Namibia	Legal: Legal Issues pertaining to setting up a Revenue Authority organization arrangement	2	2	Legal advice on revenue authority framework provided						
LEG	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Madagascar	Legal: Follow-up to FAD Review mission - VAT and Income Tax related Issues	2	2	Improved tax legislation submitted to the Ministry of Finance						
FAD	Reserve	Reserve	Reserve	6	6							
FAD	Barriers to trade are diminished and progress in regional harmonization with international best practice achieved.	All countries	Organisation of two secondments	0	2	New Milestone (2016): At least two secondments implemented	1					73
FAD	Barriers to trade are diminished and progress in regional harmonization with international best practice achieved.	All countries	Participation of country officials in AFS missions	0	1	New Milestone (2016): At least one country official from AFS region participates in TA mission	1					74
				61	72		18	3	1	1	6	

Table 3. Work Plan of AFRITAC South, FY16 (May 2015 - April 2016): Revenue Administration (Customs)

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY 2016	Proj: Inputs FY16 (field, in persons-weeks): Total	Rev: Inputs FY16 (field, in persons-weeks):	Milestones	Milestone Set for FY16	Milestone Set for FY17	Of which: milestone from FY13	Of which: milestone from FY14	Of which: milestone from FY15	Milestone Number
FAD	Barriers to trade are diminished and progress in regional harmonization with international best practice achieved.	Angola	To ensure that cargo dwell times for exporters are reduced and that Angola Customs develops a partnership approach with compliant export oriented traders.	2	2	New Milestone: Customs is aware of cargo blockages at export and has taken steps to rectify blockages - including by having a functioning customs-to-business forum for export oriented companies.		1				53
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Botswana	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having a more effective enforcement strategy implemented by investigation and anti-smuggling specialists	3	3	Pending Milestone: The Risk Profiling & Intelligence (RPI) Team is able produce information products to inform management and operational units - and enforcement units work effectively to use those products.	1			1		21
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Lesotho	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having greater knowledge of threats and compliance	1	1	New Milestone: The Case Selection Team (CST) is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments - and produce reports to inform management on risk issues	1					54
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Namibia	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having a more effective enforcement strategy implemented by investigation and anti-smuggling specialists	1	1	New Mile: The Risk Management Team (RMT) provide operational information products (briefings, alerts, intelligence) to investigation, enforcement units who are able to make use of the information and, in turn, provide feedback and intelligence to the RMT		1				55
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Seychelles	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having a more effective enforcement strategy implemented by investigation and anti-smuggling specialists	1	1	New milestone: The Risk Assessment Team (RA) provide information products (briefings, alerts, intelligence) to enforcement units who make use of the information and provide feedback and intelligence to the RA	1					56
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Swaziland	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having a more effective enforcement strategy implemented by investigation and anti-smuggling specialists	1	1	New Milestone: The Intelligence Team provide information products (briefings, alerts, intelligence) to enforcement units who make use of the information and provide feedback and intelligence to the Intel Team	1					57
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Zambia	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having greater knowledge of threats and compliance	2	2	Pending Milestone: The Intelligence Team is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments	1			1		19
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Zimbabwe	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having greater knowledge of threats and compliance	2	2	Pending Milestone: The Risk Management/Customs Intelligence Team is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments - and produce reports to inform management on risk issues	1		1			18
FAD	Diagnostic	Seychelles	Customs modernisation progress is known and advice given on measures to improve performance	4	4	New Milestone: Customs administration modernization progress is known and advice given on measures to improve performance	1					58

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY 2016	Proj: Inputs FY16 (field, in persons-weeks): Total	Rev: Inputs FY16 (field, in persons-weeks):	Milestones	Milestone Set for FY16	Milestone Set for FY17	Of which: milestone from FY13	Of which: milestone from FY14	Of which: milestone from FY15	Milestone Number
FAD	Diagnostic	Swaziland	Customs modernisation progress is known and advice given on measures to improve performance	4	6	New Milestone: Customs administration modernization progress is known and advice given on measures to improve performance	1					59
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	All countries	Seminar: Enhanced compliance of indirect taxes	1	1	New Milestone: Seminar on enhanced compliance of indirect taxes conducted	1					60
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Comoros	Comoros Customs is aware of effective customs operations in a leading regional revenue authority	1	1	Pending Milestone: Comoros Customs is aware of effective customs airport operations in a leading regional revenue authority (internship)	1				1	36
FAD	More efficient and effective organizational structures	Comoros	Ensuring that adequate controls are in place (including accurate recording and reporting of transactions) to ensure accuracy and effectiveness of customs control of petroleum imports	2	2	Pending Milestone: The excise function relating to petroleum is based on sound systems and procedures that safeguard revenue by having accurate reporting; remittance and a robust compliance strategy in place		1		1		22
FAD	More efficient and effective organizational structures	Lesotho	To follow up on advice given in previous inputs in FY 2013 and 2014 to enhance the effectiveness of the PCA function	2	2	New Milestone: Officers assigned to the post release audit unit are able to plan and execute audits successfully using risk management methodology and share information/planning with LRA tax auditors.	1					61
FAD	More efficient and effective organizational structures	Mozambique	To follow up on advice given in previous inputs to enhance the effectiveness of the PCA function	2	2	New Milestone: Officers assigned to the post release audit unit are able to plan and execute audits successfully using risk management methodology and share information/planning with TMA tax auditors.		1				62
FAD	More efficient and effective organizational structures	Namibia	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade	2	2	New Milestone: The excise division has detailed profiles of significant excise operators that include details of ownership; manufacturing processes; production ratios; assessment of risk; bond/security requirements and other factors	1					63
FAD	More efficient and effective organizational structures	Zimbabwe	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade	2	2	Pending Milestone: Selected customs officers are assigned to the post release audit unit [and have started scrutinized transactions for errors and fraud]	1			1		33
FAD	More efficient and effective organizational structures	Zimbabwe	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade	2	2	Pending Milestone: The excise function is based on systems and procedures to safeguard revenue by having a robust compliance strategy in place		1			1	47
FAD	More efficient and effective organizational structures	Seychelles	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade	2	2	Pending milestone: The excise function is based on systems and procedures to safeguard revenue by having a robust compliance strategy in place supported by sound laws and regulations and effective risk management		1			1	45
FAD	More efficient and effective organizational structures	Zambia	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade	2	2	New Milestone: Excise officers are able to extract data from excise operators and are able to successfully interpret that data to audit operators, assess duty and enforce compliance.		1				64

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY 2016	Proj: Inputs FY16 (field, in persons-weeks): Total	Rev: Inputs FY16 (field, in persons-weeks):	Milestones	Milestone Set for FY16	Milestone Set for FY17	Of which: milestone from FY13	Of which: milestone from FY14	Of which: milestone from FY15	Milestone Number
FAD	More efficient and effective organizational structures	Seychelles	To follow up on advice given in previous inputs in FY 2013 and 2014 to enhance the effectiveness of the PCA function	2	2	Pending Milestone: Customs officers assigned to the post release audit unit are able to plan and execute audits successfully and are able to identify revenue leakage and take recovery/corrective action	1			1		27
FAD	More efficient and effective organizational structures	Swaziland	To follow up on advice given in previous inputs to enhance the effectiveness of the PCA function	2	2	Pending Milestone: Customs officers assigned to the post release audit unit are able to plan and execute audits successfully and are able to identify revenue leakage and take recovery/corrective action		1		1		29
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Madagascar	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having greater knowledge of threats and compliance	2	2	Pending Milestone: The Risk Management/Customs Intelligence Team (DAR) is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments - and produce reports to inform management on risk issues	1				1	51
FAD	More efficient and effective organizational structures	Madagascar	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade	2	2	Pending Milestone: Customs officers assigned to the post clearance audit unit are able to plan and execute audits successfully		1			1	52
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Mauritius	Mauritius Revenue Authority is aware of effective revenue operations in a leading regional revenue authority as it relates to the administration of taxes on betting and gaming	1	0	Pending Milestone: MRA is aware of effective practices in the administration of taxes on gambling in a leading regional revenue authority (Secondment)	1				1	37
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Madagascar	Peer to peer learning (secondments)	0	1	New Milestone: Secondments delivered	1					65
LEG	More efficient and effective organizational structures	Mauritius	Review of tax and customs legislation	2	2	Pending Milestone: Proposed amendments to customs legislation are submitted to the MRA Director General	1			1		24
LEG	More efficient and effective organizational structures	Comoros	Review/Redraft customs law		2	Pending Milestone: Proposed amendments to the Comoros Customs Act are drafted to align it to Revised Kyoto Convention	1					50
FAD	Diagnostic	Comoros	Diagnostic		4	New Milestone(FY2016): Customs administration modernization progress is known and advice given on measures to improve performance	1					66
FAD	Reserve	Reserve	Reserve	5	0							
Total				55	58		20	9	1	7	6	

Table 4. Work Plan of AFRITAC South, FY16 (May 2015 - April 2016): Financial Sector Supervision

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY16	Proj: Inputs FY16 (field, in persons-weeks): Total	Rev: Inputs FY16 (field, in persons-weeks): Total	Milestones	Milestone Set for FY16	Milestone Set for FY17	Of which: milestone from FY13	Of which: milestone from FY14	Of which: milestone from FY15	Milestone Number
MCM	Diagnostic	Angola	Review of supervision and regulation Framework relating to banks	6	6	New Milestone: Authorities agree on priority areas for TA support	1					55
MCM	Higher levels of compliance with the Basel I Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework	Botswana	AFS will assist the authorities in the implementation of relevant elements of Basel II and III	0	0	Pending Milestone: AFS will agree with the authorities as to which elements of Basel III should be implemented by the Bank of Botswana and what would be sequence of such implementations within which timeframe		1			1	45
MCM	Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	Botswana	AFS will assist the authorities in strengthening their risk based supervision in the area of off site monitoring , foreign bank supervision, and risk assessment.	0	0	Pending Milestone: The AFS will agree with the authorities on the risk assessment templates for the cross border banks		1			1	50
LEG	Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision	Botswana	Review of banking legislation (Follow up)	2	2							
MCM	Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	Comoros	AFS will assist the authorities to take preparatory measures for the introduction of risk based supervision in Comoros	4	4	Pending Milestone: The authorities will issue risk management guidelines to the banks	1				1	48
MCM	Higher levels of compliance with the Basel I Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework	Lesotho	AFS will assist the authorities in the implementation of relevant elements of Basel II and III	4	4	New milestone: The authorities implement an agreed number of elements of Basel II and III.	1					56
MCM	Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	Lesotho	AFS will assist the authorities in strengthening their risk based supervision in the area of off site monitoring , foreign bank supervision, and risk assessment.	2	2	New Milestone: At least three ICAAPs reviewed in FY 2016	1					57
MCM	Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision	Madagascar	Follow up on FSAP recommendations	4	4	New Milestone: AFS will agree with the authorities on a workplan for the follow up on FSAP recommendations	1					58
LEG	Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision	Mauritius	Follow up on the legal framework for problem bank resolutions/crisis resolution	4	4							
MCM	Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	Mauritius	Strengthening RBS through enhanced training of supervisors in on-site-supervisory process	0	4	New Milestone: Focussed training conducted	1					69
MCM	Adoption of macroprudential approach to supervision and systemic risk assessment framework	Mauritius	AFS will assist the authorities in the implementation of macroprudential overlay of Basel III	4	0	New Milestone: AFS will agree with the authorities on a workplan for the implementation of identified aspects of macroprudential overlay of Basel III		1				59

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY16	Proj: Inputs FY16 (field, in persons-weeks): Total	Rev: Inputs FY16 (field, in persons-weeks): Total	Milestones	Milestone Set for FY16	Milestone Set for FY17	Of which: milestone from FY13	Of which: milestone from FY14	Of which: milestone from FY15	Milestone Number
MCM	Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision	Mozambique	AFS will assist the authorities in the assessment of BCP (Follow up)	2	2	New Milestone: AFS will agree with the authorities on a workplan for the results of assessment of Basel Core Principles for Effective Banking Supervision.	1					60
MCM	Higher levels of compliance with the Basel I Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework	Namibia	AFS will assist the authorities in the implementation of Basel III	4	4	New milestone: Based on the action plan agreed in FY 2015, the authorities will agree on the number of elements of Basel III to be implemented .	1					61
MCM	Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	Seychelles	AFS will assist authorities in strengthening the risk based supervision in areas of off site monitoring and off shore supervision	4	4	New milestone: AFS will agree with the authorities in risk assessment of off shore banking institutions.	1					62
MCM	Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	Swaziland	AFS will assist the authorities in strengthening their risk based supervision in the matter of risk assessment, especially stress testing of the banks	0	2	Pending Milestone: The AFS will review the stress testing framework developed by the authorities and inform them about the modifications needed in the framework	1				1	49
MCM	Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	Swaziland	AFS will assist the authorities in strengthening their risk-based supervision in the area of off site monitoring , foreign bank supervision, and risk assessment.	4	2	New milestone: AFS will deliver to the authorities a process document for the supervisors. Milestone Redefined: AFS will review the implementation of the revised stress testing model	1					63
MCM	Adoption of macroprudential approach to supervision and systemic risk assessment framework	Zambia	AFS will assist the authorities in the implementation of macroprudential overlay of Basel III	4	4	New Milestone: AFS will agree with the authorities on a workplan for the implementation of identified aspects of macroprudential overlay of Basel III	1					64
LEG	Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision	All countries	Seminar on Banking Law in the SADC Region	4	4	New Milestone: Seminar on Banking Law conducted	1					65
LEG	Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision	Madagascar	Review of Banking Law	2	2							
LEG	Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision	Zimbabwe	AFS will assist authorities in framing crisis resolution/deposit insurance framework	6	6							
MCM	Reserve	Reserve	Reserve	9	9							
MCM	Greater cross border communication and cooperation among the supervisory authorities in the region , as a way to foster regional financial stability	All countries	Seminar: Stress Testing in banks as risk management tool and stress testing from regulatory perspective	4	4	New Milestone: Seminar on Stress Testing in banks is conducted	1					66
MCM	Greater cross border communication and cooperation among the supervisory authorities in the region , as a way to foster regional financial stability	All countries	Seminar: Risk based supervision and Pillar 2 of Basel II	3	3	New Milestone: Seminar on risk based supervision and Pillar 2 of Basel II is conducted	1					67

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY16	Proj: Inputs FY16 (field, in persons-weeks): Total	Rev: Inputs FY16 (field, in persons-weeks): Total	Milestones	Milestone Set for FY16	Milestone Set for FY17	Of which: milestone from FY13	Of which: milestone from FY14	Of which: milestone from FY15	Milestone Number
MCM	Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	Seychelles	AFS will assist authorities in strengthening the risk based supervision with specific focus on capturing AML-CFT risks in the supervisory process	4	4	New Milestone: AFS will agree with the authorities in risk assessment with specific focus on AML-CFT risks.	1					68
Total		Total	Total	80	80		16	3	0	0	4	

Table 5. Work Plan of AFRITAC South, FY16 (May 2015 - April 2016): Monetary Policy Framework Operations

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY16	Proj: Inputs FY16 (field, in persons-weeks): Total	Rev: Inputs FY16 (field, in persons-weeks): Total	Milestones	Milestone Set for FY16	Milestone Set for FY17	Of which: milestone from FY13	Of which: milestone from FY14	Of which: milestone from FY15	Milestone Number
MCM	Appropriate instruments of monetary operations	Angola	Strengthen monetary policy implementation	8	8	New Milestone: NBA begins using policy interest rates more actively to guide market interest rates and liquidity conditions.	1					16
MCM	A firm grasp of the monetary transmission mechanism	Angola	Developing of inflation forecasting framework and strengthen monetary policy analysis	8	8	New Milestone: NBA starts using an updated inflation forecasting framework in monetary policy formulation and implementation.		1				17
MCM	A firm grasp of the monetary transmission mechanism	Botswana	Macroeconomic Modeling	4	4	New Milestone: The Bank of Botswana updates its forecasting model		1				18
LEG	Coherent approach to monetary policy formulation	Botswana	Central Bank Law - follow up	2	2							
LEG	Coherent approach to monetary policy formulation	Zimbabwe	Central Bank Law	2	2							
LEG	Appropriate instruments of monetary operations	Lesotho	Follow-up TA to finalize draft regulations for the payment system	2	2							
MCM	Appropriate instruments of monetary operations	Madagascar	Liquidity management and forecasting	8	8	New Milestone: Establish capacity to effectively manage liquidity conditions with the use of appropriate instruments.	1					19
MCM	Deeper and more efficient primary and secondary money markets	Madagascar	Identify steps to allow effective liquidity management and Facilitate price discovery in the interbank money market, including the establishment of proper rules for trading and adopting a Master Repurchase Agreement between the banks.	8	4	New Milestone: Rules for interbank trading and Master Repurchase Agreement covering trading between banks and the BCM have been introduced, to facilitate an effective liquidity management and price discovery in the money markets.	1					20
MCM	Appropriate instruments of monetary operations	Madagascar	Strengthen payments and settlements to support monetary policy implementation and markets	2	2	New Milestone: The payments and settlements system supports monetary policy implementation and market development more effectively	1					21
MCM	Deeper and more efficient primary and secondary money markets	Madagascar	Identify steps to facilitate an effective functioning of foreign exchange market	4	2	New Milestone: Rules for interbank tradings and code of conduct for dealers consistent with international best practices has been introduced	1					22
MCM	Deeper and more efficient primary and secondary money markets	Madagascar	CBM's FX intervention strategy	2	2	New Milestone: Updated intervention strategy prepared	1					23
LEG	Coherent approach to monetary policy formulation	Madagascar	Reforming the organic legal framework for the central bank law	2	2							
MCM	A firm grasp of the monetary transmission mechanism	Madagascar	Improve on tools for inflation forecasting, monetary policy, and business survey analysis	0	4	New Milestone (FY16): Database created, forecasting and monetary policy analysis strengthened.		1				
MCM	Coherent approach to monetary policy formulation	Madagascar	Develop tools and procedures for communication and information about the Central Bank madates and activities	0	4	New Milestone (FY16): Develop a comprehensive strategy, tools and procedures for internal and external communication.		1				
MCM	Coherent approach to monetary policy formulation	Madagascar	Establish a clearer and prioritized set of objectives for monetary policy	4	0	New Milestone: CBM's monetary policy objectives and framework are updated		1				24

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY16	Proj: Inputs FY16 (field, in persons-weeks): Total	Rev: Inputs FY16 (field, in persons-weeks): Total	Milestones	Milestone Set for FY16	Milestone Set for FY17	Of which: milestone from FY13	Of which: milestone from FY14	Of which: milestone from FY15	Milestone Number
LEG	Coherent approach to monetary policy formulation	Mauritius	Review of draft central bank law	0	0							
MCM	A firm grasp of the monetary transmission mechanism	Mauritius	TA in modeling and forecasting (follow up)	6	6	New milestone: An updated FPAS implemented	1					25
MCM	Coherent approach to monetary policy formulation	Mozambique	Develop tools and procedures for communication	4	5	New milestone: Develop a comprehensive strategy, tools and procedures for internal and external communication.	1					26
RES	A firm grasp of the monetary transmission mechanism	Mozambique	Follow-up TA mission on inflation modeling and forecasting	12	10	New milestone: An updated FPAS implemented	1					27
MCM	Appropriate instruments of monetary operations	Seychelles	Strengthen monetary policy implementation and communication strategy	8	8	New Milestone: Excess liquidity situation has been drained; Forecasting and operational capacity is strengthened to support effective policy implementation and a comprehensive communication strategy on monetary policy implementation is developed	1					28
MCM	Deeper and more efficient primary and secondary money markets	Seychelles	Strengthen the functioning of primary and secondary markets	6	4	New Milestone: Introduce measures to facilitate effective liquidity management and price discovery in the money and secondary markets.	1					29
MCM	A firm grasp of the monetary transmission mechanism	Seychelles	Develop tools for inflation forecasting, and monetary policy analysis and communication strategy	8	10	New milestone: Organize data sets and procedures for short-term to support forecasting and monetary policy analysis. Develop communication strategy on monetary policy formulation		1				30
LEG	Appropriate instruments of monetary operations	Seychelles	Strengthen payments systems oversight	4	4							
MCM	A firm grasp of the monetary transmission mechanism	South Africa	Advanced training on macroeconomic modeling and forecasting to SARB officials (follow up)	2	2	New Milestone: Advanced Training on Macroeconomic modeling and forecasting conducted.	1					33
MCM	Deeper and more efficient primary and secondary money markets	Zambia	Develop money and secondary markets	6	0	Pending Milestone: Draft an action plan to enhance the depth of money markets submitted to BOZ management	1				1	11
MCM	A firm grasp of the monetary transmission mechanism	Zambia	Develop tools for inflation forecasting and monetary policy analysis	2	4	New milestone: The current status of the forecasting work is reviewed and training program is agreed		1				31
MCM	Coherent approach to monetary policy formulation	Zambia	Review the tools and procedures for communication and business survey analysis	4	8	New milestone: Develop a comprehensive strategy, tools and procedures for internal and external communication.	1					32
MCM	Coherent approach to monetary policy formulation	All countries	Regional Seminar on Monetary Policy Communication	0	0	New Milestone: Regional seminar on Monetary Policy Communication conducted	1					15
MCM	Reserve	Reserve	Reserve	12	15							
	Total			130	130		15	7	0	0	1	

Table 6. Work Plan of AFRITAC South, FY 2016 (May 2015 - April 2016): Real Sector Statistics

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY 2016	Proj: Inputs FY16 (field, in persons-weeks): Total	Rev: Inputs FY16 (field, in persons-weeks): Total	Milestones	Milestone Set for FY16	Milestone Set for FY17	Of which: milestone from FY13	Of which: milestone from FY14	Of which: milestone from FY15	Milestone Number
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Angola	Hands on training: Quarterly NA (c/f from FY 2015)	3	3	Pending Milestone: Training on compilation of annual and quarterly GDP by production and expenditure approach at current prices and in volume terms	1				1	31
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Botswana	Improvements of quarterly GDP estimates and related high frequency indicators	0	0	Pending Milestone: Improvement of quarterly GDP estimates and related high frequency indicators		1			1	42
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Botswana	Economic census and updating the benchmark year for GDP estimates, follow up	2	2	Pending Milestone: Introduction of new benchmark year, rebasing the GDP time series to 2015 base year	1				1	41
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Comoros	Hands on training, follow up	2	2	New Milestone: Follow Up - Training on compilation of annual GDP by production and expenditure approach in volume terms, dealing with time series, conducted	1					49
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Lesotho	Introduction of new benchmark year, rebasing the GDP time series to 2012 base year	3	3	Pending Milestone: Introduction of 2012 as a new benchmark year, rebasing of annual GDP time series	1				1	34
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Lesotho	Implementation of quarterly national accounts, follow up	3	3	Pending Milestone: Organization of the data sources and adoption of a compilation framework for quarterly GDP estimates by production approach	1				1	35
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Madagascar	Improvements of national accounts, new activity	1	1	New Milestone: 2007 benchmark year and rebasing of GDP time series completed		1				50
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Mauritius	Compilation of financial accounts and financial balance sheets, follow up	2	2	New Milestone: Proposed action plan for development of financial accounts and financial balance sheets implemented		1				53
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Mozambique	TA on specific methodological issues	2	2	Pending Milestone: Training on specific issues in compilation of annual and quarterly GDP by production and expenditure approach at current prices and in volume terms	1				1	36
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Seychelles	Dissemination of quarterly GDP, assessment of the project results, follow up	1	1	Pending Milestone: Finalization of quarterly GDP estimates, assessment of project results(including design national account framework for GDP estimates by production, expenditure and income approaches), enhancing source data and procedures for seasonal adjustments	1		1			15
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Seychelles	Improvements of annual and quarterly accounts: rebasing GDP; QGDP by expenditure; new activity	1	1	New Milestone: Rebasing GDP to 2013 done		1				55
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Swaziland	Strengthening the compilation of annual GDP estimates: introduction of new benchmark year for annual compilation of GDP	2	2	Pending Milestone: Strengthening the compilation of annual GDP estimates: introduction of new benchmark year for annual GDP time series	1				1	16

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY 2016	Proj: Inputs FY16 (field, in persons-weeks): Total	Rev: Inputs FY16 (field, in persons-weeks): Total	Milestones	Milestone Set for FY16	Milestone Set for FY17	Of which: milestone from FY13	Of which: milestone from FY14	Of which: milestone from FY15	Milestone Number
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Swaziland	Development of QGDP compilation system and related HFIs, follow up	2	2	New Milestone: Development of system for QGDP estimates by production approach	1					56
STA	Improved accuracy of price statistics	Zambia	Implementation of quarterly NA and related HFIs, follow up	3	3	Pending Milestone: Enhancement of the real sector HFI and adoption of a compilation framework for quarterly GDP estimates by production approach	1				1	40
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Angola	Assessment of sources and compilation procedures for annual GDP estimates	0	0	Pending Milestone: Strengthening the compilation of annual GDP estimates: enhancing the compilation procedures of value added in specific activities at current prices and in volume terms, hands on training		1	1			4
STA	Improved accuracy of price statistics	Angola	Improving CPI: geographical coverage, follow up	1	1	Pending Milestone: Training and assistance on development of regional capacity for enhancement the geographical coverage of CPI	1				1	32
STA	Improved accuracy of price statistics	Botswana	Development PPI, new activity	1	1	New Milestone: PPI introduced		1				57
STA	Improved accuracy of price statistics	Comoros	Improvements of price statistics (will be specified after the FY2015 assessment mission) - new activity	1	1	New Milestone: Improvements of price statistics, will be specified after the FY2015 assessment mission	1					50
STA	Improved accuracy of price statistics	Lesotho	Development of PPI, follow up	1	1	Pending Milestone: Preparing work on introduction of PPI, composition of basket and weighting system	1				1	8
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Madagascar	Setting up of quarterly national accounts, new activity	1	1	New Milestone: Quarterly NA based on production approach is completed		1				51
STA	Improved accuracy of price statistics	Madagascar	Improvements of price statistics - new activity	1	1	New Milestone: CPI rebased in line with the recommendation of the diagnostic mission		1				52
STA	Improved accuracy of price statistics	Mauritius	Introduction of real estate property price index (RPPI), follow up	1	1	Pending Milestone: Introduction of RPPI	1				1	39
STA	Improved accuracy of price statistics	Namibia	Introduction of exports and imports price indices, follow up	2	2	New Milestone (Milestone redefined): Introduction of export and import price indices, producer price indices, composition of basket and weighting system	1					54
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Zimbabwe	TA on specific methodological issues, postponed	0	0	Pending Milestone: Strengthening the compilation of annual GDP estimates: training on specific national accounts compilation procedures		1	1			21
STA	Improved accuracy of price statistics	Zambia	Development of PPI, follow up	2	2	Pending Milestone: Introduction of PPI, composition of basket and weighting system	1		1			18
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	All countries	Seminar: National accounts: Compilation of quarterly GDP	2	2	New Milestone: Seminar on Compilation of quarterly GDP conducted	1					46
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	All countries	Seminar: Index of Industrial Production	2	2	New Milestone: Seminar on Index of Industrial Production conducted	1					47
STA	Improved accuracy of price statistics	All countries	Seminar: Export and import price indices	2	2	New Milestone: Seminar on export and import price indices conducted	1					48

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY 2016	Proj: Inputs FY16 (field, in persons-weeks): Total	Rev: Inputs FY16 (field, in persons-weeks): Total	Milestones	Milestone Set for FY16	Milestone Set for FY17	Of which: milestone from FY13	Of which: milestone from FY14	Of which: milestone from FY15	Milestone Number
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	All countries	Organisation of two secondments	0	2	New Milestone (FY2016): Secondment program implemented	1					58
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	All countries	Participation of regional experts in AFS missions	0	1	New Milestone (FY2016): At least one participation of regional expert in an AFS mission	1					59
STA	Reserve	Reserve	Reserve	5	5							
				49	52		21	9	4	1	10	

Annex VIII. Seminar Program for FY16

Description of Seminar/Course	Dates
Promoting Financial Stability through Stronger Legal and Institutional Frameworks Coordinator: Ms. Elsie Addo Awadzi (LEG) Venue: Mauritius	June 29–July 3, 2015
Stress Testing in Banks as a Risk Management Tool Coordinator: Mr. Ravi Mohan Periyakavil (AFS) Venue: SARB Academy, Pretoria. South Africa	August 3-7, 2015
Strategic Issues in PFM Coordinators: Messrs. Peter Murphy and Roberto Tibana (AFS) Venue: Mauritius	August 10-14, 2015
Public Expenditure Analysis and Management (MEFMI) With participation of AFS Resident Advisors: Messrs. Peter Murphy and Roberto Tibana as resource persons Venue: MEFMI, Windhoek, Namibia	August 24-28, 2015
Strengthening Fiscal Frameworks and PFM Systems for Managing Natural Resource Wealth Coordinator: Mr. Roberto Tibana (AFS) Venue: Mauritius	September 21-25, 2015
Integration of Customs and Tax duties in fight against Fraud (jointly with AFRITAC Central) Coordinators: Messrs. Anthony Ramarozatovo (AFC) and Magoola Kalyebbi (AFS) Venue: Mauritius	September 28 – October 2, 2015
Large Taxpayer Administration Coordinator: Mr. Magoola Kalyebbi (AFS) Venue: Mauritius	October 5-9, 2015
Risk Based Supervision - Enhancing the skills of Bank of Mauritius Staff in on-site Supervisory Process Coordinator: Mr. Ravi Mohan Periyakavil (AFS) Venue: Mauritius	October 6-15, 2015
Financial Market Analysis Coordinator: Mr. Fabio Comelli (ICD) Venue: SARB Academy, Pretoria, South Africa	November 9-20, 2015
Improving Financial Reporting in Developing Countries Using International Public Sector Accounting Standards (IPSAS) Coordinator: Mr. Peter Murphy (AFS) Venue: Mauritius	November 30-December 4, 2015
High Frequency Indicators Coordinator: Mr. Gregory Legoff (AFS) Venue: Mauritius	December 7-11, 2015
National Accounts: Compilation of Quarterly GDP Coordinator: Mr. Gregory Legoff (AFS) Venue: Mauritius	December 14-18, 2015
Enhanced Compliance of Indirect Taxes Coordinator: Mr. Kenneth Head (AFS) Venue: Mauritius	February 15-19, 2016
Risk Based Supervision and Pillar II of Basel II Coordinator: Mr. Ravi Mohan Periyakavil (AFS) Venue: Mauritius	February 22-26, 2016
Macroeconomic Management in Resource Rich Countries (jointly with AFRITAC Central) Coordinators: To be announced Venue: Mauritius	February 29-March 4, 2016

Price Statistics Coordinator: Mr. Gregory Legoff (AFS) Venue: Mauritius	March 21-25, 2016
Debt Sustainability Analysis Coordinator: Mr. Myrvin Anthony (SPR) Venue: Mauritius	April 18-22, 2016
Macroeconomic Diagnostics Coordinator: Ms. Alina Carare (ICD) Venue: Mauritius	April 25-May 6, 2016