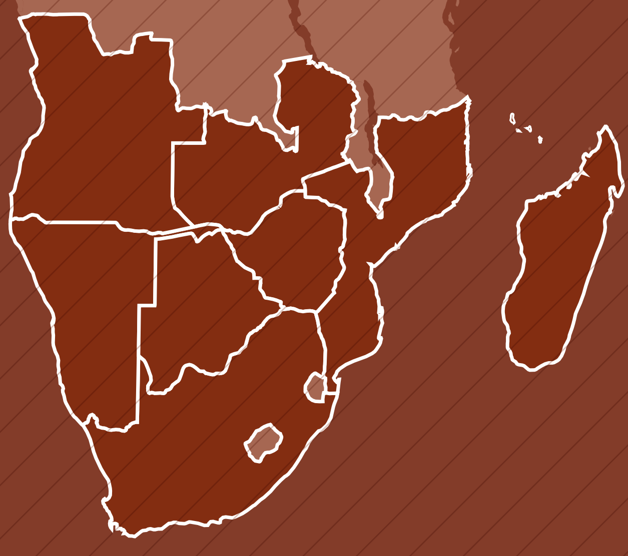
REGIONAL TECHNICAL ASSISTANCE CENTER FOR SOUTHERN AFRICA

AFRITAC
South

PROGRAM DOCUMENT

FOR THE SECOND PHASE
(August 2017–April 2022)



INTERNATIONAL MONETARY FUND

AFRITAC SOUTH IS AN IMF INITIATIVE SUPPORTED BY THE FOLLOWING MEMBER COUNTRIES AND PARTNERS:

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List of Abbreviations

AFS	IMF's Regional Technical Assistance Center For Southern Africa—AFRITAC South
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
ASyCuDa	Automated System for Customs Data
ATAF	African Tax Administration Forum
BCBS	Basel Committee on Banking Supervision
BCP	Basel Core Principles
BoB	Bank of Botswana
CABRI	Collaborative African Budget Reform Initiative
CD	Capacity development
COA	Chart of accounts
COMESA	Common Market for Eastern and Southern Africa
CPI	Consumer Price Index
CPSS	Committee on Payment and Settlement Systems
EC	Economic Census
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
FAD	IMF's Fiscal Affairs Department
FfD	Financing for Development
FMI	Financial market infrastructure
FSAP	Financial Sector Assessment Program
FTE	Fiscal transparency evaluation
FY	Fiscal year, begins on May 1
GDDS	General data dissemination standard
GFS	Government Finance Statistics
GFSM2014	GFS manual 2014
HFI	High Frequency Indicator
HQ	Headquarters
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IOC	Indian Ocean Commission
IOSCO	International Organization of Securities Commissions
IPSAS	International Public Sector Accounting Standards
KYC	Know Your Customer
MEFMI	Macroeconomic and Financial Management Institute of Eastern and Southern Africa
MoF	Ministry of finance
MTBF	Medium-term budget framework
MTEF	Medium-term expenditure framework
MTFF	Medium-term fiscal framework
PBB	Program-based budgeting
PEFA	Public expenditure and financial accountability
PFM	Public financial management
PFMI	CPSS-IOSCO Principles for financial market infrastructures
PIMA	Public Investment Management Assessment
PPI	Producer Price Index
QNA	Quarterly national accounts
RBM	Results-based management
RBS	Risk-based supervision
RM	Risk management
RTAC	Regional technical assistance center
SACU	Southern Africa Customs Union
SADC	Southern African Development Community
SDGs	Sustainable Development Goals
SDDS	Special Data Dissemination Standard
SNA	System of National Accounts
SOE	State-owned enterprise
SSA	Sub-Saharan Africa
TA	Technical assistance
TSA	Treasury single account
WEO	World Economic Outlook
WTO	World Trade Organization

EXECUTIVE SUMMARY

This document makes a case for continuing the capacity development (CD) program for the Regional Technical Assistance Center for Southern Africa--AFRITAC South (AFS) for the five years starting on August 1, 2017. It highlights the key achievements of phase I and enumerates the emerging CD priorities going forward.[1] The overarching objective will be to help countries achieve inclusive and sustained growth and make progress on the Sustainable Development Goals (SDGs) and the Financing for Development (FfD) agenda.

The International Monetary Fund's (IMF's) experience with the Regional Technical Assistance Center (RTAC) approach strongly supports continued technical assistance (TA) delivery and training through this window. AFS's modes of CD delivery, including long- and short-term experts, regional seminars, and professional attachments, have been effective in helping countries implement reforms, meet their regional commitments, and monitor progress closely.

The external mid-term evaluation of AFS phase I, which was completed in mid-2015, rated the center as 'excellent' on its relevance and effectiveness (output) and as 'good' on effectiveness (outcome), efficiency, and sustainability. Annual reviews and independent assessment by donors/partners have also rated highly AFS contributions in phase I. AFS TA remains strongly aligned to the evolving needs of member countries and to the broader regional CD priorities. The bulk of the recommendations of the mid-term evaluation have been implemented within a year. Those requiring a longer time horizon are expected to be fully implemented in the early years of phase II.

In phase II, AFS priority will be to assist countries to implement outstanding reforms and to address new emerging challenges in the core areas, while supporting the regional economic integration agenda. Training, seminars, and peer learning initiatives will remain critical components of the center's capacity building program in the next five years. For the success of the program, AFS will continue to coordinate its activities closely with country authorities, regional and other development partners as well as other TA providers in the region.

AFS will also be adopting the new standardized IMF-wide results-based management (RBM) framework. This framework will, inter-alia, help further strengthen monitoring and reporting and render coordination between RTACs and HQ and with external partners more efficient and effective.

The AFS phase II envelope will be close to $59 million, of which $56 million is expected from external sources (partners, host country, and member country contributions). The remaining $3 million will be provided by the IMF. Together, members, the IMF, and host country contributions are expected to account for approximately 18 percent of the total phase II program budget. To secure the financial sustainability of the center and demonstrate member country ownership, AFS member countries have in principle agreed to double their voluntary contributions in phase II to $500,000 over five years. AFS proposes higher contributions from members with larger financial capacity.

The current governance structure will remain. The Steering Committee (SC) will comprise of member countries, development partners, including donors and regional organizations, and IMF staff. AFS will invite relevant nonmembers to participate as observers. The center will be guided by the new IMF RTAC handbook on related issues. Resident advisors will continue to be closely backstopped by IMF staff to ensure high quality outputs. AFS will also continue to work closely with partners and will work towards greater partner visibility. New initiatives are in the pipeline for improving further information sharing.

[1] Phase I covered the IMF's fiscal year 2012 to fiscal year 2017 (FY12-17) plus May-July 2017. FY12-17 refers to May 1, 2011 – April 30, 2017.

I. Background and Achievements in Phase I

A. What Does AFS Do?

Role of RTACs

1. The IMF's RTACs form part of a collaborative CD effort between the IMF, beneficiary countries, and partners. Their objective is to (i) strengthen human and institutional capacity to design and implement policies that promote inclusive growth, and (ii) help countries advance on the SDGs. IMF RTACs in the Pacific, the Caribbean, Africa, the Middle East, and Central America provide a regional approach to CD, which helps to better tailor support to regional priorities, improve coordination with stakeholders within the region, and fast-track CD interventions to address countries' emerging needs. RTACs also contribute significantly to assist countries and regional bodies make progress in regional harmonization and at addressing intra- and inter-regional trade barriers.

AFS members

2. AFS opened in June 2011 and was officially inaugurated in October 2011. The center delivers CD to 13 countries in sub-Saharan Africa (SSA) (Angola, Botswana, Comoros, Lesotho, Mauritius, Madagascar, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Zambia, and Zimbabwe). This group includes high-, middle-, and low-income countries as well as countries in fragile conditions. Of the five African RTACs (AFRITACs), AFS is serves the largest number of countries.

AFS partners

3. AFS phase I was funded by a number of external partners. These include the European Union, through four of its funding envelopes in partnership with regional organizations, namely the Common Market for Eastern and Southern Africa (COMESA), the Indian Ocean Commission (IOC), the Southern African Development Community (SADC), and the African, Caribbean and Pacific Group of States; the United Kingdom (UK); Mauritius (as host country); Switzerland; Germany; the Netherlands, and Australia – together contributing an amount slightly above US$ 52 million. Additional funding came from the IMF and voluntary contributions from member countries.

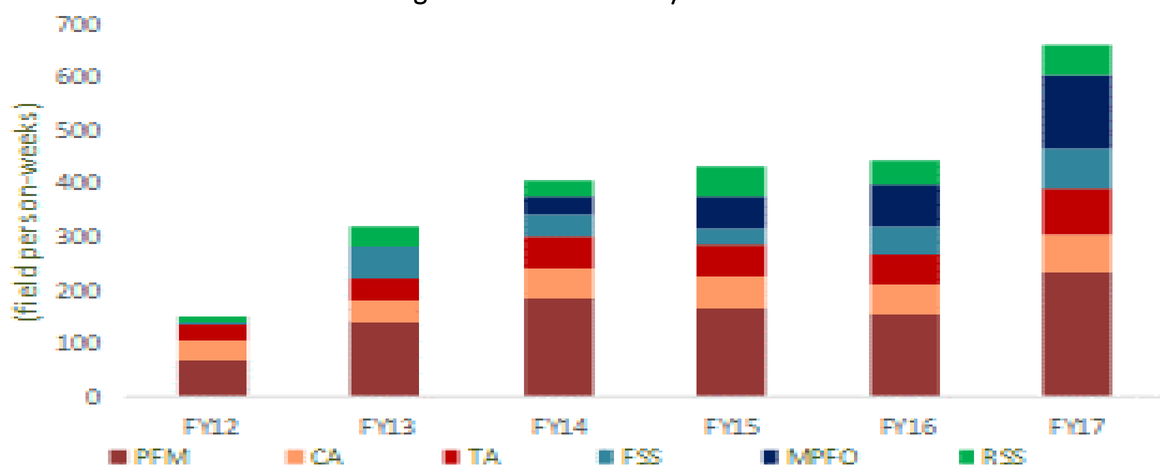
Core CD areas

4. The center's work focuses on topics that support the global FfD agenda and are key to the countries' advancement of their selected SDGs. The main topic areas, which aim to help countries in their pursuit of sustainable development, are public financial management (PFM), tax and customs administration, financial sector supervision, monetary policy and operations, financial market infrastructure (FMI) and payments, and real sector statistics. AFS also conducts regional seminars and courses and supports intra-regional peer-learning activities. The latter include primarily professional attachments, joint events with regional organizations, and the participation of country officials in select TA missions. The peer learning regional initiatives are complemented by the IMF's free online courses and training through the Africa Training Institute and HQ-based training accessible to officials in the region. The selection of training topics takes into account feedback from the IMF's country teams, the country authorities, and is coordinated with development partners in the region.

CD delivery, including regional initiatives

5. AFS resident advisors, with the support of HQ staff and short-term experts, execute the annual work plans which include diagnostic and TA missions, regional seminars and courses, peer learning activities, focused in-country workshops, and remote mentoring. TA delivery is primarily demand-driven, with extensive dialogue on needs and priorities taking place between country representatives, IMF headquarters, IMF in-country resident representatives, and AFS advisors. The volume of TA delivered during phase I expanded significantly over the years to accommodate growing demand from member countries (Figure 1). Meeting the growing demand has been possible through the scaling-up of the AFS budget during the early years of phase I

Figure 1. AFS TA Delivery in Phase I



Source: AFS Staff.

Coordination with partners

6. AFS, with the support of HQ, coordinates with regional organizations and donor partners - both at the planning stage and during execution of the annual work plans. AFS invites partners and regional organizations to submit inputs in the context of the preparation for its annual work plan, with special focus on regional and country level CD priorities. AFS advisors hold discussions with CD-delivering partners during TA missions to coordinate activities and exchange information, and they also coordinate with partners on diagnostic exercises to assess country needs and priorities. AFS supports the participation of its resident advisors in relevant regional events to keep updated on and inform developments and to share experiences with peers. A growing number of regional organizations have been inviting AFS advisors to participate as resource persons in conferences, seminars, and other regional events. AFS supports such initiatives as part of its peer-learning and regional harmonization programs. AFS is emerging as a key partner of regional organizations and is already supporting SADC, COMESA, IOC, Southern Africa Customs Union (SACU), Collaborative African Budget Reform Initiative (CABRI), Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), African Tax Administration Forum (ATAF), and New Partnerships for Africa's Development initiatives.

Communication and information sharing

7. AFS communicates and shares information through different channels to keep stakeholders updated on the latest capacity building activities. These mainly include:

- Publications:
  - annual work plan issued in March;
  - annual seminar plan issued in May;
  - quarterly bulletins published in the month following the end of each quarter;
  - quarterly updated work plan in the month following the end of each quarter; and
  - annual report published in June
- IMF and AFS external websites
- Social media
- Local media
- Regular Steering Committee (SC) communication

- AFS secure website - mainly to share information on AFS mission schedules and to provide access to TA reports and the minutes of the proceedings of SC meetings

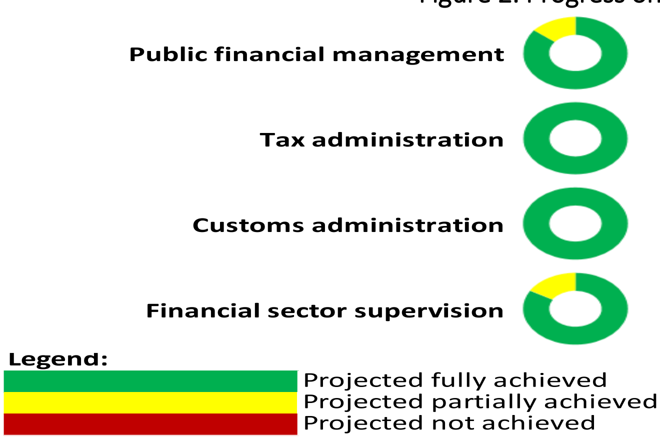
The above are complemented by outreach activities of the center coordinator and coordination and information meetings of AFS advisors in the field. The new RBM project management and information system tool will further improve information flow in phase II.

B. Achievements in Phase I

8. Achievements are defined as high-level results or impact across the core areas. AFS has been using an RBM framework as a planning, managing, and reporting tool. Throughout phase I, the framework helped monitor progress towards milestones and targeted outcomes. AFS updates and releases the results twice a year: as part of the report to the SC in March and in the annual report, previously in October and now in June. Some partners have been using the RBM framework, or some of its elements, for their own reporting purposes.

9. Good progress has been achieved across the form and function of operations in finance ministries, central banks, revenue administrations, and statistical agencies (see Annex I for a detailed list of achievements in phase I). Most of the targets set in phase I have been fully achieved (Figure 2). With some countries taking longer to implement certain recommendations, AFS expects the related milestones will be achieved in the early years of phase II. Section II below highlights the major factors constraining achievement of some outcomes and planned actions by AFS to overcome those constraints.

Figure 2. Progress on Outcomes



10. Member countries have made notable achievements during the past six years across key areas. The adoption of good international practices, updated methodologies, principles, and regulatory frameworks support greater transparency, improved reporting, and accountability across the region – factors which are significantly important for investment and sustained economic growth.

11. Various performance indicators under the Public Expenditure and Financial Accountability (PEFA) framework show improvement in recent years. AFS countries' adoption of comprehensive reform strategies, improved legal and regulatory frameworks, the implementation or strengthening of medium-term macro-fiscal and budget frameworks, and improvements in internal controls, cash and government liquidity management, and financial reporting are key result areas, to which AFS support have contributed significantly.

12. Under tax and customs administration, results are expected to facilitate trade, support increased revenue collection, and improve the business climate and growth prospects. These results include improved legislations, simplified procedures, reduced cargo dwell times, strengthened post-control and post-release audits, strengthened capacity of risk profiling, intelligence and case selection teams, improved coordination and information flows within administration, computerization of clearance procedures, introduction of self-assessments, and improved excise controls and taxpayer services. Results in tax administration are expected to include improved effectiveness and efficiency in the core functions: registration, filing and payment compliance, audit, investigations, debt management and collection, appeals and objections, and improved capability in using risk management (RM) to base all compliance management efforts for the optimal deployment of resources.

13. In financial sector supervision, AFS TA has contributed towards making national financial systems more robust and resilient. Areas in which significant progress is noted are consistent with the implementation of the Financial Sector Assessment Program (FSAP) recommendations and include putting in place updated crisis resolution frameworks, updating legislative frameworks, improved supervisory colleges, and increased compliance with best international norms (capital adequacy, supervisory practices, Basel Core Principles (BCP) for effective supervision, and financial stability).

14. TA in the area of monetary policy frameworks has had a relatively broad focus, including improving modeling and forecasting, liquidity management, functioning of foreign exchange markets, central bank communication, business survey development, primary and secondary market development and more recently, national payment system development. In phase I, diagnostics and needs-assessments helped put in place priority action plans for TA interventions. While selected countries made significant progress in the field of modeling, forecasting, and liquidity management, much remains to be done in developing the primary and secondary markets. Since most objectives in this area have a multi-year horizon and TA delivery began in 2014, achievements are expected to materialize in phase II. AFS has responded to member countries' demand for TA to support the development of the payment, clearing and settlement systems and the authorities' financial inclusion goals and help advance efforts to adopt and comply with international standards.

15. Real-sector statistics is a priority area for AFS. TA needs vary across countries according to the different level of statistics development. The adoption of updated systems of national accounts, the introduction of a new benchmark year, revision of Consumer Price Index (CPI) weights (including improvements in geographical coverage), rebasing of GDP, and improvement in quality of surveys and censuses and in the dissemination of statistics remain key achievements in phase I. Better macroeconomic statistics are essential in the formulation and impact assessment of policies and to measure progress against the related SDGs as rebasing national accounts regularly provides a more accurate assessment of the size and structure of the economy. In the course of CD delivery, collaboration across sectors and data compiling agencies has improved. Countries with more advanced statistical standards are making progress towards attaining the "Special Data Dissemination System (SDDS) Plus"

16. In all topic areas, the implementation of reforms has been supported by training and peer learning. Training takes the form of regional seminars and courses as well as in-the-field workshops aimed at strengthening staff and institutional capacity.[2] In countries where there is active participation of other development partners, AFS provides selective TA to complement ongoing work. In some countries, more traction was noted near the end of phase I.

17. Assessing the impact of RTACs' achievements is difficult. This is mostly explained by factors such as the multi-year nature of each of the relevant

[2] See AFS annual reports and reports to the SC, which provide details on the milestones achieved annually.

CD topics, the presence of other TA providers in the field, generally sustained slow recovery following recent crises as well as policy reversals arising from changes in political leaderships. The RBM framework which links inputs to outputs and outcomes thus remains key for measuring progress against predefined outcomes – both for countries and for the AFS region as a whole.

C. Lessons Learned

18. Some lessons learned during AFS's first phase are broad and can apply to any CD context, while others are more specific to the region and the concerned member countries. They have been distilled below as a short reference for all stakeholders:

- *Start by identifying the issue to be addressed, instead of starting with the solution, and ensure effective ownership by the beneficiary*. AFS country visits assess how challenges and priority needs may have evolved or changed since the last contact.
- *Understand the space for reform and advise on concrete and sustainable steps*. Given the synergies between political economy and technical work, it is important to recognize that reform requires both technical and organizational reforms, and to identify the constraints within which reform can be implemented. Define specific, contextually appropriate, and feasible interventions within the technical reform space.
- *Join the dots.* Reform is more likely to "stick" if it relates explicitly upstream/downstream and laterally. For example, budget formulation reform needs to relate upstream (macro-fiscal processes) and downstream to systems and budget execution to ensure positive interconnections are maintained.
- *Create targeted action plans.* These provide clearly defined strategic objectives, expected outcomes, performance targets, and activities which provide for mutual accountability.
- *Build networks within and across ministries, central banks, and other public sector organizations.* AFS tries to break down silo working arrangements as a way of seeking to join the dots. A PFM training workshop in Zambia in July 2016 was a good example of collaboration among different teams across agencies for one of the first times. For statistics, broadening support beyond statistics agencies to key data users and policymakers would create an impetus for improving the quality and use of data.
- *Work with all CD stakeholders*. Collaboration both across IMF departments and with other CD providers and partners builds momentum and ideas, while more explicitly working toward regional integration and harmonization objectives

II. RELEVANCE OF AFS SUPPORT TO THE REGION

A. Findings of External Mid-Term Evaluation and Implementation Status of Recommendations

19. The mid-term external evaluation of AFS phase I, which was completed in mid-2015, acknowledged the achievement of important milestones and outcomes at an early stage of the center's operations. The center was assessed as 'excellent' on its relevance and effectiveness (outputs), and as 'good' on effectiveness (outcome), efficiency, and sustainability. TA delivery had been of significant relevance for the region and of high quality. Consistency of the center's operations with the program document, strong alignment of TA with members' evolving needs, and the existence of a robust management and control system to monitor execution of annual work plans collectively contributed towards advancing the work program.

20. The evaluation made 23 recommendations, the bulk of which have been implemented, with further actions planned during the early years of phase II. Completing the implementation of the evaluation's recommendations during phase II refers to actions associated with the introduction of the new IMF-wide RBM framework and linking it to the IMF's RBM project management system, now under development. Annex II provides the updated status of implementation of the recommendations. The conclusions and recommendations of the EU-mandated Results Oriented Monitoring, completed in 2016, were also important elements that fed into the AFS phase II strategic priorities.

B. Addressing the Region's Macroeconomic and Financial Sector Challenges

21. Macroeconomic and financial conditions vary significantly across AFS countries. Eight out of the 13 AFS countries are in the low- or lower middle-income group, out of which three countries face fragile conditions (Figures 3 and 4). The size of national GDP varies from less than US$1 billion (Comoros) to about US$294 billion (South Africa). About 35 percent of SSA's output comes from the AFS region.

Figure 3. GNI per capita in 2016 (in US dollars)

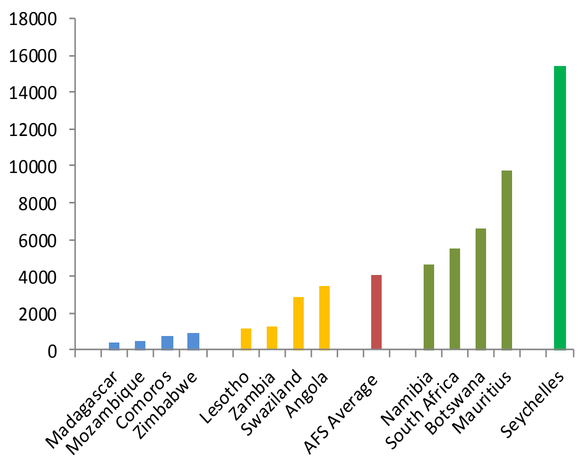
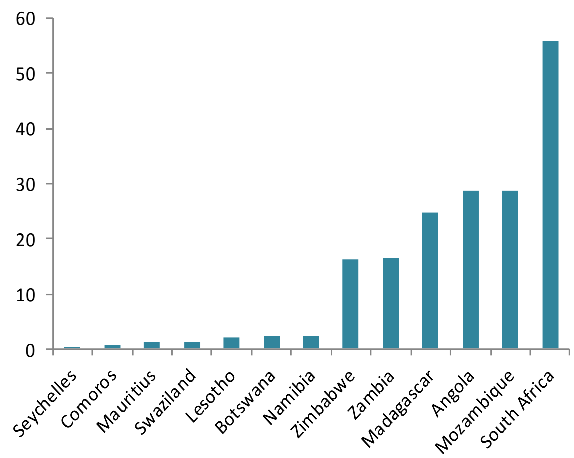


Figure 4. 2016 Population (in millions)



22. Both the 2015 human development indicators (UNDP) and the 2016 world development indicators (World Bank) point to the increased effort required by AFS countries to effectively address major challenges, including the SDGs. Poverty, inequality, productive employment, infrastructure, energy, economic diversification, and sustained growth remain critical focus areas. Ongoing structural reforms and the related capacity-building efforts will need to be sustained to achieve the targeted results (Table 1).

Table 1. AFS Countries—Selected Characteristics

	Population (million)1/	GNI per capita (USD)1/	GDP at current Prices (in bn US $) 1/	Unemployment rate (2016) 2/	Overall Statistical Capacity (0, low, to 100, high)3/	HDI ranking and level of human development (2015)	Main Export Earnings
Angola	27.4	3,440	96	6.6	42.2	150-Low	Oil (95%)
Botswana	2.2	6,610	15	18.4	42.2	108- medium	Diamond
Comoros	0.8	760	1	20.0	34.4	160-Low	Agriculture and Fishing
Lesotho	1.9	1,210	2	27.4	57.8	160-Low	Garments and Diamond
Madagascar	24.9	400	10	2.1	62.2	158-Low	Agriculture
Mauritius	1.3	9,760	12	7.8	91.1	64-High	Textiles , Tourism
Mozambique	28.8	480	11	24.4	71.1	181-Low	Seafood
Namibia	2.3	4,620	11	25.6	58.9	125-Medium	Diamond
Seychelles	0.1	15,410	1	--	70.0	63-High	Tourism
South Africa	55.9	5,480	294	25.9	82.2	119-Medium	Gold and metals
Swaziland	1.1	2,830	4	25.3	55.6	148-Low	Sugar
Zambia	16.7	1,300	21	7.5	53.3	139-Medium	Copper and metals
Zimbabwe	14.5	940	14	5.1	55.6	154-Low	Metals

1/ 2016 estimates. 2/ Modeled ILO 2016 estimate % of total labor force. 3/ 2016 score
Sources: IMF's World Economic Outlook (WEO) database, April 2017, World Bank database, and UNDP Human Development Report 2016

23. Macroeconomic conditions in the region remain challenging. During phase I, the economic performance of AFS countries was characterized by lower growth principally explained by difficult external conditions. In the AFS group, seven countries have seen their share of government revenue to GDP decline between 2012 and 2016 leading to higher debt financing from the budget and deteriorating debt ratios. The external current account balance for the AFS region has followed a similar negative trend in general, which further deteriorated in some countries by the decline in commodity prices (see Annex III for the key macroeconomic indicators by country).

24. External economic and financial conditions remain difficult in the medium term. Subdued commodity prices, an economic slowdown in the region's main trading partners, and slow progress towards addressing intra-regional trade barriers will continue to weigh on growth prospects. Commodity exporters and SACU countries remain at risk of heightened vulnerabilities due to low commodity prices.

25. On the domestic front, significant challenges persist. The quality of infrastructure, energy security, labor productivity, poverty levels, quality of institutions, and governance-related issues remain critical and require significant financial resources. Government efforts need to be supported by focused TA and training to ensure progress and results. The strategic priorities described in Section III below remain closely linked to the outcomes targeted for the medium- to long-term under the SDGs, for the FfD, as well as to the commitments taken by countries under the regional integration agendas.

26. In the medium term, AFS countries face the risk that sustained low growth may erode the gains from reforms undertaken in phase I. While the medium-term growth outlook indicates a slow pick-up in most AFS countries, the macroeconomic challenges facing AFS countries, as highlighted below (Figures 5-12), call for continued and increased CD efforts.

Figure 5. GDP Growth Rates, Annual Percentage Change

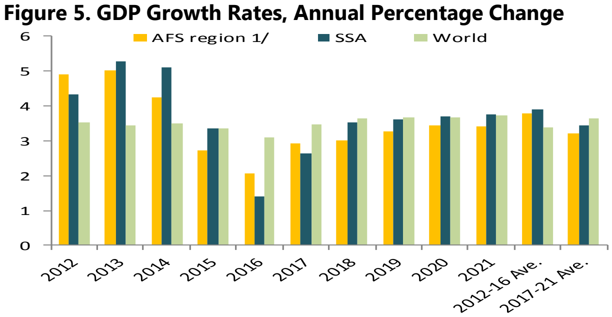


Figure 6. Inflation Rates

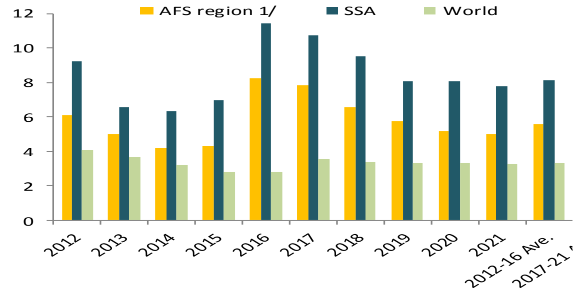


Figure 7. General Government Revenue as a Share of GDP

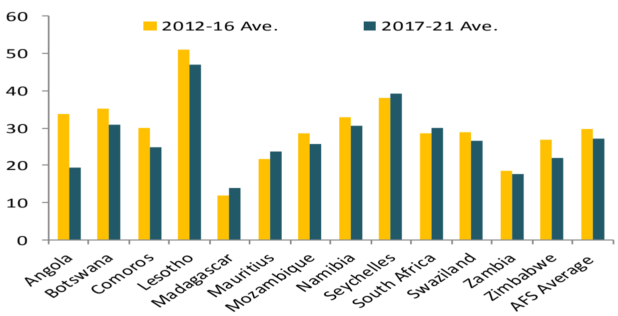


Figure 8. General Government Expenditure as a Share of GDP

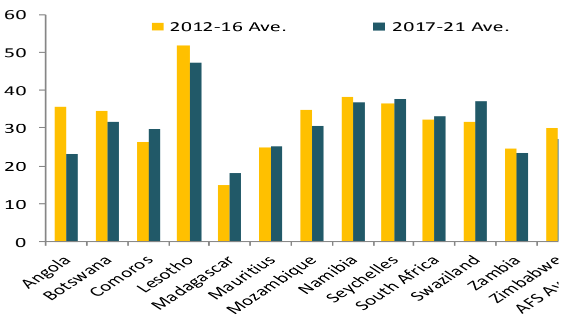


Figure 9. Overall Fiscal Balance as a Share of GDP

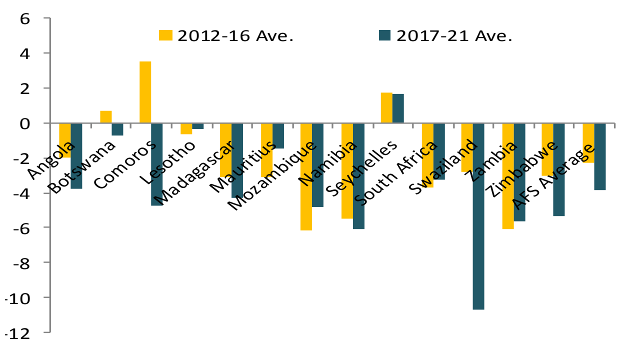


Figure 10. General Government Gross Debt as a share of GDP

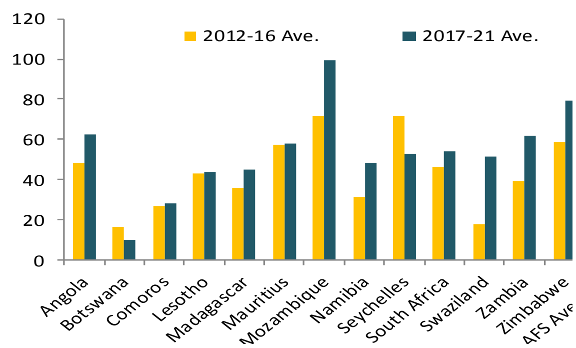


Figure 11. Current Account Balance as a Share of GDP

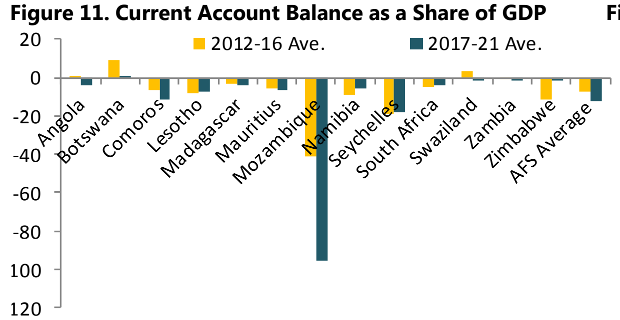
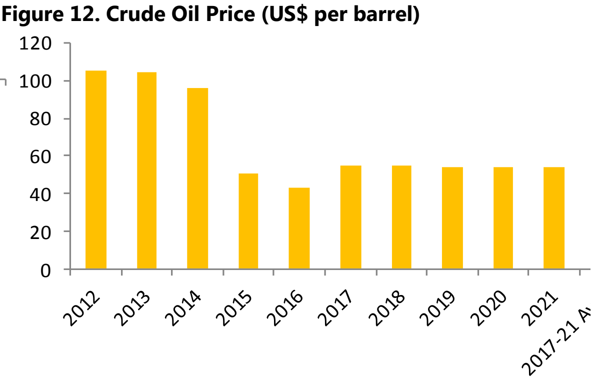


Figure 12. Crude Oil Price (US$ per barrel)



27. Although circumstances and priorities vary across AFS countries, some key challenges remain common. Heightened risks from the external environment and the subsequent impact on government revenues, as well as challenging domestic macroeconomic and financial conditions, call for a stronger effort to fast-track reforms. AFS will therefore help countries on a number of fronts. First priority will be the implementation of outstanding reforms from phase I.

28. The need for fiscal consolidation and improved transparency means AFS countries should further strengthen PFM systems. This will require expenditure reviews to allow consistency between medium-term fiscal envelopes, fiscal risks, sector plans and annual budget priorities; more effective use of limited investment and wage bill resources, cash management and effective commitment control; improved internal control to counter fraud and corruption; and increased fiscal transparency including in-year and year-end reporting.

29. Heavy dependence on limited revenue sources and declining fiscal revenues pose significant macroeconomic risks and therefore calls for domestic revenue mobilization, with reforms aimed at diversifying the fiscal revenue base and further strengthening revenue administrations to reduce tax gaps. Improving budget execution and controls, public sector investment programs, and asset/liability management, and rendering revenue administrations more efficient and cost effective can improve the fiscal outlook considerably. This can in turn help build fiscal buffers in some countries to provide fiscal space for mitigating future crises.

30. AFS countries need to continue revenue administration reforms, with a long-term implementation horizon, aimed at further improving efficiency and effectiveness of organizational structures. AFS countries need support for further segmentation of the taxpayer population and to put in place effective regimes for taxpayer segments. Implementing efficient and effective processes to improve compliance levels and reduce compliance cost to taxpayers and administrations is of high priority. Also highly relevant are: addressing core and outstanding challenges such as risk-based interventions, post clearance audit, classification, and valuation and origin, and supporting countries on regional harmonization issues to progressively implement the WTO Bali Trade Facilitation Agreement and regional integration agendas under COMESA, SADC, and SACU. Another area in need of support is building the capacity to tax international transactions and combat illicit financial flows. This will entail collaboration with other development partners to assist countries in building international taxation capacity, enhancing laws, and expanding their treaty networks.

31. The AFS region needs to consolidate the substantial progress made in strengthening the monetary policy framework and operations during phase I. Developing forward-looking monetary policy frameworks, including inflation-forecasting analysis, and improving the communication strategy at the level of central banks remain key priorities. Focus areas include TA to strengthen (i) the economic analysis and forecasting of central banks; (ii) the capacity of central banks to communicate and implement monetary policy effectively; (iii) better functioning primary and secondary markets, and (iv) the national payments and settlement system, including oversight capabilities.

32. In the area of financial sector supervision, TA will focus on several complementary fronts to strengthen financial stability. These will include fostering financial deepening, improving risk-based banking and macrofinancial surveillance, deepening microprudential supervision, and helping central banks and supervisory authorities to progressively adapt to emerging needs and challenges, especially in the areas of stress testing, risk-based supervision (RBS), and consolidated and cross-border supervision. As in the other core areas, under financial sector supervision AFS will facilitate the adoption by countries of evolving international best practices and standards. The center will support member countries to make further headway on these fronts.

33. Strengthening the compilation and dissemination of macroeconomic statistics across AFS countries will continue in phase II, with the objective of providing good benchmark data to support macroeconomic-related SDG and FfD objectives. The quality and timeliness of data remain a key priority for this region. AFS will support countries that are ready to move towards the SDDS and SDDS Plus and will help countries to comply with the general data dissemination system (GDDS) standards. Ongoing work towards improving source data and methodologies, the frequency of indicators, and rebasing GDP will continue so as to produce statistics that measure and reflect the economy more accurately. AFS will fill the gaps in these specific areas and will continue to coordinate statistical developments with other areas of statistics and with IMF headquarters, including for example the work on government finance statistics (GFS) funded by DFID as part of the Enhanced Data Dissemination Initiative. In response to high demand, phase II will add a second resident advisor in statistics and will expand its coverage of topics relevant to policy decision-making, such as high frequency indicators.

34. Progress towards new standards, systems, and methodologies in the core areas needs to continue in parallel. These include the implementation of the latest standards and/or principles in fiscal transparency evaluation (FTE), PIMA, public expenditure and financial accountability (PEFA), international public sector accounting standards (IPSAS), system of national accounts (SNA), GFS, standards being formulated by international bodies such as the Basel Committee on Banking Supervision (BCBS), the Financial Stability Board (FSB), and the International Accounting Standards Board (IASB). Consistency with or adoption of the above will also help countries' rankings in the ease of doing business indices and foster regional convergence.

35. Training and peer-learning initiatives will remain a critical component of AFS CD delivery in phase II. AFS plans will include about 15 courses and seminars per year, which will help some 2,500 participants upgrade their skills in their main areas of expertise. These will be complemented by remote mentoring and tailored in-house workshops led by resident advisors. during TA missions; these workshops contribute significantly to owning and expediting reforms and towards the adoption of new methodologies, systems and standards. AFS will continue to work with development partners and member countries to assess training priorities and will include new topics of high relevance in the list of seminars.

C. Specific Risks and Risk Mitigation to improve CD Delivery

Political and Economic Environment

36. Heightened political risks materially increase the volatility of demand for TA. This has been particularly apparent during phase I in some countries in the context of national elections, prolonged post-crisis instability, or increased vulnerability due to civil unrest. These conditions have resulted in significant changes in government reform priorities, new or revised institutional and staffing arrangements, security concerns, and/or limited access to key reform stakeholders. As a result, it has been challenging for the authorities to adhere to the annual TA plan agreed at the start of the year.

37. Changing external economic conditions also materially affect the nature of the TA required. Most countries within the region are vulnerable to changes in global economic conditions, including in commodity prices, credit markets, and exchange rates. Such changes affect levels of fiscal revenue (e.g. import/export taxes, aid flows, tax and customs union receipts) and the expenditure and financing frameworks (e.g. interest rates, debt denominated in foreign exchange). The ability therefore to pursue a sustainable fiscal policy framework consistent with the achievement of planned public sector service delivery or public investment objectives is diminished. During phase I a number of countries, including both fragile states and resource-rich countries (Angola, Botswana, Comoros, Madagascar, Mozambique, Swaziland, Zambia, and Zimbabwe) have had to re-focus from long-term institution-building PFM TA to the short-term management of declining revenues; over-expenditure, liquidity and cash and arrears management; and deficit and debt reduction.

38. For phase II AFS proposes to ensure planned TA is even better aligned with country priorities. This will entail even closer consultation with country authorities and IMF country teams in the preparation of credible annual work plans. Moreover, AFS will need: (i) greater flexibility in TA plans to allow easier movement of resources between countries and TA activities; and (ii) sufficient contingency reserves to respond to variations in country requirements arising from more volatile political and economic conditions. The higher flexibility and reserves will be subject to a stronger results-based agenda as provided under the new RBM framework being adopted in phase II.

Engagement and Coordination

39. High level country engagement and coordination are preconditions for successful AFS TA delivery. In phase I coordination among key stakeholders (AFS Steering Committee (SC), country authorities, development partners, and AFS staff) has developed, but has not always been sufficient to ensure strong ownership, engagement, and mutual accountability for results in countries or specific institutions. Lack of senior level engagement has constrained some countries' ability to effectively implement reform recommendations.

40. For phase II AFS proposes to strengthen coordination and engagement by key stakeholders. Specific measures will include greater interaction with SC members on program design and monitoring, including earlier and more focused reporting and results evaluation. AFS SC members of beneficiary countries are expected to represent the entire CD program of their country and to actively coordinate with all agencies receiving AFS CD to help ensure the effective use of CD. Together with member countries, AFS resident advisors will engage more actively with developing partners to identify additional TA and training support to supplement the adoption and implementation of agreed reforms. TA providers represented on the AFS SC will be requested to proactively support this effort, for example by sharing information on their work with committee members.

41. Coordination between implementing agencies and partner financing will be further strengthened as AFS will give special attention to aligning its inputs with:

- complementary inputs being made by in-country IMF advisors and HQ; and
- inputs from other development partners.

This will strengthen reform synergies and help avoid unnecessary duplication.

42. AFS will continue to cooperate with regional organizations (i.e. COMESA, SADC, CABRI, East and Southern African Association of Accountants General, MEFMI, ESAAMLG, ATAF, etc.) in the delivery of capacity building assistance. AFS resident advisors will take part in workshops and seminars organized by regional partners, both as participants and as resource persons. Similarly, regional organization representatives could participate in AFS seminars to sensitize on the respective Protocols and Agreements being implemented as part of AFS countries' regional commitments.

Absorptive Capacity and Skills Development

43. The limited availability of necessary human capital to implement and sustain reform has also constrained reform efforts. During phase I it has proven challenging for some member countries to respond to recommendations involving structural changes or additional staffing. This is particularly true in areas in which more advanced standards, methodologies, and processes are being considered. However, reform is dependent on the availability of suitably skilled and experienced managers and functional and technical staff. There are areas where civil service reform or organizational restructuring will need to be prioritized if institutional structures are to be rationalized and staffing needs met so as to help sustain reform.

44. For phase II AFS proposes to highlight further the importance of recognizing absorptive capacity and the need for complementary organizational reform efforts. Recognizing that AFS includes diverse groups of countries (resource rich, aid dependent, emerging markets) and institutions, greater attention will be paid to aligning reforms with absorptive capacity. In addition, while addressing technical challenges will remain at the core of TA efforts, more explicit attention will be paid to the need to ensure these efforts are complemented by the necessary human resources and systems management changes.

45. Skills development will continue to be a major focus of AFS CD in all the core topic areas. This will encompass training delivered as an integral component of AFS TA missions and related skills development activities including peer learning through regional seminars, workshops, and professional attachments. Emphasis will be placed on the establishment of capacity within targeted institutions to extend and disseminate training to other government institutions.

CD Delivery

46. Member countries have expressed an increasing demand for a more hands-on approach to TA delivery. In Phase I the focus of TA was to: (i) undertake diagnostic assessments in the topic areas; (ii) support the design, development, and revision of contextually appropriate reform programs; and (iii) identify prioritized actions to implement reform. To enhance sustainability in the context of a realistic consideration of absorptive capacity, phase II will increasingly emphasize providing pragmatic how-to assistance and related capacity building support (including training and sharing of experience).

47. For phase II AFS proposes to focus more on developing sustainable capacity and reduce the need to rely on continuous support from external assistance. The objective will be to try to reinforce the responsibility and accountability of senior country officials to pursue prioritized and focused reform and to create learning capacity within target institutions that can support managers to lead reform

III. AFS Strategic Priorities for Phase II

A. AFS Fiscal Program

Public Financial Management

48. The overall engagement strategy for the next phase of PFM TA will be to:

- assist countries to further build PFM capacity based on the country PFM diagnostics and platforms developed during the first phase, including addressing core challenges still outstanding;
- support countries to progressively adapt to any emerging (socio-economic, political and technological) needs and challenges in the PFM task environment;
- respond in a contextually appropriate manner to the evolving PFM principles and standards being promulgated and recommended by international standard setting bodies (IMF [FTE, GFSM2014, PIMA]; PEFA Steering Committee [PEFA 2015] and IPSASB [IPSAS] etc.) for effective PFM; and
- continue skills development through training, sharing of good practice, and peer learning, including professional attachments.

<u>Outstanding PFM Reform issues</u>

49. Key reform issues (milestones) carried over from phase I will include:

- finalize new PFM and fiscal decentralization legal and regulatory frameworks (Lesotho, Namibia, South Africa, Zambia) and strengthen oversight arrangements;
- improve production, implementation and monitoring of country medium term fiscal frameworks (MTFF) and fiscal risks (all countries);
- strengthen the links between planning, resource allocation (Medium-term expenditure frameworks) (MTEFs) and budget formulation (all countries);
- strengthen commitment and cash flow forecasting, commitment control and cash management (Lesotho, Swaziland, Zambia, Zimbabwe); and

- support more timely, reconciled and transparent production of in-year and year-end budget reports and financial statements (Lesotho, Mozambique, Swaziland).

AFS will incorporate these outstanding challenges into the strategic objectives and log frames for phase II.

Emerging PFM challenges due to political and socio-economic developments

50. AFS will support member countries to address emerging PFM challenges arising from the changing political and economic developments likely to occur over phase II. Such challenges could include declining fiscal revenues, a rising debt stock, increasing interest costs, and higher fiscal risks. AFS would need to assist countries to:

- pursue fiscal consolidation, including the use of expenditure reviews that allow reconciliation of medium-term aggregate fiscal envelopes, sector plans and priorities, expenditure proposals and existing/ongoing commitments;
- make more effective use of more limited resources particularly in respect of investment and wage related expenditure;
- enhance fiscal discipline by implementing effective commitment control aimed at eliminating arrears creation;
- increase fiscal transparency implementing more comprehensive in-year and year-end fiscal reporting; and
- improve identification, analysis and mitigation of fiscal risks.

Evolving PFM Standards

51. PFM standards continue to evolve in response to the weaknesses highlighted by the recent fiscal crises. The rate of adoption of such new standards and methodologies in the AFS region will depend on individual country contexts including: country PFM vulnerabilities, reform priorities, the relevance of particular PFM reforms (e.g. revenue forecasting volatility or lack of fiscal discipline), the available capacity, and the level of commitment to adopt change.

52. Where capacity is inadequate or recognition of the need for change is weak, the focus will be on ensuring at least minimum standards[3] are achieved over the program period. Where needs, capacity and change motivation are stronger, more advanced principles and standards may be targeted.

53. Key focus areas will include:

- Enhancing the capacity of Ministry of Finance (MoF)/National Treasuries and related institutions (Fiscal Councils, Parliamentary Budget Offices) to respond to PFM challenges and meet emerging PFM standards;

- Ensuring the production, political acceptance of a credible and more comprehensive MTFF, Medium-term budget (MTBF) and Medium-term expenditure (MTEF) frameworks:
  - more comprehensive, policy/output oriented and transparent budget formulation;
  - more effective public investment management;
  - improved and more integrated cash and debt management;
  - more effective budgetary control;
  - more comprehensive and transparent fiscal and financial reporting; and
  - improved analysis and management of fiscal risks.

54. Improvements in these areas should facilitate fiscal consolidation, improved allocation of resources particularly in public investment management, improved efficiency in relation to financial and internal controls and enhanced accountability for the use of resources.

Strategic objectives for strengthening core PFM country platforms

55. Satisfying at least minimum requirements[4] in addressing the emerging priorities and standards noted above and the likely complementarity of inputs from other providers will require continual AFS inputs. Specific strategic objectives will be:

- **Improved laws and effective PFM institutions**:

[3] Minimum standards are defined in the diagnostic instruments previously mentioned (PEFA, FTE etc.).

[4] As for example articulated in the IMF's Fiscal Transparency Evaluations (FTE) or the PEFA.

- Legal and regulatory frameworks;
- MoF and related institutions CD.

- **Comprehensive, credible, and policy-based budget preparation**
  - Improve the production, implementation and monitoring of country MTFFs;
  - Strengthen the links between planning, reallocation (MTEFs) and budgeting aspects of budget formulation.
- **Improved budget execution and control**:
  - Cash flow forecasts for all central government are more accurate and timely;
  - Strengthen commitment forecasting and control.
- **Improved coverage and quality of fiscal reporting**:
  - Chart of accounts (COA)/budget classification;
  - More timely, reconciled, comprehensive, and transparent production of in-year and year-end Financial Statements that facilitate budgetary control and macro-fiscal management and strengthen accountability.
- **Improved integration of asset and liability management framework**:
  - Cash and debt management are better integrated.
- **Strengthened identification, monitoring, and management of fiscal risks**:
  - Fiscal risks (including those arising from state owned enterprises (SOEs) and subnational governments).

Tax Administration

56. The overall engagement strategy for the next phase of tax administration TA will be to:

- assist tax administrations to have in place more efficient and effective structures through further segmentation of the taxpayer population and put in place effective regimes for various taxpayer segments;
- support countries to improve performance of their core and key support functions through training of staff, development of tools of the trade in the functions, and by improving managerial control and decision making through rigorous performance measurement and management across the tax administration;
- develop countries' capacity to implement reforms by establishing capable reform design and implementation units, developing necessary reform implementation skills and improving coordination with regional bodies on TA provision; and
- implement efficient and effective processes to improve compliance levels and reduce the cost of compliance to taxpayers and to tax administrations.

<u>Outstanding Reform Issues</u>

57. Key reform issues (milestones) carried forward from phase I include:

- diminishing barriers to trade and making progress in regional harmonization with international best practice through regional seminars and peer learning through professional attachments and participation of country officials in missions;
- improving efficiency and effectiveness of organizational structures through further segmentations of the taxpayer population, and implementing simplified regimes for small and medium enterprises; and
- making all compliance management processes and practices risk-based to enhance their effectiveness in detecting and dealing with non-compliance.

<u>Key Strategic objectives and ways to achieve them</u>

58. The key objectives for tax administration and the TA focus areas that shall be carried out to achieve them are described below.

- **Strengthen revenue administration management and governance arrangements**
  - Carry out further diagnostics to assess the position of countries against best practice and design tailored TA to address hindrances to performance.
  - Work with countries to further segment the taxpayer population and to introduce efficient and effective compliance management practices for each segment of taxpayers.
  - Ensure that countries' capacity to implement reforms is assessed and TA is

designed to assist countries to close diagnosed gaps on performance by establishing functioning reform implementation units.
    - Assess support functions and their ability to support tax administration operations and design TA to help improve those functions for effectiveness of the entire tax administration.
    - Collaborate with all other TA providers to ensure that support synergies are achieved between them and AFS.

- Strengthen core tax administration functions
    - Improve staff skills in revenue administrations on auditing, investigations, intelligence and debt management.
    - Work with countries to implement a RM capability and ensure that tax administration operations are better geared to mitigating the risk of non-compliance.
    - Develop data analysis capability to enable data matching between the tax administration, customs and other third parties for compliance improvement purposes.
    - Assist countries to put in place best practice in taxpayer services to reduce cost of compliance to taxpayers, reduce the cost of collection to administrations, and ensure efficient and professional service to the taxpayer population.
    - Improve the effectiveness and efficiency of the tax system through helping to introduce up-to-date legislation.

- Strengthen countries' international cooperation on tax evasion
    - Collaborate with regional bodies to ensure that capability to deal with international taxation is developed within AFS countries through developing strong treaty networks for exchange of information for tax purposes and building skills and tools to handle the complexity inherent in taxing international transactions.
    - Ensure that national laws enable exchange of information and have clear provisions for countering emerging risks to overall tax compliance.

Customs Administration

59. The overall engagement strategy for phase II in customs administration TA will be to:

- assist countries to further build capacity in customs administration to improve compliance and trade facilitation based on the country FAD and AFS diagnostics and platforms developed during phase I, including addressing core challenges still outstanding, e.g., risk-based interventions, post clearance audit, classification, valuation and origin;
- support countries to progressively adapt to any emerging (socio-economic, political and technological) needs and challenges in customs administration, e.g., implementing the WTO Bali Trade Facilitation Agreement and regional integration (COMESA, SADC, SACU); and
- continue with skills development through mentoring, training, sharing of good practice, peer-to-peer learning and attachment programs.

<u>Outstanding Customs Reform issues</u>

60. Key reform issues (milestones) carried over from phase I include:

- diminished barriers to trade and progress in regional harmonization with international best practice achieved (all countries);
- enhanced tax and customs collections from improved and cost-effective administrations and strengthened compliance (all countries);
- strengthened customs legislation and regulations in Comoros, Mauritius and Seychelles; and
- excise functions based on systems and procedures to safeguard revenue by having a robust compliance strategy in place supported by sound laws, regulations and effective RM in Angola, Botswana, Comoros, Mozambique, Namibia, Zambia and Zimbabwe.

AFS will incorporate these outstanding challenges into the strategic objectives, log frames and a RBM framework defined for the next phase.

Emerging challenges due to political and socio economic developments and in the region

61. AFS will also support member countries to address emerging challenges to customs administration arising from the changing political and economic challenges that may occur over the next phase. Such challenges may include:

- declining fiscal revenues resulting from the implementation of international and regional trade agreements which may lead to the need to strengthen legislation and regulations to support enhanced compliance and a possible review of tax policy and revenue management options;
- reduction in the recruitment of staff due to the fiscal position of countries which will require customs administrations making better use of limited resources particularly ensuring that organizational structures best meet business needs and gearing resources to risk; and
- increasing global pressure by trading communities for improved cross border trade facilitation and regional integration. This will necessitate a commitment by customs administrations to a coordinated border management (CBM) agenda to improve the flow of trade across borders whilst optimizing revenue collections and ensuring the security and safety of citizens.

Key strategic objectives and ways to achieve them

62. Whilst progress against the broad strategic objectives set out below is anticipated, full achievement in phase II will be challenging:

- **Strengthened management and governance arrangements are in place.** Strategic and operational plans are prepared, adopted, monitored and regularly updated. There is a clearly defined separation of roles and responsibilities between Headquarters (definition of standard operation procedures, planning and monitoring) and operational branches (execution). Appropriate support functions and policies are in place, including infrastructure, finance, legal, research, and communications. Internal controls covering all key core operations and staff integrity assurance mechanisms should be in place and adequate e.g. Internal Audit function.
- **Trade facilitation and service initiatives support voluntary compliance.** There is an effective licensing regime for customs agents implemented and working. Customs laws, regulations, and guidelines are simplified and are easily accessible to the trading community and public. Regular meetings and forums are held with the trading community to encourage and support voluntary compliance. New 21st century Customs initiatives, such as the Single Window, coordinated border management, and Authorized Economic Operator schemes are implemented.
- **Customs control during the clearance process more effectively ensures accuracy of declarations.** Risk-based control selectivity of interventions is applied more consistently and the volume of physical inspections decreases over time. The effective application of procedures based on international standards for valuation, origin and the tariff classification of goods is consistently applied.

B. Monetary and Financial Sector Development and Supervision

Financial Sector Supervision (FSS)

63. The overall TA engagement strategy for phase II will be to:

- assist countries to strengthen microprudential supervision and support members in addressing issues related to macroprudential supervision especially financial stability risks building upon the work done during phase I, including addressing core challenges still outstanding;
- support countries to progressively adapt to emerging needs and challenges in the FSS task environment; especially in the areas of stress testing, risk-based supervision (RBS), consolidated and cross border supervision;
- facilitate the adoption of evolving international best practices and standards being formulated by international standard

setting bodies such as BCBS, FSB, and IASB; and
- continue capacity building efforts through training, sharing of good practice, and peer learning, including professional attachments.

Outstanding FSS Reform issues

64. Key reform issues (milestones) carried over from the first phase will include:
- migration to Basel II including implementation of all the three pillars thereof (Lesotho, Mozambique, Seychelles, and Swaziland);
- implementation of macroprudential supervision with the objective of addressing systemic risk buildup (Angola, Mauritius, Namibia, Zambia);
- strengthening RBS (all countries);
- implementing/improving the stress testing framework (Botswana, South Africa, Swaziland, Zambia, Zimbabwe); and
- facilitating amendments to the banking legislation more specifically to incorporate evolving changes required for consolidated supervision, financial stability, crisis resolution, etc. (Botswana, Madagascar, Mauritius, Swaziland, Zimbabwe).

AFS will incorporate these outstanding objectives into the strategy and log frames defined for the next phase.

Emerging FSS challenges due to regulatory/supervisory, political and socio-economic developments

65. AFS will support member countries to address emerging challenges arising from the changing political and economic conditions likely to emerge over phase II. Such challenges are likely to include:
- obsolete banking legislation which does not reflect the evolving regulatory framework, especially provisions for macroprudential supervision, crisis resolution, safety nets, and the political challenge in amending such legislation in a timely and proactive manner;
- making more effective use of more limited resources particularly in respect of skills and competencies at the central banks/prudential regulatory authorities;
- implementing standards on KYC/AML, especially to protect against abuse of the financial system for money laundering and terrorism financing in the region;
- increasing transparency by implementing more comprehensive Pillar 3 disclosures and thereby enhancing off-site surveillance systems and early warning signals and the adoption of IFRS; and
- improved identification, analysis and mitigation of risks in the financial sector.

Evolving standards in the area of Financial Sector Regulation and Supervision

66. After the global financial crisis, the regulatory and supervisory architecture has been undergoing a paradigm shift and consequently standards continue to evolve in response to the weaknesses highlighted by the crisis. The rate of adoption of such new standards and methodologies in the AFS region will depend on individual country contexts including: country vulnerabilities, reform priorities, the relevance of particular reforms, the available capacity, and the level of willingness of countries to adopt change.

67. Where capacity constraints are severe or recognition of the need for change is weak, the focus will be on ensuring at least minimum standards[5] are achieved over the program period. Where needs, capacity, and change motivation are stronger, more advanced principles and standards may be targeted.

68. Key focus areas will include the following:
- enhance the capacity of all stakeholders to respond to the challenges and meet emerging international best practices/ standards;
- support those countries that have migrated to Basel II or are in the process of migrating to reflect the substantial changes taking place to the standardized approaches to credit, market and operational risks. This will be a major priority for FSS TA in the region;

[5] Minimum standards as defined by international bodies such as the BCBS, the FSB, and the IASB.

- strengthen microprudential supervision, including on site supervision and off site surveillance based on evolving scenarios for RBS;
- make more comprehensive and transparent reporting under Pillar 3 and IFRS; and
- improve analysis and management of financial risks.

Improvements in these areas should facilitate financial stability, consolidated and cross-border supervision, RBS, and stress testing. In addition, the supervision of non-banking financial institutions will also be considered going forward.

<u>Strategic objectives for strengthening core FSS country platforms</u>

69. Based on lessons learned from phase I, the emerging priorities and standards noted above, and the likely complementary inputs from other TA providers, strengthening the financial sectors and working on regional harmonization in a manner that satisfies at least minimum requirements will entail continued AFS inputs. Specific strategic objectives will be:

Strengthened financial sector surveillance through upgrading the regulatory framework in line with international standards:

- Develop/strengthen banking regulations and prudential norms

More effective use of supervisory resources to better oversee key risks in the banking system:

- Implement a RBS system and upgrade other supervisory processes

Stronger bank capital and liquidity positions that adequately cover their risks and contribute to financial system stability:

- Implement Basel II and III standards where relevant

Improved supervisory effectiveness through enhanced capacity in IFRS knowledge related to provisioning:

- Improve regulatory provisioning guidelines against international standards and best practices to better capture and reflect credit risk (all countries except South Africa)
- Enhance IFRS knowledge, including on the interplay between IFRS and regulatory provisioning rules (all countries except South Africa)
- Improve effectiveness of on-site and off-site supervision of banks implementing IFRS as well as ensuring compliance with international standards (Lesotho, Mozambique, Namibia, Seychelles, Swaziland)

Application of AML/CFT measures

- Strengthen the AML/CFT supervisory system and enhance capacity to conduct supervision of banks to enforce preventive measures, reporting requirements, and inclusion of these risks in rating of banks

Improved macroprudential policy framework

- Improve the effectiveness and efficiency of the central bank legal and regulatory frameworks to conduct macroprudential oversight

Monetary Policy and Monetary Operations

70. The overall TA engagement strategy for phase II will be to:

- consolidate the gains achieved and ensure the sustainability of modernizing monetary policy frameworks, including governance, modeling and inflation forecasting, policy analysis, and the communication capacity of central banks;
- strengthen monetary policy operations and liquidity forecasting for effective monetary policy implementation and liquidity management; and
- improve the monetary transmission mechanism by developing the primary and secondary markets, including improving central banks' foreign exchange reserve management and intervention strategies.

<u>Outstanding Reform Issues</u>

71. Key reform issues (milestones) carried over from the first phase will include the following:

- Models for liquidity forecasting are used for different horizons, liquidity conditions are managed using appropriate instruments and communication with financial markets (Angola, Lesotho, Madagascar, and Swaziland).
- An inflation forecasting framework for monetary policy formulation is used and the work processes are adjusted accordingly

(Angola, Botswana, Madagascar, Mauritius, Mozambique, Seychelles, Zambia).
- Guidelines for interbank market-trading and Master Repurchase Agreement covering trading between banks and the central bank have been introduced and interbank market functioning has improved (Madagascar, Seychelles, Zambia).
- Communications policy and strategy documents have been drafted, and tools and communication procedures have improved (Botswana, Madagascar, Seychelles, Zambia).

AFS will incorporate these outstanding challenges into the strategic objectives and logframes defined for the next phase.

<u>Emerging challenges due to regulatory/supervisory, political and socio-economic developments</u>

72. AFS will support member countries to address emerging challenges arising from the changing political and economic environment over phase II. Such challenges are likely to include:

- obsolete central bank acts which do not provide adequate central bank independence or other legislation that does not, for example, reflect the evolving regulatory and oversight aspects of payment systems and the political challenge in amending such legislation in a timely and proactive manner;
- making more effective use of limited resources particularly in respect of skills and competencies at the central banks' forecasting and modeling units;
- increasing transparency, credibility, and accountability by implementing standards and procedures in communication; and
- effective implementation of monetary policy and the development of the primary and secondary financial markets.

<u>Evolving standards and frameworks in the area of monetary policy framework and operations</u>

73. During the last decade, monetary policy in SSA has become more forward looking, despite macroeconomic challenges in the aftermath of the global financial crisis. Central banks have been undergoing changes in their organizational structure to facilitate arising needs in forecasting and monetary policy analysis. The adoption rate of these new frameworks and methodologies in the AFS region will depend on individual country contexts including: country vulnerabilities, reform priorities, the relevance of specific reforms to a country's monetary policy regime, available capacity, and commitment to reform. AFS central banks will need to adapt their monetary policy implementation in line with their evolving policy frameworks, which may include adjusting instruments, operations, and intervention strategies.

74. Where capacity constraints are severe, or recognition of the need for change is weak, the focus will be on ensuring that at least minimum improvements are achieved over phase II. Where needs, capacity, and change motivation are stronger, more advanced frameworks and standards will be targeted.

75. Key focus areas will include:

- addressing obsolete central bank Acts, clarifying mandates and enhancing the internal organization and decision making processes to ensure credibility and accountability;
- enhancing the capacity of the central banks to respond to the challenges and meet international best practices in communication to all stakeholders;
- strengthening the capacity of analyzing economic developments and producing consistent forecasts to be used for informing monetary policy decisions;
- more comprehensive, financial market surveillance; and
- improving the analysis and management of liquidity to effectively implement monetary policy.

Improvements in these areas should facilitate effective monetary policy. Modernizing the organization and structure of central banks to create resources to adopt these changes will be a major challenge as well as developing the financial markets to facilitate a more effective transmission mechanism.

<u>Key Strategic objectives for strengthening central banks' monetary policy framework and operations:</u>

76. The specific strategic objectives will be the following:

- Strengthened economic analysis and forecasting capabilities at the central bank:
  - Near-term forecasting techniques are developed
  - Forecasting teams are formed and work processes are adjusted
  - The forecasting system is used on a regular basis as an input to monetary policy decisions
  - Decision making is streamlined and the responsibilities within the central bank clarified

- Strengthen the capacity of the central bank to communicate monetary policy effectively in the context of the given monetary policy regime:
  - Communication policy and strategy are adopted and implemented
  - A communications division is established with clear responsibilities and adequate resources
  - Communications staff is an integrated part of the central bank's work and activities
  - All external communications are channeled through the Communications Division and relevant tools such as press releases, reports, speeches, press conferences, etc. are used regularly for communication
  - Web pages are updated regularly and contain relevant information
  - Crisis communication is prepared

- Strengthen the capacity of the central bank to implement monetary policy effectively in the context of the given monetary policy regime:
  - The central bank has a sufficiently accurate liquidity forecasting framework to guide liquidity management operations
  - The central bank has in place standing facilities (on lending and deposits) with open access to all eligible counterparties (given sufficient collateral in the case of lending facility)
  - Standing facilities are operational on a daily basis as a backstop instrument for liquidity adjustment purposes to help limit interest rate volatility
  - The regulations pertaining to the use of standing facilities should be publicly available for transparency
  - The central bank has adequate operational instruments and is able to formulate an operational strategy to deal with changing liquidity conditions
  - The bank has full understanding of its own framework and communicates its implementation framework and policy decisions adequately
  - The working and decision making process is adjusted accordingly

- Strengthen the functioning of the primary and secondary markets:
  - A well-articulated and published collateral framework exists
  - The financial system has supportive infrastructure for interbank trading
  - The interbank market has sufficient trading volume at standard maturities, e.g. overnight
  - Market trading information is available on a real-time basis to the central bank
  - The central bank is able to disseminate market trading information (in aggregate form) on a timely basis
  - Interbank reference rates can be calculated
  - An effective government securities market infrastructure is in place consistent with the level of market development
  - A well-defined issuance process for government securities is implemented and an issuance calendar is published in advance
  - Rules for the operation of the primary market are implemented
  - Rules and regulations for the structure and organization of the secondary market are in place
  - There is a functional secondary market where wholesale market participants can

transact within a reasonable timeframe and cost

Financial Market Infrastructures and Payments (FMI&P)

77. The overall strategic objective for TA engagement in phase II will be to assist in developing and reforming the national payments system. The specific strategies are to:

- support building capacity and assist in defining policy objectives and strategies to develop and reform the national payment systems; and
- provide guidance towards the adoption of international best practices.

Underpinning these strategies and objectives is the need for sufficient resources in number and expertise, dedicated to the payments function.

78. Building on the progress achieved in phase I AFS will focus on aiding the adoption of the international risk management and oversight standards: the *CPSS-IOSCO Principles for financial market infrastructures* (PFMI). AFS will provide training and guidance to build proficiency to conduct assessments of the FMIs against the PFMI and enhance compliance. Adoption of these standards will contribute to improved risk management and efficiency of the FMIs. It will also help support financial stability and the development of financial markets.

79. AFS will help strengthen the legal frameworks for the national payments system so that the laws and regulations are adequate to support the operation and oversight of the FMIs. For several countries, the regulatory frameworks have been outpaced by digital innovation. AFS TA efforts will help draft suitable regulations that support new payment innovations, including mobile payment services and Fintech. The challenges are multi-faceted: the legal experts tasked with drafting or amending the laws that support the payment and settlement systems require, and often lack, technical understanding of these issues. In addition, such changes may involve harmonization of the responsibilities as well as the laws governing multiple regulatory agencies for which a high level of cooperation is needed.

80. The aim of AFS TA is to enhance oversight capacity among central banks and other regulatory authorities. AFS encourages the adoption of a risk-based approach to the oversight of retail payment systems and instruments within the ambit of a regulatory framework that adequately balances the risk and efficiency objectives and supports the authorities' financial inclusion goals.

81. Formal and effective cooperation among the relevant authorities at the local and the regional/international level is necessary to support the safe and efficient functioning of the national payments system. AFS TA seeks to enhance the institutional arrangements for stakeholder collaboration and consensus-building, as well as the structures for cooperation between the central bank and other regulatory authorities.

82. AFS will support compliance with the disclosure requirements of the PFMI. AFS will assist central banks in the development of oversight policy frameworks for FMIs in accordance with their statutory powers.

C. Real Sector Statistics

83. Building on the progress already achieved, AFS will continue to assist member countries to improve national accounts and price statistics to adhere to international standards, while recognizing the diversity of situations in recipient countries. In addition, an increased focus will also be on compiling statistics that facilitate policy decision makers on a timely basis, such as high frequency indicators (HFIs) and quarterly national accounts (QNA).

84. The objective of TA in the macroeconomic statistics area in phase II will be to strengthen the methodological soundness, accuracy in compilation, and timely dissemination of macroeconomic statistics, especially national accounts and price statistics. The main components of TA will include:

- improving the methodological soundness of statistical outputs;
- improving the accuracy and reliability of macroeconomic statistics; and
- strengthening statistical serviceability and accessibility.

Depending on the level of development of statistics, resources, and absorption capacity, AFS will consolidate core statistics such as annual GDP and CPI, while continuing to expand the range and timeliness of economic statistics such as QNA statistics or other relevant price indices.

85. To improve methodological soundness, AFS will assist countries to meet the latest international recommendations, such as the System of National Accounts 2008, and regular updates of the base year used to measure GDP estimates in volumes. Improvements in the CPI based on the Practical Guide to Producing Consumer Price Indices 2009 will include enhancement of the geographic coverage or regular updates of the basket of goods and services.

86. To strengthen statistical serviceability and accessibility, AFS will continue to support the expansion of data coverage, periodicity, and timeliness of macroeconomic statistics according to the international dissemination standards, such as IMF Enhanced General Data Dissemination System (e-GDDS), the SDDS, or SDDS Plus. For example, the SDDS requirements include the compilation and timely dissemination of quarterly GDP estimates associated with a monthly production index. In price statistics, the SDDS recommends the development of a PPI or wholesale price index.

87. The timely release of relevant data and metadata is a key aspect to ensure proper and efficient use of national accounts and price statistics to support policy making and to provide high quality economic statistics to the community. Regular updates of the methodological information reported in the e-GDDS, SDDS or SDDS Plus describing statistical characteristics, scope, and limitations will be further encouraged and supported.

88. In order to ensure the sustainability of statistical developments, local needs and capacities will continue to be considered in TA plans. Capacity building will be supported by formal and hands-on training. TA will be carried out in close coordination with other TA providers both among IMF TA providers and with other partners to create synergy and enhance the effectiveness of TA delivery. AFS statistics work will be coordinated with other relevant AFS TA sectors and IMF headquarters projects (e.g. STA DFID projects). Other coordination with development partners will include the World Bank and relevant regional organizations through the conduct of complementary assistance, training, and funding of exchange programs between national statistics offices.

89. The above priorities in real sector statistics will require an increase in AFS staffing from the start of phase II. AFS proposed and the Steering Committee endorsed to increase the staffing of resident advisors by one expert in real sector statistics.

IV. AFS Governance, Operations, Visibility, and Financial Management

A. Governance

90. AFS is governed by, and administered in accordance with, the provisions of the IMF's Framework Administered Account for Selected Fund Activities (the "SFA Instrument"),[6] the Essential Terms and Conditions for the administration of the AFS subaccount, and the AFS program document. The center is further guided by and follows the policies, principles, and procedures outlined in the IMF's RTAC Handbook, which was released in 2015 and updated in 2017. The handbook refers to aspects of governance, program management, fundraising, communication, human-resource issues, administration, finance, and evaluation. The areas covered below summarize the key features.

[6] See http://www.imf.org/external/np/pp/eng/2009/030409.pdf

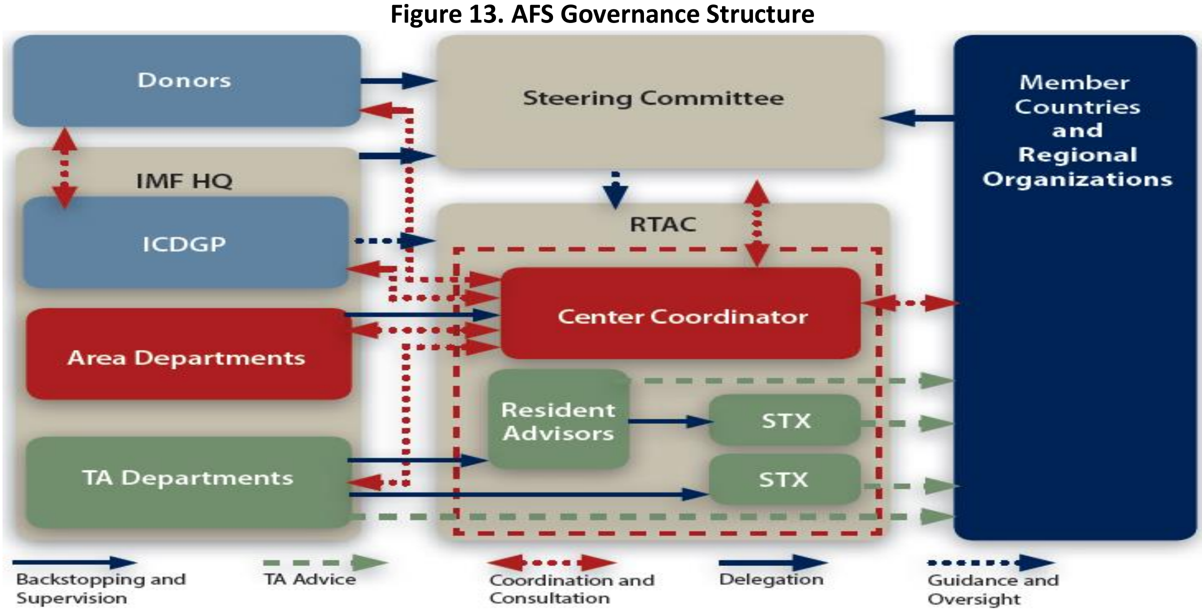
91. **AFS is strategically guided by a Steering Committee (SC) which is composed of representatives from its 13 member countries, partners, and IMF staff (Figure 13).** Its main responsibilities are as follows:

- provide strategic guidance to the center and help set priorities;
- advise on topics to be covered while preparing the program document; and
- endorse the annual work plan and related budget in the report to the SC.

92. **Country representatives on the SC are also expected to act as liaisons between the AFS and their country beneficiary agencies**. Partners are expected to participate in AFS surveys and to provide feedback on their CD projects in member countries to ensure smooth coverage and prioritization of AFS activities. AFS invites nonmembers, such as regional organizations, to SC meetings as observers. The principal role of the chair of the SC is to preside over meetings, consulting beforehand with the AFS Coordinator on the preparation of the agenda.

93. **The current governance structure helps promote member country ownership, partner involvement, and the center's accountability**. The SC members' role includes ensuring that annual work plans: (i) reflect the needs of member countries (through their SC representatives); (ii) are well coordinated with CD delivered by other providers (through country and partner representatives); and (iii) are well-integrated with the CD, surveillance, and lending activities of the IMF (through participating IMF staff).

Figure 13. AFS Governance Structure



B. RTAC Operations

94. **The AFS coordinator is responsible for administering the center, with strategic guidance from the SC and general oversight from the IMF**. This mainly entails:

- managing day-to-day administrative, travel, budget, reporting, procurement, and accounting operations;
- directing resident advisors strategically and collectively to achieve the center's objectives;
- formulating annual work plans in conjunction with area and TA departments and submitting them to the SC for endorsement;
- keeping regular contact with country authorities, partners, and other CD providers in the region to keep them fully informed of

- the center's activities, including traveling to member countries to sustain a dialogue with the authorities, discuss their CD needs, and facilitate the work of the resident advisors;
- overseeing and coordinating the execution of the work plan, intermediating between the authorities, local donor agencies, IMF CD departments, including the IMF's Institute of Capacity Development, and the African Department;
- coordinating with the relevant IMF CD departments on the recruitment of resident advisors and on contract renewals; and
- taking a lead role in fundraising.

C. Visibility for AFS and its External Partners

95. AFS ensures visibility of the center and its external partners through a variety of reporting, communication, and outreach channels. These include annual reports, quarterly bulletins, social media and its own website, regional seminars, and close communication with partners and other CD providers in the field. AFS will work closely with all stakeholders to make further progress in this area in phase II to increase even further member country engagement, partner visibility, and communication with other CD providers in the region.

96. AFS will continue to recognize partner contributions and will look into further raising partner visibility, including in the center's outreach, during fundraising and other events, in the local media, and through its publications. AFS will actively invite partners in the opening or closing ceremonies of regional seminars and courses and as participants in its regional CD events.

D. Financial Management

97. Contributions from development partners and member countries will be made into a multi-development partner AFS Subaccount under the SFA Instrument.[7] This Subaccount will be used to receive and disburse financial contributions for the center's activities; all resources contributed to the Subaccount will be for the sole use of AFS.

98. The basis for the financial arrangements between development partners or member countries and the IMF will be a letter of understanding establishing the purposes of the contributions related to this program document and subject to the terms and conditions of the Subaccount, as well as the SFA framework instrument. The IMF manages the trust fund in accordance with its financial regulations and other applicable IMF practices and procedures.

99. The IMF will provide development partners with reports on the expenditures and commitments of the AFS subaccount through a secure external gateway. Annual reporting on the execution of AFS's work plan and budget will be provided at each SC meeting. Costs will be on an actual basis.[8] The operations and transactions conducted through the subaccount during the IMF financial year will be audited as part of the IMF's Framework Administered Account and the report of the External Audit Firm is posted on the IMF's external website as part of the IMF's Annual Report.

E. Resource Needs and Sustainability

100. The key areas of AFS phase II capacity building will remain broadly the same. With an additional resident advisor for real sector statistics and the urgency to accommodate the new emerging priorities, the volume of TA is expected to increase by about 5 percent in phase II.[9] The proposed budget increase is explained as follows:

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[7] Ibid

[8] Staff cost will be charged at the midpoint of the standard cost of the grade of staff members plus the relevant benefit factor; contractual and long-term experts will be charged at the actual salary plus the relevant benefit factor; all other costs, including short-term experts, travel and seminars will be charged the actual costs. See http://www.imf.org/external/np/pp/eng/2008/040308a.pdf

[9] The phase II budget covers a 5-year period as compared to a 6-year period for phase I, to which a sixth year and three months were added to make up for the more limited activity in the first 2-3 years of the center's operations.

- increase the number of full-time resident advisors by 1 in statistics, for a total of PFM 3, statistics 2, tax administration 1, customs administration 1, financial sector supervision 1, and monetary operations 1;
- maintain for the full 5-year period the arrangement agreed in 2016 for a shared advisor with East AFRITAC on FMIs and payments;
- add an RBM expert for the first year to support the introduction of the new, comprehensive RBM framework, especially the roll-out of the IMF's new customized project management system, and to train AFS advisors on the managing, reporting, and IT requirements of the new system to ensure that they are operational from the start of phase II;
- increase the use of short-term experts in line with demand from member countries and especially with new areas associated with the post-2015 development agenda; and
- increase the number of regional and peer learning activities, including seminars, professional attachments, and the participation of AFS country officials on select AFS missions.

101. AFS's ability to better align delivery and adapt to evolving country priorities will require sufficient contingency reserves to respond to emerging country needs arising from more volatile political and economic conditions. The higher flexibility and reserves will be subject to a stronger results-based agenda as provided under the new RBM framework being adopted for phase II.

102. Based on the above resource considerations, the budget envelope of AFS phase II is projected at about $60 million, of which $57 million is expected from external sources: partners, host country and other member contributions (Table 2). The remaining $3 million will be provided by the IMF. It is envisaged to double member country contributions to $500,000 over the five-year period, while members with a larger financial capacity are encouraged to contribute more. Member country contributions are essential to demonstrate ownership of the center and for continued partner support, and to secure the long-term financial viability of the center.

103. Financial sustainability considerations have been incorporated into the strategy. Continued financial needs under phase II and budgetary pressures in traditional partner countries raise issues of financial sustainability. A multi-pronged approach will be taken to risk mitigation, which, depending on the magnitude of any financing or timing gap, could be through: (i) establishing long-term strategic partnerships with key donor partners; (ii) some diversification of the donor base; (iii) additional voluntary member country contributions; and (iv) if needed, an orderly scaling back of programs to match resources without compromising the program objectives.

Table 2. AFS Budget--Phase I and Phase II (in millions of US dollars)

Project/Activity	Phase I (FY12-17)	Phase II (FY18-22)
Tax Administration	**4.8**	**4.4**
LTX, STX, and HQ Delivery[1]	4.5	4.2
Other[2]	0.3	0.2
Customs Administration	**4.7**	**4.4**
LTX, STX, and HQ Delivery[1]	4.6	4.2
Other[2]	0.1	0.1
Public Financial Management	**14.5**	**13.8**
LTX, STX, and HQ Delivery[1]	13.7	12.9
Other[2]	0.8	0.9
Financial Sector Supervision	**4.8**	**4.0**
LTX, STX, and HQ Delivery[1]	4.6	3.7
Other[2]	0.2	0.3
Monetary Policy / Monetary Operations	**3.1**	**5.0**
LTX, STX, and HQ Delivery[1]	2.9	4.7
Other[2]	0.2	0.4
Financial Market Infrastructure and Payments	**1.0**	**2.5**
LTX, STX, and HQ Delivery[1]	1.0	1.9
Other[2]	0.0	0.6
Real Sector Statistics	**3.9**	**6.8**
LTX, STX, and HQ Delivery[1]	3.5	6.0
Other[2]	0.4	0.9
Financial and Fiscal Law	**1.0**	**1.2**
STX and HQ Delivery[1]	1.0	0.7
Other[2]	0.0	0.5
Administration	**2.8**	**3.7**
Local_Staff	1.3	2.8
Lease_Utilities	1.4	0.8
Other	0.1	0.1
Governance	**0.9**	**0.7**
Regional Seminars, Workshops and Training[3]	**7.2**	**5.4**
Contingency	**0.0**	**1.0**
Trust Fund Management	**3.4**	**3.7**
IMF Contribution	**3.3**	**2.8**
Total	**55.5**	**59.5**

Source: IMF, Institute for Capacity Development, Global Partnerships Division.

1/Remuneration of short-term experts (STX), long-term experts (LTX), and headquarters-based staff (HQ) as applicable.

2/Includes activities related to project management and backstopping.

3/Includes activities related to peer-to-peer learning.

Annex I. Achievements in Phase I—By Topic Area and by Country

Public Financial Management

Angola

- Initiated MTFF development
- Improved procedures to control large scale investment eliminating several projects with inadequate documentation from the investment portfolio
- Adopted measures to help contain arrears, including training staff, raising supplier awareness to comply with procurement rules, technology systems improvements, and publication of rules to effectively control the execution of spending

Botswana

- Developed tools and skills to strengthen the MTFF and established a road map for implementation of an MTEF
- Improved cash management procedures, including:
  - Revised financial regulations and financial instructions in line with good practices
  - Establishment of cash management working group
  - Strengthened cash flow forecasting
- Initiated discussion on a phased transition from cash to accrual accounting and financial reporting

Comoros

- Developed PFM reform strategy; implementation on track
- Developed and strengthened MTFF
- Strengthened government cash management and banking arrangements
- Adopted a new decree on financial control
- Improved payroll system
- Established a new Treasury Single Account (TSA)

Lesotho

- Adopted a new PFM reform strategy and action plan
- Strengthened MTFF and fiscal forecasting skills
- Established a formal cash management unit within the MoF with clear terms of reference and initiated improvements in cash flow forecasting
- Strengthened Treasury Regulations
- Developed a strategy for improving fiscal reporting and for introducing accrual based financial reporting
- Formulated budget and accounting framework proposals for the introduction of fiscal decentralization

Madagascar (AFS TA started in 2014)

- Finalized and largely implemented Priority Action Plan for PFM reforms adopted in October 2014
- Strengthened financial control (with the development of a specific law for financial control adopted by the Council of the Government on March 2015)
- Strengthened management of arrears
- Strengthened/developed a MTBF

Mauritius

- Updated the PFM action plan
- Strengthen systems for the disclosure and management of the fiscal risks emanating from operations of SOEs
- Proposed grant in aid formula for sharing revenue among local authorities
- Drafted provisions for the improvement of the PFM legal framework

Mozambique

- Improved investment planning, including the setting up of a new Inter-Ministerial Evaluation Commission
- Developed Priority Integrated Investment Program (PIIP) and Investment Planning Manual
- Strengthened cash management and internal control
- Put in place a priority action plan to improve transparency, financial reporting, and management of fiscal risks

Namibia

- Strengthened Program-based budgeting (PBB) by improving program design methodology, developing a robust costing system, and creating enforcement mechanisms to use the program classifications
- Revised PFM Bill (Draft)
- Adopted discussion paper based on good international practice to guide the development of a new PFM Act to the Law Reform and Development Commission (LRDC) for consultation with line ministries, state owned enterprises, and regional councils
- Revised the performance of the IFMS and developed proposals for implementation of GFS M2014 and a new budget module

Seychelles

- Adopted a new PFM Act in November 2012
- Revised the Public Financial Management Regulations (PFMR) and Accounting Procedures Manual
- Implemented cash based IPSAS
- Adopted a new COA based on GFSM 2001
- Developed a new internal audit framework
- Improved government banking arrangements
- Streamlined the macro-fiscal functions by centralizing the preparation of fiscal projections and coordination of the MTFF process in a single unit within the MoF (the Forecasting and Analysis Bureau)

`South Africa

- Provided support to Performance Based Budgeting
- Undertook Parliamentary Budget Office capacity building
- Supported development of fiscal risk analysis
- Enhanced expenditure review process

Swaziland

- Developed a new PFM bill
- Strengthened MTFF
- Developed new COA
- Improved cash flow forecasting and bank account structures
- Proposed strategy for implementing a new TSA
- Implemented commitment control systems to mitigate arrears accumulation

Zambia

- Adopted a new PFM reform strategy and action plan
- Established a cash management unit and cash management committee
- Adopted PBB framework
- Laid down foundation for the establishment of a TSA
- Progressed towards improving financial reporting consistent with cash basis IPSAS
- Progressed on a cash management procedures manual
- Strengthened cash flow forecasting

Zimbabwe

- Developed a PFM reform program
- Strengthened MTFF and fiscal forecasting
- Improved accounting and fiscal reporting
- Progressed towards a gradual introduction of cash basis IPSAS.
- Progressed on institutionalization of a Macro Fiscal Working Group and streamline the macro fiscal management functions.

Tax Administration

Angola

- Started engagement in FY15 through a joint tax and customs diagnostic evaluation of the state of the tax and customs administrations, following up in FY16
- Developed and adopted the first strategic and operational plans for the revenue authority after its formation in 2015
- Merged customs and tax departments to form a revenue authority

Botswana

- Established and strengthened large taxpayer unit (LTU)
- Developed new business processes for the LTU
- Reviewed the VAT system
- Improved processes
- Reviewed income tax law

Comoros

- Strengthened LTU
- Strengthened capacity of staff in the areas of auditing and managing compliance of financial institutions, as well as non-financial taxpayers
- Attached staff to learn about good tax administration practices and implement good regional obligations

Lesotho

- Established and strengthened LTU
- Implemented full taxpayer segmentation creating separate units for the administration of large, medium, and small and micro taxpayers
- Reviewed mining tax legislation and developed tax administration bill
- Implemented a compliance RM framework and model

Madagascar

- Developed a compliance RM framework
- Improving capacity to analyze information through matching customs and tax data to derive intelligence that shall inform the selection of cases
- Improving the effectiveness of the LTU to enhance compliance of large taxpayers
- Enhanced capacity of audit staff to increase the yield of tax audits

Mauritius

- Developed a compliance management framework and established a Tax Risk (Management) Unit to help detect areas of taxpayer non-compliance.
- Finalized new revenue administration bill which needs to be adopted by Cabinet
- Attached officers under the peer learning program to learn effective practices for taxation of the gaming industry
- Enhanced capacity of auditors in the insurance sector to enhance compliance

Mozambique

- Improved audit capacity (specially covering financial, insurance, and tourism and handling of transfer pricing)
- Streamlining of VAT refund processes
- Capacitated senior management on strategic management to advance reforms and operational efficiency
- Developed and adopted a new reform strategy and operational plans
- Developed a fully functional structure with taxpayer segmentation and a strong headquarters function separated from operations

Namibia

- Established and strengthened LTU
- Introduced self-assessment for larger taxpayers
- Made progress on the integrated tax administration system
- In the process of implementing a revenue authority to be known as NAMRA:

- The NAMRA development plan and the overall functional structure developed and submitted to the authorities
- Developed an implementing plan for establishment of NAMRA

Seychelles
- Implemented VAT in 2013.
- Strengthened compliance management framework
- Assessed tax management system and is considering replacing the current legacy system
- Progressive income tax legislation drafted and being implemented
- Developed adopted new reform/strategic and operational plans for modernization of SRC

Swaziland
- Reviewed structure of the LTU
- Built capacity of staff in modern audit techniques
- Developed specialized skills for data analysis for identifying compliance risks in the telecoms sector
- Implemented VAT and corresponding audit capacity

Zambia
- Implemented a new Integrated Tax Administration System (ITAS)
- Improved risk management and audit of the telecom
- Setting up of the High Net Wort Individuals Unit

Zimbabwe
- Improved capacity for risk management
- Developed capacity for audit of the telecoms sector
- Developed and adopted new strategic and operational plans for modernization of ZIMRA

Customs Administration
Angola
- Put in place a customs modernization plan
- Developed a strategy to streamline export procedures to encourage non-petroleum exports

Botswana
- Strengthened the RM function, the associated areas of enforcement, and trade facilitation
- Improved capacity of the Risk Profiling and Intelligence Team (RPI)
- Improved coordination for two-way information flow on risk and intelligence matters between the RPI and customs stations

Comoros
- Improved systems and procedures on control of petroleum imports
- Improved RM and enforcement functions
- Reviewed the Customs Code (LEGAL) to ensure its alignment with the COMESA Customs Code of the Common Market (CDC)
- Strengthened the valuation program and monitoring of exemptions

Lesotho
- Implemented the customs modernization program
- Implemented new structure with operational units along functional lines
- Strengthened RM and post control audit functions

Madagascar
- Strengthened RM and post control audit functions
- Developed data matching capability across tax and customs
- Improved systems and procedures for controlling the petroleum sector

Mauritius
- Developed a 'single window' trade portal to complement the cargo community system in place
- Created an online reference library for licenses, permits, and other non-tariff measures (NTM)
- Reviewed Customs legislation to ensure harmony with the recently drafted Revenue Administration Act (RAA)

Mozambique
- Established a post clearance audit function

Namibia

- Migrated to the Automated System for Customs Data ASYCUDA-World automated cargo declaration processing system
- Strengthened the RM function
- Provided advice and guidance on strengthening excise monitoring and controls
- Developed a Control and Management Assurance Framework and system of Management Profiles

Seychelles

- Implemented the ASYCUDA-World automated cargo declaration processing system
- Strengthened capacity of the Risk Assessment Team to set, monitor, evaluate and refine selectivity criteria set in ASYCUDA-World to effectively target high risk consignments
- Strengthened staff capacity to use information generated by the RM Unit to ensure successful interventions by anti-smuggling and investigation units
- Established a post clearance audit function

Swaziland

- Implemented the ASYCUDA-World automated cargo declaration processing system
- Further developed the capacity of the Customs Intelligence Unit to set, monitor, evaluate and refine selectivity criteria set in ASYCUDA-World to improve targeting of high risk consignments

Zambia

- Developed the skill base of excise officers
- Strengthen capacity in the risk management function

Zimbabwe

- Provided advice and guidance to the excise control function to ensure that adequate systems and procedures are in place to safeguard revenue by developing a robust compliance strategy
- Continued building capacity and sustainability of the risk management and intelligence function through work place face-to-face mentoring and facilitating an intelligence workshop for enforcement operatives.

Financial Sector Supervision

Angola

- Improved macro-prudential approach to supervision, including financial stability framework (by end of FY17)

Botswana

- Put in place an agreed action plan for the areas requiring amendments to the Banking Act
- Strengthened the stress testing framework

Comoros

- Adopted a new banking law in June 2013 in line with international standards to strengthen banking supervision, and internal audit and control
- Strengthened the RBS

Lesotho

- Strengthened RBS and enhances skill of supervisors in undertaking supervision of foreign banks
- Identified the elements of Basel II for adoption and implementation

Madagascar

- Based on the FSAP conducted in 2016, implementation of RBS started

Mauritius

- Transition to Basel III commenced
- Reviewed the implementation of Pillar 2 of Basel II and implemented measures for enhanced implementation
- Reviewed functioning of the supervisory colleges
- Reviewed regulatory framework for crisis management
- Strengthened skill levels of supervisory staff in conducting on-site inspections and off-site monitoring under the risk based approach
- Enhanced consolidated supervision, conglomerate supervision, RBS, and supervisory collaboration between domestic supervisors

Mozambique
- Enhancing compliance with the Pillar 2 process of the Basel II capital adequacy framework

Namibia
- Implementation of the Basel II capital adequacy framework
- Completed review of the Pillar 2 process of Basel II
- Modified SREP taking into account the recommended templates to be used for the risk assessment and the framework to be used for determining the supervisory actions to be taken based on the risk assessment
- Started implementation of select elements of Basel III

Seychelles
- Put in place a framework for offshore banks
- Started implementation of supervision of AML/CFT risks in offshore banks
- Commenced migration to Basel II

Swaziland
- Facilitated self-assessment of BCP for effective supervision
- Adoption of stress testing framework
- Commenced migration to Basel II

Zambia
- Implementation of Pillar 2 process of Basel II
- Strengthened stress testing framework

Monetary Policy Framework Operations (TA delivery started in 2014)

Angola
- Developed a multi-year action plan for building and maintaining capacity in macroeconomic modeling and analysis (FPAS) and started implementing it
- Built capacity on FPAS

Botswana
- Made good progress on the multi-year project on modeling and forecasting
- Enhanced external communication

Madagascar
- Key areas for intervention identified through diagnostic mission in 2015 and an action plan in place, implementation started
- Started developing the foreign exchange market
- Started developing a central bank communication policy and strategy
- Improved monetary policy implementation

Mauritius
- Established a multi-year project to build medium-term forecasting and policy analysis capacity (FPAS)

Mozambique
- Made progress on the multi-year project on developing a new inflation forecasting framework (FPAS) including its external communication of monetary policy

Seychelles
- Made progress in monetary policy implementation
- Made progress on the multi-year project on developing a new inflation forecasting framework (FPAS)
- Started developing central bank communication

Zambia
- Started on a multi-year project on developing a new inflation forecasting framework (FPAS)
- Made progress in communication including on the business survey

Financial Market Infrastructures and Payments

Botswana
- Strengthened the legal and regulatory framework for the national payment system (NPS)
- Put in place a national vision and strategic framework for payments system modernization

Lesotho

- Strengthened staff capacity on payment systems concepts, risk management, and the international standards for the oversight and operation of financial market infrastructures (FMIs)

Mauritius

- Reviewed the draft National Payments System Bill

Namibia

- Strengthened staff capacity on payment systems concepts, risk management, and the international standards for the oversight and operation of financial market infrastructures (FMIs)

Seychelles

- TA needs assessment in FMIP done based on the revamped organizational arrangements for supervision and oversight

Swaziland

- Made progress in enhancing the legal framework for FMI oversight
- Put in place a new Oversight Policy Framework document

Real Sector Statistics

Angola

- Updated annual GDP time series based on the 1993 SNA
- Improved the geographical coverage of the CPI by extending to six provinces.

Botswana

- Assisted with the rebase of the consumer price index which was released in September 2016

Comoros

- Rebased annual GDP estimates at 2007 constant prices

Lesotho

- Completed the economic census (EC) in 2014 and improved annual national accounts and quarterly GDP QNA compilation system
- Rebased annual GDP time series from 2004 to 2012
- Development of quarterly GDP by production approach (by end of FY17)
- Established the CPI weighting system and published rebased indices
- Made progress on the development of PPI

Madagascar

- Rebased GDP estimates planned to be published in 2017
- Quarterly GDP estimates by production expected to be published in October 2017
- The rebase of the CPI is underway

Mauritius

- Mauritius joined the group of SDDS countries in 2012 and is working towards SDDS plus.
- Annual balance sheets for 2011 and 2012 compiled and published in June 2015
- The development of methodologies for the compilation of quarterly financial accounts and balance sheets is underway

Mozambique

- Rebased the national accounts and released in 2014
- Completed the 2014/15 household budget survey (which will be used to update the poverty incidence assessment, and as a benchmark for further base year)
- Assisted with the compilation of informal sector estimates

Namibia

- Strengthened the compilation of annual GDP, treatment of taxes on products in the context of the CRP receipts and transfers to SACU member countries
- Rebased the GDP annual and quarterly time series and published results in 2014.
- Rebased the CPI the 2010 household income and expenditure survey

Seychelles

- Graduated to SDDS in May 2015 (to become third country amongst sub-Sahara African countries with this data standard)
- The quarterly GDP time series were brought in full consistency with annual figures

- Developed quarterly GDP by expenditure expected to be released in 2017
- Improved methodologies used to compile annual GDP estimates

Swaziland

- Rebased GDP estimates and released in 2016
- Improved the use of administrative data (value added tax and corporate income tax) in national accounts and compiled new benchmark estimates which were published in November 2016
- Started developing methodologies for the compilation of quarterly GDP estimates

Zambia

- Rebased GDP estimates
- Assisted with the compilation of supply-use tables expected to be completed in June 2017
- Improved data sources by using tax data as a main source of information for national accounts
- Assisted with the compilation of quarterly GDP estimates which were published for the first time in October 2016

ANNEX II. AFS EXTERNAL MID-TERM EVALUATION—UPDATE ON THE IMPLEMENTATION OF THE RECOMMENDATIONS

General Recommendations	IMF Response and Actions
Recommendation 1: AFS should review the allocation of resources between topical areas and the individual topical TA delivery strategies with the aim of further enhancing effectiveness. **(Implemented)**	Resource allocation is reviewed annually across and within topical areas in response to evolving needs, project life cycles, and observed traction. Allocation of resources for FY16 and FY17 (plan) reflect the implementation status of ongoing projects and changes in country priorities.
Recommendation 2: For the next phase of the program, or if feasible earlier, AFS should evaluate whether there is a need and it has the capacity to provide more direct support to regional harmonization and integration objectives given the country specific demands for its resources. If this is considered desirable, a focused work program involving TA and workshops should be developed and implemented, in selected topical areas, with explicit targets related to the objectives of relevant regional initiatives**.** **(Implemented)**	The following actions in place address the recommendation: ▪ Direct AFS consultations with regional bodies to obtain feedback on support to member countries to advance regional harmonization and integration agendas. This is being done (i) through bilateral meetings by resident advisors during missions (ii) through participation of resident advisors in regional conferences, (iii) annual survey carried out by the AFS, and (iv) meetings with the center coordinator during regional/country visits. ▪ Joint activities with other RTACs and regional organizations that have strong linkages to regional harmonization and integration ▪ Expansion of peer learning initiatives (professional attachment program, sharing of resource persons, invitations to regional organizations in AFS events, including the steering committee)
Recommendation 3: Member country representatives at the Steering Committee should be more active in coordinating and representing views from all beneficiary institutions, and support action to increase sustainability of AFS TA in their countries. **(Some member countries are being represented by only one agency)**	AFS Coordinator sensitizes member authorities during country visits about the need to coordinate. In addition, SC members, relevant development partners and IMF resident representatives are invited to information events at the conclusion of AFS missions. AFS has proposed to member countries to have representation by both Ministries of Finance and Central Banks, mirroring the IMF's governance structure (e.g. as SC principal and alternate members)
Recommendation 4: After conducting a feasibility study, AFS should develop a costed strategy, with appropriate allocation of dedicated staff time, to proactively implement the peer-to-peer learning initiatives and recruitment of regional experts in the IMF roster. This	Peer learning initiatives costed and implemented in FY16 as follows: ▪ Professional attachment program across AFS countries ▪ Participation of AFS country officials, including with a view to add them to the IMF's roster of vetted experts ▪ Participation of regional organization officials (e.g. SADC) as facilitators at AFS regional seminars or in TA assignments

should include a wider range of candidates than practicing officials. **(Being implemented)**	▪ Engagement of regional experts already registered on the expert roster to deliver TA.
General Recommendations	**IMF Response and Actions**
Recommendation 5: For the next phase of the program AFS (or ATI) should implement a strategy to develop regional and sub-regional training capacity to reach a wider audience more cost effectively, in order to complement and reinforce their own training programs. **(Implemented)**	The following actions by the IMF/AFS address the issue: ▪ Publicity of IMF online training offerings at AFS seminars, workshops, TA missions, country visits, and in AFS quarterly bulletin ▪ Involvement of regional organization officials in AFS-led training (MEFMI, CABRI, SADC, COMESA, etc.) ▪ Participation of AFS resident advisors in regional training events (ATAF, CABRI, and the South African Reserve Bank); ▪ Coordination of CD activities with ATAF ▪ Peer learning initiatives, including professional attachments
Recommendation 6: We recommend that IMF should design the proposed HQ IT systems aimed at providing integrated financial and qualitative TA performance information after taking into account the information needs of all RTAC stakeholders, and especially ensure that disaggregated data for countries as well as individual TA projects and workshops is available**. (Partially implemented)**	▪ Capacity Development Information Management System (CDIMS) will enable monitoring and analysis of fundraising, cash flows, budgets and expenditures ▪ RBM system will provide systematic data on outcomes, enabling IMF/AFS to evaluate TA and training delivered in member countries and to inform future prioritization and resource allocation decisions
Recommendation 7: AFS should consider further strengthening its RBM framework by refining milestones, strengthening linkage between results of individual interventions and topical outcomes, updating topical indicators and developing targets in partnership with TA recipients. **(Implemented)**	Actions taken: ▪ Information on the status of milestones provided in TA reports ▪ Revised RBM framework circulated to the SC in April 2015 and in the FY15 annual report issued in October 2015 ▪ Further refinements to the RBM framework circulated as part of the FY17 work plan documents Actions planned: ▪ Adoption of new fund-wide RBM framework with start of phase II ▪ Installation of RBM expert in FY17 to train AFS advisors on the monitoring, reporting, and IT requirements of the new system
Recommendation 8: AFS should strengthen further its reporting by emphasizing results, providing more financial analysis and key performance indicators, and preparing a	Action taken: ▪ AFS annual reports and reports on work programs provide aggregate information on financial position Actions planned:

completion report at the end of the current phase. **(Partially implemented)**	▪ New Fund-wide RBM framework will address performance indicators emphasizing results (see #7) ▪ More regular TA delivery reporting with new IT system
Recommendation 9: AFS should implement a more flexible approach to TA delivery where needed, especially for capacity building projects. This could involve extended or more frequent missions, remote mentoring and greater hands-on implementation coaching. **(Implemented)**	Actions taken: ▪ Increased number of tailor-made and hands-on workshops, regional seminars, and peer learning initiatives ▪ Remote mentoring by resident advisors between missions Action planned: ▪ phase II: More flexibility to reallocate resources within and across TA areas to ensure better traction
General Recommendations	**IMF Response and Actions**
Recommendation 10: IMF should implement a budgeting process at the commencement of RTAC operations, and for transitions between their phases, that minimizes the disruptive effects of delayed pledges. This might include allocating temporary shortfalls in commitments to the back end of the program and developing rolling annual budgets. **(Implemented)**	Action taken: ▪ AFS has been developing rolling annual budgets since FY14 and will continue this practice going forward. ▪ AFS made a smooth transition to phase II, with an extension of phase I by 3 months and an early start of consultations with partners, including for funding phase II. Action planned: ▪ Consider allocating temporary shortfalls to the back of the program, depending on funding pledges received.
Topical Recommendations – Public Financial Management	
Recommendation 1: AFS should reassess the pace and intensity of TA delivery to countries with more emphasis on the absorptive capacity of the recipient institutions and more in-depth engagement with such institutions at the outset to define goals and timetables. **(Implemented)**	Challenging political and economic environments mean that country ownership of reform efforts and perception of reform needs and priorities can change frequently. AFS aims to continually adapt its TA program to assist countries facing such circumstances. Country notes are also prepared and submitted to the SC twice a year to facilitate feedback from members on their evolving needs. Closer consultation with country teams and resident representatives in and the preparation of the annual work plans is taking place to strengthen country engagement and ensure absorptive capacity is taken into account.
Recommendation 2: AFS should consider limiting the total number of missions to permit concentration on a smaller number of longer missions, especially in countries implementing multiple projects. **(Implemented)**	IMF/AFS believes that PFM resident advisors should: (i) strengthen their project management approach (work program design, coordination with authorities and backstopping of TA delivery) and make greater use of short term experts; (ii) lead critical missions; and (iii) participate in HQ-led missions. FY16 work program revisions have provided for increased project management inputs for resident advisors and initiated increased short-term expert delivery of missions.

Recommendation 3: AFS should explore the possibility of making more extensive use of STXs to provide mentoring support for the critical transition process from reform recommendations to implementation processes and to provide more sustained and deeper training support. **(Implemented)**	As reported above, AFS will make more extensive use of short-term experts to provide mentoring support for reform implementation and sustained CD.
Recommendation 4: AFS, in collaboration with the in-country IMF office where practicable, should engage more actively with other donors in attempting to identify additional TA and training support to supplement the adoption and implementation of agreed PFM reforms. TA providers represented in the AFS SC should more proactively support this effort, for example by sharing information about their work with the center. **(Implemented)**	AFS is already doing substantial work in this area: informing the donors of their missions, meeting them in the field (when they are available), sharing the mission findings, and providing adaptable and complementary TA when requested. In FY16 additional actions were undertaken to further enhance collaboration including: (i) a questionnaire requesting donors' inputs on the country needs under each topic area and (ii) improved donor access, through a secure AFS website, to TA information, including TA reports and mission plans.
Topical Recommendations – Financial Sector Supervision	
Recommendation 1: AFS should reassess the focus areas of TA with the view of realigning them in light of TA needs of member countries, and ensure adequate resources are devoted to projects, where needed, to build capacity. **(Implemented)**	AFS has been following this approach from its inception. When defining focus areas and priorities, AFS considers key factors as requests from the authorities (including ad hoc demands), progress on implementation of past recommendations, which in turn helps in defining further TA and/or training needs, and absorption capacities of member countries. In light of these actions, plans are adapted annually.
Recommendation 2: Framing individual TA projects with explicitly targeted outcomes might enable AFS to more effectively identify risks and assumptions, thereby enabling projects to be designed that are better able to deliver such outcomes. **(Implemented)**	AFS has been following the recommended approach since FY13 and is already on track to address the underlying issues. The recommendation could be more explicit in explaining how this practice could be improved. Milestones in AFS' 4 logical frameworks by topic are defined for each activity under each outcome, which enables tracking progress toward meeting the outcomes. Progress on milestones and topic outcomes are reported in the annual reports and in the report to the Steering Committee on the proposed work program for the forthcoming year. AFS will be working with a new IMF results based management framework from the next funding cycle.
Topical Recommendations – Customs Administration	
Recommendation 1: AFS should review its current customs TA delivery strategy to ensure adequate resources are devoted to build capacity and realize	AFS work in the customs area is spread across a relatively large number of countries, but the focus on a smaller number of projects and possibly countries is expected to emerge. This has been due to significant demand for TA, only a few TA providers in this

outcomes in recipient institutions where needed, either by ensuring the level of commitment to the range of countries or projects is commensurate with the level of available resources, or increasing the allocation of resources, or a combination of these two approaches. **(Implemented)**	area, the broad span of customs missions, and a desire by AFS to do "the best for the most". AFS has sought to deliver useful, effective TA even with the need to limit interventions and has, we believe, been effective. A number of our projects are approaching maturity and we anticipate that no further interventions will be required in these areas after FY16: Namibia—excise (two weeks in FY16), Comoros—legal framework (two weeks in FY16), and Mauritius—legal framework (two weeks in FY16). The completion of these projects will make it possible to allocate more time to ongoing work elsewhere (e.g., two additional weeks each for Post-clearance audit in Lesotho, Swaziland, and Zimbabwe). The track record of implementation of previous recommendations will help us to be more selective in responses to TA requests.
Recommendation 2: The risk of being diverted into multiple short-term activities might be alleviated through more intensive and formalized engagement with the recipient at the project design stage to agree: the concrete outcomes being targeted; the AFS inputs planned and over what period; and the need to complete outcomes. **(Implemented)**	This is already done to a large extent but certainly needs in the future to be better formalized, in writing, jointly with the authorities and/or customs management, and possible other parties. The need to adhere to the work plan has been reinforced to TA recipients. As projects mature and resource allocations are reviewed and changed, formal agreement with TA recipients on use of resources will be sought as part of the planning process.
Recommendation 3: Especially with short-term interventions, more effort is needed to monitor implementation of advice. Lack of follow-through should be recorded and reported as part of the RBM reporting system. **(Implemented)**	A number of labor-intensive diagnostic missions and one-off interventions have been completed. As a result, even with no overall increase in the resource pool, the resource allocation to multi-mission projects will increase. AFS plans to focus on a smaller number of projects. The FY16 work plan had fewer diagnostic missions which left more resources for other capacity building activities.
Topical Recommendations – Tax Administration	
Recommendation 1: AFS should review its current tax TA delivery strategy to ensure adequate resources are devoted to build capacity in recipient institutions where needed, either by narrowing its range of countries or projects, or increasing the allocation of resources, or a combination of these two approaches. **(Implemented)**	Following the completion of a number of labor-intensive diagnostic missions and one-off interventions, the AFS FY17 work plan focuses more on smaller number of projects, which are aligned to the medium-term outcomes set out for the first phase. Resource allocations to multi-mission projects are expected to increase further.
Topical Recommendations – Real Sector Statistics	
Recommendation 1: AFS should design its work plan so that it does not have to rely on cancellation or	Amendments to the work program allow the AFS to reallocate resources in a flexible manner to meet emerging priorities during the FY. An alternative, subject to donor

postponement of projects to adequately meet the TA needs of its TA recipients. **(Implemented)**	financing and agreement by the AFS Steering Committee, would be to consider expanding the resource envelope beyond the current work program. The additional flexibility on resource allocation endorsed by the Steering Committee is likely to improve the execution rate.
Recommendation 2: The IMF and AFS should provide active support for current efforts by other donors to assist the government reform statistics in Zambia by updating the outdated 1964 Census and Statistics Act and by institutional reform to create a National Statistical System. **(Implemented)**	This reaches beyond the remit of real sector statistics and the normal scope of IMF CD activities. Nevertheless, AFS will continue to support and contribute where relevant to the National Strategy for Development of Statistics that was approved by the authorities in May 2014. AFS will continue to closely engage with and seek support from the IMF African department to support better use of administrative data. This will help improve national account statistics and support a better measure of progress against the SGDs.
Recommendation 3: The IMF and AFS should more intensively lobby where needed the relevant ministries of finance and statistical offices to resource adequately, as a matter of urgency, professional level positions in national accounts, prices and statistical business register. **(Implemented)**	In February 2016 the IMF organized a high-level meeting in Ghana to enhance data for better macro-policies with central bank governors, ministers of finance, heads of national statistics offices and representatives from academia from Africa. The meeting emphasized the importance of data for analysis and policy making, stressed the relevance of convergence criteria for macroeconomic analysis and policy formulation, and examined the challenges in their development and enforcement. Discussions also reviewed experience made in Europe and Africa in these areas. The importance and challenges of data transparency were highlighted and the IMF presented how it can support this process. AFR mission chiefs now raise this issue with the respective authorities as a priority for improving macroeconomic statistics for better macroeconomic policymaking in the region.

ANNEX III. KEY ECONOMIC INDICATORS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-16 Ave.	2017-21 Ave.
Population (million)													
Angola	23.6	24.3	25.0	25.8	26.6	27.4	28.2	29.0	29.9	30.8	31.7	25.8	29.9
Botswana	2.0	2.1	2.1	2.1	2.1	2.2	2.2	2.2	2.2	2.3	2.3	2.1	2.2
Comoros	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9	1.0	0.8	0.9
Lesotho	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	2.0	2.0	2.0	1.9	2.0
Madagascar	21.7	22.3	22.9	23.6	24.2	24.9	25.6	26.3	27.1	27.8	28.6	23.6	27.1
Mauritius	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Mozambique	25.0	25.7	26.5	27.2	28.0	28.8	29.5	30.3	31.2	32.0	32.8	27.2	31.2
Namibia	2.1	2.2	2.2	2.2	2.3	2.3	2.3	2.3	2.4	2.4	2.4	2.2	2.4
Seychelles	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
South Africa	51.7	52.5	53.3	54.1	55.0	55.9	56.8	57.7	58.7	59.6	60.6	54.2	58.7
Swaziland	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.1	1.2
Zambia	14.3	14.8	15.2	15.7	16.2	16.7	17.2	17.8	18.3	18.9	19.5	15.7	18.3
Zimbabwe	12.5	13.1	13.4	13.8	14.1	14.5	14.9	15.3	15.7	16.1	16.5	13.8	15.7
AFS Total	**158.0**	**162.0**	**165.8**	**169.7**	**173.8**	**177.9**	**182.1**	**186.4**	**190.8**	**195.3**	**199.9**	**169.8**	**190.9**
Gross domestic product per capita, current prices (in US dollars)													
Angola	4411.6	4,745	4,989	4,916	3,876	3,502	4,342	4,627	4,622	4,635	4,651	4,406	4,576
Botswana	7550.7	7,154	7,125	7,728	6,781	6,972	7,141	7,544	7,960	8,310	8,667	7,152	7,924
Comoros	860.2	815	873	881	736	753	772	797	828	862	888	812	829
Lesotho	1535.3	1,454	1,370	1,332	1,223	1,170	1,256	1,308	1,383	1,466	1,556	1,310	1,394
Madagascar	456.3	445	462	453	402	391	405	419	437	456	476	431	438
Mauritius	8993.0	9,114	9,480	10,001	9,115	9,424	9,619	10,055	10,566	11,119	11,700	9,427	10,612
Mozambique	524.9	590	605	620	529	392	378	406	426	451	478	547	428
Namibia	5870.9	6,039	5,792	5,748	5,041	4,630	5,074	5,356	5,640	5,921	6,194	5,450	5,637
Seychelles	11647.0	12,000	14,624	14,770	14,554	14,938	15,578	16,332	17,030	17,868	18,655	14,177	17,093
South Africa	8058.9	7,548	6,898	6,493	5,721	5,261	5,589	5,662	5,791	5,925	6,052	6,384	5,804
Swaziland	4572.4	4,404	4,046	3,890	3,512	3,330	3,433	3,456	3,475	3,493	3,503	3,836	3,472
Zambia	1635.5	1,725	1,840	1,727	1,310	1,275	1,342	1,386	1,434	1,490	1,552	1,575	1,441
Zimbabwe	879.4	955	1,005	1,030	1,003	977	1,027	1,054	1,099	1,128	1,156	994	1,093
AFS Average	**4384.3**	**4,384**	**4,547**	**4,584**	**4,139**	**4,078**	**4,304**	**4,492**	**4,668**	**4,856**	**5,041**	**4,346**	**4,672**
Gross domestic product, current prices (billion US dollars)													
Angola	104.1	115	125	127	103	96	122	134	138	143	148	113	137
Botswana	15.3	15	15	16	14	15	16	17	18	19	20	15	18
Comoros	0.6	1	1	1	1	1	1	1	1	1	1	1	1
Lesotho	2.9	3	3	3	2	2	2	3	3	3	3	3	3
Madagascar	9.9	10	11	11	10	10	10	11	12	13	14	10	12
Mauritius	11.3	11	12	13	12	12	12	13	14	14	15	12	14
Mozambique	13.1	15	16	17	15	11	11	12	13	14	16	15	13
Namibia	12.4	13	13	13	11	11	12	13	13	14	15	12	13
Seychelles	1.0	1	1	1	1	1	1	2	2	2	2	1	2
South Africa	416.9	396	368	352	315	294	318	327	340	353	367	345	341
Swaziland	4.9	5	4	4	4	4	4	4	4	4	4	4	4
Zambia	23.5	26	28	27	21	21	23	25	26	28	30	25	26
Zimbabwe	11.0	12	13	14	14	14	15	16	17	18	19	14	17
AFS Total	**626.9**	**623**	**609**	**598**	**523**	**492**	**548**	**576**	**600**	**626**	**653**	**569**	**601**
Share of SSA GDP	*0.43*	*0.41*	*0.38*	*0.35*	*0.35*	*0.35*	*0.37*	*0.35*	*0.34*	*0.33*	*0.33*	*0.37*	*0.34*
Share of world GDP	*0.01*	*0.01*	*0.01*	*0.01*	*0.01*	*0.01*	*0.01*	*0.01*	*0.01*	*0.01*	*0.01*	*0.01*	*0.01*

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-16 Ave.	2017-21 Ave.
GDP growth rates, annual percentage change													
Angola	3.9	5.2	6.8	4.8	3.0	0.0	1.3	1.5	1.4	1.5	1.4	4.0	1.4
Botswana	6.0	4.5	11.3	4.1	-1.7	2.9	4.1	4.2	4.3	4.3	4.1	4.2	4.2
Comoros	2.2	3.0	3.5	2.0	1.0	2.2	3.3	4.0	4.0	4.0	4.0	2.3	3.9
Lesotho	4.5	5.3	3.6	3.4	2.5	2.9	2.2	2.4	3.5	3.8	4.2	3.5	3.2
Madagascar	1.5	3.0	2.3	3.3	3.1	4.1	4.5	4.8	5.0	5.0	5.0	3.2	4.9
Mauritius	3.9	3.2	3.2	3.6	3.5	3.6	3.9	4.0	4.1	4.1	4.1	3.4	4.1
Mozambique	7.1	7.2	7.1	7.4	6.6	3.4	4.5	5.5	6.0	6.5	6.5	6.4	5.8
Namibia	5.1	5.1	5.7	6.5	5.3	0.1	3.5	4.8	4.2	3.9	3.7	4.5	4.0
Seychelles	5.4	3.7	5.0	6.2	5.7	4.4	4.1	3.4	3.3	3.3	3.3	5.0	3.5
South Africa	3.3	2.2	2.5	1.7	1.3	0.3	0.8	1.6	2.2	2.2	2.2	1.6	1.8
Swaziland	2.0	3.5	4.8	3.6	1.1	-0.4	0.3	0.3	0.6	0.7	0.7	2.5	0.5
Zambia	5.6	7.6	5.1	4.7	2.9	3.0	3.5	4.0	4.1	4.5	4.5	4.6	4.1
Zimbabwe	11.9	10.6	4.5	3.9	1.1	0.5	2.0	-1.5	0.0	1.0	0.9	4.1	0.5
AFS region 1/	**4.8**	**4.9**	**5.0**	**4.3**	**2.7**	**2.1**	**2.9**	**3.0**	**3.3**	**3.4**	**3.4**	**3.8**	**3.2**
SSA	**5.0**	**4.3**	**5.3**	**5.1**	**3.4**	**1.4**	**2.6**	**3.5**	**3.6**	**3.7**	**3.7**	**3.9**	**3.4**
World	**4.2**	**3.5**	**3.4**	**3.5**	**3.4**	**3.1**	**3.5**	**3.6**	**3.7**	**3.7**	**3.7**	**3.4**	**3.6**

1/ For AFS region the figures are unweighted average

Inflation rates													
Angola	13.5	10.3	8.8	7.3	10.3	32.4	27.0	17.8	13.8	10.9	9.5	13.8	15.8
Botswana	8.5	7.5	5.9	4.4	3.1	2.8	3.5	4.2	4.8	4.9	4.8	4.7	4.4
Comoros	2.2	5.9	1.6	1.3	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.6	2.0
Lesotho	6.0	5.5	5.0	4.0	5.0	7.0	6.6	6.2	5.5	5.0	5.0	5.3	5.7
Madagascar	9.5	5.7	5.8	6.1	7.4	6.7	6.9	6.4	6.1	5.5	5.4	6.4	6.0
Mauritius	6.5	3.9	3.5	3.2	1.3	1.0	3.2	2.8	3.0	3.0	3.0	2.6	3.0
Mozambique	10.4	2.1	4.2	2.3	2.4	19.2	19.0	10.6	5.8	5.5	5.6	6.0	9.3
Namibia	5.0	6.7	5.6	5.3	3.4	6.7	6.0	5.8	5.8	5.8	5.8	5.6	5.8
Seychelles	2.6	7.1	4.3	1.4	4.0	-1.0	2.2	3.7	3.0	3.1	3.0	3.2	3.0
South Africa	5.0	5.6	5.8	6.1	4.6	6.3	6.2	5.5	5.5	5.5	5.5	5.7	5.6
Swaziland	6.1	8.9	5.6	5.7	5.0	8.0	7.6	6.2	5.8	5.7	5.7	6.6	6.2
Zambia	8.7	6.6	7.0	7.8	10.1	17.9	9.0	8.0	7.0	6.3	6.0	9.9	7.3
Zimbabwe	3.5	3.7	1.6	-0.2	-2.4	-1.6	3.0	6.6	6.7	4.0	4.0	0.2	4.9
AFS region 1/	**6.7**	**6.1**	**5.0**	**4.2**	**4.3**	**8.3**	**7.9**	**6.6**	**5.7**	**5.2**	**5.0**	**5.6**	**6.1**
SSA	**9.4**	**9.3**	**6.6**	**6.3**	**7.0**	**11.4**	**10.7**	**9.5**	**8.1**	**8.0**	**7.8**	**8.1**	**8.8**
World	**5.0**	**4.1**	**3.7**	**3.2**	**2.8**	**2.8**	**3.5**	**3.4**	**3.3**	**3.3**	**3.3**	**3.3**	**3.4**

1/ For AFS region the figures are unweighted average

General government revenue as a share of GDP													
Angola	48.8	45.9	40.2	35.3	27.3	19.6	19.8	19.5	19.4	19.4	19.3	33.7	19.5
Botswana	36.2	36.3	37.8	38.4	31.6	32.0	31.5	29.7	31.1	31.1	31.2	35.2	30.9
Comoros	23.6	28.6	43.0	23.9	31.6	22.7	24.3	24.3	24.7	25.2	25.9	30.0	24.9
Lesotho	45.1	57.5	52.2	52.1	51.7	42.1	45.8	46.8	47.2	47.0	47.6	51.1	46.9
Madagascar	11.7	10.8	10.9	12.4	11.8	13.0	13.9	13.1	13.6	13.9	14.3	11.8	13.8
Mauritius	21.4	21.4	21.4	20.6	21.9	23.4	24.0	23.5	23.5	23.5	23.4	21.7	23.6
Mozambique	27.3	27.0	31.4	31.8	28.0	24.7	25.4	26.0	25.8	26.0	25.9	28.6	25.8
Namibia	30.0	31.5	32.2	34.0	34.6	31.5	32.0	30.9	30.1	29.9	29.8	32.8	30.6
Seychelles	39.8	41.5	38.5	37.3	34.7	39.0	41.0	39.6	39.1	38.5	38.6	38.2	39.3
South Africa	27.2	27.4	27.6	28.2	29.6	29.4	29.6	29.9	29.9	30.0	30.1	28.4	29.9
Swaziland	20.6	30.5	29.6	31.1	28.4	24.5	27.1	25.9	26.2	26.3	26.5	28.8	26.4
Zambia	17.7	18.7	17.6	18.9	18.8	17.9	17.0	17.5	17.7	17.9	18.3	18.4	17.7
Zimbabwe	26.7	28.0	27.7	26.6	27.5	24.7	23.8	21.8	21.4	21.3	21.2	26.9	21.9
AFS Average	**28.9**	**31.2**	**31.5**	**30.0**	**29.0**	**26.5**	**27.3**	**26.8**	**26.9**	**26.9**	**27.1**	**29.7**	**27.0**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-16 Ave.	2017-21 Ave.
General government total expenditure as a share of GDP													
Angola	40.2	41.3	40.5	41.9	30.6	23.7	25.6	23.5	22.9	22.4	21.9	35.6	23.2
Botswana	36.3	35.4	32.2	34.7	36.2	33.9	34.8	33.5	30.0	30.0	29.8	34.5	31.6
Comoros	22.1	25.3	25.2	24.4	27.3	29.9	30.8	28.1	28.5	29.5	31.3	26.4	29.6
Lesotho	54.2	53.1	54.4	50.3	51.0	49.8	48.7	47.2	47.3	46.9	46.1	51.7	47.3
Madagascar	14.1	13.4	14.9	14.7	15.1	16.2	18.3	17.6	18.0	18.2	18.3	14.9	18.1
Mauritius	24.6	23.3	24.9	23.9	25.5	26.7	26.6	25.2	24.6	24.6	24.4	24.8	25.1
Mozambique	32.2	30.8	34.1	42.5	35.4	30.7	31.6	31.7	30.8	30.0	29.0	34.7	30.6
Namibia	36.7	33.8	35.4	39.9	42.8	39.4	36.8	36.7	36.9	36.6	36.3	38.2	36.7
Seychelles	36.3	38.6	38.2	33.6	32.8	39.0	39.4	37.9	38.1	36.7	36.4	36.4	37.7
South Africa	30.9	31.4	31.5	31.8	33.2	33.0	33.2	33.2	33.3	33.2	33.0	32.2	33.2
Swaziland	24.4	27.0	28.8	32.2	33.0	36.9	35.2	36.0	37.1	38.2	39.2	31.6	37.1
Zambia	19.5	21.5	23.8	24.7	28.3	24.0	24.5	24.6	22.9	22.8	21.8	24.5	23.3
Zimbabwe	27.8	28.5	29.6	28.1	28.6	35.0	30.7	27.2	26.4	25.9	25.9	30.0	27.2
AFS Average	**30.7**	**31.0**	**31.8**	**32.5**	**32.3**	**32.2**	**32.0**	**30.9**	**30.5**	**30.4**	**30.3**	32.0	30.8
General government net lending/borrowing as a share of GDP													
Angola	8.7	4.6	-0.3	-6.6	-3.3	-4.1	-5.8	-3.9	-3.5	-3.0	-2.6	-2.0	-3.8
Botswana	-0.1	0.8	5.6	3.7	-4.6	-1.9	-3.3	-3.8	1.2	1.1	1.4	0.7	-0.7
Comoros	1.4	3.3	17.8	-0.5	4.4	-7.2	-6.5	-3.8	-3.8	-4.3	-5.3	3.6	-4.8
Lesotho	-9.1	4.3	-2.2	1.8	0.6	-7.7	-2.8	-0.4	-0.2	0.1	1.5	-0.6	-0.4
Madagascar	-2.4	-2.6	-4.0	-2.3	-3.3	-3.2	-4.4	-4.4	-4.4	-4.3	-4.0	-3.1	-4.3
Mauritius	-3.2	-1.8	-3.5	-3.2	-3.6	-3.3	-2.6	-1.7	-1.1	-1.1	-1.0	-3.1	-1.5
Mozambique	-4.8	-3.9	-2.7	-10.7	-7.4	-6.0	-6.2	-5.7	-5.0	-4.0	-3.1	-6.1	-4.8
Namibia	-6.7	-2.3	-3.2	-5.9	-8.1	-7.8	-4.8	-5.8	-6.7	-6.6	-6.5	-5.5	-6.1
Seychelles	3.4	2.9	0.4	3.7	1.9	0.0	1.6	1.7	1.0	1.7	2.2	1.8	1.6
South Africa	-3.7	-4.0	-3.9	-3.6	-3.6	-3.5	-3.5	-3.4	-3.3	-3.2	-2.9	-3.7	-3.3
Swaziland	-3.8	3.5	0.8	-1.1	-4.6	-12.4	-8.0	-10.1	-10.9	-11.9	-12.7	-2.8	-10.7
Zambia	-1.8	-2.8	-6.2	-5.8	-9.5	-6.1	-7.5	-7.0	-5.2	-5.0	-3.6	-6.1	-5.7
Zimbabwe	-1.2	-0.5	-1.9	-1.5	-1.1	-10.2	-6.9	-5.4	-5.0	-4.6	-4.7	-3.1	-5.3
AFS Average	**-1.8**	**0.1**	**-0.3**	**-2.5**	**-3.3**	**-5.7**	**-4.7**	**-4.1**	**-3.6**	**-3.5**	**-3.2**	-2.3	-3.8
General government gross debt as a share of GDP													
Angola	33.8	29.5	32.9	40.7	65.4	71.9	61.3	62.4	62.9	63.1	63.2	48.1	62.6
Botswana	20.3	18.9	17.5	17.4	15.9	13.9	13.3	11.1	10.4	8.6	7.0	16.7	10.1
Comoros	45.7	42.6	18.1	22.6	25.2	26.3	28.6	28.1	27.6	27.6	29.7	27.0	28.3
Lesotho	31.7	35.7	38.1	43.2	49.5	47.8	46.9	45.7	44.0	42.4	40.6	42.9	43.9
Madagascar	32.2	33.0	33.9	34.7	35.5	42.3	43.2	44.0	44.8	45.5	45.9	35.9	44.7
Mauritius	52.2	51.5	53.9	56.2	62.3	62.7	62.2	60.5	58.2	55.9	53.6	57.3	58.1
Mozambique	38.0	40.1	53.1	62.4	88.1	115.2	106.9	103.6	99.9	95.4	90.1	71.8	99.2
Namibia	26.2	23.7	24.2	25.5	39.9	42.1	42.8	45.3	48.2	51.0	53.5	31.1	48.2
Seychelles	82.5	80.1	68.8	72.4	67.8	68.6	64.1	58.0	52.3	46.9	42.7	71.5	52.8
South Africa	38.2	41.0	44.0	46.9	49.8	50.5	52.4	54.0	54.5	54.5	54.3	46.4	53.9
Swaziland	14.2	14.8	15.3	14.3	18.6	27.5	33.9	42.0	50.6	59.9	69.4	18.1	51.1
Zambia	20.8	24.9	25.9	33.3	57.5	53.1	57.7	61.5	63.3	62.7	62.4	38.9	61.6
Zimbabwe	43.7	50.1	54.6	55.3	58.9	75.3	75.7	79.2	80.3	81.1	81.5	58.8	79.5
AFS Average	**36.9**	**37.4**	**36.9**	**40.4**	**48.8**	**53.6**	**53.0**	**53.5**	**53.6**	**53.4**	**53.4**	**43.4**	**53.4**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-16 Ave.	2017-21 Ave.
Gross national savings as a share of GDP													
Angola	25.5	26.9	21.4	12.4	-0.4	4.0	4.1	4.1	3.6	3.4	3.4	12.9	3.7
Botswana	41.5	39.6	41.8	43.2	40.0	36.1	34.0	30.8	31.5	32.7	33.9	40.1	32.6
Comoros	10.0	12.2	12.2	12.8	19.2	11.9	11.8	11.4	9.5	9.0	6.2	13.7	9.6
Lesotho	17.6	23.2	21.4	20.2	30.1	19.4	15.2	15.2	13.8	11.1	8.2	22.9	12.7
Madagascar	10.8	10.7	10.0	15.3	11.2	13.0	14.5	14.0	14.4	14.8	14.9	12.0	14.5
Mauritius	13.2	18.5	19.0	17.0	16.3	16.3	13.0	15.9	14.5	15.3	18.8	17.4	15.5
Mozambique	4.4	14.9	26.6	29.5	14.2	-0.3	-0.7	6.5	9.5	13.5	14.6	17.0	8.7
Namibia	17.1	21.2	21.2	25.4	20.5	16.6	20.9	18.8	17.3	17.5	17.7	21.0	18.4
Seychelles	12.4	17.0	26.5	14.7	15.0	13.1	16.3	14.8	15.4	16.3	16.7	17.2	15.9
South Africa	17.5	14.8	15.3	15.5	16.5	16.2	15.8	15.7	15.7	15.8	16.0	15.7	15.8
Swaziland	7.6	15.3	13.7	11.6	23.0	7.1	9.2	7.8	7.7	7.6	7.5	14.1	8.0
Zambia	38.3	37.1	33.5	36.2	39.2	32.9	35.1	35.6	37.0	37.6	39.5	35.8	37.0
Zimbabwe	-0.1	-2.6	-5.7	-1.0	5.6	17.0	18.1	18.4	20.0	20.2	20.8	2.6	19.5
AFS Average	**16.6**	**19.1**	**19.8**	**19.4**	**19.3**	**15.6**	**15.9**	**16.1**	**16.1**	**16.5**	**16.8**	**18.6**	**16.3**
Total investment as a share of GDP													
Angola	12.9	14.9	14.7	15.3	9.6	8.4	7.9	7.3	7.3	7.2	7.2	12.6	7.4
Botswana	38.7	38.1	32.9	27.9	32.1	21.3	32.3	31.9	30.6	30.6	30.7	30.5	31.2
Comoros	14.9	16.8	20.4	18.6	18.4	20.9	21.6	21.6	20.0	20.0	20.0	19.0	20.7
Lesotho	9.9	10.4	10.0	8.9	9.4	7.5	11.4	15.3	15.3	11.2	15.0	9.2	13.7
Madagascar	17.6	17.6	15.9	15.6	13.1	15.3	18.2	18.2	18.6	18.9	19.0	15.5	18.6
Mauritius	26.0	24.8	25.2	23.0	21.2	21.6	22.1	22.6	23.1	23.4	23.7	23.2	23.0
Mozambique	29.8	59.6	69.6	67.7	53.6	38.6	34.1	70.7	109.2	138.8	165.8	57.8	103.7
Namibia	22.4	26.7	25.2	33.0	34.2	27.8	25.1	23.4	23.5	23.4	23.2	29.4	23.7
Seychelles	35.4	38.1	38.5	37.7	33.9	30.3	35.4	33.5	33.5	34.0	33.9	35.7	34.1
South Africa	19.7	20.0	21.2	20.8	20.9	19.5	19.2	19.3	19.4	19.6	19.7	20.5	19.5
Swaziland	12.8	12.1	12.7	12.9	12.2	12.3	10.1	9.7	9.5	9.3	9.0	12.4	9.5
Zambia	33.6	31.8	34.0	34.0	42.8	38.4	38.3	38.2	38.2	38.3	38.8	36.2	38.4
Zimbabwe	22.393	13.5	13.0	13.2	13.8	17.2	15.4	15.3	15.1	14.9	14.8	14.2	15.1
AFS Average	**22.8**	**25.0**	**25.6**	**25.3**	**24.2**	**21.5**	**22.4**	**25.1**	**27.9**	**30.0**	**32.4**	**24.3**	**27.6**
Current account balance as a share of GDP													
Angola	12.6	12.0	6.7	-3.0	-10.0	-4.3	-3.8	-3.2	-3.7	-3.8	-3.7	0.3	-3.7
Botswana	3.1	0.3	8.9	15.4	7.8	14.7	1.8	-1.0	0.9	2.0	3.2	9.4	1.4
Comoros	-4.9	-7.2	-8.1	-8.6	0.6	-9.3	-10.1	-10.6	-10.8	-10.8	-14.1	-6.5	-11.3
Lesotho	-13.0	-8.9	-9.2	-7.8	-8.0	-7.7	-6.9	-3.7	-3.7	-9.2	-13.6	-8.3	-7.4
Madagascar	-6.9	-6.9	-5.9	-0.3	-1.9	-2.3	-3.7	-4.2	-4.2	-4.1	-4.0	-3.5	-4.0
Mauritius	-13.8	-7.3	-6.3	-5.7	-4.9	-4.3	-8.1	-5.6	-7.5	-7.1	-3.9	-5.7	-6.5
Mozambique	-25.4	-44.7	-42.9	-38.2	-39.4	-38.9	-34.8	-64.3	-99.7	-125.3	-151.2	-40.8	-95.1
Namibia	-3.0	-5.7	-4.0	-10.7	-12.7	-11.2	-4.2	-4.6	-6.2	-5.9	-5.5	-8.9	-5.3
Seychelles	-23.0	-21.1	-12.1	-23.0	-18.8	-17.2	-19.1	-18.7	-18.1	-17.7	-17.2	-18.5	-18.2
South Africa	-2.2	-5.1	-5.9	-5.3	-4.4	-3.3	-3.4	-3.6	-3.8	-3.8	-3.8	-4.8	-3.7
Swaziland	-6.9	3.3	5.3	3.4	10.8	-5.2	-1.0	-1.9	-1.8	-1.7	-1.6	3.5	-1.6
Zambia	4.7	5.4	-0.6	2.1	-3.6	-5.5	-3.2	-2.5	-1.2	-0.7	0.7	-0.4	-1.4
Zimbabwe	-22.2	-14.6	-17.6	-14.9	-8.3	-1.6	-0.7	-2.2	-1.1	-1.0	-0.4	-11.4	-1.1
AFS Average	**-7.8**	**-7.7**	**-7.1**	**-7.4**	**-7.1**	**-7.4**	**-7.5**	**-9.7**	**-12.4**	**-14.5**	**-16.6**	**-7.4**	**-12.1**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-16 Ave.	2017-21 Ave.
Volume of exports of goods (annual percentage change)													
Angola	-4.8	3.8	-0.8	-3.0	5.8	1.5	1.7	1.7	0.2	0.5	0.0	1.5	0.8
Botswana	28.9	4.8	31.7	13.5	-19.7	19.3	-22.9	0.9	13.9	2.8	2.7	9.9	-0.5
Comoros	-24.3	-22.9	17.2	50.4	-21.0	3.0	3.3	2.6	2.7	2.7	2.7	5.3	2.8
Lesotho	18.6	-0.9	9.6	13.2	14.6	4.5	6.0	6.1	6.1	6.2	6.2	8.2	6.1
Madagascar	21.1	2.7	21.3	7.2	1.3	3.6	4.2	6.8	9.2	7.1	7.5	7.2	6.9
Mauritius	5.1	2.8	10.7	8.7	-8.1	-9.3	-0.4	4.2	4.4	4.4	4.5	1.0	3.4
Mozambique	19.5	34.4	10.1	-0.7	0.0	-0.1	10.0	20.7	15.3	8.2	6.8	8.7	12.2
Namibia	-4.2	-1.1	0.8	-4.1	1.6	0.1	15.5	9.2	3.6	2.8	2.0	-0.5	6.6
Seychelles	5.1	14.9	14.8	-12.1	1.5	16.1	4.3	4.6	4.4	4.8	4.1	7.0	4.4
South Africa	4.0	-0.3	3.7	2.8	4.6	-0.6	1.3	2.4	3.4	3.4	3.4	2.1	2.8
Swaziland	-10.6	12.6	0.6	5.4	7.7	0.5	0.5	1.3	1.7	1.9	2.0	5.4	1.5
Zambia	2.2	27.9	21.7	-3.4	-11.1	-4.8	-1.1	6.5	6.4	7.3	7.9	6.1	5.4
Zimbabwe	21.4	-10.1	2.1	-2.1	16.7	4.8	-3.1	-4.5	1.4	1.9	3.8	2.3	-0.1
AFS Average	**6.3**	**5.3**	**11.0**	**5.8**	**-0.5**	**3.0**	**1.5**	**4.8**	**5.6**	**4.1**	**4.1**	**4.9**	**4.0**
Volume of importss of goods (annual percentage change)													
Angola	7.7	21.8	12.8	11.1	-20.1	-30.0	28.3	1.3	1.6	0.4	0.8	-0.9	6.5
Botswana	19.6	43.5	11.5	-1.6	0.9	-6.2	-15.7	5.7	7.2	2.0	2.4	9.6	0.3
Comoros	-6.4	11.6	7.5	0.2	-4.2	11.5	10.5	8.4	6.9	4.2	4.4	5.3	6.9
Lesotho	8.6	9.7	9.9	7.7	9.3	5.7	4.7	4.6	4.6	4.6	4.6	8.5	4.6
Madagascar	2.4	14.0	11.1	4.6	-4.1	13.4	6.3	6.5	6.2	6.3	5.7	7.8	6.2
Mauritius	5.7	2.4	3.8	3.7	4.4	3.7	3.9	4.3	4.4	4.2	3.9	3.6	4.1
Mozambique	38.4	47.6	18.5	-2.7	-0.5	-23.0	7.3	59.7	42.9	27.8	20.8	8.0	31.7
Namibia	0.4	18.1	1.7	8.3	1.3	-7.4	6.5	6.1	5.6	2.9	2.1	4.4	4.6
Seychelles	2.5	5.5	8.1	8.6	2.0	13.9	4.1	4.8	3.5	3.5	2.7	7.6	3.7
South Africa	14.4	6.4	6.2	0.0	5.5	-4.0	1.1	2.8	3.3	3.1	3.0	2.8	2.7
Swaziland	5.6	-7.9	-0.6	9.2	-3.3	21.1	-9.0	3.6	5.1	6.5	4.5	3.7	2.2
Zambia	26.9	24.6	16.5	-6.7	3.7	-6.8	2.9	1.4	0.8	5.5	3.1	6.3	2.8
Zimbabwe	26.4	-5.5	5.2	-4.6	16.0	-7.9	-5.0	3.9	0.5	3.4	2.8	0.7	1.1
AFS Average	**11.7**	**14.8**	**8.6**	**2.9**	**0.8**	**-1.2**	**3.5**	**8.7**	**7.1**	**5.7**	**4.7**	**5.2**	**6.0**

Source: International Monetary Fund, World Economic Outlook Database, April 2017.

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