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IMF REGIONAL TECHNICAL ASSISTANCE CENTER FOR SOUTHERN AFRICA
BUILDING MACROECONOMIC CAPACITY FOR SOUTHERN AFRICA

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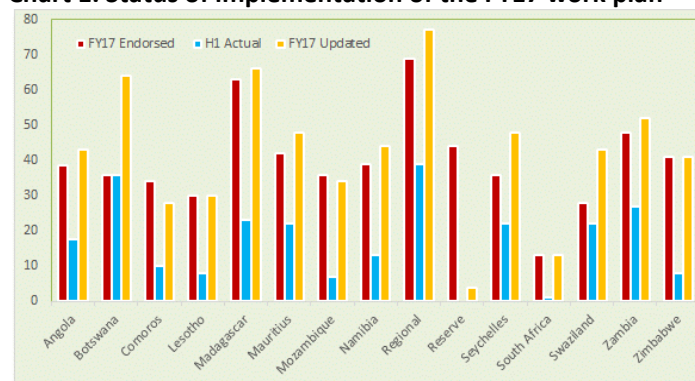
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HIGHLIGHTS

During the first six months of FY17 AFS executed some 256 field person-weeks of TA, representing 46 percent of the plan, transmitted over 55 TA reports and conducted eight regional seminars/courses. These were supported by tailored workshops and on-the-job training during field visits. Based on current information, the center is expecting to exceed the volume of TA delivery during FY17 (Chart 1), which broadly reflects increased traction in some countries.

Chart 1. Status of implementation of the FY17 work plan



Regional Initiatives: During the second quarter AFS conducted three highly relevant seminars closely linked to the implementation of TA recommendations and ongoing reform across AFS countries. This included a very first seminar in the area of financial market infrastructures. Officials from the region also attended the highly demanded *Financial Market Analysis* course led by ICD and funded by AFS.

Peer learning program: The AFS professional attachment program supported the participation of officials from the Seychelles Revenue Commission (SRC) in the daily customs administration work of the Mauritius Revenue Authority. A subregional seminar in Swaziland on the use of tax data for national accounts purposes allowed three countries (Mozambique, Swaziland, and Zambia) to exchange experiences. AFS participation in regional events helped consolidate networks and exchange experiences with regional organizations.

Country Visits by the Center Coordinator to Namibia and Swaziland centered on capacity development priorities and the transition to AFS's phase II. The visits allowed discussions on progress toward key outcomes and evolving TA needs going forward. The visits also deepened collaboration with the Southern African Customs Union (SACU).

Public financial management: Nine countries benefitted from direct TA during the quarter, including in fiscal forecasting (Angola), public investment management assessment (Madagascar and Mauritius), and fiscal risks relative to state-owned enterprises (Seychelles).

Customs and tax administration: TA included finalization of the draft Customs Act (Mauritius), follow-up on post control audit (Mozambique), strengthening the risk management function (Swaziland) and excise control (Zimbabwe), implementation of progressive income tax (Seychelles) and of a compliance risk management framework (Lesotho), and support for setting up of a revenue authority (Namibia).

Financial sector supervision: TA focused on the implementation of the three pillars of Basel II and training of staff (Swaziland).



Monetary operations: TA centered on ongoing work in the areas of forecasting and modeling (Angola, Botswana, and Mauritius), monetary policy communication (Mozambique) and payment and settlement systems (Botswana).

Real sector statistics: TA focused on volume estimates of GDP (Angola), rebasing of CPI (Lesotho and Madagascar), compilation of annual and quarterly GDP by expenditure (Seychelles) and on supply-use tables (Zambia).

BY TOPIC AREA

Public financial management

By Peter Francis Murphy, Sybi Hida, and Imran Aziz

Regional Seminar: AFS undertook a one-week regional seminar in Mauritius on “the Organization of Central Finance Functions (CFF)”, a newly developing area of public financial management (PFM). Participants drawn from AFS member countries discussed how organizational factors and emerging technical, administrative, and socio-political challenges affect PFM policy, practice, and reform efforts. Conclusions and recommendations were developed for enhancing CFF organizational structures, strengthening coordination, and improving capability in relation to macro-fiscal management, budget formulation, budget execution, and fiscal reporting. Further information is available on the [IMF’s PFM blog site](#)



Seminar on the Organization of Central Finance Functions (CFF)

Regional Cooperation: AFS provided resource persons for a range of regional PFM activities including the South African National Treasury Conference and an East and Southern African workshop on medium-term budget frameworks.

Angola: AFS supported the *Instituto de Formação em Gestão Económica e Financeira* (INFORFIP) through a one-week regional workshop in Angola on strengthening fiscal forecasting. Mid-career technical government officials from three Lusophone countries participated (Angola, Mozambique, and São Tomé and Príncipe). The workshop focused on strengthening medium-term fiscal frameworks as tools that can help identify and address fiscal challenges.

Botswana: AFS undertook a mission to: help develop an annual budget options paper; support completion of the draft of the public sector investment plan (PSIP) for the National Development Plan (NDP11); revise the structure of the expenditure items in the Chart of Accounts (CoA) to ensure consistency with GFSM2014; and develop draft CoA Terms of Reference (ToR) for a statement of user requirements (SOUR) for the Government Accounting System.

Madagascar: AFS, in conjunction with FAD, supported a mission to: review and finalize the initial Public Investment Management Assessment (PIMA) undertaken in April 2016; present the findings with the authorities; and discuss a strategy for strengthening the management of public investment.

Mauritius: AFS undertook two missions. The first initiated training of officials and data collection for a PIMA diagnostic to be undertaken by AFS/FAD in November 2016. The second mission worked with the Treasury, the Ministry of Finance and Economic Development and the National Audit Office to develop a road map for the phased introduction of accrual-based International Public Sector Accounting Standards (IPSAS). Meetings were held with key stakeholders, including the Public Accounts Committee and a workshop was held for a broad range of stakeholders from different executing ministries and agencies.

Namibia: AFS undertook a mission to provide hands-on assistance to the MoF Budget Directorate for implementation of an application designed to enable aggregation and production of the annual budget estimates documentation.

Seychelles: AFS assisted the authorities to strengthen fiscal risk analysis in the state owned enterprise (SOE) sector. Officials were trained in fiscal risk analysis and assisted in the design and compilation of an SOE fiscal risk statement.

South Africa: A AFS provided support for the African Parliamentary Budget Office Conference organized by the South Africa Parliamentary Budget Office.

Swaziland: AFS undertook a mission to provide hands on assistance to the Cash Management Unit (CMU) to further develop and populate the cash flow forecasting and cash management models developed during earlier AFS missions.

Zimbabwe: AFS participated in a joint FAD/AFS mission to assist the authorities to review the documentation used in the annual budget dialogue to formulate, discuss, and present the budget.

Customs administration

By Kenneth Head

Botswana: AFS delivered TA to the Customs Department of the Botswana Unified Revenue Service (BURS), the primary purpose of which was to assess progress against the action plan and recommendations agreed during the AFS mission in November 2015 and to provide further guidance and advice to strengthen the risk management function.

Mauritius: In September, a legal expert in customs law completed a two weeks TA assignment to the Mauritius Revenue Authority (MRA) to finalize the draft Customs Act and update the Regulations.

Mozambique: A customs post clearance audit (PCA) expert delivered TA to the customs administration to strengthen and further develop the audit capacity of staff. The primary purpose was to assess the current state of development of the PCA program in the customs administration and to help develop capacity in the PCA function to ensure that systems and procedures exist to undertake effective post control interventions in line with the recommendations of the 2015 AFS mission report.

Swaziland: AFS fielded a mission to the Swaziland Revenue Authority to strengthen the risk management function to help customs improve its balance between trade facilitation and compliance and better direct its enforcement resources (e.g. investigation, intelligence, anti-smuggling, and post clearance audit) to high risk activities and transactions.

Zimbabwe: In August a customs expert on excise regimes carried out an assignment to the Zimbabwe Revenue Authority (ZIMRA) to help ensure that appropriate systems are in place to adequately control business activity in the excise field. He advised on (i) developing an annual excise work plan; (ii) an audit based scheme of control and audit techniques to gain assurance of compliance; (iii) risk management of excise operators; (iv) control of road fuel; and, (v) production of guidance manuals for each excise regime.

Zimbabwe: The AFS Customs Advisor and a customs expert provided TA to the Customs Division of ZIMRA, following up on the recommendations of the last AFS risk management mission; assess the current state of

development of the risk management and intelligence functions in customs; and help develop capacity, including for a centralized intelligence capability.



Opening meeting of the professional attachment program: The Acting Commissioner General, Director of Customs, and senior staff (right) and AFS Regional Customs Advisor, AFS Coordinator, and SRC officials (left)

Regional Peer Learning: A professional attachment of two senior customs officers from the Seychelles Revenue Commission (SRC) to the Mauritius Revenue Authority (MRA) took place for four weeks in August. The objective of the attachment was to expose Seychelles customs officials to regional best practice in customs administration. This, it is intended, will inspire them to take a leading role in reform

and modernization initiatives especially in their specialized work area in the SRC. The two participants submitted a detailed report on their experience including on how they intend to implement reforms in their home administration based on what they have observed and learned in Mauritius. The SRC officials, who were from the Post Clearance Audit (PCA) function, spent most of their time in the MRA with the PCA Unit, which is a mature function and has a developed audit program. The attachment included time with PCA associated work areas including classification, valuation, and origin, investigations, and risk management. In addition, the two officials observed the MRA conducting on-site audits at importers' premises to familiarize themselves with auditing techniques in practice.

Tax administration

By Thabo Letjama

Regional Seminar: AFS, in partnership with the Managing Natural Resource Wealth Topical Trust Fund (MNRW-TTF), conducted a regional seminar on the taxation of the extractive industries, with the participation of 30 officers from 12 AFS countries. Participants commented at the end of the seminar: "The topics were very relevant, the sharing of experiences and peer learning between countries was good, and the experts were very knowledgeable, experienced, professional and enthusiastic in their presentation of the topics".



AFS Coordinator addressing participants

Regional Cooperation: the AFS resident tax advisor attended the joint IMF and African Tax Administration Forum (ATAF) Board Governance workshop in South Africa. The workshop created a platform for heads of tax administrations, Commissioners General, Board Chairpersons, Principal Secretaries for Ministries of Finance and other board members, to discuss best practice in governance and to share experiences from their own revenue administrations. Participants requested that the IMF and ATAF organize similar events.

Seychelles: A TA assignment to Seychelles assisted the authorities to plan for implementation of the progressive income tax (PIT). In addition, the assignment also helped make a case for resourcing the implementation team, designing the operation scheme for the PIT, and identifying key upcoming policy decisions to be included in legislation to enable Seychelles Revenue Commission (SRC) to implement the new tax. A follow up mission to help draft the PIT legislation was carried out in September by the IMF Legal Department.

Namibia: AFS provided assistance towards setting up a revenue authority, including reviewing its implementation plan, and developing the organization structure, a donor strategy, and a stakeholder relationship management strategy.

Lesotho: To assist the Lesotho Revenue Authority (LRA) make further progress in implementing its compliance risk management (CRM) framework, a 5-day training workshops was delivered in Maseru. The assignment guided the officers on implementing an effective CRM framework, and updated the LRA risk universe; risk register; and the mitigation strategies to be put in place to enhance compliance.

Financial sector supervision

By Ravi Mohan P.R.

Swaziland: During August AFS provided TA to the Central Bank of Swaziland (CBS) in Basel II implementation. The mission assisted in developing a roadmap for implementation of all three Pillars of Basel II and provided extensive training to the supervisory staff on various aspects of the three pillars, thereby enhancing capabilities on the supervisory framework and providing specific granular implementation timelines. Particular attention was paid to Pillar 2, especially the Supervisory Review and Evaluation Process.

Monetary policy framework and operations

By Carina Selander and Faith Stewart

Regional Seminar: 27 officials from 12 countries, representing central banks and securities regulators responsible for the supervision, oversight and operation of payment, clearing, and settlement systems, participated in the seminar “Compliance with the CPSS-IOSCO Principles for Financial Market Infrastructures (PFMI) – Challenges & Strategies”. The seminar helped enhance the level of proficiency on new international standards and allowed exchange of country experiences. Case studies and country presentations highlighted the need for continued TA support to countries in the region to further build capacity in the area of financial market infrastructures and payments.



Mr. Googoolye, First Deputy Governor of the Bank of Mauritius addressing participants

Angola: An AFS mission visited the Banco Nacional de Angola (BNA) focusing on modeling and inflation forecasting. The mission was part of the ongoing Forecasting and Policy Analysis System (FPAS) project, which started in February 2015. The BNA has been making good progress in developing its forecasting and policy analysis capacity.

Botswana: TA supported the Bank of Botswana (BoB) to advance reforms in the area of national payment systems. The mission worked with BoB and stakeholders to deepen the analysis of critical developmental needs and crafted a vision and strategy for future NPS modernization.

Botswana: A visit to the BoB assisted primarily to improve the inflation forecasting process in terms of the relevant work streams and the analysis that forms the basis of the forecast. The mission worked through the stepwise procedure of deriving a well informed and thoroughly analyzed forecast where models, other analytical tools, and judgment are combined to form a forecast. The mission supported staff in improving the data sources and the short-term forecasting tools and worked on additional refinements of the core model. It introduced a new feature of model-based forecasting to staff – evaluation of forecast changes – and discussed how to use and benefit from this exercise which is an important part of forecasting. The BoB has worked on improving the forecasting process and adopted several recommendations from previous missions.

Mauritius: TA to the Bank of Mauritius (BoM) helped develop their Forecasting and Policy Analysis System. This visit focused on strengthening the macroeconomic forecasting capacity and model-building for near- and medium-term forecasting. The project has already brought a number of tangible results. Medium-term forecasts and risk analysis has become part of policy briefing. A forecasting unit has been set up within the Research and Economic Analysis Department and forecasts are prepared on a regular basis. The process involves both the forecasting team and sector specialists that jointly produce consistent macroeconomic projections. The most recent missions have partly focused on expanding the core medium-term model. This mission assisted the BoM forecasting team to improve the calibration of the core forecasting model and supported the team in expanding the model's policy block allowing for more flexibility as well as adding a labor block to the model. The mission reviewed the current econometric forecasting tools and assisted the forecasting team in developing an additional model to enrich the suite of available forecasting tools.

Mozambique: AFS assisted the Bank of Mozambique (BoM) to enhance strategic communications on monetary policy. The mission focused in particular on enhancing the format, structure, and content of key policy releases and events, finalizing draft communication policy and strategy documents, and supporting the capacity building of the communication function which was established at the BoM in 2014. The current mission recommended that the BoM adopt a more consistent strategic approach to explain monetary policy formulation and implementation within its monetary targeting policy framework. Enhancing the clarity of the BoM's communications has become essential given the BoM's already achieved level of policy transparency.

Real sector statistics

By Gregory Legoff

Sub-regional seminar for Mozambique, Swaziland, and Zambia: AFS has encouraged the use of tax data across the region as they provide an efficient and often reliable source of data to compile national accounts statistics. A seminar was conducted in Swaziland in September to support the incorporation of tax data in three countries where access has been significantly improved during 2016 with assistance from AFS. For example, while a few months ago the statistical office of Swaziland did not use tax data, such data are now becoming an integral part of the revised estimation process. Challenges as well as coordination and technical issues relating to access and use of tax data will be presented to all AFS countries during a seminar planned in December 2016 in Mauritius.

Angola: A mission was conducted to improve the quality of volume estimates of GDP and to provide guidance to compile estimates of the non-observed economy. Based on a methodological review, AFS recommended compiling new national accounts benchmarks.

Madagascar: A mission assisted with the rebase of the consumer price index while improving methodologies. The rebased price index is expected to be published in July 2017.

Seychelles: TA supported the compilation of annual and quarterly GDP estimates by expenditure. Draft estimates were compiled and they could be published in December 2016 or early 2017.

Lesotho: In August a mission assisted with rebasing the consumer price index using weights and expenditure patterns from the 2010-11 household budget survey. The rebased price index should be released in late 2016. In October, with AFS TA, the statistical office started compiling rebased GDP estimates by expenditure with the expectation to publish them in March 2017. A follow-up mission will be conducted in December.

Zambia: A mission was conducted in late October to assist with the compilation of supply-use tables for 2010. Detailed estimates compiled in the tables provide a powerful statistical tool to identify inconsistencies and improve the quality of annual GDP estimates.

TA REPORTS TRANSMITTED TO COUNTRY AUTHORITIES (MAY - OCTOBER 2016)

Country	TA Reports
Angola	Simplificação dos Processos de Exportação de Produtos não-Petrolíferos
Angola	Inflation Forecasting
Angola	Inflation Forecasting
Angola	Macroprudential Analysis/ Analise Macroprudencial
Angola	Report of the Statistics Mission on Export and Import Price Indices
Angola	Report on the National Accounts Statistics Mission
Botswana	Enhancing Capacity of Large Taxpayer Office in Auditing of the Mining Sector
Botswana	Developing the Risk Management Function in the Customs and Excise Division in BURS
Botswana	Strengthening internal and external communication of Monetary Policy
Botswana	Strengthening The Stress Testing Framework
Botswana	Strengthening Macro-Fiscal Analysis, Strategic Budget Techniques, and Public Investment Management
Comoros	Projets de Textes Réglementaires d'Application du Nouveau Code des Douanes de l'Union des Comores
Comoros	Renforcement des capacités de la Banque Centrale des Comores dans le domaine de la supervision des institutions financières
Comoros	Rapport en Comptabilité Nationale
Lesotho	Developing the Post Control Audit Function in the Customs Administration
Lesotho	Training and Capacity Building to Support National Payments System Development
Lesotho	Implementing Risk-Based Supervision
Lesotho	Implementation of Basel II

Lesotho	Report on the National Accounts Statistics
Lesotho	Report on the Price Statistics Mission
Madagascar	D'Assistance Technique en Matière Douanière
Madagascar	Rapport de la mission sur les statistiques des comptes nationaux
Mauritius	Expert Mission on Developing a Forecasting and Policy Analysis System at the Bank of Mauritius
Mauritius	Consolidated Supervision, Conglomerate Supervision, and Risk Based Supervision
Mauritius	Report on the National Accounts Statistics
Mozambique	Strengthening Internal and External Communication of Monetary Policy
Mozambique	Report on the National Accounts Statistics Mission
Namibia	Evaluation of the Betting and Gaming Industry and the Organization of Telecommunications in Namibia with a view to Strengthening Tax Administration and Expanding the Tax Base
Namibia	Implementing a Revenue Authority
Namibia	Strengthening Management Control and Assurance in the Customs Administration
Namibia	Strengthening Excise Controls and Regulations in the Customs and Excise Department
Namibia	Compliance with Basel Capital Adequacy Framework- Implementation of Basel II
Namibia	Review of Integrated Financial Management Information System (IFMIS)
Seychelles	Strengthening Customs Valuation
Seychelles	Implementing a Progressive Income Tax in Seychelles
Seychelles	Strengthening Compliance with the CPSS-IOSCO Principles for Financial Market Infrastructures
Seychelles	Strengthening Liquidity Forecasting and Implementation of Monetary Policy
Seychelles	Implementation of Basel II
Seychelles	Report on the National Accounts Statistics
Swaziland	Developing the Risk Management Function in Customs
Swaziland	Strengthening of Large Taxpayer Office Effectiveness in Swaziland
Swaziland	Training and Capacity Building to Support National Payments System Development
Swaziland	Strengthening Compliance with Basel Core Principles for Effective Banking Supervision
Swaziland	Strengthening the Stress Testing Framework
Swaziland	Implementation of Basel II
Swaziland	Developing the Risk Management Function in Customs
Swaziland	Report on the National Accounts
Zambia	Strengthening Risk Management in the Zambia Revenue Authority
Zambia	Improvement of Sector-Level Compliance Management Through Enhancing Audit Effectiveness for Telecoms
Zambia	High Net Worth Individual Audit Capacity Building in the Zambia Revenue Authority
Zambia	Developing and Improving on the Existing Business Opinion and Expectations Survey
Zambia	Strengthening Internal and External Communication
Zambia	Strengthening Stress Testing Framework
Zambia	Macro-fiscal Management and Budget Formulation
Zambia	Report on the National Accounts
Zimbabwe	Managing Sectoral Compliance Through Improved Audits
Zimbabwe	Enhancement of Excise Control Processes and Procedures in Zimbabwe

SEMINARS AND COURSES

AFS Seminars/Courses-Recently held and forthcoming Venue is AFS, Ebene, Mauritius, unless otherwise stated	
Title	Dates
Revenue Administration-Fiscal Information Tool	May 9-13, 2016
Risk Based Approaches to AML/CFT Supervision	May 16-20, 2016
Monetary Policy Communications	May 23-27, 2016

Managing Government Compensation and Employment	June 20-23, 2016
Financial Market Analysis	August 1-12, 2016
Central Government Finance Institutions	August 15-19, 2016
Tax Administration Compliance: Extractive Industries Taxation	October 17-21, 2016
CPSS-IOSCO Principles for Financial Market Infrastructure: Challenges & Strategies	October 24-28, 2016
Senior Level Seminar on Evolving Monetary Policy Frameworks	November 3-4, 2016
Evolving Monetary Policy Frameworks	November 7-11, 2016
Enhancements to the Basel Process-Revision to standardized approaches for Credit, Market and Operational risk & Developments relating to Basel III (Venue: South Africa Reserve Bank (SARB) Academy, Pretoria, South Africa)	November 14-18, 2016
Public Investment Management	November 28-December 2, 2016
Compilation of National Accounts	December 5 -9, 2016
Strengthening Budget Formulation Processes to Better Inform Fiscal Decision Making	February 20-24, 2017
Macroeconomic Diagnostics	February 27-March 10, 2017
Addressing Integrity in Customs Administration	April 3-7, 2017
Compilation of Price Statistics	April 10-14, 2017
Debt Sustainability Analysis using the joint World Bank-IMF Debt Sustainability Framework for Low-Income Countries (LIC DSF)	April 17-21, 2017
Debt Sustainability Analysis using the IMF Sustainability Analysis for Market Access Countries (MAC DSA)	April 24-28, 2017

FORTHCOMING IMF ONLINE COURSES

Available to government officials and, in some cases, to the general public through www.imf.org/institute-online
Forthcoming courses include:

- **Financial Programming and Policies, Part 1: Macroeconomic Accounts & Analysis (FPP.1x)**
Language: Russian; November 2, 2016-December 14, 2016 (6 Weeks)
- **Debt Sustainability and Debt Management for Low-Income Countries (DSLx)**
Language: French; November 9, 2016-December 7, 2016 (4.2 Weeks)
- **Financial Programming and Policies, Part 1: Macroeconomic Accounts & Analysis (FPP.1x)**
Language: English; January 11, 2017-February 22, 2017 (6 Weeks)
- **Financial Market Analysis (FMAx)**
Language: English; January 25, 2017-March 15, 2017 (7 Weeks)
- **Macro econometric Forecasting (MFx)**
Language: English; February 8, 2017-April 12, 2017 (9 Weeks)
- **Energy Subsidy Reform (ESRx)**
Language: English; March 1, 2017-March 29, 2017 (4 Weeks)
- **Financial Programming and Policies, Part 1: Macroeconomic Accounts & Analysis (FPP.1x)**
Language: Spanish; March 1, 2017-April 12, 2017 (6 Weeks)
- **Financial Programming and Policies, Part 2: Program Design (FPP.2x)**
Language: English; March 8, 2017-April 26, 2017 (7 Weeks)

