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AFRITAC SOUTH ENHANCES COOPERATION WITH SADC AND COMESA

An AFS-organized workshop with the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA) provided a forum for exchanging information and discussing AFS’s capacity development (CD) program, focusing on its relevance to regional harmonization and integration objectives. The visiting SADC and COMESA officials also met TA beneficiaries in Mauritius to discuss how AFS support helps Mauritius honor its regional commitments with SADC and COMESA and implement domestic reforms.

A separate meeting with the EU focused on the need for SADC and COMESA to endorse the



Meeting with the EU delegation in Mauritius

regional harmonization matrix prepared by AFS to ensure effective coordination on CD priorities during phase II.



Mr. Sadwick L. Mtonakutha,

Acting Director of Finance, Investment, and Customs at SADC on the workshop: “SADC has developed several frameworks aimed at harmonizing and strengthening different sectors, including macroeconomic policies and peer review mechanism; macroeconomic statistics; tax policy and administration; banking supervision; payments systems; and financial inclusion. AFS CD efforts assist Member States to effectively implement regional commitments. This will in turn support the objective of the region for deeper economic and financial integration.

The workshop provided SADC the opportunity to engage with AFS on how its CD initiatives support regional integration objectives. It also provided SADC the opportunity to engage

further with resident advisors to ensure that the commitments of Member States at the regional level are considered.”

Mr. Ibrahim A. Zeidy, Director of the COMESA Monetary Institute on the workshop: “AFS CD activities are highly relevant to COMESA countries since they are aligned to the COMESA Medium-Term Strategic Plan (2016-20) and geared towards achieving key milestones set out in the regional harmonization agenda of member countries.

The workshop was very important in enhancing cooperation activities, since it allowed COMESA to participate in the formulation of the AFS CD plans and in setting its medium-term CD priorities. It also allowed COMESA to learn the progress made by AFS towards improving coordination.”



IMPLEMENTATION BY TOPIC AREA

Public financial management (PFM)

By Peter Francis Murphy, Sybi Hida, and Jean-Luc Helis



Seminar: Prevention and Management of Government Expenditure Arrears, October 30- November 3, 2017. Mauritius

Regional Cooperation: In collaboration with the IMF’s Fiscal Affairs Department (FAD), AFS organized a seminar on “Prevention and Management of Government Expenditure Arrears” with 40 participants from AFS countries. The seminar provided a platform for the participants to develop and exchange knowledge with peers, including ideas and experiences for strengthening internal control and arrears management.

**Feedback from participants in AFS seminar:
Prevention and management of Government Expenditure Arrears**

Ms. Dumisile Nwenya, Accountant General (Swaziland): “The seminar helped in understanding the various causes which result in the accumulation of arrears, as well as the impact on Government’s ability to provide essential services. The seminar was rich in insight on country experiences from the region, with respect to the management and clearance of arrears. Gaps in the PFM framework such as enforceable sanctions for deviation from regulation were highlighted. It was also recommended that regulation should specify the time limit for invoices to be classified as arrears, as a standard for all payments which exclude contractual agreements.”



Randhir Kalleechurn, Assistant Accountant General (Mauritius): “The seminar provided an excellent opportunity to learn and share country experiences on prevention and management of government expenditure arrears. A number of critical factors and measures were presented by the very knowledgeable and experienced resource persons in a very well-paced manner.”

Botswana: Jointly with the IMF’s Statistics Department, an AFS mission assisted in ensuring consistency of the new chart of accounts with the Government Finance Statistics Manual (GFSM) 2014 and the International Public Sector Accounting Standards (IPSAS) requirements, and in completing the public asset policy in line with advanced accounting policies and guidelines.

Comoros: A joint FAD/AFS mission helped strengthen capacity to better prepare and update the macro-fiscal framework and ensure its coherence with the budget and the public investment program.

Madagascar: A joint FAD/AFS mission proposed a series of recommendations to kick-start fiscal risk management in Madagascar. The mission provided an analytical grid aimed at the identification of fiscal risks and their mitigation measures, a draft Fiscal Risk Statement (FRS), and a set of methodologies to quantify risks with sensitivity analysis and alternative scenarios.

Namibia: Two AFS missions assisted to (i) develop a simplified costing framework that is linked to a fiscal constraint to better support internal budget analysis, and (ii) develop a key functional specification necessary for strengthening the integrated financial management system operations.

Seychelles: An AFS PFM resident advisor joined an AFS monetary policy mission to assist in the discussions on government cash flow forecasting and to discuss the AFS work program on PFM for FY18.



2nd Annual African Network of Parliamentary Budget Offices Confernect, August 16-17, 2017, South Africa.

South Africa: AFS resident advisor participated and presented at the African Parliamentary Budget Office Conference organized by the South Africa Parliamentary Budget Office.

Zimbabwe: An AFS mission provided hands-on support to strengthen the approach and methodology used for compiling a draft budget strategy paper and a budget call circular. Key objectives were to make better use of economic and budgetary data and projections, improve the calculation of fiscal constraints, and create informed expenditure ceilings to guide budgetary decision making.

Tax administration

By Thabo Letjama

Comoros: A mission worked with the administration to increase the on-time payment ratio and to strengthen management of tax arrears by large taxpayers.

Madagascar: An AFS mission assisted the Direction Générale des Impôts (DGI) to improve payment compliance. The mission provided advice and guidance on reducing tax arrears and worked with the debt management team to develop a collection plan. A separate mission was fielded to strengthen capacity of the DGI to increase yield from VAT audits. The mission worked with officials to start audits in VAT that address the high risks identified during the February 2017 data-matching exercise.

Mozambique: A mission assisted the Mozambique Revenue Authority to craft and institutionalize its strategic plan. The mission facilitated a strategic planning session, guided development of the strategy and carried out workshops with the project management function on how to adopt a project management methodology to implement strategic projects.

Mauritius: A tax administration diagnostic assessment tool (TADAT) mission benchmarked the tax administration system in Mauritius against best practice and issued a performance assessment report. The report provides a solid foundation for further modernization efforts by the Mauritius Revenue Authority.

Seychelles: A mission assisted the Seychelles Revenue Commission (SRC) towards increasing the proportion of taxpayers who meet their payment obligations as required by law. The mission worked with the debt management team to guide implementation of the collection enforcement strategy to decrease revenue arrears.

Swaziland: As a follow-up to earlier work to implement a risk-based compliance management strategy, a mission assisted the Swaziland Revenue Authority (SRA) to further develop its rules-based risk model. The mission helped resolve issues that arose from applying the established rules and assisted with the integration of risk scores from each rule so that a single risk report could be produced for each taxpayer. The AFS advisor also participated in another mission to assist in further developing an operational structure for SRA and a compliance improvement plan.

Zambia: To ensure that Zambia Revenue Authority has adopted a more independent, accessible, effective, and timely dispute resolution mechanisms, a TA mission assisted in developing a more efficient, transparent, and effective objections and appeal process. The mission also worked with the Tax Appeals Tribunal to ensure a coordinated approach to tax appeals across Zambia.



Meeting with development partners (IMF Maputo office)

Customs administration

By Kenneth Head

Regional course: A course on “Investigations and Intelligence,” attended by 39 participants, provided a forum to explore the challenges to customs intelligence and investigation programs and to build capacity of officials by looking at: the systematic collection and processing of intelligence information; the various components involved in the gathering, evaluation, collation, analysis, and dissemination of information; the principles and procedures associated with the investigation of customs and fraud offences; and an investigation (case study) from the point of referral through to the end of the civil assessment and/or prosecution in court.



Regional course: *Investigation and Intelligence*, September 25-October 6, 2017, Mauritius

Mozambique: A mission assessed the current state of development of the post control audit (PCA) program in customs administration and helped develop capacity to ensure that systems and procedures exist to undertake effective post control interventions in line with the recommendations of the October 2016 AFS mission.

Namibia: A mission helped develop a Management Assurance and Control Program to improve the transparency and integrity of management decision making.

Swaziland: A mission helped the SRA strengthen the administration, control, and monitoring of excise traders by building capacity of staff and developing a robust control program of excise traders based on a risk assessment.

Zambia: The primary objective of the input was to build capacity and sustainability in the Risk Management and Intelligence Unit and to further embed effective risk management practices into daily customs operations.

Zimbabwe: Two simultaneous assignments were delivered to improve the trade facilitation and compliance program by strengthening the PCA and risk management functions. The purpose of the PCA input was to further develop the function by providing practical help to staff through a refresher workshop and workplace mentoring. The purpose of the risk management assignment was to follow on the recommendations of the last assignment, to monitor progress in implementing the action plan agreed and update it as appropriate, and to further develop the risk management program through workplace mentoring.

**Feedback from participants in AFS course
INVESTIGATION AND INTELLIGENCE**

Mr. Weikus Steenkamp, Ms. Lisilotte Taonana, and Mr. Filimon Amoomo from Namibia Customs: “We will use the lessons learned to design an investigations procedure guide manual in coordination with our training unit to improve current procedures. This will allow a more systematic and common approach to investigations. We will propose to our integrity section to take on the official function of investigations.”



Mr. Besa Chama, Ms. Mirriam Mukumbwa, and Mr. Thomas Mulenga from Zambia Revenue Authority (Customs): “The course enhanced our skills in carrying out investigations, risk management, and intelligence activities and will help us better train new officers joining the ZRA. The course material will remain important reference for further in-house training.”

Ms. Dingo Ditsebe. Customs Officer, Botswana Unified Revenue Service:

“I received useful hints on conducting a successful investigation. As a member of the Risk Management Team, I can now better understand the role of my team and that of the Intelligence and Investigation Teams.”



Financial sector supervision

By Ravi Mohan P.R.

Regional harmonization and Cooperation: In collaboration with East AFRITAC (AFE) and the COMESA Monetary Institute, AFS conducted a seminar on “Enhancements to the Basel process-Recent developments relating to Basel II & Basel III” which had 42 participants from 20 countries. The seminar offered an opportunity to review and discuss key aspects of enhancements proposed by the BCBS regarding standardized approaches to credit, market, and operational risks, including the latest policy developments and operational challenges in a domestic and a cross-border context. The seminar facilitated the promotion of regional integration through collaboration with COMESA. Many countries have requested AFS to deliver TA on various aspects of Basel II/ Basel III for expediting their implementation process.



Regional seminar: Enhancements to the Basel process-Recent developments relating to Basel II & Basel III (August 21-25, 2017)

Angola: A scoping mission was undertaken to discuss future TA plans with the authorities. The mission assisted the authorities in the implementation of the Pillar 2 process, especially Supervisory Review and Evaluation. The mission worked towards building capacity of the supervisory staff and took note of the challenges involved in implementing Basel II. It achieved the skill enhancement of the supervisory staff in various facets of Basel II implementation.

Lesotho: A mission worked on aligning the supervisory processes towards implementing a smooth risk-based supervision (RBS), with a view to containing and managing financial sector risks. In this context, the mission held workshops on critical RBS-related areas to enhance the skills of the supervisors and help address institutional constraints and capacity gaps.

Zambia: AFS fielded a mission to help implement an RBS system and upgrade related supervisory processes. A draft RBS framework has been in place since 2014 and needs to be updated and finalized. The mission assessed the progress achieved and developed a roadmap for implementing a smooth RBS process with a view to containing and managing financial sector risks. Towards achieving this objective and addressing institutional constraints and capacity gaps, the mission delivered focused workshops on critical RBS areas.

Mauritius: AFS participated in a mission led by the IMF’s Legal Department to provide legal reform in central banking, banking supervision and resolution, deposit insurance, and the payment system. AFS participation assisting the mission on the policy and operational supervisory issues. A legislative package containing the reforms is expected to be presented to Parliament at the end of this year. To assist the Bank of Mauritius in this ambitious legislative initiative, the mission discussed with the authorities, on a preliminary basis, specific legislative drafting suggestions and observed that significant progress was made towards meeting the legal reform agenda.

Monetary policy framework and operations

By Carina Selander

Angola: A mission carried out a needs assessment and provided hands-on training. It assessed current capacities, resources, and constraints for monetary policy implementation and assisted in developing and refining liquidity forecasting and financial market analysis. The mission assisted on developing market monitoring and market dialogue.



Botswana: A mission led by the IMF's Money and Capital Markets Department focused on improving the liquidity management framework and practice under a crawling peg exchange rate regime. Since the IMF had not provided TA over a long period to the Bank of Botswana (BoB) on monetary policy implementation, it also took stock of TA priorities.

Botswana: As part of the overall objective of strengthening monetary policy communications, a mission focused on developing new templates for Monetary Policy Report (MPR), press release, and press conference presentation based on best practice in central bank reporting on monetary policy.

Madagascar: As part of the overall objective of strengthening monetary and FX policies and developing the money and FX markets, a follow-up mission assisted in implementing the February 2017 mission's recommendations. The mission followed up on the implementation of FX swaps for monetary policy purposes and assessed whether additional refinements are needed on the liquidity management framework, including market monitoring, open market operations, standing facilities, and the formulation of reserve requirements.

Mauritius and Seychelles: An FPAS mission facilitated a sub-regional Knowledge Exchange seminar between the Bank of Mauritius and the Central Bank of Seychelles. The purpose of the seminar was to share experiences on monetary policy framework and implementation. AFS provided experts to moderate sessions and contributed with presentations on relevant topics. The countries have economic and financial similarities, but have evolved differently in their respective monetary policy frameworks. Both central banks are now modernizing their respective frameworks.

Mozambique: Norges Bank (NB) and the IMF launched a joint TA project which, inter-alia, complements the ongoing FPAS project. A mission initiated TA coordination between NB and the IMF and assisted in developing the near-term forecasting (NTF) framework and refining the NTF tool-kit and initiated the process of transferring NTF responsibility from the core modeling team to the team of sector experts.

Seychelles: As part of the overall objective of strengthening the monetary policy implementation framework, a mission reviewed the implementation of an interest rate corridor. It assessed the need for additional refinements on the forecasting framework, liquidity management, and the interest rate formation related to open market operations. An FPAS mission assisted in building capacity for advanced macro-forecasting. The mission helped strengthen the officials' skills on tools and models developed in earlier missions and improved the ability to interpret and analyze results. Further developments of NTF techniques were also part of the mission's work.

Zambia: A fact-finding mission provided assistance in developing and improving the functioning of the interbank FX market. It updated the country logical framework for capacity development, including outcomes, milestones, and baselines to support AFS capacity development intervention going forward.

Zambia: Two missions assisted in developing monetary policy communications. The missions focused on enhancing the current internal MPR with a view to preparing its content and format for external publication. The mission made recommendations to bring the Bank of Zambia's transparency and communications toolkit closer to global best practice.

Joint Regional Seminar: Central bankers from 14 Southern and West African countries participated in a seminar on "Foreign Exchange Market Simulation" co-funded by AFS and AFRITAC West 2. The seminar included a mix of lectures and close to real life FX trading simulations. This unique program was delivered by experts from ACI



Joint AFS/AFW2 seminar: Foreign Exchange Market Simulation, September 4-8, 2017, Johannesburg, S. Africa

Australia, AFS, and AFW2. The seminar also included a visit to a south African commercial bank trading room. The simulation exercises were carried out on an electronic trading platform which included news running. The workshop also provided an excellent forum for central bank treasurers to exchange experiences.



Joint AFS/AFW2 seminar: Monetary Policy Communication, September 25 - 29, 2017, Accra, Ghana

Regional Seminar: A seminar on “Monetary Policy Communication” had 29 central bank officials participating from 14 Southern and West African countries. This jointly organized AFS/AFW2 seminar provided a forum for central bank officials to network and exchange experiences. The seminar was aimed at developing central banks’ capacity to communicate monetary policy in a clear way. The seminar included peer-to-peer discussions on the role and build-up of communications units, on developing a strategic communication plan, how to reach out to stakeholders, and how to communicate in plain language.

Financial market infrastructure and payments (FMIs)

By Faith Stewart

Regional Seminar: AFS conducted a national workshop on the PFMI in South Africa. Participants included 25 officials from various departments of the South African Reserve Bank, the CSD operator (Strate), BankServ, the clearing house operator, the National Treasury and the Financial Services Board --all involved in the regulation, supervision, oversight and operation of FMIs. The workshop enhanced the level of understanding and proficiency and support efforts towards compliance with the PFMI.



PFMI Workshop October 16-20, 2017 South Africa

Real sector statistics

By Gregory Legoff

Comoros: AFS conducted a mission to continue to improve the quality and availability of the consumer price index (CPI). The mission recommended a light touch review of collection and compilation practices and the adoption of best practice compilation methodology. A range of longer-term improvements, such as the broadening of the geographic scope, was recommended.

Madagascar: A mission assisted with the implementation of an updated CPI based on new weights. The new index could be published in 2018.

Mozambique: AFS assisted with the review and improvement of quarterly indicators used to compile GDP estimates. The mission also assisted with the preparation of the next rebase expected to be completed in 2018.

Namibia: AFS assisted in developing producer price indices for five priority industries. Quarterly indices should be published in the second quarter of 2018 and replace the corresponding South African indices and Namibian consumer price indices currently used to deflate national accounts.

Seychelles: AFS assisted in improving the quality of quarterly GDP estimates by expenditure. Another mission assisted with the correction of data problems and with methodological improvements of the CPI.

South Africa: A seminar on seasonal adjustment trained 20 statisticians from Statistics South Africa and the South African Reserve Bank on methodological and compilation issues to seasonally adjust national accounts. Further technical assistance was requested to produce improved seasonally adjusted national accounts by 2019.

Swaziland: A mission was conducted in August to continue developing quarterly GDP estimates which are expected to be published by September 2018. The mission made recommendations to improve the dissemination of national accounts statistics and to establish a revision policy.

Zambia: During August AFS worked closely with the International Labor Organization (ILO) to finalize the 2010 supply-use tables and input-output tables. The tables should be published in the coming months. The input-output tables will support

analytical work on environmental issues. Cooperation on national accounts statistics with the ILO will be replicated in other countries and could be extended to training seminars.

AFS SEMINARS AND COURSES (November 2017 – April 2018)

Venue is AFS, Ebene, Mauritius, unless otherwise stated	
Title	May-October
Modernizing the Legal Framework in Compliance with the CPSS-IOSCO Principles for Financial Market Infrastructures	November 27-December 1, 2017
Compilation of National Accounts	December 4-8, 2017
Strengthening the Role of Macro-Fiscal Units, jointly with AFE, Dar es Salaam	January 8-12, 2018
Compilation of Price Statistics	February 19-23, 2018
Fiscal Policy Analysis	February 26- March 9, 2018
Leading a Revenue Administration	TBC

IMF ONLINE COURSES

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

- Debt Sustainability and Debt Management for Low-Income Countries (January 8, 2018 - March 30, 2018)
- Debt Sustainability Analysis (January 8, 2018 - March 30, 2018)
- Financial Programming and Policies: Macroeconomic Accounts & Analysis (January 10, 2018 – February 21, 2018)

AFS TA REPORTS TRANSMITTED TO COUNTRY AUTHORITIES

Members of the AFS Steering Committee can access TA reports from AFS’s secure website. AFS encourages members to register to the secure website to access confidential TA-related information. The site provides a broad range of information, including TA reports in core areas, minutes of all steering committee meetings, and forward-looking TA mission plans. To acquire access, please contact Mr. J. Kawal (jkawaljeewan@imf.org) or Mr. D. Chundungsing (DChundungsing@imf.org).

STAFF NEWS

New Real Sector Statistics Advisor

AFS welcomes Mr. Achille Pegoue who will join AFS in December 2017 as Real Sector Statistics Advisor. He held a similar position at AFRITAC West which provides capacity development support to 10 west African countries – Benin, Burkina-Faso, Côte d’Ivoire, Guinée, Guinée Bissau, Mali, Mauritania, Niger, Senegal, and Togo. Prior to that Mr. Pegoue provided technical assistance and institutional support during missions in national accounts, economic situation and monitoring and evaluation of statistical projects and worked at the National Statistical Institute of Cameroon.



Departure of Mr. Peter Murphy, PFM Advisor

AFS would like to thank Mr. Peter Murphy for his highly valued contributions during his assignment at the center. Mr. Murphy joined AFS in July 2015 as PFM Advisor after having held the position of senior economist at the IMF’s Fiscal Affairs Department.

