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MAIN HIGHLIGHTS

AFS capacity development (CD) services to the region continued to increase, buoyed by good traction in most countries. Our experts are further implementing the integration of technical assistance (TA) and training, which contribute to improve absorptive capacity. During the quarter ending January 2020 CD services included TA missions to 11 member countries, six regional and/or customized seminars, and professional attachment programs for officials from three member countries.



The center's sustained collaboration with regional partners¹ through joint seminars and participation in major regional events provided significant outreach opportunities. Likewise, AFS participation in the regional conference organized by the African Tax Administration Forum (ATAF) provided another opportunity for gauging CD needs and raising awareness on AFS work.

EXECUTION OF THE FY20 WORK PLAN

Customs Administration By Philip Wood

Regional Seminar: AFS facilitated a seminar on data analysis for delegates from over 20 countries in the Eastern and Southern Africa regions. The workshop was designed and delivered in partnership with AFE, Africa Training Institute, COMESA and the East African Community. Participants learned about good practice and shared their



experiences from across the regions. With support from IMF technical experts, the participants worked collaboratively to develop a series of action plans to implement their learning. The event supported a key AFS objective to improve domestic resource mobilization for improved public finances and poverty reduction.



Angola: A mission focused on supporting the General Tax Administration to review progress in the development of Key Performance Indicators (KPIs) and annual targets for inclusion in the 2020-2024 strategic plan. A performance measurement framework and supporting systems for the collection and analysis of performance data have been developed. An evaluation has been completed of the performance and development needs of managers who had previously received leadership and management training.

¹ Main partners for this quarter were East AFRITAC (AFE), AFRITAC West 2 (AFW 2), Africa Training Institute (ATI), Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) and Common Market for Eastern and Southern Africa (COMESA).



Lesotho: AFS assisted the authorities in carrying out Data Matching (DM) of customs and domestic taxes data. The LRA have started to make use of the results from the DM to issue tax assessments.

Madagascar: The Director General and his management team worked with AFS experts to develop and validate new Vision, Mission and Value statements for the General Directorate of Customs (DCE). Assistance was also provided to DCE's strategic planning working group to develop a set of strategic goals, supporting objectives and performance indicators. The strategic plan was successfully launched in January 2020. Further CD support is to be provided to assist with the implementation and monitoring of the strategic plan.

Zimbabwe: A mission focused on reviewing progress against previously agreed action plans, assessing the capacity of the intelligence function, and supporting ZIMRA to develop and implement a National Intelligence Strategy. The Risk Management Committee is also looking to revise its mandate so that it focuses on both customs and tax related risks. Some good progress is being made with indications of a higher numbers of offences being detected, improved revenue receipts and a reduction in the number of physical examinations being conducted. Further CD is scheduled for FY2020.

Tax Administration

By Thabo Letjama



International Conference on Tax in Africa (ICTA): AFS tax administration advisor participated in the ICTA organized by the African Tax Administration Forum (ATAF) in Kampala, Uganda. The conference focused on global tax policy challenges including taxing the digitized economy, key tax challenges on the African landscape, African priorities for the next decade, and African innovation in tax matters showcasing tax innovations in some African countries. This conference also celebrated a decade of ATAF's existence.

Regional seminar on Establishing Good Governance Framework Organized: AFS funded the participation of the Director General of Madagascar Tax Directorate (DGI) in the seminar held in Congo. The seminar discussed how to set conditions for better governance and explored the main tools used in establishment of a good governance framework aimed at : (i) bringing the tax and customs administrations into the modern era (characterized, among other things, by transparent management and accountability); (ii) creating greater legitimacy in the collection of revenue; and (iii) reducing the vulnerability to corruption and promoting integrity.

Comoros: The Tax Administration in Comoros (AGID) strengthened its audit capacity for carrying out large taxpayers' audits. With assistance from an AFS mission, AGID developed a criterion for selecting audit cases, compiled an annual audit plan, and guided the Large Taxpayer Office auditors to implement the audit plan.

Eswatini: The Swaziland Revenue Authority evaluated progress on implementation of the RMTF project that aims to enhance compliance risk management capacity and strengthen the operational organizational structure in domestic taxes.

Madagascar: The Madagascar Directorate of Taxes (DGI) was assisted to develop and implement a risk-based audit plan and audit quality standards in order to optimize audit results and ensure taxpayers make accurate declarations. Mr. Sylvain Ngneba presenting during audit workshop for DGI officers in Antananarivo, Madagascar



Namibia: AFS provided further guidance and support to advance progress in implementation of NAMRA.

Zimbabwe: With AFS assistance, ZIMRA reviewed KPIs and Strategic Targets for 2020, evaluated its Project Management and Change Management methodologies, cascaded strategy into operational plans for 2020, and developed a draft Monitoring and Evaluation tool for monitoring and evaluating strategic performance.



Ms. Faith Mazani (CG ZIMRA), Mr. Peter Dostler and Ms. Idia Penane (FAD experts) and members of ZIMRA Senior Management during a strategic management mission in Harare, Zimbabwe.



Public Financial Management (PFM) By Moulay El Omari and Robert Clifton



Angola: A FAD/AFS mission assisted on improving fiscal reporting. The mission diagnosed the information requirements and constraints to quality, comprehensiveness, and timeliness of the quarterly and annual fiscal execution reports. It also prepared an action plan, which takes into account the ongoing work on a Fiscal Responsibility Law and its monitoring requirements.

Angola: AFS provided also assistance on cash-management to prevent expenditure arrears. The mission contributed to capacitate officers from the MoF in cash-management. It delivered one-day hands-on training for 20 participants involved in cash-management processes. It also shared with participants international good practices and provided them with tools to articulate annual budget implementation plan with cash-planning. The mission helped analyze underlying causes of arrears and recommended measures to prevent their recurrence.



Botswana: A mission assisted the MoF in developing statement of user requirement (SOUR) and IFMIS strategy. The mission delivered a two-week hands-on training for 30 participants to draft a SOUR and an IFMIS strategy outline. The training activities mirrored the immediate need to reconfigure the Government Accounts and Budgeting System (GABS) for accruals and the short- to medium-term necessity of revamping and improving the IFMIS platform and architecture. The mission took also stock of progress made in implementing PFM reforms.

Comoros: A joint FAD/AFS mission assisted on SOEs oversight. The mission provided advice on a reform strategy for overseeing public agencies and state-owned enterprises (SOEs) and identifying related fiscal risks. The mission delivered a one-day training for more than 40 participants.

Comoros: An AFS CD mission assisted on public accounting system, treasury single account and cash-management. The mission took stock of the progress made in implementing PFM reforms and advised on how to improve the quality, comprehensiveness and reliability of financial statements. It also provided recommendations to extend the coverage of TSA and to improve cash-management. Two-day workshop was



delivered for almost 40 participants on IPSAS Cash-basis standard and cash-management tools.

Comoros: An AFS CD mission assisted on improving budget framework. The mission took stock of the progress made in implementing recommendations of the AFS previous mission and contributed in capacitating officers of budget directorate in improving budget preparation process and in setting up the fundamentals for MTBF and MTFF. The mission delivered a one-day hands-on training for almost 40 participants.

Lesotho: AFS provided technical assistance to develop a strategy for fiscal decentralization to prepare for a transition from a deconcentrated model of decentralization to a fully devolved approach. Lesotho also received AFS CD services to improve the financial programming framework and strengthen macro-fiscal forecasting and analysis.

Madagascar: A CD mission assisted on public investment management (PIM). The mission has assisted the MoF in developing guidelines for PIM. The guidelines will be used to prepare the FY21 budget and covers the whole cycle of investment projects.

Seychelles: AFS provided capacity development to (i) to provide follow-up customized training and hands-on support to develop more a reliable budget baseline as a critical starting point to the annual budget process; (ii) to improve the data consistency between the four macroeconomic accounts for the medium-term fiscal framework.

Zimbabwe: An AFS mission engaged the macro-fiscal working group (MFWG) of the Ministry of Finance and Economic Development (MOFED) on fiscal risks analysis and management. The mission provided guidance and coaching to the MFWG to identify and analyze potential fiscal risks for the 2020 National Budget.

Customized workshop: AFS organized a customized workshop on Strengthening Oversight and Monitoring of State-Owned Enterprises (SOEs) for technical staff of SOE oversight units from Botswana, Namibia, Seychelles, and South Africa for both knowledge development and peer-to-peer exchange of ideas and experiences.



Banking Regulation and Supervision

By Ravi Mohan P.R.

Customized seminar: AFS has evolved as a significant partner in the financial landscape of Mauritius through events organized by the Financial Services Commission, Bank of Mauritius and Ministry of Financial Services on topical issues thereby boosting the collaboration with all key local stakeholders. As an addition to this AFS conducted a customized seminar on Risk Based approach to AML/CFT Supervision for all the regulatory/supervisory agencies in Mauritius. The overarching goal of the seminar was to make the participants aware of the concepts, methodologies and outcomes of ML/FT risks especially in the backdrop of the publication of National Risk Assessment report for Mauritius. Participants from 15 agencies in Mauritius engaged in AML/CFT supervision of various entities participated in the seminar, which proved to be an excellent outreach activity. From a gender equality perspective, which is one of the major themes focused by the Fund, the seminar was a watershed event as 55 out of the 83 participants were women and many of the participants' presentations were spearheaded by women.



Participants' feedbacks



In line with the Mutual Evaluation Report published in 2018 that recommended that Mauritius improve its systems and procedures, this seminar will enable my institution and myself to gear ourselves with the right tools and mindset to detect potential criminal activity and suspicious behaviors. As business volumes and data complexity are increasing exponentially, the threat of legal structures created to launder money is real and therefore, compliance needs to be imbued as a culture in all legal organizations. As the regulatory body for law firms, joint law ventures and foreign lawyers, the Attorney General's Office by participating in such seminars can enhance its know-how with regards to the anti-money laundering landscape and create and enforce a compliance environment throughout the legal sector.

Ms. Anji Faugoo Boolell | State Counsel | Attorney General's Office, Mauritius

The Ministry would like to thank the experts in this field for imparting their expertise and knowledge in AML/CFT issues. As a coordinating Ministry, it will help our AML/CFT Unit in understanding the core principles of risk-based approach (RBA) to supervision which will assist and equip the Ministry to monitor and track progress across the different supervisors. The



need for the capacity development and ongoing training is essential for all stakeholders in developing a robust, effective, and workable RBA.

Ms. Gooneshwaree Neermul | Trainee in AML/CFT Unit I
Ministry of Financial Services and Good Governance, Mauritius

"This initiative has been a good opportunity to expand our knowledge base and strengthen our skills toward a RBA to AML/CFT supervision. The combination of classroom sessions and practical cases shall help contribute in fine-tuning our outlook as supervisors. An appreciated endeavor for capacity building and for promoting a coordinated approach across

regulators..."

Ms. Archana Puttyah | Analyst – Supervision | Bank of Mauritius



Words from Mr. Ravi Mohan, outgoing resident advisor



The primary objective of my assignment, which commenced in January 2015 was to identify and address CD needs of AFS countries on Financial Sector Regulation and Supervision, considering divergent level of regulatory and supervisory practices. My primary area of work has been banking supervision and regulation, which encompassed regulatory and supervisory framework, Basel II/III implementation, adoption of risk-based supervision, macroprudential supervision including stress testing, risk-based approach to AML/CFT supervision, implementation of International Financial Reporting Standards and non-banking supervision and regulation.

My passage at AFS has been a great learning experience. The diversity of the countries (9 Anglophone countries, 2 Lusophone countries and 2 Francophone countries) and the different level of development has made this experience exciting and challenging. The focus of my advice has been on enhancing the financial sector system stability and benchmarking the regulatory and supervisory architecture jurisdictions to best international practices. Through nearly 100 technical assistance missions, around 30 seminars, workshops and peer learning regional events I can confidently say that AFS has supported all countries to achieve challenging milestones during the last five years.

Developing medium-term financial sector reform plans and reflecting them in the annual work programs has improved the quality of financial sector supervision and regulation within the region. Greater traction has been developed with countries and donors. A proactive approach to engagement has been employed including identification of country specific priorities, networking through regional seminars and conferences, increased interaction with the Fund (country teams and Resident Representatives) and joint missions with Monetary and Capital Markets Department of the Fund. Making effective use of experienced short-term experts, especially from the region, coupled with the integration of technical assistance and training have improved the quality, implementation rates, and timeliness of the reform programs across the region.

Regional Integration/Harmonization

AFS has been making especial efforts to support regional integration and harmonization objectives in the banking supervision and regulation areas through strengthened collaboration with regional bodies as SADC, COMESA and CCBG. More emphasis has been placed on developing regional contacts and coordinating efforts on selected reform areas including risk - based supervision, Basel II/III implementation, and IFRS adoption.

Ensuring that the AFS occupies a prime place in the financial landscape of Mauritius, the host country, through my participation/presentation in various seminars/conferences organized by the Ministries of Finance/Financial Services, Bank of Mauritius and the Financial Services Commission has been another significant achievement.

Developing traction with authorities

One key achievement during this assignment has been the extent of traction could be developed with the authorities of the 13 countries –some of which had very little of no traction. The excellent relationship with the authorities has been a major contributing factor in CD work.

Integration of TA and Training

Linking TA with on-the-job training in Lesotho featured in the CC stories shortlisted and circulated by the Fund. Knowledge Exchange Seminars between Mauritius and Seychelles was an innovative frontier in exchanging knowledge between two central banks in the region. Focused training for newly recruited Central Bank officials in the region in collaboration with the host country was a watershed event in my CD efforts in the region. For the fragile countries in the region, greater efforts were put in place for TA and training. In Madagascar, TA missions in the area of Risk Based Supervision and Basel II helped the authorities in promoting financial sector supervision. I participated in the FSSR for Zimbabwe and made significant contributions to it. An orientation program for the central bank of Comoros, jointly with the monetary policy operation and payments system advisors in MCM helped train the entire staff on core areas of central banking.

Way Forward

Going forward, there is a need to continue structuring CD strategies by developing synergies between TA and training and expanding peer learning opportunities. The program should to upgrade the supervisory architecture in parallel with the modernization of the legal framework with the support of the MCM and Legal department respectively.

I would like to thank MCM, my backstoppers, the authorities, the donors, the AFS Coordinator and all my AFS and ATI colleagues for all their support over the last five years and wish them all the best for the future.

Financial Market Infrastructure and Payments

By Faith Stewart

Zambia: AFS helped the central bank identify strategies to improve FMI resilience and enhance compliance with principle 17 (operational risk) of the PFMI. It also gave practical guidance and solutions for enhancing cyber-resilience.



Regional workshop: AFS conducted a regional workshop jointly with East AFRITAC (AFE) and MEFMI to de-mystify the standards and strengthen compliance with the Responsibilities A-E and with select principles of the PFMI. The workshop also examined new and emerging practices in electronic money regulation and oversight. The workshop had three noteworthy 'firsts':

- i. *MEFMI collaboration:* This was AFS first engagement with MEFMI in the FMIP topic area.
- ii. *Broader mix of participants:* Delegates included a private sector FMI operator and 2 central securities depository operators. In the past only central bankers (operators of the real-time gross settlement systems, overseers and lawyers) and securities regulators participated.



- iii. *New case study for the PFMI responsibilities:* A separate case study was included for a full assessment of the regulators and overseers' fulfilment of the 5 PFMI responsibilities. Previous case study exercises focused on FMI risk management, assessing legal, financial and operational risks.

Participants' Feedbacks

"The workshop was very insightful.... The exchange of peer practices gave us a real practical guidance on how to carry out assessments against the PFMI. The exercise made us think more about the challenges and helped us to identify solutions."

Madagascar

"I am looking forward to share knowledge gained during this 4-day workshop with my other colleagues at the Bank and apply same in enhancing our oversight and supervisory activities." **Seychelles**

"Theory is good but applying that knowledge is better; the practical case studies were very useful." **Namibia**

Professional Attachment Program: Delegates from Botswana, E-Swazini and Zambia benefitted from an attachment program at the Bank of Ghana (BoG), gaining insights into FMI and fintech risk management and oversight and cyber resilience in the financial sector. The BoG is widely respected for its innovative and progressive approach to NPS development, and more recently for the advances within the central bank and nationally on cybercrime initiatives. Participants identified implementable actions for their respective jurisdictions based on the observations and lessons learnt in Ghana.



Money and Foreign Exchange Market Operations

By Carina Selander

Regional seminar: As part of its capacity building program at the regional level, AFS, in collaboration with AFW2 and ATI, organized a seminar on Forecasting and Policy Analysis Systems (FPAS) –a first by AFS in this area. The purpose was to both deepen and broaden the understanding of an efficient FPAS among AFS and AFW2 countries that receive technical assistance in this field. The program covered the key

elements of FPAS: core models, near-term forecasting frameworks (including data management, business surveys and construction of in-house real sector indicators), forecast/Policy process, alternative scenarios, and monetary policy communication.

Angola: A mission followed-up on the progress on implementing FPAS and focused in the areas as nowcasting of gross domestic product (GDP) and consumer price index (CPI), and analysis and forecast for foreign economic developments as well as commodity prices. In addition, the mission worked on improving the database and data management as well discussed the enhancements needed for the forecast process. The mission also assisted in preparing for the switch into a money targeting framework.



Real Sector Statistics

By Donna Grcman and Achille Pegoue

Lesotho released revised annual national accounts in November 2019. **Namibia** released re-referenced annual national accounts in December 2019. **Botswana, South Africa** and **Seychelles** continue to rebase their annual national accounts. They all are updating the annual methods and data sources during this process. **Mozambique** is

working on the backcasting of the national accounts series after the release of their rebased annual national accounts in October 2019.

Mozambique, Namibia, Lesotho, Seychelles and Zimbabwe are aiming to improve their quarterly national accounts by accessing administrative data and improving the methods. **South Africa** continue to review the seasonal adjustment processes for all its quarterly national accounts as part of the rebasing exercise.



Namibia, Lesotho and **Seychelles** will be rebasing the CPI as soon as the household budget survey data for each of the countries becomes available during 2020. Work is also being undertaken to develop or rebase the Producer Price Index (PPI) in **Botswana** and **Namibia**. An Agriculture Materials Price Index has been developed in **Zimbabwe** and will be reviewed during the next mission.

National Accounts missions to **Botswana, Lesotho, Seychelles** and a Price mission to **Seychelles** were undertaken during November, December and January to continue to build capacity. Missions to **Botswana** (National Accounts and Prices), **Mozambique** (National Accounts), Namibia (Prices), Seychelles (National Accounts), South Africa (National Accounts) and Zimbabwe (National Accounts and Price) are planned for the upcoming three months.

Angola: The mission helped the National Institute of Statistics to start the Implementation of seasonal adjustment methods on quarterly GDP. The mission also noted that progress was made to compile the new benchmarks for annual GDP but a realistic agenda for the dissemination is needed.

Comoros: One mission was conducted to develop a three-year training program on national accounts concepts and processing of data sources to build staff's capacity on GDP compilation. Staff of the the Institut National de la Statistique et des Etudes Economiques et Démographiques (INSEED) was also trained on the conversion of government finance statistics compiled by the Ministry of Finance into national accounts to revise the 2016 GDP estimates and compile new GDP estimates for the years 2017 and 2018. A second mission assisted INSEED in reconciling a harmonized CPI series from 2000 to 2019.

Eswatini: The primary objectives of the mission were to assist the Central Statistics Office of Eswatini to release a PPI and determine new weights for the CPI. Key outcomes included a draft PPI publication brochure and a new basket and weights set for the CPI.

Madagascar: A mission reviewed the compilation of annual GDP by expenditure and provided recommendations for further improvement. The mission assisted the Institut National de Statistique in the development of quarterly national accounts.

Financial and Fiscal Law

Angola: AFS funded a TA mission led by the Legal Department of the Fund to support the National Bank of Angola's (BNA) law reform. The law reform seeks to strengthen the BNA Law with focus on its mandate, decision-making structures, autonomy, and accountability.

AFS SEMINARS AND COURSES

AFS FY20 plan includes a number of seminars and courses —some jointly with partners such as AFRITACs Central, East, and West 2, COMESA, SADC and MEFMI—to help countries address capacity gaps in core areas. Forthcoming seminars include:

- **Fundamentals of Price statistics (February 10-14, 2020)**
- **Cours sur la Gestion macroéconomique dans les pays riches en ressources naturelles (March 2-13, 2020)**
Jointly with AFC, AFE and AFW
- **Strengthening Public Debt Management and Managing Public Wealth (March 16-20, 2020)**
Jointly with AFE/COMESA

AFS TA REPORTS TRANSMITTED TO AUTHORITIES

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

STAFF NEWS

AFS team has the pleasure to welcoming two new resident advisors, namely

- **Benjamin Alexander Stephanou** who will be joining in April 2020 as resident advisor in the banking supervision and regulation area, and
- **Camilo Gomez Osorio** who is joining this month as resident advisor in the PFM area.

AFS STEERING COMMITTEE

The 11th Steering Committee (SC) Meeting of the center will be held during April 2-3, 2020 in Botswana.

