



Execution of the FY18 work Plan

AFS countries continued to build on progress realized in phase I. Improvement is noted across all the topic areas as demonstrated by the status of milestones (Figure in right).¹ Further progress is expected by end-April 2018 (end-FY18) on most pending milestones. The full achievement of so many milestones indicates strong ownership of the CD program at the political and/or top management level and shows the authorities' keen interest in taking the necessary steps to execute agreed action plans across the topics.

The following section highlights the execution of the FY18 workplan from November 2017 to January 2018.



Fully Achieved

Largely Achieved

Partially Achieved

No Information

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IMPLEMENTATION BY TOPIC

Public financial management (PFM)

By Jean-Luc Helis and Sybi Hida

Regional Cooperation: AFRITACs East (AFE) and South (AFS) jointly held in Dar es Salaam a workshop on strengthening macro-fiscal units. The workshop had participants from 14 countries and Zanzibar. Its objective was to improve institutional capacity in the participating ministries' macro-fiscal units. The workshop offered an opportunity to discuss the organizational arrangements for macro-fiscal units, capacity needs and tools for macro-fiscal analysis, and experiences in other countries. Country delegations delivered presentations on the function of their macro-fiscal units; the challenges they face in strengthening them; and solutions they and others might adopt to overcome those challenges.

Angola: A technical assistance (TA) mission assisted in strengthening the medium-term fiscal framework (MTFF) and design a reform program aimed at building capacity of the Office of Studies and International Relations (GERI) of the Ministry of Finance.

Botswana: A follow-up mission assisted the authorities in completing the Government Asset Management Policy in line with the new accounting policies and guidelines.

Madagascar: An AFS follow-up mission assisted the authorities in finalizing the strategy and action plan to develop and implement a well-sequenced scaling up of public investment. The Strategy was adopted by the Government on December 28, 2017.

AFRITAC South enhances cooperation with COMESA

As a follow-up on the workshop held in Mauritius in October 2017, AFRITAC South (AFS) and COMESA representatives met on December 11-12, 2017 at the COMESA Secretariat in Lusaka, Zambia to discuss possible joint capacity development (CD) initiatives (technical assistance, training seminars, and professional attachments) to be incorporated in the AFS capacity development workplan. Agreement reached included training seminars to be organized in FY19 and FY20 jointly with East AFRITAC (AFE) and COMESA and peer learning activities, including the participation of experts from both AFS and COMESA in technical meetings.

¹ Status of the milestones are as of end-January 2018. Milestones for which missions are still in the pipeline or AFS expects information from the authorities, have no ratings at this stage and are designated as No information.



Mauritius: AFS provided further TA to the Ministry of Finance and Economic Development (MFED) and the Ministry of Local Government and Outer Islands (MLGOI) to develop the Grant in Aid Formula for local authorities.

Mozambique: An AFS mission – jointly with the IMF’s Fiscal Affairs Department (FAD) – took stock of the budget execution processes to assist in improving the ministry’s control over budget execution and strengthening budget credibility in the context of the three-year program to strengthen fiscal institutions in Mozambique.

Namibia: An AFS technical assistance mission reviewed EPAS’ medium-term macro-fiscal forecasting model, and assisted the authorities in incorporating debt dynamics and contingent government liabilities in their modeling framework and analysis.

Namibia: AFS provided further TA to the Ministry of Finance to develop an outline for strengthening the budget strategy phase by developing budget costing templates for the ensuing budgets.

Seychelles: An AFS mission supported the Public Enterprises Monitoring Committee (PEMC) and the Ministry of Finance, Trade, and Economic Planning (MoFTEP) on developing capacity to identify, monitor, and mitigate the fiscal risks emanating from state-owned enterprises.

Seychelles: A mission provided hands-on support to the authorities to develop the new Government Accounting Manual.

Swaziland: An AFS mission provided hands-on TA to the authorities to start developing the public-private partnership framework.

Swaziland: AFS provided further technical assistance on developing the new chart of accounts and the regulatory framework for its implementation.

Tax administration

By Thabo Letjama

Botswana: A mission assisted the Botswana Unified Revenue Service (BURS) to identify Value Added Tax (VAT) compliance risks and in developing and implementing a short-term VAT compliance improvement plan. A second mission, jointly with customs, exploited opportunities for coordinating customs and tax risk management approaches to enhance mitigation of compliance risks and to advance progress from earlier missions (see also customs administration section below).

Comoros: AFS provided TA to strengthen the capacity of the tax administration in Comoros (AGID) to increase the on-time payment rates and to make audit and other verification programs to more effectively ensure accuracy of reporting. The mission also provided guidance on improving on-time payment, implementing the 2017 tax audit program, determining tax debts and designing a collection plan. It also advised on the organization of the large taxpayer office.

Namibia: A follow-up mission reviewed progress in the implementation of the Namibia Revenue Authority (NAMRA) and provided advice on the organization structure and the development of mandate statements for divisions/departments in the new organization. With the team implementing NAMRA the mission also updated the plan for establishing the organization.

Seychelles: An assignment was carried out to strengthen the capacity of the Seychelles Revenue Commission (SRC) to manage revenue risks through effective risk management. The mission worked with various SRC teams to establish a practice of compliance risk management (CRM) within the organization and to develop the CRM Framework that was ultimately proposed for adoption by SRC.

Zambia: A TA mission strengthened the capacity of the Zambia Revenue Authority (ZRA) to manage corporate priorities through effective CRM. The mission conducted workshops that provided practical guidance on the application of CRM principles. The outputs of the workshops include a draft CRM framework and an action plan that spells out steps to be taken in the short-term to enhance effectiveness of the ZRA risk model.



FAD expert Ms. Peggy Gavaghan and the SRC team during a compliance risk management workshop

Zambia: Another mission, led by FAD, focused on assessing progress, providing follow-up advice, and assisting in the development of a medium-term reform plan based on the 2016 FAD-led Tax Administration Diagnostic and Assessment Tool (TADAT) mission and the 2012 FAD-led customs administration mission.

Regional harmonization through peer learning: To enhance capacity of the Lesotho Revenue Authority (LRA) to manage tax debt and reduce arrears, a professional attachment was arranged for Lesotho officers to ZRA which contributed to the outcome of deepening regional harmonization through peer learning. The attachment has been highly rated by the LRA team. The LRA officers reported “this attachment has provided a valuable insight into the best practice in ZRA. The lessons learnt, the efficiencies, and best practices have been noted for adoption.... Arising out of this attachment visit and comparison of the best practice, the Delegation Team highly recommends...a review of the customs debt, debt management unit and debt recovery units to centralize debt functions for the whole LRA.”

Customs administration

By Kenneth Head

Botswana: This assignment was a joint customs and tax undertaking to the BURS to strengthen CRM. The assignment exploited opportunities for coordinating customs and tax risk management approaches to enhance mitigation of compliance risk across BURS and to advance progress from earlier missions.

Comoros: An AFS mission – jointly with the IMF’s Legal Department (LEG) – reviewed with the Customs authorities and the Technical Committee members the draft of the regulations and directives required under the new Customs Code.



AFS mission to Botswana



FAD/AFS mission to Zambia

Lesotho: The assignment helped the LRA 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, to promote and improve compliance and protect the revenue. This was achieved through workshops and practical workplace mentoring.

Zambia: An FAD-led revenue administration strategic mission provided advice and guidance on the development of a customs modernization and reform program.

Financial sector supervision

By Ravi Mohan P.R.



Regional: AFS conducted a seminar on Macprudential Approach to Supervision and Managing Systemic Risk for mid- to senior-level officials from Central Banks and Bank Supervisory Agencies of the Southern African Development Community (SADC) countries. The seminar focused on recent developments in macroprudential supervision and their implementation challenges. The participants

noted that the major risk in implementing macroprudential supervision and managing systemic risk is the lack of skills and the absence of infrastructure for macroprudential oversight. The seminar received excellent feedback from participants.

Regional: The AFS resident advisor participated as resource person in the ATI course on Core Elements of Banking Supervision. The nine-day course provided a comprehensive view of conceptual and operational issues related to bank regulation and supervision, covering elements of micro- and macro-prudential supervision, including the Basel core principles, banking regulatory developments, liquidity requirements, and stress testing. The course provided participants the opportunity to discuss concrete applications and approaches frequently used by supervisors.



Seychelles: An AFS mission developed the skills and capacity of the supervisors to effectively implement a risk based approach to AML/CFT supervision and assisted in developing tools to be used in both off-site and on-site supervision of banks.

Monetary policy framework and operations

By Carina Selander

Zambia: In response to a request from the Bank of Zambia (BoZ) a number of AFS missions provide TA in developing a Forecasting and Policy Analysis System (FPAS). The December 2017 mission focused on the final stages in developing a semi-structural macroeconomic model to be used as a core tool in the FPAS. The mission also reviewed and revise the Action Plan that had been laid out by the June 2016 mission. In future, AFS TA will focus on developing staff's soft skills, analytical economic thinking, interpretation of current developments and forecasts, and incorporating judgement in the FPAS framework. Focus will move from developing tools to developing processes for decision making and forecasting.

Angola: An FPAS mission to the Banco Nacional de Angola (BNA) had a two-fold purpose: (i) ensure that the project achievements are consolidated and implemented in the form of a proper forecast process; and (ii) ensure that skills do not depreciate. The mission assisted in refining the previously proposed forecast schedule, develop internal cooperation between relevant divisions, and clarify their respective roles and responsibilities in the forecast process. The mission assisted staff in updating the latest forecast and refined some near-term forecasting models.

Mauritius: An FPAS mission enhanced the near-term forecasting (NTF) capacity at the BoM and strengthened the role and responsibilities of the sector experts within the FPAS. The mission started the process of transferring the NTF toolkit to the hands of the sector experts and trained them in providing more input to the medium-term forecast. Another purpose of the mission was to discuss ways to bring policymakers closer to the forecasting process to further strengthen the role of the FPAS in policy making. In addition, and related to the developments of the NTF toolkit, the mission extended the core forecasting model for CPI components.

Seychelles: The Central Bank of Seychelles (CBS) is in the process of developing its forecasting capacity and has recently start building its communications capacity. In response to a request from the CBS, a mission focused on assisting in developing Policy and Strategy documents for the communication function (for the CBS Board to consider and ultimately approve). In addition, the mission assisted the newly employed communications officer to develop her role and responsibilities and in organizing the communications function. The Policy and complementary strategic documents will guide the CBS communication on monetary policy, help prioritize efforts and events, and assign roles and responsibilities within the Bank.



Financial market infrastructure and payments (FMIs)

By Faith Stewart

Regional: AFS conducted a regional workshop jointly with AFE and LEG on *The Legal Aspects of the National Payments System (NPS)* to strengthen compliance with Principle 1 (Legal Basis) of the *CPSS-IOSCO Principles for Financial Market Infrastructures* (PFMI). The workshop focused on legal issues within the NPS and provided guidance on international good practice to enhance the work of the legal professionals tasked with advising on, drafting, or amending the relevant NPS laws. Participants, many of whose member countries are now in the process of upgrading their legal

frameworks for the payment and settlement systems and/or their oversight regimes, described the event as “*timely, relevant, and useful.*”

Mozambique: This is the first in a series of TA missions under a technical cooperation (TC) program funded by the Norges Bank, the Norwegian central bank, and implemented jointly with AFS and the IMF’s Monetary and Capital Markets Department (MCM). A distinguishing feature of this TC program is its central bank-to-central bank twinning relationship that serves as the main vehicle for advice and capacity building covering a range of areas, including the modernization of FMIs. To this end an AFS mission provided oversight training and gave guidance on the governance and project management arrangements for the implementation of a new real-time gross settlement (RTGS) system.

Feedback from participants in the joint AFE-AFS seminar on The Legal Aspects of the National Payments System



“The workshop was so timely as the Bank of Zambia is currently engaged in actively reviewing its NPS legislation. This workshop has broadened my understanding of both the processes and procedures in NPS relating to the PFMIIs...”

The discourse between the participants from different countries provided further insight with practical experiences from each person’s home country, which provided understanding on how various countries are handling the different challenges. This greatly enhanced the learning experience.”

Mr. Chanza K. Sikazwe | Senior Legal Counsel | Bank of Zambia

“Uganda has no national payments law and is currently drafting its national payment law. Given that I am part of the team that is drafting the law, the legal principles discussed will be helpful in drafting a model law for Uganda. Experiences shared by participants from the 17 African countries that have payments law are eye openers that will help us draft a model law for Uganda.”

Ms. Anynge Jacinta | Senior Principal Banking Officer | Bank of Uganda



“The workshop has provided a sound legal basis on the key elements of the NPS. It has set forth a clear understanding of the important linkages between payment systems and other key functions of the central bank including monetary policy, extra day plus overnight liquidity facilities, emergency liquidity. The topics on the unitary CSD for government securities and equity as well as the need for a separate collateral Act are extremely relevant to our current needs...”

The exchange of peer practices through interaction and through group work case studies - specifically with regards to issues of penalty and settlement in the law with adequately comprehensive detail.”

Ms. Neala Wanjala | Manager, Legal | Central Bank of Kenya

“The seminar offered insights into the key challenges encountered in discharging the oversight responsibility. Often, there is little understanding of the technical elements relating to the operational aspects of the systemically important Market Infrastructures and the risks they pose to the payment system and financial stability. Interactions and exchange of peer practices have been helpful and demonstrated the commonality, aspect, risky nature of certain type of practices such as securities settlement in commercial bank money. This reflection of the level of development of the market and I am pleased to indicate that Botswana is already working towards implementing new settlement arrangements to link the CSD with the RIGS to achieve settlement in Central Bank money by the first half of 2018.”

Ms. Ewetse T. Rakhudu | General Manager | Bank of Botswana



Real sector statistics

By Gregory Legoff and Achille Pegoue

Regional National Accounts seminar on the measurement of the informal sector and compilation systems: AFS trained 38 statisticians from all 13 AFS countries to improve the measurement of the informal sector in GDP estimates. The last two days of the seminar focused on pros and cons of various compilation systems used in the region.

Angola: AFS assisted with the improvement of indicators used for the compilation of quarterly GDP estimates.

Comoros: AFS conducted a mission to review the methodologies used to compile annual national accounts. GDP estimates for 2007 were significantly revised downwards compared to previous benchmarks. Further assistance will be required to validate the results.

Lesotho: AFS assisted with the development of producer price indices in December. Indices for the electricity and water utility industries were successfully computed but progress for the manufacturing industries was limited. A follow-up mission will be conducted in March 2018.

Zambia: During December AFS assisted the Central Statistical Office in improving indicators used to compile quarterly GDP estimates in volumes. Further assistance will be needed to continue this development in 2018. A separate mission assisted in developing producer price indices. These new indices, expected to be published in 2019, will improve the quality of national accounts in volumes and will provide an additional measure of price changes in Zambia.

AFS SEMINARS AND COURSES (February-April 2018)

Venue is AFS, Ebene, Mauritius, unless otherwise stated	
Title	Dates
Managing Macroeconomic Statistics, In Johannesburg, South Africa	February 1-2
Training seminar for IMF members in Mr. Sembene's constituency, jointly with LEG, AFC, AFW, in Cameroon	February 13-14
Compilation of Price Statistics	February 19-23
Interregional Tax and Customs, jointly with AFC, in Cameroon	February 26-March 2
Fiscal Policy Analysis	February 26- March 9
International Survey on revenue administration (ISORA) and managing performance	February 26-March 2
Macroeconomic Management in Resource-Rich Countries, jointly with AFC	March 5-16
Leading a Revenue Administration, in Zambia	March 19-23
International Financial Reporting Standards (IFRS)	March 19-23

IMF ONLINE COURSES

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

- Financial Programming and Policies, Part 1: Macroeconomic Accounts & Analysis (FPP.1x)
Language: Spanish | February 28, 2018-April 11, 2018 (6 Weeks)
- Macroeconometric Forecasting (MFx)
Language: English | February 28, 2018-May 2, 2018 (9 Weeks)
- Financial Programming and Policies, Part 2: Program Design (FPP.2x)
Language: English | March 7, 2018-April 25, 2018 (7 Weeks)

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, 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. Chundunsing (DChundunsing@imf.org).

ANNOUNCEMENTS

AFS 9TH 2018 Steering Committee Meeting will be held at Victoria Falls, Zimbabwe on March 14-15, 2018. It will be hosted by Zimbabwe's Ministry of Finance and Economic Development.

