



## AFRITAC South Successfully Implements the new Results-Based Management Framework

You are soon completing your post as Results Based Management (RBM) Advisor at AFRITAC South’s headquarters in Mauritius. Tell me, what has been your experience?

This was an assignment that zeroed in on three key aspects of the IMF’s capacity development (CD) work: (i) strengthening the synergies between technical assistance and training to help build capacity and strong institutions in member countries (MC); (ii) developing a more robust results-oriented framework for identifying and prioritizing CD needs of our MCs; and (iii) developing a unified framework to monitor, evaluate, and report on the impact of our CD work and how closely aligned they are with MCs’ strategic priorities. In all these key areas, we have registered successes from the point of view of MCs, donor partners, and AFRITAC South (AFS). Both personally and professionally it has been a rewarding experience. Mauritius reminded me of my childhood days growing up on the beautiful island of Grenada in the Caribbean where I was born. The flora, fauna, abundance of white sandy beaches, spectacular mountain ranges, and the warmth of the people of Mauritius made me feel right at home. Professionally, it gave me an opportunity to take a leading role in spearheading the Fund-wide RBM reforms at AFS; and enhanced the breadth and versatility of my skills, experience, and networks.....continues on Page 6



From left to right: Ms. Brenda Sylvester, RBM Advisor and Mr. Dovindutt Baichoo, Economist

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### EXECUTION OF THE FY18 WORKPLAN BY TOPIC

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### Financial sector supervision

By Ravi Mohan P.R

A regional seminar on International Financial Reporting Standards (IFRS) familiarized prudential regulators and bank supervisors/examiners with the concepts, tools, and techniques for conducting supervision of financial institutions under the new framework and enhanced their ability to address implementation challenges. Many countries are requesting TA on various aspects of IFRS to expedite the transition. AFS received encouraging feedback from the participants.



‘The IFRS seminar provided valuable knowledge and insight on the conventions governing fair value measurement and classification of financial instruments. We now better understand the changes from IAS39 to IFRS9 and the implications of the enhancements. The inclusion of both theoretical and practical sessions, particularly the Expected Credit Loss (ECL) Model and sharing of country experiences, provided clarity on the most effective approaches for implementing IFRS9 in Namibia.’ – Eugene Beukes and Sakaria Mwiiyale, Bank of Namibia



Sakaria Mwiiyale, Bank of Namibia





'The Financial Services Commission (Mauritius) is currently working on implementing IFRS9 for its own account. This seminar provided an overview of IFRS including the implementation of IFRS9 and its links with IFRS7 and IFRS13. It was an opportunity to meet participants from various regulatory bodies and share country experiences including challenges encountered in the implementation of IFRS9. The use of numerous case studies addressed highly technical aspects of IFRS9. Overall, the seminar has been extremely useful in providing insight on the implications of IFRS9 on credit risk models amongst others.'--Ramasawmy Deerajen, FSC Mauritius

'The seminar was well structured and insightful and raised awareness of the implementation challenges of IFRS9, its interlinkages with other standards, and its implications for supervisors. It provided a forum to enhance skills which would assist in an effective supervision of banks. It also fostered the sharing of experiences among participant countries in the African region regarding the design of a supervisory framework for a seamless transition to IFRS9.' -Yogeeta Devi Ramphul, Bank of Mauritius

#### A Regional seminar on Macroprudential Approach to Supervision and Managing Systemic Risk disseminated

information on recent developments in macroprudential supervision and discussed implementation challenges. In



attendance were officials from Central Banks and Bank Supervisory Agencies of SADC countries. Participants from a number of countries expressed the lack of skills and absence of infrastructure for macroprudential oversight as the major implementation risks.

**Botswana:** A mission assisted in the implementation of Pillar 2, especially the Supervisory Review and Evaluation Process (SREP). The mission understood the challenges in implementing Basel II in the jurisdiction and advised the authorities accordingly. It also strengthened the skills of the supervisory staff in various facets of implementing Basel II.

**Mozambique:** A mission focused on the implementation of Pillar 2 process. Through focused training, the mission succeeded in enhancing the competencies of the supervisory staff especially in the SREP of Pillar 2 of Basel II.

**Mozambique:** A separate mission extended support on risk-based supervision with specific focus on developing a framework for robust supervision of subsidiaries of foreign banks operating in Mozambique—especially from the perspective of significantly higher exposure of the subsidiaries to their parents. The mission's work resulted in enhancing traction with the authorities. It formulated a framework for mitigating the concentration risk for subsidiaries of foreign banks operating in the jurisdiction with their parents.

**Namibia:** A mission on Basel III assisted in implementing the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) and reporting requirements. The mission examined the availability of High Quality Liquid Assets (HQLA) in the Namibian context and the ways to comply with the requirements of Basel III. Capacity development of the supervisory staff was an important objective of the mission.

**Mauritius:** Following a request from the Financial Services Commission (FSC), the AFS Resident Advisor held a tailored session on IFRS which covered the way in which financial institutions classify, measure, and account for impairment of financial instruments. The objective of the session was to enhance the understanding of implementation challenges of IFRS and to expose the officials to the underlying concepts, tools, and techniques for conducting supervision under the new framework.



**Swaziland:** AFS assisted in the process of implementing Basel II for banks.

The mission worked closely with the supervisory staff and finalized the Guidance to banks on Pillar 1. The Central Bank of Swaziland (CBS) has decided to start implementation of Pillar 1 of Basel II from April 1, 2018. The mission also assisted in implementing the Pillar 2 process, especially the SREP. In the context of the recent revision to the pillar 3 disclosures, the mission assessed the changes required in the present disclosure regime and suggested amendments. The mission helped the authorities in implementing select elements of Basel III as relevant to the Swaziland context. Capacity building of the supervisory staff—through short, focused seminars/workshops covering critical areas of Basel II and Basel III—was another significant contribution of the mission.

**Monetary policy and operations**

*By Carina Selander*



**Workshop:** AFS, jointly with Norge’s Bank, held a two-and-a-half day workshop on foreign exchange (FX) interventions and FX markets for officials from the central banks of Mozambique and Zambia. The workshop focused on peer-to-peer exchange and was conducted as a mix of presentations from the banks and the mission team, combined with a simulation game and discussion sessions. It provided a platform to share experiences and challenges. The topics included FX policy and intervention strategies, auction formats and allotment procedures, FX market developments, legal frameworks and codes of conduct, and market

intelligence. The discussions were open and candid and led to many useful insights for both banks, which found the workshop very useful, in particular because of their many shared similarities, such as recent exchange rate developments, market challenges, and their approach to FX policy and interventions.

**Angola:** A mission in April had a two-fold purpose—ensure progress in implementing the FPAS project and further enhance the forecast process and capacity for risk and scenario analysis. The mission assisted in an in-depth analysis, using different model results, country comparisons, and qualitative analysis of the real exchange rate. The mission also worked with staff to produce different economic scenarios and to interpret their respective policy response. In addition, it followed-up on some issues related to near-term forecasting.



**Madagascar:** The Banky Foiben'i Madagasikara (BFM) had received TA on their business survey in November 2016. The BFM has since worked on refining the survey process and implementing a new quarterly business survey with the aim of starting to publish it in a timely manner, which was done at the completion of the first quarter this year. The BFM requested follow-up TA to assist in refining the report of the survey and to improve the analysis based on the survey results. An off-site mission is currently underway to assist with this. The mission will produce a template report, template data, and chart files for the BFM to consider. The BFM business survey will provide an overview of economic

conditions along many dimensions such as economic activity, investment, prices, and expectations. In the longer run, indicators from the survey could also be used to produce short-term forecasts of GDP and possibly inflation. In the near term, given the absence of regularly published statistics and expectations data in Madagascar, it will provide the BFM with a good grasp of current economic conditions and near-term expectations.



**Financial market infrastructures and payments**

*By Faith Stewart*

**Seychelles:** AFS is closely following the progress and challenges faced by the Central Bank of Seychelles since it adopted the modified ‘twin peaks’ model of financial sector regulation, supervision, and oversight a year ago. A mission provided practical oversight training to staff in the wake of the reorganization and made recommendations to streamline and optimize the new arrangements.

**Swaziland:** AFS undertook a training and capacity building mission to further the authorities' understanding of payment system risk management concepts and the requirements of the CPSS-IOSCO Principles for financial market infrastructures (PFMI). Both internal and external stakeholders participated in the training. The mission also conducted a gap analysis, paving the way for a full assessment of the real-time gross settlement system against the international standards, the PFMI.



### Public financial management (PFM)

*By Jean-Luc Helis and Sybi Hida*

**Botswana:** An AFS mission assisted the authorities in assessing skills in priority PFM reforms. Follow-up TA is planned during FY19 use the results of the survey developed during the first mission and finalize the audit.

**Comoros:** AFS provided hands-on TA for assessing the national pensions system and regimes. The final results will be presented during a follow-up mission planned for July 2018.

**Madagascar:** A first AFS mission visited Antananarivo to assist in improving the wage bill forecasting methodology and model.

**Madagascar:** After the adoption in December 2017 of the new Public Investment Management Strategy, developed with AFS assistance, a mission started assisting the authorities in introducing rules and procedures to improve budgeting and monitoring of multi-year capital projects.

**Madagascar:** A joint FAD/AFS mission assisted the government in updating the PFM reform strategy and defining the related priority action plan for 2018-20. An interview with Mrs. Nicole RAVELONJANAHARY, Director of Internal Coordination, Office of the Permanent Secretary, Ministry of Finance and Budget, on AFS TA in PFM, its impact, and the way forward is available at <https://www.facebook.com/AfritacSouth/>

**Mauritius:** An AFS mission assessed the progress made and defined the next steps in implementing IPSAS accrual-based accounting at the central and local government levels.

**Namibia:** AFS provided further TA to the Ministry of Finance to develop an outline for strengthening the budget strategic phase by better linking the medium-term expenditure frameworks with the annual budgets.

**Seychelles:** An AFS mission assisted the authorities to review the current budget preparation practices and formulate priority actions to strengthen the medium-term budget framework.

**Seychelles:** An AFS mission assisted the authorities to identify, monitor, and mitigate the fiscal risks emanating from the state-owned enterprises.

**Zambia:** A joint FAD/AFS mission provided capacity building to the Ministry of Finance in cash management and fiscal risk management.

### AFS strengthens cooperation with SADC

AFS tax administration and macro-fiscal advisors participated in the SADC Tax and Macroeconomic Sub-Committee meetings respectively. Participation of AFS advisors in these fora will help to further improve collaboration with SADC in the delivery of capacity development (CD) support. The meetings allowed AFS advisors to present the center's CD program and to discuss its relevance to member countries, particularly for complying with the obligations under the Finance and Investment Protocol of SADC.

## Tax administration

By Thabo Letjama

**Regional Seminar:** A high-level seminar on Revenue Administration Leadership held in Zambia provided a platform for participating executives to network, learn from peers, and discuss challenges in crafting and implementing strategy. Participants also discussed practices and tools used to direct and manage reforms effectively.

**Madagascar:** An FAD-led joint customs and tax mission, with AFS participation, assisted the Madagascar revenue administration to develop, communicate, adequately resource, and implement a multi-year modernization and reform implementation plan.

**Zimbabwe:** A mission assisted the Zimbabwe Revenue Authority (ZIMRA) in ensuring that a larger proportion of taxpayers meet their payment obligations as required by law. During the mission, work was undertaken to develop a collection enforcement strategy and to guide ZIMRA in its implementation.



**Joint Regional Seminar:** A seminar on 'International Survey on Revenue Administration (ISORA) and managing revenue administration performance' targeted tax administration coordinators for ISORA. The seminar was a joint initiative of FAD and AFRITACs East, South, and West 2.

## Customs administration

By Kenneth Head

**Angola:** AFS funded a workshop to further strengthen leadership and management capacity in the tax and customs administrations. The training, which targeted managers, was considered a high priority by the authorities to ensure implementation of reforms by the General Tax Administration.

**Lesotho:** A mission helped strengthen further the post clearance audit (PCA) capacity in the Customs Division of the Lesotho Revenue Authority. PCA staff now have a better understanding of weakness in approach and are better equipped to identify compliance issues.

**Madagascar:** An FAD-led revenue administration (tax and customs) strategic mission was delivered to Madagascar in February. Several recommendations were made to underpin the customs reform strategy and associated action plan.

**Madagascar:** The primary purpose of this assignment was to assess the current state of development of the PCA function, and assess progress against the action plan agreed with the authorities following an AFS assignment in 2016. Following the mission, the action plan was updated to help build capacity and sustainability in the PCA program.

**Madagascar:** Following a request from the Director General, Customs, the planned risk management mission was postponed to FY19 as ASYCUDA World is being implemented in the customs administration in 2018. Consequently, the resources were reallocated to a gap analysis of the current Customs Code to identify clauses necessary to be amended or introduced to support implementation of the various international and regional trade agreements e.g. TFA, EPA and COMESA.

**Mauritius:** The assignment was delivered in March to the Mauritius Revenue Authority to strengthen the monitoring and control of excise regimes. The TA included facilitating a workshop to identify gaps in the current legislation which require action to strengthen excise administration.

**Namibia:** A TA assignment was conducted in February to strengthen the control of excise and exemptions by the Customs and Excise Department. The mission developed a guidance manual to standardize administration procedures together with control processes to strengthen the monitoring of exemptions.

## Real sector statistics

By Gregory Legoff and Achille Pegoue

**Madagascar:** AFS is remotely assisting the team appointed by the National Institute of Statistics to reweight the consumer price index (CPI). The new CPI will be released by July 2018 to meet user needs. A mission conducted in February assisted with the compilation of quarterly GDP estimates which are expected to be published for the first time in 2018.

**Mauritius:** AFS and the IMF's Statistics Department assessed the methodological soundness of producer price indexes compiled by Statistics Mauritius (SM) and the needs for developing price indexes for some services. The indexes produced broadly follow international recommendations and best practices and further assistance is required to develop a residential property price index. AFS also remotely assisted SM to review questionnaires for the *Census of Economic Activities*, which are broadly compliant with international standards. Finally, AFS helped SM to improve the measurement of global business corporation in GDP and correct the negative value of household savings.

**Mozambique:** AFS helped the National Statistical Office to limit the expected revision in the quarterly value-added estimates for agriculture to an acceptable range. Further TA missions are expected to review the remaining industries.

**Namibia:** AFS assisted the National Statistical Agency in improving quarterly GDP estimates and in rebasing national accounts statistics. Major improvements including the compilation of supply and use tables (SUTs) will be implemented during the rebasing of the 2015 GDP expected to be completed in 2019. One staff of the Central Statistical Office in Zambia, attended the mission to share his expertise in SUTs compilation.

*An AFS statistics advisor and a statistician from Zambia, sponsored by AFS, gave a public lecture in Namibia to explain how the rebase of national accounts is necessary to incorporate structural economic changes into statistics and give an accurate measure of the national economy. The AFS advisor was also interviewed about the rebase on the Business Today television show of the Namibian Broadcasting Corporation.*

Pictures from the lecture and the TV interview are available at <https://www.facebook.com/AfritacSouth/>

**Seychelles:** AFS enhanced staff capacities of the National Bureau of Statistics (NBS) in compiling SUTs for 2014 to support the rebase of national accounts. Rebased estimates will be released by December 2018.

**Swaziland:** AFS helped the Central Statistical Office (CSO) staff to improve their knowledge of quarterly national accounts tools. The dissemination of experimental quarterly GDP is expected by December 2018. Further investigations are required to include the revised balance of payment statistics in the annual national accounts.

**Zambia:** AFS assisted the CSO to improve the consistency between quarterly and annual GDP estimates. CSO will define plans to rebase national accounts in the next two years. With AFS assistance, CSO has embarked on compiling the producer price index to enhance inflation data available for policy makers.

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## AFRITAC South Successfully Implements the new Results-Based Management Framework

### Why Results-Based Management?

The RBM framework offers a systematic approach to assessing the results of the IMF's CD initiatives—technical assistance and training—and how they can be translated into building strong institutions and enhanced skills to formulate and implement sound macroeconomic and financial policies. In simpler terms, RBM is a tool to inform management decisions and communicate the achievement of results to internal and external stakeholders. At AFS, the concept of managing for results was not really a new phenomenon—we have been operating under a framework where medium-term and yearly objectives and outcomes were spelled out in the program document back in 2011, in annual work plans and briefing papers—so my main task was to align AFS's practices with the IMF-wide RBM framework and ensure consistency and standardization.

### What impact did RBM have on AFS's capacity development efforts?

I should say, overall, RBM had a positive impact even though at the outset, especially for the AFS Advisors, it was challenging because it required an initial outlay of time and effort to familiarize themselves with the new framework, develop country-specific projects or workstreams, while at the same time manage and deliver missions to their portfolio of countries. Some of the positive gains were realized in our ability to (i) focus more on achieving outcomes/results both in the short-term and in the medium-to-long-term; (ii) strengthen ownership and accountability on the part of CD recipients for the achievement of results; and (iii) keep better track of our CD interventions thereby ensuring that the desired outcomes of our CD work are in line with countries' strategic priorities.

### What were the driving forces behind AFS's success?

There were primarily two driving forces—attitude and commitment. Everyone took an “*all hands-on-deck*” approach and worked assiduously to ensure that targets were met on time. We had our moments where logframes (*the way that RBM organizes the objective(s) of each capacity development project or workstream in tabular format*) had to be changed due to changing priorities of member countries, but they were all taken in stride, understanding that the RBM logframes are not set in stone. In this regard, we registered many achievements:

- Successfully launched the IMF's RBM framework within the stipulated time of May 2017. Developed a 5-year TA plan with a focus on 3-year horizon milestones; and launched the RBM project management system, which serves as the main repository for country logframes, collection of data and generation of reports for analysis
- Trained AFS Advisors and administrative staff on RBM methodology and concepts and on how to use the RBM project management tool
- Conducted outreach to AFS member countries in all topical areas
- Enhanced collaboration with IMF headquarters and other regional technical assistance centers on harmonization of practices for planning, delivery, monitoring and evaluation of CD efforts

### Can you identify some existing and emerging challenges in implementing RBM as well as some mitigating factors?

Implementing RBM in our member countries takes time and the gains may not be realized in all sectors at the same time and at the same pace. As such, there are several challenges that may affect progress in attaining the desired results from our CD efforts. Some of the more salient challenges are:

- strengthen both inreach and outreach to key decision/policy makers as a way of ensuring senior level commitment, which is critical for driving the RBM process;
- enhance RBM's reporting framework to the extent that progress can be monitored at the aggregate and/or disaggregated country/topical levels for our donor partners and MC authorities; and
- give greater focus on the medium-term rather than short-term workplans as a strategy to properly implement sustainable TA.



### AFS SEMINARS AND COURSES

AFS plans to conduct 15 [seminars and courses](#) in FY19—some jointly with partners such as AFRITACs Central, East, and West 2, COMESA, and SADC—to help countries address capacity gaps in core areas. Forthcoming seminars include:

- **Foreign Exchange Market Simulation for Central Banks** on June 25-29, 2018 in Johannesburg, South Africa |
- **Strengthening the Administration and Control of Excise** on September 3-7, 2018 in Ebene, Mauritius |
- **Medium-Term Fiscal Frameworks and Fiscal Risks** (with East AFRITAC and COMESA) on September 17-21, 2018 in Ebene, Mauritius |
- **Crisis Management and Crisis Resolution** on October 15-19, 2018 at the SARB Academy, Pretoria, South Africa

**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 2: Program Design**  
 Language: French | May 23, 2018-July 11, 2018 (7 Weeks)  
 Language: English | August 29, 2018-October 17, 2018 (7 Weeks)
- **Financial Market Analysis**  
 Language: English | May 30, 2018-July 18, 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 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](mailto:jkawaljeewan@imf.org)) or Mr. D. Chundungsing ([DChundungsing@imf.org](mailto:DChundungsing@imf.org)).

**ANNOUNCEMENTS**

**Mr. Abdoul Aziz Wane, incoming AFS Coordinator and ATI Director** will start in his new position in July 2018. Mr. Wane joined the IMF in 2001 after working as lecturer and senior lecturer at the University of Saint-Louis and University of Dakar, respectively. In the IMF, he held mission chief positions for the Republic of Congo and Guinea, resident representative positions in Mali and Guinea, and worked in the Fiscal Affairs and the Strategy, Policy and Review Departments. He holds a doctorate in economics.



**Ms. Effie Psalida, outgoing AFS Coordinator and ATI Director**, concludes her assignment in July 2018. She has been instrumental in several significant achievements at AFS and ATI, most notable of which were (i) the seamless transition from Phase I to Phase II at AFS; (ii) the successful introduction in AFS of the new IMF-wide RBM framework; (iii) enhanced partnership and networking with regional organizations and other partners; and (iv) consolidating ATI’s reputation as part of the IMF’s network of regional CD centers around the world.



**Mr. Gregory Legoff, AFS resident advisor on real sector statistics**, will leave AFS at the end of May. We congratulate Mr. Legoff on his new position as Senior Economist in the Statistics Department at the IMF’s headquarters. AFS thanks Mr. Legoff for his valued contributions during his three-year assignment at the center. Mr. Legoff joined AFS in 2015 after having held a similar position at the IMF’s Pacific Technical Assistance Centre. He contributed to the improvement of national accounts and particularly quarterly GDP estimates and source data.



**AFS STEERING COMMITTEE**



The 9th AFS Steering Committee meeting, which was held at Victoria Falls, Zimbabwe in March 2018, took note of the progress achieved by member countries in FY18 and endorsed the FY19 CD plan. The SC is the main forum to discuss CD strategy and related issues with all AFS stakeholders – members countries, development and regional partners, and IMF staff. AFS thanks Zimbabwe for hosting the meeting and for the warm hospitality provided to all delegates. Next in line to host the SC meeting is Angola tentatively planned for March 2018.

