



IMF Regional Technical Assistance Center for Southern Africa (AFRITAC South)

FY19 Annual Report July 30, 2019



AFS capacity development (CD) support to the region remains instrumental for countries to maintain reform plans on track. The milestones realized in FY19 in core areas –public financial management, revenue administration, monetary operation, banking supervision, statistics, and legal frameworks –signify continued progress by countries on their reform plans. Most CD recipients showed high commitment to strengthen institutional and human capacity through the center’s support.



The March 2019 Steering Committee (SC) endorsed several recommendations to help members make further headway and to address emerging challenges. The integration of technical assistance and training and an increased synergy with the Africa Training Institute are likely to improve the impact of CD delivery. Likewise, the increased focus on customized training tailored to the needs of countries sharing common challenges will further improve traction and peer exchanges. The SC welcomed the delivery of targeted orientation programs and increased professional attachments by the center to further adapt CD services to the needs of the region while at the same time increasing resources for fragile and low-income countries.

Adapting CD services to the pressing needs to the subcontinent has been a core consideration while formulating the annual work plan. Africa’s poor global ranking in corruption and governance has heavy social and economic costs to its people. Improving governance frameworks and strengthening institutional capacity have taken prominence in recent years. The SC welcomed the center’s work going forward in this area to support the collective efforts of multilateral institutions, including key players in the region as the Africa Union. The center will contribute to this effort through joint conferences, workshops and seminars with the ATI and other regional capacity development centers.

I would like to thank members of the SC for their valuable support through FY19. The coordinating role of SC representatives of the member countries is important for the effectiveness and ownership of the center’s CD activities. I also thank donor partners for their continued engagements with the center in the formulation of annual CD plans and for their role in supporting member countries reform plans.

II. MESSAGE OF THE COORDINATOR

During this fiscal year, the traction of AFS capacity development advice remained high. AFS countries sustained macroeconomic reforms toward their sustainable development (SDGs) and financing for development (FfD) agendas. The achievements in public financial management, revenue (tax and customs) administration, monetary and financial sector supervision, statistics, and financial and fiscal legislation supported progress toward governments' objectives to unlock growth potential, bolster resilience to shocks, improve competitiveness and business climate, and foster inclusion. If sustained, they will surely translate into tangible improvements in the populations' living standards.



AFS medium-term strategy remains aligned to Phase II priorities and takes on board recommendations of the 2018 Review of the Fund's CD Strategy. It aims to fast track outstanding reforms and adapt to the countries' evolving priorities. Reflecting CD demands from the region and the Fund's priorities, AFS will:

- ***Bolster its support to countries facing fragile conditions,*** with resources allocated to this group planned to increase by over 25 percent in FY20. It is possible that limited absorption capacity will affect these countries' ability to take full advantage of the allocated technical assistance (TA) resources. To mitigate this risk, AFS will remain flexible to accommodate new demands from these countries and deliver training to boost skills and facilitate reform implementation.
- ***Foster the integration of TA and training and adopt innovative modes of CD delivery,*** including through increased peer-to-peer learning, customized trainings, remote mentoring and, where feasible and effective, offsite CD delivery. AFS will continue to join forces with other IMF regional technical assistance centers (RTACs) to conduct joint events and collaborate with regional bodies to deliver cost-effective CD and leverage the potential of peer exchanges.
- ***Provide more support on emerging challenges.*** AFS will help countries in the region strengthen their governance and anti-corruption frameworks, including through joint workshops on areas covered by the Fund's new governance and anti-corruption framework. Similarly, resources will be appropriated to support additional work to promote gender responsive budgets.

The work program will continue to be delivered through four pillars: (i) a fiscal program aimed at raising more domestic revenue and enhancing value for money of spending programs, especially public investment, and containing fiscal risks; (ii) a monetary and financial sector program to strengthen policy frameworks, upgrade Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) frameworks and payment systems, and improve bank supervision and regulation; (iii) a statistics program to address data gaps and improve the quality and timeliness of national account and price statistics; and (iv) a cross-cutting training program to strengthen skills to fast-track implementation of ongoing reforms and support the regional integration and harmonization agendas. We will continue to tap the expertise available in the region.

This report provides an update on the CD services and the realizations of AFS countries in FY19 the priorities for FY20 and beyond. It is articulated around an overview of the macroeconomic situation in the region (Section III), fostering integration of TA and training (Section IV), an update of the execution of the FY19 work plan and the FY20 CD priorities (Section V), AFS communication and outreach strategy (Section VI), AFS Budget (Section VII), and AFS Financing (Section VIII). The report also highlights a few success stories in areas where AFS countries have achieved significant progress on their reform plans.

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INFORMATION ANNEXES (ATTACHED)

Annex I – FY20 Seminar Plan

Annex II – Key Macroeconomic Indicators

Note: Table showing the status of FY18-19 milestones and FY20-21 CD priorities are accessible from the AFS secure website

List of Abbreviations

AFC	AFRITAC Central	MCM	IMF's Monetary and Capital Markets Department
AFE	East AFRITAC	MFxMO	Money and Foreign Exchange Market Operation
AFS	AFRITAC South	ML/FT	Money Laundering/Financing of Terrorism
AFW2	AFRITAC West 2	MoF	Ministry of finance
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism	MTBF	Medium-term budget framework
APA	Advance Pricing Agreement	MTEF	Medium-term expenditure framework
ATAF	African Tax Administration Forum	MTFF	Medium-term fiscal framework
ATI	Africa Training Institute	NAMRA	Namibia Revenue Agency
BCBS	Basel Committee on Banking Supervision	PBO	Parliamentary Budget Office
BSR	Banking Supervision and Regulation	PCA	Post Clearance Audit
CA	Customs Administration	PFM	Public Financial Management
CABRI	Collaborative Africa Budget Reform Initiative	PFMI	Principles of Financial Market Infrastructures
CD	Capacity Development	RBM	Results-based management
COA	Chart of Accounts	RBS	Risk-based supervision
COMESA	Common Market for Eastern and Southern Africa	RSS	Real Sector Statistics
CPI	Consumer Price Index	RM	Risk Management
CRM	Compliance Risk Management	RMTF	Revenue Mobilization Thematic Fund
ESAAG	East and Southern African Association of Accountants-General	RTAC	Regional technical assistance center
FAD	IMF's Fiscal Affairs Department	RTGS	Real Time Gross Settlement
Fintech	Financial Technologies	SACU	Southern Africa Customs Union
FMI	Financial Market Infrastructure	SADC	Southern African Development Community
FPAS	Forecasting and Policy Analysis System	SARB	South African Reserve Bank
FRS	Fiscal Risks Statement	SC	Steering Committee
FSSR	Financial Sector Stability Review	SDDS	Special Data Dissemination Standard
FTE	Full-time equivalent	SOE	State-owned enterprise
FY	Financial Year	SPR	IMF's Strategy, Policy and Review Department
GDP	Gross Domestic Product	SSA	Sub-Saharan Africa
ICD	IMF's Institute for Capacity Development	TA	Technical Assistance
IFMIS	Integrated Financial Management Information Systems	TADAT	Tax Administration Diagnostic Assessment Tool
IFRS	International Financial Reporting Standards	VAT	Value-Added Tax
IMF	International Monetary Fund	WCO	World Customs Organization
IPSAS	International Public-Sector Accounting Standards	WEO	World Economic Outlook
LEG	IMF's Legal Department	ZIMRA	Zimbabwe Revenue Authority
LTO	Large Taxpayer Office	ZRA	Zambia Revenue Authority
LTU	Large Taxpayer Unit		

III. OVERVIEW OF THE MACROECONOMIC SITUATION IN THE REGION

Growth performance of AFS countries has picked up recently. Economic activity in the the AFS region expanded by 2.4 percent in 2018 with all countries, except Angola and Namibia, recording positive growth. Relative to the three preceding years, growth however decelerated in six countries representing over 80 percent of the region's economic activity. Growth remained subdued in South Africa, the largest economy of the region, on the back of policy uncertainty. There are indications that inflationary pressures are easing in some countries, but it does remain high in a few other AFS countries –mainly Angola and Zimbabwe. The inflation outlook for Zimbabwe reflects continued exchange rate pass-through and uncertainty about the currency reform.

The growth performance however masks challenges, including fiscal woes, poor governance frameworks, corruption, weak institutions, low productivity, poor infrastructure, and inequality. Low diversification with very limited revenue sources –mainly oil exporting (Angola) and resource-intensive countries (Botswana, Namibia, South Africa, Zambia, and Zimbabwe) remain vulnerable to price volatility.

Figure 1. Real GDP growth rate

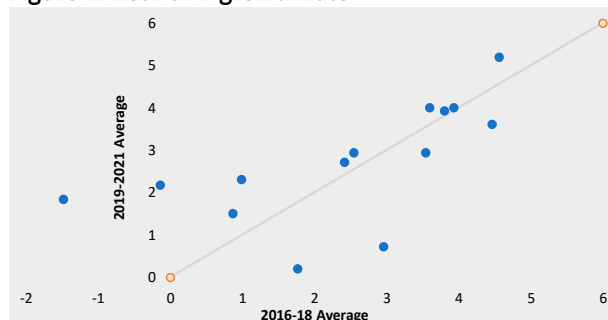
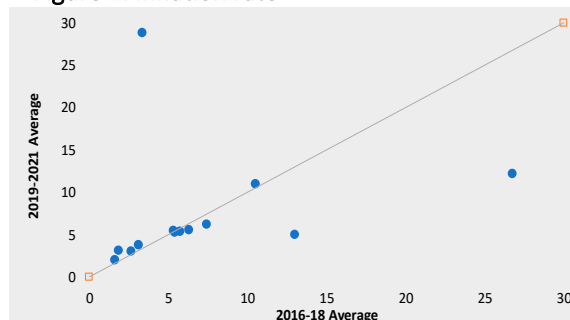


Figure 2. Inflation rate



Source: IMF World Economic Outlook Database, April 2019

Recent fiscal performance among AFS countries shows mixed trends. The share of government revenue to GDP declined in six countries in 2018 relative to the three preceding years, thus contributing to higher debt financing and deteriorating debt ratios. While in some countries the debt level remains low as a share of GDP, the trend is on the rise. The Southern African Customs Union (SACU)¹ countries increasingly face fiscal challenges from declining revenue. Risks of further deterioration of fiscal conditions loom high in the absence of increased revenue mobilization efforts and improved expenditure management.

Figure 3. General Government Revenue, percent of GDP

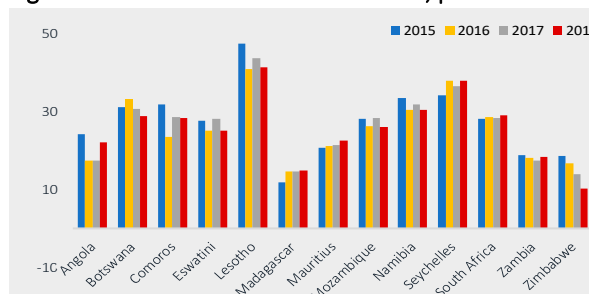
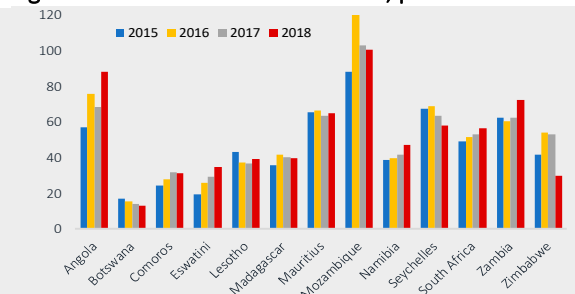


Figure 4. General Government Debt, percent of GDP



Source: IMF World Economic Outlook Database, April 2019

¹ The SACU includes Botswana, Eswatini, Lesotho, Namibia, and South Africa.

With debt level reaching peaks, the fiscal space to spur inclusive growth is shrinking. In 2018 general government debts as a share of GDP were at their highest level or very close to the decade peak in seven out of the 13 AFS countries. Banks' rising exposure to the government, combined with high interest rates, indicate potential macro-financial vulnerabilities for Mozambique. Reducing public debt below 50 percent of GDP by 2021 while financing large infrastructure projects planned in the coming years signifies policy challenges for Seychelles. Bringing public debt to a sustainable level under a declining SACU revenue scenario risks taking more time for Namibia.

Sustaining CD efforts in the region to further strengthen the capacity of member countries to formulate and implement sound policies thus remains essential for the region. To better assist countries in addressing the challenges IMF, supported by the RTACs, encourages early engagement from authorities in the formulation of CD priorities. With a medium-term orientation underpinned by the results-based management (RMB) framework, many member countries are now playing a leading role in that process resulting in increased traction on the implementation of reforms. Countries facing fragile conditions or increased vulnerabilities from adverse external developments need more tailored support to ensure progress on reform plans.

IV. FOSTERING INTEGRATION OF TECHNICAL ASSISTANCE AND TRAINING



In support of the IMF's new capacity development strategy to improve the CD services to its membership, the center has been innovating on CD delivery to ensure integration of TA and training.

Increased synergies between AFS, ATI, and other RTACs in recent years has helped realize significant efficiency gains and expand the peer learning horizon. AFS CD strategy for FY20 and beyond will help:

- **Increase peer exchanges through joint seminars and courses:** Increased number of jointly conducted seminars and courses with the ATI and other RTACs will allow peer exchanges with countries outside the AFS region and provide access to a broader set of topical subjects to participants. In FY19 joint events involved partners as the ATI, East AFRITAC (AFE), AFRITAC Central (AFC), and AFRITAC West 2 (AFW2)². Increasing interest is noted on peer exchanges with a wider group of countries.
- **Further strengthen the training element of TA missions:** To strengthen CD delivery and to fast-track execution of reforms, AFS TA missions increasingly include in-country customized training through one-/two-day workshops. More hands-on training, for instance on macro-fiscal framework, program-based budgeting, tax and customs administration, and banking supervision have allowed countries to make timely progress on milestones.

² Around five are also in coordination with the COMESA.

Broadening Modalities of CD Delivery Through Tailored Orientation Programs

Customized Orientation Programs: Innovating on the mode of CD delivery, the center is now supporting countries demand for tailored orientation programs for new recruits. An orientation program held at the Bank of Mauritius allowed participants from nine countries to get critical insights on the evolution of central banking and financial markets. The program was timely as several central banks across the region are modernizing their structures to cope with new challenges. Beyond its capacity-building aspects, participants had the opportunity for peer-learning and networking, in line with the spirit of regional Integration and harmonization of operations and standards across the continent. To address the special challenges in CD delivery in some countries, mainly those facing fragile conditions, AFS plans similar tailored orientation programs in FY20. The plan includes one program for Comoros in monetary, financial sector and payments systems areas. This is also expected to boost absorption capacity.



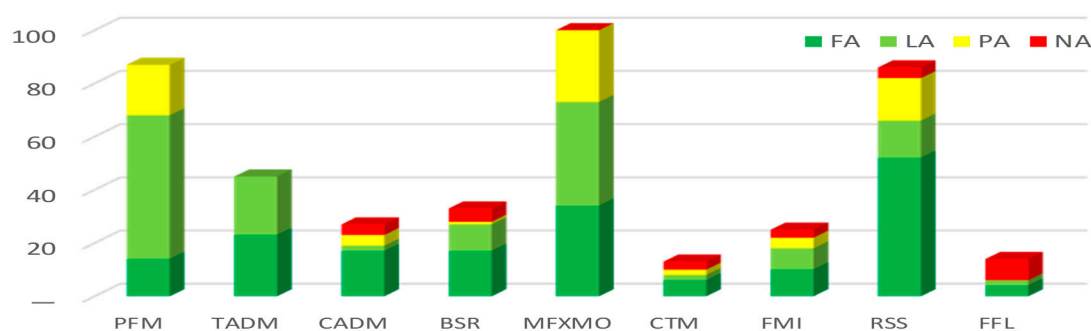
- **Realize efficiency gains through exchange of resource persons:** To take advantage of the proximity of resident advisors with member countries' ongoing works, the center has also been encouraging the exchange of resource persons across IMF CD centers in the region –an approach which at the same time is contributing towards efficiency gains. Some examples of such collaboration are highlighted below.
 - AFS resident advisor on tax administration participated as a resource person in an ATI course on [‘Tax Policy and Administration: Theory and Practice’](#) aimed at broadening the knowledge of participants on the main challenges facing governments in the design, administration, and monitoring of a modern tax system.
 - AFS resident advisor on real sector statistics participated as a resource person in an AFE workshop to provide training in compiling supply and use tables in the national accounts.
 - AFS resident advisor on banking supervision and regulation has been participating as resource person in the seminar on ‘Core Elements of Supervision’ at ATI for the last 3 years. In FY19 the advisor was the course coordinator.
 - PFM advisors participated as resource persons in an AFE regional workshop on the ‘Use of Macro-Fiscal Forecasting Tools’ and also contributed to a panel discussion for ATI/ICD course on ‘Fiscal Policy Analysis’.
 - AFS resident advisor on monetary policy operation provided a seminar in communications for the AFE region as part of the exchange of resources between AFS and AFE, where the resident advisor from AFE instead provided for part of the workshop/TA mission to Mauritius on ‘Monetary Policy Implementation’. The exchange aimed at optimizing the respective areas of

- expertise among the resident advisors in the region. In conjunction with this seminar the resident advisor also participated in a regional high-level conference on central bank communication in Kigali organized by the Central Bank of Rwanda.
- AFS also tapped the expertise of ATI resource persons in workshops (e.g., orientation program at BoM) and TA missions (e.g., Mauritius on FPAS and SADC on Economic Review Workshop).
 - **Expand participation of country officials as observers in TA missions, in consultation with IMF HQ:** To build on the ongoing efforts in integrating TA and training and to increase the pool of experts in the region, the center has been encouraging officials from the region who work closely with the TA missions or who are directly involved in the implementation of TA recommendations to participate in AFS missions. This approach helps build capacity and the regional pool of experts as well as providing peer learning opportunities from countries. AFS encourages authorities to remain flexible on the participation of officials in TA missions as observers and to contribute to increasing the regional pool of experts.

V. EXECUTION OF FY19 WORK PLAN AND FY20 CD PRIORITIES BY TOPIC

AFS countries continued to implement reforms in core areas as indicated by the progress on milestones³ and towards achievement of outcomes. By end-April 2019, 76 percent of the milestones set for FY18 and FY19 were either fully or largely achieved by countries, while progress was noted on 17 percent. This reflects a strong ownership of the CD program at the political and/or top management level. The number of milestones targeted and their status at end-April 2019 however varied across CD projects (Figure 5). The topical sections of the report highlight the main factors contributing to this performance.

Figure 5. Number and Status of FY18 and FY19 milestones by project



FA = Fully achieved LA = Largely achieved PA = Partially achieved NA = Not achieved
 PFM—Public Financial Management; TADM—Tax Administration; CADM—Customs Administration; BSR—Banking Supervision and Regulation; MFXMO—Money and Foreign Exchange Market Operation; CTM—Customized Training (Mozambique); FMI—Financial Market Infrastructure; RSS—Real Sector Statistics, FFL—Financial and Fiscal Law
Source: AFS Staff

The achievement of milestones has been good but varies across countries. Some delays in the achievement of milestones are partly explained by the materialization of implementation risks—mainly security concerns or elections temporarily halting TA missions; re-prioritization of CD needs; and cancellation/postponement of missions by authorities. While such developments hinder the smooth delivery of the planned CD program, AFS has been flexible in revisiting the work plan and in

³ The status of milestones in this report is as of end-April 2019.. Milestones have been rated as fully, largely, partially or not achieved in line with the new RBM framework.

accommodating new emerging priorities of member countries and regional partners. The FY19 work plan remained aligned with the phase II program and the priorities set for the year.

Through FY19 AFS also continued to support regional harmonization and integration efforts with tailored TA as well as regional and sub-regional customized seminars, workshops, courses, and peer learning activities. AFS conducted 14 seminars⁴, two ICD-led courses and funded the participation of officials from AFS countries attending ATI courses, and an increased number of sub-regional seminars, tailored in-country workshops, and professional attachments. AFS regional work continued to be complemented by IMF HQ-based and online courses led by ICD and courses provided by the ATI.

The volume of CD services was around 17.9 in full-time equivalent (FTE) years with around a quarter going to the three AFS countries facing fragile conditions (Table 1). Resource allocation across countries varied depending largely on the traction in reform implementation and the level of absorption capacity of CD recipients.

Table 1. FY19 Resource Allocation, by country and by topic, in full-time equivalents (FTEs) years

	BSR	CA	FFL	FMI	MPO	PFM	RSS	TA	Training 1/	Others 2/	Total
Regional 3/	0.9	0.9		0.0	0.8	2.1	1.2	0.7	0.2	0.4	7.2
Angola	0.1	0.1	0.1		0.0	0.1	0.1	0.2		0.0	0.7
Botswana		0.1	0.1	0.0	0.4	0.3	0.1	0.1		0.0	1.1
Comoros	0.1	0.2				0.3	0.2	0.2		0.0	1.0
Eswatini		0.1	0.1			0.5	0.1	0.1			0.9
Lesotho	0.1	0.1				0.3	0.1	0.0			0.7
Madagascar		0.1	0.2		0.0	0.4	0.1	0.1			0.9
Mauritius	0.1	0.1		0.0	0.2	0.2	0.1	0.1			0.8
Mozambique	0.0	0.1	0.0			0.2	0.1				0.4
Namibia	0.0	0.2		0.1		0.2	0.1	0.2		0.0	0.8
Seychelles	0.1	0.1			0.1	0.7	0.1	0.1			1.1
South Africa	0.1			0.1		0.0	0.1	0.1			0.4
Zambia	0.0	0.2		0.1	0.2	0.3	0.1	0.1			1.0
Zimbabwe		0.2				0.0	0.1	0.6		0.0	0.9
Total	1.6	2.2	0.6	0.3	1.7	5.9	2.5	2.6	0.2	0.4	17.9
Fragile countries	0.3	0.7	0.2	0.0	0.2	1.3	0.6	1.0	0.0	0.1	4.5
Share of total	18%	34%	37%	3%	11%	22%	26%	39%	23%	24%	25%

1/ Includes ICD-led macroeconomic training courses 2/ Includes RBM awareness and outreach.

3/Includes regional and sub-regional seminars, organization of peer learning (professional attachments and country officials' participation on missions as observers), backstopping, project management, and remote mentoring by resident advisors.

Source: AFS Staff

FISCAL PROGRAM –CONSOLIDATING GOVERNANCE FRAMEWORKS FOR IMPROVED FISCAL PERFORMANCE

Helping country authorities improve budgeting processes and management of fiscal risks has been the fiscal program's focus this year. AFS work included:

- supporting ministries of finances to strengthen medium-term fiscal frameworks (MTFF) and budgets by strengthening forecasting tools, budgeting processes, and better institutional cooperation;
- providing hands-on assistance on management of fiscal risks arising from economic environment, budget execution, public enterprises, sub-national governments, wage bill, and pension systems;
- supporting ministries of finances to better execute the budget and manage public investment by putting in place well-designed procedures and regulations;

⁴ 11 jointly with other AFRITACs and regional partners.

- providing hands-on assistance on improving cash management and preventing expenditure arrears by developing guidelines and strengthening institutional arrangement;
- supporting governments to improve fiscal reporting and transparency by upgrading budget classification and accounting systems;
- training government officials by delivering regional seminars and several country-tailored workshops;
- promoting peer sharing –attachment programs and country official’s participation in TA missions; and
- supporting regional integration by collaborating with regional organizations.

PUBLIC FINANCIAL MANAGEMENT – Building on Country Achievements Through Customized Training and Peer Exchanges -- Sybi Hida, and Robert Clifton



Execution of FY2019 PFM Work Plan

In FY19, support was provided to strengthen medium-term fiscal and budget frameworks (MTFF and MTBF), public investment management, fiscal risks management, and accounting and fiscal reporting (Box 1 and 2). Overall, implementation has been broadly in line with plans. However, several missions to Angola and Zimbabwe were postponed at the request of the authorities.

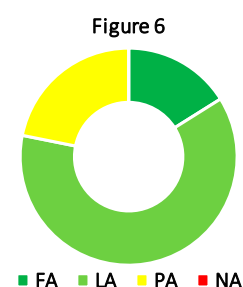
The main achievements by strategic objective in FY19 were:

- **Comprehensive, Credible and Policy-Based Budget Preparation:** Eswatini developed the baseline MTFF 2019-2021 and a MTFF preparation methodology; Zambia was supported to develop revenue forecasting methodologies; Mozambique is formulating a Macro-Fiscal Forecasting Manual; Angola and Botswana are strengthening their MTFF; Lesotho is building a macro-fiscal forecasting model; Comoros and Namibia developed a manual for budget preparation, Seychelles was supported to develop a baseline costing methodology; while Zimbabwe was supported to extend the strategic phase of the budget.
- **Strengthened Identification, Monitoring and Management of Fiscal Risks:** Seychelles published a Fiscal Risk Statement (FRS) including a state-owned enterprise (SOE) chapter; South Africa was supported (FAD and AFS) to run a Fiscal Stress Test; Botswana was supported to develop a new tool for financial oversight of the SOEs; while Namibia and Madagascar were supported in developing a FRS.
- **Improved Budget Execution and Control:** Madagascar and Mauritius have strengthened the role of the finance ministries in the management of public investment. AFS supported these countries to implement respectively the national public investment management strategy and action plan, and the manual for the appraisal and selection of public investment projects (both developed with

previous assistance from AFS). Botswana was supported to put in place procedures for capital project appraisal and selection and improved implementation. Mozambique received support on the management and prevention of expenditure arrears and the development of a national strategy for expenditure control and financial programming (in collaboration with FAD). Comoros and Madagascar continued building and sustaining financial controls and streamlining the wage bill management and pension systems frameworks. Angola was supported to improve its current procedures for budget execution and controls. Eswatini is being supported to develop the new PFM regulations. Lesotho was supported in aligning its Chart of Accounts (CoA) to GSFM2014 in conjunction with its planned IFMS upgrade. Namibia was also advised on revising the CoA and upgrading the IFMS.

- **Improved Coverage and Quality of Fiscal Reporting:** Botswana and Mauritius received support to assess the coverage and quality of the annual financial statements for FY 2017/18 against international public-sector accounting standards (IPSAS). A final draft of Public Asset Management Policy and Procedures was developed in Botswana. Guidance was provided to Comoros to further improve the reliability and relevance of the financial statements for decision-making purposes. In Namibia and Eswatini, support was provided to guide the implementation of its upgraded version of IFMIS, and to improve system controls for budget execution and financial reporting. Seychelles developed a new Government Accounting Manual.
- **Improved Integration of Assets and Liability Management Frameworks:** Lesotho has developed cash management guidelines and has strengthened the institutional arrangements for improved cash flow forecasting. Zambia is enhancing the regulatory and institutional arrangements for cash management and better integration of cash and debt management functions.

Progress on PFM milestones has thus been good with 78 percent FY18 and FY19 milestones either fully or largely realized (Figure 6). The achievement rate of milestones varied widely across countries, from 25 percent to 100 percent. The differences reflect many factors: how ambitious the targets were, the authorities' ownership, changes in country priorities, progress in implementing PFM reforms, the difficulties associated with the implementation of more complex second-generation (i.e. accrual-basis IPSAS, fiscal risks related to SOEs) and sensitive (wage bill and pensions, transparency) reforms.



Deferrals of milestones may be attributable to the postponements of TA activities at the request of the authorities mainly because of political events (Comoros, Madagascar and Zimbabwe), and a slower-than-expected pace of implementation of past TA recommendations (Angola, Botswana, Lesotho, Zambia) because of limited capacities and/or the political risk embedded in some reforms (FRS, wage bill and pensions management, PIM, public sector debt).

FY19 Regional Seminars and Customized Trainings

Regional and sub-regional seminars:

In collaboration with COMESA and AFE, AFS conducted two regional seminars and trained government officials during TA missions. Regional activities and in-country workshops included: two regional seminars: (i) MTFF and fiscal risks and (ii) Public Sector Accounting and Fiscal Reporting and the move towards IPSAS; two workshops in Eswatini on macro-fiscal forecasting and on budget preparation and expenditure rationalization; two workshops in Namibia on fiscal risks management and on IFMS/CoA; one workshop in Mozambique on fiscal risks management, in Seychelles on fiscal risks analysis and financial oversight of SOEs, in Zambia on strengthening macro-fiscal and cash forecasts; in Botswana on SOE ownership and financial oversight; in Mauritius on PFM for new Ministry of Finance (MoF) recruits and in Botswana on public investment management.

Professional attachment program:

- One official from Seychelles participated in an AFS TA mission in Eswatini to contribute to the mission by sharing the Seychelles experience on building macro-fiscal forecasting capacities and advising on strengthening macro-fiscal forecasting in Eswatini.
- One official from Mauritius participated in a TA mission in Seychelles to develop the accounting manual.
- Officials from Botswana and Zimbabwe participated in and contributed to the regional macroeconomic forecasting workshop in Rwanda.
- Four staff (two self-funded) from the Botswana's Accountant General's Office participated in a 5-day attachment to the Treasury of Mauritius to learn about advanced practices in cash management.

Participation in regional events:

AFS participated in and contributed to two Southern African Development Community (SADC) sub-committees –the meeting of SADC Central Bank Governors on IMF PFM manuals and technical tools; and the meeting of SADC Macroeconomic Sub-Committee on the role of AFS in supporting regional integration. AFS also actively participated in the annual seminar of African Parliamentary Budget Offices (PBO) hosted by the South African PBO.

Box 1: Selected regional achievements in PFM reform (Namibia)

During 2017-18 AFS supported the budget management team in MoF to develop and utilize better tools for budget preparation. Some missions designed and tested a budget tool for the compilation of the detailed Estimates and MTEF budget documents. At the same time the budget submission templates were simplified both in terms of the level of costing detail required as well as a rationalization of the program performance indicators presented in the budget. Finally, AFS supported compilation of a technical manual documenting the design and functionality of the tool and the detailed steps necessary for the annual update. As a result of this support, the budget submission and compilation process were streamlined. AFS collaborated with The European Union on PFM reform project at MoF, which also provided TA support.

Box 2: Selected regional achievements in PFM reform (Seychelles)

A close collaboration between the authorities and AFS during 2017-18 resulted in the publication of the first comprehensive FRS as part of the 2019 budget. The publication of the FRS by December 2018 was also a reform target under the IMF Policy Coordination Instrument. After a joint FAD and AFS diagnostic mission in April 2017, AFS and the authorities worked together through a series of TA missions: in the form of training, hands-on support, and coaching. The AFS experts worked closely with the staff of main departments in the MoF, Trade, Investment & Economic Planning and with the Public Enterprises Monitoring Commission (PEMC), the unit responsible for monitoring and evaluation the overall performance of Public Enterprises (PE). In addition to the publication of the FRS, the PEMC published the 2017 PE annual report also analyzing the fiscal risks for PEs and from PEs to the government budget.

FY20 TA Priorities

In line with the phase II program and the regional harmonization agendas set by COMESA and SADC, and in coordination with the FAD and other TA providers, the FY20 focus will remain on:

- continuing engagement in those countries which need to: (1) secure basic PFM system integrity; (2) make progress on medium-term fiscal planning and budget processes; (3) strengthen fiscal risks and public investment management; (4) move towards more advanced accounting standards; and (5) strengthen the PFM resource base including improved structures, skills sets, systems, management, and funding; and
- regional cooperation and convergence for fiscal process complementarity and common standards.

FY20 interventions in PFM will be targeted towards the different strategic objectives depending on the execution of the ongoing as well as new PFM reforms envisaged by member countries. This will include interventions towards

- comprehensive, credible, and policy-based budget preparation (All AFS countries);
- improved asset and liability management (Eswatini, Lesotho, Mauritius, and Zambia);

- improved budget execution and control (Comoros, Madagascar, Mauritius, Mozambique, and S. Africa);
- improved coverage and quality of fiscal reporting (Botswana, Comoros, Eswatini, Lesotho, Mauritius, Namibia, Seychelles, and Zambia);
- strengthened identification, monitoring, and management of fiscal risks (Botswana, Madagascar, Mozambique, Namibia, Seychelles, Zambia, and Zimbabwe); and
- stronger PFM laws and institutions (Botswana, Mozambique, and Eswatini).

FY20 Regional Training and Peer Learning Program

Regional activities will include two regional seminars jointly with COMESA/AFE and several sub-regional seminars bringing together selected countries to promote cross pollination through peer learning approaches of good practices in debt management, macro-fiscal forecasting, budget preparation and fiscal accounting and reporting. Topics will include strengthening gender responsiveness and improving budget transparency and strengthening debt and public wealth management. Where possible, these seminars will be organized jointly with COMESA and AFE and in cooperation with ATI. In addition, the PFM team plans to deliver more customized training for member countries on specific topics or areas of common interest.

Regional activities on PFM will also include secondments between MoF under the professional attachment program and participation of officials in missions as observers. Further opportunities for cooperation with COMESA, SADC, ESAAG and CABRI among others will be pursued on regional priorities including fiscal responsibility laws, MTFF/MTBF, fiscal risks and fiscal reporting and PFM convergence criteria.

Sector Specific Risk and Risk Mitigation

PFM specific risks remain:

- **Weak engagement at the political and senior management level.** AFS will engage ministers and senior staff on the implementation of the RBM framework to foster ownership.
- **Political and economic turbulence.** This could imply reallocating resources to other outcomes or countries; providing training/workshop when in-country missions are difficult; and continuing to respond positively to urgent requests. AFS will seek also to deliver CD services through innovative ways such as meetings in third-party countries and /or video conferencing.
- **Capacity constraints.** The aim is to align mission outputs to country capacity and phase implementation; adopt mentoring and workshop approaches to build capacity; and expand peer learning opportunities.

TAX ADMINISTRATION-Towards a Strong Revenue Administration Management and Improved Governance

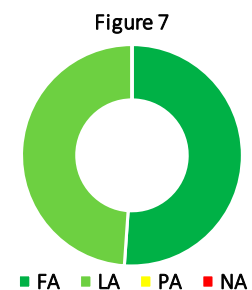
Thabo Letjama



Execution of FY2019 Tax Administration Work Plan

AFS supported tax administrations to strengthen their core tax functions and strengthen their revenue administration management and governance arrangements. By end of FY19, all the targeted FY18 and FY19 milestones were either fully or largely achieved (Figure 7). Key achievements noted during the period included:

- **Angola:** The Angolan revenue administration enhanced readiness of the tax administration IT systems to administer an efficient and effective value-added tax (VAT) regime.
- **Botswana:** Capacity of the large taxpayer unit (LTU) of the Botswana Unified Revenue Service to audit taxpayers in the financial sector was strengthened through inhouse training and practical guidance.
- **Comoros:** Capacity of Comoros LTU was strengthened to enhance on-time filing and payment compliance by large taxpayers through training and guidance of officers. The organizational structure for the LTU was reviewed and advice provided on the required enhancements. Additionally, human resource practices and procedures were reviewed, and advice provided for improvement.



Box 3. Comoros increases tax revenue to GDP by 6.6 percentage points

A series of missions to Comoros since FY17 focused on strengthening compliance management activities of the Comorian tax administration. AFS worked with the authorities and collaborated with other development partners to establish a large taxpayer office (LTO). This entailed selecting large taxpayers; developing their tax files in a manual environment; monitoring their filing and payment compliance; and making reminders and follow-ups on incidences of non-compliance. AFS assistance also helped the tax administration to establish the tax arrears balance and to develop a strategy for enforcing collections. Audit plans were developed, auditors trained and guided to resolve taxpayer audit cases. Tax revenue has since increased by 6.6 percentage points relative to GDP from a low of 11.1 percent in 2015 to a projected 17.7 percent by end of 2018.

- **Lesotho:** Strengthened capacity to effectively manage compliance risk through training on data analysis and intelligence development.
- **Mauritius:** Mauritius Revenue Authority (MRA) reviewed its taxpayer communication strategy to enhance voluntary compliance. It also started using advanced data analytics to better manage corporate priorities through effective compliance risk management (CRM) and enhanced integrity.
- **Madagascar:** Further built audit capacity and reduced tax arrears from Ariary 779 billion to Ariary 414 billion between December 2017 and December 2018.
- **Namibia:** The MoF developed a medium-term strategic management framework for fully establishing and modernizing the Namibia Revenue Agency (NAMRA).
- **Seychelles:** The Seychelles Revenue Commission developed business specification requirements for acquiring and implementing a new tax administration system.
- **South Africa:** The South African Revenue Service strengthened its audit capacity through training tax and customs auditors on transfer pricing and developing an advance pricing agreement (APA) policy.
- **Eswatini:** Enhanced LTU's capacity to run effective risk-based audits for taxpayers in the financial sector.
- **Zambia:** Conducted matching of tax and customs data to enhance the ability of the Zambia Revenue Authority (ZRA) to better manage corporate priorities through effective CRM.
- **Zimbabwe:** Made significant achievements in the following five areas: (i) developed a new corporate strategy for 2019-2023, built tools to be used in monitoring progress; and is putting in place mechanisms for evaluation of effective implementation of reforms; (ii) identified strengths and weaknesses of the tax administration through a tax administration diagnostic assessment tool (TADAT) exercise; (iii) prioritized reform needs following the TADAT findings, scoped and designed a revenue strategy for the medium-term supported by the Revenue Mobilization Thematic Fund

(RMTF) of the IMF: (iv) enhanced CRM capacity through data-matching of customs and tax data for top importers and exporters; and (v) reviewed the functionality of the Integrated Tax Administration System to ensure its adequacy in enabling Zimbabwe Revenue Authority (ZIMRA) tax administration operations.

FY19 Peer Learning Program and collaboration with Partners

- **African Tax Administration Forum (ATAF):** AFS resident advisor attended a special ATAF strategy workshop which contributed towards development of its 2019 work plan. The advisor also attended the fifth ATAF General Assembly (GA) and was a member to a panel that discussed the need for new solutions to enhance domestic resources mobilization in Africa. The GA was attended by Commissioners General from 38 African member countries, development partners, and some tax practitioners from the continent.
- **SADC:** The SADC Tax Sub-Committee was acquainted to AFS revenue administration capacity building program and its support to regional harmonization and integration agenda.
- **Mozambique:** The Mozambican revenue administration strengthened its capacity to register taxpayers through an attachment of three officers to the revenue administration office of Brazil.
- **Mauritius and Zambia:** Strengthened their capacity for data analysis and development of intelligence for CRM by the participation of one official from Mauritius and two from Zambia in an AFS joint tax and customs data matching mission to Zimbabwe.

Box 4. Namibia establishes a revenue authority

AFS supported the MoF to establish a revenue authority. TA missions spanning across almost two years worked with the NAMRA team and delivered the following milestones: developed the plan for establishing the authority; proposed the organizational structure; developed a change management and communications plan to engage stakeholders for buy-in; reviewed the NAMRA establishment Act and provided advice on its provisions and powers; and, advised on project management principles and governance structures. The TA also reviewed the job profile for the Commissioner. The NAMRA Act was passed by parliament and it established NAMRA to be effective at a date to be announced by the Minister. The Board of Directors has been appointed and the process for recruitment of the Commissioner has started. AFS also developed a medium-term strategic management framework to be considered for adoption by the NAMRA Board.

There are still some challenges to overcome in many tax administrations in the region to enhance their effectiveness in compliance management. These include:

- lack of quality data and ability to analyze it to derive intelligence to be utilized in effectively managing compliance and managing performance of the revenue administration. Even with automation, use of data as a strategic resource for decision making and management control has not significantly improved;
- undocumented/weak procedures creating space for lack of integrity, lapses in good governance, and corruption;
- weak commitment and support by management to implement TA recommendations manifesting largely in inadequate resources allocation to reforms, limited monitoring of progress, and no accountability for desired results; and
- limited capacity to manage strategic reforms resulting in unrealized benefits from reform efforts.

FY20 TA Priorities

The tax administration plan for FY20 focuses on the following outcomes:

- **A larger proportion of taxpayers meet their payment obligations:**
 - **Comoros:** Further training and guidance to the LTO to enhance collection of tax arrears.
 - **Madagascar:** Review progress on arrears management and recovery strategy and provide further guidance and support.
- **Audit and other verification programs effectively ensure accuracy of reporting:**

- **Botswana:** Further training and guidance to build capacity of the LTU to enhance accuracy of reporting by taxpayers in the finance sector.
- **Comoros:** Criteria for selecting audit cases developed, annual audit plan developed and, LTO auditors guided to implement the plan.
- **Madagascar:** National risk-based audit plan and audit quality standards developed, and implementation support provided.
- **Mauritius:** Progress on implementation of advanced data analytics and establishment of an Analytics Unit reviewed, and further guidance provided to strengthen capacity.
- **South Africa:** Advanced transfer pricing course developed, rollout of the course started, APA framework adopted, and implementation support provided.
- **Eswatini:** Compliance improvement plan and organizational arrangements being implemented under the RMTF reviewed and capacity of the LTU to enhance compliance of the insurance sector further strengthened.
- **Zimbabwe:** Further training provided to strengthen capacity to audit the telecoms sector.
- **Mozambique:** Training and guidance provided to strengthen audit capacity.
- **Capacity to reform increased due to clear reform strategy:**
 - **Angola:** Support provided to implement and monitor a new strategy for 2020-24 developed in FY19.
 - **Comoros:** Priorities for reform identified through a strategy setting mission.
 - **Madagascar:** Priorities for reform identified through a strategy setting mission.
 - **Namibia:** Further support provided to implement NAMRA as a functional and effective organization.
 - **Seychelles:** Strengths and weaknesses of the tax administration identified through a TADAT mission.
 - **Zimbabwe:** Further training and guidance provided to ZIMRA strategy coordination team to implement the 2019-23 strategic plan and progress on implementation of RMTF program reviewed.
- **Corporate priorities are better managed through effective risk management (RM):**
 - **Zambia:** Training and practical guidance provided to strengthen capacity to analyze data and gather intelligence for effective CRM.
 - **Lesotho:** Further support provided to build an effective data analysis capability.
- **Effective implementation of a new tax or modernized legislation:**
 - **Angola:** Support provided to upgrade IT systems to enable effective administration of VAT.
- **Taxpayer services initiatives to support voluntary compliance are strengthened:**
 - **Comoros:** Taxpayer services strategy developed and submitted to the authorities.
 - **Madagascar:** Taxpayers services strategy and standards developed and guidance provided for effective implementation.

FY20 Regional Training and Peer-Learning Program

To deepen regional harmonization through focused seminars, courses, peer learning initiatives, and regional networking, the following initiatives will be undertaken:

- a joint AFE/AFS/AFW2 regional seminar on revenue administration governance;
- a customized seminar on techniques for taxpayer audit for Madagascar and Comoros;
- participation in the SADC tax committee and events hosted by regional CD institutions;
- arrangement of professional attachments for at least one AFS country; and
- participation of at least one country officer in an AFS TA mission.

Sector Specific Risk and Risk Mitigation

Risks to attainment of objectives in tax administration include:

- lack of capacity to effectively manage strategic change and reforms;
- instability in top management impacting on sustainability of agreed direction and reforms;
- insufficient political support for addressing major compliance risks in some administrations;
- insufficient management commitment to set direction, provide counterpart resources, and to put in place accountability measures; and
- security concerns resulting in postponement of missions.

Mitigation measures include assisting countries to:

- strengthen their capacity for managing reforms and putting in place effective strategic management methodologies;
- guiding revenue administrations on effective change management and stakeholder engagement processes to gain support for the reforms; and
- making specific recommendations in TA reports for management accountability and demonstrable support to the reforms.

Box 5. ZIMRA Data Matching Project

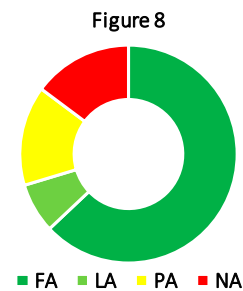
The data matching project assisted ZIMRA to identify compliance risks in registration, filing, payment, and accurate reporting of taxpayers. The project assisted ZIMRA to review data from the largest 116 importers and 16 exporters which represented over 70 percent of the total value of imports and 85 percent of the total value of exports in Zimbabwe. It ranked and scored all the identified major traders across 98 compliance risk factors; identified significant compliance risks in 2016 totalling several US\$ billion in trade value as well as systemic risks to revenue; and, prepared a detailed action plan (short- and medium-term) to validate the anomalies and mitigate against the identified potential risks of non-compliance. The plan has been agreed and is being implemented with ongoing support from AFS.

CUSTOMS ADMINISTRATION –Expanding Trade Opportunities and Modernizing Customs Administrations Philip Wood



Execution of FY19 Customs Administration Work Plan

The customs program continued to provide CD to support countries in delivering their core mandate of maximizing revenue collection, facilitating trade, and protecting society from prohibited and restricted goods such as drugs and firearms. TA missions were fielded to eleven-member countries during FY18 and FY19 to support progress in these areas. Out of 27 milestones 19 (70 percent) were fully or largely achieved (Figure 8). Key achievements noted during the period include:



- **Angola:** Strengthened management and leadership through delivery of a two-week training course to senior managers in customs and tax.
- **Comoros:** Customs Code and supporting regulations were drafted to comply with best practice standards. A revised procedures manual was prepared.
- **Eswatini:** Excise duties management and compliance workshop delivered, and an action plan approved to improve the control and monitoring of excise operators.
- **Lesotho:** Strengthened post clearance audit (PCA) capacity through delivery of training and the development and implementation of annual audit plans based on a risk assessment.
- **Mauritius:** Developed analytical capacity through the completion of a data matching exercise and assisted with the establishment of a specialist unit to utilize available data for risk profiling across both tax and customs.
- **Mozambique:** Supported the implementation of an action plan designed to further develop PCA capacity.
- **Namibia:** Strengthened the RM and enforcement functions.
- **Seychelles:** Designed a pilot program for the implementation of a Control and Management Assurance Framework to improve transparency and integrity.
- **Zambia:** Developed analytical skills through the completion of a data matching exercise and further strengthened PCA capacity through the adoption and implementation of detailed procedures, quality control measures and templates.
- **Zimbabwe:** Developed analytical skills through the completion of a data matching exercise and built capacity within the RM Unit to review existing selectivity criteria in the automated customs clearance system and to create new risk profiles.

FY19 Regional Seminars and Peer Learning Program

Regional Seminar: A seminar on ‘Strengthening the Administration of Excise’ provided a forum to explore challenges to the administration of excise programs and is expected to strengthen the capacity of excise staff and support the development of risk-based control programs to improve compliance and protect revenue.

Professional attachment Program: Two customs officers from the ZRA and an officer from the MRA were attached to a data matching TA mission to the ZIMRA. The overall objectives of the professional attachment were to; (i) share experience following the implementation of a Compliance Risk Scoring System in Mauritius using data matching techniques; (ii) enhance regional capacity to conduct and implement a data matching excise through intensive interaction and transfer of knowledge with the short-term experts; and (iii) build capacity of the officers to conduct a TA program. The mission ran over a period of three weeks and produced an extensive report which was accepted and is to be implemented by ZIMRA. Feedback from the officers was highly positive with lessons learned to be implemented in their own administrations.

FY20 TA Priorities

In line with the phase II program and in coordination with FAD, AFS Customs Administration plan will target milestones focusing on:

- The development of sound leadership and management capability to improve strategic planning, transparency and integrity (Angola);
- Improvement in customs controls through CRM and data matching (Eswatini, Lesotho, Namibia, and Zimbabwe);
- Trade facilitation and service initiatives to support voluntary compliance (Comoros and Mauritius);
- Developing management control and assurance frameworks by implementing management profiles (Namibia, and Seychelles);
- PCA and anti-smuggling programs (Lesotho, Madagascar, Mozambique, Namibia, Zambia, and Zimbabwe); and,
- Strengthening the control and monitoring of excise regimes (Eswatini, Lesotho, and Mauritius).

FY20 Regional Training and Peer-Learning Program

Two regional seminars are planned for FY20 as follows:

- one regional seminar in partnership with AFE and COMESA on the use of data analytical tools for the purposes of improving compliance, facilitating trade, and increasing revenue yield; and
- one regional seminar on customs valuation.

Sector-specific risks and risk mitigation

The challenges facing the full execution of the workplan remain the absorption capacity of the revenue administrations, including staffing issues, early finalization of missions, and – in some countries - security matters. AFS, in consultation with revenue administrations, will review the workplan to meet increase in demand from countries with higher absorption capacity and good progress on milestones.

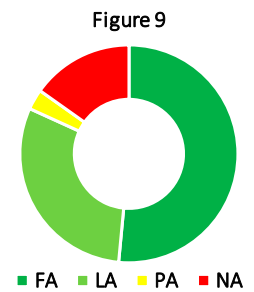
MONETARY AND FINANCIAL SECTOR DEVELOPMENT PROGRAM

BANKING SUPERVISION AND REGULATION – Benchmarking Regulatory and Supervisory Architecture to Best International Practices --Ravi Mohan P.R



Execution of FY19 BSR work Plan

The overall theme characterizing the FY19 work program has been the conscious effort made towards benchmarking the supervisory and regulatory architecture of the member countries to best international practices. The FY19 work program supported efforts to strengthen the stability and resilience of the financial sector. AFS countries made significant progress on implementing Basel II and Basel III, upgrading oversight policy framework on AML/CFT supervision, and enhancing risk-based supervision (RBS) and gaining proficiency in adoption of International Financial Reporting Standards (IFRS) 9. Of the 33 milestones 27 (82 percent) were fully or largely achieved by the end of FY19 (Figure 9). Progress is expected in the remaining targeted milestones in FY20.



Progress against the FY18 pending and the FY19 milestones included:

- **Angola:** As part of implementation of Basel II, guidelines on Pillar 2 was completed and the supervisors commenced the process of Supervisory Review and Evaluation Process based on the Internal Capital Adequacy Assessment Process documents submitted by the banks.
- **Lesotho:** Risk-based approach to supervision of Money Laundering/Financing of Terrorism (ML/FT) related risks has been adopted.
- **Namibia:** The implementation of select elements of Basel III is at advanced stage. The definition of capital aspects are complete and liquidity requirements are work in progress. Finalization is imminent.
- **Mauritius:** Drafting of Bank of Mauritius Act, Banking Act and other laws to enhance the supervisory process has been completed.
- **Zambia:** Specialized training delivered by IMF's Monetary and Capital Markets Department (MCM) boosted risk profiling, development of risk matrix and risk rating to implement RBS and facilitate CD for RBS.
- **Eswatini:** Basel II guidelines have been finalized and risk-based approach to supervision of ML/FT related risks has been adopted.
- **Seychelles:** Implementation of IFRS 9 placed on sound footing and supervisory staff given adequate training to develop their skills.

Box 6. Success Story – Traction with South Africa

A seminar on risk-focused supervision of cross-border transactions was conducted in Pretoria for the officials of South African Reserve Bank (SARB). The participants were junior and senior analysts from the Financial Surveillance Department and on-site and off-site supervisors from Prudential Authority of SARB. The seminar dealt with the concepts and operational aspects of cross border supervision including the Basel Core Principle dealing with this aspect and the details of the work done by the Working Group on Supervisory Colleges of Basel Committee on Banking Supervision (BCBS) in cross border supervision. The seminar highlighted recent developments in RBS and the extension of risk-based approach in supervising cross border transactions. The seminar was able to enhance the skills and knowledge of the participants and prepare them to be ready for the implementation challenges. AFS expects to develop the traction established with South Africa to greater heights in FY20 and beyond.

Regional seminars and peer learning activities conducted in FY19 covered the following topics:

- **Seminar on Crisis Management and Crisis Resolution for SADC Countries:** This seminar was organized in collaboration with SADC and Committee of Central Bank Governors Secretariat at SARB Academy for the SADC countries. The seminar provided participants with a framework to analyze the drivers, issues, and challenges of financial crisis and evolve mitigating mechanism against such events.
- **Seminar on Impact of Basel III Reforms:** A regional seminar targeted mid to senior level staff of central banks and supervisory agencies directly responsible for prudential regulation and on-site and

off-site supervision of banks. The seminar explained the details of recently finalized Basel III reforms by the BCBS and equipped them for the implementation challenges.

- **Fintech TA mission with seminar:** A TA mission incorporating components of seminar, a first among RTACs, was done in Namibia to help the authorities understand fintech developments and be able to adapt and apply suitable regulatory frameworks and policy approaches to the RM, efficiency and business opportunities spawned by the new technologies.
- **Financial Sector Stability Review (FSSR) –Zimbabwe:** AFS advisor formed part of the team which conducted the FSSR in Zimbabwe –the first among the 13 AFS countries. The FSSR combines a baseline financial sector diagnostic with local capacity building to enhance financial sector stability and formulates a structured TA roadmap for the purpose.
- **Customized Seminar—Mauritius:** AFS conducted a customized seminar on risk-based approach to AML/CFT supervision for the regulatory/supervisory agencies. The goal was to make participants aware of the concepts, methodologies and outcomes of ML/FT risks and the regulatory perspectives evolved in recent times by international agencies as Financial Action Task Force and BCBS.
- **Others:** AFS advisor participated in a panel on ‘New Framework relating to Compliance and Anti-Money Laundering’ in a two-day conference organized by the Financial Service Commission of Mauritius on the theme ‘Mauritius International Financial Centre-Forward Looking’. The topic covered was ‘Risk Based Approach to AML/CFT Supervision’.

FY20 TA Priorities

AFS will continue to help build capacity to enable the completion of financial sector reforms and facilitate the adoption of international best practice in banking regulation and supervision. As indicated in the October 2018 Global Financial Stability Report, the IMF supports an approach to regulation and supervision whereby the complexity of technical standards and supervisory efforts are assigned in proportion to an institution’s systemic importance and a jurisdiction’s global importance. AFS will replicate this approach in the FY20 work plan. The plan targets 31 new milestones to help countries in the region to:

- implement IFRS 9;
- ensure strengthening of oversight of supervisory framework with particular reference to enhancement of risk-based supervisory framework;
- improve compliance with international standards –especially Basel II and Basel III; and
- ensure financial stability through macroprudential supervision on a sound, transparent and enforceable legal basis.

AFS also will engage in CD of the supervisory staff of the member countries. The program will include focused training and capacity building, while the modernization of the legal framework for the implementation of the developments in the regulatory/supervisory architecture will be executed in parallel, with the support of the IMF’s Legal department.

FY20 Regional Training and Peer-Learning Program

Regional Training activities planned for FY20 include:

- one regional seminar/course on ‘Corporate Governance’ in collaboration with SADC;
- one seminar on IFRS9—Implementation Issues;
- at least one participation by AFS advisor in a regional event on relevant topic; and
- at least one professional attachment consisting of participation of a central bank official from a fragile country in another developed jurisdiction for on the job training.

Box 7. Addressing Gaps in Corporate Governance

The global financial crisis triggered a major overhaul of the regulatory architecture and Corporate Governance became an integral part of this process. The revised Basel Core Principles for Banking Supervision contain an exclusive principle on Corporate Governance. Financial Sector Assessment Programs conducted in jurisdictions have brought to light gaps, deficiencies, and shortcomings regarding corporate governance in the financial sector. Globally many countries are in the process of introducing/enhancing the governance structure in financial institutions, especially banks, and the Sub-Saharan Africa region is no exception. There is a need to enhance corporate governance practices and install sound culture in the supervised entities by the supervisors. This will result in reining in excessive risk taking and holding the Board of Directors accountable.

Sector-specific risks and risk mitigation

Most countries have made progress in their reform agendas to address risks in the banking supervision and regulation. Others have been less effective –mostly constrained by high staff turnover, over-ambitious programs and/or mid-way changes in the programs and political uncertainties. Slower than anticipated progress in modernizing the legal and regulatory frameworks remains a key risk area in the dynamic and fast-paced development at the international standard setters' level. AFS encourages the deployment of adequate staff (skills, numbers) so that the organizational arrangements fully support the authorities' mandate(s) and will continue to provide training as required.

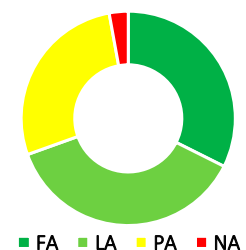
MONEY AND FOREIGN EXCHANGE MARKET OPERATIONS—Improved Monetary Policy Frameworks and Increased Central Bank Transparency --Carina Selander



Execution of FY19 work Plan

AFS CD work in the area focused on consolidating the gains achieved and ensuring the sustainability of modernizing monetary policy frameworks, including governance, modeling and inflation forecasting, policy analysis, communication capacities, and monetary policy implantation. The CD efforts in FY19 continued to; (i) strengthen the capacity of central banks to communicate effectively on monetary policy, (ii) improve the internal frameworks and processes for modeling and forecasting and policy analysis, (iii) enhance the analytical skills and understanding of money, securities and FX markets. Of the 105 milestones targeted in FY18 and FY19, 73 (70 percent) were fully or largely achieved (Figure 10).

Figure 10



The key achievements during the period against the targeted milestones included: **Botswana:** As part of improving the nowcasting framework at the Bank of Botswana some new near-term forecasting models for inflation was developed, and with the aim of making it quarterly, a new template report, database, and process for the Business Expectations Survey were developed. In addition, a follow-up mission on monetary policy implementation and market development worked hands-on with resolving outstanding issues, develop data management and analysis, internal financial reports, strengthen market intelligence and develop tools and models for liquidity forecasting.

- **Mauritius:** As part of the ongoing Forecasting and Policy Analysis System (FPAS) project, a new framework for nowcasting of GDP was developed. An orientation program on modern central banking was provided to some 40 newly recruited staff members at the central bank through a seminar which also included participants from other countries within the region. A combined workshop/TA mission focused on consolidating the recommendations and reforms to the monetary policy framework and to develop a suggestion for a new updated and modernized version to be considered for implementation.
- **Zambia:** The FPAS project progressed significantly through the completion of a core macro model, a sophisticated small database, and an embryo for a now casting framework.
- **Seychelles:** A scoping mission on developing a secondary market for government securities was completed and the FPAS project is moving into the development of a nowcasting framework.

To further support the implementation of monetary policy reforms across the region, AFS continued to fund training and peer learning activities in core areas. Activities conducted in FY19 include

- **Orientation program for newly recruited central bank officers:** As part of the efforts to support the central banks in the region to modernize their frameworks and adopt best practices a seminar was held in cooperation with the Bank of Mauritius (BoM). The seminar covered most central banking aspects. AFS advisors presented at the seminar as well as the BoM staff. The seminar included two VTC lectures—one on governance held By Mr. Ashraf Khan at HQ Washington and one by Ms. Kerstin af Jocknick, first deputy governor at the Riksbank.
- **Advanced FX dealing workshop:** A regional workshop was held on FX market and FX trading, with trading simulation sessions including hedging as well as spot trading. This was a joint seminar with AFW2 and AFE and the ACI Australia.
- **Bilateral Knowledge Exchange seminar:** A second AFS facilitated seminar between Seychelles and Mauritius focused on monetary policy implementation frameworks, money and FX markets. Special focus was on the development of a secondary market and the establishment of a proper yield curve.
- **Professional attachment program:** As part of the ongoing FPAS project at the central bank of Angola, five staff members from the central bank visited the central bank of Brazil to learn more about macro modeling, near-term forecasting, data management and analysis as well as the structuring of the policy process. The program incorporated presentations by both banks as well as bilateral meetings between experts. The program was highly appreciated and resulted both in strengthened cooperation between the banks as well as new insights and development plans for the central bank of Angola.

Box 8. Exploiting the Synergies between ATI and AFS

As part of enhancing the cooperation and making more effective use of each institution's comparative advantages there were several occasions where AFS and ATI assisted each other during FY19. Two economists from the ATI gave lectures at the Bank of Mauritius for the orientation program. One ATI economist also participated for part of a mission on monetary policy implementation and market development at the Bank of Mauritius. Several AFS resident advisors have contributed in the courses given by the ATI, for example, AFS MPO advisor participated in the Monetary Policy Analysis and Forecasting course. The experience of this cooperation has been very good and much appreciated by both institutions. AFS will strive to foster further opportunities and exploit the closeness of the ATI and AFS.

FY20 TA Priorities

AFS will continue to build capacity to support ongoing monetary policy reforms and facilitate the adoption of modern international best/good practices in the areas of modeling and forecasting, communication and monetary policy implementation to stimulate market development in the region.

Modernized monetary policy frameworks in combination with sound financial systems help keep inflation low and improve the access to finance. CD support in FPAS has been appreciated in the region and will continue, and delivery modalities will be aligned with its policy impact. While demand and traction of for CD on monetary policy operations has weakened in some countries it will remain core priority for countries that are in the process of transitioning into now and more modern monetary policy frameworks.

Overall, the FY20 plan will help countries in the region to:

- continue, and in some cases possibly finalize, the implementation of FPAS for better informed monetary policy;
- increase transparency and accountability and increase the effectiveness of monetary policy by strengthening communication capacity of central banks;
- support central banks in their efforts to develop financial markets; and
- increase and broaden the general capacity and skills in monetary policy in the region.

FY20 Regional Training and Peer-Learning Program

Regional Training activities planned for FY20 include:

- one seminar on FPAS (possibly joint with ATI and in combination with an ATI course);
- one seminar on monetary policy implementation and market development;
- one orientation program for Comoros;
- participation of AFS advisor in regional event pertaining to monetary policy, operations, communications, or other related area;
- organization of at least one peer-to-peer learning event, such as visits to other central banks, sub regional/bilateral knowledge exchange seminars, or other similar event
- organization of at least one professional attachment consisting of participation of an official from a less advanced country in another developed jurisdiction for on the job training in a core area.

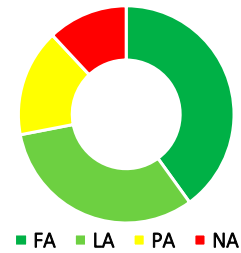
FINANCIAL MARKET INFRASTRUCTURE--Faith Stewart



Execution of FY19 FMI work Plan

Overall, AFS countries made progress on their modernization agendas: upgrading oversight policy frameworks, implementing enhanced RM strategies, gaining proficiency and undertaking initial assessments of the financial market infrastructures (FMIs) against the international standards. Of the 25 milestones 18 (72 percent) were fully or largely achieved by end of FY19 (Figure 11).

Figure 11



The areas of progress recorded during the period against the FY18 pending and the FY19 targeted milestones included:

- **Lesotho:** Draft vision and strategy document was completed.
- **Lesotho:** A new structure, allowing the effective separation of operations from oversight is now being implemented, and training is ongoing.
- **Namibia:** The initial assessment of the real-time gross settlement (RTGS) system was completed and reviewed by AFS/MCM. Finalization is imminent.
- **Namibia:** Specialized training delivered by MCM boosted RM, supervision, oversight and assessment capacity for cyber RM across financial institutions, FMIs and payment service providers.
- **Zambia:** Practical training resulted in the re-engagement and re-commitment of FMI operators to complete the initial assessments of the RTGS system and the automated clearing house. The exercise had been previously aborted due to capacity (knowledge) and resource constraints.

Box 9. Success Story - Namibia

Supported by AFS TA, the Bank of Namibia successfully completed its initial assessment of the RTGS system against the Principles of Financial Market Infrastructure (PFMI). The PFMI are the international risk management standards for payment, clearing and settlement systems. They aim to enhance the safety and efficiency of these arrangements and more broadly, limit systemic risk, foster transparency and promote financial stability. After South Africa, Namibia is the first AFS member country to complete such an assessment. The assessment helped to identify risks to financial stability and potential opportunities for improving the operations of the RTGS system and mitigating these risks.

Regional seminars and peer learning activities conducted in FY19 covered the following topics:

- **National workshop on the CPSS-IOSCO Principles for financial market infrastructures:** This workshop was specifically requested by the SARB to build a common understanding and consistency in the application of the international standards across the internal (SARB) departments and external agencies involved with the regulation, operation and oversight of FMIs. The seminar addressed new guidance for cyber risk and fraud.
- **Professional attachment:** Central Bank of Lesotho officials benefitted from an attachment program at the Bank of Ghana to gain practical insights into e-money regulation and the institutional and organizational arrangements needed for effective oversight. The program also provided hands-on exposure to RM and oversight for the systemically important payment system. The participation of Bank of Uganda officials further enriched the program, allowing both intra- and inter-regional knowledge exchange.
- **Fintech seminar:** This regional seminar, a first among RTACs, helped participants understand fintech developments and be able to adapt and apply suitable regulatory frameworks and policy approaches to the RM, efficiency and business opportunities spawned by the new technologies.

FY20 TA Priorities

AFS will continue to help build capacity to enable the completion of NPS reforms and aid the adoption of international best practice for RM and oversight of the FMIs. Its first bilateral engagement with the Mauritian authorities on payment and settlement systems is expected to take place in FY20. Overall, the FY20 plan, which targets the pending as well as additional new milestones, will help countries to:

- implement national strategies/action plans for developing/reforming the national payments system;
- set up and strengthen oversight and supervisory framework for FMIs;
- improve FMIs' compliance with international standards; and
- ensure FMIs operate on a sound, transparent and enforceable legal basis.

AFS also participates in a technical cooperation program funded by the Norwegian central bank, which is implemented jointly with MCM and AFS. One of the aims of the program is to assist the Bank of Mozambique in implementing its payment system reform agenda and specifically to procure and implement a modern RTGS system. The project provides oversight training and capacity building, while the modernization of the legal framework for the national payments system will be funded by AFS and executed in parallel, with the support of the IMF's Legal department. This will commence in FY20.

FY20 Regional Training and Peer-Learning Program

Regional Training activities planned for FY20 include:

- one regional seminar/course on RM focusing on Select Principles of the PFMI;
- at least one participation of AFS in a regional event covering the FMI topic;
- at least one professional attachment or participation of an official in an AFS FMI mission as observer.

Sector-specific risks and risk mitigation

Most countries have made good progress in advancing their reform agendas and addressing risks in the FMIs. Others have been less effective, constrained by high staff turnover (including internal transfers orchestrated by management), and over-ambitious agendas, with multiple objectives that exceed resource capabilities. Slower than anticipated progress in modernizing the legal and regulatory frameworks remains a key risk area in the dynamic and fast-paced payments environment. AFS encourages the deployment of adequate staff (skills, numbers) so that the organizational arrangements fully support the authorities' mandate(s) and will continue to provide training as required.

STATISTICS PROGRAM

REAL SECTOR STATISTICS – Strengthen compilation and dissemination of data on macroeconomic statistics for decision making according to the internationally accepted statistical standards –
Achille Pegoue and Donna Grcman



Execution of FY19 Statistics Work Plan

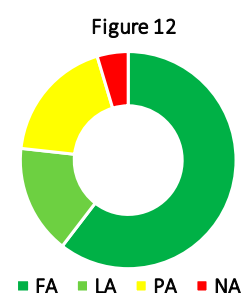
AFS countries made progress on updating and implementing methodological concepts and standards pertaining to national accounts and price statistics. Out of 86 milestones set for FY18 and FY19, 66 were fully or largely achieved by end of FY19. Progress, as measured by the status of targeted milestones varied across countries (Figure 12).

Key progress by statistical agencies during the period include:

- **Angola:** Resumption of dissemination of improved quarterly GDP;
- **Botswana:** Released rebased CPI estimates;
- **Comoros:** Dissemination of rebased GDP series; dissemination of improved CPI;
- **Eswatini, Lesotho and Madagascar:** Dissemination of experimental quarterly GDP;
- **Seychelles:** Dissemination of CPI core inflation indicator;
- **Zambia:** Preparation of the upcoming rebased GDP;
- **Zimbabwe:** National Statistics Agency and the ZIMRA signed a Memorandum of Understanding to share data.

Regional activities

- **Regional and sub-regional seminars** were conducted targeting all AFS countries. The FY19 seminars comprised the following:
 - Workshop for Angola National Institute of Statistics directors (Compilation, use and usefulness of national accounts)
 - Harmonizing National Accounts and Balance of Payments (December 2018); and
 - Computation of Export and Import Price Indices (February 2019)
- **Peer-to-peer learning program:** Two officials from Madagascar participated in a one-week professional attachment to Mauritius on the compilation of the CPI (Box 10). One national accountant from South Africa participated in a mission to Lesotho in September 2018 to share experience on the compilation of supply-use tables and use of administrative data.
- **Participation in regional events/cooperation among donors:**
 - A workshop on Export and Import Price Indices was jointly organized with COMESA and AFE;
 - An AFS advisor helped the Central Statistical Office to participate in the workshop on macro-fiscal forecasting in Eswatini;
 - Two joint missions with the United Nations Statistical Division and the United Nations Economic Commission for Africa were carried out in Seychelles;
 - Two missions in Zambia to help the compilation of the rebased GDP overlapped with the visit of the African Development Bank and the World Bank; and
 - AFS attended the 25th SADC Statistics Committee.



Box 10. Madagascar: Promoting Peer-Learning in the AFS Region on Statistical Methodologies

AFS funded a one-week attachment program for two staff members of the National Institute of Statistics of Madagascar (INSTAT) to Statistics Mauritius. The progress made to revise the 1999 outdated weights used for the consumer price index in Madagascar has been slow. AFS noted that in addition to TA provided, the INSTAT still needed support to clean up the data, carry out quality control and prepare the documentation to release the re-weighted CPI. The attachment program provided leverage to achieve this target and it is expected that the INSTAT will release the reweighted CPI in 2019. It also helped INSTAT build capacity to better prepare the upcoming CPI rebase that will be based on the new household budget survey scheduled in 2019.

FY20 Priorities

In line with the phase II program and in coordination with the IMF's Statistics Department, AFS will continue to promote quality data in line with international standards. The center will support ongoing

initiatives aimed at updating methodologies and implementing advanced standards: the enhanced General Data Dissemination System, the Special Data Dissemination Standards (SDDS), and SDDS Plus.

In FY20 the focus will continue to be on improving source data methodological soundness, accuracy, reliability, serviceability, accessibility, and timeliness of statistics across member countries based on progress, absorption capacity of statistical agencies, and CD priorities agreed between statistical agencies and AFS. AFS will provide CD towards achievement of some 74 new milestones in the following key areas:

- Dissemination of rebased/revised/improved annual GDP estimates: Angola, Botswana, Comoros, Mozambique, Namibia, Seychelles, South Africa, Zambia
- Develop/improve quarterly national accounts: Lesotho, Madagascar, Namibia, South Africa, Zimbabwe
- Dissemination of rebased/improved CPI: Comoros, Eswatini, Namibia, Seychelles
- Develop/update the PPI: Botswana, Eswatini, Namibia, Zambia

Regional activities planned for FY20 will include:

- a seminar on national accounts –‘Price and volume measurement in GDP compilation’ –jointly with COMESA and AFE;
- a seminar on rebasing of CPI
- professional attachment subject to the agreement of host country; and
- continued participation in select regional events - regional seminar or meeting.

Sector-specific risks and risk mitigation

The key challenge facing the full execution of the workplan remains the absorptive capacity of statistical agencies, with staffing shortages and high-turnover being the main constraints. AFS will, in consultation with statistical agencies and the SC, review further the workplan to meet increasing demand from countries that commit to increasing their resources in statistics agencies and show good progress on milestones.

Financial and Fiscal Law ⁵

Work in this area aims to help countries improve their legal and regulatory frameworks. The center funded TA led by the Legal Department in the following areas:

- fiscal tax legislation: Angola on VAT law; Botswana on VAT and income tax laws, Comoros and Madagascar on customs legislation, and PFM legislation (Eswatini), and
- central bank/banking: AML/CFT and RBS (Lesotho), and on Law on credit institutions and financial companies (Mozambique) The center is also supporting members assess their central bank legislations (Madagascar)

Priorities going forward will include finalization of reforms initiated with the center’s support in the areas and countries mentioned above, especially where needs and traction have been high. The center will continue to work with HQ to support member countries modernize their AML/CFT frameworks. Finally, this portfolio will take the lead on the work planned on governance and corruption issues.

Box 11. Governance and Corruption CD Work

Good governance and anti-corruption efforts can contribute to economic efficiency, macroeconomic stability, and sustainable growth. The IMF has been providing TA and training in a wide range of areas to promote good governance and combat corruption. A framework for enhanced Fund engagement on governance and corruption issues was adopted in April 2018. A methodology has been developed across six key governmental functions, namely: (i) fiscal governance; (ii) financial sector oversight; (iii) central bank governance and operations; (iv) market regulation; (v) rule of law; and (vi) AML/CFT. AFS will work with the

⁵ The portfolio is currently managed from IMF HQ. There is no resident advisor in AFS.

Fund and the AFR to provide relevant TA and training for member countries to implement reforms. AFS FY20 plan includes one high level seminar covering governance and corruption.

MACROECONOMIC TRAINING PROGRAM (ICD-LED)

AFS macroeconomic training program funded two ICD-led training courses namely 'Financial Development and Financial Inclusion (FDI)' and 'Macroeconomic Management in Resource-Rich Countries (MMRRC)' – the latter jointly with AFC. The FDI course, inter-alia, focused on the macroeconomic importance of financial development and inclusion, policies to promote financial development and inclusion, and indicators used to measure financial development and inclusion. The MMRRC course targeted the French speaking countries of the AFS/AFC region and focused on economic performance of resource rich countries, appropriate fiscal frameworks for these countries, appropriate macroeconomic policy response to commodity price shocks, and transparency in the management of natural resources.



FY20 Resource allocation

The AFS Steering Committee endorsed the FY20 CD priorities with an allocation of resources amounting to 22.9 in FTE years and with an increased share (27 percent) for countries facing fragile conditions (Table 2). This represents an increase of 38 percent for the fragile countries compared to the FY19 absorption.

Table 2. FY20 Resource Allocation, by country and by topic in full-time equivalents (FTEs) years

	PFM	Tax	Customs	BSR	MPO	FMI	RSS	FFL	Training	Total
Regional	2.13	0.6	0.7	0.9	0.8	0.1	0.9	0.4	0.3	6.8
Angola	0.39	0.2	0.1	0.1	0.2		0.3	0.2		1.3
Botswana	0.52	0.1	0.1	0.1	0.2	0.1	0.2	0.2		1.5
Comoros	0.52	0.3	0.2	0.1	0.0	0.0	0.3			1.5
Eswatini	0.39	0.1	0.1	0.1		0.1	0.2			1.0
Lesotho	0.38	0.1	0.2	0.1		0.1	0.2			0.9
Madagascar	0.62	0.3	0.3	0.1	0.2		0.2			1.6
Mauritius	0.37	0.1	0.1	0.1	0.4	0.1	0.0	0.1		1.3
Mozambique	0.42	0.1	0.1	0.1		0.1	0.2			0.9
Namibia	0.47	0.1	0.2	0.1		0.1	0.2			1.1
Seychelles	0.34	0.2	0.1	0.1	0.2	0.1	0.2			1.1
South Africa	0.27	0.2		0.1	0.1		0.2			0.9
Zambia	0.36	0.1	0.2	0.1	0.3	0.1	0.2			1.3
Zimbabwe	0.48	0.3	0.2	0.1		0.1	0.2	0.2		1.5
Total	7.7	2.6	2.5	2.1	2.3	0.9	3.4	1.1	0.3	22.9
Fragile countries	2.1	1.0	0.9	0.5	0.4	0.1	0.9	0.3	0.1	6.2
Share of total	28%	37%	33%	26%	15%	16%	26%	28%	23%	27%

Source: AFS Staff

A full execution of the FY20 work plan and the realization of the pending and new milestones depend on several factors. A closer coordination by member country representatives in the AFS Steering Committee with local counterparts, the collaboration of country authorities in firming up the timings of missions at an early date with AFS advisors and the implementation of the recommended action plans for realizing milestones remain critical.

VI. COMMUNICATION AND OUTREACH STRATEGY

The center's communication strategy was described in the June 2018 Annual Report. The strategy remains broadly the same but takes on board the recommendations of the IMF 2018 CD Review. These include

- better leveraging existing good practices on coordination in collaboration with other providers;
- pursuing innovative CD communications approaches to raise awareness of IMF and AFS CD work;
- improving the presentation of recommendations in TA reports to senior authorities and other nontechnical users. Engaging local stakeholders on key TA recommendations;
- publishing more topical notes in specialized areas of interest to policymakers, also bringing in cross-country learning;
- engaging countries in more TA report publication; and
- continuing to increase the sustainability and fungibility of external financing.

Accordingly, the center is redoubling efforts towards a more systematic use of social media, with more postings of its activities to raise awareness of the population on the IMF CD work in the region. Updates on AFS's CD activities are accessible through AFS [Facebook](#) and [website](#). IMF CD initiatives are accessible through [Twitter](#) and [Facebook](#). IMF's 'Partners Connect' platform provides access to information on CD collaboration with development partners and on financials.

AFS coordinates on CD activities with member countries, donor partners, and regional organizations through

- quarterly bulletins highlighting progress on the execution of annual work plans and providing interviews of country officials, donors, and regional partners;
- updated annual work plans which is circulated on a quarterly basis;

- sharing of TA reports and other TA-related information through the center’s secure website;
- meetings during missions in AFS countries;
- questionnaires on CD priorities; and
- Outreach activities

VII. AFS BUDGET

AFS is approaching the mid-point of Phase II. FY19 expenses were \$10.1 million, a decrease compared to FY18 whose outturn was \$12.4 million—if we include May – July 2017 (which was technically part of Phase I⁶). While expenditure has been slightly lower than planned, it should be noted that there have been some efficiency gains (for example through the provision of an STX by the UK government for the PFM project) and some savings under backstopping and project management. Some projects experienced postponed or cancelled missions largely a result of political uncertainty, authorities requesting more time to prepare for the mission and/or planned missions clashing with the provision of other technical assistance. In line with current demand from country authorities and regional partners. The FY20 workplan provides for continuity in CD support. Aggregate spending in FY20 is projected at \$13.1 million.

⁶ FY18 expenses in Phase I amounted to \$2.7 million (May to July 2017). FY18 expenses in Phase II amounted to \$9.7 million (August 2017 – April 2018).

Table 3. AFS Budget and Execution (in millions of US dollars)

	Phase II (FY18-22) ^{1/}	FY18 Outturn ^{2/}	FY19 Working Budget	FY19 Outturn	FY20 Working Budget
Public Financial Management	15.2	2.4	2.9	2.7	3.5
<i>LTX, STX and HQ Delivery</i>	13.3	2.2	2.6	2.4	3.2
<i>Other</i>	1.9	0.2	0.3	0.3	0.3
Customs Administration	5.3	0.9	1.2	1.1	1.1
<i>LTX, STX and HQ Delivery</i>	4.4	0.8	0.9	0.8	0.9
<i>Other</i>	0.8	0.2	0.3	0.2	0.3
Tax Administration	5.6	1.3	1.2	1.1	1.1
<i>LTX, STX and HQ Delivery</i>	4.6	1.0	1.0	1.0	0.9
<i>Other</i>	1.1	0.3	0.1	0.1	0.2
Banking Supervision and Regulation	5.0	0.7	1.1	0.8	1.1
<i>LTX, STX and HQ Delivery</i>	3.5	0.5	0.8	0.6	0.8
<i>Other</i>	1.5	0.2	0.3	0.2	0.2
Monetary Policy Operations	5.3	1.0	1.0	0.7	1.0
<i>LTX, STX and HQ Delivery</i>	4.4	0.9	0.9	0.6	0.8
<i>Other</i>	0.9	0.2	0.2	0.1	0.2
Financial Market Infrastructures	2.4	0.3	0.5	0.3	0.5
<i>LTX, STX and HQ Delivery</i>	1.8	0.2	0.4	0.2	0.4
<i>Other</i>	0.6	0.1	0.1	0.1	0.1
Real Sector Statistics	7.5	1.0	1.6	1.2	1.6
<i>LTX, STX and HQ Delivery</i>	5.8	0.7	1.1	0.9	1.3
<i>Other</i>	1.7	0.3	0.4	0.4	0.3
Financial and Fiscal Law	1.1	0.3	0.3	0.2	0.4
<i>LTX, STX and HQ Delivery</i>	1.0	0.3	0.3	0.2	0.4
<i>Other</i>	0.1	0.0	0.0	0.0	0.0
Admin Project	3.5	0.6	0.7	0.7	0.8
<i>Local Staff</i>	2.3	0.4	0.4	0.3	0.4
<i>Facilities and related expenses</i>	0.8	0.2	0.3	0.3	0.3
<i>Other</i>	0.3	0.0	0.1	0.1	0.1
Customized Training	0.0	0.0	0.1	0.0	0.0
Training project	0.9	0.1	0.2	0.1	0.4
Governance and Evaluation (including RBM advisor/backstopping)	0.3	0.1	0.1	0.1	0.0
Sub Total	51.9	8.6	10.9	9.1	11.5
Strategic Budget Reserve	1.0	0.0	0.2	0.0	0.2
Trust Fund Management	3.7	0.6	0.8	0.6	0.8
IMF Expenses	2.9	0.4	0.6	0.3	0.6
Total	59.5	9.7	12.4	10.1	13.1

1/ Approved phase II working budget

2/ FY18 Outturn includes expenses of 9 months since phase I was extended for 3 months.

VIII. AFS FINANCING

As of April 2019, contributions and pledges to AFS Phase II amounted to \$53.7 million, including the IMF contribution of approximately \$2.9 million and expected member contributions, some of which remain under discussion with country authorities (Table 4). The total reflects contributions from the European Commission, Germany, the United Kingdom, Switzerland, China, the Netherlands, the European

Investment Bank, Australia, and the host country Mauritius. More than half of the member countries have signed contribution agreements (Angola, Botswana, Madagascar, Mozambique, Seychelles, South Africa and Zambia). Discussions with other member countries are ongoing.

Assuming all member country contribute in full, the estimated remaining funding gap is \$5.8 million.

Discussions with other partners, including the African Development Bank, have been initiated and further efforts to fundraise from both traditional and new partners are ongoing.

While member country contributions to the center's budget are voluntary, they are critical to securing the medium and long-term financial sustainability of the center. While more than half of AFRITAC South member countries have signed contribution agreements, not all members have agreed to increase contributions to the amount proposed at the end of Phase I - \$500,000. With the substantial contribution from the host country, member contributions account for 12.5% of AFRITAC South's five-year budget at present – this figure falls to just 8% if the members who have not negotiated their contribution agreements are removed. Members are strongly encouraged to contribute at least \$500,000 each to Phase II. Where there is scope, members are encouraged to contribute substantially more.

Table 4. Status of Financial Contributions (as of end-January 2019)

Partners/Members	Currency	Amount (000s)	U.S.Dollars (000s)	Received U.S.Dollars (000s)
Partners			43,166	39,118
Australia	AUD	300	217	223
China	USD	2,000	2,000	2,000
European Commission	EUR	20,000	23,491	22,067
European Investment Bank	EUR	200	248	237
Germany	EUR	2,500	2,838	2,849
Germany	EUR	2,500	2,963	2,943
Netherlands	EUR	1,000	1,088	1,160
Switzerland	CHF	5,000	5,097	5,135
United Kingdom	GBP	3,000	3,745	1,025
United Kingdom	GBP	1,120	1,479	1,480
Members			3,500	1,564
Angola	USD	250	250	250
Botswana	USD	500	500	200
Madagascar	USD	500	500	114
Mozambique, Republic Of	USD	500	500	500
Seychelles	USD	500	500	200
South Africa	USD	250	250	175
Zambia	USD	500	500	125
Zimbabwe	USD	500	500	-
Internal Transfers ^{1/}			190	190
Under Negotiation			2,000	-
Comoros	USD	500	500	
Eswatini	USD	500	500	
Lesotho	USD	500	500	
Namibia	USD	500	500	
Host Country & IMF			4,875	800
Host Country	USD	2,000	2,000	800
IMF			2,875	
Grand Total			53,731	41,672
Program Document Budget			59,570	
Funding Gap			-5,839	

1/ Refers to transfers from one program phase to another (e.g. phase rollovers).

IX. INFORMATION ANNEXES (ATTACHED)

Annex I – FY20 Seminars

Annex II – Key Macroeconomic Indicators

Note: An update of the Status of FY18-19 Milestones and FY20-21 CD Priorities is available on the secure website of the center.



AFRITAC SOUTH SEMINAR PLAN MAY 2019-APRIL 2020



**IMPROVING MACROECONOMIC MANAGEMENT FRAMEWORKS TO
FOSTER SUSTAINABLE GROWTH AND POVERTY REDUCTION
IN SOUTHERN AFRICA**

MEMBERS

Angola, Botswana, Comoros, Eswatini, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Zambia, Zimbabwe

PARTNERS

European Union, SADC, COMESA, SECO, Germany, China, UKaid, Ministry of Foreign Affairs of the Netherlands, European Investment Bank, Australian Aid

7th Floor, BRAMER HOUSE, EBENE, MAURITIUS

AFRITAC South Seminar/Course- recently held and forthcoming The venue is AFS, Ebene, Mauritius, unless otherwise stated	Dates
Macroeconomic Training- Financial Development and Financial Inclusion Workshop Coordinator: Mr. Sami Ben Naceur	June 17-28, 2019
Customized Training Course for Comoros and Madagascar on Auditing Seminar Coordinator: Mr. Thabo Letjama Venue: Antananarivo, Madagascar	August 5-16, 2019
IFRS 9- Implementation Issues Seminar Coordinator: Mr. Ravi Mohan P.R.	August 19-23, 2019
Monetary Policy Implementation and Financial Market Development Seminar Coordinator: Ms. Carina Selander Venue: SARB Academy, Pretoria, South Africa	August 26-30, 2019
Improving budget outcomes through transparent and gender responsive budgets Seminar Coordinator: Mr. Robert Clifton Venue: Pretoria, South Africa	September 23-27, 2019
High-Level Seminar on Revenue Administration Governance Seminar Coordinators: Messrs. Berlin Msiska, Thabo Letjama and Henry Kaperi Venue: Cape Town, South Africa Jointly with AFE/AFW2	September 23-25, 2019
Establishment of Effective Systems and Procedures for Customs Valuation Seminar Coordinator: Mr. Philip Wood Venue: South Africa (TBC)	October 7-11, 2019
Corporate Governance Issues in Banking Sector Seminar Coordinator: Mr. Ravi Mohan P.R. Venue: SARB Academy, Pretoria, South Africa Joint AFS/SADC Countries	October 14- 18, 2019
Regulatory, Supervisory and Oversight Responsibilities towards Compliance with the CPSS-IOSCO Principles for Financial Market Infrastructures Workshop Coordinator: Ms. Faith Stewart Jointly with AFE/MEFMI	December 9-13, 2019
Monetary Policy Forecasting and Analysis Course Coordinator: Ms. Carina Selander Jointly with AFE/AFW2	December 9-13, 2019
Volume and Price Measures in National Accounts Seminar Coordinator: Mr. Achille Pegoue Venue: Livingstone, Zambia Jointly with COMESA	January 13-17, 2020
Effective use of Data Analytical Tools to support the Implementation of a Risk-Based Compliance Program Seminar Coordinator: Mr. Philip Wood Jointly with AFE/COMESA	January 27-31, 2020
Fundamentals of Price statistics Seminar Coordinator: Ms. Donna Grcman Venue: Gaborone, Botswana	February 10-14, 2020

Cours sur la Gestion macroéconomique dans les pays riches en ressources naturelles Course Coordinator: Mr. Sami Ben Naceur Jointly with AFC	March 2-13, 2020
Strengthening Public Debt Management and Managing Public Wealth Seminar Coordinator: Mr. El Omari Venue: Pretoria, South Africa Jointly with AFE/COMESA	March 16-20, 2020



FINANCIAL DEVELOPMENT AND FINANCIAL INCLUSION
COURSE COORDINATOR: Mr. SAMI BEN NACEUR



AREA OF TECHNICAL ASSISTANCE: <i>MACROECONOMIC TRAINING</i>	
Targeted audience:	Mid-level to senior officials from central banks and government agencies dealing with regulation of the financial sector
Participation:	Two participants per country
Dates:	June 17-28, 2019
Venue:	Africa Training Institute, Ebene, Mauritius

Seminar description

This course, presented by the IMF Institute, explains the macroeconomic relevance of financial development and inclusion. Beginning with an analysis that defines the role of finance in the economy, the course reviews the theoretical and empirical literature on the impact of finance on macroeconomic performance and growth. It also addresses policies to encourage financial development (market-enabling policies) and limit its potentially destabilizing effects (market-harnessing policies). The course introduces financial inclusion as an integral dimension of financial development—a perspective that has only recently received proper attention because for many years the discussion instead centered on the concept and measurement of financial depth. The course reviews the indicators currently used to measure financial inclusion, its distinct macroeconomic impact, and the main policy strategies usually pursued.

Language requirements:

The seminar will be conducted in English with simultaneous interpretation into French and Portuguese, if required.



CUSTOMIZED TRAINING COURSE FOR COMOROS AND MADAGAGASCAR ON AUDITING

SEMINAR COORDINATOR: MR. THABO LETJAMA



AREA OF TECHNICAL ASSISTANCE:	REVENUE ADMINISTRATION
Targeted audience:	Auditors
Participation:	Ten participants from each of Madagascar and Comoros.
Dates:	August 5-16, 2019
Venue:	Hotel Colbert-Antananarivo, Madagascar

Background

The capacity for detecting and deterring inaccurate reporting is low in both Madagascar and Comoros. The audit staff in the two countries need further training to run effective audits. AFRITAC South has provided technical assistance on audit to the two countries through several in-country missions and provided hands on guidance to the officers on applying audit techniques to enhance audit performance outcomes. However, more work is still required to build a strong and effective audit capacity in both countries. Due to their many similarities including speaking the same language and fragility, it is only effective and synergistic to run a customized training course, in French, which shall target capacity gaps peculiar to both countries.

Purpose of the Seminar

The purpose of this seminar is to enhance the capacity of both countries to detect and deter inaccurate reporting by taxpayers. The training shall guide officers on detailed steps to take to audit and verify balances declared in taxpayer returns. Leading presentations shall be made on the processes, procedures, steps and techniques for carrying out audits. Participants shall be requested to apply acquired knowledge to solve problems and case studies. The course shall take into account the context of the two countries including, running audits in a manual environment with no tools for automation of the audit process and with taxpayers submitting paper returns. The real value of this seminar is expected to be largely drawn from the interactions, exchanges, sharing of experiences by participants themselves, and applying their learning to solve problems that shall closely resemble their challenges.

Language requirements:

The seminar will be conducted in French.



IFRS 9 -IMPLEMENTATION ISSUES

SEMINAR COORDINATOR: Mr. P.R. RAVI MOHAN



AREA OF TECHNICAL ASSISTANCE:	FINANCIAL SECTOR SUPERVISION
Targeted audience:	Mid- to senior-level supervisors of banks from central banks/prudential supervisory agencies working in Supervisory policy, off-site and on-site examination in the supervision department, macroprudential supervision, and prudential regulation/accounting/financial stability
Participation:	Two–three participants per country
Dates:	August 19-23, 2019
Venue:	Ebene, Mauritius

Seminar description

IFRS has been adopted in most countries in the region and the implementation of IFRS 9 from January 2018 has resulted in a paradigm shift in the manner in which financial institutions classify, measure and account for impairment of financial instruments. Intricately connected to IFRS 9 are two other accounting standards, IFRS 7 (Financial Instruments: Disclosure) and IFRS 13 (Fair value measurement of financial instruments).

The overarching goal of the seminar is to enhance the ability of prudential regulators and bank supervisors/examiners to understand the implementation challenges of IFRS with specific focus on the above noted standards. The seminar is designed as a capsule program to familiarize participants with the underlying concepts of these standards and equip them with the tools and techniques for conducting supervision of banks/financial institutions under the new framework in the most effective way.

The seminar aims to make participants aware of the inter-linkages among these standards and implementation challenges involved. Aided by this awareness, officials will be better equipped to gain insights into the implications of IFRS 9 on credit risk models. This will enable the participants to be prepared for an efficient transition to IFRS 9 and design supervisory frameworks appropriate for their jurisdictions.

The participants will have the opportunity to discuss and learn the following:

- Critical aspects of IFRS 7, IFRS 9, and IFRS 13
- Classification and Measurement and Impairment of Financial Instruments under IFRS 9
- Asset classification & Provisioning -Regulatory Approach
- Disclosure requirements of IFRS 7
- Fair Value Accounting -IFRS 13
- BCBS guidance on accounting for Expected Losses
- Transition arrangements of IFRS 9
- Implementation issues in IFRS 9
- Country experiences. Presentation by participants

The seminar will require close interaction among the participants, with the resource persons guiding the interactions. Participants from select countries will be asked to make presentations on their country experiences.

Presentations will be given by international experts in the area. Participants are expected to review the reading materials on the list of references.

Language requirements:

The seminar will be conducted in English with simultaneous interpretation into French and Portuguese, if required. All materials and presentations will be in English only.

References:

- **IASB**
 - IFRS 7, IFRS 9 & IFRS 13
- **IMF**
 - Gaston, Ellen, In Wong Song, “Supervisory Roles in Loan Loss Provisioning in Countries Implementing IFRS”, 2014, IMF Working Paper WP/14/170 (Washington DC: International Monetary Fund)
- **BCBS**
 - Developments in credit risk management across sectors: current practices and recommendations (June 2015)
 - Guidance on credit risk and accounting for expected credit losses (December 2015)
 - The interplay of accounting and regulation and its impact on bank behaviour: Literature review, Working Paper 28 (January 2015)
 - Prudential Treatment of Problem Assets—Definitions of Non-Performing Exposures and Forbearance, (April 2017).
 - Regulatory Treatment of Accounting Provisions-Interim Approach and Transitional Arrangement, (March 2017)
 - Standards on Pillar 3 disclosure requirements – consolidated and enhanced framework, Bank for International Settlements, (March 2017)
 - Technical Amendment on Pillar 3 disclosure requirements – regulatory treatment of accounting provisions, Bank for International Settlements (August 2018)
- **Others**
 - Implementation of IFRS 9 impairment requirements by banks GPPC (June 2016)
 - Risk.net, IFRS 9 Poses Credit Risk Model Dilemma for Asian Banks, (January 2017).
 - McKinsey and Company, IFRS 9: A silent revolution in banks’ business models, (April 2017)
 - European Central Bank, SSM Thematic Review on IFRS 9, Assessment of Institutions’ Preparedness for the Implementation of IFRS 9, (November 2017)



MONETARY POLICY IMPLEMENTATION AND FINANCIAL MARKET DEVELOPMENT

SEMINAR COORDINATOR: MS. CARINA SELANDER



<i>Area of technical assistance:</i>	<i>Monetary Policy and Operations</i>
Targeted audience:	Mid- to senior-level staff involved in market operations, market analysis and liquidity forecasting at the Financial Markets Departments of the Central Banks in the AFRITAC South region
Participation:	Two-three participants per country
Dates:	August 26-30, 2019
Venue:	SARB Academy, Pretoria, South Africa

Seminar description

Many central banks in southern Africa are in the process of modernizing their central banks. Monetary policy regimes are changing and with these changes comes changes in the implementation frameworks as they need to be adapted to the monetary policy regime. However, there is no “one size fits all” implementation framework. Central banks operating the same monetary policy regime have chosen different implementation frameworks. During this seminar you’ll have the opportunity to hear from many of your peers how their respective frameworks are designed, the benefits and challenges they are associated with and what practical and technical requirements they are attached with. In addition, you’ll learn from the IMF recourse persons about various monetary policy regimes and operational frameworks.

An effective implementation framework is one key element for developing the financial markets. Managing liquidity in an effective way and thus steering short-term interest rates, implicitly or explicitly, is one key element for developing the interbank market as well as for developing the securities and capital markets. This requires good knowledge, understanding, and forecasting of liquidity developments. During this seminar you’ll learn about liquidity forecasting and liquidity management, including from your peer countries. Other key elements are linked to legal frameworks and market infrastructures, features that the seminar will also touch upon.

Almost regardless of the monetary policy implementation framework, key to success is the independence of the central bank, good governance features, and transparency. This seminar will also touch upon these issues. You will have the chance to learn more about this topic as well as the opportunity to discuss this with your peers; compare your specific situation with others, challenges and restrictions you face and how they impact on monetary policy.

Finally, the seminar will offer a unique opportunity to learn from the SARB about their journey to inflation targeting; the reforms they made, how the financial markets in SA have developed, the establishment of the South African Foreign Exchange Committee, and more. The SARB will have a leading role during the seminar and share their experience with you.

The seminar will thus offer a platform to discuss practical and technical issues of an effective implementation of a modern monetary policy framework, based on country experience in the region as well as the experience by the IMF resource persons. It will give the opportunity for participants to learn from their peers, who are at various stages on the journey of monetary policy modernization.

The seminar aims at equipping delegates with knowledge of the latest trends on monetary policy implementation and operations, and the ability to assess different monetary policy implementation frameworks, including what would be a suitable framework for their central bank. The participants will, among others, have the opportunity to discuss and learn the following:

- The development of the financial markets – how to improve the functioning of the money, securities and FX markets, including experience by SARB
 - Financial market analysis – inputs to policy making

- Financial market analysis and intelligence, including country experience
- Managing and forecasting liquidity, including country experience
- Effective implementation frameworks and various instruments and type of auctions
- Liquidity forecasting tools
- The journey towards inflation targeting – experience by the SARB

The seminar will require close interaction among the participants, with the resource persons guiding the interactions. Participants from select countries will be asked to make presentations on their country experiences. Presentations will be given by international experts in the area. Participants are expected to review the reading materials on the list of references.

Language requirements:

The seminar will be conducted in English, thus all materials and presentations will be in English only.

References:

- IMF, 2015, “Evolving Monetary Policy Frameworks in Low-Income and Other Developing Countries”, Board Paper 15/172
- Laurens, B. J., K. Eckhold, D. King, A. Naseer, N. Maehle, and A. Durré, 2015, “The Journey to Inflation Targeting: Easier Said than Done. The Case for Transitional Arrangements along the Road,” IMF Working Paper WP/15/136.
- Maehle, Nils, 2016, Monetary Policy Implementation: Operational Issues for Countries with Evolving Monetary Policy Frameworks. IMF Working Paper 14/xx
- Consultation paper on selected interest rate benchmarks in South Africa <http://www.resbank.co.za/Lists/News and Publications/Attachments/8722/Consultation Paper 28-08-2018.pdf>
- Report on stakeholder feedback on the reform of interest rate benchmarks in South Africa <http://www.resbank.co.za/Lists/News and Publications/Attachments/9269/Report on stakeholder feedback on the reform of interest rate benchmarks in South Africa.pdf>
- Markets (tab) on the SARB website <http://www.resbank.co.za/Markets/Pages/default.aspx>



IMPROVING BUDGET OUTCOMES THROUGH TRANSPARENT AND GENDER RESPONSIVE BUDGETS
SEMINAR COORDINATOR: MR. ROBERT CLIFTON



Area of technical assistance: PUBLIC FINANCIAL MANAGEMENT	
Targeted audience:	Budget Directors and staff from AFRITAC South member countries
Participation:	3 participants per country
Dates:	September 23-27, 2019
Venue:	Pretoria, South Africa

Seminar description

An open, accessible and responsive budget is one of the most important enablers for achieving the ultimate outcomes of public financial management (PFM), namely aggregate fiscal discipline, strategic allocation of resources, and efficient service delivery. At the same time, the credibility of the budget is highly dependent on the strength of the PFM system as whole. Orderly and inclusive budget preparation including openness in forecasting macro-fiscal trends, revenue and expenditure estimates, as well as disclosing budget execution information regularly and in meaningful formats reflects a robust PFM system.

According to the Open Budget Survey 2017, progress in budget transparency has slowed with governments making less fiscal information available in recent years. In Sub-Saharan Africa the declines were the most pronounced. In addition, the inclusive nature of budgets needs to be considered from the gender perspective. Gender equality improves macroeconomic outcomes and make societies more resilient to economic downturns. At the same time, embedding gender responsive practices in the budget process must be done within a credible medium-term budget framework and subject to the same prioritization criteria applied to other budget reforms.

But what are the best approaches to making strides in budget transparency and gender responsiveness? What are the preconditions and the underlying reforms to be undertaken? The purpose of this seminar is to bring together senior budget officials from governments in the region for both knowledge development and peer-to-peer exchange of ideas and experiences. The seminar will provide an overview of good practices and take stock of the regional status of implementation, main gaps and avenues for reform. The existence of both mature and emerging practices in Southern Africa moving towards much higher levels of budget transparency and gender responsiveness creates opportunities for reviewing lessons learnt and considering how contextually appropriate reforms can be designed and implemented to ensure better budget outcomes.

AFS will liaise with the IMF's Fiscal Affairs Department to mobilize international and regional experts in different aspects of developing and implementing good practice. Observers from regional organizations and blocs will also provide a regional integration perspective of the ongoing initiatives.

The seminar will cover the following main topics:

- **Understanding the concepts, opportunities and the challenges to budget transparency.** Publications and content of budget documents and fiscal reports necessary to improve transparency.
- **Systems and methods to improve accessibility, usefulness of budget information to enhance budget transparency.** Underlying capabilities necessary to ensure sustained improvement in budget transparency and levels of public access to information.

- **Gender responsive budgeting (GRB) conceptual framework.** Objectives of gender budgeting, IMF initiatives in GRB, presentation and discussion of the methodology developed in the IMF G7 Paper on GRB and subsequent expansions.
- **Good PFM principles to implement gender policies over the budget cycle.** This includes medium-term planning, annual budget preparation, and execution.
- **Country experiences in budget transparency and GRB.** Each country will present its own experiences in enhancing budget transparency and GRB.

Language requirements:

The seminar will be conducted in English with simultaneous interpretation into French and Portuguese, if required.



HIGH-LEVEL SEMINAR ON REVENUE ADMINISTRATION GOVERNANCE- JOINT AFE-AFS-AFW2

SEMINAR COORINATORS: MESSRS BERLIN MSISKA, THABO LETJAMA and HENRY KAPERI



Area of technical assistance: REVENUE ADMINISTRATION	
Targeted audience:	Commissioners General, chairpersons of governing boards, and Principal Secretaries responsible for Finance
Participation:	Maximum of 3 participants per country: Commissioner General, Board Chair, and Principal Secretary responsible for Finance
Dates:	September 23-25, 2019
Venue:	Cape Town, South Africa

Background and Description

Good governance is one of the key drivers of sustainable and good performance in revenue administrations. The level of transparency, accountability, and integrity of the revenue administration determines the extent to which the public have confidence and trust in the revenue administration to competently and fairly execute its mandate. Limited trust and confidence in the revenue administration limits the extent to which taxpayers voluntarily comply with their tax obligations and ultimately affect revenue performance.

In addition, the operating environment is rapidly changing compelling revenue administrations to think differently about governance areas including strategy; technology; risk management; compliance; (by taxpayers and by the administration itself to governing laws and regulations), assurance; and stakeholder inclusiveness. Governing boards or governance bodies for revenue administrations are tasked with directing the administrations to overcome these challenges and deliver good and sustainable performance.

The Fund and in collaboration with African Tax Administration Forum (ATAF) successfully ran workshops in the past on governance, and the last one for Commissioners General, Chairpersons of governing boards, and Principal Secretaries responsible for Finance was held in Cape Town during September 2016. The participants requested more similar events to continue discussions on governance topics including (i) role and powers of the Minister, the Ministry, the Board, and the Commissioner General; (ii) accountability of the revenue administration to state oversight bodies; (iii) degree of stakeholder inclusiveness in running operations of the administration; (iv) alignment of the revenue authority strategy to broad government strategic direction and policy, and (v) role of the board in building an ethical culture, good performance, and effective control of revenue administration operations.

Purpose of the Seminar

The purpose of this seminar- a joint event by AFRITAC East (AFE), AFRITAC South (AFS), and AFRITAC West 2 (AFW2) in collaboration with ATAF and the Commonwealth Association of Tax Administrators (CATA), is to strengthen governance arrangements for revenue administrations. It shall discuss key governance emerging issues and challenges facing revenue administrations in the 21ST century, discuss principles and practices of good governance, and create a platform for participants to share their experiences in instilling good governance in their respective countries.

Methodology

Experts shall lead discussions with presentations on outcomes, principles and practices of good governance. Panels of selected participants will be requested to discuss and share their experiences on governance practices in their domestic environment.

<i>Language requirements:</i>
The seminar will be conducted in English with simultaneous interpretation into French and Portuguese, if required.



ESTABLISHMENT OF EFFECTIVE SYSTEMS AND PROCEDURES FOR CUSTOMS VALUATION

SEMINAR COORDINATOR: MR. PHILIP WOOD



<i>Area of technical assistance:</i>	<i>Customs Administration</i>
Targeted audience:	Mid-level managers from central verification/valuation, risk management and policy units of revenue authorities.
Participation:	Two-three participants per country
Dates:	October 7-11, 2019
Venue:	South Africa (TBC)

Seminar description

The seminar will focus on the practical application of the WCO good practice guidelines for the establishment and operation of a customs valuation unit and/or associated procedures. The focus will be on providing revenue authorities with details of the WTO GATT valuation rules and the practical actions required to ensure that authorities comply with their obligations as members of the WTO. The seminar will also review the latest IMF Technical Note on Valuation matters with a view to identify key risk areas and to develop appropriate risk-mitigation strategies designed to improve compliance. Guest speakers will also look to share practical examples of the results achieved through the practical application of the guidelines provided.

Language requirements:

The seminar will be conducted in English with simultaneous interpretation into French and Portuguese, if required.



CORPORATE GOVERNANCE ISSUES IN BANKING SECTOR

SEMINAR COORDINATOR: Mr. P.R. RAVI MOHAN



Area of technical assistance: <i>Financial Sector Supervision</i>	
Targeted audience:	Mid- to senior-level supervisors of banks from central banks/prudential supervisory agencies of SADC countries working in Supervisory policy, off-site and on-site examination in the supervision department, macroprudential supervision, and prudential regulation/accounting/financial stability
Participation:	Two-three participants per country
Dates:	October 14-18, 2019
Venue:	South African Reserve Bank's Academy, Pretoria, South Africa

Seminar description

The Global Financial Crisis has resulted in an overhaul of the global financial regulatory and supervisory architecture and has been instrumental for a paradigm shift in the manner in which financial institutions classify, measure and manage various categories of risk. The scope of banking regulation and supervision has also been extended to include elements of Corporate Governance. Consequently, the international standard setters issued revised/enhanced standards relating to Corporate Governance. The Basel Committee on Banking Supervision (BCBS) in 2015 issued Corporate Governance Principles for Banks, which focus on addressing deficiencies at the level of Board of Directors. The organization of Economic Co-operation and Development (OECD) has also issued revised Corporate Governance standards. IMF's initiatives on Governance and Corruption resulted in publication of the policy papers in August 2017. The Financial Stability Board (FSB) has also done considerable work in the area of Corporate Governance including stocktaking of governance practices in major banks and thematic peer reviews.

One of the main lessons from the Global Financial Crisis is the need to strengthen Corporate Governance, both in terms of the regulatory/legislative frameworks and in respect of the practices by the financial institutions. Effective Corporate Governance is critical to the proper functioning of the financial system and financial stability. It plays a critical role in making the financial institutions resilient and the financial sector robust, thereby facilitating mitigation of systemic risk. Failure of Corporate Governance principles and practices has been a primary reason for the crisis in financial institutions and markets across the globe in recent times.

The overarching goal of the seminar is to enhance the ability of prudential regulators and bank supervisors/examiners to understand the implementation challenges of the reform process set in motion by the international standard setters with specific focus on the above-mentioned principles/standards. The seminar is designed to familiarize participants with the underlying concepts of Corporate Governance and enable them to issue appropriate guidelines in their jurisdictions. It will also equip them with the tools and techniques for conducting supervision of banks/financial institutions under the new framework in the most effective way.

The seminar aims to make participants aware of the inter-linkages between Corporate Governance and the regulation/supervision of AML/CFT portfolio. Aided by this awareness, officials will be better equipped to design regulatory/supervisory frameworks appropriate for their jurisdictions.

The participants will have the opportunity to discuss and learn the following:

- Conceptual issues of Corporate Governance, evolution, lessons and recent developments
- Principles issued by various standard setters relating to Corporate Governance
- Regulatory Approach in different jurisdictions in framing Corporate Governance guidelines

- Legal enforceability of the measures
- AML/CFT issues and the inter-linkages with Corporate Governance
- Country experiences. Presentation by participants

The seminar will require close interaction among the participants, with the resource persons guiding the interactions. Participants from select countries will be asked to make presentations on their country experiences. Presentations will be given by international experts in the area. Participants are expected to review the reading materials on the list of references.

Language requirements:

The seminar will be conducted in English with simultaneous interpretation into French and Portuguese, if required. All materials and presentations will be in English only.

References:

- **IMF**
 - Policy Paper, “The role of the Fund in Governance Issues- Review of the Guidance Note” (August 2017)
 - Policy Paper, “The Role of the Fund in Governance Issues- Review of the Guidance Note- Background Notes” (August 2017)
 - Policy Paper, “Key Aspects of Macroprudential Policy” (2017)
- **BCBS**
 - “Basel III: A Global Regulatory Framework for More Resilient banks and Banking Systems”
 - “Basel Core Principles for Effective Banking Supervision” (September 2012)
 - “Corporate Governance Principles for Banks” (July 2015)
- **FSB**
 - Thematic peer review on Corporate Governance (April 2017)
- **FATF**
 - Risk Based Approach- Guidance for the banking sector 92014)
- **Others**
 - OECD revised principles on Corporate Governance (September 2015)
 - Adrian, Tobias “Risk Management and Regulation” Journal of Risk 20, 2017.
 - European Central Bank, SSM Thematic Review on Corporate Governance.



REGULATORY, SUPERVISORY AND OVERSIGHT RESPONSIBILITIES: TOWARDS COMPLIANCE WITH THE CPSS-IOSCO PRINCIPLES FOR FINANCIAL MARKET INFRASTRUCTURES
WORKSHOP COORDINATOR: MS. FAITH STEWART



Area of technical assistance:		Financial Market Infrastructures & Payments
Target audience:	Senior- and mid-level professionals responsible for the operation, regulation and oversight of the payment, clearing & settlement systems	
Participation:	Maximum two participants per central bank/country	
Dates:	December 10-13, 2019	
Venue:	Ebene, Mauritius	

Background and Description

Financial market infrastructures (FMIs) facilitate the clearing, settlement, and recording of monetary and other financial transactions and are critical for the effective conduct of monetary policy. They enable improved risk management and can strengthen the markets they serve. However, if not properly managed, they can pose significant risks to the financial system and be a potential source of contagion, particularly in periods of market stress. Because of their critical importance for financial stability, risk management standards have been promulgated for the operations of FMIs and oversight responsibilities for regulators, supervisors and overseers of these systems. These are the CPSS-IOSCO Principles for Financial Market Infrastructures (PFMI) published in 2012 by the Committee on Payment and Settlement Systems (CPSS) of the Bank for International Settlements and the Technical Committee for the International Organization of Securities Commissions (IOSCO).

Purpose of the Workshop

The workshop is a joint initiative with the IMF's Regional Technical Assistance Center in East Africa (AFRITAC East, AFE). Accordingly, a total of twenty countries are targeted. The workshop is being hosted in conjunction with the MEFMI. It is intended for senior and mid-level officials of central banks and other agencies and operators involved with the operation, regulation and oversight of the payment, clearing and settlement systems. The workshop responds to the needs of member countries to strengthen legal, governance and risk management frameworks (Principles 1 to 3) and fulfil the regulatory, supervisory and oversight responsibilities (Responsibilities A to E) of the PFMI. It will provide a forum to discuss member countries' experiences and progress on these fronts and enhance internal capability to conduct assessments of these elements. Allied to the analysis of principle 1 (Legal Basis), member countries have requested that the forum also discuss how policy and regulatory environments have evolved/are evolving to address the key risks, opportunities and regulatory challenges associated with the use of the emerging financial technologies (fintech).

Methodology

The workshop brings together officials from two regions, and is designed to be interactive, allowing for extensive peer-to-peer exchange. Presentations will be given by technical and legal experts. Using a case study approach, participants will apply the selected principles and responsibilities to a hypothetical country, identify weaknesses and propose recommendations. Some participants will also be selected to make presentations on the key features of their legal and regulatory environment for FMIs and fintech. The CPSS-IOSCO Principles for Financial Market Infrastructures (April 2012) and the related Disclosure Framework and Assessment Methodology (December 2012) are **required reading** as part of the preparations. These documents are accessible at the following links: <https://www.bis.org/cpmi/publ/d101a.pdf> ; <https://www.bis.org/cpmi/publ/d106.pdf>

Language requirements:

The seminar will be conducted in English with simultaneous interpretation into French and Portuguese, if required. All materials and presentations will be available in English only.



MONETARY POLICY FORECASTING AND ANALYSIS
COURSE COORDINATOR: MS. CARINA SELANDER



<i>Area of technical assistance:</i> Monetary Policy Forecasting and Analysis	
Targeted audience:	Mid- to senior-level staff involved in monetary policy forecasting and modeling Research/Monetary Policy Departments of the Central Banks in the AFRITAC South region
Participation:	Three participants per country; Two with capacity and experience in running the CB's macro model and one with capacity to run the nowcasting models used.
Dates:	December 9-13, 2019
Venue:	Ebene, Mauritius

Seminar description

A more detailed seminar description will be provided at a later stage when date, venue, and cooperating partners have been confirmed.

The seminar will require close interaction among the participants, with the resource persons guiding the interactions. Participants will be asked to make presentations on their country specific macro models, forecast processes, nowcasting frameworks etc. experiences. Presentations will be given by international experts in the area. Participants are expected to review the reading materials on the list of references.

Each country team will be required to bring their own models, data and laptops

Language and other requirements:

The seminar will be conducted in English, and all materials and presentations will be in English only.

References:

- Andrieu, M., A. Berg, E. Berkes, R. A. Morales, R. Portillo, and J. Vlcek, 2013, "Money Targeting in a Modern Forecasting and Policy System: An Application to Kenya," IMF Working Paper 13/239, available at www.imf.org.
- Beneš, Jaromír, Jaromír Hurník, and David Vávra, 2008, "Exchange Rate Management and Inflation Targeting: Modeling the Exchange Rate in Reduced-Form New Keynesian Models," Czech Journal of Economics and Finance, Vol. 3–4. Available via: http://journal.fsv.cuni.cz/storage/1128_str_166_194--benes-hurnik-vavra.pdf
- Berg, A., P. Karam, and D. Laxton, 2006a, "A Practical Model-Based Approach to Monetary Policy Analysis—Overview," IMF Working Paper 06/080 (April 2006), available at www.imf.org — — —, 2006b, "Practical Model-Based Monetary Policy Analysis—A How-to Guide," IMF Working Paper 06/081 (April 2006), available at www.imf.org
- Berg, Andrew, Philippe D. Karam, and Douglas Laxton, 2006, "Practical Model-Based Monetary Policy Analysis—A How-To Guide," IMF Working Paper 06/81 (Washington: International Monetary Fund), available at: <http://www.imf.org/external/pubs/ft/wp/2006/wp0681.pdf>
- Laxton, Douglas, David Rose, and Alasdair Scott, 2009, "Developing a Structured Forecasting and Policy Analysis System to Support Inflation-Forecast Targeting (IFT). IMF WP/09/65, available at www.imf.org.



VOLUME AND PRICE MEASURES IN NATIONAL ACCOUNTS

SEMINAR COORDINATOR: MR. ACHILLE PEGOUÉ



Area of technical assistance:		Statistics
Targeted audience:	The seminar is designed for annual and quarterly national accounts compilers from the statistical agencies responsible for official national accounts data.	
Participation:	Limited to two–three participants per country [AFS and COMESA countries]	
Dates:	January 13-17, 2020	
Venue:	Livingstone, Zambia	

Seminar description

The main objective is to strengthen the participants' knowledge of national accounts concepts and methods relating to the implementation of international standards and best practices.

This five-day seminar will focus on the decomposition of transactions included in GDP into price and volumes. Issues with the choice of the base and reference year and the use of deflation or extrapolation methods. Participants will be invited to list specific questions, topics, issues which will be discussed during the seminar. The seminar will consist of lectures and workshop sessions.

Reference:

System of National Accounts 2008; European Commission, International Monetary Fund, Organization for Economic Co-operation and Development, United Nations and World Bank.

Quarterly National Accounts Manual 2017 Edition, International Monetary Fund.

Handbook on price and volume measures in national accounts 2001, EUROSTAT

Language and other requirements:

The seminar will be conducted in English with simultaneous interpretation into French and Portuguese if required



**EFFECTIVE USE OF DATA ANALYTICAL TOOLS TO SUPPORT THE IMPLEMENTATION
OF A RISK-BASED COMPLIANCE PROGRAM**
SEMINAR COORDINATOR: MR. PHILIP WOOD



AREA OF TECHNICAL ASSISTANCE: <i>CUSTOMS ADMINISTRATION</i>	
Targeted audience:	Mid-level managers from the risk management, analytical units or customs departments of revenue authorities.
Participation:	Two–three participants per country
Dates:	January 27–31, 2020
Venue:	Ebene, Mauritius

Seminar description

The seminar will focus on the use of analytical tools for the purposes of identifying potential areas of non-compliance. The seminar will look to identify all data sources available to revenue authorities and to guide participants through the practical application of various tools and techniques. Guest speakers will also look to share practical examples of the results achieved through the use of the techniques and tools.

Language requirements:

The seminar will be conducted in English with simultaneous interpretation into French and Portuguese, if required.



FUNDAMENTALS OF PRICE STATISTICS

SEMINAR COORDINATOR: MS. DONNA GRGMAN



AREA OF TECHNICAL ASSISTANCE: PRICE STATISTICS	
Targeted audience:	Price statistics compilers from the statistical agencies responsible for official price statistics data
Participation:	Two–three participants per country
Dates:	February 10-14, 2020
Venue:	Gaborone, Botswana

Seminar description

The main objective is to strengthen the participants' knowledge of price indices concepts and methods relating to the implementation of international standards and best practices.

This five-day seminar will focus on the fundamental data sources and compilation procedures as well as the challenges compilers face in developing/updating price indices. Topics will include general price indices issues; contributing to the development of source data surveys as well as analyzing the subsequent results; constructing expenditure shares; issues with the development/updating weights, selecting samples, quality adjustment issues, and pricing difficult items. Participants will be invited to list specific questions, topics, issues which will be discussed during the seminar.

Language requirements:

The seminar will be conducted in English with simultaneous interpretation into French and Portuguese, if required.



STRENGTHENING PUBLIC DEBT MANAGEMENT AND MANAGING PUBLIC WEALTH
SEMINAR COORDINATOR: MR. EL OMARI



AREA OF TECHNICAL ASSISTANCE: PUBLIC FINANCIAL MANAGEMENT	
Targeted audience:	Macro-Fiscal Departments, Debt Management Departments and Public Private Partnerships Units. Staff from AFRITAC South member countries as well as COMESA, SADC and selected AFRITAC East countries
Participation:	2-3 participants per country
Dates:	March 16-20, 2020
Venue:	Pretoria, South Africa

Seminar description

The economic recovery in sub-Saharan Africa continues, but there is duality in growth performance and prospects within the region. About half of the region's countries, mostly non-resource-intensive, are expected to grow at 5 percent or more, and see a faster rise in income per capita than the rest of the world on average over the medium term. The remaining countries, comprising mostly resource-intensive countries are expected to fall behind. However, these countries also share the challenges of strengthening resilience and creating sustained high and inclusive growth. Addressing these challenges will require, among others, strengthening public financial management, ensuring efficient public investment, containing fiscal risks from state-owned enterprises and public-private partnerships (PPP), improving debt management, and enhancing debt transparency¹.

The IMF and other international organizations have provided guidelines and tools to help countries to address the above challenges. Some of these include the public sector balance sheets (PSBSs) approach, a PPP fiscal risks assessment model (PFRAM), and guidelines on strengthening public debt transparency. To enhance public debt transparency, particularly in developing countries, the IMF and the World Bank (WB) have prepared two notes on this. The first note outlines a work agenda to address identified issues in debt management capacity of member countries as well as in the scope and type of technical assistance being provided. And, the second note looks at how the IMF and the WB can strengthen public debt transparency, through their role in collecting and disseminating debt data, conducting and publishing public debt analysis, and supporting and promoting sustainable borrowing and lending practices.

On containing fiscal risks from PPPs, the IMF and WB have developed a PPP fiscal risks assessment model (P-FRAM). The P-FRAM is an analytical tool to quantify the macro-fiscal implications of PPP projects. It is designed to be used mostly by PPP units in ministries of finance, and it provides a structured process for gathering information for a PPP project in a simple, user-friendly, Excel-based platform, following a four specific steps.

Another useful approach and tool of strengthening public financial management is PSBSs approach, presented in the October 2018 IMF Fiscal Monitor. Using data from 31 countries the research shows that few governments know how much they own and owe. Public sector balance sheets provide the most comprehensive picture of public wealth. They bring together all the accumulated assets and liabilities that the government controls, including public corporations, natural

¹ Regional economic outlook. Sub-Saharan Africa: recovery amid elevated uncertainty.

resources, and pension liabilities. They thus account for the entirety of what the state owns and owes, offering a broader fiscal picture beyond debt and deficits. Most governments do not provide such transparency, thereby avoiding the additional scrutiny it brings. Better balance sheet management enables countries to increase revenues, reduce risks, and improve fiscal policymaking.

The aim will be to combine international knowledge and experience with Sub-Saharan Africa country experience to ensure effective knowledge transfer. AFS will liaise with the IMF's Fiscal Affairs Department to mobilize international experts in different aspects of developing and implementing good practice. Observers from regional organizations and blocs will also provide a regional integration perspective of the ongoing initiatives.

The seminar will cover the following main topics:

- **Public debt management and transparency.** Gaps in the recording, monitoring, and reporting of reliable and comprehensive public debt data. Prerequisites for effective debt recording, monitoring, and reporting. The consequences that lack of transparency can have for borrowers. The IMF and WB role in collecting, disseminating debt statistics, and carrying out debt analysis.
- **Public-private partnerships and P-FRAM.** Why do we worry about PPPs? What can governments do to manage PPPs? How can we use the P-FRAM to identify and evaluate PPP fiscal costs, fiscal risks, and mitigation measures to manage them?
- **Managing public wealth: The public sector balance sheet.** What do PSBSs look like, and how have they evolved? How can the PSBS approach improve risk analysis and promote resilience? How can the PSBS approach strengthen fiscal policy?
- **Country experiences on public debt transparency and PPP management.** Each country will present its own experiences on public debt transparency and management of PPPs.

Language and other requirements:

The seminar will be conducted in English with simultaneous interpretation into French and Portuguese if required

References:

International Monetary Fund. 2018. *Fiscal Monitor: Managing Public Wealth*. Washington, October.

International Monetary Fund. 2019. *Regional economic outlook. Sub-Saharan Africa: recovery amid elevated uncertainty*. Washington, April.

International Monetary Fund and World Bank. 2018. *G20 Notes on Strengthening Public Debt Transparency*, June.

Key Indicators

Annex II

	2015	2016	2017	2018	2019	2020	2021
Population (Millions)							
Angola	26.7	27.5	28.4	29.3	30.1	31.0	32.0
Botswana	2.2	2.3	2.3	2.3	2.4	2.4	2.5
Comoros	0.8	0.8	0.8	0.8	0.9	0.9	0.9
Eswatini	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Lesotho	2.0	2.0	2.0	2.0	2.0	2.1	2.1
Madagascar	24.2	24.9	25.6	26.3	27.1	27.8	28.6
Mauritius	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Mozambique	28.0	28.8	29.5	30.3	31.2	32.0	32.8
Namibia	2.3	2.3	2.4	2.4	2.5	2.5	2.6
Seychelles	0.1	0.1	0.1	0.1	0.1	0.1	0.1
South Africa	54.8	55.6	56.5	57.7	58.6	59.6	60.5
Zambia	16.2	16.7	17.2	17.8	18.3	18.9	19.5
Zimbabwe	14.1	14.5	14.9	15.3	15.7	16.1	16.5

Gross domestic product, current prices (USD Billions)

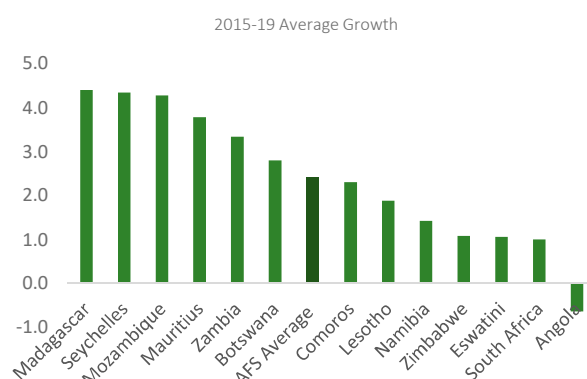
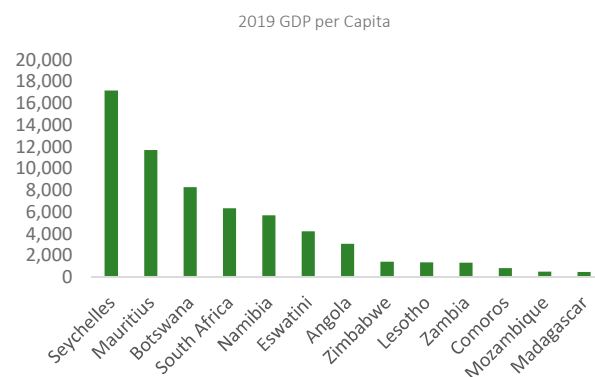
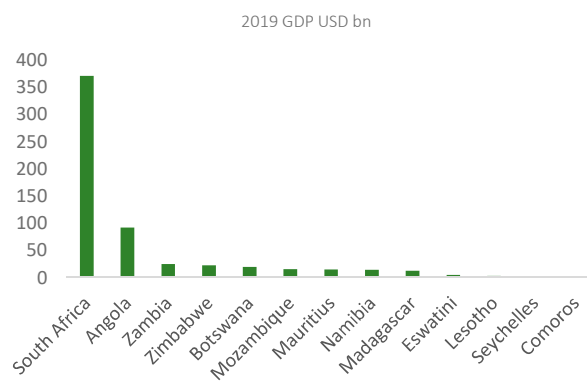
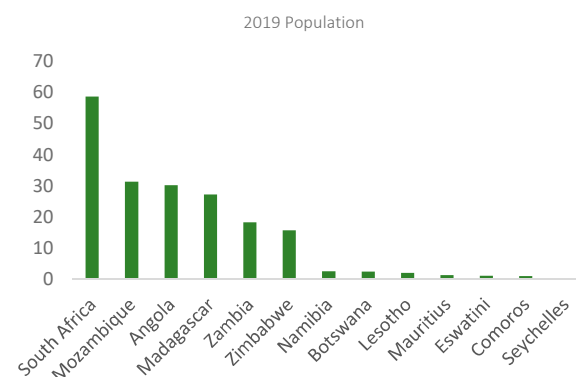
Angola	116	101	122	107	92	96	100
Botswana	14	16	17	19	20	21	22
Comoros	1	1	1	1	1	1	1
Eswatini	4	4	4	5	5	5	5
Lesotho	2	2	3	3	3	3	3
Madagascar	10	10	11	12	13	14	15
Mauritius	12	12	13	14	15	16	17
Mozambique	15	11	13	14	15	16	17
Namibia	12	11	13	14	14	15	15
Seychelles	1	1	1	2	2	2	2
South Africa	318	296	349	368	371	387	403
Zambia	21	21	26	25	25	25	26
Zimbabwe	20	20	22	26	22	26	28
Total AFS	546	507	597	610	597	626	655

Gross domestic product per capita, current prices (USD)

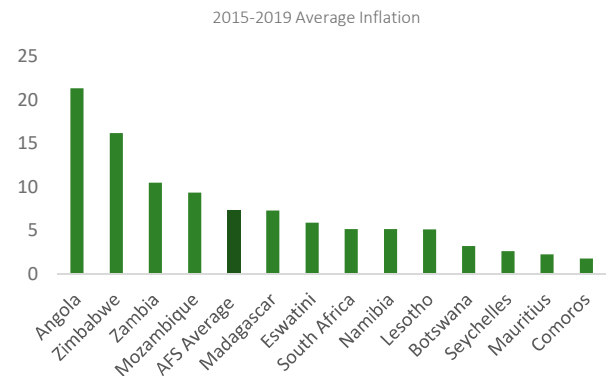
Angola	4,355	3,677	4,304	3,669	3,060	3,107	3,140
Botswana	6,539	6,958	7,584	8,137	8,263	8,617	8,776
Comoros	742	760	785	874	833	863	892
Eswatini	3,730	3,515	4,061	4,250	4,206	4,310	4,428
Lesotho	1,179	1,217	1,353	1,358	1,373	1,402	1,457
Madagascar	400	400	448	459	471	487	508
Mauritius	9,259	9,681	10,491	11,281	11,694	12,433	13,226
Mozambique	529	379	426	476	493	509	527
Namibia	5,160	4,852	5,593	5,727	5,675	5,835	6,049
Seychelles	14,786	15,219	15,859	16,472	17,155	17,892	18,765
South Africa	5,801	5,327	6,182	6,377	6,331	6,491	6,666
Zambia	1,310	1,253	1,501	1,417	1,344	1,338	1,354
Zimbabwe	1,412	1,383	1,471	1,712	1,423	1,607	1,704

Gross domestic product, constant prices (Percent change)

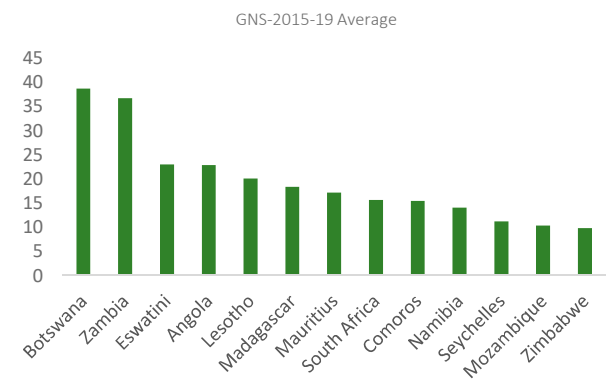
Angola	0.9	-2.6	-0.2	-1.7	0.4	2.9	2.2
Botswana	-1.7	4.3	2.9	4.6	3.9	4.1	4.0
Comoros	1.0	2.2	2.7	2.8	2.8	2.9	3.1
Eswatini	0.4	3.2	1.9	0.2	-0.4	0.2	0.9
Lesotho	2.5	3.1	-1.6	1.5	3.9	0.3	2.8
Madagascar	3.1	4.2	4.3	5.2	5.2	5.3	5.1
Mauritius	3.6	3.8	3.8	3.8	3.9	3.9	4.0
Mozambique	6.6	3.8	3.7	3.3	4.0	4.0	4.0
Namibia	6.1	0.6	-0.9	-0.1	1.4	2.0	3.1
Seychelles	4.9	4.5	5.3	3.6	3.4	3.3	4.1
South Africa	1.2	0.4	1.4	0.8	1.2	1.5	1.8
Zambia	2.9	3.8	3.4	3.5	3.1	2.9	2.9
Zimbabwe	1.8	0.7	4.7	3.4	-5.2	3.3	4.2
AFS Average	2.6	2.5	2.4	2.4	2.1	2.8	3.2



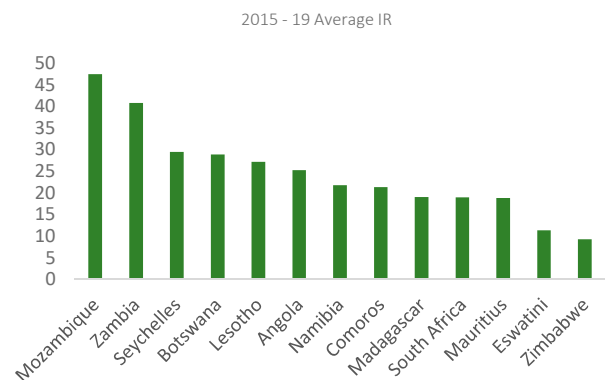
	2015	2016	2017	2018	2019	2020	2021
Inflation, average consumer prices (Percent change)							
Angola	9.2	30.7	29.8	19.6	17.5	11.1	7.9
Botswana	3.1	2.8	3.3	3.2	3.6	3.8	3.9
Comoros	2.0	1.8	1.0	2.0	2.0	2.0	2.0
Eswatini	5.0	7.8	6.2	4.8	5.6	5.5	5.5
Lesotho	4.3	6.2	4.5	5.2	5.4	5.6	5.5
Madagascar	7.4	6.7	8.3	7.3	6.7	6.3	5.8
Mauritius	1.3	1.0	3.7	3.2	2.1	3.7	3.5
Mozambique	3.6	19.9	15.1	3.9	4.2	5.5	5.5
Namibia	3.4	6.7	6.1	4.3	5.2	5.5	5.5
Seychelles	4.0	-1.0	2.9	3.7	3.4	3.0	3.0
South Africa	4.6	6.3	5.3	4.6	5.0	5.4	5.5
Zambia	10.1	17.9	6.6	7.0	10.8	12.0	10.3
Zimbabwe	-2.4	-1.6	0.9	10.6	73.4	9.4	3.7
AFS Average	4.3	8.1	7.2	6.1	11.1	6.1	5.2



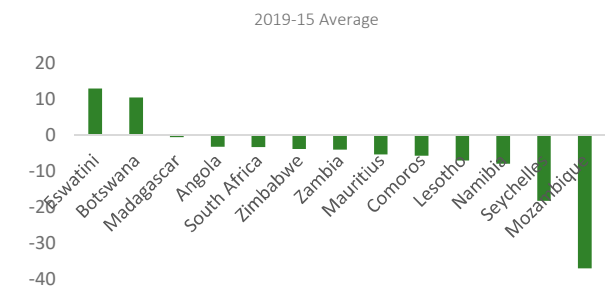
Gross national savings (Percent of GDP)							
Angola	28.5	24.5	23.4	21.9	15.9	18.1	18.4
Botswana	41.2	38.8	40.6	36.3	36.6	36.6	37.5
Comoros	18.2	14.6	17.5	13.3	13.7	14.2	14.6
Eswatini	23.3	26.3	24.2	21.1	20.1	21.3	22.3
Lesotho	24.7	19.6	18.8	18.3	19.1	17.4	16.9
Madagascar	14.9	19.1	18.4	20	19.4	18.5	18.4
Mauritius	16.8	17.3	17.9	16.8	17.1	16.9	15.6
Mozambique	5.0	-1.2	19.0	14.8	14.0	19.3	22.7
Namibia	20.8	10.9	11.4	12.4	14.6	16.3	16.0
Seychelles	15.2	10.2	8.5	10.2	11.9	13.1	13.9
South Africa	16.3	16.4	16.4	14.6	14.4	14.1	14.1
Zambia	38.9	33.7	37.1	37.1	36.7	35.8	35.2
Zimbabwe	6.4	14.8	15	7.6	5.3	4.9	4.7



Total investment (Percent of GDP)							
Angola	34.2	27.2	24.1	20.6	19.8	20.0	20.2
Botswana	32.6	28.6	28.2	26.8	27.9	28.7	29.1
Comoros	18.6	21.1	21.5	22.4	22.7	23.0	23.4
Eswatini	11.4	12.1	11.7	11.2	10.1	9.7	9.8
Lesotho	28.7	27.9	23.4	24.1	31.7	21.7	25.8
Madagascar	16.8	18.6	18.9	19.7	20.8	22.0	22.9
Mauritius	18.1	17.9	18.3	18.4	21.1	22.0	21.2
Mozambique	45.3	38.1	39.2	49.2	65.2	83.1	83.3
Namibia	32.2	23.7	17.6	16.6	18.5	19.5	20.0
Seychelles	33.8	30.2	28.9	26.4	27.9	28.8	30.7
South Africa	20.9	19.2	18.8	17.9	17.8	17.8	17.9
Zambia	42.8	38.2	41.0	42.2	39.7	38.5	37.2
Zimbabwe	10.1	12.1	12.5	6.8	4.7	4.6	4.5



Current account balance (Percent of GDP)							
Angola	-8.8	-4.8	-0.3	1.3	-3.8	-1.9	-1.9
Botswana	7.8	13.7	12.3	9.6	8.6	8.0	8.4
Comoros	-0.4	-6.5	-4.0	-9.1	-8.9	-8.8	-8.7
Eswatini	18.0	14.3	12.5	9.9	10.0	11.6	12.6
Lesotho	-3.9	-8.4	-4.6	-5.8	-12.6	-4.3	-8.8
Madagascar	-1.9	0.6	-0.5	0.3	-1.4	-3.5	-4.5
Mauritius	-3.6	-4.0	-5.7	-6.2	-7.4	-6.7	-5.7
Mozambique	-40.3	-39.3	-20.2	-34.4	-51.1	-63.8	-60.5
Namibia	-12.4	-12.8	-6.3	-4.3	-3.9	-3.2	-3.9
Seychelles	-18.6	-20.1	-20.5	-16.3	-16.0	-15.7	-16.8
South Africa	-4.6	-2.8	-2.4	-3.4	-3.4	-3.7	-3.8
Zambia	-3.9	-4.5	-3.9	-5.0	-2.9	-2.7	-1.9
Zimbabwe	-7.6	-3.6	-1.3	-4.0	-3.0	-4.6	-4.2



	2015	2016	2017	2018	2019	2020	2021
General government revenue (Percent of GDP)							
Angola	24.1	17.5	17.5	22.1	19.0	19.8	19.8
Botswana	31.2	33.2	30.8	28.8	27.9	27.9	27.6
Comoros	31.9	23.5	28.6	28.3	28.5	28.5	28.6
Eswatini	27.5	25.1	28.1	25.1	25.3	26.3	26.3
Lesotho	47.2	40.9	43.6	41.4	41.7	42.0	42.0
Madagascar	11.9	14.8	14.8	14.9	15.9	15.0	14.8
Mauritius	20.8	21.1	21.4	22.5	22.1	22.0	21.7
Mozambique	28.1	26.2	28.3	26.0	26.1	26.1	26.3
Namibia	33.5	30.4	31.9	30.5	29.7	30.8	30.4
Seychelles	34.2	37.9	36.4	37.7	38.2	37.2	36.5
South Africa	28.2	28.6	28.3	29.1	29.5	29.7	29.7
Zambia	18.8	18.2	17.5	18.4	18.1	17.4	17.4
Zimbabwe	18.7	16.8	14.1	10.3	8.8	11.7	14.4

General government total expenditure (Percent of GDP)							
Angola	27.1	22.0	23.8	19.7	18.9	20.0	19.9
Botswana	35.8	32.5	31.8	31.9	31.4	30.5	29.4
Comoros	27.6	30.9	28.0	30.1	31.2	31.4	31.6
Eswatini	33.3	35.9	34.6	35.1	34.1	31.4	29.5
Lesotho	48.2	47.3	46.6	46.3	47.1	47.2	47.0
Madagascar	15.2	16.1	17.2	17.1	18.4	19.1	19.7
Mauritius	24.4	24.6	23.9	24.9	24.9	24.7	24.4
Mozambique	35.2	32.5	31.6	31.3	31.5	32.1	31.9
Namibia	41.4	39.1	36.7	36.3	37.7	38.0	38.0
Seychelles	32.4	37.7	36.1	37.3	37.6	35.9	36.0
South Africa	32.9	32.7	32.6	33.6	34.6	34.7	34.6
Zambia	28.1	24.0	25.2	24.9	23.1	23.4	22.7
Zimbabwe	20.5	23.4	22.5	14.1	10.9	14.2	14.7

General government net lending/borrowing (Percent of GDP)							
Angola	-2.9	-4.5	-6.3	2.4	0.1	-0.1	0.0
Botswana	-4.6	0.7	-1.0	-3.1	-3.5	-2.6	-1.9
Comoros	4.3	-7.4	0.6	-1.8	-2.6	-2.8	-3.1
Eswatini	-5.7	-10.8	-6.5	-10.1	-8.8	-5.1	-3.1
Lesotho	-1.0	-6.3	-3.1	-4.9	-5.4	-5.2	-5.0
Madagascar	-3.3	-1.3	-2.4	-2.2	-2.5	-4.1	-5.0
Mauritius	-3.6	-3.5	-2.4	-2.4	-2.8	-2.7	-2.7
Mozambique	-7.2	-6.3	-3.4	-5.3	-5.4	-6.0	-5.6
Namibia	-7.9	-8.7	-4.8	-5.9	-8.0	-7.2	-7.7
Seychelles	1.9	0.2	0.4	0.5	0.6	1.2	0.5
South Africa	-4.8	-4.1	-4.4	-4.4	-5.1	-5.1	-4.9
Zambia	-9.3	-5.8	-7.7	-6.5	-5.0	-5.9	-5.3
Zimbabwe	-1.8	-6.5	-8.4	-3.8	-2.0	-2.5	-0.3

General government gross debt (Percent of GDP)							
Angola	57.1	75.7	68.5	88.1	90.5	82.8	79.7
Botswana	17.2	15.6	14.1	12.9	12.8	13.4	13.1
Comoros	24.1	27.8	31.8	31.2	35.1	36.3	37.5
Eswatini	19.2	26	29.2	34.9	41.1	43.1	42.6
Lesotho	43.3	37.2	36.8	39	37.9	37.3	34.8
Madagascar	35.7	41.9	40.3	39.7	41	42.1	43.5
Mauritius	65.4	66.2	63.7	65.2	67.5	67.8	66.7
Mozambique	88.1	121.6	103.2	100.4	124.5	119.9	115.3
Namibia	38.7	39.5	41.5	47.1	51.6	55.9	59.8
Seychelles	67.3	69	63.6	58.2	54.5	49.5	44.8
South Africa	49.3	51.5	53	56.7	57.8	59.8	61.8
Zambia	62.3	60.7	62.7	72.4	80.5	83.5	84.1
Zimbabwe	41.8	54.2	52.9	29.8	21	20.5	20.1

