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

FY18 Report to the Steering Committee

I. KEY MESSAGE

With the program under phase I nearly complete, AFRITAC South (AFS) expects further progress on targeted outcomes across all sectors. Through FY17 capacity development (CD) initiatives aimed at strengthening economic institutions and empowering officials in the region continued to facilitate implementation of major reform plans and harmonization and integration programs with regional partners. FY17 has been another year with good realizations on a number of fronts. The Program Document for phase II, which was circulated to the Steering Committee in February 2017, and this report highlight the key milestones and outcomes achieved and the emerging CD needs. Most of the key milestones and outcomes have been met and independent assessments by development partners continued to assess favorably the center's CD interventions.

The center's outreach and communication strategy ensured regular interactions and exchange of information with members of the Steering Committee (SC), donors, and other development partners through FY17 and helped take on board the evolving priorities in the region. Enhanced partnership and networking with regional organizations and collaboration with ATI and other AFRITACs contributed towards an effective execution of the work plan. Such partnerships remain critical for the realization of common strategic CD objectives going forward.

As highlighted in the Program Document for AFS's phase II, CD efforts will help advance work towards meeting the Sustainable Development Goals (SDGs) and the Financing for Development (FfD) agenda. Maintaining the current level of CD delivery, however, depends largely on the early conclusion of funding arrangements for the new phase. Discussions with key development partners are on good track with some $40 million in pledges or potential pledges by end February 2017. The remainder is expected to be covered by contributions from other key donors with whom advanced discussions are under way and from contributions of member countries.

In light of the strong demand, AFS plans to marginally increase the volume of CD delivery in FY18 through by one in the number of resident advisors. The FY18 work plan is consistent with the SDGs and FfD agenda and is driven by country demand, including program/economic surveillance priorities and the special needs of countries facing fragile conditions. Depending on the absorption capacity, reserves earmarked under the plan will cater to additional CD requirements of countries implementing critical reforms, the special needs of those facing fragile conditions, and funding of activities relative to regional integration and harmonization. Interventions towards revenue mobilization, public expenditure issues, debt management, financial deepening and stability, and data dissemination remain critical topical areas for the region. Following the success of the peer learning program in phase I, AFS will continue to support productive initiatives in this direction to help officials in the region gain experience from their counterparts in the region.

With recent innovations in International Monetary Fund (IMF) CD delivery by the IMF, we expect even stronger breakthroughs in phase II: such innovations include the introduction of the new IMF-wide results-based management framework, operationalization of the Capacity Development's Projects, Outputs, and Results Tracking system (CD-PORT), and the free on-line learning modules. Once the new IMF systems are fully operational, all the recommendations of the mid-term external evaluation will be fully implemented.

II. Key Recommendations for Endorsement by the AFS Steering Committee

This reports contains recommendations at the end of each section for endorsement by the SC. The recommendations will help implement the priorities for phase II, fast-track CD interventions, and make further efficiency gains. The recommendations are as follows:

- Endorsement of the FY18 work plan [page 19]
- Recruitment of an additional statistics advisor [page 19]
- Harmonization of donor log frames with the new IMF-wide RBM framework [page 20]
- Extension by one year of the AFS RBM advisor's term [page 20]
- Extension of phase I by [3]-months [page 25]
- Doubling the amount of member country contributions [page 25]
- Early pledges/disbursements for phase II by donors and member countries [page 25]

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List of Abbreviations

ACBF	African Capacity Building Foundation
ACP	Africa Caribbean and Pacific
AFS	IMF Regional Technical Assistance Center for Southern Africa
AGID	Administration Générale des Impôts et des Douanes
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
ASYCUDA	Automated SYstem for CUstoms DAta
ATAF	African Tax Administration Forum
ATI	Africa Training Institute
BCP	Basel Core Principles
CABRI	Collaborative African Budget Reform Initiative
CCBG	Committee of Central Bank Governors
CFS	Consolidated financial statement
CIFA	Country integrated fiduciary assessment
COA	Chart of accounts
COMESA	Common Market for Eastern and Southern Africa
CPMI	Committee on Payments and Market Infrastructures
CPR	Consolidated prudential regulations
EAC	East African Community
EC	Economic Census
EIB	European Investment Bank
ESAAG	East and Southern African Association of Accountants General
ESC	External evaluation subcommittee
EU	European Union
FAD	IMF Fiscal Affairs Department
FSAP	Financial Sector Assessment Program
FY	Financial year begins on May 1
GDDS	General data dissemination standard
GFS	Government Finance Statistics
ICAAP	Internal capital adequacy assessment process
ICD	IMF Institute for Capacity Development
IFMIS	Integrated Financial Management Information Systems
IMF	International Monetary Fund
INE	Instituto Nacional de Estatistica (National Institute of Statistics)
IOSCO	International Organization of Securities Commissions
IOC	Indian Ocean Commission
IOSCO	International Organization of Securities Commissions
IPSAS	International Public Sector Accounting Standards
IT	Information technology
ITAS	Integrated tax administration system
LEG	IMF Legal Department
MCM	IMF Monetary and Capital Markets Department
MEFMI	Macroeconomic and Financial Management Institute of Eastern and Southern Africa
MoF	Ministry of finance
MoU	Memorandum of understanding
MTBF	Medium-term budget framework
MTEF	Medium-term expenditure framework
MTFF	Medium-term fiscal framework
PBB	Program-based budgeting
PCA	Post-clearance audit
PeBB	Performance-based budgeting
PEFA	Public expenditure and financial accountability
QNA	Quarterly national accounts
RA FIT	Revenue administration fiscal information tool
RBS	Risk-based supervision
RES	IMF Research Department
RM	Risk management
RTAC	Regional technical assistance center
SACU	Southern Africa Customs Union
SADC	Southern African Development Community
SARB	South African Reserve Bank
SCCC	SADC Sub-Committee on Customs Cooperation
SCBS	Subcommittee on banking supervision
SDDS	Special Data Dissemination Standard
SECO	Swiss Economic Cooperation
SNA	System of National Accounts
SOE	State-owned enterprise
SREP	Supervisory review and evaluation process
SSA	sub-Saharan Africa
ST	Short term
STA	IMF Statistics Department
WB DB	World Bank Doing Business Indicators
TSA	Treasury single account
TDF	Training and Development Forum
WCO	World Customs Organization
WEF	World Economic Forum
WEO	World Economic Outlook

III. Execution of FY17 Work Plan and Update on the Phase I Program

1. **Implementation of the FY17 work plan is broadly on track with over 70 percent of the planned activities executed by end January, 2017**. AFS is expecting a significant increase in CD activities relative to FY16 (Figure 1), mainly driven by carryovers from the FY16 plan (mostly in the areas of public financial management and monetary operations), additional demand-driven seminars and peer learning activities, and a full-year TA in the new area of financial market infrastructure and payments. The increase is also explained by increased traction in a number of countries, including, Angola, Botswana, Mauritius, Seychelles, Swaziland, and Zambia (Figure 2).

Figure 1. AFS CD delivery, FY12-FY17

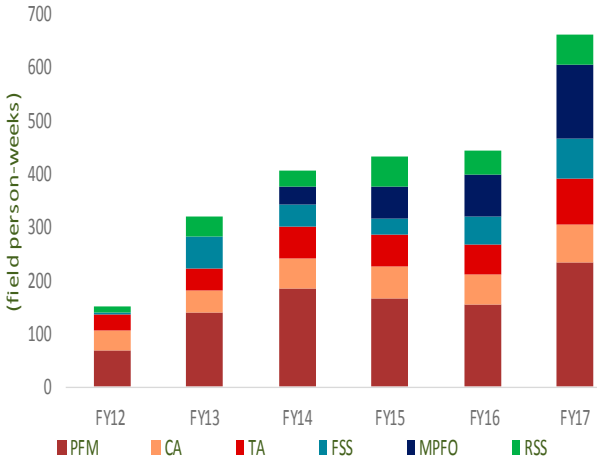
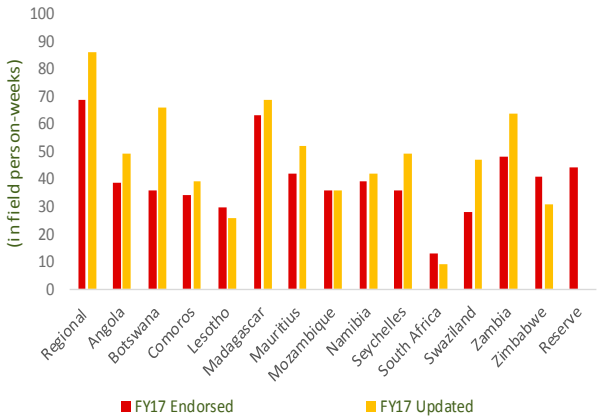


Figure 2. FY17 endorsed and updated plan, by country



Note: FY17 Updated reflects 9-months actual execution and revised for Q4

2. **Additional CD activities, which support harmonization and integration initiatives of regional partners,[1] have been accommodated in the FY17 program, the bulk of which addresses training needs for ensuring TA effectiveness and implementing regional commitments undertaken by member countries**. AFS is accommodating three new seminars this year, namely 'International Financial Reporting Standards', 'Seasonal Adjustments in National Accounts', and 'Macroeconomic Management in resource Rich Countries' – the latter being a joint AFS/AFRITAC Central seminar delivered in French. Twenty-three seminars and courses complemented by professional attachments, tailored in-country workshops, and remote mentoring in FY17 are expected to further empower officials and agencies to better execute domestic reform programs (Annex 1). About 13 percent of AFS FY17 resources will cater to such regional initiatives.

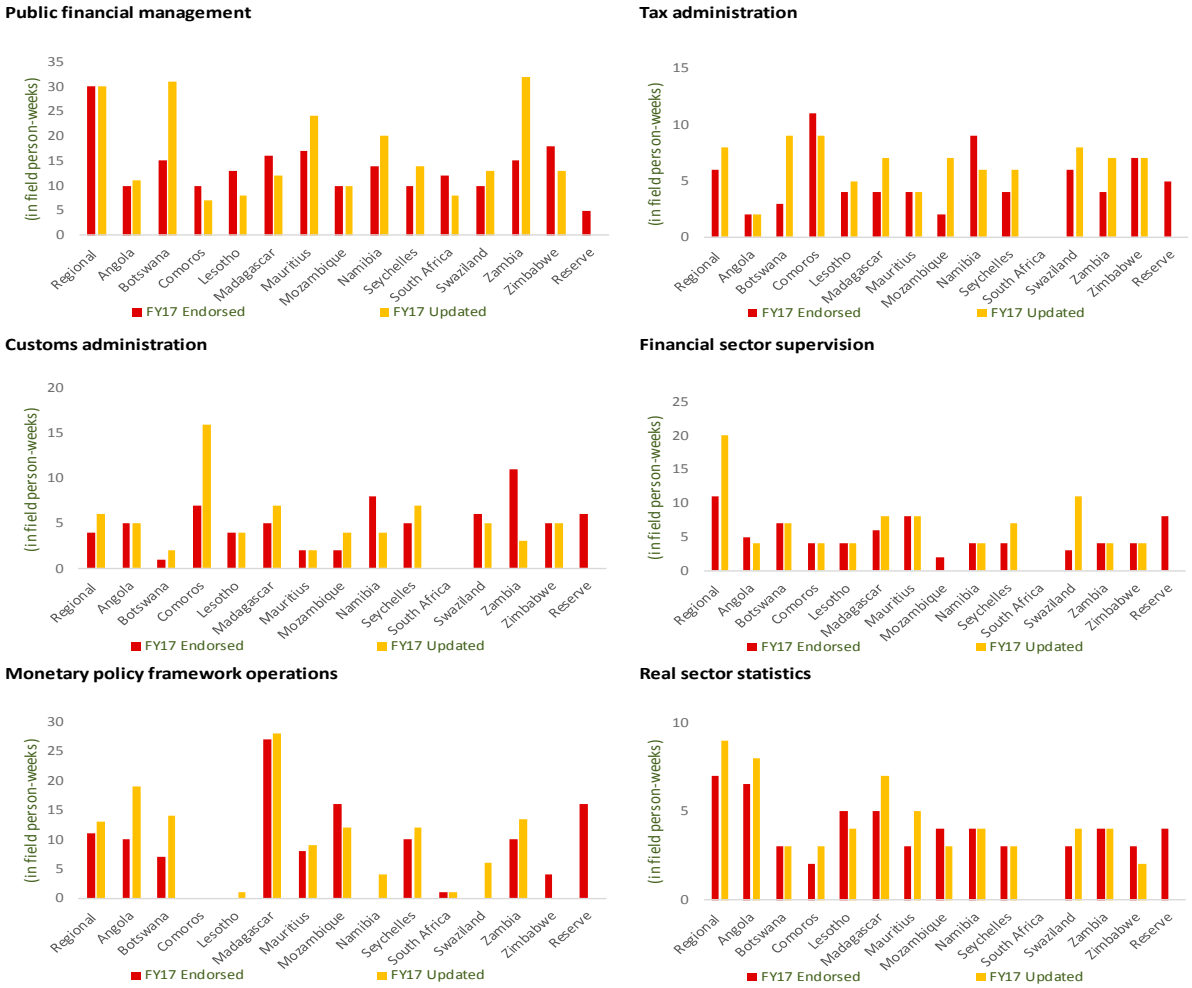
3. **IMF on-line courses in the core macroeconomic areas—led by the Institute for Capacity Development (ICD)—are a critical complement of AFS CD interventions.** In FY17 over 1500 officials from sub-Saharan Africa (SSA) are expected to gain through free on-line courses and about 735 through face-to-face AFS

[1] AFS covers 7 **Common Market for Eastern and Southern Africa** (COMESA) countries (Comoros, Madagascar, Mauritius, Seychelles, Swaziland, Zambia, and Zimbabwe), 12 SADC countries (Angola, Botswana, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Zambia, and Zimbabwe), and all five SACU countries (South Africa, Botswana, Namibia, Swaziland, and Lesotho).

seminars and courses. Country authorities are encouraged to increase the participation of officials, especially in the on-line courses.

4. **TA delivery, which constitutes the bulk of AFS activities, was somewhat constrained in some cases in FY17.** The challenging political landscape, the level of ownership by countries and agencies, absorption capacity constraints, and changing country priorities leading to postponement and/or cancellation of missions, remain key factors that hold back progress on certain milestones and outcomes. The introduction of a more flexible approach to resource allocation in FY17 allowed a swift response to new TA demands from country authorities and regional partners. Based on information as of January 2017, AFS expects an increase in the volume of TA across most TA areas and in most countries (Figure 3).

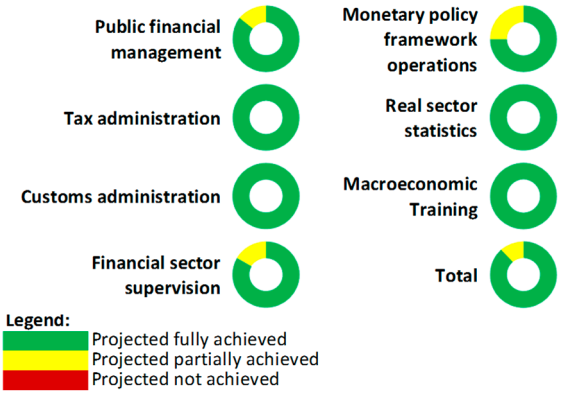
Figure 3. FY17 endorsed and updated plan, by country and by CD area



Note: FY17 Updated reflects 9-months actual execution and revised for Q4

5. **Despite the challenges, almost a quarter of AFS CD resources will help countries facing fragile conditions (Comoros, Madagascar, and Zimbabwe) implement key reforms and improve macroeconomic conditions.** The special needs of these countries include tailored hands-on training and professional attachments. AFS works closely with key agencies in the region to ensure regular hosting of officials under the professional attachment program. Early planning and prioritization of training requirements by the authorities will help AFS organize arrangements for professional attachments with host countries.

Figure 4. Progress on phase I outcomes



6. **TA interventions in FY17 allowed for further progress on milestones and key outcomes.** AFS expects to fully achieve by end April 2017 most targets set in phase I as shown by the verifiable indicators (Figure 4). With some countries taking more time to implement certain TA recommendations, the relevant pending milestones have been incorporated in the program for phase II. AFS coordinates with the World Bank on some milestones, especially on payments and settlement systems, to ensure a consistent measure of progress.

IV. OVERVIEW OF FY18 WORK PLAN

7. **The FY18 work plan provides for continuity in CD support much in line with the current demand from country authorities and regional partners.** The plan incorporates priorities identified in the program document for phase II, including the postponed milestones from phase I, and accommodates the special requirements of countries with IMF-supported programs and those facing fragile conditions.

8. **The volume of CD support is expected to increase further in FY18, including the recruitment of an additional advisor in statistics.** Depending on the finalization of the funding agreements with donors and member countries, the AFS CD program will increase further in the outer years of phase II. The center plans to deliver some 680 field person-weeks of CD support, of which over 11 percent will be directed towards regional activities including seminars, courses, and peer-to-peer learning (Figure 5). This volume of CD support is broadly consistent with the number of resident advisors in place and possible headquarters-led AFS funded interventions in the region.

9. **The resource allocation across countries remains broadly in line with CD priorities.** The distribution of TA across countries however differ slightly given the different levels of agencies' absorption capacity, the degree of ownership at the political and/or senior management level, and the type of TA (Table 1). In light of progress in implementation, the country allocation will be reviewed during the course of the year. AFS has allowed for around 40 weeks of reserves for such purposes, including for additional TA needs of countries facing fragile conditions.

Table 1. FY 18 Allocation of resources, in field-person-weeks

Countries	PFM	TA	CA	FSS	MPO	FMIP	RSS	Total	Share
Regional 1/	26	9	9	15	4	6	6	75	11
Angola	15	5	3	4	10		6	43	6
Botswana	15	9	3	4	16	4	1	52	8
Comoros	24	6	10	3			3	46	7
Lesotho	14	5	4	4		2	3	32	5
Madagascar	16	7	12	6	19		6	66	10
Mauritius	14		2	4	6		3	29	4
Mozambique	18	8	3	3	10	3	8	53	8
Namibia	19	11	6	3		2	3	44	6
Seychelles	15	5	3	4	13	3	5	48	7
South Africa	9					4		13	2
Swaziland	15	3	10	7		5	3	43	6
Zambia	17	4	4	4	17	3	7	56	8
Zimbabwe	18	5	8	4		3	2	40	6
Total, excl, reserves	**235**	**77**	**77**	**65**	**95**	**35**	**56**	**640**	**94**
Reserves 2/	**15**	**3**	**3**	5		3	11	40	6
Grand Total	**250**	**80**	**80**	**70**	**95**	**38**	**67**	**680**	**100**
Distribution by country groups									
Fragile conditions	67	21	33	18	20	5	15	179	26
Low-income	89	30	37	22	30	9	25	241	36
Middle-income	144	45	40	43	51	26	37	384	57
High-income	17	6	4	5	13	3	5	54	8

1/ Includes seminars, courses, and peer learning activities - professional attachments, participations of resident advisors in regional workshops and conferences, and participation of member country officials in select AFS TA missions.
2/ Reserves will support new requests from countries (especially countries with good implementation records and those with special needs) and regional organizations in line with AFS CD strategy for phase II and will cover possible Legal TA.

10. **In FY18 AFS will focus on 11 work-streams (out of the 15 work-streams identified in the new RBM catalogue), 74 outcomes, and 300 milestones (Annex III).** This will be supported by select regional initiatives (seminars, courses, peer learning initiatives, and regional networking) to support the integration and harmonization agendas of regional partners. Headquarters-led interventions will cover, where required, TA priorities in additional work-streams in addition to dedicated AFS-funded CD support.

11. **AFS will continue to collaborate with key regional partners to further strengthen effectiveness and relevance of the CD plan and support harmonization efforts.**[2] The participation of AFS experts in regional conferences and joint events should help better align CD interventions to emerging regional priorities and improve expected outcomes. The FY18 work plan allows for the participation of AFS experts in regional and outreach events for continuing the dialogue on common CD objectives and for identifying effective ways of support.

[2] The African Tax Administration Forum (ATAF), Collaborative African Budget Reform Initiative (CABRI), Common Market for Eastern and Southern Africa (COMESA), COMESA monetary Institute (CMI), Committee of Central Bank Governors (CCBG), Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), Indian Ocean Commission (IOC), Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), Southern Africa Customs Union (SACU), and Southern African Development Community (SADC).

Risks to AFS CD delivery and their mitigation

12. **Successful implementation of the FY18 plan and the phase II 5-year program going forward depends on several factors ranging from ownership and coordination to a timely disbursement of funds by donors and member countries.** The FY18 plan is based on the following assumptions:

Member-countries related:

- sufficient ownership of reform measures, including commitment to meet milestones
- no major disruption in CD plans following changes in political conditions
- sufficient budgetary support to address under-staffing in key agencies
- timely disbursement of contributions in Phase II

Donor-partner related:

- sufficient collaboration and information exchange on plans
- timely funding for phase II

Non-donor partner related:

- active participation in AFS events and surveys
- coordination with AFS on CD plans

Other factors

- No major exogenous shocks
- No major security issues

13. **Risks that materialize from the factors noted above could delay the realization of key milestones and outcomes as verified by measurable indicators.** To mitigate risks AFS will (i) continue to hold effective consultations with all relevant stakeholders to ensure CD interventions are in line with absorption capacity levels of agencies and strongly linked to the reform priorities of countries; (ii) conduct extensive outreach with donors and development partners in the region; (iii) accommodate changes in priorities and new emerging CD needs for the region from reserves earmarked for such purposes; and (iv) utilize all available fora, such as regional seminars, workshops, and conferences, to assessing emerging CD needs.

AFS fiscal program

Public financial management

14. **The AFS CD program for phase II will:**

- progressively adapt to emerging needs and challenges (e.g. socio-economic, political, and technological) affecting the PFM task environment;
- respond, in a contextually appropriate manner, to the evolving PFM principles and standards (e.g. legislative, fiscal forecasting, medium-term budgeting, budget formulation, fiscal transparency, accounting, and fiscal reporting) being promulgated and recommended by international standard setting bodies for effective PFM;
- enhance the operational efficiency of recurrent and investment expenditure management frameworks (e.g. commitment and cash management, expenditure control, in-year reporting, arrears prevention, and debt management);
- support skills development through training (in-country and regional), sharing of good practice, and peer learning, including professional attachments – all of which are essential to further develop PFM capacity of countries in the region.

15. In FY18 PFM TA resources will focus on strengthening fiscal laws and institutions **[Angola, Comoros, Lesotho, Mozambique, Swaziland, and Zimbabwe]**, improving budget preparation **[All countries]**, budget

execution [Angola, Comoros, Madagascar, Mauritius, Mozambique, Zambia, and Zimbabwe], budget controls [Angola, Madagascar, Mozambique, and Zimbabwe], fiscal reporting [Angola, Botswana, Comoros, Mauritius, Mozambique, Namibia, Seychelles, and Swaziland], assets and liability management framework [Mauritius], and management of fiscal risks [Botswana, Comoros, Mauritius, Namibia, Seychelles, Swaziland, Zambia, and Zimbabwe] (Table 2).

Table 2. AFS FY18 CD interventions for PFM and targeted beneficiaries

TA Area	Strategic Objectives	Angola	Botswana	Comoros	Lesotho	Madagascar	Mauritius	Mozambique	Namibia	Seychelles	South Africa	Swaziland	Zambia	Zimbabwe
All	Regional harmonization (seminars, courses, peer learning, and regional networking)	√	√	√	√	√	√	√	√	√	√	√	√	√
Public financial management	PFM Laws & institutions	√		√	√			√				√		√
	Budget Preparation	√	√	√	√	√	√	√	√	√	√	√	√	√
	Budget Execution & Control	√		√		√	√	√						√
	Fiscal Reporting	√	√	√			√	√	√	√			√	
	Asset-Liability Management Framework						√							
	Management of Fiscal Risks		√	√			√		√	√		√	√	√

PFM-specific risks and mitigation

16. In addition to the general risks and mitigations highlighted above, on the PFM side commitment of countries to work towards improving public expenditure and financial accountability (PEFA)indicators and having in place well a defined action plan will help countries address weaknesses in the PFM area.

Box 1. AFS as a Catalyst in Public Financial Management

Below are two recent examples of AFS playing a catalytic role by providing practical ideas for the authorities to consider and for other TA providers to anchor the implementation of their reforms.

Botswana, provides a recent (FY16) example of how collaborative TA within and across IFIs can offer tangible solutions to practical problems.

The context: budget reforms had stagnated

The story

- Article IV mission acted as the entry point with the identification of a set of TA reform proposals;
- AFS followed up with a pre-mission, including a technical discussion to explore the issues; these were discussed with country authorities and the IMF's Fiscal Affairs Department (FAD) back-stoppers;
- An AFS mission built on this work engaging with four country reform teams in the macro-fiscal, budget, public investment, and accounting and reporting areas; a reform roadmap was developed to reignite the budget reform process and define AFS TA inputs;
- Follow up missions will provide hands on support on technical deliverables to be used for the ensuing budget cycle including a joint diagnostic on public investment Management Assessment (PIMA);
- Discussions are ongoing with country authorities, the AFR country team, FAD, and the World Bank on how to institutionalize these activities and implement and coordinate a program of TA support.

In Zambia, AFS played an independent role in reviewing a pilot output budgeting reform process, supported by development partners, which provided an opportunity to horizontally join different components of the government's PFM reform program.

The context: a proactive resident representative and the AFS Coordinator's visit led to a joint scoping mission that built a level of trust and horizontal technical discussions between reform actors on reform options. Continuous discussions with the authorities, the donor community, and the World Bank provided a platform from which implementation could be launched.

The story

- The authorities requested that AFS undertake a review of the output budget reform, including identifying the pre-conditions, such as the predictability of cash, a functioning budget process, and political support for successful reform in this area;
- The review's findings and potential reform road map were discussed at a cross-agency workshop to triangulate the perspectives of different stakeholders in the reform process and connect different reform areas such as budget, Integrated Financial Management Information Systems, audit, and monitoring and evaluation. The workshop was funded by the World Bank with AFS providing the team of short term experts to facilitate the discussion;

The review served to broker a way for the government to access donor resources in a targeted way and to continue cautiously with the reform process, whilst simultaneously addressing broader PFM challenges.

Revenue administration - Tax and Customs

17. **The overall strategy for phase II will be to:**

- assist tax administrations to have in place more efficient and effective structures through further segmentation of the taxpayer population and put in place effective regimes for various taxpayer segments;
- support countries to improve performance of their core and key support functions through training staff, developing tools of the trade in the functions, and improving managerial control and decision making through rigorous performance measurement and management across the tax administration;
- develop countries' capacity to implement reforms by establishing capable reform design and implementation units, developing necessary reform implementation skills, and improving coordination with regional bodies on TA provision;
- implement efficient and effective processes to improve compliance levels and reduce the cost of compliance to taxpayers and to tax administrations;

- assist countries to further build capacity in customs administration to improve compliance and trade facilitation based on the FAD and AFS diagnostics and platforms developed during phase I, including addressing core challenges still outstanding, e.g., risk-based interventions, post clearance audit, classification, valuation, and origin;
- support countries to progressively adapt to any emerging (socio-economic, political and technological) needs and challenges in customs administration, e.g., implementing the WTO Bali Trade Facilitation Agreement and regional integration (COMESA, Southern African Development Community (SADC), Southern Africa Customs Union (SACU);
- help countries make further progress on commitments taken with regional organizations for facilitating trade and investment; and
- continue with skills development through mentoring, training, sharing of good practices, peer to peer learning, and professional attachment.

18. At the customs level TA focus areas in FY18 include improvement in customs controls through compliance risk management (RM) framework [Botswana, Comoros, Lesotho, Madagascar, Seychelles, Swaziland, Zambia, and Zimbabwe], trade facilitation and service initiatives to support voluntary compliance [Angola, Comoros, and Mauritius], management control and assurance framework by introducing a system of management profiles [Namibia], post clearance audit and anti-smuggling programs [Comoros, Madagascar, Mozambique, Seychelles, and Zimbabwe].

19. In FY18 tax revenue administration TA will focus on adoption and institutionalization of reform strategies and strategic management frameworks [Mozambique and Namibia], enhancement of organizational arrangements to enable more effective delivery of strategy and reforms [Angola, Botswana, Comoros, Madagascar, Mozambique, Namibia, and Swaziland], making tax administrative procedures legally established [Botswana], adoption of more independent, accessible, effective, and timely dispute resolution mechanisms [Zambia], making a larger proportion of taxpayers meet their filing obligations as required by law [Angola, Comoros, and Lesotho), making a larger proportion of taxpayers meet their payment obligations as required by law [Botswana, Comoros, Madagascar, Mozambique, Seychelles, and Zimbabwe], and, developing audit and other verification programs to more effectively ensure accuracy of reporting [Comoros, Botswana, Lesotho, Madagascar, Namibia, Seychelles, Zambia, and Zimbabwe] (Table 3).

Table 3. AFS FY 18 CD interventions for tax administration and customs administration areas and targeted beneficiaries

TA Area	Strategic Objectives	Angola	Botswana	Comoros	Lesotho	Madagascar	Mauritius	Mozambique	Namibia	Seychelles	South Africa	Swaziland	Zambia	Zimbabwe
All	Regional harmonization (seminars, courses, peer learning, and regional networking)	√	√	√	√	√	√	√	√	√	√	√	√	√
Tax and customs administration	Revenue Administration Management & Governance	√	√	√	√	√		√	√			√	√	√
	Tax Administration Core Functions	√	√	√	√	√		√	√	√		√	√	√
	Customs Administration Core Functions	√	√	√	√	√	√	√	√	√		√	√	√

20. **Significant potential remains for mobilizing additional revenue and reducing fiscal deficits through improved tax and customs administrations.** TA in this area will also help address adverse changes in terms of trade, (especially for less diversified and commodity-exporting countries.

Revenue administration-specific risks and mitigation

21. Changes in tax policy complicating tax administration and delays in implementing legal and regulatory changes pose additional risks. The authorities will be encouraged and guided on how to use change and project management practices and on how to garner stakeholder commitment and support to effectively implement reforms.

AFS Monetary and Financial Sector Development and Supervision Program

Financial sector supervision

22. The overall TA engagement strategy for phase II will be to:

- assist countries to strengthen microprudential supervision and support them in addressing issues related to macroprudential supervision especially financial stability risks - building upon the work done during phase I, including addressing core challenges still outstanding;
- support countries to progressively adapt to emerging needs and challenges in the FSS task environment; especially in the areas of stress testing, risk based supervision, and consolidated and cross border supervision;
- facilitate the adoption of evolving international best practices and standards formulated by international standard setting bodies such as BCBS, FSB, and IASB; and
- continue capacity building efforts through training, sharing of good practice, and peer learning, including professional attachments.

23. Besides strengthening regional integration and harmonization through seminars in collaboration with regional organizations (including SADC, CCBG, and COMESA) and other peer learning initiatives, the FY18 TA lays emphasis on facilitating the completion of migration to Basel II including the Pillar 2 process as well as implementing select elements of Basel III **[Angola, Botswana, Lesotho, Namibia, Seychelles, and Swaziland],** strengthening the Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) regime **[Angola, Lesotho, and Seychelles], s**trengthening the supervisory process through Risk-based supervision (RBS)-related missions **[Comoros, Madagascar, Mauritius, Mozambique, Zambia, and Zimbabwe],** macroprudential supervision and financial stability **[Namibia]**, and consolidated and conglomerate supervision-related activities **[Mauritius and Zimbabwe]** (Table 4).

Table 4. AFS FY18 CD interventions for financial sector supervision area and targeted beneficiaries

TA Area	Strategic Objectives	Angola	Botswana	Comoros	Lesotho	Madagascar	Mauritius	Mozambique	Namibia	Seychelles	South Africa	Swaziland	Zambia	Zimbabwe
All	Regional harmonization (seminars, courses, peer learning, and regional networking)	√	√	√	√	√	√	√	√	√	√	√	√	√
Financial Sector Supervision	AML/CFT Structures & Tools (Supervision)	√			√					√				
	Regulatory & Prudential Framework						√							√
	Risk-Based Supervision & Other Supervisory Processes			√		√	√	√					√	
	Basel II/III Implementation	√	√		√				√	√		√		
	Central Bank/Macroprudential oversight Law								√					
	Stress Testing		√									√		

Box 2. AFS as a catalyst for regional integration and harmonization

In the area of financial sector supervision, TA has contributed to making national financial systems more resilient and helped towards regional integration and harmonization in SSA. AFS conducted a regional seminar on "Enhancements to the Basel process - Revisions to standardized approaches for credit, market and operational risks and developments relating to Basel III" at the South African Reserve Bank (SARB), with the participation of 33 middle- to senior-level bank supervisors from 12 SADC countries. The seminar was designed to enhance the knowledge and skills of banking supervisors for meeting the evolving international standards and for them to share their own country experiences in overcoming the implementation challenges of the Basel capital adequacy standards. Participants strengthened their ability to judge the quality and effectiveness of implementation of the Basel capital adequacy process and to enhance their supervisory capabilities to conduct assessments in larger, more complex banks. The curriculum included interactive discussion and group exercises with fellow participants and regulatory experts.

Sector specific risks and mitigation

24. The Banking Laws in many countries do not include provisions for crisis resolution and deposit insurance. Risk mitigation measures will include Basel Core Principles (BCP) compliance assessment and the consequential amendments to statutes/regulations. The risks will also be mitigated to a great extent through seminars for policy division senior officers to the extent lack of ownership arises from inadequate appreciation of the supervisory standards and processes.

Monetary policy and monetary operations

25. In Program Phase I TA on financial market infrastructures & payments was subsumed within the portfolio of Monetary Policy and Monetary Operations. A dedicated advisor was recruited for this area, and in the new program phase (Phase II), these activities will be reported on separately.

26. The strategy for phase II will be to

- consolidate the gains achieved and ensure the sustainability of modernizing monetary policy frameworks, including governance, modeling and inflation forecasting, policy analysis, and the communication capacity of central banks;
- strengthen monetary policy operations and liquidity forecasting for effective monetary policy implementation and liquidity management;

- improve the monetary transmission mechanism by developing the primary and secondary markets, including improving central banks' foreign exchange reserve management and intervention strategies;
- build capacity and assist in defining policy objectives and strategies to develop and reform the national payment systems; and
- provide guidance to enable the adoption of international best practices and standards.

Monetary policy and Operations

27. In FY18 monetary policy and operations TA will focus on strengthening the capacity of the central bank to implement monetary policy effectively in the context of the given monetary policy regime, including forward-looking monetary policy frameworks, and to develop the interbank market to facilitate monetary policy transmission. This TA will include the enhancement of; liquidity forecasting frameworks; liquidity management operations; operational instruments; operational strategies, and the collateral framework **[Angola, Botswana, Madagascar, Mozambique, and Seychelles].** TA will also focus on improving the economic analysis and forecasting capabilities at the CB for the monetary policy decision-making process tailored to the specific monetary and exchange rate policy regime **[Botswana, Madagascar, Mauritius, Mozambique, Seychelles and Zambia],** improving the CB's skills and capabilities to communicate monetary policy in a clear strategic and transparent manner using optimal tools and channels and thereby enhancing CB's accountability and credibility **[Botswana, Madagascar, Mozambique, Seychelles and Zambia].** Finally, TA will be focused on Central bank governance, to enhance central bank's (CB) decision-making capacity and internal organization by clarifying mandates and independence **[Madagascar, and Zambia]** (Table 5).

Table 5. AFS FY18 CD interventions for monetary policy and operations (including, financial market infrastructure and payments) area and targeted beneficiaries

TA Area	Strategic Objectives	Angola	Botswana	Comoros	Lesotho	Madagascar	Mauritius	Mozambique	Namibia	Seychelles	South Africa	Swaziland	Zambia	Zimbabwe
All	Regional harmonization (seminars, courses, peer learning, and regional networking)	√	√	√	√	√	√	√	√	√	√	√	√	√
Monetary policy and monetary operations, including financial market infrastructure and payments	Monetary Policy Implementation and Operations	√	√			√		√		√				
	Forecasting and Policy Analysis System (FPAS)	√	√			√	√			√			√	
	FX Markets and Operations					√							√	
	National Payments System Development		√		√			√	√	√	√	√	√	√
	Central Bank Governance					√							√	
	Government Securities Market Development					√				√				
	Monetary Policy Communication		√			√	√	√		√			√	

Sector specific risks and Mitigation

28. Political conditions, relating in particular to central bank independence, in some member countries may constrain the implementation as is the case where there is insufficient resources and capacity.

Financial market infrastructure and Payments work plan

29. The overall strategy for TA engagement in Phase II will be to:

- build capacity and assist in defining policy objectives and strategies to develop and reform the national payment systems; and
- provide guidance to enable the adoption of international best practices and standards.

30. The FY 18 program will focus on enhancing oversight capacity and achieving compliance with the international RM standards for FMIs: the *CPSS-IOSCO Principles for financial market infrastructures* (PFMI). The aim is to build proficiency to conduct assessments of the FMIs against the PFMI **[Lesotho, Mozambique, Namibia, Seychelles, South Africa, and Zimbabwe]** and assist in strengthening the legal and institutional frameworks for the national payments system **[Botswana and Swaziland].** Our TA efforts will also address recent e-money developments and encourage a risk-based approach to the oversight of retail payment systems and instruments [**Zambia**]. These TA initiatives are being coordinated with other TA providers (MEFMI, World Bank). (Table 5).

Sector specific risks and mitigation

31. Risks that affect the progress of NPS development include high staff turnover; inadequate institutional arrangements for stakeholder collaboration and consensus-building; weak structures for cooperation between the central bank and other regulatory authorities; and regulatory frameworks outpaced by digital innovations. The challenges are multi-faceted: the legal experts tasked with drafting or amending the laws that support the payment and settlement systems require, and often lack, technical understanding of these issues. In addition, such changes may involve harmonization of the responsibilities as well as the laws governing multiple regulatory agencies for which a high level of cooperation is needed.

32. On the legal front, AFS is moving strategically to help build legal capacity within both central banks and securities regulators which will allow them to upgrade and harmonize the legal and regulatory frameworks for FMI oversight in line with best practice. To this end, AFS will host, in conjunction with the IMF's Legal department, a regional workshop on the legal aspects of the PFMI during the current year.

Statistics Program—Real Sector Statistics

33. **The objective of TA in the macroeconomic statistics area in phase II will be to strengthen the methodological soundness, accuracy in compilation, and timely dissemination of macroeconomic statistics, for national accounts and price statistics**. The main components of TA will include:

- improving the methodological soundness of statistical outputs;
- improving the accuracy and reliability of macroeconomic statistics; and
- strengthening statistical serviceability and accessibility.

34. Depending on the level of development of statistics, resources, and absorption capacity, AFS will consolidate core statistics such as annual GDP and CPI, while continuing to expand the range and timeliness of economic statistics such as quarterly national account (QNA) statistics or other relevant price indices.

35. In FY18 the priorities under national accounts statistics will include assistance in implementing the latest international recommendations from the System of National Accounts 2008 **[All countries]** and the development/improvement of QNA and/or monthly indicators **[Angola, Botswana, Lesotho, Madagascar, Mozambique, Namibia, Seychelles, Swaziland, Zambia, and Zimbabwe]**.

36. Under price statistics TA will focus on developing new indices such as producer price indices **[Lesotho, Madagascar, Namibia, and Zambia]**, residential property price indices **[Mauritius and Seychelles]**, import and export price indices **[Angola and Namibia],** and on improving methodologies used to compile consumer price index **[Comoros]** (Table 6).

Table 6. AFS FY 18 CD interventions for real sector statistics area and targeted beneficiaries

TA Area	Strategic Objectives	Angola	Botswana	Comoros	Lesotho	Madagascar	Mauritius	Mozambique	Namibia	Seychelles	South Africa	Swaziland	Zambia	Zimbabwe
All	Regional harmonization (seminars, courses, peer learning, and regional networking)	√	√	√	√	√	√	√	√	√	√	√	√	√
Real sector statistics	E-GDDS participation	√	√	√	√	√	√	√	√	√	√	√	√	√
	SDDS participation						√			√	√			
	SDDS Plus participation						√			√				

Sector specific risks and Mitigation

37. Lack of commitment from the authorities to support statistical developments remains a key constraint in the area. Additional risk mitigation measures will include meetings with high-level officials during missions to strengthen institutional arrangements and highlight the importance of quality statistics for good policy making.

Box 3. Progress Against Statistical Standards

With TA received from AFS, a number of countries have improved the quality of their macroeconomic statistics. Progress can be measured by compliance with various IMF statistical standards. In 2015 Seychelles graduated to the Special Data Dissemination Standard (SDDS), with the production of quarterly GDP estimates by expenditure, and was the third country in SSA after South Africa and Mauritius. The SDDS is a global benchmark for producing and disseminating macroeconomic statistics. This graduation to a more stringent set of requirements recognized improvements made in national accounts including the compilation and dissemination of quarterly estimates. With continuous support from AFS, Mauritius and Seychelles are now planning to move towards the most demanding set of requirements, namely SDDS Plus. This is likely to take a few years to achieve but some visible progress has been noted on some data categories.

Case for an additional advisor in statistics

The main components of TA in the new phase include improving the methodological soundness of statistical outputs, improving the accuracy and reliability of macroeconomic statistics, and strengthening statistical serviceability and accessibility. Addressing the priorities during phase II in the related areas will necessitate additional expert resources to manage and execute the statistics CD program. This will, inter-alia, help make further efficiency gains by lowering the number of STX-led missions and also allow accommodation of increasing demands from statistical agencies, especially in more advanced TA in price statistics. The FY18 work plan assumes recruitment of the advisor by mid of the year.

Training

Training Priorities and Seminar plan

38. **In FY18 priorities will include: (i) focused workshop- and seminar-led hands-on training; (ii) additional peer-learning exposures; and (iii) remote mentoring by resident advisors.** The AFS FY18 plan includes seminars and workshops in the areas of domestic revenue mobilization, public expenditure management, debt management, banking supervision (including cross-border supervision), monetary operations, and national accounts and price statistics. In all, the center expects to conduct 13 seminars, including some in collaboration with other AFRITACs, COMESA (in financial sector supervision), and SARB (in financial sector supervision and national accounts).

Macroeconomic Training (ICD)

39. **ICD led courses continue to be highly rated by participants, including in terms of relevance.** Through AFS, ICD plans to conduct at least two specialized macroeconomic courses in FY18 targeting some 70 participants from across the region. The topics are *Financial Development and Financial Inclusion* and *Fiscal Policy and Management*. For more effective participation, countries should work towards increasing enrollment in free online IMF courses and provide the relevant logistical support and dedicated time to participants.

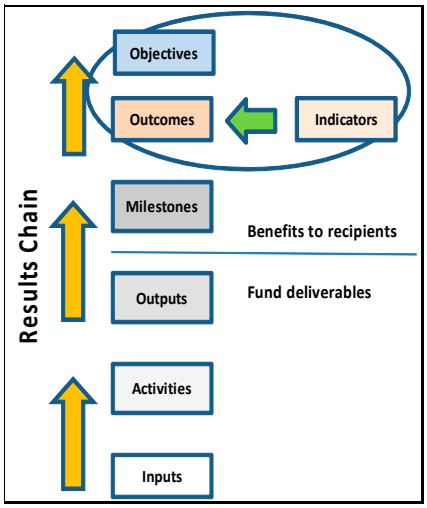
40. In addition, ICD will support the region through customized training in FPAS.

Recommendations:

- **Endorsement of the work plan for FY18**
- **Recruitment of one additional advisor for statistics**

V. TRANSITION TO THE NEW RESULT-BASED MANAGEMENT (RBM) FRAMEWORK AND CD-PORT

41. **With the Introduction of the new RBM framework and the operationalization of the Capacity Development's Projects, Outputs, and Results Tracking system (CD-PORT) AFS expects to further improve planning, monitoring, reporting, and coordination of CD activities**. The new RBM framework and the operationalization of CD-PORT—which is the system in place to support RBM —is expected to see a pivot in AFS's approach in measuring the effectiveness of TA delivery. At its core, RBM focuses on results and outcomes and remains an integral part of planning, implementation, monitoring, reporting, and evaluation. With over 15 work streams, 70 strategic objectives, 265 outcomes, and 625 verifiable indicators, the new RBM framework provides a wider coverage of CD areas and the right opportunity for development partners to align their short-term milestones and longer term outcomes and strategic objectives with those of the IMF.



42. **Transition to the new system is expected in FY18/19.** In the transition, sensitizing country authorities on the importance of "owning" the TA that is to be delivered as well as continuous training of staff, mainly resident advisors, in CD-PORT is critical. As the IMF, including AFS, becomes familiar with the new RBM system, the parameters—objectives, outcomes, verifiable indicators with baselines, milestones, and outputs—will need continuous monitoring and updating while measuring performance against milestones and targeted outcomes. Revisions of weights will require significant efforts going forward.

Case for extension of the services of the RBM advisor

In the transition to the new RBM framework AFS is supported by one RBM resident advisor since September 2016. The terms of reference of the advisor include training of staff in the new system, , putting in place a process to ensure regular updating of the key parameters of the framework by advisors and assistants for proper planning, implementation, monitoring, reporting, and evaluation of CD activitie and designing templates for reports to be generated by the system. The full transition is expected to take more time than initially envisaged – to a great extent due to wider internal consultations and the necessi to minimize disruptions in TA delivery by AFS/IMF headquarters staff during the transition. AFS will thus need the support of the RBM advisor in place for at least one additional year to ensure full implementati by FY18/19.

Recommendations:

Harmonization of donors' country log frames with the new IMF-wide RBM framework

Extension of the contract of the RBM advisor by at least one additional year

VI. AFS COMMUNICATIONS AND OUTREACH STRATEGY

43. **In collaboration with AFR and COM, AFS communication and outreach initiatives support a constructive dialogue and sharing of TA information with key stakeholders and the general public**. The key objectives of the center's outreach and communication strategy remain the close coordination and networking with the authorities, donors, and regional organizations, formal and informal reporting on the work of the center and the collaboration with all partners. Consultations and discussions with the authorities during country visits by the center coordinator and during headquarters/AFS expert missions help align the TA interventions with country and regional priorities. Internally, coordination with the country teams in AFR and the IMF functional departments ensures consistency in approach - prioritization and sequencing of CD activities.

Steering committee and development partners

44. **AFS updates the SC on a quarterly basis on the execution of and revisions in the annual work plan thereby giving the opportunity to SC members to comment on any changes and emerging priorities.** SC members that have registered in the center's secure website have access to about 275 AFS TA reports, updated three-month rolling mission plans, and other important TA-related information. AFS seminars and courses are open to donor representatives. AFS encourages member countries to publish TA report for greater transparency.

ATI, AFS, and Other AFRITACs

45. **The administrative arrangement with ATI continues to support cost savings in a number of ways**, including through:

- sharing of facilities and experts for courses and seminars, which helps better integrate TA and training, and
- curriculum development, course planning, course delivery, and participant selection to ensure efficiency and relevance.

46. **Bilateral and/or regional customized events with other AFRITACs, especially for training and for promoting peer learning, remain an integral part of AFS annual plans**. The sharing of resident advisors between AFS and other AFRITACs as resource persons contribute towards efficiency gains. Collaboration in FY17 includes the following:

- an AFS-led seminar on "Enhancements to the Basel Process-Revision to standardized approaches for Credit, Market and Operational risk & Developments relating to Basel III," with participation of all SADC countries (AFRITAC Central (AFC) and East AFRITAC (AFE) funded their respective country participants);
- an AFC-led seminar in French on « Le contrôle du dispositif de maîtrise des risques opérationnels » (AFS funded participants from Comoros and Madagascar;
- an AFC-led course in French on "Gestion macroéconomique dans les pays riches en ressources naturelles" with participation from four AFS French speaking countries;
- an AFC-led seminar on "L'integration des missions douanieres et fiscales dans la lutte contre les fraudes » with participation from select AFS countries; and
- an AFRITAC West 2 (AFW2)-led regional workshop for Portuguese speaking countries on "Strengthening Coordination of the Planning and Budgeting Functions" with participation from Angola and Mozambique.

Regional Organizations

47. **Collaboration with regional organizations has intensified recently to support regional harmonization and integrations agendas**. AFS annual consultations with key regional organizations on TA activities through questionnaires and through bilateral discussions during country visits contribute significantly towards aligning of annual CD plans and TA effectiveness. AFS FY18 and longer-term plans provide for joint events, professional attachments, exchange of experts as resource persons, and possible participations of staff of regional organizations in training events.

Social media

48. **Updates on AFS's CD initiatives are now accessible through Facebook, which by end-February 2017 had reached about 10,000 likes**: https://www.facebook.com/AfritacSouth/. IMF CD initiatives more broadly, including those of other Regional Technical Assistance Centers (RTACs) are accessible through Twitter: https://twitter.com/IMFCapDev/ and Facebook: https://www.facebook.com/IMFCapacityDevelopment/ . These platforms will continue to communicate joint achievements by publicizing the productive collaboration of member countries, the IMF, and development partners in RTACs, thus providing greater visibility to the contributions of partners, and increasing broader awareness of IMF TA and training.

VII. BUDGET AND FINANCING FOR FY17 AND FY18

Budget

49. **AFS expenses in FY17 are projected to reach 10.5 million, which reflects an increase of about 6 percent relative to FY16** (Table 7). This is in line with the increase in volume of TA delivered and the number of seminars conducted in FY17 relative to FY16. This increase is partly due to the carryover of activities from FY16, as well as the addition of a full-year of TA in financial market infrastructure and payments. There has also been increased traction in a number of countries in the region.

50. **It is expected that there will be an operating balance of just over $3.5 million at the end of Phase I.** There are a number of reasons for this, including difficulty to catch up with the original program under execution, which was mainly due to planning uncertainties and underfunding in the early years of the phase as well as security issues in some countries. In the current uncertain funding environment, this balance will be critical to ensuring the continuity of the Center's work-plan by bridging the gap until sufficient Phase II disbursements become available. Given the uncertain timing of member country contributions and the expected major partner disbursements, it is proposed that Phase I be extended for three months to end-July 2017. Using currently available Phase I financing in the first quarter of FY18 would result in a corresponding shortening of Phase II, therefore allowing a concomitant reduction of the Phase II budget. This in turn would lessen the respective—not yet fully secured—Phase II funding needs, without a negative impact on the scope of AFS TA and training services

51. **In line with current demand from country authorities and regional partners, the FY18 work plan provides for continuity in CD support**. AFS will, however, marginally increase the volume of CD delivery with an additional resident advisor (statistics); the full implementation of the payments and settlements work plan; and an additional year for the RBM advisor.

Table 7. AFS Budget

Project/Activity	Phase I (FY12-17) + 3 months of FY18	FY17 + 3 months of FY18	Phase II (FY18-22) Projected	FY18 (Aug17-Apr18)
Tax Administration	**4.5**	**1.0**	**4.7**	**0.7**
LTX, STX, and HQ Delivery[1]	4.3	0.9	4.5	0.7
Other[2]	0.3	0.0	0.2	0.0
Customs Administration	**4.6**	**1.0**	**4.5**	**0.7**
LTX, STX, and HQ Delivery[1]	4.5	0.9	4.3	0.7
Other[2]	0.1	0.0	0.2	0.0
Public Financial Management	**13.8**	**2.8**	**14.2**	**2.3**
LTX, STX, and HQ Delivery[1]	13.1	2.7	13.5	2.2
Other[2]	0.7	0.1	0.7	0.1
Financial Sector Supervision	**4.9**	**1.5**	**4.6**	**0.7**
LTX, STX, and HQ Delivery[1]	4.6	1.4	4.3	0.7
Other[2]	0.3	0.0	0.3	0.1
Monetary Policy / Monetary Operations	**3.1**	**1.0**	**4.7**	**0.8**
LTX, STX, and HQ Delivery[1]	2.9	1.0	4.4	0.7
Other[2]	0.2	0.0	0.3	0.1
Financial Market Infrastructure and Payments	**0.9**	**0.4**	**2.3**	**0.4**
LTX, STX, and HQ Delivery[1]	0.9	0.3	2.2	0.4
Other[2]	0.0	0.0	0.2	0.0
Real Sector Statistics	**3.6**	**0.7**	**7.2**	**1.3**
LTX, STX, and HQ Delivery[1]	3.3	0.7	6.8	1.2
Other[2]	0.4	0.1	0.5	0.1
Financial and Fiscal Law	**1.3**	**0.6**	**0.7**	**0.1**
STX and HQ Delivery[1]	1.3	0.6	0.7	0.1
Other[2]	0.0	0.0	0.0	0.0
Administration	**2.7**	**0.5**	**2.7**	**0.5**
Local_Staff	1.3	0.2	1.2	0.2
Lease_Utilities	1.4	0.3	1.3	0.2
Other	0.1	0.0	0.3	0.0
Governance	**0.9**	**0.3**	**0.8**	**0.1**
Regional Seminars, Workshops and Training[3]	**6.7**	**1.8**	**5.4**	**0.8**
Contingency	**0.0**	**0.0**	**1.0**	**0.2**
Trust Fund Management	**3.3**	**0.8**	**3.7**	**0.6**
IMF Contribution	**3.9**	**1.1**	**2.9**	**0.6**
Total	**54.2**	**13.4**	**59.4**	**9.7**

Source: IMF, ICD, Global Partnerships Division.
1/Remuneration of short-term experts (STX), long-term experts (LTX), and headquarters-based staff (HQ) as applicable.
2/Includes activities related to project management and backstopping.
3/Includes activities related to peer-to-peer learning.

Fundraising

52. **In February 2017, contributions and pledges to AFS phase I amounted to $53.6 million, excluding the IMF contribution of approximately $4 million** (Table 8). The total reflects funding from the European Union (EU-COMESA, EU-SADC, and EU-Africa Caribbean and Pacific regional funds), the United Kingdom, Mauritius, Canada, Switzerland, Germany, Australia, the African Development Bank, the European Investment Bank, and Brazil. Member countries, including Angola, Botswana, Lesotho, Madagascar,

Namibia, Seychelles, South Africa, Swaziland, Zambia and Zimbabwe, have also made financial contributions.

53. **At present, excluding the substantial contribution by the host country Mauritius, member contributions account for less than 5 percent of AFRITAC South's five-year budget**. With the host country's contribution, this rises to 14 percent, compared to more than 50 percent in some of the IMF's other RTACS, such as SARTTAC, AFRITAC Central, and METAC, and an average member country funding share of almost 20 percent across all RTACS.

54. **Contributions to the Center's budget are voluntary, but they are critical to secure the medium-term financial sustainability of the center, against increasingly restricted ODA budgets of development partners.** Member country contributions demonstrate members' commitment and ownership of the Center which in turn is an important signal that development partners take into consideration in their decisions to continue supporting AFRITAC South CD going forward. As such, and as previously discussed, member countries are encouraged to double their contributions to $500,000 for Phase II. This figure would be broadly in line with the average amount contributed by member countries in the other AFRITACs.[3] Higher contributions from members with larger financial capacity would be welcome.

Table 8. AFS Phase I: Status of Financial Contributions (as of end-February 2017)

	Pledged (in Contribution Currency)	Contribution Currency	Pledged (in US dollars)	Received (in US dollars)
Phase I - Signed Agreements: 1/				
Angola	0.25	*US Dollars*	0.25	0.00
AfDB	1.50	*US Dollars*	1.50	1.50
Australia	2.00	*US Dollars*	2.00	2.00
Botswana	0.25	*US Dollars*	0.25	0.25
Brazil	0.20	*US Dollars*	0.20	0.20
Canada	3.00	*Canadian Dollars*	3.12	3.12
EIB	0.75	*Euro*	1.02	1.02
EU (ACP)	4.00	*Euro*	5.42	4.17
EU (COMESA)	7.34	*Euro*	9.82	9.82
EU (SADC)	5.00	*Euro*	6.56	6.56
Germany (GIZ)	1.88	*Euro*	2.43	2.43
Germany (GIZ)	0.15	*Euro*	0.18	0.18
Lesotho	0.25	*US Dollars*	0.25	0.20
Mauritius	4.95	*US Dollars*	4.95	4.95
Madagascar	0.11	*US Dollars*	0.11	0.11
Namibia	0.25	*US Dollars*	0.25	0.25
Seychelles	0.25	*US Dollars*	0.25	0.25
South Africa	0.25	*US Dollars*	0.25	0.25
Swaziland	0.25	*US Dollars*	0.25	0.20
Switzerland (SECO)	3.00	*US Dollars*	3.00	3.00
UK/DFID	7.00	*British Pounds*	11.05	10.79
Zambia	0.25	*US Dollars*	0.25	0.13
Zimbabwe	0.25	*US Dollars*	0.25	0.20
GRAND TOTAL*			**53.61**	**51.58**

* Excludes IMF contribution of US$3.9 million. 1/ Comoros and Mozambique have not yet made any pledges for phase I.

[3] This considers member contributions for the West, West II and East Africa regions that have endorsed suggested minimum amounts for their voluntary contributions.

Table 9. AFS Phase II: Status of Financial Contributions and Pledges (as of end-February 2017)

	Pledged (in Contribution Currency)	Contribution Currency	Pledged (in US dollars)	Contributions Received (in US dollars)	Potential Pledges (in US dollars)	Expected / Received Contributions (in US dollars)
Partners						
Australia	0.30	*AUD*	0.22	0.22		0.22
European Union	20.00	*EUR*	21.46			21.46
Germany		*EUR*			3.18	3.18
Netherlands		*EUR*			1.06	1.06
Switzerland (SECO)	5.00	*CHF*	5.10			5.10
UK/DFID		*GBP*			8.68	8.68
Subtotal			**26.8**	**0.22**	12.92	**39.71**
Members						
12 Countries 1/					6.00	6.00
Mauritius (Host)					5.00	5.00
Subtotal					***11.00***	***11.00***
GRAND TOTAL*			26.8	0.2	23.9	50.7

** Excluding IMF contribution of US$2.9 million.*

1/ Angola, Botswana, Comoros, Lesotho, Madagascar, Mozambique, Namibia, Seychelles, South Africa Swaziland, Zambia, and Zimbabwe.

Recommendations:

- Extend AFS phase I by 3-months
- Double the amount of member country contributions
- Encourage early pledges/disbursements for phase II by donors and member countries

Annex I. AFS Seminars, Courses, and Workshops in FY17

Title	Dates
Revenue Administration-Fiscal Information Tool	May 9-13, 2016
Risk Based Approaches to AML/CFT Supervision	May 16-20, 2016
Monetary Policy Communications	May 23-27, 2016
Managing Government Compensation and Employment	June 20-23, 2016
Financial Market Analysis	August 1-12, 2016
Central Government Finance Institutions	August 15-19, 2016
Sub-regional seminar: Use of Tax data for national account purposes *Venue: Swaziland* ***Participations from Mozambique, Swaziland, and Zambia,***	September 1-8, 2016
Tax Administration Compliance: Extractive Industries Taxation	October 17-21, 2016
CPSS-IOSCO Principles for Financial Market Infrastructure: Challenges & Strategies	October 24-28, 2016
Senior Level Seminar on Evolving Monetary Policy Frameworks	November 3-4, 2016
Evolving Monetary Policy Frameworks	November 7-11, 2016
Enhancements to the Basel Process-Revision to standardized approaches for Credit, Market and Operational risk & Developments relating to Basel III (Venue: South Africa Reserve Bank (SARB) Academy, Pretoria, South Africa) ***Included participants from East AFRITAC (AFE) and AFRITAC Central (AFC) countries***	November 14-18, 2016
Public Investment Management	Nov 28 - Dec 2, 2016
Compilation of National Accounts	December 5 -9, 2016
Strengthening Budget Formulation Processes to Better Inform Fiscal Decision Making	February 6-10, 2017
Macroeconomic Diagnostics	February 27-March 10, 2017
Compilation of Price Statistics	March 13-17, 2017
Addressing Integrity in Customs Administration	April 3-7, 2017
International Financial Reporting Standards (IFRS)	April 3-7, 2017
Debt Sustainability Analysis using the joint World Bank-IMF Debt Sustainability Framework for Low-Income Countries (LIC DSF)	April 24-28, 2017
Seasonal Adjustments (Venue: Statistics South Africa, Pretoria, South Africa)	April 24-28, 2017
Debt Sustainability Analysis using the IMF Sustainability Analysis for Market Access Countries (MAC DSA)	May 1-5, 2017

Joint Seminars with other AFRITACS

Le contrôle du dispositif de maîtrise des risques opérationnels - Venue: AFC Participation of select AFS countries (Madagascar and Comoros)	February 20-24,2017
Gestion macroéconomique dans les pays riches en ressources naturelles - Venue: AFC Participation of French-speaking AFS countries	March 13-17, 2017
L'integration des missions douanieres et fiscales dans la lutte contre les frauds Venue: AFC Participation of select AFS countries	March 13-17,2017
Strengthening Coordination of the Planning and Budgeting Functions Venue: AFRITAC West Participation of Portuguese speaking AFS countries	March 6-10,2017