

ANNEX I

Execution of FY16 Work Plan

Annex I: Execution of FY16 Work Plan
Table 1. Work Plan of AFRITAC South, FY16 (May 2015 - April 2016): Public Financial Management

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY 2016	Proj: Inputs (field, in persons-weeks): Total	Rev: Inputs (field, in persons-weeks): Total	Milestones	Ratings	Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Rating 7: No Information
FAD	Greater regional harmonization	Regional	AFS seminars on regional PFM issues: Improving financial reporting in developing countries with international public sector accounting standards (IPSAS)	7	4	New Milestone: Seminar on Improving financial reporting in developing countries with international public sector accounting standards (IPSAS) conducted		1						
FAD	Greater regional harmonization	Regional	AFS seminars on regional PFM issues: Strengthening Fiscal Frameworks and PFM Systems for Managing Natural Resource Wealth	7	7	New Milestone: Seminar on Strengthening Fiscal Frameworks and PFM Systems for Managing Natural Resource Wealth conducted		1						
FAD	Greater regional harmonization	Regional	Organisation of two secondments	0	2	New Milestone (FY16): Secondment program implemented								1
FAD	Greater regional harmonization	Regional	AFS seminars on regional PFM issues: Debt Sustainability Analysis	2	3	New Milestone: Seminars Debt Sustainability Analysis conducted								1
FAD	Greater regional harmonization	Regional	Participation of regional experts in AFS missions	0	1	New Milestone (FY16): At least one participation of regional expert in an AFS mission								1
FAD	Greater regional harmonization	Regional	Develop regional cooperation and capacity building (MEFMI and CABRI)	2	4	New Milestone: Participation of resident advisors in regional seminars		1						
FAD	Medium-term macro-fiscal and budget frameworks implemented	Angola	Seminar on feasibility of moving towards program based budgeting (PBB)	5	0	New Milestone: Seminar on PBB feasibility conducted								1
FAD	Improved internal control procedures	Angola	Limit the accumulation of arrears	0	0	Pending Milestone: Guidelines to limit the accumulation of arrears approved by the Minister in charge of Finance								1
FAD	Medium-term macro-fiscal and budget frameworks implemented	Angola	Develop a macro fiscal framework and forecasting techniques. fiscal rules and rules-based MTFF and submit it for approval	5	1	Milestone (Redefined): Macro-fiscal model for forecasting revenue, expenditure and financing framework developed. Fiscal principles and MTFF submitted to Cabinet and progressively incorporated in PFM legislative framework								1
FAD	Medium-term macro-fiscal and budget frameworks implemented	Angola	Capacity building support to the Angola Institute for PFM on Medium-term macro fiscal framework	0	9	New Milestone: Capacity of Angola Institute for PFM strengthened								1
FAD	Medium-term macro-fiscal and budget frameworks implemented	Angola	Develop a Fiscal Responsibility Law to sustain the implementation of the rules based MTFF	0	0	Pending Milestone: Draft Fiscal Responsibility Law to support the implementation of the MTFF submitted to Parliament								1
FAD	Medium-term macro-fiscal and budget frameworks implemented	Botswana	Strengthen the MTFF based on clearer definition of fiscal principles	5	4	Milestone Redefined (FY16): Fiscal rules document updated and rules-based MTFF updated and submitted to Cabinet		1						
FAD	Medium-term macro-fiscal and budget frameworks implemented	Botswana	Support the implementation of the MTEF road map adopted by the authorities	3	5	Milestone Redefined (FY16): New guidelines, methodologies and formats Proposals developed for the preparation of the budget developed and used for the preparation of the FY2016/17 budget		1						
FAD	More effective commitment, cash and expenditure management	Botswana	Strengthen the institutional framework for cash flow planning and management	3	5	Pending Milestone: Core Staff trained on new cash management procedures and framework for cash flow planning system developed		1						
FAD	Comprehensive, timely and accurate accounting and financial reporting	Botswana	Support the implementation of accrual accounting and reporting	6	8	New Milestone: The COA and the regulatory framework are updated and more consistent with IPSAS accrual reporting requirements				1				
FAD	Medium-term macro-fiscal and budget frameworks implemented	Comoros	Improve budget preparation and presentation Provide inputs to support implementation of FAD macro-fiscal and	5	4	Milestone (Redefined): Macro-fiscal and budget preparation process further developed. Improved procedures		1						
FAD	More effective commitment, cash and expenditure management	Comoros	Strengthen cash management and government banking arrangements	3	2	New Milestone: A new treasury single account established and implemented				1				
FAD	PFM reform strategy and action plans developed	Lesotho	FAD/AFS diagnostic mission to assist the authorities in reviewing the decentralization system	8	10	New Milestone: Specific PFM action plan for decentralization submitted for adoption				1				

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							Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Rating 7: No Information
FAD	Medium-term macro-fiscal and budget frameworks implemented	Namibia	Review of PBB	0	5	New Milestone (FY16): PBB Framework further strengthened							1
FAD	Comprehensive, timely and accurate accounting and financial reporting	Namibia	Review of IFMIS implementation	0	4	New Milestone (FY16): IFMIS specification outline developed							1
FAD	More effective commitment, cash and expenditure management	Namibia	Strengthen cash management and government banking arrangements	5	0	New Milestone: Commitment and cash management plans developed and submitted for adoption						1	
FAD	Reserve	Reserve	Reserve	17	0								
FAD	Medium-term macro-fiscal and budget frameworks implemented	Seychelles	Reviewing the budget calendar	5	6	Milestone redefined: Links between MTFF/MTEF and Budget strengthened - Assessment of the feasibility of a							1
FAD	More effective commitment, cash and expenditure management	Seychelles	Strengthen cash management and government banking arrangements	3	0	New Milestone: Commitment and cash management plans developed in line Ministries						1	
FAD	Comprehensive, timely and accurate accounting and financial reporting	Seychelles	Support the consistency of financial report with cash-IPSAS, and strengthen the oversight of SOEs	3	4	New Milestone: Improved coverage of SOEs in consolidated reporting - Development of Accounting Manual and							1
FAD	Medium-term macro-fiscal and budget frameworks implemented	Seychelles	Support to identify fiscal risks and preparing a fiscal risk statement	3	3	New Milestone (FY16): Capacity for managing fiscal risks related to SOEs strengthened							1
FAD	Medium-term macro-fiscal and budget frameworks implemented	South Africa	Strengthen capacity of parliamentarians to review the budget framework	0	4	New Milestone: Parliamentary capacity to review macrofiscal policies and annual budget developed. PEFA PI-18			1				
FAD	Medium-term macro-fiscal and budget frameworks implemented	Swaziland	Support the implementation of MTFF and the management of fiscal risks	3	5	New Milestone: MTFF documentation developed, and first annual fiscal risks statement published as supplementary information to Budget documentation for FY 2016-2017			1				
FAD	More effective commitment, cash and expenditure management	Swaziland	Strengthen cash management and government banking arrangements	3	8	Pending Milestone: Commitment and cash management plans, and bank reconciliation procedures developed and approved by the Minister in charge of Finance					1		
FAD	Comprehensive, timely and accurate accounting and financial reporting	Swaziland	Strengthen financial and fiscal reporting	6	8	Milestone (Redefined): Strategy for progressive implementation of cash basis IPSAS developed and submitted			1				
FAD	PFM Legal and regulatory frameworks updated	Zambia	Develop a new PFM Act and address regulations	6	5	Pending Milestone: New PFM Act submitted to Parliament							1
FAD	Medium-term macro-fiscal and budget frameworks implemented	Zambia	Strengthen MTFF methodologies and its role in guiding the budget	5	5	Pending Milestone: Guidelines submitted to develop an MTFF							1
FAD	More effective commitment, cash and expenditure management	Zambia	Strengthen cash management and government banking arrangements and related information system (FMIS)	3	3	New Milestone: Cash flow plans approved by the Minister in charge of Finance and TSA implemented at Central							1
FAD	Comprehensive, timely and accurate accounting and financial reporting	Zambia	Strengthen financial and fiscal reporting	4	3	New Milestone: Gaps in fiscal reporting addressed in line with the guidelines submitted by AFS							1
FAD	Medium-term macro-fiscal and budget frameworks implemented	Zimbabwe	Strengthen MTFF methodologies and its role in guiding the budget	3	3	New Milestone: MTFF documentation (draft manual) developed, and first annual fiscal risks statement published as			1				
FAD	PFM reform strategy and action plans developed	Zimbabwe	FAD/AFS diagnostic mission to assist the authorities in reviewing the PFM strategy and action plan	2	2	Pending Milestone: New PFM strategy and action plan adopted							1
FAD	Comprehensive, timely and accurate accounting and financial reporting	Zimbabwe	Strengthen financial and fiscal reporting	5	5	New Milestone: 2015 Financial Statements are broadly consistent with cash basis IPSAS requirements							1
Total				197	191		10	3	13	3	1	6	19

Table 2. Work Plan of AFRITAC South, FY16 (May 2015 - April 2016): Revenue Administration (Tax)

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY 2016	Proj: Inputs (field, in persons-weeks): Total	Rev: Inputs (field, in persons-weeks): Total	Milestones	Ratings	Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Rating 7: No Information
FAD	Barriers to trade are diminished and progress in regional harmonization with international best practice achieved.	Regional	Seminar on Large Taxpayer Administration	3	3	New Milestone: Seminar on Large Taxpayer Administration conducted		1						
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Angola	Enhance the effectiveness of audit through gathering and analysis of data from third party sources	2	0	New Milestone : Improved Audit capacity, utilizing information sources to select cases.							1	
FAD	More efficient and effective organizational structures	Angola	Merger of Tax and Customs Administration	0	2	New Milestone : New organization has a roadmap to guide its development.		1						
FAD	Diagnostic	Botswana	Diagnostic report: Updated Reform Strategy	4	4	Pending milestone: Updated Reform Strategy to guide future TA inputs					1			
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Botswana	Operational level compliance risk management framework	0	0	Pending Milestone: Compliance risk management framework developed					1			
FAD	More efficient and effective organizational structures	Botswana	Enhancement of LTU Operations	3	3	New Milestone: Improved LTU procedures and outputs		1						
FAD	Diagnostic	Comoros	Diagnostic activity	0	0	New Milestone (2016): Updated reform plan					1			
FAD	More efficient and effective organizational structures	Comoros	Implementation of AGID	4	4	Pending Milestone: AGID makes implementation progress								1
LEG	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Lesotho	Design of legislation for taxation of the insurance industry, and consultation with mining companies	0	2	Draft legislation for taxation of insurance sector developed								
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Lesotho	Implement Compliance Management Framework	3	3	Pending Milestone: Compliance risk management framework developed		1						
FAD	More efficient and effective organizational structures	Madagascar	Enhancement of organizational functioning and streamlining of the functional relationships	3	0	New Milestone: Streamlined tax administration organization structure							1	
FAD	More efficient and effective organizational structures	Madagascar	Strengthening the Large Taxpayer Office	2	0	New Milestone: Improved LTO procedures and outputs implemented							1	
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Madagascar	Developing a compliance risk management framework	0	5	New Milestone(FY16): Compliance Risk Management Framework developed				1				
LEG	Enhanced collections from improved and cost-effective administrations and strengthened	Mauritius	Final inputs to the Tax Administration Bill	0	2	Pending Milestone: Submission of the draft Tax Administration Act to Cabinet								1
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Mauritius	Enhancing approaches to intelligence and third party data management and analysis	2	0	New Milestone: Improved tax risk management and audit results							1	
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Mozambique	Compliance Framework (compensation for resources reallocated in FY15)	2	2	Pending Milestone: Compliance Risk Management strategy developed								1
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Namibia	Strengthening of the Large Taxpayer Office function	3	5	New Milestone: Improved LTO procedures and outputs			1					
FAD	Diagnostic	Seychelles	Updated reform strategy	4	4	New Milestone: Agreed tax administration reform strategy to guide future TA inputs								1

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY 2016	Proj: Inputs (field, in persons-weeks): Total	Rev: Inputs (field, in persons-weeks): Total	Milestones	Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Rating 7: No Information
						Ratings							
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Swaziland	Implementing an intelligence function to support data gathering and analysis	5	5	New Milestone: Improved tax risk management and audit results	1						
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Swaziland	Implementation of Compliance Framework in coordination with TPA-TTF	2	2	Pending Milestone: Compliance risk management framework to guide resource allocation developed	1						
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Zimbabwe	Follow-up on September 2014 HQ recommendations	0	0.5	New milestone (2016): Revised action plan submitted to authorities							1
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Zimbabwe	Enhancement of intelligence capability in the use of third party data	3	7	New Milestone: Advancement towards use of compliance strategy to manage taxpayer compliance			1				
LEG	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Botswana	Legal: Follow-up on Property Taxation, and some VAT and Income Tax related Issues	2	6	Revised tax legislation submitted to the Ministry of Finance							
LEG	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Zambia	Legal: VAT Reform	4	0	Revised VAT legislation submitted to Ministry of Finance							
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Namibia	Support to phased implementation of self assessment	0	0	Pending Milestone: Self-assessment implemented for segment at a time							1
LEG	More efficient and effective organizational structures	Namibia	Legal: Legal Issues pertaining to setting up a Revenue Authority organization arrangement	2	2	Legal advice on revenue authority framework provided							
LEG	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Madagascar	Legal: Follow-up to FAD Review mission - VAT and Income Tax related Issues	2	2	Improved tax legislation submitted to the Ministry of Finance							
FAD	Reserve	Reserve	Reserve	6	3								
FAD	Barriers to trade are diminished and progress in regional harmonization with international best practice achieved.	Regional	Organisation of two secondments	0	2	New Milestone (2016): At Least two secondments implemented	1						
FAD	Barriers to trade are diminished and progress in regional harmonization with international best practice achieved.	Regional	Develop regional cooperation and capacity building (Joint Seminar: AFS/AFC Seminar on Integration of Customs and Tax duties in fight against Fraud	0	1	New Milestone: Participation of resident advisors in regional seminars	1						
FAD	Barriers to trade are diminished and progress in regional harmonization with international best practice achieved.	Regional	Improving coordination with ATAF on Revenue Administration - Fiscal Information Tool (RA-FIT)	0	0	New Milestone (2016): Improved coordination with ATAF							1
FAD	Barriers to trade are diminished and progress in regional harmonization with international best practice achieved.	Regional	Participation of country officials in AFS missions	0	1	New Milestone (2016): At least one country official from AFS region participates in TA mission							1
				61	70		8	1	2	3	0	4	8

For the joint seminar AFC funded the external experts and AFS funded participation of officials from Comoros, Seychelles, and Mauritius.

Table 3. Work Plan of AFRITAC South, FY16 (May 2015 - April 2016): Revenue Administration (Customs)

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY 2016	Proj: Inputs (field, in persons-weeks): Total	Rev: Inputs (field, in persons-weeks): Total..	Milestones	<div> <div>Ratings</div> <div> Rating 1: Met Rating 2: Partially Met Rating 3: Good Progress Rating 4: Postponed Rating 5: No Progress Rating 6: Cancelled Rating 7: No Information </div> </div>						
FAD	Barriers to trade are diminished and progress in regional harmonization with international best practice achieved.	Angola	To ensure that cargo dwell times for exporters are reduced and that Angola Customs develops a partnership approach with compliant export oriented traders.	2	2	New Milestone: Customs is aware of cargo blockages at export and has taken steps to rectify blockages - including by having a functioning customs-to-business forum for export oriented companies.			1				
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Botswana	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having a more effective enforcement strategy implemented by investigation and anti-smuggling specialists	3	4	Pending Milestone: The Risk Profiling and Intelligence Team (RPI) is able to set, monitor, evaluate and refine selectivity criteria set in ASYCUDA to effectively target high risk consignments and produce reports to inform management on risk issues.				1			
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Lesotho	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having greater knowledge of threats and compliance	1	1	New Milestone: The Case Selection Team (CST) is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments - and produce reports to inform management on risk issues							1
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Namibia	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having a more effective enforcement strategy implemented by investigation and anti-smuggling specialists	1	1	New Mile: The Risk Management Team (RMT) provide operational information products (briefings, alerts, intelligence) to investigation, enforcement units who are able to make use of the information and, in turn, provide feedback and intelligence to the RMT							1
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Seychelles	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having a more effective enforcement strategy implemented by investigation and anti-smuggling specialists	1	1	New milestone: The Risk Assessment Team (RA) provide information products (briefings, alerts, intelligence) to enforcement units who make use of the information and provide feedback and intelligence to the RA			1				
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Swaziland	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having a more effective enforcement strategy implemented by investigation and anti-smuggling specialists	1	1	New Milestone: The Intelligence Team provide information products (briefings, alerts, intelligence) to enforcement units who make use of the information and provide feedback and intelligence to the Intel Team							1
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Zambia	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having greater knowledge of threats and compliance	2	1	Pending Milestone (Redefined): The Risk Management and Intelligence Unit (RMIU) is able to gather, evaluate and disseminate quality intelligence to effectively support the risk management program and produce reports to inform management on risk issues.			1				
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Zimbabwe	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having greater knowledge of threats and compliance	2	1	Pending Milestone (Redefined): The Risk Management and Intelligence Unit (RMIU) is able to gather, evaluate and disseminate quality intelligence to effectively support the risk management program and produce reports to inform management on risk issues.			1				
FAD	Diagnostic	Seychelles	Customs modernisation progress is known and advice given on measures to improve performance	4	4	New Milestone: Customs administration modernization progress is known and advice given on measures to improve performance							1
FAD	Diagnostic	Swaziland	Customs modernisation progress is known and advice given on measures to improve performance	4	6	New Milestone: Customs administration modernization progress is known and advice given on measures to improve performance	1						
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Regional	Seminar: Enhanced compliance of indirect taxes	1	3	New Milestone: Seminar on enhanced compliance of indirect taxes conducted							1

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							Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Rating 7: No Information
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Comoros	Comoros Customs is aware of effective customs operations in a leading regional revenue authority	1	1	Pending Milestone: Comoros Customs is aware of effective customs airport operations in a leading regional revenue authority (internship)							1
FAD	More efficient and effective organizational structures	Comoros	Ensuring that adequate controls are in place (including accurate recording and reporting of transactions) to ensure accuracy and effectiveness of customs control of petroleum imports	2	2	Pending Milestone: The excise function relating to petroleum is based on sound systems and procedures that safeguard revenue by having accurate reporting; remittance and a robust compliance strategy in place			1				
FAD	More efficient and effective organizational structures	Lesotho	To follow up on advice given in previous inputs in FY 2013 and 2014 to enhance the effectiveness of the PCA function	2	2	New Milestone: Officers assigned to the post release audit unit are able to plan and execute audits successfully using risk management methodology and share information/planning with LRA tax auditors.			1				
FAD	More efficient and effective organizational structures	Mozambique	To follow up on advice given in previous inputs to enhance the effectiveness of the PCA function	2	2	New Milestone: Officers assigned to the post release audit unit are able to plan and execute audits successfully using risk management methodology and share information/planning with TMA tax auditors.							1
FAD	More efficient and effective organizational structures	Namibia	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade	2	4	New Milestone: The excise division has detailed profiles of significant excise operators that include details of ownership; manufacturing processes; production ratios; assessment of risk; bond/security requirements and other factors			1				
FAD	More efficient and effective organizational structures	Zimbabwe	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade	2	2	Pending Milestone: Selected customs officers are assigned to the post release audit unit [and have started scrutinized transactions for errors and fraud]			1				
FAD	More efficient and effective organizational structures	Zimbabwe	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade	2	2	Pending Milestone: The excise function is based on systems and procedures to safeguard revenue by having a robust compliance strategy in place			1				
FAD	More efficient and effective organizational structures	Seychelles	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade	2	0	Pending milestone: The excise function is based on systems and procedures to safeguard revenue by having a robust compliance strategy in place supported by sound laws and regulations and effective risk management				1			
FAD	More efficient and effective organizational structures	Zambia	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade	2	2	New Milestone: Excise officers are able to extract data from excise operators and are able to successfully interpret that data to audit operators, assess duty and enforce compliance.			1				
FAD	More efficient and effective organizational structures	Seychelles	To follow up on advice given in previous inputs in FY 2013 and 2014 to enhance the effectiveness of the PCA function	2	3	Pending Milestone: Customs officers assigned to the post release audit unit are able to plan and execute audits successfully and are able to identify revenue leakage and take recovery/corrective action			1				
FAD	More efficient and effective organizational structures	Swaziland	To follow up on advice given in previous inputs to enhance the effectiveness of the PCA function	2	2	Pending Milestone: Customs officers assigned to the post release audit unit are able to plan and execute audits successfully and are able to identify revenue leakage and take recovery/corrective action			1				

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FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Madagascar	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having greater knowledge of threats and compliance	2	0	Pending Milestone: The Risk Management/Customs Intelligence Team (DAR) is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments - and produce reports to inform management on risk issues					1		
FAD	More efficient and effective organizational structures	Madagascar	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade	2	4	Pending Milestone: Customs officers assigned to the post clearance audit unit are able to plan and execute audits successfully				1			
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Mauritius	Mauritius Revenue Authority is aware of effective revenue operations in a leading regional revenue authority as it relates to the administration of taxes on betting and gaming	1	0	Pending Milestone: MRA is aware of effective practices in the administration of taxes on gambling in a leading regional revenue authority (Secondment)							1
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Madagascar	Peer to peer learning (secondments)	0	1	New Milestone: Secondments delivered							1
LEG	More efficient and effective organizational structures	Mauritius	Review of tax and customs legislation	2	3	Pending Milestone: Proposed amendments to customs legislation are submitted to the MRA Director General				1			
LEG	More efficient and effective organizational structures	Comoros	Review/Redraft customs law		3	Pending Milestone: Proposed amendments to the Comoros Customs Act are drafted to align it to Revised Kyoto Convention				1			
FAD	Diagnostic	Comoros	Diagnostic		4	New Milestone(FY2016): Customs administration modernization progress is known and advice given on measures to improve performance							1
FAD	Reserve	Reserve	Reserve	5	0								
Total				55	62		1	0	15	2	1	1	9

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MCM	Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	Mauritius	Strengthening RBS through enhanced training of supervisors in on-site-supervisory process	0	5	New Milestone (FY16): Focussed training conducted	1													
MCM	Adoption of macroprudential approach to supervision and systemic risk assessment framework	Mauritius	AFS will assist the authorities in the implementation of macroprudential overlay of Basel III	4	0	New Milestone (FY16): AFS will agree with the authorities on a workplan for the implementation of identified aspects of macroprudential overlay of Basel III													1	
MCM	Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision	Mozambique	AFS will assist the authorities in the assessment of BCP (Follow up)	2	2	New Milestone: AFS will agree with the authorities on a workplan for the results of assessment of BCP for Effective Banking Supervision.													1	
MCM	Higher levels of compliance with the Basel I Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework	Namibia	AFS will assist the authorities in the implementation of Basel III	4	3	New milestone: Based on the action plan agreed in FY15, the authorities will agree on the number of elements of Basel III to be implemented .													1	
MCM	Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	Seychelles	AFS will assist authorities in strengthening the risk based supervision in areas of off site monitoring and off shore supervision	4	6	New milestone: AFS will agree with the authorities in risk assessment of off shore banking institutions	1													
MCM	Higher levels of compliance with the Basel I Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework	Seychelles	AFS will assist the authorities in the implementation of relevant elements of Basel II	0	4	New Milestone (FY16): AFS will agree with the authorities on a workplan for the implementation of Besel II													1	
MCM	Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	Seychelles	AFS will assist authorities in strengthening the risk based supervision with specific focus on capturing AML-CFT risks in the supervisory process	4	0	New Milestone: AFS will agree with the authorities in risk assessment with specific focus on AML-CFT risks.	1													
MCM	Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	Swaziland	AFS will assist the authorities in strengthening their risk based supervision in the matter of risk assessment, especially stress testing of the banks	0	2	Pending Milestone: The AFS will review the stress testing framework developed by the authorities and inform them about the modifications needed in the framework	1													
MCM	Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision	Swaziland	AFS will assist the authorities in the assessment of BCP	0	2	New Milestone (FY16): AFS will agree with the authorities on a workplan for the results of assessment of Basel Core Principles for Effective Banking Supervision	1													
MCM	Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	Swaziland	AFS will assist the authorities in strengthening their risk-based supervision in the area of off site monitoring , foreign bank supervision, and risk assessment.	4	2	New milestone: AFS will deliver to the authorities a process document for the supervisors. Milestone Redefined: AFS will review the implementation of the revised stress testing model													1	
MCM	Adoption of macroprudential approach to supervision and systemic risk assessment framework	Zambia	AFS will assist the authorities in the implementation of macroprudential overlay of Basel III	4	2	New Milestone: AFS will agree with the authorities on a workplan for the implementation of identified aspects of macroprudential overlay of Basel III	1													
MCM	Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	Zambia	AFS will assist the authorities in strengthening their risk based supervision especially in stress testing of the banks	0	2	New Milestone (FY16): The AFS will assist the authorities in implementing the stress testing framework.													1	
LEG	Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision	Zimbabwe	AFS will assist authorities in framing crisis resolution/deposit insurance framework	6	0															
MCM	Reserve	Reserve	Reserve	9	0															
		Total		80	63		10	0	0	0	0	0	0	4	1					

Table 5. Work Plan of AFRITAC South, FY16 (May 2015 - April 2016): Monetary Policy Framework Operations

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY 2016	Proj: Inputs (field, in persons-weeks): Total	Rev: Inputs (field, in persons-weeks): Total	Milestones	Ratings						
							Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Rating 7: No Information
MCM	Appropriate instruments of monetary operations	Angola	Strengthen monetary policy implementation	8	6	New Milestone: NBA begins using policy interest rates more actively to guide market interest rates and liquidity conditions.							1
MCM	A firm grasp of the monetary transmission mechanism	Angola	Developing of inflation forecasting framework and strengthen monetary policy analysis	8	12	New Milestone: NBA starts using an updated inflation forecasting framework in monetary policy formulation and implementation.			1				
MCM	A firm grasp of the monetary transmission mechanism	Botswana	Macroeconomic Modeling	4	9	New Milestone: The Bank of Botswana updates its forecasting model	1						
LEG	Coherent approach to monetary policy formulation	Botswana	Review of draft electronic payment systems regulations Central Bank Law – follow up	2	2								
LEG	Coherent approach to monetary policy formulation	Zimbabwe	Central Bank Law	2	0								
LEG	Appropriate instruments of monetary operations	Lesotho	Follow-up TA to finalize draft regulations for the payment system	2	1								
MCM	Appropriate instruments of monetary operations	Madagascar	Liquidity management and forecasting	8	4	New Milestone: Establish capacity to effectively manage liquidity conditions with the use of appropriate instruments.			1				
MCM	Deeper and more efficient primary and secondary money markets	Madagascar	Identify steps to allow effective liquidity management and Facilitate price discovery in the interbank money market, including the establishment of proper rules for trading and adopting a Master Repurchase Agreement between the banks.	8	0	New Milestone: Rules for interbank trading and Master Repurchase Agreement covering trading between banks and the BCM have been introduced, to facilitate an effective liquidity management and price discovery in the money markets.				1			
MCM	Appropriate instruments of monetary operations	Madagascar	Strengthen payments and settlements to support monetary policy implementation and markets	2	0	New Milestone: The payments and settlements system supports monetary policy implementation and market development more effectively				1			
MCM	Deeper and more efficient primary and secondary money markets	Madagascar	Identify steps to facilitate an effective functioning of foreign exchange market	4	3	New Milestone: Rules for interbank tradings and code of conduct for dealers consistent with international best practices has been introduced			1				
MCM	Deeper and more efficient primary and secondary money markets	Madagascar	CBM's FX intervention strategy	2	2	New Milestone: Updated intervention strategy prepared							1
LEG	Coherent approach to monetary policy formulation	Madagascar	Reforming the organic legal framework for the central bank law	2	0								
MCM	A firm grasp of the monetary transmission mechanism	Madagascar	Improve on tools for inflation forecasting, monetary policy, and business survey analysis	0	6	New Milestone (FY16): Database created, forecasting and monetary policy analysis strengthened.			1				
MCM	Coherent approach to monetary policy formulation	Madagascar	Develop tools and procedures for communication and information about the Central Bank mandates and activities	0	0	New Milestone (FY16): Develop a comprehensive strategy, tools, and procedures for internal and external communication.				1			
MCM	Coherent approach to monetary policy formulation	Madagascar	Establish a clearer and prioritized set of objectives for monetary policy	4	4	New Milestone: CBM's monetary policy objectives and framework are updated			1				
LEG	Coherent approach to monetary policy formulation	Mauritius	Review of draft central bank law	0	0								
MCM	A firm grasp of the monetary transmission mechanism	Mauritius	TA in modeling and forecasting (follow up)	6	6	New milestone: An updated FPAS implemented							1

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY 2016	Proj: Inputs (field, in persons-weeks): Total	Rev: Inputs (field, in persons-weeks): Total	Milestones	<div>Ratings</div> <div> Rating 1: Met Rating 2: Partially Met Rating 3: Good Progress Rating 4: Postponed Rating 5: No Progress Rating 6: Cancelled Rating 7: No Information </div>						
MCM	Coherent approach to monetary policy formulation	Mozambique	Develop tools and procedures for communication	4	5	New milestone: Develop a comprehensive strategy, tools and procedures for internal and external communication.			1				
RES	A firm grasp of the monetary transmission mechanism	Mozambique	Follow-up TA mission on inflation modeling and forecasting	12	10	New milestone: An updated FPAS implemented			1				
MCM	Appropriate instruments of monetary operations	Seychelles	Strengthen monetary policy implementation and communication strategy	8	8	New Milestone: Excess liquidity situation has been drained; Forecasting and operational capacity is strengthened to support effective policy implementation and a comprehensive communication strategy on monetary policy implementation is developed			1				
MCM	Coherent approach to monetary policy formulation	Seychelles	Strengthen the functioning of primary and secondary markets	6	0	New Milestone: Introduce measures to facilitate effective liquidity management and price discovery in the money and secondary markets.			1				
MCM	A firm grasp of the monetary transmission mechanism	Seychelles	Develop tools for inflation forecasting, and monetary policy analysis and communication strategy	8	6	New milestone: Organize data sets and procedures for short-term to support forecasting and monetary policy analysis. Develop communication strategy on monetary policy formulation			1				
LEG	Appropriate instruments of monetary operations	Seychelles	Strengthen payments systems oversight	4	4								
MCM	A firm grasp of the monetary transmission mechanism	South Africa	Advanced training on macroeconomic modeling and forecasting to SARB officials (follow up)	2	2	New Milestone: Advanced Training on Macroeconomic modeling and forecasting conducted.	1						
MCM	Coherent approach to monetary policy formulation	Zambia	Develop money and secondary markets	6	0	Pending Milestone: Draft an action plan to enhance the depth of money markets submitted to BOZ management					1		
MCM	A firm grasp of the monetary transmission mechanism	Zambia	Develop tools for inflation forecasting and monetary policy analysis	2	0	New milestone: The current status of the forecasting work is reviewed and training program is agreed			1				
MCM	Coherent approach to monetary policy formulation	Zambia	Review the tools and procedures for communication and business survey analysis	4	8	New milestone: Develop a comprehensive strategy, tools and procedures for internal and external communication.			1				
MCM	Coherent approach to monetary policy formulation	Regional	Regional Seminar on Monetary Policy Communication	0	0	New Milestone: Regional seminar on Monetary Policy Communication conducted			1				
MCM	Reserve	Reserve	Reserve	12	8								
	Total			130	105		2	0	10	6	0	1	3

Table 6. Work Plan of AFRITAC South, FY 2016 (May 2015 - April 2016): Real Sector Statistics

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY 2016	Proj: Inputs (field, in persons-weeks): Total	Rev: Inputs (field, in persons-weeks): Total	Milestones	Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Rating 7: No Information
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Angola	Hands on training: compilation on NA Quarterly NA (c/f from FY 2015)	3	3	Pending Milestone: Training on compilation of annual and quarterly GDP by production and expenditure approach at current prices and in volume terms	1						
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Botswana	Improvements of quarterly GDP estimates and related high frequency indicators	0	0	Pending Milestone: Improvement of quarterly GDP estimates and related high frequency indicators				1			
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Botswana	Economic census and updating the benchmark year for GDP estimates, follow up	2	0	Pending Milestone: Introduction of new benchmark year, rebasing the GDP time series to 2015 base year				1			
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Comoros	Hands on training, follow up	2	1	New Milestone: Follow Up - Training on compilation of annual GDP by production and expenditure approach in volume terms, dealing with time series, conducted	1						
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Lesotho	Introduction of new benchmark year, rebasing the GDP time series to 2012 base year	3	5	Pending Milestone: Introduction of 2012 as a new benchmark year, rebasing of annual GDP time series	1						
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Lesotho	Implementation of quarterly national accounts, follow up	3	0	Pending Milestone: Organization of the data sources and adoption of a compilation framework for quarterly GDP estimates by production approach				1			
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Madagascar	Improvements of national accounts, new activity	1	3	New Milestone: 2007 benchmark year and rebasing of GDP time series completed			1				
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Mauritius	Compilation of financial accounts and financial balance sheets, follow up	2	2	New Milestone: Proposed action plan for development of financial accounts and financial balance sheets implemented	1						
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Mozambique	TA on specific methodological issues	2	1	Pending Milestone: Training on specific issues in compilation of annual and quarterly GDP by production and expenditure approach at current prices and in volume terms							1
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Seychelles	Dissemination of quarterly GDP, assessment of the project results, follow up	1	2	Pending Milestone: Finalization of quarterly GDP estimates, assessment of project results(including design national account framework for GDP estimates by production, expenditure and income approaches), enhancing source data and procedures for seasonal adjustments			1				
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Seychelles	Improvements of annual and quarterly accounts: rebasing GDP; QGDP by expenditure; new activity	1	2	New Milestone [redefined]: Rebasing GDP to 2013 initiated done							1
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Swaziland	Strengthening the compilation of annual GDP estimates: introduction of new benchmark year for annual compilation of GDP	2	2	Pending Milestone: Strengthened annual GDP estimates: introduction of new benchmark year for annual GDP time series			1				
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Swaziland	Development of QGDP compilation system and related HFIs, follow up	2	1	New Milestone: Development of system for QGDP estimates by production approach							1
STA	Improved accuracy of price statistics	Zambia	Implementation of quarterly NA and related HFIs, follow up	3	3	Pending Milestone: Enhancement of the real sector HFI and adoption of a compilation framework for quarterly GDP estimates by production approach							1
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Angola	Assessment of sources and compilation procedures for annual GDP estimates	0	1	Pending Milestone: Strengthening the compilation of annual GDP estimates: enhancing the compilation procedures of value added in specific activities at current prices and in volume terms, hands on training	1						

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY 2016	Proj: Inputs (field, in persons-weeks): Total	Rev: Inputs (field, in persons-weeks): Total..	Milestones	Ratings							Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Rating 7: No Information
STA	Improved accuracy of price statistics	Angola	Improving CPI: geographical coverage, follow up	1	1	Pending Milestone: Training and assistance on development of regional capacity for enhancement the geographical coverage of CPI													1	
STA	Improved accuracy of price statistics	Botswana	Development PPI, new activity Rebase CPI	1	1	New Milestone [redefined]: PPI introduced CPI rebased													1	
STA	Improved accuracy of price statistics	Comoros	Improvements of price statistics (will be specified after the FY2015 assessment mission) – new activity	1	1	New Milestone: Improvements of price statistics, will be specified after the FY2015 assessment mission													1	
STA	Improved accuracy of price statistics	Lesotho	Development of PPI	1	1	Pending Milestone: Preparing work on introduction of PPI, composition of basket and weighting system													1	
STA	Diagostic	Madagascar	Multisector (National Accounts, Price Statistics and external sector statistics)	0	1	New Milestone(FY16): Assessment completed and action plan agreed													1	
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Madagascar	Setting up of quarterly national accounts, new activity	1	1	New Milestone: Quarterly NA based on production approach is completed													1	
STA	Improved accuracy of price statistics	Madagascar	Improvements of price statistics - new activity	1	1	New Milestone: CPI rebased in line with the recommendation of the diagnostic mission													1	
STA	Improved accuracy of price statistics	Mauritius	Introduction of real estate property price index (RPPI), follow up	1	1	Pending Milestone: Introduction of RPPI													1	
STA	Improved accuracy of price statistics	Namibia	Introduction of exports and imports price indices – producer price index, follow up	2	2	New Milestone (redefined): Introduction of export and import price indices , producer price indices, composition of basket and weighting system				1										
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Zimbabwe	TA on specific methodological issues	0	2	Pending Milestone: Strengthening the compilation of annual GDP estimates: training on specific national accounts compilation procedures. Assist with the development of quarterly GDP estimates.													1	
STA	Improved accuracy of price statistics	Zambia	Development of PPI, follow up	2	2	Pending Milestone: Introduction of PPI, composition of basket and weighting system													1	
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Regional	Seminar: National accounts: Compilation of quarterly GDP	2	2	New Milestone: Seminar on Compilation of quarterly GDP conducted	1													
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Regional	Seminar:High Frequency Indicators Index of Industrial Production	2	2	New Milestone: Seminar on High Frequency Indicators Index of Industrial Production conducted	1													
STA	Improved accuracy of price statistics	Regional	Seminar: Export and import price indices	2	2	New Milestone: Seminar on export and import price indices conducted	1													
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Regional	Organisation of two secondments	0	1	New Milestone (FY16): Secondment program implemented		1												
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Regional	Participation of regional experts in AFS missions	0	0	New Milestone (FY16): At least one participation of regional expert in an AFS mission													1	
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Regional	Seminar: harmonization of national accounts statistics	0	1	New Milestone (FY16): improve harmonization of methodologies	1													
STA	Reserve	Reserve	Reserve	5	3															
				49	49		9	1	4	3	0	0	15							

ANNEX II

FY17 Work Plan

Annex II: AFS FY17 Work Plan
Table 1. Work Plan of AFRITAC South, FY17 (May 2016 - April 2017): Public Financial Management

Dept	Medium-Term Outcome in the Log Frame	New PFM Catalog - Objective	Country	Activity in FY 2017	HQ field-person weeks	LTX field-person weeks	STX field-person weeks	TOTAL	Milestones (#)/Intermediate Outcomes	Milestone Set for FY17	Milestone Set for FY18	O/w # from FY13	O/w # from FY14	O/w # from FY15	O/w # from FY16
FAD	Greater regional harmonization	Improved laws and more effective PFM institutions	Regional	5 regional seminars on PFM	8	4	10	22	New Milestone: 5 PFM Seminars Delivered - PIMA/Aid Management - Spending Reviews/Wage Management - MTFF/Fiscal Risk Management - Central Finance Institutions - Debt Sustainability	1					
FAD	Greater regional harmonization	Improved laws and more effective PFM institutions	Regional	Organization of one secondment		1		1	New Milestone: Secondment program implemented	1					
FAD	Greater regional harmonization	Improved laws and more effective PFM institutions	Regional	Participation of regional experts in AFS missions		1		1	New Milestone: At least one participation of regional expert in an AFS mission	1					
FAD	Greater regional harmonization	Improved laws and more effective PFM institutions	Regional	Develop regional cooperation and capacity building		6		6	New Milestone: Participation of resident advisors in regional seminars	1					
FAD	Medium-term macro-fiscal and budget frameworks implemented	Comprehensive, credible and policy based budget preparation	Angola	Develop an MTFF in a fiscal strategy document that provides a framework for the development of an MTEF and a more policy based budget. Support implementation of Fiscal Responsibility Law		1	4	5	New Milestone [incorporates #84]: The government sets credible medium-term fiscal objectives in a fiscal strategy document for the purposes of the annual or medium-term budget process. - PEFA PI14		1				
FAD	Medium-term macro-fiscal and budget frameworks implemented	Comprehensive, credible and policy based budget preparation	Angola	Support development of Fiscal Rules, Framework for Natural Resource Management and spending reviews as a basis for aggregate control and improved resource allocation.		1	4	5	New Milestone: Strategies developed for key ministries on a pilot basis for MTEF/Budget allocations - PEFA PI 16		1				
FAD	Medium-term macro-fiscal and budget frameworks implemented	Comprehensive, credible and policy based budget preparation	Botswana	Support expenditure reviews for key Ministries, identify baselines for MTEF and develop program structures consistent with the NDP		1	4	5	New Milestone : Budget provides performance information for key sectors as a basis for monitoring performance and results - PEFA PI8		1				
FAD	Medium-term macro-fiscal and budget frameworks implemented	Comprehensive, credible and policy based budget preparation	Botswana	Support for strengthening of fiscal forecasting and explore the efficiency of investment spending as part of the budget process		1	4	5	New Milestone: A medium-term budget framework is prepared as part of the annual budget process which reconciles the top-down budget ceilings with executing agency costed budgets - PEFA PI11, PI 14.	1					
FAD	Comprehensive, timely and accurate accounting and financial reporting	Improved coverage and quality of fiscal reporting	Botswana	Support the implementation of budget classification, chart of accounts, and progressive introduction of accrual accounting using GFSM2014.		1	4	5	Milestone redefined [incorporates #87]: In year fiscal reports and year end Financial Statements are updated on a timely basis and progressively more consistent with recognized accrual reporting requirements - PEFA PI28		1				
FAD	Medium-term macro-fiscal and budget frameworks implemented	Comprehensive, credible and policy based budget preparation	Comoros	Support finalization and implementation of budget preparation manual incorporating MTFF processes.		1	4	5	New Milestone: Budget preparation processes further developed and implemented, including finalizing the budget preparation manual - PEFA PI 14, 15, 16, 17		1				
FAD	More effective commitment, cash and expenditure management	Improved integration of asset and liability framework	Comoros	Strengthen cash management and government banking arrangements (TSA).		1	4	5	New Milestone [incorporates #88]: TSA implemented and cash flow forecasts are prepared on an annual and quarterly basis and updated regularly - PEFA 21		1				

Dept	Medium-Term Outcome in the Log Frame	New PFM Catalog - Objective	Country	Activity in FY 2017	HQ field-person weeks	LTX field-person weeks	STX field-person weeks	TOTAL	Milestones (#)/Intermediate Outcomes	Milestone Set for FY17	Milestone Set for FY18	O/w # from FY13	O/w # from FY14	O/w # from FY15	O/w # from FY16
FAD	PFM reform strategy and action plans developed	Improved laws and more effective PFM institutions	Lesotho	Support implementation of legal, institutional and systems arrangements for fiscal decentralization.			5	5	New Milestone: MoF Capacity building plan for implementation of fiscal decentralization submitted to authorities		1				
FAD	Medium-term macro-fiscal and budget frameworks implemented	Comprehensive, credible and policy based budget preparation	Lesotho	Support the development of capacity to manage MTFF and MTBF at level of MoF and strengthen links with the budget process		1	4	5	New Milestone [incorporates #10]: The government sets credible medium-term fiscal objectives in a fiscal strategy document for the purposes of the annual or		1				
FAD	Medium-term macro-fiscal and budget frameworks implemented	Comprehensive, credible and policy based budget preparation	Lesotho	Support development of Fiscal Risk Statement as part of Budget Strategy Paper		1	2	3	New Milestone: Fiscal risks statement produced as supplementary information to Budget documentation PEFA PI10		1				
FAD	Medium-term macro-fiscal and budget frameworks implemented	Comprehensive, credible and policy based budget preparation	Madagascar	Support the development of capacity to manage MTFF/MTBF at level of MoF and strengthen links with the budget process		1	2	3	New Milestone [incorporates #74]: The government sets credible medium-term fiscal objectives in a fiscal strategy document for the purposes of the annual or	1					
FAD	Medium-term macro-fiscal and budget frameworks implemented	Comprehensive, credible and policy based budget preparation	Madagascar	Support the development and implementation of improved Public Investment management including undertaking a PIMA	6	2	2	10	New Milestone: Public investments are subject to progressively more objective project appraisal, costing, monitoring and evaluation. - PEFA PI11		1				
FAD	Improved internal control procedures	Improved Budget Execution and Control	Madagascar	Strengthen management of arrears and VAT refunds. Develop new procedures and methodologies to improve internal control.		1	2	3	New Milestone [incorporates #98]: New procedures and methodologies for internal control in relation to arrears management submitted for adoption - PEFA PI 24		1				
FAD	Medium-term macro-fiscal and budget frameworks implemented	Comprehensive, credible and policy based budget preparation	Mauritius	Develop an MTFF and Fiscal Risk Analysis that provides a framework for the development of an MTEF and a policy based budget and improved oversight of SOEs		1	2	3	Milestone [incorporates #110]: The government sets credible medium-term fiscal objectives in a fiscal strategy document for the purposes of the annual or medium-term budget process. - PEFA PI10, PI14	1					
FAD	Medium-term macro-fiscal and budget frameworks implemented	Comprehensive, credible and policy based budget preparation	Mauritius	Support the development of strategic planning and budeting in the context of improved Public Investment management	6	1	2	9	New Milestone: Public investments are subject to progressively more objective project appraisal, costing, monitoring and evaluation. - PEFA PI11		1				
FAD	Comprehensive, timely and accurate accounting and financial reporting	Improved coverage and quality of fiscal Reporting	Mauritius	Support the progressive implementation of accrual accounting and reporting		1	4	5	New Milestone [incorporates #91]: Financial Statements are updated on a timely basis and progressively more consistent with recognized accrual accounting reporting requirements - PEFA PI28	1					
FAD	Comprehensive, timely and accurate accounting and financial reporting	Improved coverage and quality of fiscal Reporting	Mozambique	Support implementation of the FAD recommended roadmap for progressive improvement of fiscal reporting processes, including the adoption of accrual accounting		1	2	3	New Milestone [incorporates #111]: Financial Statements are updated on a timely basis and progressively more consistent with recognized accrual accounting reporting requirements - PEFA PI28	1					
FAD	More effective commitment, cash and expenditure management	Improved integration of asset and liability framework	Mozambique	Strengthen cash management including cash flow forecasting and bank reconciliation		1	2	3	New Milestone [incorporates #108] : Cash flow forecasts are prepared on an annual and quarterly basis and updated regularly - PEFA PI21	1					
FAD	Medium-term macro-fiscal and budget frameworks implemented	Comprehensive, credible and policy based budget preparation	Mozambique	Review of spending procedures		1	3	4	New Milestone: Spending procedures strengthened		1				

Dept	Medium-Term Outcome in the Log Frame	New PFM Catalog - Objective	Country	Activity in FY 2017	HQ field-person weeks	LTX field-person weeks	STX field-person weeks	TOTAL	Milestones (#)/Intermediate Outcomes	Milestone Set for FY17	Milestone Set for FY18	O/w # from FY13	O/w # from FY14	O/w # from FY15	O/w # from FY16
FAD	PFM Legal and regulatory frameworks updated	Improved laws and more effective PFM institutions	Namibia	Support implementation of the new PFM Act and regulations		1	3	4	Pending Milestone: New PFM Act submitted to Parliament	1		1			
FAD	Comprehensive, timely and accurate accounting and financial	Improved coverage and quality of fiscal Reporting	Namibia	Strengthen fiscal reporting processes for macro-fiscal and budgeting purposes		1	2	3	New Milestone: IFMIS specification developed PEFA PI28	1					
FAD	Medium-term macro-fiscal and budget frameworks implemented	Comprehensive, credible and policy based budget preparation	Namibia	Review program based budgeting implementation		1	3	4	New Milestone [incorporates #117]: Budget provides performance information for key sectors as a basis for monitoring performance and results - PEFA PI8	1					
FAD	Comprehensive, timely and accurate accounting and financial	Comprehensive, credible and policy based budget preparation	Namibia	Improve financial oversight of SOEs and local Authorities.		1	2	3	New Milestone: Financial oversight of SOEs improved		1				
FAD	Reserve	Reserve	Reserve	Reserve			5	5							
FAD	Medium-term macro-fiscal and budget frameworks implemented	Comprehensive, credible and policy based budget preparation	Seychelles	Support for putting in place a well sequenced budget calendar		1	2	3	New Milestone [incorporates #92]: The government sets credible medium-term fiscal objectives in a fiscal strategy document for the purposes of the annual or medium-term budget process - PEFA PI14	1					
FAD	Comprehensive, timely and accurate accounting and financial reporting	Improved coverage and quality of fiscal Reporting	Seychelles	Support development of Accounting Manual and Consolidated Reporting		1	3	4	New Milestone [incorporates # 99]: Financial Statements are updated on a timely basis and progressively more consistent with recognized international accrual accounting standards - PEFA PI28		1				
FAD	Medium-term macro-fiscal and budget frameworks implemented	Strengthen identification , monitoring and management of fiscal risks	Seychelles	Strengthen fiscal risks oversight including those related to SOEs		1	2	3	New Milestone [incorporates #112]: The government prepares a fiscal risk statement as part of the annual budget documents for monitoring and mitigating fiscal risks - PEFA PI10	1					
FAD	Medium-term macro-fiscal and budget frameworks implemented	Comprehensive, credible and policy based budget preparation	South Africa	Provide support for Pubic Expenditure Review, particularly in relation to public investment	2	1	4	7	New Milestone: Public investments are subject to progressively more objective project appraisal, costing, monitoring and evaluation. - PEFA PI11		1				
FAD	Medium-term macro-fiscal and budget frameworks implemented	Comprehensive, credible and policy based budget preparation	South Africa	Ongoing support to development of parliament capacity	2	1	2	5	New Milestone: Parliamentary capacity to review macro fiscal policies and annual budget developed. PEFA PI-18	1					
FAD	Medium-term macro-fiscal and budget frameworks implemented	Comprehensive, credible and policy based budget preparation	Swaziland	Support the implementation of the MTFF and Budget Formulation		2	4	6	New Milestone [incorporates #93]: The government sets credible medium-term fiscal objectives in a fiscal strategy document for the purposes of the annual or medium-term budget process - PEFA PI14	1					
FAD	Comprehensive, timely and accurate accounting and financial reporting	Improved coverage and quality of fiscal Reporting	Swaziland	Strengthen financial and fiscal reporting		1	3	4	New Milestone [incorporates #79]: Financial Statements are updated on a timely basis and progressively more consistent with recognized international accounting standards - PEFA PI28		1				
FAD	Medium-term macro-fiscal and budget frameworks implemented	Comprehensive, credible and policy based budget preparation	Zambia	Strengthen MTFF methodologies and the role of the Macro-Fiscal Technical Working Group		1	2	3	New Milestone [incorporates #31]: The government sets credible medium-term fiscal objectives in a fiscal strategy document for the purposes of the annual or medium-term budget process - PEFA PI14	1					

Dept	Medium-Term Outcome in the Log Frame	New PFM Catalog - Objective	Country	Activity in FY 2017	HQ field-person weeks	LTX field-person weeks	STX field-person weeks	TOTAL	Milestones (#)/Intermediate Outcomes	Milestone Set for FY17	Milestone Set for FY18	O/w # from FY13	O/w # from FY14	O/w # from FY15	O/w # from FY16
FAD	Medium-term macro-fiscal and budget frameworks implemented	Comprehensive, credible and policy based budget preparation	Zambia	Strengthen MTBF and program budget structure and alignment of the new Planning and Budget Bill with the PFMA.		2	4	6	New Milestone : Budget provides performance information for key sectors as a basis for monitoring performance and results - PEFA PI8		1				
FAD	More effective commitment, cash and expenditure management	Improved integration of asset and liability framework	Zambia	Strengthen cash management and government banking arrangements and related information system (FMIS)		1	2	3	New Milestone [incorporates #97] : Cash flow forecasts are prepared on an annual and quarterly basis and updated regularly - PEFA 21	1					
FAD	Comprehensive, timely and accurate accounting and financial reporting	Improved coverage and quality of fiscal Reporting	Zambia	Strengthen financial and fiscal reporting.		1	2	3	New Milestone [incorporates #100] : Financial Statements are updated on a timely basis and progressively more consistent with recognized		1				
FAD	Medium-term macro-fiscal and budget frameworks implemented	Comprehensive, credible and policy based budget preparation	Zimbabwe	Strengthen MTFF and PBB methodologies, and their role in guiding the budget.		1	4	5	New Milestone [incorporates #94] : The government sets credible medium-term fiscal objectives in a fiscal strategy document for the purposes of the annual or medium-term budget process - PEFA PI14	1					
FAD	More effective commitment, cash and expenditure management	Improved integration of asset and liability framework	Zimbabwe	Strengthen cash management, payroll and banking arrangements and related information system (PFMS).		1	4	5	New Milestone [incorporates #97] : PFMS Cash flow forecasts are prepared on an annual and quarterly basis and updated regularly - PEFA 21	1					
FAD	Comprehensive, timely and accurate accounting and financial reporting	Improved coverage and quality of fiscal Reporting	Zimbabwe	Strengthen the controlling officer function, financial and fiscal reporting	2	2	4	8	New Milestone [incorporates #101] : Financial Statements are updated on a timely basis and progressively more consistent with recognized international accounting standards - PEFA PI28	1					
Total					26	52	127	205		22	19	1	0	0	

Note: The new milestones are based on the revised PEFA framework. Where relevant, the FY16 milestones have been incorporated in new milestones in line with the new PEFA Framework.

Legal Inputs for FY17 would be funded from reserves and reallocations from country resources.

Table 2. Work Plan of AFRITAC South, FY17 (May 2016 - April 2017): Revenue Administration (Tax)

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY 2016	HQ field-person weeks	LTX field-person weeks	STX field-person weeks	TOTAL field person-weeks	Milestones (#)	Milestone Set for FY17	Milestone Set for FY18	O/w # from FY13	O/w # from FY14	O/w # from FY15	O/w # from FY16
FAD	Barriers to trade are diminished and progress in regional harmonization with international best practice achieved.	Regional	Seminar on Tax administration compliance : Extractive Industries Taxation	0	1	1	2	New Milestone: Seminar on Taxation of Extractive Industries conducted	1					
FAD	Barriers to trade are diminished and progress in regional harmonization with international best practice achieved.	Regional	Seminar on Revenue Administration Fiscal Information Tool (RA-FIT)	1	1	1	3	New Milestone: Seminar on Revenue Administration Fiscal Information Tool conducted	1					
FAD	Barriers to trade are diminished and progress in regional harmonization with international best practice achieved.	Regional	Organisation of secondments	0	1	0	1	New Milestone: At Least two additional secondments implemented	1					
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Angola	Enhance the effectiveness of audit through gathering and analysis of data from third party sources	0	0	2	2	New Milestone: Audit staff are able to select audit cases based on risk and conduct quality audits for better results	1					
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Botswana	Operational level compliance risk management framework		1	2	3	Pending Milestone: Compliance risk management framework developed	1				1	
FAD	Diagnostic	Comoros	Diagnostic report: Updated Reform Strategy	2	2	2	6	Pending milestone: Updated Reform Strategy to guide future TA inputs	1				1	
FAD	More efficient and effective organizational structures	Comoros	Implement more effective taxpayer segmentation	0	1	4	5	New Milestone: Effective processes in place to manage Large Taxpayers according to the risks they pose	1					
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Lesotho	Implementation of aspects of the compliance framework	0	1	3	4	New Milestone: Effective processes implemented for higher tax compliance		1				
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Madagascar	Operational level compliance risk management framework	0	0	4	4	Pending Milestone: Compliance Risk Management Framework developed	1					1
LEG	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Mauritius	Enhancement of capacity for property taxation, gambling taxation, insurance taxation	2	0	2	4	Revised legislation for effective taxation of property, gambling and insurance services submitted to the relevant Ministry for submission to parliament						
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Mozambique	Enhance effectiveness and efficiency of refund processing.	0	0	2	2	New Milestone: A refund process that is efficient and coordinated across ATM in place	1				1	
FAD	More efficient and effective organizational structures	Namibia	Diagnostic report: Updated Reform Strategy	2	2	0	4	New Milestone: Updated Reform Strategy to guide future TA inputs	1					
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Namibia	Strengthening of the Large Taxpayer Office function	0	2	2	4	New Milestone: Development of Audit Capacity at the Large Taxpayer Office		1				
LEG	More efficient and effective organizational structures	Namibia	Legal: Legal Issues pertaining to setting up a Revenue Authority organization arrangement	1	0	0	1	Key legal issues relating to setting up a revenue authority organization are known, so as to be addressed legislatively						
FAD	Reserve	Reserve	Reserve	1	2	2	5							
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Seychelles	Follow up on the 2016 diagnostic mission recommendations	0	2	2	4	New Milestone: An agreed action plan in place for the implementation of the recommendations	1					
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Swaziland	Strengthening of the Large Taxpayer Office function	0	2	2	4	New Milestone: Staff receive training and skills to audit specialised sectors including financial and telecom sectors	1					
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Swaziland	Follow up on 2014 mission recommendations.	2	0	0	2	New Milestone: An agreed action plan in place for the implementation of the recommendations	1					

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY 2016	HQ field-person weeks	LTX field-person weeks	STX field-person weeks	TOTAL field person-weeks	Milestones (#)	Milestone Set for FY17	Milestone Set for FY18	O/w # from FY13	O/w # from FY14	O/w # from FY15	O/w # from FY16
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Zambia	Improvement of sector-level compliance management through better audit effectiveness	0	0	2	2	New Milestone: Capacity of audit staff strenghted in auditing excise taxes on telecom transactions	1					
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Zambia	Improvement of sector-level compliance management through better audit effectiveness	0	0	2	2	New Milestone: Capacity of audit staff strenghted in auditing of high net-worth individual (HNWIs)	1					
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Zimbabwe	Enhancement of intelligence capability in the use of third party data		1	2	3	Pending Milestone: Advancement towards use of compliance strategy to manage taxpayer compliance	1					1
FAD	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Zimbabwe	Improvement of sector-level compliance management through better audit effectiveness	0	0	2	2	New Milestone: Audit staff obtain specialised skills for audit of the mining sector taxpayers	1					
LEG	Enhanced collections from improved and cost-effective administrations and strengthened compliance	Zimbabwe	Reform design of tax system and/or review and update of tax legislation	1	0	1	2	Improved tax legislation submitted to the Ministry of Finance						
				12	19	40	71		17	2	0	0	3	2

Table 3. Work Plan of AFRITAC South, FY17 (May 2016 - April 2017): Revenue Administration (Customs)

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY17	HQ field-person weeks	LTX field-person weeks	STX field-person weeks	TOTAL field person-weeks	Milestones (#)	Milestone Set for FY17	Milestone Set for FY18	o/w # from FY13	o/w # from FY14	o/w # from FY15	o/w # from FY16
FAD	Barriers to trade are diminished and progress in regional harmonization with international best practice achieved.	Regional	Seminar: Integrity in Customs		1	3	4	New Milestone: Seminar on Integrity in Customs conducted.	1					
FAD	Barriers to trade are diminished and progress in regional harmonization with international best practice achieved.	Angola	To support the development of simplified export procedures for the non-petroleum sector		1	4	5	Pending Milestone: Customs is aware of cargo blockages at export and has taken steps to rectify blockages - including by having a functioning customs-to-business forum for export oriented companies.		1				1
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Botswana	To assess the status of implementation of the action plan emanating from FY16 risk management mission		1		1	Pending Milestone (Rd): The Risk Profiling and Intelligence Team (RPI) is able to set, monitor, evaluate and refine selectivity criteria set in ASYCUDA to effectively target high risk consignments and produce reports to inform management on risk issues.		1		1		
FAD	More efficient and effective organizational structures	Comoros	To support the realignment of customs procedures for the import of petroleum, the collection of duties on these products and, the control of conditional exemptions			2	2	Pending Milestone: The excise function relating to petroleum is based on sound systems and procedures that safeguard revenue by having accurate reporting; remittance and a robust compliance strategy in place.	1			1		
LEG	More efficient and effective organizational structures	Comoros	Assist in drafting of regulations to support implementation of the new customs code	1		1	2							
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Comoros	To strengthen customs control on non-petroleum excisable goods, including exemptions		1	2	3	New Milestone: Customs controls and monitoring of non-petroleum excisable good intensified and improved.	1					
FAD	More efficient and effective organizational structures	Lesotho	To follow up on advice given in previous inputs on PCA effectiveness and sustainability			2	2	Pending Milestone: Officers assigned to the post release audit unit are able to plan and execute audits successfully using risk management methodology and share information/planning with LRA tax auditors.	1					1
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Lesotho	Ensuring that there is a robust risk management capability to effectively balance trade facilitation and compliance		1	1	2	Pending Milestone: The Case Selection Team (CST) is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments - and produce reports to inform management on risk issues.	1					1
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Madagascar	Ensuring that there is a robust risk management capability to effectively balance trade facilitation and compliance		1	2	3	Pending Milestone: The Risk Management/Customs Intelligence Team (DAR) is able to set, monitor, evaluate and refine selectivity criteria set in ASYCUDA to effectively target high risk consignments - and produce reports to inform management on risk issues.	1				1	
FAD	More efficient and effective organizational structures	Madagascar	To follow up on advice given in previous inputs on PCA effectiveness and sustainability			2	2	Pending Milestone: Customs officers assigned to the post clearance audit unit are able to plan and execute audits successfully.	1				1	
LEG	More efficient and effective organizational structures	Mauritius	Review of tax and customs legislation	2			2	Pending Milestone: Proposed amendments to customs legislation are submitted to the MRA Director General.	1			1		
FAD	More efficient and effective organizational structures	Mozambique	To follow up on advice given in previous inputs to enhance the effectiveness of the PCA function			2	2	Pending Milestone: Officers assigned to the post release audit unit are able to plan and execute audits successfully using risk management methodology and share information/planning with TMA tax auditors.	1					1

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY17	HQ field-person weeks	LTX field-person weeks	STX field-person weeks	TOTAL field person-weeks	Milestones (#)	Milestone Set for FY17	Milestone Set for FY18	o/w # from FY13	o/w # from FY14	o/w # from FY15	o/w # from FY16
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Namibia	To follow-up on the 2013 FAD mission's recommendations and support port and corridor developments	2	2	2	6	New Milestone: Status of reforms established and updated and strategic recommendations made for the modernisation program.	1					
FAD	More efficient and effective organizational structures	Namibia	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade			2	2	Milestone Redefined : The excise regulations are strengthened and sound processes and more effective administration and controls are commenced.		1				1
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Seychelles	Support the implementation of the recommendations of the FAD 2016 Mission		2	2	4	New milestone: Action plan developed to strengthen core customs and excise functions. [incorporates #27]	1					
FAD	More efficient and effective organizational structures	Seychelles	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade			1	1	Pending milestone: The excise function is based on systems and procedures to safeguard revenue by having a robust compliance strategy in place supported by	1					1
FAD	More efficient and effective organizational structures	Swaziland	To follow up on advice given in previous inputs to enhance the effectiveness of the PCA function			2	2	Pending Milestone: Customs officers assigned to the post release audit unit are able to plan and execute audits successfully and are able to identify revenue leakage and take recovery/corrective action.	1			1		
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Swaziland	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having a more effective enforcement		2	2	4	New Milestone: Improved enforcement results as measured by the quality and impact of anti smuggling and investigation cases.		1				
FAD	More efficient and effective organizational structures	Zambia	Ensuring that adequate controls are in place to prevent fraud and revenue leakage while facilitating trade			2	2	New Milestone: Excise officers are able to extract data from excise operators and are able to successfully interpret that data to audit operators, assess duty and enforce compliance.	1					
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Zambia	Follow up on the 2012 FAD mission and support to strengthening international transit, and control and monitoring of the extractive	2	2	2	6	New Milestone: Status of reforms established and updated and strategic recommendations made for the modernisation program.	1					
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Zambia	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having greater knowledge of threats and compliance		1	2	3	Pending Milestone (Redefined): The Risk Management and Intelligence Unit (RMIU) is able to gather, evaluate and disseminate quality intelligence to effectively support the risk management program and produce reports to inform management on risk issues.	1			1		
FAD	Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	Zimbabwe	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having greater knowledge of threats and compliance		1	2	3	Pending Milestone (Redefined): The Risk Management and Intelligence Unit (RMIU) is able to gather, evaluate and disseminate quality intelligence to effectively support the risk management program and produce reports to inform management on risk issues.	1		1			
FAD	More efficient and effective organizational structures	Zimbabwe	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade			2	2	Pending Milestone: The excise function is based on systems and procedures to safeguard revenue by having a robust compliance strategy in place.		1			1	
FAD	Reserve	Reserve	Reserve	4	2		6							
	Total			11	18	42	71		17	5	1	5	4	5

Table4. Work Plan of AFRITAC South, FY17 (May 2016 - April 2017): Financial Sector Supervision

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY17	HQ Field-person weeks	LTX field-person weeks	STX field-person weeks	TOTAL field person-weeks	Milestones (#)	Milestone Set for FY17	Milestone Set for FY18	o/w # from FY13	o/w # from FY14	o/w # from FY15	o/w # from FY16
MCM	Greater cross border communication and cooperation among the supervisory authorities in the region , as a way to foster regional financial stability	Regional	Seminar: Basel II-Recent developments- enhancement to standardised approches	2	1	2	5	New Milestone: Seminar conducted	1					
MCM	Greater cross border communication and cooperation among the supervisory authorities in the region , as a way to foster regional financial stability	Regional	Seminar: Know Your Customer/Anti Money Laundering (KYC/AML) Supervision	1	1	2	4	New Milestone: Seminar conducted	1					
MCM	Greater cross border communication and cooperation among the supervisory authorities in the region , as a way to foster regional financial stability	Regional	Develop regional cooperation and capacity building		2		2	New Milestone: Participation of resident advisor in regional seminar	1					
MCM	Adoption of macroprudential approach to supervision and systemic risk assessment framework	Angola	AFS will assist the authorities in implementation of macroprudential elements of supervision	2	1	2	5	Pending Milestone: AFS will agree with the authorities on a workplan for the implementation of macroprudential approach to supervision, including financial stability framework	1					1
MCM	Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	Botswana	AFS will assist the authorities in strengthening their risk based supervision relating to enhancing of on-site examination programs under the risk-based approach	0	2	2	4	New Milestone: Bank of Botswana's staff capacity in the on-site examination program enhanced	1				1	
LEG	Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision	Botswana	Review of banking legislation (Follow up)	1		2	3							
MCM	Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	Comoros	AFS will assist authorities in strengthening the risk based supervision in areas of on-site supervision and off-site monitoring			4	4	New Milestone: Capacity of supervisory staff in conducting on-site supervision and off-site monitoring under risk based approach enhanced	1					
MCM	Higher levels of compliance with the Basel I Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework	Lesotho	AFS will assist the authorities in the implementation of elements of Basel II (in a consolidated form) and select elements of Basel III			4	4	New Milestone: The authorities will agree on an implementation plan	1					
MCM	Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	Madagascar	Follow up on FSAP recommendations	2		4	6	New Milestone: AFS will assist the authorities in the implementation of FSAP recommendations		1				
LEG	Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision	Mauritius	Follow up on the legal framework for problem bank resolutions/crisis resolution	2		2	4	No Milestone						
MCM	Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	Mauritius	AFS will assist the authorities in the implementation of RBS		2	2	4	New Milestone: Bank of Mauritius' staff capacity in the on-site examination program enhanced						
MCM	Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision	Mozambique	AFS will assist the authorities in the assessment of BCP (Follow up)			2	2	New Milestone: AFS will assist the authorities on implemenation of the agreed workplan for the results of assessment of BCP for effective Banking Supervision.	1					
MCM	Higher levels of compliance with the Basel I Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework	Namibia	AFS will assist the authorities in the implementation of Basel III		2	2	4	New Milestone: Authorities implement the action plan as agreed		1				
MCM	Adoption of macroprudential approach to supervision and systemic risk assessment framework	Seychelles	AFS will assist authorities in implementing macroprudential elements of supervision		2	2	4	New Milestone: Framework for macroprudential supervision in place	1					

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY17	HQ field-person weeks	LTX field-person weeks	STX field-person weeks	TOTAL field person-weeks	Milestones (#)	Milestone Set for FY17	Milestone Set for FY18	o/w # from FY13	o/w # from FY14	o/w # from FY15	o/w # from FY16
MCM	Higher levels of compliance with the Basel I Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework	Swaziland	AFS will assist the authorities in implementation of Basel II	0	1	2	3	New Milestone: Action plan for adoption of Pillar 2 agreed by authorities	1					
MCM	Implementation of / improvement in risk based supervision (RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	Zambia	AFS will assist the authorities in strengthening their risk based supervision in the matter of risk assessment, especially stress testing of the banks		2	2	4	New Milestone: The stress testing framework developed	1					
LEG	Higher levels of compliance with the Basel Core Principles for Effective Banking Supervision	Zimbabwe	AFS will assist authorities in framing crisis resolution/deposit insurance framework	2		2	4							
MCM	Reserve	Reserve	Reserve	3	2	3	8							
		Total	Total	15	18	41	74		11	2	0	0	1	1

Note: Reserves includes possible TA to Zimbabwe on Basel implementation

Table 5. Work Plan of AFRITAC South, FY17 (May 2016 - April 2017): Monetary Policy Framework Operations

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY17	HQ field-person weeks	LTX field-person weeks	STX field-person weeks	TOTAL field person-weeks	Milestones (#)	Milestone Set for FY17	Milestone Set for FY18	o/w # from FY13	o/w # from FY14	o/w # from FY15	o/w # from FY16
MCM	Appropriate instruments of monetary operations	Angola	Strengthen monetary policy implementation, including liquidity forecasting, and develop communications with the financial markets - Partly Follow-up mission	2		2	4	New Milestone [incorporates #16] : Models for liquidity forecasting are used for different horizons, liquidity conditions are managed using appropriate instruments and communication with financial markets.		1				
MCM	A firm grasp of the monetary transmission mechanism	Angola	Develop a inflation forecasting framework and strengthen monetary policy analysis, including survey developments - Follow-up mission			6	6	New Milestone [incorporates # 17] : An inflation forecasting framework for monetary policy formulation is used and the workprocesses are adjusted accordingly.	1					
MCM	Coherent approach to monetary policy formulation	Botswana	Develop tools and procedures for communication and information about the Central Bank's mandates and activities		2	2	4	New Milestone : Communications strategy documents have been drafted, and tools and communication procedures are improved.		1				
MCM	A firm grasp of the monetary transmission mechanism	Botswana	Develop a inflation forecasting framework and strengthen monetary policy analysis including survey developments - Follow-up mission		1	2	3	New Milestone [incorporates # 18] : An inflation forecasting framework for monetary policy formulation is used and the workprocesses are adjusted accordingly.	1					
LEG	Appropriate instruments of monetary operations	Madagascar	Payment Systems Legislation			2	2							
MCM	Appropriate instruments of monetary operations	Madagascar	Strengthen monetary policy implementation, including liquidity forecasting, and develop communications with the financial markets - Follow-up	2	2	2	6	New Milestone [incorporates #19 and #20(Partially)] : Models for liquidity forecasting are used for different horizons, liquidity conditions are managed using appropriate instruments and communication with financial markets.	1					
MCM	Deeper and more efficient primary and secondary money markets	Madagascar	Strengthen the functioning of primary and secondary markets.	2		2	4	New Milestone [incorporates # 20] partially : Guidelines for interbank market trading and Master Repurchase Agreement covering trading between banks and the central bank have been introduced and interbank market functioning has improved.	1					
MCM	Appropriate instruments of monetary operations	Madagascar	Strengthen payments and settlements to support monetary policy implementation and markets.		2	2	4	New Milestone : The payments and settlements system supports monetary policy implementation and market development more effectively		1				
MCM	Deeper and more efficient primary and secondary money markets	Madagascar	Identify steps to facilitate an effective functioning of foreign exchange market [if not done in FY16]				0	Pending Milestone : Rules for interbank tradings and code of conduct for dealers consistent with international best practices has been introduced		1				1
MCM	Deeper and more efficient primary and secondary money markets	Madagascar	Improving the FX intervention strategy [if not done in FY16]				0	New Milestone [incorporates # 23] : An updated intervention strategy is drafted in accordance with the exchange rate regime	1					
MCM	A firm grasp of the monetary transmission mechanism	Madagascar	Develop a inflation forecasting framework and strengthening of monetary policy analysis, including survey developments. - Follow-up mission		1	6	7	New Milestone [incorporates #] : An inflation forecasting framework for monetary policy formulation is used and the workprocesses are adjusted accordingly.		1				
MCM	Coherent approach to monetary policy formulation	Madagascar	Develop tools and procedures for communication and information about the Central Bank's mandates and activities.			4	4	New Milestone [incorporates # 34] : Communications strategy documents have been drafted, and tools and communication procedures are improved.		1				
MCM	A firm grasp of the monetary transmission mechanism	Mauritius	Develop a inflation forecasting framework and strengthening of monetary policy analysis, including survey developments.			6	6	New Milestone [incorporates # 25] : An inflation forecasting framework for monetary policy formulation is used and the workprocesses are adjusted accordingly.	1					
LEG	Appropriate instruments of monetary operations	Mauritius	Review of legal framework for Payment Systems and/or review of Centra Bank Act	1		1	2							

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY17	HQ field-person weeks	LTX field-person weeks	STX field-person weeks	TOTAL field person-weeks	Milestones (#)	Milestone Set for FY17	Milestone Set for FY18	o/w # from FY13	o/w # from FY14	o/w # from FY15	o/w # from FY16
MCM	Coherent approach to monetary policy formulation	Mozambique	Develop tools and procedures for communication and information about the Central Bank's mandates and activities. - Partly follow-up mission		2	2	4	New Milestone [incorporates # 26]: Communications strategy documents have been drafted, and tools and communication procedures are improved.	1					
ICD	A firm grasp of the monetary transmission mechanism	Mozambique	Develop a inflation forecasting framework and strengthening of monetary policy analysis, including survey developments. - Follow-up mission	2		10	12	New Milestone [incorporates # 27]: An inflation forecasting framework for monetary policy formulation is used and the workprocesses are adjusted accordingly.	1					
MCM	Deeper and more efficient primary and secondary money markets	Seychelles	Strengthen the functioning of primary and secondary markets			2	2	Milestone [Redefined] : Guidelines for interbank market trading and Master Repurchase Agreement covering trading between banks and the central bank have been introduced and interbank market functioning has improved.		1				1
MCM	A firm grasp of the monetary transmission mechanism	Seychelles	Develop a inflation forecasting framework and strengthening of monetary policy analysis, including survey developments. - Follow-up		2	2	4	New Milestone [incorporates # 30]: An inflation forecasting framework for monetary policy formulation is used and the workprocesses are adjusted accordingly.		1				
MCM	Coherent approach to monetary policy formulation	Seychelles	Develop tools and procedures for communication and information about the Central Bank's mandates and activities			4	4	New Milestone [incorporates partially #28] and #30]: Communications strategy documents have been drafted, and tools and communication procedures are improved.		1				
MCM	A firm grasp of the monetary transmission mechanism	South Africa	Advanced training on macroeconomic modeling and forecasting to SARB officials (follow up)			1	1	New Milestone: Advanced Training on Macroeconomic modeling and forecasting conducted.	1					
MCM	A firm grasp of the monetary transmission mechanism	Zambia	Develop a inflation forecasting framework and strengthening of monetary policy analysis, including survey developments.		2	4	6	Pending milestone: The current status of the forecasting work is reviewed and training program is agreed		1				1
MCM	Coherent approach to monetary policy formulation	Zambia	Develop tools and procedures for communication and information about the Central Bank's mandates and activities. - Follow-up mission		2	2	4	New Milestone [incorporates # 32]: Communications strategy documents have been drafted, and tools and communication procedures are improved.	1					
LEG	Coherent approach to monetary policy formulation	Zimbabwe	Central Bank Law	2	1	1	4							
MCM	Coherent approach to monetary policy formulation	Regional	Regional Seminar on Monetary Policy Communication	1	1	1	3	Pending Milestone: Regional seminar on Monetary Policy Communication conducted	1					1
MCM	Appropriate instruments of monetary operations	Regional	Regional Seminar: Payment systems oversight/Compliance with the CPMI-IOSCO Principles for Financial Market Infrastructures	1	1	1	3	New Milestone: Regional seminar on Payment system oversight conducted	1					
MCM/CD	Appropriate instruments of monetary operations	Regional	Regional Seminar on Evolving Monetary Policy Frameworks in Low-Income and Other Developing Countries	2	1	1	4	New milestone: Regional seminar on Evolving Monetary Policy Frameworks in Low-Income and Other Developing Countries conducted	1					
MCM	A firm grasp of the monetary transmission mechanism	Regional	Attachment Program		1		1	New Milestone: Attachment program organised	1					
MCM	Reserve	Reserve	Reserve	2	4	10	16							
Total				17	25	78	120		14	10	0	0	0	4

Note: Reserves includes possible TA on PFMI to Lesotho, Namibia, and Swaziland.

Table 6. Work Plan of AFRITAC South, FY 2017 (May 2016 - April 2017): Real Sector Statistics

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY 2017	HQ field-person weeks	LTX field-person weeks	STX field-person weeks	TOTAL field person-weeks	Milestones (#)	Milestone Set for FY17	Milestone Set for FY18	O/w # from FY13	O/w # from FY14	O/w # from FY15	O/w # from FY16
STA	Improved accuracy of price statistics	Regional	Seminar: Price Statistics		1	2	3	New Milestone: Seminar on price indices conducted	1					
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Regional	Organisation of secondments		1		1	New Milestone : Secondment program implemented	1					
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Regional	Participation of regional experts in AFS missions		1		1	New Milestone: At least one participation of regional expert in an AFS mission	1					
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Regional	Seminar: National accounts: strengthening methodologies for the compilation of national accounts	1	1		2	New Milestone: relative to the baseline, the number of staff trained to compile and disseminate national accounts has increased	1					
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Angola	Hands on training: compilation of NA/QNA		1	0	1	New Milestone: Training on compilation of annual and quarterly GDP by production and expenditure approach at current prices and in volume terms	1					
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Angola	Improvement of informal sector estimates, new activity		2	3	5	New Milestone: relative to the baseline, deviations from the production boundary are resolved.	1					
STA	Improved accuracy of price statistics	Angola	Improving CPI: geographical coverage, follow up			1	1	Pending Milestone: Training and assistance on development of regional capacity for enhancement the geographical coverage of CPI					1	
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Botswana	Improvements of quarterly GDP estimates and related high frequency indicators			1	1	Pending Milestone: Improvement of quarterly GDP estimates and related high frequency indicators	1				1	
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Botswana	Economic census and updating the benchmark year for GDP estimates, follow up			2	2	Pending Milestone: Introduction of new benchmark years and rebasing the GDP time series	1				1	
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Comoros	Hands on training			1	1	New Milestone: Advanced training on compilation of annual GDP by production and expenditure approach in volume terms, dealing with time series	1					
STA	Improved accuracy of price statistics	Comoros	Improvements of the CPI			1	1	New Milestone: Improved methodologies		1				
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Lesotho	Implementation of quarterly national accounts, follow up			2	2	Pending Milestone: Organization of the data sources and adoption of a compilation framework for quarterly GDP estimates by production approach	1				1	
STA	Improved accuracy of price statistics	Lesotho	Development of PPI			3	3	New Milestone: Work on introduction of PPI prepared, composition of basket and weighting system		1				
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Madagascar	Improvements of national accounts, new activity		3		3	New Milestone: 2007 benchmark year and rebasing of GDP time series completed	1					
STA	Improved accuracy of price statistics	Madagascar	Improvements of price statistics - new activity			1	1	New Milestone: CPI rebased in line with the recommendation of the diagnostic mission	1					
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Madagascar	Setting up of quarterly national accounts, new activity		1		1	New Milestone: Frequency of national accounts compilation and dissemination improves from annual to quarterly by FY 19	1					

Dept	Medium-Term Outcome in the Log Frame	Country	Activity in FY 2017	HQ field-person weeks	LTX field-person weeks	STX field-person weeks	TOTAL field person-weeks	Milestones (#)	Milestone Set for FY17	Milestone Set for FY18	O/w # from FY13	O/w # from FY14	O/w # from FY15	O/w # from FY16
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Mauritius	Compilation of financial accounts and financial balance sheets, follow up			2	2	New Milestone: Development of financial accounts and financial balance sheets started	1					
STA	Improved accuracy of price statistics	Mauritius	Introduction of real estate property price index (RPPI), follow up			1	1	Pending Milestone: Introduction of RPPI		1			1	
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Mozambique	TA on specific methodological issues		2		2	Pending Milestone: Training on specific issues in compilation of annual and quarterly GDP by production and expenditure approach at current prices and in volume terms	1				1	
STA	Improved accuracy of price statistics	Mozambique	Improving CPI: geographical coverage, follow up			2	2	New milestone: relative to baseline, coverage and scope are expanded to include more households for the CPI. A fourth city is covered in the CPI		1				
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Namibia	Implementation of quarterly national accounts, new activity		2		2	New Milestone: Frequency of national accounts compilation and dissemination improves from annual to quarterly by end of FY18		1				
STA	Improved accuracy of price statistics	Namibia	Introduction of exports and imports producer price indices, follow up			2	2	Pending Milestone: Introduction of, producer price indices, composition of basket and weighting system		1				1
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Seychelles	Dissemination of quarterly GDP, assessment of the project results, follow up		1		1	Pending Milestone: Finalization of quarterly GDP estimates, assessment of project results(including design national account framework for GDP estimates by production, expenditure and income approaches), enhancing source data and procedures for seasonal adjustments			1			
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Seychelles	Improvements of annual and quarterly accounts: rebasing GDP; QGDP by expenditure; new activity		2		2	Pending Milestone: Rebasing GDP to 2013 initiated	1					1
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Swaziland	Strengthening the compilation of annual GDP estimates: introduction of new benchmark year for annual compilation of GDP		3		3	Pending Milestone: Strengthened annual GDP estimates: introduction of new benchmark year for annual GDP time series	1			1		
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Swaziland	Development of QGDP compilation system and related HFIs, follow up		1		1	Pending Milestone (redefined): Feasibility study for the compilation of QGDP estimates by production approach completed	1					1
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Zambia	Implementation of quarterly NA and related HFIs, review methodologies to derive volume estimates -follow up		2		2	Pending Milestone (redefined): Strengthened HFI and compilation framework for quarterly GDP estimates by production approach started		1			1	
STA	Improved accuracy of price statistics	Zambia	Development of PPI and/or review of GDP deflator, follow up			2	2	Pending Milestone: Introduction of PPI, composition of basket and weighting system		1	1			
STA	Compilation and dissemination of annual and quarterly national accounts following international standards	Zimbabwe	TA on specific methodological issues			3	3	Pending Milestone: Strengthening the compilation of annual GDP estimates; and training on specific national accounts compilation procedures	1		1			
STA	Reserve	Reserve	Reserve		2	2	4							
				1	25	31	57		15	8	3	1	7	3

Annex III

Country Notes

Medium-Term Macroeconomic Prospects and Challenges

The sharp decline in international oil prices since mid-2014 has been impacting considerably the Angolan economy--at the outset of the oil price shock, oil accounted for over 95 percent of exports and about 75 percent of fiscal revenue. Timely policy reaction and a relatively comfortable level of international reserves helped manage the effects of the oil price shock last year. However, as over supply in international oil markets continue to put downward pressure on prices, Angola will need to make additional efforts to address heightened vulnerabilities, maintain macroeconomic and financial stability, and rebuild buffers over time.

Structural reforms and diversification of the economy are needed to lay the foundation of sustainable and inclusive growth over the medium term. Key challenges include: broadening the fiscal revenue base; improving the quality of public spending; rationalizing public spending while protecting expenditures in critical infrastructures and well targeted social programs; and improving the business climate to promote private sector development and job creation.

Capacity Building Agenda

Overview

AFS assists Angola in addressing key capacity building and institutional reform challenges. In the area of PFM changes in priorities by authorities have made AFS TA to focus on medium-term fiscal framework (MTFF), mainly on fiscal frameworks, forecasting, and on supporting spending reviews which will help ensure improvements in fiscal operations. The TA interventions are mostly intended to: reduce pro-cyclicality of fiscal policy in light of high volatility of oil revenue; prevent the re-occurrence of expenditure arrears; and to follow modern principles of sound public financial management.

Since FY 2015, AFS has also provided TA in the area of revenue administration, which remains a priority area against the background of declining oil prices. AFS supports Angola's efforts to make the gradual transition to forward-looking monetary policy by providing TA on inflation forecasting and liquidity management. AFS TA on real sector statistics complements TA projects on the MTFF and monetary framework operations. AFS has also started providing TA on banking sector supervision.

Public Financial Management

Key achievements and priorities

Against the background of highly volatile oil prices and with the known oil reserves likely to be exhausted within the current generation, the authorities are attaching increasing priority to developing a robust fiscal framework and building capacity for sustainable natural resource management. This has resulted in strong demand for TA in the area of PFM. Since 2012, with FAD and AFS assistance, the Angolan authorities have made some progress in developing the medium-term fiscal framework (MTFF), and in preventing new expenditure arrears. But recently the arrears have started to increase, though adequate procedures to control the large investment contracts observing the overall budget ceilings have been defined (including reports to follow each execution phase: commitment, liquidation, and payments with a multiyear perspective).

Key challenges

The Government of Angola has re-confirmed its commitment to PFM reforms in the context of the AFS multi-mission TA projects. AFS will work with authorities to enhance macro fiscal capacity in preparing a medium-term fiscal strategy paper, a framework for the development of an MTEF, and more policy based budgeting. With respect to the design of the fiscal framework for natural resource management, AFS will assist the authorities with simulations of possible fiscal rules where FAD provided TA. AFS will also support the drafting of the Fiscal Responsibility Law (FRL) if there is continued political support for

this reform. This will be funded from reserves or out of saving arising from other activities planned for Angola.

The development of the FRL will require the government to make strategic decisions on the principles of managing the natural resource wealth and the underpinning fiscal framework, which could take time to build consensus on. Meanwhile, there is a need to ensure continued political support for the on-going PFM reforms and related capacity building activities by all stakeholders to avoid possible delays and setbacks. AFS will continue engaging the authorities in consultations with the country team to secure more political commitment and support for reforms.

The management of expenditure arrears will also continue to be a priority going forward as the authorities seek to strengthen their expenditure prioritization and public investment management processes in order to reduce the further build up of arrears.

Key partners

In the area of PFM, Angola has not received significant TA in recent years from other donors. The United States Treasury has provided support in Debt Management.

HQ-(co) funded projects

Dept.	Purpose Description	Fiscal Year
FAD	Expenditure Control and Arrears	2013/14
FAD/LEG	Fiscal Responsibility Law	2014
FAD	Public Investment	2015

Revenue Administration (Tax)

Key achievements and priorities

In FY 2015, FAD and AFS had their first engagement with the National Tax Directorate (DNI) of Angola through a joint tax and customs diagnostic evaluation of the current state of the tax and customs administrations and to provide advice on measures deemed necessary to improve their effectiveness and efficiency. By the time of the mission, the DNI had already made significant achievements in reforming the tax system by rewriting the tax code, creating a strong reform project office, establishing a large taxpayer unit, and instituting central oversight and litigation units. These recent reforms are consistent with international good practice. AFS will assist the DNI in its efforts to strengthen control of taxpayers at registration, declaration and payment and to improve the overall system of supervision, taxpayer account management and audits that take advantage of third-party information.

Key challenges

There are major challenges on the horizon. Significant weaknesses exist in the set up of the administration leading to duplications in processes, in basic taxpayer controls, and in the general management of the taxpayer register. Implementing processes based on risk management with significant information acquisition, analysis and matching also pose a number of challenges. Although the administration can legally demand transaction information from taxpayers, there is as yet low capacity for data mining and information analysis.

The creation of the General Tax Administration, a revenue authority type entity, brings together the more advanced and better resourced Customs Department and the newly reformed DNI under one administration. The process has significant change implications at the organization, structure, staff, and procedure levels and will need to be managed exceptionally well to exploit existing synergies for improved controls and services to taxpayers.

Key partners

The DNI has largely relied on private sector providers for TA (e.g. McKinsey).

HQ-(co) funded projects

None, as at the end of July 2015.

Revenue Administration (Customs)**Key achievements and priorities**

Angola's Customs has ambitious plans for development. These center on (i) completing the migration of their declaration processing system from Trade Information Management System (TIMS) to ASYCUDA-World; (ii) improving infrastructure of border crossings; (iii) consolidation of the recently established General Taxation Administration; and (iv) supporting the government's aim of diversifying the economy away from dependence on the petroleum sector and giving encouragement to sectors such as agriculture and fish processing that had been very significant sectors of the economy in the past. The Angolan authorities acknowledged that the focus of customs administration had been on import and transit and recognized that administration of export-oriented sectors had been neglected. Angola intends to revise the existing systems to facilitate exporters and those involved in manufacturing. AFS will focus on providing TA in the area of trade facilitation particularly to simplify customs processes for non-petroleum exporters in order to spur economic growth in the areas of export oriented agriculture and fish processing.

Key challenges

The economic situation in 2016 is likely to remain challenging as international oil prices are not expected to recover and risks are on the downside emphasizing the need to maximize revenue collection. The large size of the country (and its long land borders and coastline) and limited infrastructure are key challenges for customs. The improved regional security situation has been accompanied by increases in trade and transit traffic, especially with the DRC, and while customs facilities and systems are well developed in Luanda, they are significantly less developed in other areas although a border rehabilitation program is underway. Successfully integrating the customs administration into the new General Taxation Administration will be challenging.

Key partners

Angola has traditionally relied on the expertise of private sector providers (e.g. Crown Agents and McKinsey) and has tended not to seek or rely on TA provided by other development partners. They do, however, participate in regional initiatives and benefit from regional programs such as those delivered by the Southern African Development Community (SADC) and the World Customs Organization (WCO). Engagement with the IMF has increased in FY 2016 through a FAD mission in October 2015 and also an AFS mission in September 2015.

Financial Sector Supervision**Key achievements and priorities**

No activities in the area of financial sector supervision have been conducted yet. Over the last two years, Angola has made significant progress in strengthening banking supervision with support of private sector consultants. The NBA is about to complete Basel II regulations and liquidity risk management regulations under Basel III. In addition, a macro-prudential department was restructured. The asset quality review was completed by end-2014. Given these significant changes (undertaken and planned) in banking supervision and regulation, the NBA has requested for technical assistance in the area of macroprudential supervision including financial stability instead of the diagnostics review in FY16.

Priorities going forward include enhanced compliance with macroprudential supervision and strengthening the Financial Stability Framework.

Key challenges

The key challenge is to secure support of all the stakeholders for implementation of the planned capacity building activities.

Key partners

Private sector TA providers.

HQ-(co) funded projects

Dept.	Purpose Description	Fiscal Year
MCM	TA Following an FSAP	MCM

Monetary Policy Framework Operations

Key achievements and priorities

In FY 2014, AFS completed a TA needs assessment. In FY15 a scoping mission was carried out and a strategic plan for building and maintaining capacity in macroeconomic analysis was developed. The BNA has shown good progress in the area of *developing an inflation forecasting framework*; and has devoted resources for this TA. In the area of *improvements of monetary policy instruments and liquidity management* it has proved difficult to facilitate a mission, to date there are preliminary plans for a mission in the first quarter of 2016 on this topic.

Key challenges

The key challenges are to secure support of all the stakeholders for implementation of the planned capacity building activities, good coordination with other agencies, and retention of qualified staff.

Key partners

The Central Bank of Brazil.

HQ-(co) funded projects

Since FY12 there has been one HQ funded mission to Angola, in FY15 on Liquidity management. There are no planned missions for FY16.

Real Sector Statistics

Key achievements and priorities

Improvements in the area of real sector statistics are in good progress. In January 2015, the National Institute of Statistics (INE) published annual GDP time series for 2002–13, based on the System of National Accounts (SNA) 1993. The geographical coverage of the Consumer Price Index (CPI) was extended to six provinces. INE's key priorities now include a further strengthening of the compilation of annual national accounts (in particular updating the base year), a better coverage of the informal sector, the development of a system for quarterly GDP estimates, and further expanding the geographic coverage of the CPI. Both projects are essential for successful development of the MTFF and inflation forecasting framework.

Key challenges

Continued ownership by all the stakeholders is required to achieve progress in developing national accounts and price statistics.

Key partners

The World Bank and the African Development Bank support Angola in improving national accounts and price statistics, including the PPI.

FY17 Work Plan																				
Dept	TA Area	Activity in FY 2017	HQ field-person weeks	LT field-person weeks	STX field-person weeks	TOTAL	Milestones/Intermediate Outcomes	Milestone Set for FY17	Milestone Set for FY18	Q/w # from FY13	Q/w # from FY14	Q/w # from FY15	Q/w # from FY16							
FAD	PFM	Develop a MTFF in a fiscal strategy document that provides a framework for the development of an MTEF and a more policy based budget. Support implementation of Fiscal Responsibility Law		1	4	5	New Milestone [incorporates #84]: The government sets credible medium-term fiscal objectives in a fiscal strategy document for the purposes of the annual or medium-term budget process. - PEFA PI14		1											
FAD	PFM	Support development of Fiscal Rules, Framework for Natural Resource Management and spending reviews as a basis for aggregate control and improved resource allocation.		1	4	5	New Milestone: Strategies developed for key ministries on a pilot basis for MTEF/Budget allocations - PEFA PI 16		1											
FAD	RA (Tax)	Enhance the effectiveness of audit through gathering and analysis of data from third party sources			2	2	New Milestone: Audit staff are able to select audit cases based on risk and conduct quality audits for better results	1												
FAD	RA (Customs)	To support the development of simplified export procedures for the non-petroleum sector		1	4	5	Pending Milestone: Customs is aware of cargo blockages at export and has taken steps to rectify blockages - including by having a functioning customs-to-business forum for export oriented companies.		1				1							
MCM	FSS	AFS will assist the authorities in implementation of macroprudential elements of supervision	2	1	2	5	Pending Milestone: AFS will agree with the authorities on a workplan for the implementation of macroprudential approach to supervision, including financial stability framework	1					1							
MCM	MPFO	Strengthen monetary policy implementation, including liquidity forecasting, and develop communications with the financial markets - Partly Follow-up mission	2		2	4	New Milestone [incorporates #16] : Models for liquidity forecasting are used for different horizons, liquidity conditions are managed using appropriate instruments and communication with financial markets.		1											
MCM	MPFO	Develop a inflation forecasting framework and strengthen monetary policy analysis, including survey developments - Follow-up mission			6	6	New Milestone [incorporates # 17]: An inflation forecasting framework for monetary policy formulation is used and the workprocesses are adjusted accordingly.	1												
STA	RSS	Hands on training: compilation of NA/QNA		0.5		0.5	New Milestone: Training on compilation of annual and quarterly GDP by production and expenditure approach at current prices and in volume terms	1												
STA	RSS	Improvement of informal sector estimates, new activity		2	3	5	New Milestone: relative to the baseline, deviations from the production boundary are resolved.	1												
STA	RSS	Improving CPI: geographical coverage, follow up			1	1	Pending Milestone: Training and assistance on development of regional capacity for enhancement the geographical coverage of CPI						1							

Medium-Term Macroeconomic Prospects and Challenges

Botswana achieved high growth for almost half a century which helped the country to graduate to the upper middle income country status. While there has been some progress towards diversification, the country remains highly dependent on the diamond sector and on SACU revenues - both of which are volatile and present risks for growth sustainability and macroeconomic stability. Growth is projected to pick up in the next couple of years, supported by a gradual recovery in the global diamond market, low domestic interest rates, and the impact of the government's Economic Stimulus Program.

Enhancing the efficiency of public investment, increasing private sector participation, improving labor market conditions, raising the quality of service provided by public utilities, and augmenting the profitability of large state-owned enterprises remain also among the key priorities going forward. To support economic diversification, efforts will be needed to bring the medium-term expenditure framework to completion and mobilize domestic revenue. Private sector enabling reforms, including reforms aimed at broadening access to financial services while ensuring stability, will also be important, together with improvements in the quality of macroeconomic data.

Capacity Building Agenda

Overview

The authorities' objectives of raising potential growth and promoting diversification in a sustainable manner will require significant capacity building efforts across a number of areas. AFS will continue to support Botswana in its efforts to undertake fiscal consolidation through both PFM and revenue administration reforms, to modernize the monetary policy framework, to strengthen capacity in macroeconomic modeling and forecasting, to update financial sector supervision, and to improve real sector statistics.

Public Financial Management

Key achievements and priorities

Since 2011, AFS and FAD TA have mainly focused on strengthening the PFM legal and regulatory framework, medium-term fiscal framework (MTFF), medium-term budget framework (MTBF), cash management, and accounting and fiscal reporting. Significant progress has been made in the development and implementation of the MTFF, including the (i) development of tools and skills to strengthen the MTFF, which currently guides the budget process and (ii) establishment of a medium-term expenditure framework (MTEF) road map. In addition, with AFS support the authorities have made good progress in terms of: (i) development and adoption of a cash management procedures manual (2013); (ii) revision of financial regulations and financial instructions to incorporate good PFM practices (2013 and 2014); (iii) establishment of a cash management working group (2014); (iv) development of appropriate tools for cash flow forecasting; and (v) laying a strong foundation to underpin a gradual transition from cash accounting to accrual accounting and reporting under International Public Sector Accounting Standards (IPSAS).

Going forward, AFS TA activities will focus on (i) further strengthening of the MTFF and MTEF, building up on the achievements of the EU-funded and FAD-backstopped macro-fiscal resident advisor- project¹; (ii) the gradual introduction and implementation of accrual accounting and reporting; and (iii) development of an institutional framework for cash flow planning and

¹ The resident advisor contract was terminated in mid-FY15.

management. With respect to accounting and fiscal reporting, AFS will mostly focus its TA on further updating and improving the PFM legal and regulatory framework (regulations and financial instructions) consistent with IPSAS accrual accounting and reporting requirements, the development of a new budget classification and a chart of accounts, the elaboration of public asset management policy, and further development of government staff skills in accrual accounting and reporting.

Key challenges

Limited capacity in terms of skills within the Ministry of Finance and Development Planning (MoFDP) and line ministries may constrain the absorption of TA absorptive capacity and pose risks to the implementation of ongoing reforms. To mitigate these risks, AFS continues to engage the authorities to clarify the roles and responsibilities and ensure proper coordination of all key stakeholders in the reform process. In addition, AFS has assisted the authorities in reviewing the sequencing of implementation of their reform strategy. AFS also continues to provide onsite targeted technical training for relevant officials with a view to strengthening staff capacity. The implementation of budgeting and accounting reforms requires significant changes to the PFM legal and regulatory framework.

Key partners

Since 2012, the EU is the major donor mostly supporting efforts to improve budget preparation. Currently the EU is also providing MFDP with TA for PFM reform coordination

HQ-(co) funded projects

Dept.	Purpose Description	Fiscal Year
FAD	Introducing Medium-Term Expenditure Framework (MTEF)	2013
FAD	MTEF and EU project review	2014

Revenue Administration (Tax)

Key achievements and priorities

After an AFS-funded diagnostic mission in 2011, TA inputs have been made over the subsequent period to support the establishment of a large tax payer unit (LTU) and thereafter, to review the VAT system in light of declining contributions to revenue, to provide a framework for organizational restructuring that is required to streamline management and operational control, the implementation of which is still ongoing, and the domestic tax-wide processes reengineering.

Getting the proper structure in place is critical as is the procurement and implementation of a new integrated tax administration system to support improved management and operational control. AFS plan also provides for TA on developing compliance and risk management framework. A new diagnostics mission planned for FY16 from IMF headquarters (with AFS participation) will help highlight the reform priorities for the period ahead.

Key challenges

Progress on organizational restructuring has been slow with impacts on strategy and process formulation and implementation. An improved structure is essential to enhanced service delivery, taxpayer monitoring, and general compliance management.

Additionally, the information technology system for tax operation is outdated and no longer appropriate for the scale of operations and desired service architecture. The Botswana Unified Revenue Service (BURS), with the assistance of the Swedish Tax Administration (SwTA), developed an interim system and deployed it for use initially by large taxpayers. A process to acquire and implement an integrated tax administration system (ITAS) has commenced and it poses significant implementation risks.

Key partners

The SwTA was active under a jointly funded project to improve tax administration. AFS collaborated closely with the SwTA in the provision of TA. However, the project came to an end in 2014 and there seems to be no successor project.

Revenue Administration (Customs)***Key achievements and priorities***

Coordinated Border Management (CBM)—border management, together with the associated functions of risk management, enforcement, and trade facilitation, are key issues. BURS Customs, with TA from AFS, has worked to strengthen the risk management function and the associated areas of enforcement and trade facilitation. The Risk Profiling and Intelligence Team (RPI) are not effectively managing the risk criteria and selectivity in ASYCUDA-World which means resources are not geared to risk. There has been little progress in 2015 in risk management development, the RPI is understaffed and the officers are carrying out several duties in addition to risk profiling including: the recruitment, development and handling of informants; researching ‘allegations’ to disseminate operational intelligence to enforcement staff; and, conducting ad hoc patrols and surveillance. However, intelligence disseminated is generally at a low level and there is no capacity for strategic intelligence analysis.

Key challenges

The great size of Botswana and the enormous, and in some areas, porous land border make customs administration difficult – cigarette smuggling is particularly problematic and transit fraud is widespread. Additionally, information flows for risk management purposes are constrained by the distances and remoteness of borders and customs stations from HQ in Gaborone. Customs is currently facing several modernization challenges including the following ongoing major projects: organizational restructuring, computerization of customs processing, Coordinated Border Management program, and the Single Electronic Window which requires significant human resource input whilst still ensuring the day-to-day work remains unaffected.

Key partners

TA in the customs area is provided by SACU, which coordinates programs to upgrade customs legislation and implement a SACU-wide Preferred Trader Scheme (PTS). SACU, in collaboration with the Finnish Customs, offers other TA to BURS Customs. The World Customs Organization (WCO) Regional Office for Capacity Building (ROCB) provides TA in developing the management function and in the roll-out of the nCEN (national Customs Enforcement Network) system. The Japanese government has provided TA to help develop the Trans-Kalahari Corridor, including infrastructure and systems improvements at the border with Namibia. Additionally, the South African Trade Hub has provided TA to develop a ‘cloud’ computing project between Botswana and Namibia to share declarations and so improve both facilitation and compliance.

As a SADC member, BURS will benefit from the work being done to implement the SADC trade protocol, namely: creating a refined framework for assessment to allow self assess conformity with the WTO Bali Agreement; developing a regional bond guarantee system to enable implementation of the transit management system; aligning border controls (including border opening/closing times) across SADC and extending operating hours; developing a SADC-wide ICT strategy that includes the principles of the WCO globally networked customs initiative and implementing an electronic certificate of origin SADC-wide; online publication of trade rules, non-tariff measures (NTMs) and tariffs; delivering a train the trainers program in origin, risk management, tariff and non-tariff barriers (with support from GiZ); and preparing an online enquiry mechanism to allow the trade to bring to the attention of SADC NTMs they encounter.

SADC members will also benefit from the EU Trade Related Facility – an EU funded program to develop customs and trade in the region (associated with the SADC/EU Economic Partnership Agreement (EPA) and implemented by the SADC Secretariat). Additionally, Trade Hub (USAID) will implement a new multi-year program to help facilitate trade in the region including implementation of the Single Electronic Window.

Financial Sector Supervision

Key achievements and priorities

There has been progress in reviewing the Banking Act and the Bank of Botswana Act to improve compliance with the BCPs. The follow-up action by the authorities based on the review of these laws will be needed to ensure a higher level of compliance with the BCP. AFS is seeking to engage the Bank of Botswana on risks-based supervision (RBS) and the implementation of elements of Basel II, including Pillar 2 requirements, and Basel III. In addition, the establishment of a macro-prudential framework and implementation of stress testing will be priority areas.

Key challenges

RBS needs to be aligned with the implementation of Basel II and Basel III standards but tailored on the risks and characteristics of Botswana's banking sector. In particular, the implementation of Basel III liquidity standards would need a very long phase in periods given the acute shortage of high quality liquid assets (HQLAs).

Key partners

The authorities have been working with the Macroeconomic and Financial Management Institute for Eastern and Southern Africa (MEFMI) on risks-based supervision (RBS) implementation. AFS seeks to collaborate with MEFMI on RBS to ensure that RBS is aligned with the implementation of Basel II and III standards.

HQ-(co) funded projects

Dept.	Purpose Description	Fiscal Year
MCM	Financial Stability	MCM

Monetary Policy Framework Operations

Key achievements and priorities

AFS has initiated a multi-year projects on modeling and forecasting as follow-up on previous MCM TA in this area. With the assistance of AFS TA in the area of modeling and forecasting the BoB may be able to meet the milestone set for 2017 already during FY16. However, going forward, AFS will continue to focus on modeling and forecasting as there are still parts which the BoB needs to strengthen. With AFS-funded LEG assistance, there has also been TA provided on reviewing the central bank law.

Key challenges

The key challenges are to secure support of all the stakeholders for the implementation of the planned capacity building activities in modeling and forecasting, to keep momentum going in the project and for the BoB to retain qualified staff. Part of the internal communication that needs to develop along side with the modeling and forecasting capacities is a "soft" skill and hard to teach and learn without a real life example. Peer to peer training with a more advanced central bank would be preferable but may prove hard to fund and facilitate.

Real Sector Statistics

Key achievements and priorities

In 2014, the Statistics Botswana (SB) started preparations for an economic census (EC) which will be used to compile benchmark data set for economic statistics and in particular for annual and quarterly national accounts. The rebased GDP time series to 2014/15 benchmark estimates were expected at the end of 2017. However, due to delays with the preparation and conduct of the EC, the rebase of GDP estimates in constant prices could be postponed. Reforms in the area of price statistics aim at the rebase of the consumer price index (CPI) using the 2009/10 core welfare indicator survey data and the development of a producer price index (PPI) which are both work in progress. Going forward, AFS will continue to focus on further improvements in CPI, annual and quarterly national accounts and related high frequency indicators.

Key challenges

The challenges are related to the need for stronger ownership by the authorities. The insufficient staffing and other resources, as well as scarce and poor quality of source data, if not addressed, would be an obstacle to TA efficiency.

Key partners

The SB has been covered by the project initiated by the African Development Bank (AfDB) and World Bank's 2010 round of Purchasing Parities Comparison program, related to the GDP components by expenditure. Currently, the SB is assisted by the AfDB in strengthening the statistical business register, also responding to the 2014/15 EC needs. The SB also benefits from a SADC/COMESA project on the harmonization of the standards and methods for compilation of the harmonized consumer price index (HCPI).

Medium-Term Macroeconomic Prospects and Challenges

Comoros is a small, poor, and fragile-three island state with limited natural resources and connectivity to the rest of the world. Political instability and fractious inter-island relations marked the country during the first decades after independence from France in the mid-1970s with more than 20 coups or coup attempts taking place. During the 2009–13 ECF arrangement, the secular decline in per capita GDP was arrested and some progress was achieved in consolidating macroeconomic stability and advancing structural reforms that enabled Comoros to attain the completion point under the HIPC Initiative in December 2012. Since the expiration of the program, economic growth has slowed, on account of chronic electricity shortages and weak implementation of the public investment program, and revenue performance has deteriorated. Moreover, implementation of structural reforms has slowed. Further progress in implementing structural reforms to increase the government's fiscal space, and to establish an environment conducive to growth of the private sector will be essential.

There has been some progress in recent years in implementing reforms in the areas of revenue administration and public financial management but much remains to be done. Necessary decisions have been taken and decrees issued but, with limited capacity, the extent of implementation and impact on performance are uncertain at best. These shortcomings underline the need for continued technical assistance, to help strengthen the country's implementation capacity.

Capacity Building Agenda

Overview

Raising growth potential and reducing poverty requires significant efforts in capacity building. Key areas for AFS capacity building in the area of PFM include budget preparation and execution, and cash management, as well as the medium-term fiscal framework (MTFF). Strengthened tax and customs administration, including tightened control of exemptions, are priorities for TA on revenue administration. In addition, AFS provides TA on banking supervision, taking into account the specificity of the Comoros banking system dominated by foreign banks. AFS also provides TA on national accounts.

Public Financial Management

Key achievements and priorities

Since 2011, AFS, in close collaboration with FAD, has provided significant technical assistance (TA) to Comoros in the area of public financial management (PFM). Despite numerous challenges slowing the pace of reforms over the period, Comoros has registered good progress in implementing its PFM reform strategy, and strengthening cash management and banking arrangements, and the MTFF. Main achievements over the period include: (i) the development and adoption of a new Decree on Financial Control (in 2012); (ii) the development of a strategy to improve the payroll system (in 2013); (iii) adoption of an updated PFM reform strategy and an action plan (in 2013); (iv) the development of an MTFF used for the preparation of the 2015 budget (in 2014); and (v) the establishment of a new Treasury Single Account (in 2015). Going forward, AFS will focus on the full implementation of the TSA system and the development of the macro fiscal and budget framework.

Key challenges

Notwithstanding progress achieved in PFM reforms, many challenges remain to be resolved. Comoros has overall low capacity in the public sector. In addition, fiscal outcomes are adversely affected by poor revenue capacity and weak spending and revenue controls. Improvements in these areas are a high priority to achieve meaningful outcomes. For improved policy formulation and implementation, better macroeconomic statistics are also required. The authorities need to address staffing shortages in order to enhance the functionality of PFM units and the absorptive capacity and effectiveness of TA interventions. To address some of the constraints, AFS TA is already contributing towards efforts to strengthen spending control through improvements in the PFM regulatory framework and government banking arrangements. In addition, AFS continues to provide relevant and targeted onsite training to enhance staff skills.

Key partners

On PFM, the World Bank (WB) mainly provides TA on the development of the financial management information system (FMIS); and the African Development Bank (AfDB)--on public procurement, the MTFF, and accounting and fiscal reporting. France provides TA on the implementation of the PFM strategy and action plan (resident advisor).

Regular meetings are organized with representatives of the WB (in Madagascar and Comoros), the EU (in Mauritius and Comoros), France (in Comoros), UNDP (in Comoros), and the AfDB (in Comoros) to discuss the activities planned and the main conclusions of the respective TA missions

HQ-(co) funded projects

The July 2014 FAD TA mission assisted the authorities on budget preparation and MTFF. The mission proposed priority measures to improve budget credibility and coverage, a strategy to develop public investment programs and integrate externally financed investment spending in the central government's annual budget, and suggested the preparation of a capacity building plan. Previous FAD missions are presented below.

Dept.	Mission Purpose/Description	Fiscal Year
FAD/AFS	Improving budget execution and developing an FMIS	2011
FAD	Budget preparation and classification, and MTFF	2012
FAD/AFS	New PFM strategy and action plan (2014–16) based on the 2013 public expenditure and financial accountability (PEFA) assessment	2014

Revenue Administration (Tax)

Key achievements and priorities

A legal framework for a semi-autonomous tax administration organization (AGID) was approved. However, A recent assessment of the tax administration using the new TADAT tool concluded that operationally AGID has major weaknesses that undermine its ability to execute its mandate. AFS has provided audit training to help boost the capacity for managing the compliance of financial institutions, as well as non-financial taxpayers. In addition, a staff member of the Comoros tax administration (DGI), along with a colleague from Customs, benefitted from an Australian-funded attachment to the Mauritius Revenue Authority (MRA), which helped provide benchmarking lessons and practical insights into policies and procedures some of which can be replicated back in the Comoros. More recently, AFS has provided support to develop an automated taxpayer register derived from a taxpayer census with the objective of enhancing operational control and compliance monitoring.

Going forward AFS will focus on assisting the authorities to improve the operations of the semi-autonomous tax administration organization (AGID) and developing mechanisms to help improve compliance management.

Key challenges

The capacity of the tax administration teams at all levels are in need of significant enhancement, a factor responsible for the slow pace of reform implementation, and missed opportunities and targets. The staff's skills can be enhanced mainly by revamping the recruitment process and strengthening training and deployment; the creation of teams to understudy experts on specific reform projects would enhance capacity and sustainability. Resources for counterpart funding of reform activities are lacking or inadequate.

Key partners

The AfDB funded a project to guide the establishment of the new semi-autonomous tax administration. However, this project has closed with project continuity suffering. The EU has promised to consider the request for a long-term resident advisor in tax administration.

HQ-(co) funded projects

An FAD mission in 2012 helped assess the status of reforms and identify priorities for realizing the reform objectives and in .

Dept.	Purpose Description
FAD	Diagnostic Revenue Administration

Revenue Administration (Customs)**Key achievements and priorities**

With AFS assistance, Comoros has been working to strengthen control of petroleum imports, a revenue significant area. New systems and procedures have been drafted and training in audit and other control skills has been provided. This work is not yet complete and customs have yet to assume full control of the revenue administration of petroleum. Other key issues remain the development of risk management and enforcement functions, which AFS TA will continue to address. AFS also funded the IMF Legal Support Group in reviewing the Comoros Customs Code to ensure that it was brought into line with the COMESA Customs Code of the Common Market (CDC). The CDC is a set of principles and rules relating to customs and reflects international good practice. The Customs Code is the main source of customs law in Comoros and regulates customs controls, taxation and collection of duties and consists of over 200 pages that covers, not only customs duty base issues (valuation, origin rules, classification) but also procedural aspects of customs operations (declarations, clearing agents, economic regimes, controls, powers, litigation, penalties and procedures, etc). The draft Customs Code was finalized with TA support in preparation for presentation to Parliament.

Key challenges

Comoros is a small, low-income and fragile three island state with limited natural resources and connectivity to the rest of the world. The relatively poor infrastructure, equipment and limited mobility of customs are key challenges. Additionally, dispersal of customs operations across a number of islands constrains fully effective communication and management. The authorities need to continue to strengthen revenue administration to expand fiscal space and find a better balance between available resources and expenditures in order that increasing arrears can be avoided.

Key partners

Comoros Customs participate in AFS seminars and regional initiatives and benefit from regional programs such as those delivered by the Common Market for Eastern and Southern Africa (COMESA) and the World Customs Organization (WCO).

HQ-(co) funded projects: development and modernization of the customs administration (2012 and 2014)

Financial Sector Supervision**Key achievements and priorities (Achievements since FY12)**

With MCM TA, a new banking law was adopted in June 2013, in line with international standards to strengthen banking supervision, internal audit and control, and the Central Bank of Comoros has started preparing operating procedures for its implementation. AFS has started to provide TA on select

aspects of banking supervision, including on elements of risk-based supervision. Going forward, AFS TA will continue to focus on RBS.

Key challenges

Implementation and absorption capacity of the Central Bank of Comoros needs to be strengthened.

HQ-(co) funded projects

Lead Dept.	Purpose Description
LEG	AML/CFT
MCM	Banking Supervision
MCM	Assessment of Monetary Instruments/Regulations
MCM	TA Evaluation
MCM	Review of Prudential regulations and manual for on and off site supervision

Real Sector Statistics

Key achievements and priorities

With AfDB and AFS TA, Comoros has made significant progress toward the introduction of 2007 as the new base year for GDP estimates in constant prices. Going forward, the AFS TA is being focused on further building staff capacity on compilation of annual GDP by production and expenditure approach in volume terms and dealing with time series and on improvements in CPI.

Key challenges

The relatively low absorption capacity is related to staff turnover, shortage of financial resources, and budget constraints. This would slow down the development of national accounts and price statistics.

Key partners

The AfDB, the United Nations Economic Commission for Africa (UNECA), and AFRISTAT are the key partners supporting the General Directorate of Statistics and Planning (DGSP) to improve national accounts and price statistics

HQ-(co) funded projects

Dept.	Purpose Description
STA	National Accounts
STA	GDDS: Metadata Development

Execution of FY16 Work Plan																
Dept	TA Area	Activity in FY 2016	Proj: Inputs (field, in persons)	Total	Rev: Inputs (field, in persons)	Total	Milestones	Ratings	Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Rating 7: No Information	
FAD	PFM	Improve budget preparation and presentation Provide inputs to support implementation of FAD macro-fiscal and budget reform recommendations	5	4	4	Milestone (Redefined): Macro-fiscal and budget preparation process further developed. Improved procedures for budget preparation including: the development of a medium term macro-fiscal framework; the preparation of quarterly budget report comprising at least three stages of expenditure (commitments, verification, and payments); the inclusion of total subsidies in the budget document; the improvement of the economic and functional classifications; and the development of a manual for budget preparation.	1									
FAD	PFM	Strengthen cash management and government banking arrangements	3	2		New Milestone: A new treasury single account established and implemented					1					
FAD	RA (Tax)	Diagnostic activity				New Milestone (2016): Updated refrom plan						1				
FAD	RA (Tax)	Implementation of AGID	4	4	4	Pending Milestone: AGID makes implementation progress									1	
FAD	RA (Customs)	Comoros Customs is aware of effective customs operations in a leading regional revenue authority	1	1	1	Pending Milestone: Comoros Customs is aware of effective customs airport operations in a leading regional revenue authority (internship)									1	
FAD	RA (Customs)	Ensuring that adequate controls are in place (including accurate recording and reporting of transactions) to ensure accuracy and effectiveness of customs control of petroleum imports	2	2	2	Pending Milestone: The excise function relating to petroleum is based on sound systems and procedures that safeguard revenue by having accurate reporting; remittance and a robust compliance strategy in place					1					
LEG	RA (Customs)	Review/Redraft customs law			3	Pending Milestone: Proposed amendments to the Comoros Customs Act are drafted to align it to Revised Kyoto Convention					1					
FAD	RA (Customs)	Diagnostic			4	New Milestone(FY2016): Customs administration modernization progress is known and advice given on measures to improve performance									1	
MCM	FSS	AFS will assist the authorities to take preparatory measures for the introduction of risk based supervision in Comoros	4	3	3	Pending Milestone: The authorities will issue risk management guidelines to the banks									1	
STA	RSS	Hands on training, follow up	2	1	1	New Milestone: Follow Up - Training on compilation of annual GDP by production and expenditure approach in volume terms, dealing with time series, conducted	1									
STA	RSS	Improvements of price statistics (will be specified after the FY2015 assessment mission) - new activity	1	1	1	New Milestone: Improvements of price statistics, will be specified after the FY2015 assessment mission									1	

FY17 Work Plan															
Dept	TA Area	Activity in FY 2017	HQ Field-person weeks	LTX field-person weeks	STX field-person weeks	TOTAL	Milestones/Intermediate Outcomes	Milestone Set for FY17	Milestone Set for FY18	C/w # from FY13	C/w # from FY14	C/w # from FY15	C/w # from FY16		
FAD	PFM	Support finalization and implementation of budget preparation manual incorporating MTFF processes.		1	4	5	New Milestone: Budget preparation processes further developed and implemented, including finalizing the budget preparation manual - PEFA PI 14, 15, 16, 17		1						
FAD	PFM	Strengthen cash management and government banking arrangements (TSA).		1	4	5	New Milestone [incorporates #88]: TSA implemented and cash flow forecasts are prepared on an annual and quarterly basis and updated regularly - PEFA 21		1						
FAD	RA (Tax)	Diagnostic report: Updated Reform Strategy	2	2	2	6	Pending milestone: Updated Reform Strategy to guide future TA inputs	1				1			
FAD	RA (Tax)	Implement more effective taxpayer segmentation		1	4	5	New Milestone: Effective processes in place to manage Large Taxpayers according to the risks they pose	1							
FAD	RA (Customs)	To support the realignment of customs procedures for the import of petroleum, the collection of duties on these products and, the control of conditional exemptions			2	2	Pending Milestone: The excise function relating to petroleum is based on sound systems and procedures that safeguard revenue by having accurate reporting; remittance and a robust compliance strategy in place.	1			1				
LEG	RA (Customs)	Assist in drafting of regulations to support implementation of the new customs code	1		1	2									
FAD	RA (Customs)	To strengthen customs control on non-petroleum excisable goods, including exemptions		1	2	3	New Milestone: Customs controls and monitoring of non-petroleum excisable good intensified and improved.	1							
MCM	FSS	AFS will assist authorities in strengthening the risk based supervision in areas of on-site supervision and off-site monitoring			4	4	New Milestone: Capacity of supervisory staff in conducting on-site supervision and off-site monitoring under risk based approach enhanced	1							
STA	RSS	Hands on training			1	1	New Milestone: Advanced training on compilation of annual GDP by production and expenditure approach in volume terms, dealing with time series	1							
STA	RSS	Improvements of the CPI			1	1	New Milestone: Improved methodologies		1						

Medium-Term Macroeconomic Prospects and Challenges

Lesotho's high level of government spending and dependence on SACU revenue (which tends to be highly volatile) present a major source of macroeconomic vulnerability. Most recent assessments point towards a significant fall in SACU revenue in FY 2016/17 and beyond, which, if left unaddressed, could affect fiscal balances and undermine macroeconomic stability. In addition, progress in addressing poverty and unemployment, especially at rural level has been very slow. In this context, improving public sector efficiency and containing growth in public spending, mainly government wages will help create fiscal space. This needs to be supported by a strong institutional PFM framework, including robust medium-term planning and budgeting, strengthened budget control, sound cash management and improved management of the public service. Creating greater space for the private sector and reducing cost and access to credit are essential for private sector led growth. Fast tracking implementation of the 2012 National Strategic Development Plan, including decentralization, is key to address poverty and unemployment. Also more effort and investment on improving quality of statistics will help improve policy making.

Capacity Building Agenda

Overview

AFS promotes a range of institutional reforms and capacity building activities in Lesotho. A sound PFM framework is essential for meeting the authorities' objectives of accelerating economic growth, promoting its inclusiveness, and improving the poor social indicators in a sustainable manner. AFS has devoted significant resources to the preparation of a comprehensive PFM reform plan, the strengthening of the medium-term fiscal and budget framework, the legal framework for public debt, cash management, budget execution and fiscal reporting. Revenue mobilization and trade facilitation are important for reducing dependence on the volatile SACU revenue and strengthening competitiveness. AFS focuses on the organizational structure of the Lesotho Revenue Authority (LRA), segmentation of tax payers, and risk management and post control audit in customs. AFS also supports improvements in banking supervision and the payment system, which would promote financial stability. AFS TA inputs in the area of real sector statistics (annual and quarterly national accounts, the consumer price index—CPI, and the producer price index—PPI) would help promote evidence based policy making across all major ministries and agencies.

The IMF headquarters provides TA in the area of the legal framework for financial institutions, financial stability assessment, regulation of non-bank financial institutions, and some aspects of banking supervision not covered by AFS.

Other donors are active in the related fields of PFM, revenue administration, and real sector statistics.

Public Financial Management

Key achievements and priorities

Since 2011, AFS TA activities in Lesotho has focused on development of the PFM reform strategy and action plans, updating of PFM legal and regulatory frameworks, strengthening the medium-term fiscal framework (MTFF), cash management and banking arrangements, and internal controls. Some progress has been made in all these areas, but has recently slowed down due to intensified internal political tensions. The main AFS supported achievements over the period include: (i) the development and adoption of a new PFM reform strategy and action plan in conjunction with the IMF's Fiscal Affairs Department (FAD) assistance, and in close collaboration with other TA providers

(2013); (ii) the development of a new Public Debt Management Bill by the IMF's Legal Department (LEG) with AFS-funded TA; (iii) the strengthening of fiscal forecasting skills and MTFE tools and their links to the budget process; (iv) improvements in the budget process with the adoption of a new budget calendar by the Cabinet and its greater involvement in the strategic phase of the budget process; (v) the establishment of a formal cash management unit within the Ministry of Finance (2013); (vi) the development of basic cash flow forecasting tools; (vii) the adoption of the Treasury Regulations developed with AFS support (2014); and (viii) the development of a clear strategy for improving fiscal reporting and gradually introducing Cash basis IPSAS financial reporting.

Going forward, AFS will endeavor to continue to support implementation of the PFM reform strategy and action plan. Specifically, AFS TA activities will focus on strengthening the MTFE preparation and implementation, and on development of fiscal risk statement. In addition, AFS and FAD will provide assistance in reviewing the MoFs capacity to oversee fiscal decentralization and budget execution. Dedicated support in cash management, accounting and fiscal reporting will be provided by an EU-funded resident advisor based in the Accountant-General's office. AFS will also continue to participate in PFM donor coordination meetings.

Key challenges

Recent political instability and abrupt changes in senior management of the Ministry of Finance have weakened coordination and high-level support for reforms and limited the country's absorptive capacity for AFS TA. Stronger staff capacity and political support are critically required to successfully ensure implementation of the PFM reform strategy. To address some of the challenges, AFS will support efforts to step up reform dialogue with the authorities in the context of the existing PFM coordination arrangements involving donors, and coordinate more closely with the IMF's African Department (AFR) to leverage its influence in the context of surveillance and policy dialogue missions.

Key partners

The World Bank, the EU, African Development Bank (AfDB), U.K. Department for International Development (DFID), USAID and UNDP are the main PFM partners in Lesotho. The World Bank supports the implementation of the Epicor-based integrated financial management information system while the EU supports PFM reform institutional coordination. The AfDB focuses on strengthening procurement and audit capacity.

HQ-(co) funded projects

Dept.	Mission Purpose/Description	Year
LEG	Program TA in Fiscal Law: Development of Public Debt Law	2013
FAD	PFM Systems Review	2013
FAD	Fiscal Decentralization and Fiscal Rules	215

Revenue Administration (Tax)

Key achievements and priorities

The authorities have implemented full taxpayer segmentation as part of the recent organization structure reforms, creating separate units for the administration of large, medium, and small and micro taxpayers. However, the headquarters function in domestic tax is inadequately organized, self-assessment needs strengthening, and the return process requires alignment. Work has started to develop a compliance management framework, and to revise the income tax and VAT laws and finalize the Tax Administration Bill (LEG).

Key challenges

The absence of an operational policy unit for the domestic tax division undermines the effectiveness of the taxpayer segmentation strategy; Low project implementation capacity is a main challenge although there are now structures in place to ensure better results.

Key partners

U.S. Treasury provided targeted interventions on improvement of debt management and audit capability.

Revenue Administration (Customs)**Key achievements and priorities**

Customs, as part of the Lesotho Revenue Authority (LRA), has been involved in a series of significant reforms and changes that are now being put into place. The most significant has been the creation of a new structure for the LRA with operational units being organized along strictly functional lines (rather than being housed in different tax types). The Customs Modernization Program initiated in 2012 has been fruitful. The main features of this program have been the implementation of an automated declaration processing system, the development of a preferred trader scheme, strengthening risk management, and the creation of centralized declaration processing that includes inspection and classification, valuation and origin (CVO) expertise on site. AFS will continue to focus on risk management and post control audits (PCA).

Key challenges

The effective implementation of the new structure will present significant challenges to ensure that efficiency gains are achieved and operational effectiveness is enhanced. Additionally, the creation of the central declaration processing center together with centralized cargo inspection and CVO presents significant opportunities for improvement but will require continued effort to ensure that opportunities are optimized and that the management of risk is fully integrated into the control systems.

Key partners

In addition to TA from AFS, LRA Customs have benefited from assistance from a number of sources. The Customs Modernization Program was implemented with the support of the World Bank. Some TA has been provided by the Revenue Commissioners of Ireland and a long-term advisor, now fully funded by the LRA, is in place. There is also a memorandum of understanding between the LRA and the South African Revenue Service (SARS).

As a Southern African Development Community (SADC) member, the LRA will benefit from the work being done to implement the SADC trade protocol, namely: creating a refined framework for assessment to allow self assess conformity with the World Trade Organization (WTO) Bali Agreement; developing a regional bond guarantee system to enable implementation of the transit management system; aligning border controls (including border opening/closing times) across SADC and extending operating hours; developing a SADC-wide ICT strategy that includes the principles of the World Customs Organization (WCO) globally networked customs initiative and implementing an electronic certificate of origin SADC-wide; online publication of trade rules, non-tariff measures (NTMs) and tariffs; delivering a train the trainers program in origin, risk management, tariff and non-tariff barriers (with support from GIZ); and preparing an online enquiry mechanism to allow the trade to bring to the attention of SADC NTMs they encounter.

SADC members will also benefit from the EU Trade Related Facility – an EU funded program to develop customs and trade in the region (associated with the SADC/EU Economic Partnership

Agreement (EPA) and implemented by SADC secretariat). Additionally, TradeHub (USAID) will implement a new multi-year program to help facilitate trade in the region.

Financial Sector Supervision

Key achievements and priorities

TA advice on compliance with the BCP, the Basel Capital Adequacy Framework, as well as implementation of RBS, is being implemented. Going forward, AFS will focus on strengthening risk-based supervision and the Basel Capital Adequacy Framework. AFS's TA efforts will be closely coordinated with extensive MCM TA activities.

Key challenges

Supervision staff is relatively new. Multiple capacity building challenges in the area of financial sector supervision will have to be addressed simultaneously.

HQ-(co) funded projects

Dept.	Purpose Description
MCM	Develop Regulations to Implement the New Financial Institutions Act
MCM	Evaluate the Off-Site Supervision Policies
MCM	Financial Stability Assessment
MCM	Insurance Supervision
MCM	Risk Management

Key partners

The World Bank provides significant TA on financial sector development issues.

Monetary Policy Framework Operations

Key achievements and priorities

AFS is supporting LEG TA on regulations for the payment system. The follow-up mission in FY16 will achieve the objectives of the project.

Key challenges

The Key challenge is the low implementation capacity.

HQ-(co) funded projects

There have been 5 missions on Payment systems funded by HQ since FY12, the last in FY14.

Real Sector Statistics

Key achievements and priorities

The economic census (EC) was completed in 2014, providing major inputs into enhancement of annual national accounts and subsequent development of the quarterly GDP (QNA) compilation system. The rebased annual GDP time series should be completed in April 2016; the development of quarterly GDP by production approach is underway. AFS will continue to support the authorities in these areas.

The CPI weighting system was established during November–December 2014, and the rebased indices will be published during 2016. The activities on PPI development are still work in progress. Going forward, AFS will continue to provide follow-up TA in this area.

Key challenges

Insufficient resources, including high staff turnover, as well as lack of well-regulated data exchange procedures between institutions, if not addressed, may delay TA advice implementation.

Key partners

During 2007–10, the Bureau of Statistics (BOS) had received substantial assistance from the EU on annual national accounts, including adoption of software for a regular compilation of the annual GDP estimates by production and expenditure approaches. The development of Lesotho's statistical system was supported by a one million euros grant from the EU, to be allocated after the first quarter of 2015.

In 2013, the Macroeconomic and Financial Management Institute for Eastern and Southern Africa (MEFMI) supported a joint project between the BOS and the Central Bank of Lesotho (CBL) on developing a system of Economic Activity Indicators (EAI) and QNA. The planned improvements of the continuous multipurpose household survey, an important data source for national accounts compilation, are supported by the World Bank.

The BOS is covered by the African Development Bank and the World Bank's 2010 round of the Purchasing Power Parities Comparison program, related to the final demand GDP components.

Execution of FY16 Work Plan															
Dept	TA Area	Activity in FY 2016	Proj. Inputs (field, in persons)	Total	Rev. Inputs (field, in persons)	Total	Milestones	Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Rating 7: No Information	
							<div>Ratings</div>								
FAD	PFM	FAD/AFS diagnostic mission to assist the authorities in reviewing the decentralization system	8	10			New Milestone: Specific PFM action plan for decentralization submitted for adoption			1					
LEG	PFM	Follow-up on previous LEG TA on Public Debt Management Law		2			Pending Milestone: New Debt Management Act adopted by Parliament							1	
FAD	PFM	Support the development of capacity to manage MTFF/MTEF at level of MoF and strengthen links with the budget process	6	9			Milestone (Redefined): Guidelines submitted to develop an MTFF/MTEF and related fiscal principles/rules			1					
FAD	PFM	Strengthen cash management and government banking arrangements	5	3			Pending Milestone: Commitment and cash management plans, and strategy to establish a TSA developed and approved by the Minister in charge of Finance. CMU fully operational			1					
FAD	PFM	Support the introduction and implementation of cash basis IPSAS accounting and reporting	2				New Milestone: COA, Regulatory framework and financial reporting more consistent with cash basis IPSAS reporting requirements			1					
LEG	RA (Tax)	Design of legislation for taxation of the insurance industry, and consultation with mining companies		2			Draft legislation for taxation of insurance sector developed								
FAD	RA (Tax)	Implement Compliance Management Framework	3	3			Pending Milestone: Compliance risk management framework developed	1							
FAD	RA (Customs)	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having greater knowledge of threats and compliance	1	1			New Milestone: The Case Selection Team (CST) is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments - and produce reports to inform management on risk issues							1	
FAD	RA (Customs)	To follow up on advice given in previous inputs in FY 2013 and 2014 to enhance the effectiveness of the PCA function	2	2			New Milestone: Officers assigned to the post release audit unit are able to plan and execute audits successfully using risk management methodology and share information/planning with LRA tax auditors.			1					
MCM	FSS	AFS will assist the authorities in the implementation of relevant elements of Basel II and III	4	3			New milestone: The authorities implement an agreed number of elements of Basel II and III.							1	
MCM	FSS	AFS will assist the authorities in strengthening their risk based supervision in the area of off site monitoring , foreign bank supervision, and risk assessment.	2	3			New Milestone: At least three ICAAPs reviewed in FY16							1	
LEG	MPFO	Follow-up TA to finalize draft regulations for the payment system	2	1											
STA	RSS	Introduction of new benchmark year, rebasing the GDP time series to 2012 base year	3	5			Pending Milestone: Introduction of 2012 as a new benchmark year, rebasing of annual GDP time series	1							
STA	RSS	Implementation of quarterly national accounts, follow up	3				Pending Milestone: Organization of the data sources and adoption of a compilation framework for quarterly GDP estimates by production approach				1				
STA	RSS	Development of PPI	1	1			Pending Milestone: Preparing work on introduction of PPI, composition of basket and weighting system							1	

FY17 Work Plan																			
Dept	TA Area	Activity in FY 2017	HQ field-person weeks	ITX field-person weeks	STX field-person weeks	TOTAL	Milestones/Intermediate Outcomes	Milestone Set for FY17	Milestone Set for FY18	Q/w # from FY13	Q/w # from FY14	Q/w # from FY15	Q/w # from FY16						
FAD	PFM	Support implementation of legal, institutional and systems arrangements for fiscal decentralization.			5	5	New Milestone: MoF Capacity building plan for implementation of fiscal decentralization submitted to authorities		1										
FAD	PFM	Support the development of capacity to manage MTFF and MTBF at level of MoF and strengthen links with the budget process		1	4	5	New Milestone [incorporates #10]: The government sets credible medium-term fiscal objectives in a fiscal strategy document for the purposes of the annual or medium-term budget process - PEFA PI14		1										
FAD	PFM	Support development of Fiscal Risk Statement as part of Budget Strategy Paper		1	2	3	New Milestone: Fiscal risks statement produced as supplementary information to Budget documentation PEFA PI10		1										
FAD	RA (Tax)	Implementation of aspects of the compliance framework		1	3	4	New Milestone: Effective processes implemented for higher tax compliance		1										
FAD	RA (Customs)	To follow up on advice given in previous inputs on PCA effectiveness and sustainability			2	2	Pending Milestone: Officers assigned to the post release audit unit are able to plan and execute audits successfully using risk management methodology and share information/planning with LRA tax auditors.	1					1						
FAD	RA (Customs)	Ensuring that there is a robust risk management capability to effectively balance trade facilitation and compliance		1	1	2	Pending Milestone: The Case Selection Team (CST) is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments - and produce reports to inform management on risk issues.	1					1						
MCM	FSS	AFS will assist the authorities in the implementation of elements of Basel II (in a consolidated form) and select elements of Basel III			4	4	New Milestone: The authorities will agree on an implementation plan	1											
STA	RSS	Implementation of quarterly national accounts, follow up			2	2	Pending Milestone: Organization of the data sources and adoption of a compilation framework for quarterly GDP estimates by production approach	1				1							
STA	RSS	Development of PPI			3	3	New Milestone: Work on introduction of PPI prepared, composition of basket and weighting system		1										

Medium-Term Macroeconomic Prospects and Challenges

Madagascar remains one of the poorest and most fragile economies in the world. A continuing lack of political certainty as well as institutional and governance issues have been holding back much needed economic recovery following its re-engagement with the international community in 2014. Recently the country has also been hit by weak commodity prices and unfavorable weather conditions. These adverse developments together with the existence of a large informal sector and persistent tax non-compliance have kept the government revenue/GDP ratio very low relative to the country's development needs and tax potential.

Recent initiatives--in enhancing the quality of fiscal spending, improving revenue generation, including through strengthening tax and customs administration, enhancing transparency at the central bank, improving the functioning of the foreign exchange market, and developing the medium-term policy strategy--are likely to improve the business climate. Speeding up judicial reforms to enforce the rule of law, further strengthening of tax administrations to counter tax evasion, and improving management of public finances, including public enterprises, should encourage capital investment and help improve economic prospects. Improving the quality of statistics remains vital.

Capacity Building Agenda

Overview

AFS started to provide technical assistance (TA) to Madagascar in April 2014. Under the PFM, AFS is supporting the authorities in developing the legal and regulatory framework for financial control, in increasing the capacity to manage the medium-term fiscal framework, the medium-term expenditure framework (MTFF/MTEF), public investment, and in implementing program-based budgeting – all of which are aimed at creating additional fiscal space needed for a successful implementation of the National Development Plan. TA in tax administration is aimed at improving tax collections and is focused on improving tax legislation, strengthening the large taxpayer office, implementing modern risk management procedures in customs, and administrative procedures for handling transfer pricing transactions. Under monetary policy framework operations activities are being reprioritized following the June 2015 diagnostic mission. Planned TA going forward includes liquidity management and liquidity forecasting, improving functioning of the foreign exchange market, and establishing a clearer and more prioritized set of objectives for monetary policy. Following a Financial Sector Assessment Program envisaged in FY16, AFS will prepare a TA program on financial sector supervision[and bank resolution]. In the area of statistics, AFS focuses on the rebasing of GDP time series, on updating the weighting system of the consumer price index (CPI), and on implementing recommendations of the recent multi-section mission.

Public Financial Management

Key achievements and priorities

Since its formation in 2014, and the normalization of its relations with the IMF and other cooperating partners, the new Malagasy Government has demonstrated strong commitment towards implementing PFM reforms. In response, the April 2014 IMF Fiscal Affairs Department (FAD)/AFS mission took stock of the crisis impact on the PFM system, and concluded that, in the context of the expected expansion of public expenditures resulting from the reengagement with donors, budget management should be strengthened to meet new challenges. In this context the TA should focus on a few key objectives: strengthen credibility and sustainability of public finances; ensure an effective and efficient allocation of resources to priority sectors; enforce fiscal discipline; clear and prevent expenditure arrears, and improve public investment efficiency. Madagascar is endowed with good human capacities that should facilitate the implementation of activities in these areas.

Against this background, the July 2014 FAD/AFS mission assisted the authorities to finalize a Priority Action Plan (PAP) for PFM reforms for 2014–15 that was adopted by the Council of Ministers in October

2014 and has been largely implemented. In addition, the above diagnostic and reform planning missions were followed up with AFS missions on priority actions, in particular on strengthening financial control (with the development of a specific law for financial control adopted by the Council of the Government on March 2015), on arrears management, and on developing a medium-term budget framework (MTBF).

The authorities have requested follow-up TA focusing on developing the macro-fiscal and budget frameworks, strengthening the internal control and audit systems, managing fiscal risks, and preventing payment arrears. AFS will accommodate these requests in the context of multi-mission projects. In addition, AFS FY17 work plan provides for HQ-led support for development and implementation of improved public investment management, including undertaking a Public Investment Management Assessment (PIMA).

Key challenges

In addition to political economy obstacles to reforms, possible differences in advice from many donors in the field are a risk to the effective delivery of AFS TA interventions. Enhanced donor coordination and prioritization of reforms would help mitigate this risk. In this regard, and building on the positive experience with the 2014-15 PAP, AFS will endeavor to engage other PFM donors to establish proper collaborative and coordination arrangements and ensure the proper sequencing in the reform implementation process.

Key partners

On PFM, the World Bank finances the second Governance and Institutional Development Project (PGDI - II) that includes, inter alia, the development of the financial management information system (FMIS), the strengthening of fiscal transparency and public procurement, as well as non-renewable natural resources revenue management. The African Development Bank is expected to provide TA in developing the medium-term PFM reform strategy and corresponding action plan 2016–18. The EU has decided to provide TA on the IT systems for human resources and payroll management, and public assets and liabilities management, but also to the Parliamentary Budget Committee, and the Ministries of Health and Education. GIZ is providing TA on the decentralization process. The US Treasury, through its Office of Technical Assistance (OTA), will be providing a resident advisor on budget execution from March 2016.

HQ-(co) funded projects

Dept.	Mission Purpose/Description	Year
FAD	Definition of conditions for developing a medium-term budgetary framework (MTBF) and improving fiscal transparency in the context of natural resource management (financed by the Managing Natural Resources Wealth Topical Trust Fund—MNRW TTF)	FY15

*Follow-up activities are planned under the MRNTWFF until end-FY16, and will focus on medium-term budgeting, budget documentation, fiscal transparency and fiscal risks management.

Revenue Administration (Tax)

Key achievements and priorities

AFS engaged with the tax administration authorities for the first time in FY15. An AFS funded HQ-led diagnostic mission identified areas in need of improvement, both structurally and procedurally. A set of measures have been taken which focus on increasing compliance, deterring fraud, eliminating some exemptions, and tackling the large informal sector. AFS TA will focus on reviewing the organizational structure and process, transfer pricing, and tax administration legislation.

MADAGASCAR

Building on this and other TA, the government has taken measures to improve revenue mobilization and strengthen expenditure management, although results yielded so far are less than expected. Institutional capacity constraints, including, in some cases, difficulties in enforcing sanctions, are holding back the results of public sector reforms.

Key challenges

Staff capacity and enforcement issues lead to difficulties in operationalizing recommendations. Poor prioritization of measures and political economy considerations hamper the adequacy and speed of implementation. Procedural and legislative obstacles, including those related to the sanctioning of tax agents, also reduce the effectiveness of measures.

Key partners

The EU, WB, French Development Agency, Japanese Cooperation, and the African Development Bank are providing support to tax administration. However, no firm commitments exist yet. The French Cooperation maintains a resident consultant providing support which also includes funding for specialized experts. The World Bank supports the review of tax laws in the mining and petroleum sectors. Australia, through the embassy, has been closely tracking AFS TA implementation and is keen on providing support.

Meetings/ Coordination with donors on specific projects

Meetings were held with representatives of several donors including the EU, WB, France, Japan, and AfDB, most of them keen to support the administration. More recently, the Advisor has been in regular contact with the French resident consultant and WB representative to ensure greater coordination of interventions for maximum impact.

HQ-(co) funded projects

The HQ-led mission to develop the Reform Action Plan was funded by HQ with AFS Adviser participation being financed by AFS.

Customs administration

Key achievements and priorities

AFS became engaged with Madagascar's customs administration by conducting a diagnostic visit in FY15. Customs uses the ASYCUDA automated cargo declaration processing system and is a partner in the GasyNet trade portal. They have access to the Value Trade valuation system (they subscribe on commercial terms) and have access to scanning equipment. AFS will continue to focus its TA on risk management and post clearance audit (PCA).

Key challenges

The government has taken measures to improve revenue mobilization and strengthen expenditure management, although results have so far yielded less than expected. Staff capacity and enforcement issues lead to difficulties in operationalizing recommendations. Poor prioritization of measures and political economy considerations hamper the adequacy and speed of implementation. Procedural and legislative obstacles, including those related to the sanctioning of tax agents, also reduce the effectiveness of measures.

Smuggling, particularly valuation fraud, presents particular challenge to Customs. The customs administration has drawn up a list of emergency measures to deter fraud, including a significant tightening of controls at the main port of Toamasina and an increase in the number of post clearance audits.

Close coordination with other TA providers whose activities are closely related (e.g. the World Bank) would help improve the effectiveness of implemented measures.

Key partners

Customs receives assistance on commercial terms from a number of private sector providers, including SGS, and Crimson Logic. TA has been provided by the Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA), the World Bank, and the World Customs Organization (WCO).

As a SADC member, Madagascar will benefit from the work being done to implement the SADC trade protocol, namely: creating a refined framework for assessment to allow self assess conformity with the WTO Bali agreement; developing a regional bond guarantee system to enable implementation of the transit management system; aligning border controls (including border opening/closing times) across SADC and extending operating hours; developing a SADC wide ICT strategy that includes the principles of the WCO globally networked customs initiative and implementing an electronic certificate of origin SADC-wide; online publication of trade rules, NTMs and tariffs; delivering a trainers program in origin, risk management, tariff and non-tariff barriers (with support from GiZ); and preparing an online enquiry mechanism to allow traders to bring to the attention of SADC NTMs they encounter. SADC members will also benefit from the EU Trade Related Facility – an EU funded program to develop customs and trade in the region (associated with the SADC/EU Economic Partnership Agreement (EPA) and implemented by the SADC Secretariat). Additionally, Trade Hub (USAID) will implement a new multi year program to help facilitate trade in the region.

Financial Sector Supervision

Key achievements and priorities

Madagascar is currently undergoing a Financial Sector Assessment Program (FSAP) of the IMF and the World Bank. Based on FSAP recommendations, AFS will identify TA priorities in the areas of banking supervision (for example, risk based supervision, rules on provisioning and minimum capital requirements, and stress testing frameworks)[and bank resolution (for example, criteria for choosing resolution options, communications policy, and preparations for securing assets). Following a forthcoming World Bank mission on anti-money laundering (AML)/combating the financing of terrorism (CFT), AFS will also consider TA on AML/CFT issues.]

Key Partners

The World Bank is preparing to provide assistance in supervision and resolution of micro-financial institutions. The World Bank is also leading an AML/CFT mission in 2016.

Monetary Policy Framework Operations

Key achievements and priorities

The July 2014 IMF assessment needs mission identified key TA needs in a broad range of central bank areas, including such that are not within the scope of monetary policy framework and operations. The AFS work plan for FY16 was updated accordingly. A joint AFS/HQ diagnostic mission focusing entirely on Monetary Policy Framework and Operations took place in June 2015. The mission identified the following key areas to focus TA on: clarifying monetary policy objectives and the central bank legal framework, building analytical and operational capacity in inflation forecasting, strengthening liquidity management, reviewing foreign exchange (forex) intervention policy, and improving the payments system. The AFS has since provided TA in the area of liquidity forecasting and management, inflation forecasting and forex market developments. Additional TA is planned for Q1 2016. However,

Madagascar will remain in focus for FY17 and TA will cover a wide range of topics spanning over financial market developments, payments systems, communication, monetary policy implementation and inflation forecasting..

Key Challenges

One challenge for the TA during FY 17 will be to find suitable experts that are French speaking since some TA areas will require this.. Implementation of TA in multiple inter-connected areas may also present challenges when it comes to co-ordination, sharing of information between missions as well as absorption capacity. AFS will adjust the pace and the sequencing of TA depending on progress and of absorption capacity.

Key Partners

The World Bank provides assistance in the area of payments systems, including the real gross settlement system (RTGS).

Meetings/ Coordination with donors on specific projects

The diagnostic mission in June met with donors at the World Bank building in Antananarivo to inform donors of the mission, its aim and preliminary results.

HQ-funded projects

TA needs assessment mission and a mission on central bank law in FY15,

Real Sector Statistics

Key achievements and priorities

As a result of World Bank support for collecting the required basic source data, the National Institute of Statistics (INSTAT) produced a benchmark GDP data set for 2007, following the System of National Accounts (SNA), 1993, and based on a supply and use tables framework. As a next step, AFS will assist INSTAT in updating the GDP time series to the 2007 base year estimates, replacing the previous 30 years old base year and the related old SNA 1968 methodological standards. Rebased GDP estimates are expected to be published in 2017. AFS also started TA on the development of quarterly GDP. Notes concerning the statistical concepts, sources, and methodologies will be published along with the new GDP series. The development of price statistics is currently focused on the rebasing of the CPI. AFS plans to support INSTAT in improving the quality of the CPI. Suspended in 2009, the production of PPI could be resumed with AFS support, depending on the availability of staff and financial resources in INSTAT.

Key challenges

A recent multi-sector statistics mission conducted in January 2016 identified key challenges faced by INSTAT. The shortage of financial resources results in high staff turnover, low absorption capacity and slow development of national accounts and price statistics. Enhancing the system of data exchange between institutions will provide more efficient access of INSTAT to the administrative data sources, thus reducing the impact of financial constraints. Madagascar lacks a modern statistical law. The current statute, dating from 1967, is deficient in many key respects, particularly with respect to data provision requirements and confidentiality.

Key partners

The World Bank supports INSTAT in organizing various surveys on economic activities and also household-based surveys, mainly designed for poverty analysis; INSTAT was covered by the African Development Bank and the World Bank's 2010 round of the Purchasing Power Parities Comparison program, related to the final demand GDP components.

Execution of FY16 Work Plan									
Dept	TA Area	Activity in FY 2016	Proj: Inputs field, in persons	Total	Rev: Inputs field, in persons	Total	Milestones	Ratings	
								Rating 1: Met	Rating 2: Partially Met
								Rating 3: Good Progress	Rating 4: Postponed
								Rating 5: No Progress	Rating 6: Cancelled
								Rating 7: No Information	
FAD	PFM	FAD/AFS diagnostic mission to assist the authorities in reviewing the internal and external control and audit systems		8	6	6	New Milestone: Specific PFM Action plan for public expenditure control and audit systems submitted for adoption	1	
FAD	PFM	Support the development of capacity to manage MTFE/MTBF at level of MoF and strengthen links with the budget process		6	1	1	Pending Milestone: Guidelines submitted to develop an MTFE and related fiscal principles/rules		1
FAD	PFM	Support the development and implementation of program based budgeting (PBB)		2			Pending Milestone: Strategy for implementing PBB developed and adopted by the Minister of Finance		
FAD	PFM	Develop new procedures and methodologies for internal control		6	2	2	New Milestone: New procedures and methodologies for internal control submitted for adoption		1
FAD	RA (Tax)	Enhancement of organizational functioning and streamlining of the functional relationships		3			New Milestone: Streamlined tax administration organization structure		1
FAD	RA (Tax)	Strengthening the Large Taxpayer Office		2			New Milestone: Improved LTO procedures and outputs implemented		1
FAD	RA (Tax)	Developing a compliance risk management framework			5	5	New Milestone(FY16): Compliance Risk Management Framework developed		1
LEG	RA (Tax)	Legal: Follow-up to FAD Review mission - VAT and Income Tax related Issues		2	2	2	Improved tax legislation submitted to the Ministry of Finance		
FAD	RA (Customs)	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having greater knowledge of threats and compliance		2			Pending Milestone: The Risk Management/Customs Intelligence Team (DAR) is able to set, monitor, evaluate and refine selectivity criteria set in Asycuda to effectively target high risk consignments - and produce reports to inform management on risk issues		1
FAD	RA (Customs)	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade		2	4	4	Pending Milestone: Customs officers assigned to the post clearance audit unit are able to plan and execute audits successfully		1
FAD	RA (Customs)	Peer to peer learning (secondments)			1	1	New Milestone: Secondments delivered		
MCM	FSS	Follow up on FSAP recommendations		4	4	4	New Milestone: AFS will agree with the authorities on a workplan for the follow up on FSAP recommendations		
LEG	FSS	Review of Banking Law		2	2	2			
MCM	MPFO	Liquidity management and forecasting		8	4	4	New Milestone: Establish capacity to effectively manage liquidity conditions with the use of appropriate instruments.		1
MCM	MPFO	Identify steps to allow effective liquidity management and Facilitate price discovery in the interbank money market, including the establishment of proper rules for trading and adopting a Master Repurchase Agreement between the banks.		8			New Milestone: Rules for interbank trading and Master Repurchase Agreement covering trading between banks and the BCM have been introduced, to facilitate an effective liquidity management and price discovery in the money markets.		1
MCM	MPFO	Strengthen payments and settlements to support monetary policy implementation and markets		2			New Milestone: The payments and settlements system supports monetary policy implementation and market development more effectively		1
MCM	MPFO	Identify steps to facilitate an effective functioning of foreign exchange market		4	3	3	New Milestone: Rules for interbank tradings and code of conduct for dealers consistent with international best practices has been introduced		1
MCM	MPFO	CBM's FX intervention strategy		2	2	2	New Milestone: Updated intervention strategy prepared		
LEG	MPFO	Reforming the organic legal framework for the central bank law		2					
MCM	MPFO	Improve on tools for inflation forecasting, monetary policy, and business survey analysis			6	6	New Milestone (FY16): Database created, forecasting and monetary policy analysis strengthened.		1
MCM	MPFO	Develop tools and procedures for communication and information about the Central Bank mandates and activities					New Milestone (FY16): Develop a comprehensive strategy, tools, and procedures for internal and external communication.		1
MCM	MPFO	Establish a clearer and prioritized set of objectives for monetary policy		4	4	4	New Milestone: CBM's monetary policy objectives and framework are updated		1
STA	RSS	Improvements of national accounts, new activity		1	2.5	2.5	New Milestone: 2007 benchmark year and rebasing of GDP time series completed		1
STA	RSS	Multisector (National Accounts, Price Statistics and external sector statistics)			1	1	New Milestone(FY16): Assessment completed and action plan agreed		
STA	RSS	Setting up of quarterly national accounts, new activity		1	0.5	0.5	New Milestone: Quarterly NA based on production approach is completed		
STA	RSS	Improvements of price statistics - new activity		1	1	1	New Milestone: CPI rebased in line with the recommendation of the diagnostic mission		

Medium-Term Macroeconomic Prospects and Challenges

Mauritius's growth performance has been comfortable at about 3.5 percent over the last 5 years. With almost zero-population growth, per capita income has been growing, but inequality has increased and unemployment has persisted at about 8 percent—particularly among low-skilled young and women. The generous social safety net system has insured enough inclusiveness to guarantee improved living standards overall. However, it has come at the expense of persistent fiscal deficits and increasing debt levels. It puts into question the reach of the statutory debt target by 2018/19, and may weaken fiscal sustainability in the long run. At the same time, macro-financial challenges stemming from the recent collapse of a large financial conglomerate, which affected the real economy, as well as risk exposures from the offshore sector and its sizable inter-linkages with domestic banking activities pose further issues.

With low commodity prices, low shipping costs, and moderate domestic demand, inflation has recently been falling. The current account deficit has been declining, partly owing to low commodity and energy prices.

Going forward, the challenge will be to sustain reform efforts in several domains, while maintaining financial stability and debt sustainability. Reforms to enhance productivity, further diversify trade and tourism, to strengthen financial stability and improve public investment management and efficiency. Investment in the water, road network, and electricity sectors are urgently needed to eliminate major bottlenecks. Skills mismatches need to be addressed to provide qualified labor to emerging new sectors, while at the same time making low-skilled labor more productive. Given the large investment needs, medium-term fiscal consolidation is all the more essential. It should focus on current expenditure rationalization and effective revenue raising measures.

Capacity Building Agenda

Overview

AFS technical assistance (TA) to Mauritius aims at strengthening the economy's resilience to shocks and fostering higher economic growth. The PFM and revenue administration capacity building agenda supported by AFS has helped to underpin the necessary fiscal adjustment and raise the effectiveness and transparency of government operations and improve existing legislation. AFS also provides significant TA on the modernization of the monetary policy framework, which promotes the on-going transition to a more forward-looking monetary regime. AFS TA inputs into financial sector supervision reforms focus on aligning banking supervision with the evolving international standards and practices, including cross-border aspects. AFS TA on different aspects of the legal framework is closely coordinated across sectors. AFS supports Mauritius in its transition to the Special Data Dissemination Standard Plus (SDDS Plus).

The Mauritius authorities share their experience with other AFS member countries through their active participation in regional peer-to-peer and training events, as well as through the co-hosting of regional events organized by AFS.

Public Financial Management

Key achievements and priorities

Since 2012, Mauritius has benefited significantly from AFS/IMF's Fiscal Affairs Department (FAD) TA in the area of public financial management (PFM). As main achievements over the period, the authorities updated their PFM action plan in 2012 with AFS and FAD assistance and in close

collaboration with other TA providers. AFS was also involved in the development of a draft strategy to move toward accrual accounting (2012). In addition, since 2012, AFS has assisted the authorities to: (i) refine the draft PFM Act, following feedback from stakeholders, and draft a White Paper on the new PFM Act; and (ii) strengthen systems for the disclosure and management of the fiscal risks emanating from operations of state-owned enterprises (SOEs), through a joint AFS/World Bank mission that resulting in an action plan to be considered by the authorities. This assessment was supplemented by a follow-up workshop in March 2014, jointly with South Africa, which provided opportunities for peer-to-peer learning and review of international experiences on the disclosure and systems for the management of fiscal risk emanating from SOEs. In addition, AFS assisted the authorities to define a new grant-in-aid formula for local authorities.

However, very limited progress has been made on the implementation of these projects during FY15 and FY16. The finalization, adoption and implementation of the new PFM Act, the action plan for strengthening the management of the risks related to SOEs, and the grant-in-aid formula, have been postponed by the authorities. During FY16 AFS has been able, at the request of the MoF, to provide PFM inception training for some 80 PFM analysts. In the light of the new FY16 PEFA assessment, AFS plans to engage with the government to provide TA to further improve macro fiscal management, budgeting and reporting.

Key challenges

The planned PFM reforms require political support from the newly elected Government.

Key partners

UNDP provides TA on performance-based budgeting—PBB (resident advisor). The World Bank and the EU assist on issues related to management of SOEs.

Revenue Administration (Tax)

Key achievements and priorities

The Mauritius Revenue Authority (MRA) developed a compliance management framework and established a Tax Risk (Management) Unit that is helping to detect areas of taxpayer non-compliance. In addition, significant progress has been made in the drafting of the revenue administration bill. The bill still needs to be submitted to the Cabinet. . Going forward, AFS will fund TA on revising legislation framework for effective taxation of property, gambling and insurance services. .

Key challenges

Approval for TA inputs has not been forthcoming since towards the end of the last fiscal year leading to postponements and cancellations. Anticipated new projects for FY16 have not taken off. TA to the MRA is becoming more a case issue rather than project-based, meaning that the experts requested may not be the individuals we normally use. This may complicate TA resourcing and delivery.

Key partners

Her Majesty Revenue and Customs (HMRC) provided hands-on support in tax risk management in 2014.

Customs administration

Key achievements and priorities

MRA's Customs remains one of the most progressive and advanced customs administrations in the region. Declarations are generally fast and traders are not required to submit hard copy documents to complete the clearance process. A significant project is the development of a 'single window'

trade portal to complement the cargo community system that is already in place and the creation of an online reference library for licenses, permits and other non-tariff measures (NTM). The technical assistance (TA) provided to the MRA supported the review of the Customs legislation to ensure that the Customs laws are in harmony with the recently drafted Revenue Administration Act (RAA). The MRA is in the process of consolidating its revenue collection legislation in one piece of legislation, the RAA (currently the Revenue Administration Bill (RAB) which AFS helped draft. The TA has included identifying and correcting any areas of non-compliance between Mauritius Customs laws and the requirements of international standards and commitments (e.g. WCO Revised Kyoto Convention, SADC and COMESA).

Key challenges

The successful marriage of two, potentially competing, trade interfaces (the single window and the cargo community system) will present challenges.

Key partners

The World Bank has provided assistance in support of both the national single window and the online NTM database. TA in the customs area has been provided by the World Customs Organization (WCO) Regional Office for Capacity Building (ROCB) which has provided TA in developing the management function and in the roll-out of the nCEN (national Customs Enforcement Network) system.

As a Southern African Development Community (SADC) member, the MRA will benefit from the work being done to implement the SADC trade protocol, namely: creating a refined framework for assessment to allow self assess conformity with the World Trade organization (WTO) Bali Agreement; developing a regional bond guarantee system to enable implementation of the transit management system; aligning border controls (including border opening/closing times) across SADC and extending operating hours; developing a SADC wide ICT strategy that includes the principles of the WCO globally networked customs initiative and implementing an electronic certificate of origin SADC-wide; online publication of trade rules, NTMs and tariffs; delivering a train the trainers program in origin, risk management, tariff and non-tariff barriers (with support from GiZ); and preparing an online enquiry mechanism to allow the trade to bring to the attention of SADC NTMs they encounter.

SADC members will also benefit from the EU Trade Related Facility – an EU funded program to develop customs and trade in the region (associated with the SADC/EU Economic Partnership Agreement (EPA) and implemented by the SADC Secretariat). Additionally, TradeHub (USAID) will implement a new multi-year program to help facilitate trade in the region.

Financial Sector Supervision

Key achievements and priorities

With AFS inputs in FY13, the Bank of Mauritius circulated to the stakeholders, including banks, a draft paper on transition to Basel III. Thereafter, the Bank of Mauritius has circulated a draft regulation for the implementation of Basel III in Mauritius. In FY14, AFS reviewed the implementation of Pillar 2 of Basel II and recommended certain measures for enhanced implementation. Also, with AFS support, the functioning of the supervisory colleges was reviewed and recommendations were made for better functioning of the colleges. In FY15, the Bank of Mauritius reviewed its regulatory framework for crisis management with AFS support. In FY16 the skill levels of supervisory staff in conducting on-site inspections and off-site monitoring under the risk based approach was enhanced. Going forward, AFS will focus on a further strengthening of the regulatory framework for bank resolution and crisis resolution, as well as on risk based supervision.

Key challenges

Institutional reforms should be well coordinated across all agencies involved in financial sector supervision and macro-prudential oversight.

Key partners

German International Cooperation (GIZ)

HQ-funded projects

Dept.	Purpose Description
MCM	Strengthening Monetary Operations, 2013

Monetary Policy Framework Operations**Key achievements and priorities**

A technical assistance mission visited the Bank of Mauritius (BoM) to assist with building medium-term forecasting and policy analysis capacities (FPAS) and scope further assistance needs in this area. The forecasting skills developed during previous missions (2008-2012) deteriorated in the absence of sufficient human resources and organizational underpinning. The mission developed an ambitious work program involving both training through TA missions and through the use of ATI customized training as well as ATI course. Good progress was made through TA delivery during FY15 with some staff issues out of the way TA could be resumed again in late FY16. TA ahead will focus on following this work program through.

Challenges

Political consensus has to be built for strengthening the operations of the monetary policy framework. The key challenges are to secure support of all the stakeholders for implementation of the planned capacity building activities, good coordination with other agencies, and retention of qualified staff.

HQ-funded projects

HQ founded two missions in FY12, on Macroeconomic modeling and another on Modeling and forecasting. In FY13 there was a Multi Topic Mission founded by HQ and in FY14, there was a mission on Strengthening Monetary Operations.

Real Sector Statistics**Key achievements and priorities**

Statistics Mauritius (SM) joined the IMF Special Data Dissemination Standards (SDDS) in February 2012. The progress in the development of national accounts and price statistics was assessed by the IMF multi-topic mission to Mauritius in 2013. SM compiles annual and quarterly GDP at current prices and volume terms, Supply and Use Tables (SUT) and non- financial institutional sector accounts (the last estimate available for the 2007 benchmark year). Based on the 2013 census of economic activities and other source data, SM plans to change the base year for national accounts to 2013.

One of the priorities, expressed by the authorities during the IMF multi-sector mission in 2013, is to adopt the IMF SDDS Plus's requirements for official statistics in economies with significant presence of financial sector activities. AFS will continue to support the development of financial accounts and balance sheets. In 2014, SM launched a project on introducing a Real Estate Property Price Index (RPPI), one of the categories encompassed by the SDDS Plus. The RPPI will be also included in the set of financial soundness indicators.

Key challenges

Further integration of global business companies (GBC) information in the domains of macroeconomic statistics.

Key partners

In the development of national accounts and price statistics, SM collaborates with the regional institutions: the African Development Bank, SADC, and COMESA. Bilateral cooperation of SM with the Central Statistical Office of Seychelles and the Statistics South Africa (SSA) enhances the experience and statistical capacity of the countries involved.

HQ-funded projects

A multi-topic mission, including national accounts and price statistics, was conducted in January 2013.

Dept	TA Area	Activity in FY 2016	Proj: Inputs (field, in persons)	Total	Rev: Inputs (field, in persons)	Total	Milestones	Ratings	Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Rating 7: No Information
FAD	PFM	MOF Staff training (Mauritius)		4			New Milestone (FY16): Pilot training/workshop developed and delivered for MOF (Mauritius)	1							
FAD	PFM	Develop a new PFM Act and address regulations		5			Pending Milestone: New PFM Act submitted to Parliament	1							
LEG	PFM	Develop a new PFM Act and address regulations		2											
FAD	PFM	Review of status of implementation of legal and regulatory reforms					New Milestone (FY16): Status update and strategy for further legal and regulatory reforms established [Milestone incorporated under #115]	1							
FAD	PFM	Participate in PEFA Review and Development of PFM action plan		4			New Milestone (FY16): PFM Action Plan submitted to authorities	1							
FAD	PFM	Follow up on implementation of recommendations on fiscal risk management, including SOEs					New Milestone (FY16): Progressive implementation of recommendations on fiscal risk management					1			
FAD	PFM	Support the implementation of a new grant in aid formula for local authorities		2			Pending Milestone: New GIA formula adopted by the Government for the preparation and implementation of the 2015 2016 budget	1							
FAD	PFM	Mission to map contingent liabilities and develop guidelines for an Asset Liability Management Framework		3			New Milestone: Guidelines to address contingent liabilities in an Asset Liability Management Framework developed and submitted for adoption					1			
LEG	RA (Tax)	Final inputs to the Tax Administration Bill		2			Pending Milestone: Submission of the draft Tax Administration Act to Cabinet								1
FAD	RA (Tax)	Enhancing approaches to intelligence and third party data management and analysis		2			New Milestone: Improved tax risk management and audit results							1	
FAD	RA (Customs)	Mauritius Revenue Authority is aware of effective revenue operations in a leading regional revenue authority as it relates to the administration of taxes on betting and gaming		1			Pending Milestone: MRA is aware of effective practices in the administration of taxes on gambling in a leading regional revenue authority (Secondment)							1	
LEG	RA (Customs)	Review of tax and customs legislation		2	3		Pending Milestone: Proposed amendments to customs legislation are submitted to the MRA Director General				1				
LEG	FSS	Follow up on the legal framework for problem bank resolutions/crisis resolution		4											
MCM	FSS	Strengthening RBS through enhanced training of supervisors in on-site-supervisory process		5			New Milestone (FY16): Focused training conducted	1							
MCM	FSS	AFS will assist the authorities in the implementation of macroprudential overlay of Basel III		4			New Milestone (FY16): AFS will agree with the authorities on a workplan for the implementation of identified aspects of macroprudential overlay of Basel III							1	
LEG	MPFO	Review of draft central bank law													
MCM	MPFO	TA in modeling and forecasting (follow up)		6	6		New milestone: An updated FPAS implemented								1
STA	RSS	Compilation of financial accounts and financial balance sheets, follow up		2	2		New Milestone: Proposed action plan for development of financial accounts and financial balance sheets implemented	1							
STA	RSS	Introduction of real estate property price index (RPPI), follow up		1	1		Pending Milestone: Introduction of RPPI								1

FY17 Work Plan															
Dept	TA Area	Activity in FY 2017	HQ field-person weeks	LTX field-person weeks	STX field-person weeks	TOTAL	Milestones/Intermediate Outcomes	Milestone Set for FY17	Milestone Set for FY18	Q4w # from FY13	Q4w # from FY14	Q4w # from FY15	Q4w # from FY16		
FAD	PFM	Develop a MTFF and Fiscal Risk Analysis that provides a framework for the development of an MTEF and a policy based budget and improved oversight of SOEs		1	2	3	Milestone [incorporates #110]: The government sets credible medium-term fiscal objectives in a fiscal strategy document for the purposes of the annual or medium-term budget process. - PEFA PI10, PI14	1							
FAD	PFM	Support the development of strategic planning and budeting in the context of improved Public Investment management	6	1	2	9	New Milestone: Public investments are subject to progressively more objective project appraisal, costing, monitoring and evaluation. - PEFA PI11		1						
FAD	PFM	Support the progressive implementation of accrual accounting and reporting		1	4	5	New Milestone [incorporates #91]: Financial Statements are updated on a timely basis and progressively more consistent with recognized accrual accounting reporting requirements - PEFA PI28	1							
LEG	RA (Tax)	Enhancement of capacity for property taxation, gambling taxation, insurance taxation	2		2	4	Revised legislation for effective taxation of property, gamblig and insurance services submitted to the relevant Ministry for submission to parliament								
LEG	RA (Customs)	Review of tax and customs legislation	2			2	Pending Milestone: Proposed amendments to customs legislation are submitted to the MRA Director General.	1			1				
LEG	FSS	Follow up on the legal framework for problem bank resolutions/crisis resolution	2		2	4	No Milestone								
MCM	FSS	AFS will assist the authorities in the implementation of RBS		2	2	4	New Milestone: Bank of Mauritius' staff capacity in the on-site examination program enhanced								
MCM	MPFO	Develop a inflation forecasting framework and strengthening of monetary policy analysis, including survey developments.			6	6	New Milestone [incorporates # 25]: An inflation forecasting framework for monetary policy formulation is used and the workprocesses are adjusted accordingly.	1							
LEG	MPFO	Review of legal framework for Payment Systems and/or review of Centra Bank Act	1		1	2									
STA	RSS	Compilation of financial accounts and financial balance sheets, follow up			2	2	New Milestone: Development of financial accounts and financial balance sheets started	1							
STA	RSS	Introduction of real estate property price index (RPPI), follow			1	1	Pending Milestone: Introduction of RPPI		1			1			

Medium-Term Macroeconomic Prospects and Challenges

Mozambique's record of robust macroeconomic performance is expected to be further boosted by the natural resource boom and infrastructure investment in the medium term. The main policy challenge is to ensure strong and inclusive growth while preserving fiscal and debt sustainability. Fiscal adjustment over the medium-term will be essential to preserve debt sustainability and macroeconomic stability, and to build safeguards against external shocks.

Structural reforms focusing on public financial management (including budget controls, fiscal transparency and management of fiscal risks arising from state-owned enterprises), tax administration, monetary policy tools and banking supervision, and business facilitation should be implemented vigorously to sustain growth and render it more inclusive. Developing an institutional framework, and building capacity to prepare for the management of natural resource wealth will also help support these objectives. With foreign aid likely to decline over the medium-term, increased borrowing can provide additional resources to improve both Mozambique's physical infrastructure and human capital. To ensure the efficiency of investment and borrowing, further strengthening of investment planning and implementation, and debt management are essential. Despite progress already made in these areas, low capacity in policy making and implementing agencies has often become a bottleneck to deepen reforms.

Capacity Building Agenda

Overview

Mozambique has significant capacity building needs associated with the beginning of the resource revenue boom and increased government expenditure on infrastructure. The country authorities address these needs with assistance from a large group of donors. AFS focuses on a select number of projects in collaboration with IMF headquarters (HQ) staff and other donors. In the area of public financial management (PFM), AFS provides TA on cash management, management of risks arising from SOEs, and some aspects of medium-term fiscal framework implementation. In the area of revenue administration, AFS provides TA on compliance management and enforcement, including post clearance audit. In the area of financial sector supervision, AFS provides inputs into the development of risk-based supervision and compliance with the Basel Core Principles. In the area of monetary policy framework operations, AFS funds a modeling project and plans to provide advice on policy formation and communication. In the area of real sector statistics, AFS assists the authorities in both national accounts and price statistics.

Public Financial Management

Key achievements and priorities

Following the Fiscal Transparency Assessment (FTE) performed in November 2013, progress has been achieved in improving the analysis and disclosure of fiscal risks. By November 2015, the government published its first Fiscal Risk Statement, which was produced with support from AFS and FAD. However, little progress has been noted on improving cash management and internal control, in particular on re-establishing the steps of commitment of funds, liquidation, and payment in the expenditure cycle, developing appropriate cash management tools, and completing the consolidation of the Treasury Single Account (TSA). AFS follow-up mission in this area has been postponed. Going forward, implementing the cash management reforms, improving financial oversight of SOEs, and strengthening the capacity of macro-fiscal and fiscal risk management functions at the Ministry of Economy and Finance are the main priority for AFS.

Key challenges

Challenges emerge from the absence of a PFM national strategy and a multiple number of TA providers with difficulties to effectively coordinate among themselves, against the background of limited reform ownership and implementation capacity. This has the potential to weaken the impact of TA advice. AFS will endeavor to engage other PFM donors to streamline existing collaborative and coordination arrangements. AFS will also continue its engagement with the IMF's African Department and other PFM partners to conduct high-level policy dialogue with the authorities on ownership and commitment to reforms.

Key partners

The World Bank provides support on public investment management and SOEs oversight. Italy and Germany provide TA, in particular, on financial decentralization. Sweden supports internal and external audit. The U.K. Department for International Development (DFID) contributes to improve procurement and public investment management, in coordination with the World Bank. Norway, Denmark, Italy and the EU assist the authorities in implementing the reform of the integrated financial information management system (IFMIS)—SISTAFE (IFMIS project and PFM Law).

HQ-(co) funded projects

Since 2011, FAD has managed a project financed by the government of Denmark's Development Cooperation (DANIDA) focusing on various PFM areas, including PFM reforms coordination (one resident coordinator), accounting and fiscal reporting. Belgium has offered to finance a three-year FAD TA project to improve macro-fiscal forecasting and fiscal risks. A proposal is currently being discussed with the authorities and includes a resident advisor, substantial training and several short term missions..Other HQ-led missions include:

Dept.	Mission Purpose/Description	Fiscal Year
FAD	Strengthening Fiscal Institutions	2015
FAD	Public Investment Management Assessment (PIMA)	2015
FAD	Reassessment of the public accounting roadmap	2014
FAD	Fiscal Transparency Assessment	2013

Revenue Administration (Tax)

Key achievements and priorities

Most of the TA support is through the IMF HQ. In previous fiscal years, AFS assisted the authorities in improving audit capacity and training on transfer pricing. More recently, resources have been allocated to develop a compliance management framework with the initial TA input being successfully

delivered but implementation progress has been slow with the authorities asking for a postponement of the follow-up TA input. Going forward, AFS will continue to assist the authorities on compliance management, in coordination with IMF HQ.

Key challenges

There has been limited progress in implementing the integrated tax administration system (ITAS) which is key to improving service delivery and bringing taxpayers under control based on increasingly better information. A lack of direct responsiveness of the authorities undermines the effectiveness of communication and effective planning for project continuity. Recent changes in the revenue administration's senior management team have weakened the institution and slow down revenue administration reforms.

Key partners

DFID, Switzerland (SECO), Germany (KfW), Norway, Denmark, and Belgium—all contribute to a Common Fund or Basket Fund to support tax administration reform activities. Norway additionally provides TA on petroleum sector taxation. Portugal provides TA to the Revenue Authority (AT); and the World Bank provides TA on natural resource taxation.

HQ-funded projects

In FY15, there was one follow-up HQ-led revenue administration mission which delivered a comprehensive tax administration diagnostic (TADAT), a mission focused on natural resource taxation and another mission focused on natural resources legislation.

Revenue Administration (Customs)

Key achievements and priorities

Mozambique customs has successfully integrated into the Mozambique Revenue Authority. An electronic trade portal has been successfully implemented and cargo declaration processing is fully automated. However, corruption practices in custom remain high. AFS will continue to provide TA on post clearance audit (PCA) as this is a core pillar of trade facilitation and a modernized customs service.

Key challenges

Corruption remains high, at different levels. Mozambique has a large number of land borders and the infrastructure needs improvement. The customs service is dispersed over a large geographical area which makes effective communications, command and control challenging. The administration is currently carrying out a major restructuring exercise which has an impact on TA delivery.

Key partners

The trade portal and other initiatives have been implemented using public-private funding initiatives. The revenue authority has received TA from the World Bank, DFID, and other bilateral donors.

The World Customs Organization (WCO) Regional Office for Capacity Building (ROCB) provides TA in developing the management function and in rolling out the nCEN (national Customs Enforcement Network) system. The customs has begun construction of a large and well equipped training centre. Cooperation is expected with the South African Revenue Service (SARS) following the signing of a Mutual Assistance Agreement (MAA) in April 2014. Scanning of cargo and an electronic trade portal (a 'single window') are provided by public private partnership (PPP) programs, in which the customs is a stakeholder.

As a Southern African Development Community (SADC) member, Mozambique will benefit from the work being done to implement the SADC trade protocol, namely: creating a refined framework for assessment to allow self assess conformity with the WTO Bali Agreement; developing a regional bond guarantee system to enable implementation of the transit management system; aligning border

controls (including border opening/closing times) across SADC and extending operating hours; developing a SADC wide ICT strategy that includes the principles of the World Customs Organization (WCO) globally networked customs initiative and implementing an electronic certificate of origin SADC-wide; online publication of trade rules, non-tariff measures (NTMs) and tariffs; delivering a train the trainers program in origin, risk management, tariff and non-tariff barriers (with support from GiZ); and preparing an online enquiry mechanism to allow the trade to bring to the attention of SADC NTMs they encounter.

SADC members will also benefit from the EU Trade Related Facility – an EU funded program to develop customs and trade in the region (associated with the SADC/EU Economic Partnership Agreement (EPA) and implemented by the SADC Secretariat). Additionally, TradeHub (USAID) will implement a new multi year program to help facilitate trade in the region.

Financial Sector Supervision

Key achievements and priorities

AFS assisted the authorities in enhancing compliance with the Pillar 2 process of the Basel II capital adequacy framework through hands-on training to supervisors to enable them to undertake the assessment of the banks' Internal Capital Adequacy Assessment Process (ICAAP). Going forward, AFS TA will focus on strengthening the regulatory architecture and the supervisory framework through implementation of BCP and Basel standards.

Key challenges

To ensure calibrated and well strategized implementation of several regulatory enhancements.

HQ- funded projects

Dept.	Purpose Description
MCM	Stress Testing for Bank Supervisors
MCM	Improve Stress Testing and Review Banks Reporting Template

Monetary Policy Framework Operations

Key achievements and priorities

AFS completed an evaluation of capacity building needs in the area of monetary policy framework operations, in FY14. More recently, in FY15, the Bank of Mozambique made good progress in developing a new inflation forecasting model with AFS TA. AFS has continued to provide TA focusing on modeling and forecasting and the BoM is now regularly using its core model for inflation forecasting. In addition, AFS has provided TA on monetary policy communication as an extension of the on-going TA on modeling and forecasting. The BoM is developing its capacity in communications and building a communications unit. They have refined some of their tools in line with recent recommendations but there is room for further improvement.

Key Challenges

Internal communication capacity is a “soft” skill hard to acquire without practical examples. Peer to peer training with a more advanced central bank would be preferable but may prove hard to fund. Some cooperation with the Brazilian Central Bank would be particularly useful.

HQ-funded projects

In previous fiscal years, there were missions to Mozambique on payment system oversight and monetary policy framework design and implementation. In FY15 and FY 16 there were missions on liquidity management and forecasting. The mission on reserve management planned in FY16 has not taken place due to a potential overlap with a related World Bank TA mission.

Real Sector Statistics

Key achievements and priorities

The National Institute of Statistics (INE) rebased the national accounts to 2009. Due to some data constraints, the rebased and revised GDP time series, both annual and quarterly data, were released in 2014. In August 2015, INE has revised the National Accounts Statistics, building on the recommendations of a HQ TA mission on natural resources statistics. INE has also completed the 2014/15 household budget survey which will be used to update the poverty incidence assessment, and as a benchmark for further base year. AFS will assist the authorities in these activities and on improving CPI.

Key challenges

The scarce and poor quality of source data, if not addressed, would be an obstacle to TA efficiency. Improved data sharing procedures between institutions are needed to ensure required access of INE to administrative data sources, especially from the Revenue Authority, as an important precondition for enhancement of the national accounts estimates.

Key partners

The Africa Development Bank, United Nation Economic Commission for Africa (UNECA), Afristat, and a consortium of Nordic countries (Denmark, Norway and Sweden) have been the main TA providers to INE for many years, especially in the construction of national accounts. INE receives TA to improve of price statistics and short-term business statistics from the Portuguese Statistics Agency.

HQ-funded projects

An IMF project, started in 2015, under Managing Natural Resource Wealth Topical Trust Fund (MNRW TTF) covers statistics for managing natural resources in the national accounts.

Execution of FY16 Work Plan											
Dept	TA Area	Activity in FY 2016	Proj: Inputs (field, in persons)	Rev: Inputs (field, in persons)	Milestones	Ratings					
			Total	Total		Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled
											Rating 7: No Information
FAD	PFM	Strengthen the capacity of macro-fiscal and fiscal risk management functions within the MOF		7	New Milestone (FY16): Development of first Fiscal Risks statement for Mozambique			1			
FAD	PFM	Financial oversight of SOEs		5	New Milestone (FY16): Financial oversight of SOEs strengthened						1
FAD	PFM	Strengthen cash management and government banking arrangements	5		Milestone redefined (FY16):TSA implemented and comprehensive cash flow forecasts available. Commitment and cash management plans, and strategy to establish a TSA developed and approved by the Minister in charge of Finance				1		
FAD	RA (Tax)	Compliance Framework (compensation for resources reallocated in FY15)	2	2	Pending Milestone: Compliance Risk Management strategy developed						1
FAD	RA (Customs)	To follow up on advice given in previous inputs to enhance the effectiveness of the PCA function	2	2	New Milestone: Officers assigned to the post release audit unit are able to plan and execute audits successfully using risk management methodology and share information/planning with TMA tax auditors.						1
MCM	FSS	AFS will assist the authorities in the assessment of BCP (Follow up)	2	2	New Milestone: AFS will agree with the authorities on a workplan for the results of assessment of BCP for Effective Banking Supervision.						1
MCM	MPFO	Develop tools and procedures for communication	4	5	New milestone: Develop a comprehensive strategy, tools and procedures for internal and external communication.			1			
RES	MPFO	Follow-up TA mission on inflation modeling and forecasting	12	10	New milestone: An updated FPAS implemented			1			
STA	RSS	TA on specific methodological issues	2	1	Pending Milestone: Training on specific issues in compilation of annual and quarterly GDP by production and expenditure approach at current prices and in volume terms						1

Medium-Term Macroeconomic Prospects and Challenges

Namibia has made impressive strides in economic development since gaining independence in 1990. The positive growth record in recent years has raised overall incomes and delivered good economic outcomes, but has not thus far led to sufficient job creation and lower inequality. Expansionary fiscal policy has also been impacting on external balances, bringing down international reserves to around two months of imports.

In light of downside risks (e.g., uncertain global environment, further declines in SACU revenues) and the need to rebuild fiscal policy buffers, it is important to pursue a “growth-friendly” fiscal consolidation strategy over the medium term. Containing the government wage bill and reducing subsidies and transfers to state-owned enterprises, as well as strengthening revenue administration and public financial management, while safeguarding critical social and development needs remain important.

To ensure financial sector stability, it is important to closely monitor potential risks related to large concentration of commercial banks assets in mortgage loans, the elevated level of household indebtedness, and concentration of large institutional investors in bank’s funding.

Capacity Building Agenda

Overview

AFS TA to Namibia focuses on the reforms needed to support fiscal sustainability, improve expenditure quality, and to strengthen financial sector supervision and real sector statistics. In the public financial management (PFM) area, TA has centered on performance-based budgeting (PBB), cash management, and the legal framework. In the area of revenue administration, TA is provided on the organizational structure, self-assessment, risk management, trade facilitation, and the excise function. AFS TA efforts in the area of financial sector supervision aim at strengthening compliance with the Basel capital adequacy standards. Namibia also receives extensive AFS TA on national accounts and price statistics.

Public Financial Management

Key achievements and priorities

In 2012 and 2013, the IMF’s Fiscal Affairs Department (FAD)/AFS missions assisted the Government of Namibia in implementing the PBB, in particular, by improving program design methodology, developing a robust costing system, and creating enforcement mechanisms to use the program classifications. With AFS assistance, the Namibian authorities have piloted PBB, which has improved budget preparation and presentation in pilot ministries.

During FY14 and FY15, significant TA has also been provided in reviewing the PFM legal framework, and developing a discussion paper based on good international practice to guide the development of a new PFM Act. The Minister of Finance has assigned the Law Reform and Development Commission (LRDC) to consult line ministries, state owned enterprises (SOEs) and regional councils on the draft PFM Bill.

Going forward, the priority would be to assist the authorities in further developing the new legal framework for PFM, and further improving cash management, particularly focusing on cash flow planning and management processes and government banking arrangements (building on the previous interventions of the GIZ) and improving fiscal oversight of SOEs and local governments. The authorities have also requested TA to review the IFMIS specification to address the need for a new budget classification/chart of accounts and related business processes to meet the requirements of

GFS 2014 and IPSAS reporting requirements. Additional TA could be provided on PBB (assessment of the current situation), in close collaboration with other TA providers, if requested by the authorities. The authorities have not requested AFS TA in macro fiscal and budget frameworks as this is being provided to them by bilateral donors.

Key challenges

The planned PFM reforms require strong political support from the Government. Recent changes in government, particularly in the leadership of the Ministry of Finance (following the December 2014 general elections) present a good opportunity for creating a positive and conducive platform to reinvigorate political commitment towards PFM reforms. Capacity constraint is also an issue to be addressed, in particular to support the on-going PBB implementation to improve the quality of expenditure planning, control, and evaluation. Another challenge is the reform of state-owned enterprises (SOEs) to reduce reliance on government current transfers and subsidies and to build fiscal buffers. In addition, the Ministry of Finance is not overseeing the finances of local governments, which may present fiscal risks from unsustainable borrowing practices. AFS is committed and ready to provide necessary support in these areas, whenever the authorities request specific TA.

Key partners

The World Bank and the EU provide TA on the PBB (line ministries). The U.K. Department for International Development (DFID) finances a resident adviser to the ministry of finance on macro-fiscal issues. GIZ financed a resident advisor on cash and debt management, and the reform of the SOEs' funding policy. A resident advisor financed by the Ministry of Finance provides TA on accounting and fiscal reporting. Two resident advisors financed by the Government of Japan assist the Ministry of Finance in budget formulation and execution

Revenue Administration (Tax)

Key achievements and priorities

The government has approved a proposal to establish a semi-autonomous revenue authority, whose implementation modalities are being determined. The Inland Revenue Department (IRD) has adopted and implemented a reform governance framework with some project implementation now underway. An integrated tax administration system (ITAS) is currently under implementation. In July 2014 the IRD established a Large Taxpayer Office (LTO) which is at an early development stage. AFS will continue to provide support to strengthen the functioning of the LTO and help it implement self assessment for income tax

Key challenges

The gaps in the leadership at the IRD, including lack of a substantive Commissioner plus six other high level positions, may be undermining the effectiveness of the strategic and operational execution, as well as the effectiveness of project management. Decision approval and implementation are both lengthy and at times result in sub-optimal outcomes in spite of having all the relevant information and blessing of the Ministry executive.

Key partners

Collaboration with the EU, GiZ and the World Bank happens routinely.

Meetings/ Coordination with donors on specific projects

Meetings were held with the GiZ and EU to coordinate on capacity development. The EU readily shared information from an expert report on a training needs analysis.

HQ-(co) funded projects

The last headquarters (HQ)-funded diagnostic mission was in FY13.

Revenue Administration (Customs)

Key achievements and priorities

Namibia Customs is completing the migration to the ASYCUDA-World automated cargo declaration processing system. The risk management function has been strengthened over the past four years and now incorporates a number of risk management liaison officers attached to border crossings and customs stations. A key priority for the short to medium term will be the integration of the customs department into the planned revenue agency. The development of Walvis Bay port and linked transit corridors will require greater emphasis on fast clearance and facilitation by customs.

Key challenges

Revenues from the Southern African Customs Union (SACU) could further decline in coming years, reflecting the challenges in the South African economy. Volatile revenues from SACU contribute to economic uncertainties. Namibia customs are dispersed over a very large geographical area and communication is not as good as it should be – thus presenting a significant constraint to operational communication, and command and control. The large transit freight sector brings with it the challenge of transit fraud (made more difficult by limited anti-smuggling capacity).

Key partners

TA in the customs is provided by: Finnish Customs; the Southern African Customs Union (SACU) (which assists in developing a preferred trader scheme); the EU (which funds experts in the area of law and human resources and training); and the World Customs Organization (WCO) Regional Office for Capacity Building (ROCB) which provides TA on developing the management function and in the roll-out of the nCEN (national Customs Enforcement Network) system. Additionally, the USAID-funded TradeHub Southern Africa is piloting a 'cloud' platform to facilitate data exchange between Namibia and Botswana on the Trans-Kalahari Corridor.

As a Southern Development Community (SADC) member, Namibia will benefit from the work being done to implement the SADC trade protocol, namely: creating a refined framework for assessment to allow self assessment conformity with the World Trade Organization (WTO) Bali Agreement; developing a regional bond guarantee system to enable implementation of the transit management system; aligning border controls (including border opening/closing times) across SADC and extending operating hours; developing a SADC-wide ICT strategy that includes the principles of the World Customs Organization (WCO) globally networked customs initiative and implementing an electronic certificate of origin SADC-wide; online publication of trade rules, non-tariff measures (NTMs) and tariffs; delivering a train the trainers program in origin, risk management, tariff and non-tariff barriers (with support from GiZ); and preparing an online enquiry mechanism to allow the trade to bring to the attention of SADC NTMs they encounter.

SADC members will also benefit from the EU Trade Related Facility – an EU funded program to develop customs and trade in the region (associated with the SADC/EU Economic Partnership Agreement (EPA) and implemented by the SADC Secretariat). Additionally, TradeHub (USAID) will implement a new multi-year program to help facilitate trade in the region.

Financial Sector Supervision

Key achievements and priorities

Namibia's implementation of the Basel II capital adequacy standard is work in progress. In FY12, AFS assisted the authorities in reviewing their Basel II Capital Adequacy Framework. In FY13, AFS reviewed the Pillar 2 process of Basel II in place and conducted an on-site workshop for the supervisors to guide them make assessment of the internal adequacy assessment process in the

banks. The AFS further assisted the supervisors in making ICAAP assessments under Pillar 2 of Basel II. Going forward, AFS will assist Namibia in transiting to the Basel III capital adequacy standard and in implementing macro-prudential supervision.

Key challenges

Implementation risks are low in this area.

Key partners

The World Bank program for FY13 and FY14 includes TA on anti-money laundering risk assessment, and the insolvency and creditor regime.

HQ-(co) funded projects

Lead Dept.	Purpose Description
MCM	Strengthening of Supervision of Non-Bank Financial Institutions
MCM	Stress Testing

Real Sector Statistics

Key achievements and priorities

The GDP annual and quarterly time series have been rebased to the 2010 benchmark year. The results were published in 2014. The priorities in development of national accounts statistics include improvement of the timeliness of quarterly accounts and enhancement of the source data, including development of a statistical business register.

The second phase of the IMF Enhanced Data Dissemination Initiative (EDDI-2) for Africa will assist Namibia in building methodologically sound compilation systems for GDP estimates at current and constant prices and at developing source data for annual GDP compilation.

The CPI has been rebased to the 2010 household income and expenditure survey, published in November 2013. The enlargement of the scope of price statistics, introduction of producer price index, and improvement in compilation and dissemination of national accounts from annual to quarterly are key priorities set by the authorities.

Key challenges

Problems regarding sustainability of the resources, including staff turnover, would hinder further development of national accounts and real sector statistics if not addressed.

Key partners

The NSA participated in the Africa Development Bank project, as a part of the World Bank's 2010 round of the Purchasing Parities Program (PPP), related to the GDP components by final expenditure. The NSA also benefited from the SADC and Common Market for Eastern and Southern Africa (COMESA) project on harmonization of the standards and methods for compilation of the harmonized consumer price index (HCPI).

Execution of FY16 Work Plan									
Dept	TA Area	Activity in FY 2016	Proj: Inputs (field, in persons)	Total	Rev: Inputs (field, in persons)	Total	Milestones	Ratings	
								Rating 1: Met	Rating 2: Partially Met
								Rating 3: Good Progress	Rating 4: Postponed
								Rating 5: No Progress	Rating 6: Cancelled
								Rating 7: No Information	
FAD	PFM	Develop a new PFM Act and address regulations		6		6	Pending Milestone: New PFM Act submitted to Parliament		
LEG	PFM	Develop a new PFM Act and address regulations [LEG Inputs]		2					
FAD	PFM	Review of PBB			5		New Milestone (FY16): PBB Framework further strengthened		
FAD	PFM	Review of IFMIS implementation			4		New Milestone (FY16): IFMIS specification outline developed		
FAD	PFM	Strengthen cash management and government banking arrangements		5			New Milestone: Commitment and cash management plans developed and submitted for adoption		
FAD	RA (Tax)	Strengthening of the Large Taxpayer Office function		3	5		New Milestone: Improved LTO procedures and outputs	1	
FAD	RA (Tax)	Support to phased implementation of self assessment					Pending Milestone: Self-assessment implemented for segment at a time		
LEG	RA (Tax)	Legal: Legal Issues pertaining to setting up a Revenue Authority organization arrangement		2	2		Legal advice on revenue authority framework provided		
FAD	RA (Customs)	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having a more effective enforcement strategy implemented by investigation and anti-smuggling specialists		1	1		New Mile: The Risk Management Team (RMT) provide operational information products (briefings, alerts, intelligence) to investigation, enforcement units who are able to make use of the information and, in turn, provide feedback and intelligence to the RMT		
FAD	RA (Customs)	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade		2	4		New Milestone: The excise division has detailed profiles of significant excise operators that include details of ownership; manufacturing processes; production ratios; assessment of risk; bond/security requirements and other factors		1
MCM	FSS	AFS will assist the authorities in the implementation of Basel III		4	3		New milestone: Based on the action plan agreed in FY15, the authorities will agree on the number of elements of Basel III to be implemented .		
STA	RSS	Introduction of exports and imports price indices producer price index, follow up		2	2		New Milestone (redefined): Introduction of export and import price indices, producer price indices, composition of basket and weighting system		1

FY17 Work Plan															
Dept	TA Area	Activity in FY 2017	HQ field-person weeks	LTX field-person weeks	STX field-person weeks	TOTAL	Milestones/Intermediate Outcomes	Milestone Set for FY17	Milestone Set for FY18	Qw # from FY13	Qw # from FY14	Qw # from FY15	Qw # from FY16		
FAD	PFM	Support implementation of the new PFM Act and regulations		1	3	4	Pending Milestone: New PFM Act submitted to Parliament	1		1					
FAD	PFM	Strengthen fiscal reporting processes for macro-fiscal and budgeting purposes		1	2	3	New Milestone: IFMIS specification developed PEFA P128	1							
FAD	PFM	Review program based budgeting implementation		1	3	4	New Milestone [incorporates #117]: Budget provides performance information for key sectors as a basis for monitoring performance and results - PEFA P18	1							
FAD	PFM	Improve financial oversight of SOEs and local Authorities.		1	2	3	New Milestone: Financial oversight of SOEs improved		1						
FAD	RA (Tax)	Diagnostic report: Updated Reform Strategy	2	2		4	New Milestone: Updated Reform Strategy to guide future TA inputs	1							
FAD	RA (Tax)	Strengthening of the Large Taxpayer Office function		2	2	4	New Milestone: Development of Audit Capacity at the Large Taxpayer Office		1						
LEG	RA (Tax)	Legal: Legal Issues pertaining to setting up a Revenue Authority organization arrangement	1			1	Key legal issues relating to setting up a revenue authority organization are known, so as to be addressed legislatively								
FAD	RA (Customs)	To follow-up on the 2013 FAD mission's recommendations and support port and corridor developments	2	2	2	6	New Milestone: Status of reforms established and updated and strategic recommendations made for the modernisation program.	1							
FAD	RA (Customs)	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade			2	2	Milestone Redefined : The excise regulations are strengthened and sound processes and more effective administration and controls are commenced.		1				1		
MCM	FSS	AFS will assist the authorities in the implementation of Basel III		2	2	4	New Milestone: Authorities implement the action plan as agreed		1						
STA	RSS	Implementation of quarterly national accounts, new activity		2		2	New Milestone: Frequency of national accounts compilation and dissemination improves from annual to quarterly by end of FY18		1						
STA	RSS	Introduction of exports and imports producer price indices, follow up			2	2	Pending Milestone: Introduction of, producer price indices, composition of basket and weighting system		1				1		

Medium-Term Macroeconomic Prospects and Challenges

Seychelles is continuing its recovery from a severe debt and balance of payments crisis in 2008. Its economic program, supported by an Extended Fund Facility, is addressing the legacy of this crisis and its inherent vulnerabilities as an island micro-state. Its macroeconomic policies are anchored by an overarching goal of reducing public debt below 50 percent of GDP by 2018. While attainable, this ambitious target places a premium on the efficiency of spending, medium-term budget planning, revenue mobilization, and governance at the level of public enterprises. At the same time, Seychelles aims to enhance resilience and flexibility in the highly open economy through an independent, increasingly forward-looking monetary policy framework and exchange rate flexibility. This evolving framework requires the development of new tools and data. The continuing accumulation of foreign exchange reserves builds an important buffer although it also poses some challenges to monetary policy. In this changing economic landscape, it is also important to ensure that the financial sector is well-supervised and remains sound, with a growing contribution to growth through enhanced financial intermediation.

Capacity Building Agenda

Overview

AFS will continue to support Seychelles' wide-ranging reform agenda aimed at reducing fiscal and external vulnerabilities and supporting economic growth. AFS will build up on the recent positive results in the area of public financial management (PFM), including the implementation of the 2012 PFM legislation, a further strengthening of fiscal accounting and reporting, internal control, and additional steps to optimize cash management. The medium-term fiscal framework (MTFF), a cornerstone of the authorities' National Development Strategy, and fiscal risks management, including monitoring and oversight of state-owned enterprises, will also be the focus of AFS TA. Revenue administration efforts will continue to center on compliance and risk management, as well as better enforcement. In the area of financial sector supervision, AFS will continue TA on risk-based supervision with a focus on offshore banks. AFS will also start to support the Central Bank of Seychelles' transition to a more forward-looking monetary policy regime, on strengthening the functioning of primary and secondary markets and on communication strategy. AFS TA in statistics will help Seychelles to progress toward compliance with the Special Data Dissemination Standard (SDDS), thereby improving the quality and timeliness of data needed for policy making.

Public Financial Management Key achievements and priorities since 2011, the Government of Seychelles has demonstrated high demand and impressive absorption of AFS TA, and is making steady progress with good achievements in implementing PFM reforms. With AFS support, parliament adopted a new PFM Act in November 2012, and the corresponding Public Financial Management Regulations (PFMR) and Accounting Procedures Manual have been revised accordingly and submitted recently to government for approval. In addition, the authorities implemented cash based International Public Sector Accounting Standards (IPSAS) with the first IPSAS cash consistent financial statements produced for 2011 and 2012 and submitted for audit to the Auditor General as a pilot test and fuller implementation for the 2013 audited financial statements. Other achievements include: (i) the adoption for the 2013 budget of a new chart of accounts based on the Government Financial Statistics Manual (GFSM), 2001; (ii) the development of a new internal audit framework; (iii) steps toward establishment of a structured cash management system and improved government banking arrangements; and (iv) the streamlining of the macro fiscal functions by centralizing the preparation of fiscal projections and coordination of the MTFF process in a single unit within the ministry of finance (the Forecasting and Analysis Bureau). Going forward, TA will focus on completion of ongoing projects focusing on improving budget frameworks, accounting and reporting and on strengthening management of fiscal risks.

Key challenges

Coordination in TA delivery among key PFM supporting agencies remains an area for improvement to ensure sustained and successful implementation of reforms. Better sequencing of reforms is also required especially in moving towards the implementation of program-based budgeting (PBB). In addition, the success of other PFM reforms, including PBB, is still dependent upon further development, functional stabilization, and strong ownership of the Treasury Information System (TIS) and the Virtual Accounts Mate (VAM) based integrated financial management information system (IFMIS). Furthermore, intensive development of tools and skills for macro-fiscal analysis and forecasting will be needed in the short and medium term, as well as the establishment of a framework for identifying and managing fiscal risks.

Key partners

AFS collaborates with other partners, mainly the World Bank and the EU in supporting PFM reforms. The World Bank has been supporting the Government of Seychelles in PBB implementation, in training staff on Public Investment Management (PIM), and assisting the Public Enterprise Monitoring Commission to carry out governance reviews in selected SOEs. The EU has undertaken capacity building for strengthening the Office of the Auditor General, the Finance and Public Accounts Committee (FPAC), and the Internal Audit Department of the Ministry of Finance Trade and Investment (MOFTI).

Meetings/ Coordination with donors on specific projects

The World Bank and European Union's representatives in charge of Seychelles being based in Mauritius, regular meetings are organized with them to discuss the activities planned and the main conclusions of TA missions.

HQ-(co) funded projects

Diagnostics: A March 2014, an FAD mission, with AFRITAC-South (AFS) participation, supported the authorities in developing a medium-term strategy for introducing and implementing the medium-term budget framework (MTBF).

Revenue Administration (Tax)**Key achievements and priorities**

The Seychelles Revenue Commission (SRC) successfully implemented the VAT in 2013, along with several changes to the tax code, with the support from an EU-funded resident advisor backstopped by FAD. AFS-funded TA focused on developing the compliance management framework (which is currently under implementation). Further TA was provided to review the existing automated system, and to evaluate the effectiveness of taxpayer audit, the result of which were three further inputs to improve audit capacity through training and the development/update of an audit manual.

Key challenges

Key challenges include the ineffective IT system and the need to enhance the audit capacity of the staff, critical for the management of specific taxpayer compliance through technical training and tools. Inadequate human and financial resources are the measure hold backs for SRC to implement its ambitious modernization agenda.

Key partners

The EU provided financial support for the resident advisor on VAT implementation, backstopped by FAD. Australia provides direct support to the SRC in several tax technical areas.

HQ-funded projects

FAD backstopped the resident advisor on VAT implementation.

Dept.	Purpose Description
FAD	Resident Advisor on VAT
FAD	Regional Workshops on VAT

Customs administration**Key achievements and priorities**

Seychelles customs has successfully implemented the ASYCUDA- World automated cargo declaration processing system. The risk management function has grown in strength and is now fully operational and can gather, analyze and use information from different sources to aid risk management. AFS TA has contributed to the development of the risk management function in the SRA in line with milestones in the table above. Excise, a significant revenue earner, and PCA functions have been strengthened and, going forward, AFS will continue to assist the authorities on risk management, trade facilitation, excise function, and post clearance audit (PCA) to achieve the milestones shown in the above table.

Key challenges

Staff in SRC has dropped from a complement of 120 to staff-in-post of 112 with no replacements in the pipeline as there is a government restriction on recruitment. There is a high turnover of staff, a lack of loyalty to the organization, institutional knowledge loss, bad morale and frequent incidences of corruption that is largely attributable to poor pay in the public service (reportedly being around the national average pay at the lower level in the SRC of 600-700 USD per month). Integrity is a significant issue. Public and government confidence in customs is low and recent high profile cases of officers being arrested for involvement in drug smuggling has increased concerns. Corrupt practices and bad behavior in customs seem to be endemic and accepted by staff due to low pay and inadequate deterrents.

Two long term Australian customs advisors are due to depart in April 2016 and another one, Deputy Commissioner of the SRC, is scheduled to leave in July 2017. Should these advisors not have their contracts renewed by the Government of Seychelles, and the subsequent vacancies not filled with competent replacements, this would have a considerable impact on the future effectiveness of the SRC. It is especially worrying that there is no contingency planning for this possibility and no mitigation strategy in development.

Excise administration requires further strengthening as many gaps in controls exist and, as indicated above, is an area where AFS will continue support. While the risk management function has been strengthened, the enforcement function (investigation and anti-smuggling) requires significant additional capacity building. The customs clearance process is not yet fully secure. PCA progress has been slower, as can be seen in the pending milestone, as some resources initially allocated to PCA, were devoted to addressing excise

Key partners

TA in the customs area has been provided by the EU, the Common Market for Eastern and Southern Africa (COMESA) (which partly funds the implementation of ASYCUDA-World), and the World Customs Organization (WCO) Regional Office for Capacity Building (ROCB) which has provided TA in developing the management function and in rolling out the nCEN (national Customs Enforcement Network)

system. Additionally, the Government of Seychelles has contracted a number of overseas experts to provide long-term TA, including to the Customs and Excise Departments.

As a Southern African Development Community (SADC) member, Seychelles will benefit from the work being done to implement the SADC trade protocol, namely: creating a refined framework for assessment to allow self assess conformity with the WTO Bali Agreement; developing a regional bond guarantee system to enable implementation of the transit management system; aligning border controls (including border opening/closing times) across SADC and extending operating hours; developing a SADC wide ICT strategy that includes the principles of the WCO globally networked customs initiative and implementing an electronic certificate of origin SADC-wide; online publication of trade rules, non-tariff measures (NTMs) and tariffs; delivering a train the trainers program in origin, risk management, tariff and non-tariff barriers (with support from GiZ); and preparing an online enquiry mechanism to allow the trade to bring to the attention of SADC NTMs they encounter. SADC members will also benefit from the EU Trade Related Facility – an EU funded program to develop customs and trade in the region (associated with the SADC/EU Economic Partnership Agreement (EPA) and implemented by the SADC Secretariat). Additionally, TradeHub (USAID) will implement a new multi year program to help facilitate trade in the region.

Financial Sector Supervision

Key achievements and priorities

A joint AFS/MCM mission, which took place in 2013, defined TA priorities for Seychelles. AFS provided TA on risk-based supervision, compliance with the Basel capital adequacy framework, and the supervision of off-shore banks. TA advice in these areas is being implemented. Going forward, AFS will focus on Implementation of Basel II, including the Pillar 2 Process and the macroprudential elements of supervision.

HQ-(co) funded projects

Dept.	Purpose Description
MCM	Basel II/III Implementation
MCM	Banking Supervision/Development of Foreign Exchange and Government Securities Markets

Monetary Policy Framework Operations

Key achievements and priorities

During FY14 there were several diagnostics and needs assessment missions to the Seychelles and the work plan for 2015 thus contained plans for follow-up missions building on these recommendations. The missions identified priority measures for moving to a forward-looking monetary regime. Despite that, the planned follow-up TA for FY15 was postponed, the CBS has continued to develop and improve and the AFS have focused on providing TA on modeling and forecasting and liquidity forecasting and management. Moreover, TA on payments systems is planned for Q1 2016.

Key Challenges

As for the TA focusing on forecasting and modeling the key challenges are to secure support and resources for the planned capacity building activities in terms of software, commitment and the retainment of qualified staff.

HQ-funded projects

In FY12 there were one combined mission on Banking supervision and Development of FOREX and government securities markets. There was also a mission on Payments systems. In FY13 there was

another mission on Payment systems and one mission on FOREX and Monetary Operations. There were no HQ funded missions in FY14 but one FY15 on strengthening the Monetary Framework and in FY16 one on strengthening the oversight of financial market infrastructures. There are no additional planned HQ missions for FY16.

Real Sector Statistics

Key achievements and priorities

Seychelles have made good progress towards the implementation of a system for quarterly GDP estimates. The quarterly GDP time series for the period 2006 – 2012 has been brought in full consistency with the latest annual figures. Presently, the National Statistics Office (NBS) of Seychelles regularly produces quarterly GDP estimates by economic activity. Since May 2015 Seychelles became the third SDDS subscriber amongst Sub-Saharan African countries. Going forward, AFS will continue to assist NSB of Seychelles, focusing on further enhancement of quarterly national accounts, in particular for introducing GDP estimates by final expenditure approach and rebasing of GDP.

Key challenges

Challenges related to staff retention and high turnover are being addressed by the authorities.

Key partners

The NBS receives TA from the World Bank and the African Development Bank in the area of prices, including the 2010 round of the World Bank Purchasing Parities Comparison (PPC) program. The AFS project on quarterly represents a follow-up stage of the World Bank's project on improvement of annual national accounts.

The NBS is also working with the Statistics Mauritius to improve the quality of macroeconomic statistics, including developing labor market statistics, which is required for SDDS compliance.

In 2014, the NBS received TA from an external consultant from the Australian Bureau of Statistics (ABS) for one year to assist its staff in developing economic statistics and national accounts.

Execution of FY16 Work Plan														
Dept	TA Area	Activity in FY 2016	Proj: Inputs (field, in persons)	Proj: Total	Rev: Inputs (field, in persons)	Rev: Total	Milestones	Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Rating 7: No Information
FAD	PFM	Reviewing the budget calendar		5	6	6	Milestone redefined: Links between MTFF/MTEF and Budget strengthened. Assessment of the feasibility of a macroeconomic forecasting tool is completed							1
FAD	PFM	Strengthen cash management and government banking arrangements		3			New Milestone: Commitment and cash management plans developed in line Ministries							1
FAD	PFM	Support the consistency of financial report with cash-IPSAS, and strengthen the oversight of SOEs		3	4	4	New Milestone: Improved coverage of SOEs in consolidated reporting. Development of Accounting Manual and Consolidated Reporting							1
FAD	PFM	Support to identify fiscal risks and preparing a fiscal risk statement		3	3	3	New Milestone (FY16): Capacity for managing fiscal risks related to SOEs strengthened							1
FAD	RA (Tax)	Updated reform strategy		4	4	4	New Milestone: Agreed tax administration reform strategy to guide future TA inputs							1
FAD	RA (Customs)	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having a more effective enforcement strategy implemented by investigation and anti-smuggling specialists		1	1	1	New milestone: The Risk Assessment Team (RA) provide information products (briefings, alerts, intelligence) to enforcement units who make use of the information and provide feedback and intelligence to the RA			1				
FAD	RA (Customs)	Customs modernisation progress is known and advice given on measures to improve performance		4	4	4	New Milestone: Customs administration modernization progress is known and advice given on measures to improve performance							1
FAD	RA (Customs)	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade		2			Pending milestone: The excise function is based on systems and procedures to safeguard revenue by having a robust compliance strategy in place supported by sound laws and regulations and effective risk management				1			
FAD	RA (Customs)	To follow up on advice given in previous inputs in FY 2013 and 2014 to enhance the effectiveness of the PCA function		2	3	3	Pending Milestone: Customs officers assigned to the post release audit unit are able to plan and execute audits successfully and are able to identify revenue leakage and take recovery/corrective action			1				
MCM	FSS	AFS will assist authorities in strengthening the risk based supervision in areas of off site monitoring and off shore supervision		4	6	6	New milestone: AFS will agree with the authorities in risk assessment of off shore banking institutions	1						
MCM	FSS	AFS will assist the authorities in the implementation of relevant elements of Basel II			4	4	New Milestone (FY16): AFS will agree with the authorities on a workplan for the implementation of Besel II							1
MCM	FSS	AFS will assist authorities in strengthening the risk based supervision with specific focus on capturing AML-CFT risks in the supervisory process		4			New Milestone: AFS will agree with the authorities in risk assessment with specific focus on AML-CFT risks.	1						
MCM	MPFO	Strengthen monetary policy implementation and communication strategy		8	7.5	7.5	New Milestone: Excess liquidity situation has been drained; Forecasting and operational capacity is strengthened to support effective policy implementation and a comprehensive communication strategy on monetary policy implementation is developed			1				
MCM	MPFO	Strengthen the functioning of primary and secondary markets		6			New Milestone: Introduce measures to facilitate effective liquidity management and price discovery in the money and secondary markets.				1			
MCM	MPFO	Develop tools for inflation forecasting, and monetary policy analysis and communication strategy		8	5.5	5.5	New milestone: Organize data sets and procedures for short-term to support forecasting and monetary policy analysis. Develop communication strategy on monetary policy formulation			1				
LEG	MPFO	Strengthen payments systems oversight		4	4	4								
STA	RSS	Dissemination of quarterly GDP, assessment of the project results, follow up		1	2	2	Pending Milestone: Finalization of quarterly GDP estimates, assessment of project results(including design national account framework for GDP estimates by production, expenditure and income approaches), enhancing source data and procedures for seasonal adjustments			1				
STA	RSS	Improvements of annual and quarterly accounts: rebasing GDP; QGDP by expenditure; new activity		1	2	2	New Milestone [redefined]: Rebasing GDP to 2013 initiated done							1

FY17 Work Plan		Activity in FY 2017	HQ field-person weeks	ITX field-person weeks	STX field-person weeks	TOTAL	Milestones/Intermediate Outcomes	Milestone Set for FY17	Milestone Set for FY18	Milestone Set for FY19	Milestone Set for FY20	Milestone Set for FY21	Milestone Set for FY22
Dept	TA Area												
FAD	PFM	Support for putting in place a well sequenced budget calendar		1	2	3	New Milestone [incorporates #92]: The government sets credible medium-term fiscal objectives in a fiscal strategy document for the purposes of the annual or medium-term budget process - PEFA PI14	1					
FAD	PFM	Support development of Accounting Manual and Consolidated Reporting		1	3	4	New Milestone [incorporates #99]: Financial Statements are updated on a timely basis and progressively more consistent with recognized international accrual accounting standards - PEFA PI28		1				
FAD	PFM	Strengthen fiscal risks oversight including those related to SOEs		1	2	3	New Milestone [incorporates #112]: The government prepares a fiscal risk statement as part of the annual budget documents for monitoring and mitigating fiscal risks - PEFA PI10	1					
FAD	RA (Tax)	Follow up on the 2016 diagnostic mission recommendations		2	2	4	New Milestone: An agreed action plan in place for the implementation of the recommendations	1					
FAD	RA (Customs)	Support the implementation of the recommendations of the FAD 2016 Mission		2	2	4	New milestone: Action plan developed to strengthen core customs and excise functions. [incorporates #27]	1					
FAD	RA (Customs)	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade			1	1	Pending milestone: The excise function is based on systems and procedures to safeguard revenue by having a robust compliance strategy in place supported by sound laws and regulations and effective risk management.	1				1	
MCM	FSS	AFS will assist authorities in implementing macroprudential elements of supervision		2	2	4	New Milestone: Framework for macroprudential supervision in place	1					
MCM	MPFO	Strengthen the functioning of primary and secondary markets			2	2	Milestone [Redefined] : Guidelines for interbank market trading and Master Repurchase Agreement covering trading between banks and the central bank have been introduced and interbank market functioning has improved.		1				1
MCM	MPFO	Develop a inflation forecasting framework and strengthening of monetary policy analysis, including survey developments. - Follow-up		2	2	4	New Milestone [incorporates #30]: An inflation forecasting framework for monetary policy formulation is used and the work processes are adjusted accordingly.		1				
MCM	MPFO	Develop tools and procedures for communication and information about the Central Bank's mandates and activities			4	4	New Milestone [incorporates partially #28] and #30]: Communications strategy documents have been drafted, and tools and communication procedures are improved.		1				
STA	RSS	Dissemination of quarterly GDP, assessment of the project results, follow up		1		1	Pending Milestone: Finalization of quarterly GDP estimates, assessment of project results (including design national account framework for GDP estimates by production, expenditure and income approaches), enhancing source data and procedures for seasonal adjustments			1			
STA	RSS	Improvements of annual and quarterly accounts: rebasing GDP; QGDP by expenditure; new activity		2		2	Pending Milestone: Rebasing GDP to 2013 initiated	1					1

Medium-Term Macroeconomic Prospects and Challenges

South Africa's economic growth is expected to weaken further in 2016 due to electricity constraints, weak business and consumer confidence, and low commodity prices. Medium-term growth is projected to pick up modestly assuming electricity shortages ease, but remain sluggish and insufficient to reduce high unemployment.

Structural reforms to address electricity and transport bottlenecks, alleviate skill mismatches, and improve the functioning of product and labor markets are imperative to raise growth and improve job prospects, but progress remains mixed. Structural reforms are also necessary to lower vulnerabilities, increase the scope for countercyclical macro policies, and raise the economy's ability to rebalance toward exports and investment.

The 2016 Budget outlined ambitious fiscal targets aimed at stabilizing debt. But achievement of these targets is complicated by optimistic macro-economic projections and lack of detail on future consolidation measures. Steps to curb the wage bill are a positive, but the lack of asset sales and specificity regarding state-owned enterprise reform and structural policies were disappointing. A bleak growth outlook, higher inflation, and rising contingent liabilities remain key risks. Delivering on spending efficiency and commitments to improve state-owned enterprises' financial and operational performance is essential for growth and to contain fiscal risks.

Capacity Building Agenda

Overview

South Africa has strong capacity across all areas, where AFS is active. Therefore, AFS focuses on targeted technical inputs requiring specialized expertise and cross-country knowledge. In the area of PFM, AFS is engaging with the authorities in the area of management of risks arising from state-owned enterprises (SOEs) and in supporting the development of the strategic plan of the Parliamentary Budget Office (PBO). AFS has funded a project on tax gap analysis in the South African Revenue Service (SARS). In the area of monetary policy, AFS, in collaboration with the Africa Training Institute (ATI), provides advanced training on macroeconomic modeling and forecasting to SARB officials.

The South African authorities generously share their experience with other AFS member countries through their active participation in regional peer-to-peer and training events, as well as through the co-hosting of regional events organized by AFS. AFS is also discussing with relevant agencies on the possibility of seconding AFS country officials.

Public Financial Management

Key achievements and priorities

South Africa has well established PFM systems and substantial skills in this area. Since 2011, in collaboration with the IMF's Fiscal Affairs Department (FAD), AFS has supplemented these capabilities through additional international expertise in developing a long-term fiscal sustainability report, strengthening performance-based budget management, developing the capacity of the Parliamentary Budget Office, and facilitating regional peer exchanges in the area of management of fiscal risks related to SOEs.

Going forward, AFS, in collaboration with FAD, will continue to support the Government through targeted peer-to-peer interactions on an as needed basis to advance their initiatives to enhance the National Treasury organizational capability and strengthen systems and tools for fiscal risk management and promote the effective functioning of the Parliamentary Budget Office (PBO).

Key challenges

To further enhance the effectiveness of the support, AFS will engage the authorities in forward-looking planning of their requests for expert advice.

Key partners

The EU, GIZ and Switzerland are the main PFM partners providing TA in the area of PFM. The EU continues to support the implementation of the Government's PFM Capacity Building Strategy through the Office of the Accountant-General. Aimed at strengthening PFM capacity across the Government, the support program mainly intends to: (i) develop and maintain an enabling PFM institutional environment; (ii) enhance the organizational PFM capacity; (iii) establish an empowered and sustained PFM corps of competent and committed employees across government; (iv) develop an environment to sustain mutually beneficial stakeholder relationships within the PFM domain; (v) increase PFM capacity within the provincial and local government spheres.

GIZ provides TA on budget reform, external financial control, and legislative financial control. SECO (Switzerland), in collaboration with the EU, also contributes to the Financial Management Improvement Program (FMIP III). This project provides capacity building to provincial and local governments.

HQ-(co) funded projects

Dept.	Mission Purpose/Description	Fiscal Year
FAD	Follow up on long-term forecasting	2014
FAD	Budget Institutions follow-up to the IMF 2010 study across G-20 countries.	2013
FAD	Strengthening of the Performance Management System	2013
FAD	Public expenditure review	2014
FAD	Public Sector Wage Bill Management and PBO Analysis (workshop)	2015

Revenue Administration (Tax)**Key achievements and priorities (Achievements since FY12)**

AFS has developed a good working relationship with SARS and receives quality support for seminar events, where SARS staff act as resource persons. AFS financed a FAD-led review of the tax gap analysis methodology used by SARS with a view to asking SARS to support countries in the region in developing their own tax gap analysis and measurement models. AFS has also discussed with SARS the possibility for SARS to host, on attachment, officials from other revenue administrations from member countries. SARS has agreed to this in principle, and the modalities of implementation shall be mapped out with the authorities.

Key partners

The African Tax Administration Forum (ATAF) has a strong connection to SARS by reason of its location and inception, so AFS seeks to also develop a close working relationship with ATAF.

Customs administration

No TA provided or Planned.

Financial Sector Supervision

No TA provided or Planned.

Monetary Policy Framework Operations

Training has been requested by SARB on advanced macroeconomic modeling and has been provided under the ATI project of customized training in support for TA activities of AFRITACs. The training was initiated in FY15 and was very well received by the SARB. The Reserve Bank showed strong interest in a follow-up training and SARB and ATI therefore agreed on follow-up training at two

occasions during FY16. The SARB is currently using macro model based forecasts as input for the monetary policy decision and has a more developed forecasting process than its peers in the region.

Key Challenges

Key challenges are to achieve continuity and momentum in this activity since it is only accepted on a seminar basis with lengthy periods in between.

Key Partners

The ATI and SARB.

HQ-funded projects

Between FY12 to FY16 there has been no HQ funded missions to South Africa.

FY15 Execution of Work Plan (field person-weeks)**Real Sector Statistics**

No in-country TA provided in this area. Statisticians from various institutions including the central bank and the national statistics office have participated in AFS statistical training courses.

Execution of FY16 Work Plan														
Dept	TA Area	Activity in FY 2016	Proj: Inputs (field, in persons)	Total	Rev: Inputs (field, in persons)	Total	Milestones	Ratings						
								Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Rating 7: No Information
FAD	PFM	Strengthen capacity of parliamentarians to review the budget framework			4		New Milestone: Parliamentary capacity to review macrofiscal plicies and annual budget developed. PEFA PI-18			1				
MCM	MPFO	Advanced training on macroeconomic modeling and forecasting to SARB officials (follow up)	2	2	2		New Milestone: Advanced Training on Macroeconomic modeling and forecasting conducted.	1						

FY17 Work Plan									
Dept	TA Area	Activity in FY 2017	HQ Field-person	LTX field-person	STX field-person	TOTAL	Milestones/Intermediate Outcomes	Milestone Set for FY17	Milestone Set for FY18
			Wks	Wks	Wks				
FAD	PFM	Provide support for Public Expenditure Review, particularly in relation to public investment	2	1	4	7	New Milestone: Public investments are subject to progressively more objective project appraisal, costing, monitoring and evaluation. - PEFA PI11	1	
FAD	PFM	Ongoing support to development of parliament capacity	2	1	2	5	New Milestone: Parliamentary capacity to review macro fiscal policies and annual budget developed. PEFA PI-18	1	
MCM	MPFO	Advanced training on macroeconomic modeling and forecasting to SARB officials (follow up)			1	1	New Milestone: Advanced Training on Macroeconomic modeling and forecasting conducted.	1	

Medium-Term Macroeconomic Prospects and Challenges

Swaziland gradually recovered from the fiscal crisis of 2010–11, buoyed by the improved revenues from the Southern African Customs Union (SACU) through 2014. Until recently, improved SACU revenues relieved the pressure on fiscal and external balances, though economic growth stays sluggish. Swaziland's economic outlook, however, remains vulnerable to emerging downside risks (mainly associated with the uncertain prospects for South African economy and the high volatility of the SACU revenue). SACU revenues are expected to decline markedly and would recover a little in the following years – thus putting pressures on fiscal and external balances. These developments point to the need to strengthen Swaziland's resilience to shocks.

Swaziland's key economic policy challenges are therefore to strengthen its resilience to exogenous shocks and achieve high, inclusive growth, while meeting critical social and development needs. In this light, a prudent fiscal policy stance should be maintained over the medium-term, while protecting critical social and development expenditures. In particular it is important to (i) further improve revenue administration, (ii) rationalize recurrent expenditure (while safeguarding critical social and development expenditures), (iii) effectively implement public sector reforms, and (iv) enhance efforts to strengthen PFM.

Capacity Building Agenda

Overview

In light of the significant macroeconomic challenges facing Swaziland, AFS designed and started to implement a wide-ranging capacity building program. AFS provides significant TA on public financial management (PFM) and revenue administration issues. These projects are of critical importance for supporting fiscal reforms aimed at improving budget preparation and monitoring and at strengthening non-SACU revenue performance. AFS also provides TA and training to the Central Bank of Swaziland on a range of banking supervision issues, including risk-based supervision, while the IMF's Monetary and Capital Markets Department (MCM) focuses on the financial sector stability and the supervision of non-bank financial institutions. Ongoing projects with the statistics office staff will continue to contribute to the improvements in national accounts and price statistics which are required for further progress in other TA areas.

Public Financial Management

Key achievements and priorities

Since 2011, AFS, in collaboration with the IMF's Fiscal Affairs Department (FAD), has provided significant TA in the area of PFM. Mixed progress has been achieved over the period with most reforms pending final implementation: (i) a new PFM bill was developed but yet to be passed by Parliament; (ii) development of skills and tools and their use in the preparation of the medium-term macro fiscal framework (MTFF) for budget submissions (starting with the 2014/15 budget); (iii) revisions to the chart of accounts used for the preparation of the 2014/15 budget (in 2014); and (iv) the elaboration of new cash flow forecasting and bank account structures and a sequenced strategy for implementing a new treasury single account (TSA) (2014-16);. (v) Implementation of commitment control systems to mitigate arrears accumulation.

Going forward, AFS TA will focus on assisting the authorities in documenting the tools and deepening macro fiscal analysis and forecasting, institutionalizing the MTFF process to ensure that it effectively guides high-level decisions during the budget preparation and implementation, fiscal reporting, and strengthening budget formulation. FAD will install an EU-funded, resident advisor during FY16 to

provide complementary additional support to the MEPD and the Accountant Generals Department for cash management, accounting and expenditure control.

Key challenges

Major challenges lie ahead in Swaziland to ensure effective PFM. Insufficient political commitment to fiscal sustainability has resulted in deviations of the budgets from the MTFF, both of which are approved by the Cabinet. This largely undermines the credibility of fiscal policy management. Significant delays in the passing of the PFM bill into a new Act further constrain the implementation of other reforms. Swaziland is yet to adopt a new PFM reform strategy which should effectively address the issues of prioritization, sequencing, and inter-agency coordination of reforms. Low staff capacity and functionality of the financial management information system further constrain effective budget execution and fiscal reporting. High staff turnover in key positions adversely affects the continuity and effectiveness of TA.

The ministry of finance is yet to establish a dedicated macro fiscal and cash management units as proposed in previous AFS TA missions (and for which draft terms of reference have been provided to the authorities). A weak statistical environment and weak fiscal reporting undermines the effectiveness of the macro fiscal analysis, forecasting, and monitoring. AFS is addressing some of the challenges by collaborating with the IMF's Article IV consultation team, by discussing organizational structure and Human Resource (HR) policies with senior officials, and further interacting with main PFM donors.

Key Partners

The European Union, the World Bank and the African Development Bank are the major PFM donors in Swaziland supporting the development of a new PFM reform strategy, the establishment of a new integrated financial management information system, the strengthening of payroll and procurement systems, and the development of the planning and budgeting framework. The EU provides support in thematic areas of: budget planning and formulation; budget execution (improved management, controls, and fiscal reporting); and budget oversight (working with oversight bodies in Parliament, the office of the auditor general, and the anti-corruption commission). The U.K. Department for International Development (DFID) also finances a long-term resident advisor in the Budget Office. The AfDB provides complementary TA, through funding of a long-term resident advisor since August 2013, to assist the authorities in developing and implementing a detailed PFM action plan.

HQ-(co) funded projects

Dept	Mission Purpose/Description	Fiscal Year
FAD	Follow-up on PFM reform strategy: Strategic Issues in PFM Reform	2013

Revenue Administration (Tax)

Key achievements and priorities

Swaziland successfully implemented a Value Added Tax (VAT) in 2012 and integrated the erstwhile VAT Department into a single Domestic Tax Department with a delineated headquarters function. AFS provided audit training in two phases to support the VAT audit team in building their compliance management and field audit capacity. More recently, with AFS support, the Swaziland Revenue Authority (SRA) has implemented income tax self-assessment for the large taxpayers and has developed a compliance and risk management framework. Going forward AFS will focus on strengthening the large taxpayer unit and assist in the implementation of the recommendations of the 2014 mission FAD recommendations.

Key challenges

Some recommendations that would improve tax administration efficiency would require political support for changing the prevailing culture in the organization.

Key partners

IMF Tax Policy and Administration Topical Trust Fund (TPA-TFF)

HQ-funded projects

There have been annual HQ-led missions with AFS participation and funding from the IMF TPA_TFF since 2011.

Customs administration**Key achievements and priorities**

Customs is a part of the Swaziland Revenue Authority (SRA) and is becoming progressively more integrated into the SRA structure. The computerized cargo declaration processing system has been successfully upgraded to the ASYCUDA-World automated system which has significantly enhanced features for report generation and risk management. Technical assistance (TA) will be needed to implement customs administration reforms. AFRITAC South has provided customs administration TA in the past years and further TA will be available for the foreseeable future in the areas of intelligence, enforcement, risk management and post-clearance audit.

Given that SACU revenue represents more than half of total government revenue (55.4 percent in 2014) and is volatile and expected to decline, there is a compelling case for Swaziland tax and customs administrations to make strong efforts to increase the revenue that they collect and be ready to compensate any further decline in SACU transfers (revenue collected directly by customs accounted for 15.8 percent of total government revenue in 2014). Border infrastructure is poor with no access to scanners or other modern inspection tools

Key partners

Customs has received TA from the World Bank, the World Customs Organization (WCO) and via a memorandum of understanding with South African Revenue Service—SARS (which receives customs staff on placements and on training programs). TA on developing the management function and the roll-out of the nCEN (national Customs Enforcement Network) system is provided by the WCO Regional Office for Capacity Building (ROCB). The Southern African Customs Union (SACU) coordinates programs to upgrade customs legislation, to implement a SACU-wide Preferred Trader Scheme (PTS), and, in collaboration with the Finnish Customs, SACU provides other TA to SRA's Customs. The World Bank provides funding for customs, including release studies and capacity development.

As a Southern African Development Community (SADC) member, Swaziland will benefit from the work being done to implement the SADC trade protocol, namely: creating a refined framework for assessment to allow self assess conformity with the WTO Bali Agreement; developing a regional bond guarantee system to enable implementation of the transit management system; aligning border controls (including border opening/closing times) across SADC and extending operating hours; developing a SADC wide ICT strategy that includes the principles of the World Customs Organization (WCO) globally networked customs initiative and implementing an electronic certificate of origin SADC-wide; online publication of trade rules, non-tariff measures (NTMs) and tariffs; delivering a train the trainers program in origin, risk management, tariff and non-tariff barriers (with support from GiZ); and preparing an online enquiry mechanism to allow the trade to bring to the attention of SADC NTMs they encounter.

SADC members will also benefit from the EU Trade Related Facility – an EU funded program to develop customs and trade in the region (associated with the SADC/EU Economic Partnership Agreement (EPA) and implemented by the SADC Secretariat). Additionally, TradeHub (USAID) will implement a new multi year program to help facilitate trade in the region.

Financial Sector Supervision

Key achievements and priorities

Implementation of previous AFS TA advice on improvements in the areas of non-compliance with the BCP and with the Basel I capital adequacy standard, as well as risk-based supervision, is work in progress. Going forward, AFS will focus on TA on implementation of stress testing and adoption of Basel II, especially the Pillar 2.

Key challenges

Absorption capacity.

Key partners

MEFMI.

HQ- funded projects

Dept.	Purpose Description
MCM	Financial Stability
MCM	Capital Markets Supervision
MCM	Review of Capital Markets Regulation
MCM	Capital Markets Evaluation
MCM	Supervision of Insurance and Pension Fund Institutions
MCM	Insurance Supervision
MCM	Supervision of Non-Bank Financial Institutions

Monetary Policy Framework Operations

No TA activity undertaken or planned.

Real Sector Statistics

Key achievements and priorities

Reforms regarding the rebasing of GDP time series are in good progress. The Central Statistical Office (CSO) completed the economic census (EC); together with other available source data, the 2012 EC results were integrated into the benchmark GDP compilation framework in December 2014. The final step is the rebasing of time series to the new benchmark GDP estimates. In FY17 TA will involve the development of a system for quarterly GDP estimates by components of the production approach and finalization of the time series based on new benchmark GDP estimates.

Key challenges

Problems regarding sustainability of the resources, in particular staff turnover, would hinder further development of real sector statistics, if not addressed.

Key partners

The CSO of Swaziland was covered by the Africa Development Bank project, as part of the World Bank (WB) 2010 round of Purchasing Parities Comparison Program (PPP), related to the GDP components by final expenditure. The World Bank also supports the CSO in conducting household surveys mainly for poverty analyses. The CSO has benefited from the SADC and Common Market for Eastern and Southern Africa (COMESA) initiatives on harmonization of the standards and methods for compilation of the harmonized consumer price index (HCPI).

Execution of FY16 Work Plan									
Dept	TA Area	Activity in FY 2016	Proj: Inputs (field, in persons)	Total	Rev: Inputs (field, in persons)	Total	Milestones	Ratings	
								Rating 1: Met	Rating 2: Partially Met
								Rating 3: Good Progress	Rating 4: Postponed
								Rating 5: No Progress	Rating 6: Cancelled
								Rating 7: No Information	
FAD	PFM	Support the implementation of MTFF and the management of fiscal risks	3	5	5	New Milestone: MTFF documentation developed, and first annual fiscal risks statement published as supplementary information to Budget documentation for FY 2016-2017	1		
FAD	PFM	Strengthen cash management and government banking arrangements	3	8	8	Pending Milestone: Commitment and cash management plans, and bank reconciliation procedures developed and approved by the Minister in charge of Finance			1
FAD	PFM	Strengthen financial and fiscal reporting	6	8	8	Milestone (Redefined): Strategy for progressive implementation of cash basis IPSAS developed and submitted for adoption and related regulatory framework		1	
FAD	RA (Tax)	Implementing an intelligence function to support data gathering and analysis	5	5	5	New Milestone: Improved tax risk management and audit results	1		
FAD	RA (Tax)	Implementation of Compliance Framework in coordination with TPA-TTF	2	2	2	Pending Milestone: Compliance risk management framework to guide resource allocation developed	1		
FAD	RA (Customs)	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having a more effective enforcement strategy implemented by investigation and anti-smuggling specialists	1	1	1	New Milestone: The Intelligence Team provide information products (briefings, alerts, intelligence) to enforcement units who make use of the information and provide feedback and intelligence to the Intel Team			1
FAD	RA (Customs)	Customs modernisation progress is known and advice given on measures to improve performance	4	6	6	New Milestone: Customs administration modernization progress is known and advice given on measures to improve performance	1		
FAD	RA (Customs)	To follow up on advice given in previous inputs to enhance the effectiveness of the PCA function	2	2	2	Pending Milestone: Customs officers assigned to the post release audit unit are able to plan and execute audits successfully and are able to identify revenue leakage and take recovery/corrective action		1	
MCM	FSS	AFS will assist the authorities in strengthening their risk based supervision in the matter of risk assessment, especially stress testing of the banks		2	2	Pending Milestone: The AFS will review the stress testing framework developed by the authorities and inform them about the modifications needed in the framework	1		
MCM	FSS	AFS will assist the authorities in the assessment of BCP		2	2	New Milestone (FY16): AFS will agree with the authorities on a workplan for the results of assessment of Basel Core Principles for Effective Banking Supervision	1		
MCM	FSS	AFS will assist the authorities in strengthening their risk-based supervision in the area of off site monitoring , foreign bank supervision, and risk assessment.	4	2	2	New milestone: AFS will deliver to the authorities a process document for the supervisors. Milestone Redefined: AFS will review the implementation of the revised stress testing model			1
STA	RSS	Strengthening the compilation of annual GDP estimates: introduction of new benchmark year for annual compilation of GDP	2	2	2	Pending Milestone: Strengthened annual GDP estimates: introduction of new benchmark year for annual GDP time series		1	
STA	RSS	Development of QGDP compilation system and related HFIs, follow up	2	1	1	New Milestone: Development of system for QGDP estimates by production approach			1

Medium-Term Macroeconomic Prospects and Challenges

Zambia has high growth potential, but reduced copper prices, uncertainty about the mining tax regime, a severe electricity shortage, exchange rate instability, and elevated fiscal deficits are challenging prospects for maintaining the past decade's rapid pace of development. Sustaining strong growth will require creating room for needed public investments in infrastructure and addressing large fiscal imbalances while maintaining macroeconomic stability and ensuring financial deepening to support private sector activity.

A key challenge will be to mobilize government revenue and reorient spending from current to capital. Enhancing tax administration, medium-term macro-fiscal forecasting, budget preparation and execution, payment controls, debt management, and in-year fiscal reporting will all be important to anchor the fiscal position. Improving the quality and availability of macroeconomic statistics would be important to guide economic policy making generally, and strengthening monetary policy analysis and formulation would help towards meeting inflation targets.

Capacity Building Agenda

Overview

To help address the challenges post a large fiscal adjustment need, AFS has provided extensive TA on public financial management (PFM) issues (including cash management, performance-based budgeting--PBB, medium-term fiscal framework--MTFF, and accounting and reporting), as well as on revenue administration (including risk and compliance management and excise function). To facilitate transition to a more forward-looking monetary regime and promote financial sector stability, AFS plans to support the Bank of Zambia in improving the monetary policy formulation processes, the tools and procedures for communication and business survey analysis, and undertaking transition to the Basel II capital adequacy standard. Extensive TA in statistics (including on annual and quarterly GDP, high-frequency indicators, GDP deflator and the producer price index) will help improve macroeconomic management and forecasting across sectors.

Key achievements and priorities

Since 2011, AFS, in collaboration with FAD, has provided TA to Zambia in the area of PFM focusing on the PFM reform action plans, cash management, accounting and fiscal reporting and budgeting frameworks. Main achievements over the period include: (i) development and adoption of a new PFM reform strategy and action plan (2013); (ii) establishment of a cash management unit and cash management committee within the Ministry of Finance (2014); and (iii) development and adoption of a PBB framework (2014). Good progress has also been made in: (i) laying a good foundation for the establishment of a Treasury Single Account (TSA) (2014); (ii) improving financial reporting consistent with principles of the cash basis IPSAS; and (iii) developing a cash management procedures manual, terms of reference for the cash management unit (CMU). A monthly/annual cash flow forecasting model has also been implemented which enable the government to forecast and reserve cash for core costs and prioritized functions of government (e.g. Salaries, Public Debt, Defense, Health, etc) within the framework of a cash rationing system. Further work is required to normalize cash flow management (e.g. adoption of a cash buffer, integration of short and medium term debt management strategy)

Following the FAD diagnostic mission conducted in November 2013, AFS allocated a substantial amount of TA resources for macro fiscal and budget frameworks but engagement was initially limited has taken place. However in the last six months of FY16 AFS has at the request of the authorities, provided initial support for reviewing the current approach to macro fiscal management, budget formulation and disbursement operations. As a result of this TA the authorities have proposed that AFS provide further support to a review of the piloted output based budget system and to further

development of the macro fiscal framework, budget issues, cash management and IFMIS/fiscal reporting functions. AFS TA will support the strengthening of these functions.

Key challenges

Limited high-level support, a slow decision making process, weak coordination and sequencing of competing reforms, and skills gaps constrain effective reform implementation. Weak public expenditure management systems across line ministries adversely affect budget execution. To mitigate the risks related to these weaknesses, AFS will seek to leverage the policy dialogue that the authorities maintain with the IMF's African Department (AFR) in order to secure the necessary support. AFS will also continue to collaborate with main PFM donors in the PFM reform implementation process through its regular post-mission debriefings and participation in PFM donor coordination meetings.

Key partners

On PFM, the World Bank, and the German Development Cooperation (GIZ) are the main partners providing TA on the development of the integrated financial management information system (IFMIS), the treasury single account (TSA), and the planning and budgeting framework. The African Development Bank (AfDB) also provides TA on audit. The U.S. Treasury technical support in cash management ended in October 2014. The World Bank, GIZ, and AfDB participate in the multi-donor trust fund supporting implementation of the PFM reform strategy. The EU approved in July 2013 a EUR 13 million support program for PFM, accountability, and statistics. GIZ provides TA on (i) strengthening the national planning and budget preparation processes, and transparent and efficient implementation of the results-based budgeting process; and (ii) promoting budget execution and control systems--direct support to capacity development of the Internal Audit department.

Meetings/ Coordination with donors on specific projects

Regular meetings are organized, in collaboration with the IMF Resident Representative, with main donor partners to discuss the activities planned and the main conclusions of the respective TA missions to enhance coordination

HQ-(co) funded projects

Dept.	Mission Purpose/ Description	Fiscal Year
FAD	Selected PFM Issues and Action Plan	2011
FAD	Strengthening Public Financial Management Systems	2013
FAD	PFM Action Plan Follow-up in 2015	2015

Revenue Administration (Tax)

Key achievements and priorities

With AFS TA, an evaluation of the taxpayer service framework was undertaken so as to improve the quality of service offered to clients; and a large taxpayer unit (LTU) functioning on good practice principles and further taxpayer segmentation were implemented. The Zambia Revenue Authority (ZRA) has implemented a new Integrated Tax Administration System (ITAS) also with some AFS TA. Going forward, AFS will focus on strengthening capacity of audit staff especially in auditing excise taxes on telecom transactions and of high net worth individuals.

Key challenges

The capacity of the mining unit has received a big boost from the Norwegian funded project but the non-mining units are lagging behind. The value-added tax system has posed particular difficulties, with a large stock of outstanding refunds to exporters still to be resolved. Moreover, frequent changes to mining tax legislation and regulation have been a source of instability.

Key partners

The Norwegian Tax Administration helps build the capacity of staff in the mining unit and large taxpayer unit and the same project financed until late 2015 a peripatetic IMF advisor back-stopped by FAD. The U.S. The OECD has also provided support to the large taxpayer office in relation to international taxation and transfer pricing. Treasury Office addresses the skill gaps for the other units. The U.K. Department for International Development (DFID) is in the process of designing a program of support to the ZRA. Other donors, for example GIZ, provide specific support on request. Collaboration with the EU and the World Bank happens routinely.

Meetings/ Coordination with donors on specific projects

Meeting was held with the Norwegian Ambassador in relation to the support provided to the mining unit under the large taxpayer office, and with other donors on general revenue administration reforms.

HQ-(co) funded projects

The Norwegian-funded HQ-led mission to update the reform plan, but mainly focused on natural resources revenue administration.

Revenue Administration (Customs)**Key achievements and priorities**

Zambia's customs is fully integrated into the ZRA. Cargo declaration processing is fully automated and cargo is processed at central declaration processing centers away from borders. Border crossings with neighboring countries are undergoing refurbishment and improvement. AFS will continue to address the following priority issues: strengthening risk management, investigations and enforcement; and optimizing revenue from excise. The ZRA recently embarked on a phased Single Window implementation project. Single Window is an electronic portal, supported by the ASYCUDA platform, to enable all border control agencies to lodge all permits and licences etc to customs through a single integrated point and is a key component of coordinated border management. Experts from the World Customs Organization (WCO) have been supporting this initiative and the IFC is also supporting some aspects of the project including risk management.

Key challenges

The Zambian economy is facing significant challenges arising from large fiscal deficits, lower copper prices and policy uncertainties. Excise evasion is a significant issue. The large transit trade brings with it challenges to prevent and detect transit fraud. Customs is dispersed over a large geographical area and this factor, combined with limited communication infrastructure, limits effective command and control of customs resources. The excise unit requires additional skills to be able to effectively manage complex and large-scale excise traders, especially air time providers and alcohol producers.

In addition to the Single Window project, there are other major Government projects on the near horizon which will impact customs resources and will require risk management input including: a Border Management Bill to facilitate informal cross border trade for impoverished agricultural sector workers; and, a nationwide network of Multi-Faceted Free Trade Zones. Moreover, Customs is significantly increasing its number of Mobile Compliance Units (MCUs) to operate nationally to help combat prevalent transit fraud. This will involve customs applying an electronic tag to container cargo at its borders on importation and tracking container movements. The project is partially funded by the World Bank and a Central Control and Coordination Unit has been established in Lusaka. To make this project effective it will be necessary to gear resources to risk by developing an effective intelligence and risk management capability.

Key partners

ZRA Customs receives TA from the World Bank, IFC, DFID, the World Customs Organization (WCO), and others. The WCO Regional Office for Capacity Building provides TA in developing the management function and in rolling out of the nCEN (national Customs Enforcement Network) system; DFID plans a significant revenue and customs development project; GIZ provides TA to the ZRA on select topics; and the Norwegian Aid provides TA on taxation of minerals and mining. The ZRA is able to call upon a World Bank-administered trust fund established to assist in the development of the public sector, including revenue administration. The International Financing Corporation (IFC) has provided trade facilitation-related TA, including advice on reducing dwell times at the Chirundu border crossing.

As a Southern African Development ^{community} (SADC) member, Zambia will benefit from the work being done to implement the SADC trade protocol, namely: creating a refined framework for assessment to allow self assess conformity with the World Trade Organization (WTO) Bali Agreement; developing a regional bond guarantee system to enable implementation of the transit management system; aligning border controls (including border opening/closing times) across SADC and extending operating hours; developing a SADC wide ICT strategy that includes the principles of the World Customs Organization (WCO) globally networked customs initiative and implementing an electronic certificate of origin SADC-wide; online publication of trade rules, non-tariff measures (NTMs) and tariffs; delivering a train the trainers program in origin, risk management, tariff and non-tariff barriers (with support from GIZ); and preparing an online enquiry mechanism to allow the trade to bring to the attention of SADC NTMs they encounter.

SADC members will also benefit from the EU Trade Related Facility – an EU funded program to develop customs and trade in the region (associated with the SADC/EU Economic Partnership Agreement (EPA) and implemented by the SADC Secretariat). Additionally, TradeHub (USAID) will implement a new multi year program to help facilitate trade in the region.

Financial Sector Supervision**Key achievements and priorities**

With AFS TA, the Bank of Zambia has started transiting to the Basel II Capital Adequacy standard. AFS will continue to provide TA on effective implementation of select elements of Basel III and also in introducing stress testing frameworks for the banking sector.

Key challenges

Implementation risk is low.

Key partners

The World Bank/First Initiative assists the BoZ in the implementation of risk-based supervision.

HQ-(co) funded projects

MCM	Financial Stability Analysis
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Monetary Policy Framework Operations**Key achievements and priorities**

Zambia has benefitted greatly from a co-operation project with Norges Bank. Norway has under this project funded a MCM back-stopped resident advisor since 2011, and Norges Bank has, together with the IMF, provided TA within a wide range of areas, not only monetary policy framework and operations. AFS has funded a needs assessment mission to determine AFS TA priorities going forward. These priorities include the development of (i) money and secondary markets, (ii) tools for inflation forecasting and monetary analysis, and (iii) a communications strategy. However, since then TA was provided by Norges Bank within the first two prioritized topics and thus their support needs from the

AFS was changed. During the latest project assessment the project participants all agreed to ask the AFS assistance within these two areas instead: central bank communication and business surveys in support of monetary policy decision making. The AFS has provided TA in communication and will continue to do so during FY17. TA is also planned in the area of business survey development for Q1 2016. Going forward AFS TA will also encompass inflation forecasting and modeling in accordance with recent requests from the BoZ.

Key Challenges

Plan the co-operation with Norges Bank and sequence our missions well within the flow of TA coming from Norges Bank. Resources and competence might also become an issue when developing the business survey.

Key Partners

Norway funds MCM-back stopped TA on monetary policy analysis and forecasting.

HQ-funded projects

There is a multiple of missions funded by Norway via HQ since 2012 within the co-operation project with Norges Bank. They range from Project management and stress testing, to inflation targeting and macro modeling.

Real Sector Statistics

Key achievements and priorities

The Central Statistical Office (CSO) conducted an economic census (EC) during 2011-2013; the results were integrated into the revised GDP estimates for 2010, used as a new benchmark year for national accounts. The rebased GDP estimates for 2010 as well as a preliminary time series for 2011-2013 were officially disseminated in March, 2014. Subsequently, revised series for 2011-14 have been produced based on the updated methodology and benchmark year. These series include expenditure and income-side estimates. A system for quarterly GDP estimates has also been developed and preliminary results produced for 2010Q1-2015Q2. The annual and quarterly series both draw on an enhanced system of real sector high frequency indicators and the collection of business surveys initiated in early 2015 but procedures have not yet been fully put in place and regular dissemination of quarterly GDP has not yet commenced. AFS will provide TA during FY 16 and FY 17 to assist in improving the quality of quarterly national accounts and their timely publication.

With AFS support, CSO started a project on introduction of producer price index (PPI) in 2013. Reforms in this area are still work in progress. In FY17 AFS TA will focus on strengthening compilation framework for quarterly GDP estimates by production approach, review of GDP deflator and introduction of PPI.

Key challenges

The national accounts team is understaffed. Moreover, problems regarding sustainability of available resources, including staff turnover, would hinder further development in national accounts and price statistics.

Key partners

The AfDB supported the authority for establishing a strategy for development of the national statistical system of Zambia till 2017. The participation of the CSO officials in the peer review program initiated by COMESA will also enhance the institutional capacity of the statistical system. The CSO also is benefiting from the SADC and COMESA project on harmonization of the standards and methods for compilation of HCPI. A consultant company from The Netherlands, "Micromacro Consultants BV",

hired by the Ministry of Finance of Zambia in developing a model for macro-economic forecasting, assisted the CSO in organizing and completing the EC results.

Execution of FY16 Work Plan												
Dept	TA Area	Activity in FY 2016	Proj: Inputs (field, in persons)	Rev: Inputs (field, in persons)	Milestones	Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Rating 7: No Information
					<div>Ratings</div>							
FAD	PFM	Develop a new PFM Act and address regulations	6	5	Pending Milestone: New PFM Act submitted to Parliament							1
FAD	PFM	Strengthen MTFF methodologies and its role in guiding the budget	5	5	Pending Milestone: Guidelines submitted to develop an MTFF							1
FAD	PFM	Strengthen cash management and government banking arrangements and related information system (FMIS)	3	3	New Milestone: Cash flow plans approved by the Minister in charge of Finance and TSA implemented at Central Government sector level.							1
FAD	PFM	Strengthen financial and fiscal reporting	4	3	New Milestone: Gaps in fiscal reporting addressed in line with the guidelines submitted by AFS							1
LEG	RA (Tax)	Legal: VAT Reform	4		Revised VAT legislation submitted to Ministry of Finance							
FAD	RA (Customs)	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having greater knowledge of threats and compliance	2	1	Pending Milestone (Redefined): The Risk Management and Intelligence Unit (RMIU) is able to gather, evaluate and disseminate quality intelligence to effectively support the risk management program and produce reports to inform management on risk issues.			1				
FAD	RA (Customs)	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade	2	2	New Milestone: Excise officers are able to extract data from excise operators and are able to successfully interpret that data to audit operators, assess duty and enforce compliance.			1				
MCM	FSS	AFS will assist the authorities in the implementation of macroprudential overlay of Basel III	4	2	New Milestone: AFS will agree with the authorities on a workplan for the implementation of identified aspects of macroprudential overlay of Basel III	1						
MCM	FSS	AFS will assist the authorities in strengthening their risk based supervision especially in stress testing of the banks		2	New Milestone (FY16): The AFS will assist the authorities in implementing the stress testing framework.							1
MCM	MPFO	Develop money and secondary markets	6		Pending Milestone: Draft an action plan to enhance the depth of money markets submitted to BOZ management						1	
MCM	MPFO	Develop tools for inflation forecasting and monetary policy analysis	2		New milestone: The current status of the forecasting work is reviewed and training program is agreed				1			
MCM	MPFO	Review the tools and procedures for communication and business survey analysis	4	8	New milestone: Develop a comprehensive strategy, tools and procedures for internal and external communication.			1				
STA	RSS	Implementation of quarterly NA and related HFIs, follow up	3	3	Pending Milestone: Enhancement of the real sector HFI and adoption of a compilation framework for quarterly GDP estimates by production approach							1
STA	RSS	Development of PPI, follow up	2	2	Pending Milestone: Introduction of PPI, composition of basket and weighting system							1

FY17 Work Plan		Activity in FY 2017	HQ field-person weeks	LTX field-person weeks	STX field-person weeks	TOTAL	Milestones/Intermediate Outcomes	Milestone Set for FY17	Milestone Set for FY18	C/w # from FY13	C/w # from FY14	C/w # from FY15	C/w # from FY16
Dept	TA Area												
FAD	PFM	Strengthen MTFF methodologies and the role of the Macro-Fiscal Technical Working Group		1	2	3	New Milestone [incorporates #31]: The government sets credible medium-term fiscal objectives in a fiscal strategy document for the purposes of the annual or medium-term budget process - PEFA PI14	1					
FAD	PFM	Strengthen MTBF and program budget structure and alignment of the new Planning and Budget Bill with the PFMA.		2	4	6	New Milestone : Budget provides performance information for key sectors as a basis for monitoring performance and results - PEFA PI8		1				
FAD	PFM	Strengthen cash management and government banking arrangements and related information system (FMIS)		1	2	3	New Milestone [incorporates #97]: Cash flow forecasts are prepared on an annual and quarterly basis and updated regularly - PEFA 21	1					
FAD	PFM	Strengthen financial and fiscal reporting.		1	2	3	New Milestone [incorporates #100]: Financial Statements are updated on a timely basis and progressively more consistent with recognized international accounting standards - PEFA PI28		1				
FAD	RA (Tax)	Improvement of sector-level compliance management through better audit effectiveness			2	2	New Milestone: Capacity of audit staff strenghted in auditing excise taxes on telecom transactions	1					
FAD	RA (Tax)	Improvement of sector-level compliance management through better audit effectiveness			2	2	New Milestone: Capacity of audit staff strenghted in auditing of high net-worth individual (HNWIs)	1					
FAD	RA (Customs)	Ensuring that adequate controls are in place to prevent fraud and revenue leakage while facilitating trade			2	2	New Milestone: Excise officers are able to extract data from excise operators and are able to successfully interpret that data to audit operators, assess duty and enforce compliance.	1					
FAD	RA (Customs)	Follow up on the 2012 FAD mission and support to strengthening international transit, and control and monitoring of the extractive sector	2	2	2	6	New Milestone: Status of reforms established and updated and strategic recommendations made for the modernisation program.	1					
FAD	RA (Customs)	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having greater knowledge of threats and compliance		1	2	3	Pending Milestone (Redefined): The Risk Management and Intelligence Unit (RMIU) is able to gather, evaluate and disseminate quality intelligence to effectively support the risk managment program and produce reports to inform management on risk issues.	1			1		
MCM	FSS	AFS will assist the authorities in strengthening their risk based supervision in the matter of risk assessment, especially stress testing of the banks		2	2	4	New Milestone: The stress testing framework developed	1					
MCM	MPFO	Develop a inflation forecasting framework and strengthening of monetary policy analysis, including surevy developments.		2	4	6	Pending milestone: The current status of the forecasting work is reviewed and training program is agreed		1				1
MCM	MPFO	Develop tools and procedures for communication and information about the Central Bank's mandates and activities. - Follow-up mission		2	2	4	New Milestone [incorporates # 32]: Communications strategy documents have been drafted, and tools and communication procedures are improved.	1					
STA	RSS	Implementation of quarterly NA and related HFIs, review methodologies to derive volume estimates -follow up		2		2	Pending Milestone (redefined): Strengthened HFI and compilation framework for quarterly GDP estimates by production approach started		1			1	
STA	RSS	Development of PPI and/or review of GDP deflator, follow up			2	2	Pending Milestone: Introduction of PPI, composition of basket and weighting system		1	1			

Medium-Term Macroeconomic Prospects and Challenges

The second review of the Staff Monitored Program was completed in early October 2015. Economic prospects remain difficult. Growth has slowed down and is expected to weaken further in 2015. Despite the favorable impact of lower oil prices, the external position remains precarious and the country is in debt distress. Nonetheless, the authorities have made progress in implementing their reform program and are committed to intensifying their efforts to lay the ground for stronger, more inclusive, and lasting economic growth, including by rebalancing the budget from current (primarily wages) to capital outlays and improving the investment climate. Progress has also been made in restoring confidence in the financial sector, including the removal from the gray list by the Financial Action Task Force in February 2015. Moreover, the authorities have stepped up reengagement with creditors by raising payments to the World Bank and by developing a plan to pay arrears to International Financial Institutions. These developments constitute important steps toward reengaging with international creditors.

Capacity Building Agenda

Overview

Responding to the authorities' requests, AFS supports public financial management (PFM)-related projects in the areas macro fiscal forecasting and analysis, as well as accounting and reporting. The authorities show interest in financial sector supervision issues, where diagnostic work has been completed. AFS has gained traction in the areas of revenue administration with a number of projects related to customs and domestic revenue administration under way. Significant absorption capacity constraints prevent AFS engagement in the area of real sector statistics.

Public Financial Management

Key achievements and priorities

Since 2011, AFS TA to the Government of Zimbabwe in the area of PFM has mainly focused on developing a PFM reform program, strengthening the medium-term fiscal framework (MTFF) and improving accounting and fiscal reporting. Good progress has been made in terms of: (i) a draft PFM reform program has been developed and now awaits adoption; (ii) development of the draft financial regulations and revisions to the PFM Act with assistance from AFS and FAD; (iii) development and use of the tools for the preparation of the MTFF; and (iv) the preparation of a strategy for gradual introduction of cash basis international public sector accounting standards (IPSAS). However, the recommended financial regulations are yet to be finalized (legal drafting) and gazetted before they can be implemented. The authorities are also yet to institutionalize the Macro Fiscal Working Group and streamline the macro fiscal management functions.

Going forward, AFS will continue to provide TA focusing on: developing the documentation on the fiscal forecasting including implementation of the MTFF methodologies and tools that have been introduced through previous TA; establishing the building blocks of the MTBF including sound budget preparation principles and an effective budget calendar reviewing progress on the program based budget system, introducing spending reviews in key ministries to strengthen and prioritize resource allocation, streamlining the institutional and organizational framework for macro fiscal management; progressively implementing cash basis IPSAS accounting and reporting, and debt management.

Key challenges

The lack of adoption of the PFM reform strategy and action plan has adversely affected prioritization, sequencing and proper coordination of the reforms in Zimbabwe. In addition, staff

capacity and collaboration among various ministries and agencies need to be improved to ensure successful implementation of PFM-related TA advice. AFS will closely collaborate with the office of the IMF Resident Representative to enhance the coordination with donors and other TA providers.

Key partners

The World Bank is a key PFM partner in Zimbabwe, mostly facilitating exchange of information and coordination of reforms with other active partners. The EU, World Bank and other bilateral donors conduct capacity building through the Zimbabwe Reconstruction Fund ZIMREF. The UNDP also facilitates PFM capacity building activities, including the funding of the logistics of the workshops facilitated by AFS macro fiscal TA missions. The Zimbabwe Economic Policy Analysis and Research Unit (ZEPARU), a locally based organization funded by the African Capacity Building Foundation (ACBF), has been also actively involved in strengthening government capacity in macro fiscal policy analysis.

HQ-(co) funded projects

Dept.	Mission Purpose/ Description	Fiscal Year
FAD	Reporting and Oversight of State-Owned Enterprises (SOEs)	2013
FAD	PFM Reform Strategy	2015

Revenue Administration (Tax)

Key achievements and priorities (Achievements since FY12)

With AFS TA, VAT administration in 2012 documented compliance management issues that have been partially addressed. Four inputs on developing a compliance and risk management framework, directly requested by the authorities, have been delivered but with little progress at implementation. In 2014, the joint FAD/AFS mission defined the following TA priorities: the need to revitalize the compliance management project, to strengthen the Large Tax Payer Unit (LTU), and to establish a medium taxpayer office by 2017.

Key challenges

Weak project management results with lower than expected implementation results. AFS discussed TA on project management with the authorities.

ZIMRA has not yet embedded risk management in managing compliance. The filing rate is also low. In addition, tax arrears have more than trebled over the last two years, suggesting a weakness in debt management. ZIMRA has agreed that debt management should be the focus of future TA to help authorities to understand what drives the debt increase and what options to implement to reduce the debt.

Key partners

After the end of the Australian support, the Zimbabwe Revenue Authority (ZIMRA) has been directly financing external TA to meet requirements. Some of the experts have asked to coordinate activities with AFS but the continuity of their inputs is uncertain.

Revenue Administration (Customs)

Key achievements and priorities

AFRITAC South became fully engaged with Zimbabwe's Customs in FY15. Zimbabwe Customs is fully integrated into the Zimbabwe Revenue Authority (ZIMRA). Declaration processing is fully automated using the ASYCUDA-World automated system. Large-scale scanners are available at all major border crossing points (BCP) and a major refurbishment of Beitbridge, the most important BCP, is planned.

Customs officers are well trained and processes are documented. Based on the diagnostic mission conducted in 2014, AFS TA will focus on risk management, post clearance audit (PCA), and excise.

Key challenges

The economy remains fragile. Growth has slowed down because of the poor 2014/15 agricultural season, low investment levels, scarce liquidity, and a drop in the international prices for major exports. A shortfall in revenue collection has intensified fiscal pressures emphasizing the need to strengthen revenue collection. Excise, export and transit frauds are serious issues – constrained by somewhat fragmented and limited enforcement capacity.

Key partners

In addition to AFRITAC South, TA has been provided by the World Customs Organization (WCO). As a Southern African Development Community (SADC) member, Zimbabwe will benefit from the work being done to implement the SADC trade protocol, namely: creating a refined framework for assessment to allow self assess conformity with the World Trade Organization (WTO) Bali Agreement; developing a regional bond guarantee system to enable implementation of the transit management system; aligning border controls (including border opening/closing times) across SADC and extending operating hours; developing a SADC wide ICT strategy that includes the principles of the World Customs Organization (WCO) globally networked customs initiative and implementing an electronic certificate of origin SADC-wide; online publication of trade rules, non-tariff measures (NTMs) and tariffs; delivering a train the trainers program in origin, risk management, tariff and non-tariff barriers (with support from GiZ); and preparing an online enquiry mechanism to allow the trade to bring to the attention of SADC NTMs they encounter.

SADC members will also benefit from the EU Trade Related Facility – an EU funded program to develop customs and trade in the region (associated with the SADC/EU Economic Partnership Agreement (EPA) and implemented by the SADC Secretariat). Additionally, TradeHub (USAID) will implement a new multi year program to help facilitate trade in the region.

HQ-funded projects

Dept.	Mission Purpose/ Description	Fiscal Year
FAD	Reporting and Oversight of State-Owned Enterprises (SOEs)	2013

Financial Sector Supervision

Key achievements and priorities

An IMF Monetary and Capital Markets Department (MCM) mission undertook a diagnostic and needs assessment work in FY14. Based on this mission, AFS is discussing with the authorities the areas of potential engagement. It was agreed that AFS would provide assistance on the crisis resolution/deposit insurance framework in close collaboration with the World Bank.

Key challenges

The implementation of TA advice is likely to be complicated by the slow resolution of governance/capitalization issues at the Reserve Bank of Zimbabwe

Key partners

The World Bank First Initiative.

HQ-(co) funded projects

Dept.	Purpose Description
MCM	Stress Testing/Bank Supervision/Bank Resolution

Monetary Policy Framework Operations*Key achievements and priorities*

Zimbabwe operates under full official dollarization. AFS will fund the IMF's Legal Department (LEG) project on the review of the Reserve Bank of Zimbabwe Act.

Key Challenges

The implementation of TA advice is likely to be complicated by the slow resolution of governance/capitalization issues at the Reserve Bank of Zimbabwe.

HQ-funded projects

Since FY12 there have been a few HQ-funded missions to Zimbabwe. In FY12 and 2014 there were TA assessment needs missions and in FY13 there was a mission on Central banks restructuring/Lender of last resort. In 2015 there were two missions on asset Management Company. For FY16 there are a mixture of projects planned, a workshop and missions in Asset management, and Accounting and audit systems.

Real Sector Statistics*Key achievements and priorities*

The AFS activities planned after the IMF multi-sector mission in [YEAR] was postponed mainly due to lack of absorption capacity and severe resource constraints at ZIMSTAT. AFS provided TA for strengthening the compilation of annual GDP estimates, including training on specific national accounts compilation procedures and assistance on the development of quarterly GDP estimates and supply-use tables. The second phase of the IMF Enhanced Data Dissemination Initiative (EDDI-2) for Africa assisted Zimbabwe in building methodologically sound compilation systems for GDP estimates at current and constant prices and at developing source data for annual GDP compilation.

Key challenges

Problems regarding sustainability of the resources for economic surveys and insufficient staff severely hinder further development of real sector statistics.

Key partners

The African Development Bank, the U.K. Department for International Development (DFID), the U.S. Agency for International Development (USAID) and the World Bank are the main donors providing financial support and TA to ZIMSTAT.

Execution of FY16 Work Plan																
Dept	TA Area	Activity in FY 2016	Proj: Inputs (field, in persons)	Rev: Inputs (field, in persons)	Milestones	Rating 1: Met	Rating 2: Partially Met	Rating 3: Good Progress	Rating 4: Postponed	Rating 5: No Progress	Rating 6: Cancelled	Rating 7: No Information				
					<div>Ratings</div>											
FAD	PFM	Strengthen MTFF methodologies and its role in guiding the budget	3	3	New Milestone: MTFF documentation (draft manual) developed, and first annual fiscal risks statement published as supplementary information to Budget documentation for FY 2016-2017			1								
FAD	PFM	FAD/AFS diagnostic mission to assist the authorities in reviewing the PFM strategy and action plan	2	2	Pending Milestone: New PFM strategy and action plan adopted											
FAD	PFM	Strengthen financial and fiscal reporting	5	5	New Milestone: 2015 Financial Statements are broadly consistent with cash basis IPSAS requirements											
FAD	RA (Tax)	Follow-up on September 2014 HQ recommendations		0.5	New milestone (2016): Revised action plan submitted to authorities											
FAD	RA (Tax)	Enhancement of intelligence capability in the use of third party data	3	7	New Milestone: Advancement towards use of compliance strategy to manage taxpayer compliance			1								
FAD	RA (Customs)	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having greater knowledge of threats and compliance	2	1	Pending Milestone (Redefined): The Risk Management and Intelligence Unit (RMIU) is able to gather, evaluate and disseminate quality intelligence to effectively support the risk management program and produce reports to inform management on risk issues.			1								
FAD	RA (Customs)	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade	2	2	Pending Milestone: Selected customs officers are assigned to the post release audit unit [and have started scrutinized transactions for errors and fraud]			1								
FAD	RA (Customs)	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade	2	2	Pending Milestone: The excise function is based on systems and procedures to safeguard revenue by having a robust compliance strategy in place			1								
LEG	FSS	AFS will assist authorities in framing crisis resolution/deposit insurance framework	6													
LEG	MPFO	Central Bank Law	2													
STA	RSS	TA on specific methodological issues		2	Pending Milestone: Strengthening the compilation of annual GDP estimates: training on specific national accounts compilation procedures. Assist with the development of quarterly GDP estimates.											

FY17 Work Plan																
Dept	TA Area	Activity in FY 2017	HQ field-person weeks	LTX field-person weeks	STX field-person weeks	TOTAL	Milestones/Intermediate Outcomes	Milestone Set for FY17	Milestone Set for FY18	Q4w # from FY13	Q4w # from FY14	Q4w # from FY15	Q4w # from FY16			
FAD	PFM	Strengthen MTFF and PBB methodologies, and their role in guiding the budget.		1	4	5	New Milestone [incorporates #94]: The government sets credible medium-term fiscal objectives in a fiscal strategy document for the purposes of the annual or medium-term budget process - PEFA PI14	1								
FAD	PFM	Strengthen cash management, payroll and banking arrangements and related information system (PFMS).		1	4	5	New Milestone [incorporates #97]: PFMS Cash flow forecasts are prepared on an annual and quarterly basis and updated regularly - PEFA 21	1								
FAD	PFM	Strengthen the controlling officer function, financial and fiscal reporting	2	2	4	8	New Milestone [incorporates #101]: Financial Statements are updated on a timely basis and progressively more consistent with recognized international accounting standards - PEFA PI28	1								
FAD	RA (Tax)	Enhancement of intelligence capability in the use of third party data		1	2	3	Pending Milestone: Advancement towards use of compliance strategy to manage taxpayer compliance	1								
FAD	RA (Tax)	Improvement of sector-level compliance management through better audit effectiveness			2	2	New Milestone: Audit staff obtain specialised skills for audit of the mining sector taxpayers	1								
LEG	RA (Tax)	Reform design of tax system and/or review and update of tax legislation	1		1	2	Improved tax legislation submitted to the Ministry of Finance									
FAD	RA (Customs)	Ensuring that there is an appropriate balance between facilitation and control to be achieved by having greater knowledge of threats and compliance		1	2	3	Pending Milestone (Redefined): The Risk Management and Intelligence Unit (RMIU) is able to gather, evaluate and disseminate quality intelligence to effectively support the risk management program and produce reports to inform management on risk issues.	1		1						
FAD	RA (Customs)	Ensuring that adequate controls are in place to prevent fraud and revenue leakage - while facilitating trade			2	2	Pending Milestone: The excise function is based on systems and procedures to safeguard revenue by having a robust compliance strategy in place.		1			1				
LEG	FSS	AFS will assist authorities in framing crisis resolution/deposit insurance framework	2		2	4										
LEG	MPFO	Central Bank Law	2	1	1	4										
STA	RSS	TA on specific methodological issues			3	3	Pending Milestone: Strengthening the compilation of annual GDP estimates: and training on specific national accounts compilation procedures	1		1						

ANNEX IV

Strategic Logical Framework

ANNEX IV. AFRITAC South Strategic Logical Framework

Improved macro policy frameworks to foster sustainable growth and poverty reduction



Topic -Outcomes	Indicators for FY 2017	Progress towards outcomes by end FY17	General Risks/Assumptions/Risk Mitigation (as necessary)
1 Bring PFM systems of member countries closer to accepted international practices and standards, build PFM capacities, and promote regional harmonization in this area	100 percent implementation of topic outcome indicators	<i>Broadly achievable</i>	<p>1. Sufficient ownership of reform measures by the country authorities and regional organizations.</p> <p>2. Sufficient financing for AFRITAC South is mobilized.</p> <p>3. Complementary HQ and other donors' TA is available.</p> <p>4. No major exogenous shocks relative to the Fall 2011 World Economic Outlook.</p> <p>5. No deterioration in political conditions in the member countries.</p> <p>Risk mitigation measures include: tailoring the work program to absorption capacity levels, targeting outcomes in less sensitive areas but with the highest possible benefits in countries with unstable political environments, conducting extensive outreach with the donor community and parliamentarians, integrating planning of the center's activities with the IMF resource allocation plan, and earmarking some resources in reserve which could be activated in case of urgent crisis-related need.</p>
2 Enhance tax and customs administration of member countries and promote regional harmonization and standardization consistent with international best practice to facilitate trade	100 percent implementation of topic outcome indicators	<i>Broadly achievable</i>	
3 Achieve higher level of compliance with international standards in the area of financial sector supervision and promote regional harmonization and greater cross-border cooperation among supervisors	100 percent implementation of topic outcome indicators	<i>Broadly achievable</i>	
4 Bring member countries closer to compliance with international standards for the compilation of national accounts and price statistics	100 percent implementation of topic outcome indicators	<i>Achievable</i>	
5 Strengthen capacity in macroeconomic analysis	1 IMF ICD course per year during FY 2012-13 and 2 during FY 2014-17	<i>Achievable</i>	
6 Improve member countries' framework for monetary policy, strengthen operational instruments, and develop money markets with the objective of enhancing implementation of monetary and exchange rate policies	100 percent implementation of topic outcome indicators	<i>Broadly achievable</i>	

ANNEX IV. AFRITAC South Strategic Logical Framework				
Public Financial Management				
1 Bring PFM systems of member countries closer to accepted international practices and standards, build PFM capacities, and promote regional harmonization in this area				
1. PFM reform strategy and action plans developed	Increased number of countries with a comprehensive country-owned PFM reform strategy (to cover all countries)	Status of PFM reform strategies and action plans in member countries at end-2011 (see PFM Table)	Achieved: Angola, Comoros, Lesotho, Madagascar, Mauritius, Seychelles, Swaziland, Zambia and Zimbabwe. Partially achieved: Botswana, Mozambique, Namibia, and South Africa.	The original strategic log frame for PFM incorporated a number of assumptions/risks. During the course of implementation some of these risks have materialised, in particular (1) ownership and commitment for some reform measures has been limited (2) priorities have been changed frequently (3) there has been major exogenous shocks relative to the Fall 2011 World Economic Outlook, and (4) political conditions in a number of member countries have constrained implementation. Risk mitigation measures adopted to address these issues included : tailoring the work program to absorption capacity levels, targeting outcomes in less sensitive areas but with the highest possible benefits in countries with unstable political environments, conducting outreach with the donor community and parliamentarians, integrating planning of the center's activities with the IMF resource allocation plan, and earmarking some resources in reserve, which have been activated in case of urgent crisis-related need.
2. PFM legal and regulatory frameworks updated	Updated PFM legal and regulatory framework for at least 8 countries (Comoros, Lesotho, Mauritius, Namibia, Seychelles, Swaziland, Zambia and Zimbabwe)	Existing legal and regulatory framework in member countries at end-2011 (see PFM Table)	Achieved: Lesotho, Seychelles, Swaziland, and Zimbabwe. Partially achieved: Comoros, Mauritius, Namibia, and Zambia	
3. Medium-term macro-fiscal and budget frameworks implemented	Improved PEFA indicators for orderliness of budget process (PI 11) and multi-year fiscal planning framework (PI 12) for all member countries (Angola, Botswana, Comoros, Lesotho, Mauritius, Madagascar, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Zambia, and Zimbabwe)	Last PEFA (CIFA) assessment available and/or incremental improvement from end-2011 (see table)	Achieved or likely to be achieved: (Botswana, Lesotho, Mauritius, Seychelles, Swaziland, Zambia, South Africa, and Zimbabwe) Partially achieved or likely to be partially achieved: Angola, Comoros, Madagascar, and Mozambique)	
4. More effective commitment, cash and expenditure management	Improved PEFA indicator for predictability of funding for commitment of expenditure (PI 16) for at least 7 countries (Botswana, Comoros, Mozambique, Lesotho, Seychelles, Swaziland, and Zambia)	Last PEFA (CIFA) assessment available and/or incremental improvement from end-2011 (see table)	Achieved or likely to be achieved: Botswana, Comoros, Seychelles, and Zambia Partially achieved or likely to be partially achieved: Lesotho and Swaziland.	
5. Improved internal control procedures/3	Improved PEFA indicators for payroll controls (PI 18), and controls on non-salary expenditure (PI 20) for at least 10 countries (Angola, Comoros, Lesotho, Madagascar, Mozambique, Namibia, Seychelles, Swaziland, Zambia, and Zimbabwe)	Last PEFA (CIFA) assessment available and/or incremental improvement from end-2011 (see table)	Partially achieved or likely to be partially achieved: Comoros, Madagascar, Seychelles, and Namibia. [Other countries had reprioritised to other outcomes]	
6. Comprehensive, timely and accurate accounting and financial reporting	Improved PEFA indicators for budget classification (PI 5) and fiscal reporting (PI 24 and 25) for at least 7 countries (Botswana, Lesotho, Mauritius, Seychelles, Swaziland, Zambia, and Zimbabwe)	Last PEFA (CIFA) assessment available and/or incremental improvement from end-2011 (see table)	Achieved: All targeted countries.	
7. Greater regional harmonization	Series of regional capacity building and study activities	Number of workshops/seminars and number of participants in regional missions/secondments	Achieved: All targeted countries.	

1/ Information on milestones is given in the annex tables of FY15 and FY16 work programs.

PFM Table. AFS: PFM Baseline Indicators, end-2011.

	PFM reform strategies	Regulatory framework to underpin PFM reforms
	1	2
Angola	C*	C*
Botswana	C*	B*
Comoros	B*	D*
Lesotho	C*	C*
Madagascar		
Mauritius	C*	B*
Mozambique	A*	C*
Namibia	C*	D*
Seychelles	C*	D*
South Africa	B*	B*
Swaziland	D*	D*
Zambia	C*	C*
Zimbabwe	C*	C*

Sources: IMF staff and country authorities.

* See below for the calibration of grades

PFM Strategy

- A Monitored and updated
 B Adopted and institutional framework in place
 C Strategy Adopted by Government
 D No Strategy

Regulatory Framework

- A PFM Act and regulations current and consistent with best practices
 B PFM Act and regulations current but not consistent with best practices
 C PFM Act but obsolete regulations
 D Obsolete

PFM Table (continued) AFS Countries: PEFA (CIFA) Ratings

A	B	C	L	M	M	M	N	S	S	S	Z	Z
N	O	O	E	A	A	O	A	E	O	W	A	I
G	T	M	S	D	U	Z	M	Y	U	A	M	M
O	S	O	O	A	R	A	A	C	T	Z	B	B
L	W	R	T	G	I	M	B	H	H	I	I	A
A	A	O	H	A	T	B	I	E	L	L	A	B
	N	S	O	S	I	I	A	L	A	A		W
	A			C	U	Q		L	F	N		E
				A	S	U		E	R	D		
				R		E		S	I	C		

Multiyear perspective in fiscal planning, expenditure policy and budgets

PI 6	"A"	"B"	"C"	"A"	"B"	"A"	"A"	"B"	"B"	"C"
PI 12	"C+"	"C+"	"C+"	"C+"	"C+"	"C"	"B"	"D+"	"C+"	"C"
Predictability in the availability of funds for commitment of expenditures										
PI 4	"D"	"D+"	"B"	"A"	"B+"	"B+"	"A"	"D+"	"D+"	"B+"
PI 16	"D+"	"B"	"B"	"C+"	"C+"	"B+"	"A"	"D+"	"D+"	"C+"
Budget formulation, budget execution and reporting										
PI 5	"C"	"C"	"A"	"A"	"B"	"C"	"A"	"B"	"C+"	"C"
PI 11	"B"	"A"	"B+"	"B+"	"B+"	"B+"	"B"	"C+"	"B"	"B"
Commitment and payment controls										
PI 17	"C"	"C"	"B+"	"A"	"A"	"A"	"A"	"C"	"C"	"B"
PI 18	"B+"	...	"D+"	"B+"	"B"	"B+"	"A"	"D+"	"D+"	"C+"
PI 20	"C+"	"D"	"C+"	"A"	"B"	"C"	"C+"	"D+"	"C"	"C+"
Timely and relevant accounting & reporting										
PI-24	"C+"	"D+"	"C+"	"A"	"C+"	"C+"	"C+"	"C+"	"C+"	"A"
PI- 25	"C+"	"D"	"C+"	"A"	"C+"	"C+"	"A"	"D+"	"C+"	"D"

PEFA 2009

PEFA 2006

PEFA 2006

PEFA 2010

PEFA 2011

PEFA 2011

PEFA 2008

CIFA 2010

PEFA 2005

CIFA 2011

Sources: Country PEFA/CIFA documents.

ANNEX IV. AFRITAC South Strategic Logical Framework				
Revenue Administration (Tax)				
2 Enhance tax and customs administration of member countries and promote regional harmonization and standardization consistent with international best practice to facilitate trade				
Topic Outcomes	Verifiable Indicators FY17 1/	Baseline for Indicators, CY 2010 or CY 2011	Progress towards outcomes by end FY17	General Risks/Assumptions (and mitigation)
1. Enhanced tax collections from improved and cost-effective administrations and strengthened compliance	Increased regional average tax revenue-to-GDP ratio (unweighted)	see Table on Revenue Administration (Tax)	Achieved or likely to be achieved	1. Sufficient ownership of reform measures by country authorities and regional organizations. (Promote buy-in for policy and technical proposals by seeking client input and seeking greater comprehension through workshops.) 2. No changes in tax policy complicating tax administration. (Engage ministry of finance officials as key stakeholders at critical points.) 3. Sufficient financing for AFRITAC South is mobilized to cover the range of planned activities. (Obtain financing commitments from donors and member countries; prioritize activities to obtain greater value for money.)
2. More efficient and effective organizational structures	Increased number of countries with effective large taxpayers' units (LTU)	7*	Achieved or likely to be achieved	
	Increased number of countries with a simplified small business regime	1*	Achieved or likely to be achieved	
3. Barriers to trade are diminished and progress in regional harmonization with international best practice achieved	2 or 3 regional capacity building and harmonization events		Achieved or likely to be achieved	

1/ Information on milestones is given in the annex tables of FY15 and FY16 work programs.

Revenue Administration (Tax) Table. AFS Countries: Baseline Indicators, 2011

		2011			FY2012			FY2013			FY2014			FY2015	
	Member Country	Tax to GDP (2011) (%)	LTU in Place?*	Simplified Small Business Regime in place?	Tax to GDP (2012) (%)	LTU in Place?*	Simplified Small Business Regime in place?	Tax to GDP (2013) (%)	LTU in Place?*	Simplified Small Business Regime in place?	Tax to GDP (2014) (%)	LTU in Place?*	Simplified Small Business Regime in place?	LTU in Place?*	Simplified Small Business Regime in place?
1	Angola	46.3	No	No	43.8	No	No	38.4	No	No	32.4	No	No	Yes	No
2	Botswana	23.8	No	No	26.9	Yes	No	25.6	Yes	No	25.2	Yes	No	Yes	No
3	Comoros	10.9	Yes	No	11.8	Yes	No	12.1	Yes	No	12.0	Yes	No	Yes	No
4	Lesotho	39.6	No	No	54.8	No	No	50.7	No	No	54.1	Yes	No	Yes	No
5	Madagascar	9.5	n/a	n/a	9.1	n/a	n/a	9.3	Yes	n/a	9.7	Yes	No	Yes	No
6	Mauritius	18.3	Yes	No	18.9	Yes	No	18.6	Yes	No	18.5	Yes	No	Yes	No
7	Mozambique	17.2	Yes	No	19.1	Yes	Yes	22.9	Yes	Yes	23.8	Yes	Yes	Yes	Yes
8	Namibia	28.4	No	No	31.0	No	No	29.1	No	No	31.9	No	No	Yes	No
9	Seychelles	31.6	No	No	29.6	Yes	Yes	27.5	Yes	Yes	28.5	Yes	Yes	Yes	Yes
10	South Africa	23.2	Yes	Yes	23.2	Yes	Yes	23.5	Yes	Yes	23.9	Yes	Yes	Yes	Yes
11	Swaziland	24.4	Yes	No	36.0	Yes	No	34.7	Yes	No	33.8	Yes	No	Yes	No
12	Zambia	15.6	Yes	No	15.0	Yes	Yes	14.7	Yes	Yes	15.8	Yes	Yes	Yes	Yes
13	Zimbabwe	24.3	Yes	Yes	26.3	Yes	Yes	25.3	Yes	Yes	25.7	Yes	Yes	Yes	Yes

Sources: IMF staff and country authorities.

Notes: Tax and GDP data from Article IV country reports.

LTU in place - Only looks at the LTU concept being in place.

Simplified Small Business Regimes - only where implemented.

n/a--information is not available.

ANNEX IV. AFRITAC South Strategic Logical Framework

Revenue Administration (Customs)

2 Enhance tax and customs administration of member countries and promote regional harmonization and standardization consistent with international best practice to facilitate trade

Topic Outcomes	Verifiable Indicators FY17 1/	Baseline for INDICATORS	Progress towards outcomes by end FY17	Specific Risks (and mitigation)
1. Enhanced tax and customs collections from improved and cost effective administrations and strengthened compliance	1. 1 Increased regional average tax revenue-to-GDP ratio (unweighted).	Fall 2011 WEO data base for 2010 (see Revenue Administration (Tax) Table)	Achieved or likely to be achieved	1. Sufficient ownership of reform measures by the country authorities and regional organizations. 2. Ability to overcome resistance to change. 3. No changes in tax policy complicating tax administration. 4. Sufficient financing for AFRITAC South is mobilized. 5. Complementary HQ and other donors' TA is available. 6. No major exogenous shocks relative to the Fall 2011 World Economic Outlook. 7. No deterioration in political conditions in the member countries. 8. Implementation of programs may require legal and regulatory changes which may take time and require the support of parliamentarians who may not be familiar with the aims of the program. Risks to be mitigated by: ensuring TA is, as far as possible, tailored to absorption capacity of the beneficiary agencies; that a relationship is maintained with customs departments to ensure a two-way flow of information regarding implementation so that limiting factors can be identified early on so that TA can be modified if needed; a relationship is maintained at the Ministry level to ensure Ministry ownership of and buy-in to TA to assist in program monitoring and supervision.
	2.1 Increased number of countries where customs administration relies more on post- rather than pre-clearance accountability and controls.	see Table 2 on Customs Indicators		
2. More efficient and effective organizational structures	2.1 Increased number of countries where customs administration relies more on post- rather than pre-clearance accountability and controls.	see Table 2 on Customs Indicators	Achieved or likely to be achieved	
3. Barriers to trade are diminished and progress in regional harmonization with international best practice achieved	3.1 Improved unweighted average ranking in the Efficiency of Customs Administration pillar of the Global Enabling Trade Report for Botswana, Lesotho, Mauritius, Madagascar, Mozambique, Namibia, South Africa, Zambia, and Zimbabwe.	World Economic Forum Customs Efficiency Index Ranking as of 2011 (Table 1 on Customs Indicators)	Partially achieved or likely to be partially achieved:	
	3.2 Improved unweighted average index of trading across borders (ease of doing indicators of the World Bank) for Angola, Comoros, Seychelles, and Swaziland.	World Bank doing business indicators as of 2011 (see Table 1 on Customs Indicators)		
	3.3 Simplified procedures program in place for certain registrants.	see Table 2 on Customs Indicators		

1/ Information on milestones is given in the annex tables of FY15 and FY16 work programs.

Customs administrations often act as agents for other government departments in the clearance of goods and are dependent on the efficiency of the departments in the trade facilitation process. Nonetheless, customs is the agency that is usually measured in a country's trade facilitation performance, albeit it is significantly reliant on the cooperation of other agencies.

Revenue Administration (Customs) Table 1. AFS Countries: World Economic Forum (WEF) and World Bank (WB) Rating of Customs

Country	WEF Burden of Customs Procedures (BCP) Ranking 2011/2012	WEF BCP Score 2011/2012 (1 - 7)	WEF ECA Ranking 2010 1/	WEF ECA Score 2011/2012 (1 - 7)	WEF Enabling Trade Report 2010 Customs Service Ranking	WEF Enabling Trade Report 2010 Customs services index (0 - 12)	WB DB TAB Ranking 2011 2/
Angola	140	2.7			110	3.3	166
Botswana	34	4.7	46				135
Comoros							
Lesotho	96	3.7	111		113	2.9	
Madagascar	115	3.4	121		116	2.5	
Mauritius	41	4.6	47		65	7.1	
Mozambique	95	3.7	98				
Namibia	71	4.1	95		110	3.3	
Seychelles							36
South Africa	62	4.2	28		21	9.5	
Swaziland	114	3.4					147
Zambia	68	4.1	66		60	7.2	
Zimbabwe	88	3.8	100		87	4.9	
Unweighted average	77	3.53	59.33		85.25	5.09	121

Revenue Administration (Customs) Table 1. AFS Countries: World Economic Forum (WEF) and World Bank (WB) Rating of Customs

Country	WEF Burden of Customs Procedures (BCP) Ranking 2012/2013	WEF BCP Score 2012/2013 (1 - 7)	WEF ECA Ranking 2012	WEF ECA Score 2012 (1 - 7)	WEF Enabling Trade Report 2012 Customs Service Ranking	WEF Enabling Trade Report 2012 Customs services index (0 - 12)	WB DB TAB Ranking June 2012
Angola			128				164
Botswana	54	4.4	34	4.7			146
Comoros							
Lesotho	110	3.4	123	2.8	113	2.9	
Madagascar	123	3.3	130		116	2.5	
Mauritius	40	4.6	55	4.4	65	7.1	
Mozambique	101	3.5	87				
Namibia	82	3.8	106	3.1	110	3.3	
Seychelles	50	4.4					33
South Africa	56	4.3	33	4.9	21	9.5	
Swaziland	135	3					141
Zambia	62	4.3	63	4.2	60	7.2	
Zimbabwe	111	3.4	98	3.4	87	4.9	
Unweighted average	84	3.85	86	4.0	82	5	121

Revenue Administration (Customs) Table 1. AFS Countries: World Economic Forum (WEF) and World Bank (WB) Rating of Customs

Country	WEF Burden of Customs Procedures (BCP) Ranking 2013/2014	WEF BCP Score 2013/2014 (1 - 7)	WEF Enabling Trade Report 2014 Customs Service Ranking	WEF Enabling Trade Report 2014 Customs services index (0 - 1)	WB DB TAB Ranking June 2013
Angola	146	2.2	107	0.27	169
Botswana	65	4.2			145
Comoros					146
Lesotho	95	3.7			144
Madagascar	100	3.5	88	0.44	
Mauritius	44	4.6			12
Mozambique	107	3.4			131
Namibia	73	4			141
Seychelles	59	4.2			29
South Africa	52	4.3	49	0.65	
Swaziland	137	3			127
Zambia	57	4.3			163
Zimbabwe	132	3.1		1.36	167
Unweighted average	89	4	81	0.45	120.5

Sources: WEF and WB.

1/ Efficiency of Customs Administration pillar of the Global Enabling Trade Report.

2/ Index of trading across borders (ease of doing indicators of the WB).

Revenue Administration (Customs) Table 1. AFS Countries: World Economic Forum (WEF) and World Bank (WB) Rating of Customs

Country	WEF Burden of Customs Procedures (BCP) Ranking 2014/2014	WEF BCP Score 2014/2015 (1 - 7)	WEF Enabling Trade Report 2014 Customs Service Ranking	WEF Enabling Trade Report 2014 Customs services index (0 - 1)	WB DB TAB Ranking June 2014
Angola	143	1.8	107	0.27	167
Botswana	60	4.2			157
Comoros					144
Lesotho	107	3.4			147
Madagascar	114	3.4	88	0.44	109
Mauritius	38	4.7			17
Mozambique	104	3.5			129
Namibia	64	4.1			136
Seychelles	75	3.8			42
South Africa	62	4.1	49	0.65	100
Swaziland	102	3.5			127
Zambia	59	4.2			177
Zimbabwe	133	3		1.36	180
Unweighted average	89	4	81	0.45	125.5

Revenue Administration (Customs) Table 2. AFS Countries: Customs Benchmarking - Based on situation prevailing in 2010

Country	Baseline		FY 2016 Status		Baseline		FY 2016 Status		Baseline		FY 2016 Status	
	Post Control Audit				Risk Based Selection				AEO/Preferred Trader Scheme			
Angola		Yes	Yes		Yes	Yes			Yes	Yes		
Botswana		Yes	Yes		Yes - partially	Yes			No	No		
Comoros		No	Yes		Yes - partially	Yes			No	No		
Lesotho		No	Yes		No	Yes			No	No		
Madagascar		Yes	Yes		Yes - partially	Yes			No	No		
Mauritius		Yes	Yes		Yes	Yes			Yes	Yes		
Mozambique		Yes	Yes		Yes - partially	Yes			Yes	Yes		
Namibia		No	Yes		No	Yes			No	No		
Seychelles		No	Yes		No	Yes			No	No		
South Africa		Yes	Yes		Yes	Yes			Yes	Yes		
Swaziland		No	Yes		No	Yes			No	No		
Zambia		Yes	Yes		Yes	Yes			No	Yes		
Zimbabwe		Yes	Yes		Yes - partially	Yes			No	Yes		

Sources: AFS country authorities.

Country	Baseline										Baseline	
	WEF Burden of Customs Procedures (BCP) Ranking 2011/2012	WEF Burden of Customs Procedures (BCP) Ranking 2015/16	WEF BCP Score 2011/2012 (1 - 7)	WEF Burden of Customs Procedures (BCP) Score 2014/2015	WEF ECA Ranking 2010 1/	WEF ECA Score 2011/2012 (1 - 7)	WEF Enabling Trade Report 2010 Customs Service Ranking	WEF Enabling Trade Report 2014 Customs Service Ranking	WEF Enabling Trade Report 2010 Customs services index (0 - 12)	WEF Enabling Trade Report 2014 Customs services index (0 - 1)	WB DB TAB Ranking 2011 2/	WB DB TAB Ranking 2015
Angola			2.7	1.8			110	107	3.3	0.27	166	181
Botswana	34	58	4.7	4.2	46						135	51
Comoros												80
Lesotho	96	110	3.7	3.4	111		113		2.9			36
Madagascar	115	130	3.4	3.4	121		116	88	2.5	0.44		125
Mauritius	41	32	4.6	4.7	47		65		7.1			66
Mozambique	95	106	3.7	3.5	98							129
Namibia	71	81	4.1	4.1	95		110					118
Seychelles				3.8							36	86
South Africa	62	71	4.2	4.1	28		21	49	9.5	0.65		130
Swaziland			3.4	3.5							147	30
Zambia	68	81	4.1	4.2	66		60		7.2			152
Zimbabwe	88	132	3.8	3.0	100		87		4.9			100
Unweighted average	74	89	3.53	3.64	59.33		85.25		5.09	0.45	121	99

ANNEX IV. AFRITAC South Strategic Logical Framework				
Financial Sector Supervision				
3 Achieve higher level of compliance with international standards in the area of financial sector supervision and promote regional harmonization and greater cross-border cooperation among supervisors				
Topic Outcomes	Verifiable Indicators FY 2017 1/	Baseline for INDICATORS	Progress towards outcomes by end FY17	Specific Risks (and mitigation)
1. Higher level of compliance with the Basel Core Principles for Effective Banking Supervision (BCP) 2/	1.1 Botswana, Mozambique, and Swaziland will have improved their compliance with BCP based on compliance assessment documented in FSAP reports and /or independent evaluation by 1.2 Mauritius and Zimbabwe will have an updated crisis resolution framework.	see Table on Financial Sector Supervision Indicators	1.1 Achieved or likely to be achieved : Botswana Mozambique and Swaziland 1.2 Achieved or likely to be achieved: Mauritius [for Zimbabwe, HQ will now lead this activity]	During the course of implementation some of these risks have materialized, in particular, 1. Absence of sufficient ownership and commitment of reform measures by some country authorities. 2. Changing priorities by the authorities 3. Spillover effect of the global financial crisis which persisted 4. Political conditions in some member countries which constrained the implementation. 5. The Banking Laws in Many countries do not include provisions for crisis resolution and deposit insurance. Mitigations measures: BCP compliance assessment and the consequential amendments to statutes/regulations. The risk was also 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. Tailoring work programs to the absorption capacity levels, conducting outreach with stakeholders and integrating the activities with the resource allocation plan and earmarking some reserves to plan for contingencies.
2. Higher levels of compliance with the Basel I Capital Adequacy Framework, including requirement for capital charge for market risk and for some middle income countries, with the Basel II or III Capital Adequacy Framework	2.1 All countries will issue regulation on capital charge on market risk 2.2 All countries will comply with Basel I standards 2.3 Mozambique, Namibia, and Zambia will implement Basel II Standards. Lesotho, Seychelles and Swaziland will implement certain elements of Basel II. Mauritius, Namibia, and Zambia will implement elements of Basel III as appropriate for their banking systems.	see Table on Financial Sector Supervision Indicators	2.1 Achieved by all countries, except Madagascar and Comoros 2.2 Achieved for all countries 2.3 Achieved for Basel II for all targetted countries. Partially achieved or likely to be partially achieved for Basel III for the targetted countries.	
3. Implementation of / improvement in risk based supervision(RBS) frameworks, with clear onsite and off site supervisory methodologies and risk assessment criteria	3.1 Comoros will implement RBS 3.2 Lesotho, Swaziland, and Seychelles will improve/ rationalize their RBS frameworks	see Table on Financial Sector Supervision Indicators	3.1 Partially achieved or likely to be partially achieved 3.2 Achieved or likely to be achieved: All targeted countries	
4. Adoption of macroprudential approach to supervision and systemic risk assessment framework 3/	4.1 Macroprudential overlay of Basel III: Mauritius, Namibia, and Zambia	No country has yet established macroprudential approach	4.1 Partially achieved or likely to be partially achieved for the targetted countries plus Angola	
5. Greater cross-border communication and cooperation among the supervisory authorities in the region, as a way to foster regional financial stability	5.1 An increased number of countries having presence of cross-border banks sign bilateral memoranda of understanding (MoUs) with parent jurisdictions 5.2 Seminar on regional issues	see Table on Financial Sector Supervision Indicators	5.1 Achieved 5.2 Achieved	
Needs assessment/diagnostic	1. Needs assessment /diagnostic: Angola, Seychelles and Zimbabwe		Achieved or likely to be achieved: Seychelles and Zimbabwe implemented. [Angola planned diagnostics has been replaced by TA on macroprudential planned in FY16 at the request of authorities].	

1/ Information on milestones is given in the annex tables of FY16 and FY17 work programs.

2/ The objective will need to take into account the substantially-revised Basel Core Principles issued in September 2012.

3/ This objective assumes close cooperation between the research department and bank supervisors.

Table: Financial Sector Supervision, Baseline Indicators, 2010-11

Member Country	Higher level of compliance with Basel Core Principles	Higher level of compliance with Basel capital adequacy standards	Implementation of /improvement in risk based supervision framework	Adoption of macroprudential approach to supervision and systemic risk assessment framework	Greater cross border communication and cooperation
Angola	*	Most of their current regulations are based on Basel accord. Will be assessed in the first AFS mission	Implemented , needs enhancement	**	MoU signed with Bank of Mauritius
Botswana	*	Basel I implemented. Basel II under implementation	Under implementation. Draft framework in place	**	MoU with RBZ and Bank of Botswana signed
Comoros	*	Basel I implemented, needs improvement including issue of market risk regulation.	Not implemented	**	Mou signed with Bank of Tanzania
Lesotho	As per the last AFS mission number of principles need to be complied with.	Basel I implemented , needs enhancement, especially market risk regulation	Implemented , needs enhancement	**	MoU with SARB signed
Madagascar	*	To be ascertained	To be ascertained	**	to be ascertained
Mauritius	*	Basel I and II implemented. Basel III under implementation.	Implemented	**	MoUs signed with SARB, and Reserve Bank of Zimbabwe (RBZ), Central Bank of Seychelles, Kenya and draft MoU with Malawi prepared
Mozambique	As per the last FSAP Mozambique has not complied with 8 principles out of which 6 are relevant to the medium term objectives of AFS	Basel I implemented. Basel II under implementation	Under implementation	**	MoUs signed with SARB, Bank of Mauritius, and Reserve Bank of Zimbabwe (RBZ)
Namibia	*	Basel I implemented. Basel II implemented.	Implemented	**	MoU signed with Southern African Reserve Bank and Bank of Botswana
Seychelles	*	Basel I implemented, needs improvement, especially market risk regulation	Under implementation	**	MoU signed with Bank of Mauritius
Swaziland	As per the last AFS mission number of principles need to be complied with.	Basel I implemented	Under implementation	**	MoU signed with South African Reserve Bank
Zambia	As per the last FSAP Zambia has complied with all the principles.	Basel I implemented, needs improvement especially in market risk regulation. Basel II under implementation	Under implementation	**	MoUs signed with Bank of Mauritius and RBZ
Zimbabwe	*	Implemented	Implemented	**	MoUs signed with Bank of Botswana, Bank of Zambia, Bank of Malawi, Bank of Tanzania,
South Africa	*	Implemented	Implemented	**	MoUs signed with Lesotho, Mozambique, Mauritius, Namibia, and Swaziland

Sources: AFS country authorities.

*/ During the first mission of AFS on BCP compliance a list will be drawn and agreed with the authorities indicating the areas where improvement through AFS technical assistance will be sought to be achieved.

**/ To be established

ANNEX IV. AFRITAC South Strategic Logical Framework				
Real Sector Statistics				
4 Bring member countries closer to compliance with international standards for the compilation of national accounts and price statistics				
Topic Outcomes	Progress towards Expected Outcomes by end FY17	Baseline for INDICATORS(4)	Progress towards outcomes by end FY17	Specific Risks (and mitigation)
1. Compilation and dissemination of annual and quarterly national accounts following international standards	Reporting annual national accounts on timely basis in all countries, following the SNA 1993 and introduction of some basic methodological requirements of 2008 SNA in the last updated benchmark year (Mauritius, South Africa, Lesotho, Zambia, Swaziland, and Mozambique)	Ten of twelve countries do not meet internationally required basic methodological standard: two of all twelve countries applying SNA 1993, partially use also SNA 68 for compilation of some segments of national accounts (see STA Indicators, columns 1 and 2); in seven countries the benchmark year is more than 10 years old, other three countries do not update their benchmark year within the recommended five-year intervals (see Real Sector Statistics Table, column 4)	Achieved in all countries [lack of information regarding Comoros]	<u>Insufficient human resources and high staff turnover</u> (regional seminars and workshops, country workshops and extensive hands-on training provided by missions; participation of secondments in TA missions; better involvement of the staff in the project work; better technical documentation of the project work); <u>Shortage of financial resources and budget constraints</u> (more efficient use of the administrative data for statistical purposes); <u>lack of commitment from the authorities to support statistical developments</u> . (meetings with high-level officials during missions to highlight the importance of quality statistics for good policy making; IMF high-level conference in Ghana in February 2016 on enhanced data for better macro-policies).
	Reporting quarterly national accounts on a timely basis in at least six AFS countries: Botswana (2), Lesotho, Mauritius (1), Seychelles, South Africa (1), and Zambia	Three of twelve countries produce and disseminate quarterly GDP estimates by production and expenditure approaches on timely basis according to IMF SDDS requirements(see Real Sector Statistics Table, columns 6 - 9)	Achieved or likely to be achieved for six countries: Botswana, Madagascar (by fy17), Mauritius, Seychelles, South-Africa, and Zambia	
	Regularly updated (on annual basis)-inventory of sources and compilation methods for all AFS countries	Six of twelve countries have updated inventories of sources and compilation methods (see Real Sector Statistics Table, column 3)	Achieved in all countries [lack of information regarding Comoros]	
2. Improved accuracy of price statistics	Regularly updated (3) CPI in all AFS countries	Six of twelve countries regularly update (3) CPI (see STA Indicators, column 10); three countries produce CPI which is representative for the entire territory (see Real Sector Statistics Table, column 11)	Achieved	
	Regularly updated (3)/developed producer price index (PPI) in at least four AFS countries: Mauritius (1), South Africa (1), Seychelles, and Zambia	Two of twelve countries regularly produce PPI (see Real Sector Statistics Table, column 12)	Achieved. At least five countries compile and publish a PPI	
	Regularly updated (on annual basis)-inventory of sources and compilation methods for all AFS countries	Seven of twelve countries have updated inventories of sources and compilation method (see Real Sector Statistics Table, column 13)	Achieved in most countries [lack of information regarding Comoros]	

* including seminars

(1) Country which has already met the requirement.

(2) Quality issues still exist.

(3) Including new weights, commodities, outlets/production entities.

(4) Countries' self assessment, updates could be made upon the missions' evaluations. Excluding Madagascar.

(5) Information on milestones is given in the annex tables of FY15 and FY16 work programs.

Real Sector Statistics Table: AFS Countries: Indicators, Survey Results, February 2012 (countries' self assessment*)

	Annual national accounts, GDP					Quarterly GDP				Price statistics			
	Methodological basis			Benchmark year	Updated and published description of sources and methods	Production approach		Expenditure approach		CPI		Regularly produced/ updated PPI	Updated and published description of sources and methods
	SNA 1968	SNA 1993	Started introduction of 2008 SNA			current prices	constant prices	current prices	constant prices	year of last updated weights	entire geographic coverage		
	1	2	3			4	5	6	7	8	9		
Angola	-	X	-	2002	-	-	-	-	-	2009	-	-	-
Botswana**	X	X	X	1994	X	X	X	X	X	2006	-	-	X
Comoros*	.	.	-	.	-	-	-	-	-	.	-	-	-
Lesotho	-	X	X	2004	X	-	-	-	-	2003	-	-	X
Madagascar	X		-	1984						2000	X		
Mozambique	-	X	X	2003	X	-	X	-	-	2010	-	-	X
Mauritius	-	X	X	2007	X	X	X	X	X	2007	X	X	X
Namibia	-	X	-	2004	-	-	X	-	-	2001	-	-	-
Swaziland	-	X	-	1985	-	-	-	-	-	2001	-	-	-
Seychelles	-	X	-	.	X			-	-	2007	X	X	X
South Africa	-	X	X	2009	-	X	X	X	X	2008	-	X	X
Zambia	-	X	X	1994	X	-	-	-	-	2003	X	-	X
Zimbabwe*	X	X	-	1990	-	-	-	-	-	1995	-	-	-
Number of countries	3	11	6		6	3	5	3	3		4	3	7

* Non-responded countries, assessment based on GDDS metadata and IMF data base

** Quality issues still exist, as the quarterly GDP estimates are not benchmarked to annual accounts

Sources: Country authorities and GDDS.

ANNEX IV. AFRITAC South Strategic Logical Framework				
Macroeconomic Training				
5 Strengthen capacity in macroeconomic analysis				
Topic Outcomes	Verifiable Indicators FY 2017	Baseline for Indicators, CY 2010 or CY 2011	Progress towards outcomes by end FY17	General Risks/Assumptions (and mitigation)
Improved capacity in macroeconomic analysis	1.1 Organize at least 2 courses on macroeconomic issues annually over the remaining part of the funding cycle and achieve an average improvement in scores of 20 percent.	1 seminar was conducted in FY 2012; scores improved by 50 percent	Achieved	Risks: availability of qualified officials. Mitigation measures: advance scheduling and posting of course materials.
	1.2 Organize one peer-to-peer learning event annually over the remaining part of the funding cycle			

Monetary Policy Framework Operations				
6 Improve member countries' framework for monetary policy, strengthen operational instruments, and develop money markets with the objective of enhancing implementation of monetary and exchange rate policies				
Topic Outcomes	Verifiable Indicators FY 2017 1/	Baseline for INDICATORS	Progress towards outcomes by end FY17	Specific Risks (and mitigation)
1. Coherent approach to monetary policy formulation	1. Consistent monetary policy objectives and targets in 7 more countries	Improvements are targeted in Botswana, Madagascar, Mauritius, Mozambique, Seychelles, Zambia, and Zimbabwe.	Achieved or likely to be achieved: Botswana, Madagascar, Mauritius, Seychelles Zambia, and Zimbabwe. Partially achieved or Partially likely to be achieved: Mozambique	During the course of implementation some of these risks have materialised, in particular, 1. in some cases it was hard to establish cooperation of the authorities in terms of the responsiveness to advice. 2. in some cases the cooperation of players in various markets constrained implementation. 3. For forecast accuracy, data quality remains an issue in some countries. 4. Delays in funding commitments led to delivery of TA starting in FY14. In addition, the gap between outcoming and incoming LTXs for reason outside AFS control was prolonged.
2. A firm grasp of the monetary transmission mechanism	2. Existence of a credible inflation forecasting model in 7 more countries	Improvements are targeted in Angola, Botswana, Mauritius, Mozambique, Seychelles, South Africa, and Zambia	Achieved or likely to be achieved: Botswana, Mauritius, Mozambique, South Africa, Zambia (without AFS TA), Partially achieved or Partially likely to be achieved: Angola and Seychelles [Note: some progress in Madagascar]	
3. Appropriate instruments for monetary operations	3. An improved mix of instruments that can be used to achieve operating targets in 6 more countries	Improvements are targeted in Angola, Lesotho, Madagascar, Mozambique, Seychelles, and Zambia	Achieved or likely to be achieved: Seychelles, Madagascar, and Angola Partially achieved or Partially likely to be achieved: Lesotho [Note: Mozambique and Zambia have made progress without AFS ta]	
4. Deeper and more efficient primary and secondary money markets	4. Appropriate guidelines for the efficient operation of primary and secondary money markets in place in 4 more countries	Improvements are targeted in Angola, Madagascar, Seychelles, and Zambia.	Partially achieved or Partially likely to be achieved: Madagascar, Seychelles [Note: Zambia has made improvements without AFS TA]	