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**HIGHLIGHTS**

AFS delivered over 40 remote capacity development (CD) missions during the quarter to help our partner organizations (revenue agencies, central banks, ministries of finance, etc.) respond to the pandemic and help countries contain its impact. In support of fiscal institutions, the center continued CD on business continuity plans to ensure authorities maintain revenue systems during lockdowns and effectively manage tax audits, and tax compliance and risks. Support to central banks focused on implementation of the newly developed Supervisory Review and Evaluation Process (SREP), cybersecurity, and on training on digital payments and forecasting and policy analysis system (FPAS). Collaboration on regional agendas included support on harmonizing customs code with the Common Market for Eastern and Southern Africa (COMESA) and on the preparatory steps for the organization with the Southern African Development Community (SADC) of a forthcoming high-level Conference on Illicit Trade.

The region’s economic outlook remains dim. The recent cyclones (Batsirai and Emnati) that hit the Indian Ocean and

some south-east Africa countries have further aggravated economic woes from the COVID-19 pandemic, especially for fragile countries. These climate events continue to remind us of the necessity to move even faster on CD support on climate change, digitalization, and governance to boost countries’ agility and resilience. The risk of more adverse climate events and the possible spillovers of the Russia-Ukraine tensions, including through higher energy prices, heighten further uncertainties facing the region.

This bulletin highlights the center’s activities through the quarter ending January 2022 and includes an analytical corner.

**EXECUTION OF THE FY22 CD PLAN**

**Customs Administration**  
*Philip Wood*



**Regional:** AFS facilitated a series of workshops with representatives from the Southern African Development Community (SADC) and stakeholders from throughout the southern Africa region. The meetings discussed options for the design of an illicit trade conference to be delivered in partnership with the Africa Training Institute and SADC in August 2022.

**Comoros:** A joint mission by AFS and the Legal Department of the IMF (LEG) provided support to modernize the customs legislative framework through the drafting of new clauses and regulations.

**Eswatini:** A mission further strengthened the capacity to monitor and control the collection of excise duties. The mission worked with the Eswatini Revenue Service to assess the status of the previously agreed activity plan and the progress with the implementation of the pilot program for the official and trader schemes of control. The mission also provided CD support with the review and implementation of draft excise regulations and evaluation of the annual audit plan.

**Madagascar:** A mission aimed at building the capacity of customs to implement and comply with the requirements of the World Trade Organization (WTO) customs valuation agreement. The mission delivered a workshop on customs valuation matters, focusing on good practice standards that meet the WTO requirements of the customs valuation agreement. An action plan was prepared detailing activities to be completed, responsibilities, and timelines for the implementation of procedures that are in accordance with good practice standards.

**Madagascar, Namibia, and Angola:** A series of missions assisted the authorities to put in place the necessary systems and processes to protect staff and taxpayers while maintaining the operation of the revenue system during a crisis such as that presented by COVID-19. The various missions worked to finalize the terms of reference for proposed Emergency



Management Business Continuity committees; reviewed and finalized draft business continuity plans (BCPs) for selected pilot services; and established procedures for the testing of BCPs and disaster recovery plans.

**Madagascar:** A joint AFS and LEG mission team supported customs to draft amendments to the customs code. The amendments aim to harmonize the existing Malagasy customs code with the customs code of the Customs Common Market for Eastern and Southern Africa (COMESA). The customs legal committee was also assisted to identify the regulations that should be drafted to support the implementation of the customs code. Assistance was provided to draft a new regulation to address existing gaps in the legislation governing the administrative operation of customs free zones.

**Namibia:** A mission assessed the implementation of the customs risk management action plan and progress made with the review of selectivity criteria, development of new profiles, and the operation of the risk management committee.

**Seychelles:** A mission supported the Seychelles Revenue Commission with the conduct of a review of standard operating procedures. Work was completed with the design of a project to standardize all procedures across the customs division. CD support was also provided with the analysis of the outcomes from the second phase of the project to automate customs processing procedures. Full implementation is due to be completed at the airport in early 2022, with a further pilot being undertaken at the Seaport in the second quarter of 2022.

**Zimbabwe:** A mission assisted the Zimbabwe revenue Authority (ZIMRA) with the expansion of the risk management unit and the implementation of a national intelligence strategy.

**Zambia and Zimbabwe:** Missions were completed to support ZIMRA and the Zambia Revenue Authority (ZRA) to conduct reviews of the recently completed data matching projects



## Tax Administration

*Raphael Kamoto*

**Angola:** An AFS mission assessed the overall progress of the Angola revenue administration strategy implementation programs established in 2019 and recommended adjustments. The mission also delivered a workshop to the Strategic Planning Unit on key milestones for 2022,

**Botswana:** A FAD-led mission reviewed the Tax Administration Diagnostic Assessment Tool (TADAT) findings and supported the development of an action plan to address identified weaknesses. The mission focused on: an updated reform strategy; the Botswana Unified Revenue Service organization and its culture; information and communications technology and security; and taxpayer service and outreach (including stakeholder relations and compliance management).

**Botswana:** AFS continued with its 3-part mission to enhance the skills of large taxpayer auditors through a hands-on support on financial institutions audits, as well as assisting in deciding objections arising from such audits. This mission has been performed remotely, in 3 specific time blocks over a 12-month period (13 February 2021 to 13 February 2022)

**Comoros:** A mission strengthened the capacity of the tax administration to enhance compliance management of the large and medium-sized taxpayers. The mission assessed the progress on implementing previous recommendations and provided guidance to overcome implementation challenges; guided the administration to exploit the results of cross matching of internal and external data to increase the number of taxpayers and improve audit yield; and conducted a workshop to provide practical guidance and training to staff on how to reduce tax arrears.

**Madagascar:** AFS provided support to strengthen the capacity to enhance compliance management with focus on data analysis. The mission evaluated the level of implementation of the measures recommended by the July 2021 mission and proposed corrective measures; assessed the level of voluntary filing of VAT declarations by large and medium-sized companies, analyzed VAT declaration data to detect risks, and proposed measures to mitigate those risks. The mission also assisted in the processing and cross-matching of internal and external data for the 2017, 2018, 2019, 2020 financial years.

**Namibia:** AFS supported a remote FAD capacity development mission which took stock of progress in establishing the Namibia Revenue Agency (NamRA) and advised on modernization initiatives for the medium-term. NamRa's progress was reviewed through different lenses: (i) the institution itself and its governance; (ii) the current state of the core businesses of customs and tax administration and plans for improvements; and (iii) work achieved and underway to build critical corporate support systems.

**Zimbabwe:** A mission provided support to further enhance audit and verification programs towards improving accuracy of reporting. Forty-seven auditors attended hands-on training that equipped them with modern audit skills



**Public Financial Management (PFM)**  
*Moulay El Omari, Robert Clifton, and Camilo Gomez Osorio*

**Regional Course:** AFS continued to support work on gender. In January 2022 AFS resident advisor supported the course on Gender Equality and Macroeconomics jointly organized by the IMF’ Fiscal Affairs Department, Africa Training Institute, and UN Women.

**Angola:** A mission supported the Ministry of Finance on the Medium-Term Expenditure Framework (MTEF) –in particular to develop the bottom-up approach, drafting guidelines on the methodology and processes to gather information from the ministries, and ensuring consistency with the MTEF overall ceilings.

**Comoro:** In response to a request from the Ministry of Finance a mission provided support on improving the management of the wage bill. The mission analyzed the composition of public employment and the wage bill; assessed the different stages of payroll management (budgeting, execution, and control); and provided specific wage bill piloting tools adapted to the capacities and IT systems of Comoros.

**Mauritius:** A mission provided CD to review the pilot of enhanced pre-appraisal processes and delivered training to assess project investment intention proposals that have been received as part of the pilot.

**Mauritius:** A mission to support implementation of an accrual accounting framework consistent with International Public Sector Accounting Standards (i) took stock of the progress made on the 2016-roadmap; reviewed, for the first time, the financial statements of the Rodrigues Regional Assembly; provided the necessary advice on the financial statement consolidation process, and on auditing financial statements and value for money procedures; reviewed the legal framework and advised on the necessary amendments; and reviewed the Treasury Accounting System, including the secondary ledger.

**Zimbabwe:** A mission assessed the shortcomings in the accounting and reporting environment including systems, processes, and human resource capacity that currently constrain the production of reliable and timely statutory reporting. The experts held a series of exploratory discussions with the relevant stakeholders, facilitated a workshop, and assisted in preparing a roadmap to address the key issues.

**Regional Workshop:** An FAD-led joint ATI/AFS/AFE workshop focused on the second of two modules in the Fiscal Risks Management in Low- and Middle-Income Countries course. The aim was to support government officials from the Sub-Saharan Africa region to prepare macro-fiscal scenarios. The training focused on (i) the new FAD Pandemic and Disaster Module of the Fiscal Stress Test (FST) and (ii) the assessment of the implications of these scenarios for wider fiscal risks. The workshop also provided training on how these scenarios can support fiscal risk analysis and budget preparation during a crisis.



**Real Sector Statistics**  
*Donna Grman and Elka Atanasova*



**Angola:** A mission on prices analyzed the data Analysis of data collection procedures.

**Botswana:** a follow-up mission on producer price index (PPI) reviewed the progress to date implementing recommendations from the October 2020 mission and the progress on the development of the imputed rent weights in the CPI.

**Eswatini:** AFS assisted the statistics office to design improvements to the compilation and dissemination of the consumer price index (CPI) and review the weights of the PPI.

**Mauritius:** A mission continued to assist Statistics Mauritius to develop sectoral financial accounts and financial balance sheets.

**Namibia:** A mission assisted with the development of the quarterly national accounts (QNA) by expenditure and review improvements to the QNA by production.

**Seychelles:** AFS assisted the authorities to backcast the rebased national accounts which were disseminated in October 2021 and with updating and improving the PPI.

**Zambia:** AFS assist the Zambia Statistics Agency (Zamstats) with the development and dissemination of a PPI. The mission reviewed the weights, the price collection questionnaire and developed appropriate compilation methods.

## Feedback from Participants



The lectures on national accounts improve knowledge of national accountants. It gives an overview of national accounts so that the attendees know what the starting point and the final product are. Moreover, it provides elements of macroeconomic analysis. Those analyses can be used to enhance credibility and visibility of the results. The lessons about satellite accounts and non-observed economy were particularly helpful for the compilation of national accounts. In less developed countries, due to lack of financial resources, coverage's issues can emerge.

**Ms. Ramonjamanana Riana Navalona, Head of Economic climate and dashboard service  
National Institute of Statistics, Madagascar**

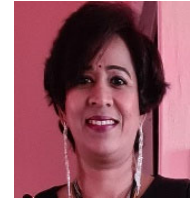
The very concept of National Accounts is new to me as I have recently joined the National Account Unit at Statistics Mauritius. Though in theory, I am aware of the concepts of National Accounts, it is different when actually applying the general principles. Having been selected for the webinar on the basics of National Accounts is a great opportunity for me to learn and get a better idea of how to measure the economic activity of my country. The knowledge acquired through the webinar will help me shoulder my colleagues in the compilation and dissemination of the relevant data using the SNA 2008 framework at Statistics Mauritius.

The SNA 2008 framework shows in numeric terms an overview of how the economy of a country is operating and changing over time. As the lecturers cover all the important and main concepts of the National Accounts, it will help me to apply them for the compilation of the National Account data. For example, understanding the production account, the supply and use table, the theory of backcasting, and the Fisher Volume Index will now give me confidence in disseminating data. The webinar session was indeed very informative and relevant to my job

Concerning Mauritius, the country already started the compilation of National Accounts based on the 2008 SNA in 2016. Since June 2016, National Accounts data are produced according to the new concepts and definitions. Historical series from the year 2006 have been reworked according to the 2008 SNA.

Finally, I forward my thanks to the IMF, AFRITAC South and East, the lecturers and all stakeholders for having made this webinar possible and successful with the hope to have more webinar sessions in the future

**Ms. Papiah Sattyabhamah, Senior Statistical Officer  
Statistics Mauritius.**



## Financial Market Infrastructure and Fintech Anrich Dasean

**Regional Webinar:** AFS, jointly with Monetary and Capital Markets Department (MCM) and the Legal Department (LEG) delivered a webinar on '**Follow the Money: Regulatory and policy perspectives on digital payments**' with focus on: (i) overview of digital payment methods and trends; (ii) fintech and bigtech in payments (iii) current state of central bank digital currency (CBDC) developments; (iv) operational resilience in digital payments (v) key considerations for developing regulatory, supervisory and oversight frameworks for digital payments; (vi) legal and regulatory considerations for CBDC; and (vii) panel discussion on the policy choices and trade-offs of digital money.



## Banking Regulation and Supervision By Benjamin Stefanou



**Angola:** AFS assisted the Banco Nacional de Angola (BNA) to implement its newly developed Supervisory Review and Evaluation Process (SREP) framework by providing hands-on and practical training on undertaking SREP assessments and guidance for BNA supervisors as they start the SREP implementation.

**Namibia:** A mission assisted the Bank of Namibia to enhance its off-site analysis, risk rating, and supervisory action planning process by providing practical training sessions on enhancing off-site financial analysis and reporting; enhancing supervisory assessment of banks' ICAAPs; and developing and using a risk rating methodology.

**Mozambique and Zimbabwe:** Bilateral follow-up missions as part of the AFS/MCM Cyber Risk Regulation and Supervision Capacity Development Initiative were undertaken with Mozambique and Zimbabwe to reform regulations on cybersecurity by reviewing the regulations and conducting feedback sessions with supervisors.



**Monetary Policy Operations**  
**By Marin Molosag**



**Seychelles:** In response to a request from the Central Bank of Seychelles (CBS) a first part of a virtual technical assistance (TA) mission assisted the CBS with: (i) strengthening the effective implementation of monetary policy, including FX policy; (ii) developing of the interbank market to enhance the monetary policy transmission, and (iii) evaluate the possible further TA.

**Comoros:** In response to a request from the Central Bank of the Comoros (BCC), a remote technical assistance (TA) mission assisted the BCC with the preparation of a strategy to reform its monetary policy implementation framework and set up an Emergency Liquidity Assistance (ELA) framework.

**Regional Workshop:** A virtual five-day peer-to-peer workshop brought together all the Sub-Saharan African (SSA) central banks having received CD support from the Fund on Forecasting and Policy Analysis System (FPAS). The objective was to share the experience in modernizing their monetary policy frameworks. The workshop provided a unique opportunity to learn from peers across SSA. The workshop facilitated for the new FPAS users a broader network and a chance to compare progress, lessons learned, challenges faced, tools developed, and recommendations provided.



**TA REPORTS ISSUED – November 2021- January 2022**

The table below shows additional reports transmitted to authorities during the period November 2021—January 2022. TA reports are available to member country and donor representatives through IMF’s Partners Connect portal. For more information, please contact Mr. Doorgesh Chundungsing ([DChundungsing@imf.org](mailto:DChundungsing@imf.org)).

Country	TA Report
Mauritius	Cybersecurity Regulation Review
Botswana	Basel III Liquidity Standards – Impact Assessment
Namibia	Risk Based Supervision- Offsite Analysis
Lesotho	Coordinated Border Management and Authorized Economic Operator
Seychelles	Post Clearance Audit
Angola	Internal Audit Phase III
Zimbabwe	Coordinated Border Management
Seychelles	Customs Entry Procedure
Zambia	Data Matching
Zimbabwe	Risk Management and Intelligence
Madagascar	Business Continuity Planning – (Phase I)
Seychelles	Asset and Liability Management
Seychelles	Report on the National Accounts mission
Lesotho	Report on the National Accounts Mission
Zambia	Report on the National Accounts mission
Angola	Report on the National Accounts mission
Botswana	Report on the National Accounts mission
Comoros	Rapport sur les comptes Nationaux
Botswana	Report on the Price Statistics Mission
Namibia	Report on National Accounts Mission
Botswana	Implementation of Selfassessment by all Taxpayers
Comoros	Building Capacity in the Insurance Sector
Eswatini	Building Capacity in the Insurance Sector
Namibia	Audit and verification Techniques to Improve Compliance and Accuracy of Reporting
Seychelles	Audit and verification Techniques to Improve Compliance and Accuracy of Reporting
Madagascar	Taxpayer Services
Zimbabwe	Strengthening the Audit Capacity of ZIMRA to Ensure Accuracy of Reporting

The table below provides the CD activities, including webinars, planned during the period November 2021 – January 2022.

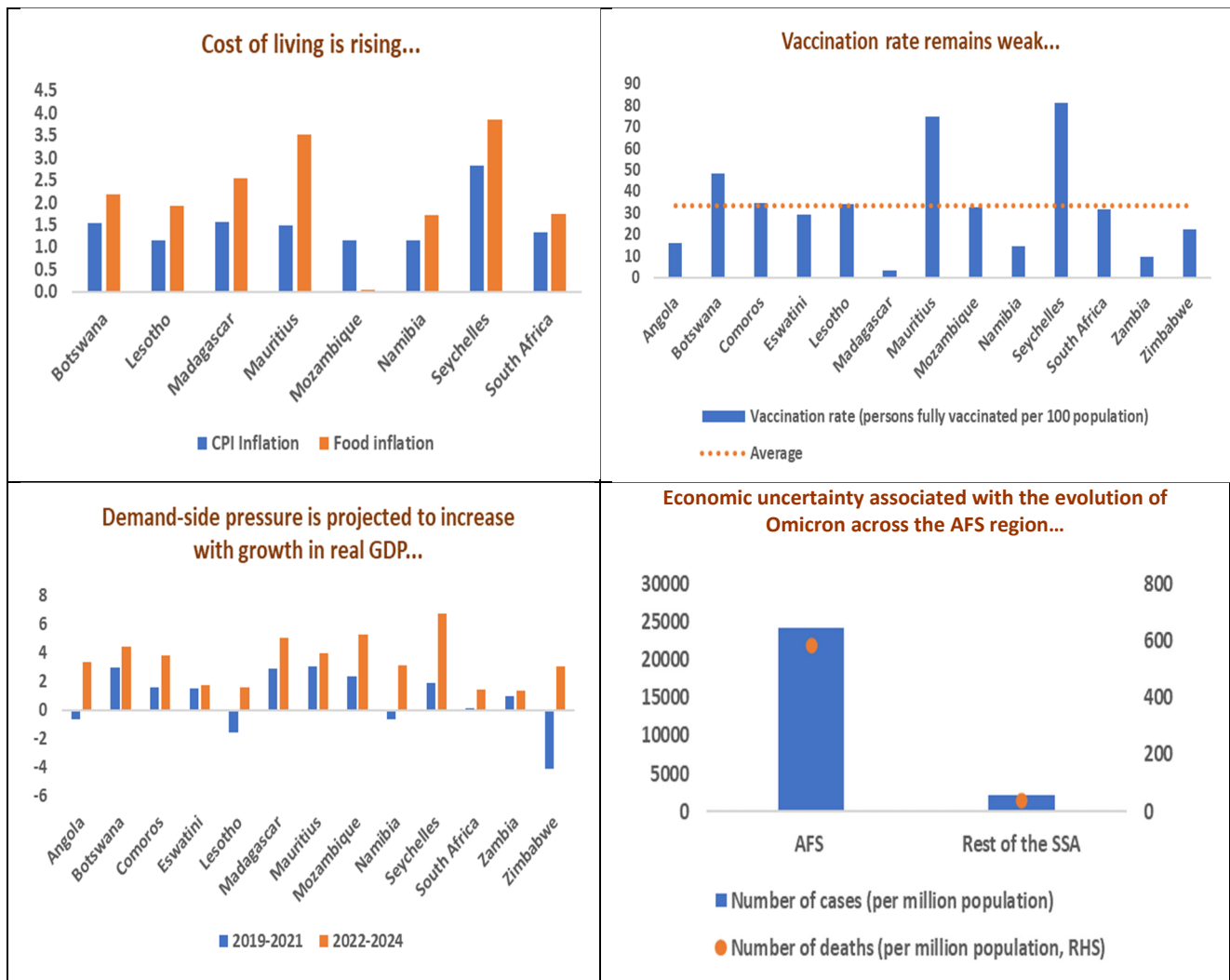
Country	CD Activity
<b>AFS Courses</b>	
Regional	Financial Development and Financial Inclusion
Regional	Nowcasting
Regional	Macroeconomic Management in Resource-Rich Countries
Regional	Model-Based Monetary Policy Analysis and Forecasting
Regional	Inclusive Growth
<b>Banking Supervision and Regulation</b>	
Angola	Basel II/III - SREP Implementation
Botswana	Cyber Risk Regulation and Supervision Capacity Development Initiative
Botswana	Liquidity risk regulatory reform - Review of draft LCR NSFR regulation
Comoros	Basel II/III Reform Implementation - Regulation Development
Comoros	Supervision Reform - Prudential Reporting
Lesotho	Risk-based Supervision Framework Enhancement
Madagascar	Basel II/III Reform
Mauritius	Finalization of Cyber Security Regulation
Mozambique	Cyber Risk Regulation and Supervision Capacity Development Initiative
Namibia	Cyber Risk Regulation and Supervision Capacity Development Initiative
Regional	Corporate Governance - SADC
Regional	Cyber Risk Regulation and Supervision
Seychelles	Risk-based Supervision Framework Enhancement - incorporate Pilar 2
Zambia	Cyber Risk Regulation
Zimbabwe	Cyber Risk Regulation
<b>Customs Administration</b>	
Regional	CCCDI - Regional Seminar on Business Continuity and Disaster Recovery Planning
Angola	Business Continuity Plan - CCCDI (Phase 2)
Botswana	Risk Management (Phase 1)
Botswana	Customs Valuation (Phase 2)
Comoros	Post Control Audit (Phase 1)
Comoros	Legal
Madagascar	Post Control Audit (Phase 1)
Madagascar	RM and Intelligence (Phase 1)
Madagascar	Business Continuity Plan - CCCDI (Phase 2)
Mauritius	Intelligence
Namibia	Business Continuity Plan - CCCDI (Phase 2)
Seychelles	Business Continuity Plan- CCCDI
Zimbabwe	Customs Valuation
<b>Financial Market Infrastructure and Payments</b>	
Regional	Financial Market Infrastructures: Principles and Concepts (course with ATI)
Angola	NPS Diagnostic
Mozambique	Review of National Payment System Law
Zimbabwe	Oversight of Mobile Money
<b>Public Financial Management</b>	
Regional	Regional Workshop: Fiscal Reporting and Transparency
Regional	Expenditure Reprioritization for Recovery
Angola	Arrears Prevention and Cash Management
Angola	AFS mission on MTEF Medium Term Expenditure Framework
Botswana	Post Disaster PFM Review
Comoros	PFM - Institutions
Eswatini	Medium Term Fiscal Framework
Lesotho	Medium Term Fiscal Framework
Madagascar	Wage Bill Management

Country	CD Activity
Madagascar	Public Investment Management Manual
Madagascar	Cash Management
Madagascar	Asset Management
Mauritius	Public Investment Management
Mozambique	Medium Term Fiscal Framework
Namibia	Review of PFM Legal Framework
Seychelles	IFMIS
South Africa	Hybrid Zero-based Budgeting
Zimbabwe	Public Investment Management
<b>Monetary Policy Operations</b>	
Regional	Evolving Monetary Policy Frameworks in SSA
Regional	Regional Course: Monetary Policy Framework and Operations
Regional	Model-Based Monetary Policy Analysis and Forecasting
Angola	Monetary Policy Implementation LTX
Botswana	FPAS
Eswatini	ELA
Madagascar	FX Operations
Madagascar	Interbank Market Development
Mauritius	FX Operations
<b>Real Sector Statistics</b>	
Regional	Workshop on Prices
Regional	Workshop on National Accounts
Angola	Improvement of GDP Volume and Price Measurement
Comoros	Update CPI
Eswatini	Rebasing ANA and Improving QNA
Lesotho	Rebasing ANA and Improving QNA
Madagascar	GDP-Process Tables
Mauritius	Development of Sectoral QFA and Financial Balance Sheets
Mozambique	Rebasing ANA
Zambia	Rebasing NA
<b>Tax Administration</b>	
Regional	Develop COVID-response Plan (Madagascar and Comoros)
Regional	Implement COVID Response Plan (Madagascar and Comoros)
Angola	Value Added Tax
Botswana	Leadership Development
Botswana	Organizational Structure
Comoros	SIGIT implementation
Comoros	SIGIT implementation
Eswatini	Insurance
Lesotho	Debt recovery
Lesotho	CRM
Madagascar	CRM data Analysis (2)
Madagascar	CRM Data Analysis (3)
Madagascar	Post TADAT - Strategic Reform
Mauritius	Advanced Analytics
Namibia	Strategy
Namibia	Strategy Implementation
Seychelles	Compliance Improvement Plan
Seychelles	Foreign Account Tax Compliance Act ( <b>FATCA</b> )
Zimbabwe	Debt Recovery

## ANALYTICAL CORNER

Global inflation is increasing. The AFS region has not been spared. Cost of living has been rising, hitting particularly hard the purchasing power of poorer households in member countries. The major driver of inflation has been food prices, which accounts for approximately 40 percent of the consumption basket in the region, and a much greater proportion of the consumption basket of poorer households. The surge in food prices is attributed to a combination of domestic factors (climate change events) and external factors (exchange rate, rising oil prices, high freight costs, supply disruptions and export restrictions by food exporters). With the projected gradual reduction in the region's output gap during 2022-24, demand is expected to pick up and fuel inflationary pressures. Hardening global monetary and financial conditions will increase to these pressures. AFS will remain vigilant to authorities' demand for support on price measurements, including high frequency indicators to help them formulate policy responses in a timely fashion. Governments are likely to need support on enhancing transparency and accountability of social safety nets.

The economic outlook of AFS members remains further clouded by the unpredictability of the Omicron variant. Vaccination rates remain low on average, with wide differences within the region and between the region and advanced countries. As eloquently said by the IMF's First Deputy Managing Director, Gita Gopinath, in favor of better vaccination rates: *The pandemic is not over anywhere until it is over everywhere.*



Sources: IMF WEO October 2021, IMF Consumer Price Index Datasets, WHO Coronavirus (COVID-19) Dashboard.  
Prepared by Ashwin Madhou.



## STAFF ANNOUNCEMENT



AFS welcomes **Ms. Trish Chiinze** and **Mr. Yves De Santis** as the new PFM and Tax Administration advisor respectively. Ms. Chiinze joined AFS in January 2022. She is a Zimbabwean national with 17 years of experience. She worked at the Reserve Bank of Zimbabwe and the Ministry of Finance and has been actively involved in the national budgeting processes, including macro-fiscal forecasting, formulation of national budget, monitoring budget implementation and macro-fiscal analysis. Recently she has



been providing training on IMF-developed Tools for fiscal risk analysis. Ms. Chiinze is replacing **Mr. Camilo Gomez Osorio** who has joined the FAD. The center thanks Mr. Camilo for his excellent contribution and wish him good continuation at the Fund.



**Mr. Yves De Santis** joined AFS in December 2021. He is a French national with over 28 years of experience in the revenue administration area both as practitioner and advisor. During the past ten years he has been Project Manager for CD programs in Revenue Administration, at the IMF Fiscal Affairs Department, working collaboratively with tax authorities, various technical assistance providers, and donors on capacity development priorities, as well as providing direct TA to countries in Africa, Middle East, and Western Hemisphere regions.

