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FY 2017 ANNUAL REPORT

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AFRITAC South

REGIONAL TECHNICAL ASSISTANCE CENTER FOR SOUTHERN AFRICA—AFRITAC SOUTH (AFS)

International Monetary Fund

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Foreword of Ms. Lonkhululeko Magagula, Chairperson of the AFS Steering Committee

Through end-April 2017 AFS continued to support member countries to better address macroeconomic challenges and drive reform programs. The achievements realized in critical areas attest to the high relevance of the AFS capacity development (CD) program for moving forward domestic reforms and making progress on global and regional objectives. The AFS work program, as highlighted in this annual report and the program document for 2017-22, strongly supports countries working towards the sustainable development goals (SDGs) and regional integration.

At the March 2017 Steering Committee (SC) meeting, member countries agreed on the need for sustaining ongoing AFS CD initiatives to further build economic resilience and to reinvigorate growth. Additional resources agreed for the AFS work program will help countries to better address macroeconomic challenges such as revenue mobilization, expenditure rationalization, natural resource management, monetary and financial deepening and financial stability, and upgrading the quality of statistics.

AFS has innovated in CD delivery by allowing greater scope for efficiency gains while ensuring effectiveness and relevance of its interventions. The increasing number of professional attachments, the growing participation of AFS experts in regional events, and joint seminars with regional partners now complement AFS technical assistance. The introduction of the IMF-wide results-based management (RBM) framework will pave the way to a more coordinated approach to the delivery of CD activities at both the planning and managing levels. Strong ownership of the country logframes already circulated by the center to member countries remain critical for that purpose.

Progress on regional integration remains key for helping to ensure stability and sustained growth in the region. The AFS work program remains strongly linked to the strategic objectives set by regional organizations. The growing engagement of the center with SADC and COMESA and increased collaboration with key institutions such as the Africa Tax Administration Forum (ATAF), Collaborative African Budget Reform Initiative (CABRI), Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), Committee of Central Bank Governors (CCBG), and Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) has helped further align the center's work with regional harmonization and integration priorities. Ensuring the effectiveness of AFS interventions and a successful implementation of CD plans, however, rests on the strong engagement of all partners.

The participation of all 13 member countries and many development partners in the 2017 SC meeting reaffirmed the commitment of all stakeholders to the center. I would like to thank AFS for fast-tracking implementation of the March 2017 decisions which have largely been implemented within a short time span. The revised program document for phase II and RBM country logframes, which have been circulated to the SC, should help expedite the full funding of phase II (2017-22). I ask SC members to coordinate and work closely with the center and their respective authorities for an early completion of the fundraising process to ensure a seamless delivery of CD activities as planned in phase II.

Key Messages of Ms. Effie Psalida, Center Coordinator

Through FY17 capacity development (CD) initiatives aimed at strengthening economic institutions and empowering officials in the region continued to facilitate implementation of major reform plans and harmonization/integration programs with regional partners. FY17 has been another year with good realizations on several fronts. The Program Document for phase II, circulated in May 2017, and this report highlight the key milestones and outcomes achieved and the emerging CD needs. Most of the key milestones and outcomes have been met and independent assessments by development partners continued to assess favorably the center's CD interventions.

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

As highlighted in the Program Document for AFS's phase II, CD efforts will help advance work towards meeting the Sustainable Development Goals (SDGs) and the Financing for Development (FfD) agenda. Maintaining the current level of CD delivery, however, depends largely on the early conclusion of funding arrangements for the new phase. Discussions with key development partners are on good track with some US$48 million in contributions and pledges made by end May 2017. The remainder is expected to be covered by contributions from other key donors with whom advanced discussions are under way and from contributions of member countries. AFS has approached member countries for a final endorsement of the doubling of contributions and an early disbursement to signal ownership and ensure a smooth transition to phase II. Frontloading of planned disbursements by donors would also support this.

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

With recent innovations in the International Monetary Fund (IMF)'s CD delivery, we expect even stronger breakthroughs in phase II: such innovations include the introduction of the new IMF-wide results-based management (RBM) framework and the expansion of online courses, which are free to all public sector officials.

List of Abbreviations

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

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Key Recommendations Endorsed by the AFS Steering Committee in March 2017

At its March 30-31, 2017 meeting, the SC endorsed a number of recommendations to help implement the priorities for phase II, fast-track CD interventions, and make further efficiency gains. These included:

- the FY18 work plan with a marginally increased volume of CD activities;
- the recruitment of an additional statistics advisor;
- the harmonization of donor logframes with the new IMF-wide RBM framework;
- an extension by one year of the AFS RBM advisor's term;
- an extension of phase I (financial) by three months;
- doubling the amount of member country contributions; and
- early pledges/disbursements for phase II by donors and member countries.

The center has circulated the following in response to proposals made during the SC meeting:

- the RBM country logframes to the authorities;
- a matrix on AFS CD to support regional harmonization to SADC and COMESA; and
- a revised program document to stakeholders.

Section 2

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

1. The execution of the AFS FY17 work plan was at the 100 percent mark. The improved performance relative to FY16 (Figure 1) is mainly explained by carryovers from FY16 (mostly in the areas of public financial management (PFM) and monetary operations), additional demand-driven seminars and peer learning activities, and a full-year TA in the new area of financial market infrastructure and payments. The increase is also explained by increased traction in several countries, including Angola, Botswana, Comoros, Mauritius, Seychelles, Swaziland, and Zambia (Figure 2).

3. IMF online courses in the core macroeconomic areas—led by the Institute for Capacity Development (ICD)—are a critical complement of AFS CD interventions. In FY17 over 1250 officials from sub-Saharan Africa (SSA) gained through free IMF online courses and almost 700 through face-to-face AFS seminars and courses. Country authorities are encouraged to increase the participation of officials, especially in the online courses.

Figure 1. AFS CD delivery, FY12-FY17

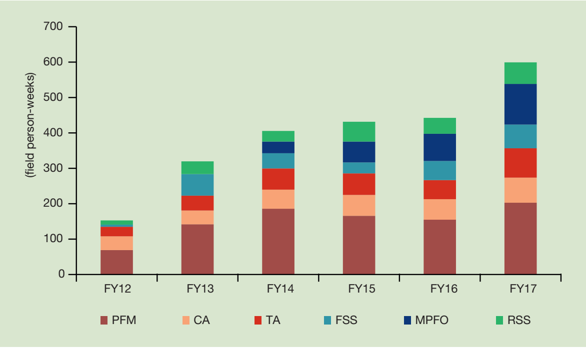
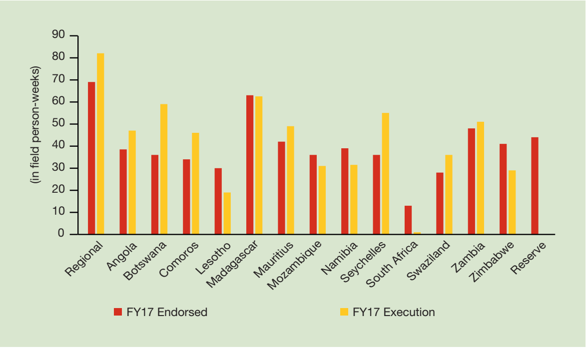


Figure 2. FY17 endorsed and updated plan, by country



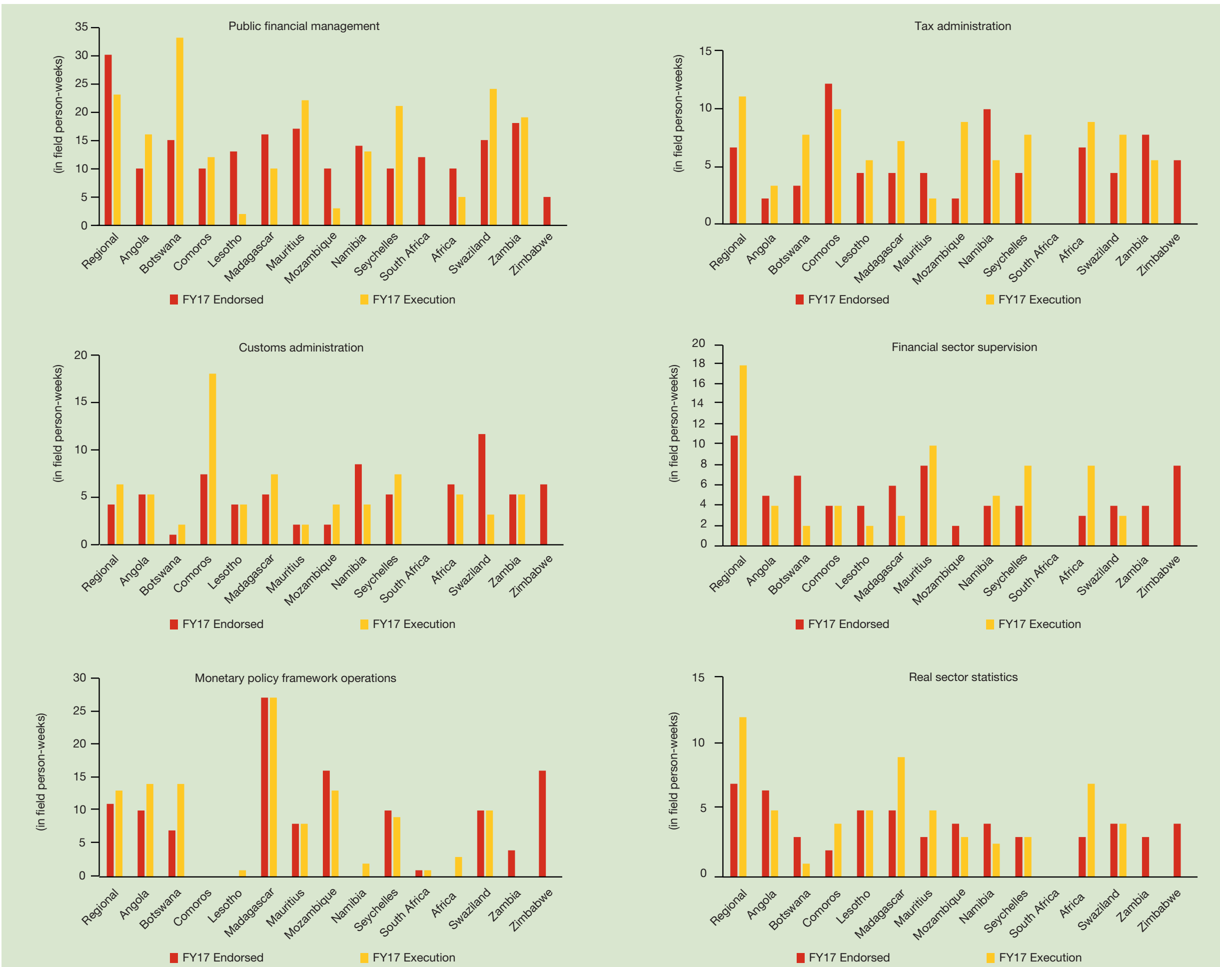
2. Additional CD activities, which support harmonization and integration initiatives of regional partners, were accommodated in the FY17 program, the bulk of which addresses training needs for ensuring TA effectiveness and implementing regional commitments undertaken by members.[1] AFS accommodated three new seminars, namely 'International Financial Reporting Standards', 'Seasonal Adjustments in National Accounts', and 'Macroeconomic Management in resource Rich Countries' – the latter being a joint AFS/AFRITAC Central seminar delivered in French. Twenty-three seminars and courses complemented by professional attachments, tailored in-country workshops, and remote mentoring in FY17 are expected to have further empowered officials and agencies to better execute domestic reform programs (Annex 1). About 14 percent of AFS FY17 resources went to such regional initiatives.

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

5. Despite the challenges, almost a quarter of AFS CD resources went to countries facing fragile conditions (Comoros, Madagascar, and Zimbabwe) to implement key reforms and improve

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

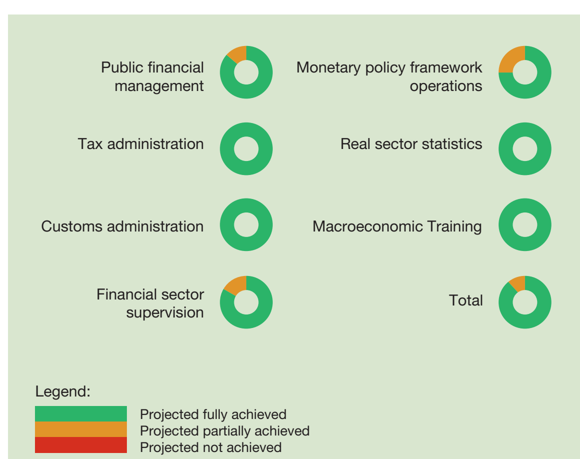
Figure 3. FY17 endorsed and execution, by country and by CD area



macroeconomic conditions. The special needs of these countries include tailored hands-on training and professional attachments. AFS works closely with key agencies in the region to ensure regular hosting of officials under the professional attachment program. Early planning and prioritization of training requirements by the authorities will help AFS organize professional attachments with host countries.

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

Figure 4. Progress on phase I outcomes



Source: AFS Staff

Section 3

Overview of FY18 work plan

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

8. The volume of CD support is expected to increase further in FY18, including the recruitment of an additional advisor in statistics. Depending on the finalization of the funding agreements with donors and member countries, the AFS CD program will increase further in the outer years of phase II. The center plans to deliver some 680 field-person-weeks of CD support, of which over 11 percent will be directed towards regional activities including seminars, courses, and peer-to-peer learning (Table 1). This volume of CD support is broadly consistent with the number of resident advisors in place and possible headquarters-led AFS funded interventions in the region.

9. The resource allocation across countries remains broadly in line with CD priorities. The distribution of TA across countries however differs slightly given the different levels of agencies' absorption capacity, the degree of ownership at the political and/or senior management level, and the type of TA. The country allocation will be reviewed during the year in light of progress in implementation. AFS has allowed for about 40 weeks of reserves for such purposes, including for additional TA needs of countries facing fragile conditions. AFS will circulate an updated work plan for FY18 in early August 2017 incorporating updates from country authorities on country logframes. The country logframes circulated in April 2017 will serve as a basis for future discussions between AFS advisors and country authorities on TA priorities for the year and for the medium-term.

Table 1. FY18 Allocation of resources, in field-person-weeks

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

1/ Includes seminars, courses, and peer learning activities - professional attachments, participations of resident advisors in regional workshops and conferences, and participation of member country officials in select AFS TA missions.

2/ Reserves will support new requests from countries (especially countries with good implementation records and those with special needs) and regional organizations in line with AFS CD strategy for phase II and will cover possible Legal TA.

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

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

Risks to AFS CD delivery and their mitigation

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

Member-countries related:

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

Donor-partner related:

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

Non-donor partner related:

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

Other factors

- No major exogenous shocks
- No major security issues

13. Risks that materialize from the factors noted above could delay the realization of key milestones and outcomes as verified by measurable indicators. To mitigate risks AFS will (i) continue to hold effective consultations with all relevant stakeholders to ensure CD interventions are in line with absorption capacity levels of agencies and strongly linked to the reform priorities of countries;[3] (ii) conduct extensive outreach with donors and development partners in the region; (iii) accommodate changes in priorities and new emerging CD needs for the region from reserves earmarked for such purposes; and (iv) utilize all available fora, such as regional seminars, workshops, and conferences, to assess emerging CD needs.

AFS fiscal program

Public financial management

14. The AFS CD program for phase II will:

- progressively adapt to emerging needs and challenges (e.g. socio-economic, political, and technological) affecting the PFM task environment;
- respond, in a contextually appropriate manner, to the evolving PFM principles and standards (e.g. legislative, fiscal forecasting, medium-term

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

3 In April 2017 AFS circulated to AFS member countries the Results Based Management (RBM) Individual Country Logframes for review. A separate CD coordination matrix was circulated to the Secretariats of SADC and COMESA to further strengthen cooperation with these organizations on regional activities.

budgeting, budget formulation, fiscal transparency, accounting, and fiscal reporting) being promulgated and recommended by international standard setting bodies for effective PFM;

- enhance the operational efficiency of recurrent and investment expenditure management frameworks (e.g. commitment and cash management, expenditure control, in-year reporting, arrears prevention, and debt management); and
- support skills development through training (in-country and regional), sharing of good practice, and peer learning, including professional attachments – all of which are essential to further develop PFM capacity of countries in the region.

15. **In FY18 PFM TA resources will focus on strengthening fiscal laws and institutions** [Angola, Comoros, Lesotho, Mozambique, Swaziland, and Zimbabwe], improving budget preparation [All countries], budget execution [Angola, Comoros, Madagascar, Mauritius, Mozambique, Zambia, and Zimbabwe], budget controls [Angola, Madagascar, Mozambique, and Zimbabwe], fiscal reporting [Angola, Botswana, Comoros, Mauritius, Mozambique, Namibia, Seychelles, and Swaziland], assets and liability management framework [Mauritius], and management of fiscal risks [Botswana, Comoros, Mauritius, Namibia, Seychelles, Swaziland, Zambia, and Zimbabwe] (Table 2).

PFM-specific risks and mitigation

16. The commitment to work towards improving public expenditure and financial accountability (PEFA) indicators and having in place a well defined action plan will help countries address weaknesses in the PFM area.

Box 1. AFS as a Catalyst in Public Financial Management

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

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

The context: budget reforms had stagnated.

The story

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

In Zambia, AFS played an independent role in FY17 by reviewing a pilot output budgeting reform process, supported by development partners, which provided an opportunity to horizontally join different components of the government's PFM reform program.

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

The story

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

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

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

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

Revenue administration - Tax and Customs

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

- assist tax administrations to have in place more efficient and effective structures through further segmentation of the taxpayer population and put in place effective regimes for various taxpayer segments;
- support countries to improve performance of their core and key support functions through training staff, developing tools of the trade in the functions, and improving managerial control and decision making through rigorous performance measurement and management across the tax administration;
- develop countries' capacity to implement reforms by establishing capable reform design and implementation units, developing necessary reform implementation skills, and improving coordination with regional bodies on TA provision;
- implement efficient and effective processes to improve compliance levels and reduce the cost of compliance to taxpayers and to tax administrations;
- assist countries to further build capacity in customs administration to improve compliance and trade facilitation based on the FAD and AFS diagnostics and platforms developed during phase I, including addressing core challenges still outstanding, e.g., risk-based interventions, post clearance audit, classification, valuation, and origin;
- support countries to progressively adapt to any emerging (socio-economic, political and technological) needs and challenges in customs administration, e.g., implementing the WTO Bali Trade Facilitation Agreement and regional integration (COMESA, SADC, SACU);
- help countries make further progress on commitments taken with regional organizations for facilitating trade and investment; and
- continue with skills development through mentoring, training, sharing of good practices, peer to peer learning, and professional attachment.

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

19. **In FY18 tax revenue administration TA will focus on adopting and institutionalizing reform strategies and strategic management frameworks** [Mozambique and Namibia], enhancing organizational arrangements to enable more effective delivery of strategy and reforms [Angola, Botswana, Comoros, Madagascar, Mozambique, Namibia, and Swaziland], legally establishing tax administrative procedures [Botswana], adopting more

independent, accessible, effective, and timely dispute resolution mechanisms [Zambia], making a larger proportion of taxpayers meet their filing obligations as required by law [Angola, Comoros, and Lesotho], making a larger proportion of taxpayers meet their payment obligations as required by law [Botswana, Comoros, Madagascar, Mozambique, Seychelles, and Zimbabwe], and developing audit and other verification programs to more effectively ensure reporting accuracy [Comoros, Botswana, Lesotho, Madagascar, Namibia, Seychelles, Zambia, and Zimbabwe] (Table 3).

20. Significant potential remains for mobilizing additional revenue and reducing fiscal deficits through improved tax and customs administrations. TA will focus on establishing regular monitoring and reporting of performance indicators to enhance revenue and on ensuring that accurate and reliable taxpayer information is held in centralized databases. TA in this area (if effectively implemented) is also likely to help improve the investment climate and support diversification of the economy, especially for commodity-exporting countries.

Revenue administration-specific risks and mitigation

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

Table 3. AFS FY18 CD interventions for tax and customs administration and targeted beneficiaries

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

AFS Monetary and Financial Sector Development and Supervision Program

Financial sector supervision

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

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

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

Sector specific risks and mitigation

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

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

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

Monetary policy and monetary operations

25. In phase I TA on financial market infrastructures and payments was subsumed within the portfolio of Monetary Policy and Monetary Operations. A dedicated advisor was recruited for this area in FY16, and in phase II these activities will be reported separately.

26. The strategy for phase II will be to:

- consolidate the gains achieved and ensure the sustainability of modernizing monetary policy frameworks, including governance, modeling and inflation forecasting, policy analysis, and the communication capacity of central banks;
- strengthen monetary policy operations and liquidity forecasting for effective monetary policy implementation and liquidity management;
- improve the monetary transmission mechanism by developing the primary and secondary markets, including improving central banks' foreign exchange reserve management and intervention strategies;
- build capacity and assist in defining policy objectives and strategies to develop and reform the national payment systems; and
- provide guidance to enable the adoption of international best practices and standards.

Monetary policy and operations

27. In FY18 TA will focus on strengthening the capacity of the central bank to implement monetary policy effectively in the context of the given monetary policy regime, including forward-looking monetary policy frameworks, and to develop the interbank market to facilitate monetary policy transmission. This TA will include the enhancement of: liquidity forecasting frameworks; liquidity management operations;

operational instruments; operational strategies, and the collateral framework [Angola, Botswana, Madagascar, Mozambique, and Seychelles]. TA will also focus on improving the central bank's economic analysis and forecasting capabilities for the decision-making process tailored to the specific monetary policy and exchange rate regime [Botswana, Madagascar, Mauritius, Mozambique, Seychelles and Zambia], improving skills and capabilities to communicate monetary policy in a clear strategic and transparent manner using optimal tools and channels and thereby enhancing the central bank's accountability and credibility [Botswana, Madagascar, Mozambique, Seychelles and Zambia]. Finally, TA will focus on central bank governance, enhancing the decision-making capacity and internal organization by clarifying mandates and independence [Madagascar, and Zambia] (Table 5).

Sector specific risks and mitigation

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

Financial market infrastructures (FMIs) and payments

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

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

30. The FY18 program will focus on enhancing oversight capacity and achieving compliance with the international RM standards for FMIs: the CPSS-IOSCO Principles for financial market infrastructures (PFMI). The aim is to build proficiency to conduct assessments of the FMIs against the PFMI [Lesotho, Mozambique, Namibia, Seychelles, South Africa, and Zimbabwe] and assist in strengthening the legal and institutional frameworks for the national payments system [Botswana and Swaziland]. AFS TA efforts will also address recent e-money developments and encourage a risk-based approach to the oversight of retail payment systems and instruments [Zambia]. These TA initiatives are being coordinated with other TA providers such as MEFMI and the World Bank (Table 5).

Sector specific risks and mitigation

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

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

Box 2. AFS as a Catalyst for Regional Integration and Harmonization

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

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

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

Statistics Program—Real Sector Statistics

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

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

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

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

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

Sector specific risks and mitigation

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

Box 3. Progress Against Statistical Standards

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

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

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

Training

Training Priorities and Seminar plan

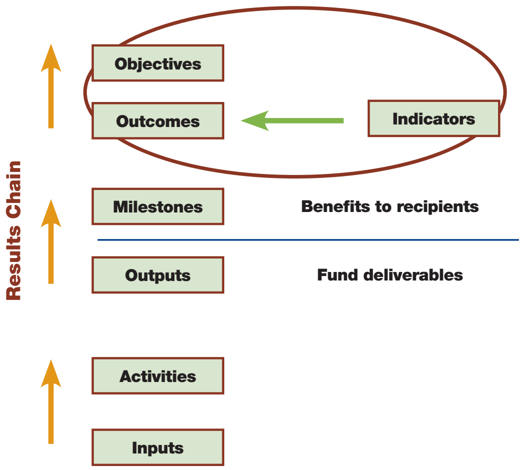
38. **In FY18 priorities will include: (i) focused workshop- and seminar-led hands-on training; (ii) additional peer-learning exposures; and (iii) remote mentoring by resident advisors.** The AFS FY18 plan includes seminars and workshops in the areas of domestic revenue mobilization, public expenditure management, debt management, banking supervision (including cross-border supervision), monetary operations, and national accounts and price statistics. In all, the center has plans to conduct 16 seminars, including some in collaboration with other AFRITACs, COMESA (in financial sector supervision), and SARB (in financial sector supervision and in national accounts statistics).

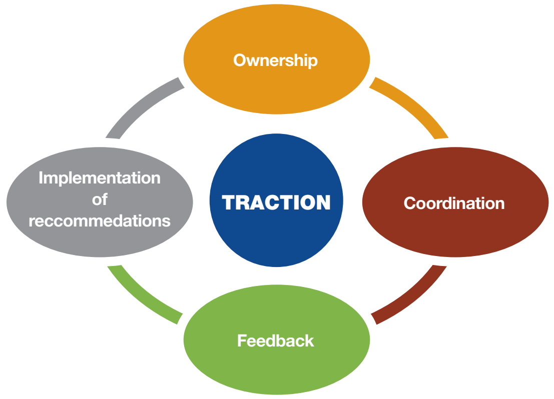
Macroeconomic Training (ICD)

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

Transition to the new results-based management (RBM) framework and CD-PORT

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





41. Transition to the new RBM framework is expected in FY18/19. During the transition, country authorities will become familiar with the system through interactions with AFS resident advisors and AFS advisors and staff will be trained in CD-PORT. As the IMF, including AFS, becomes familiar with the new RBM system, the parameters—objectives, outcomes, verifiable indicators with baselines, milestones, and outputs—will need continuous monitoring and updating while measuring performance against milestones and targeted outcomes. Revisions of weights will require significant efforts going forward.

AFS communications and outreach strategy

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

Steering committee and development partners

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

ATI, AFS, and other AFRITACs

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

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

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

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

Regional Organizations

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

Social media

47. Updates on AFS's CD initiatives are now accessible through Facebook, which by end-May 2017 had reached about 15,000 likes: https://www.facebook.com/AfritacSouth/. IMF CD initiatives more broadly, including those of other Regional Technical Assistance Centers (RTACs) are accessible through Twitter: https://twitter.com/IMFCapDev/ and Facebook: https://www.facebook.com/IMFCapacityDevelopment/. These platforms will continue to communicate joint achievements by publicizing the productive collaboration of member countries, the IMF, and development partners in RTACs, thus providing greater visibility to the contributions of partners and increasing broader awareness of IMF TA and training.

Budget and Financing for FY17 and FY18

Budget

48. **AFS expenses in FY17 reached $12.2 million—an increase of about 23 percent relative to FY16 (Table 7).** This is in line with the increase in volume of TA delivered and the number of seminars conducted in FY17 relative to FY16. This increase is partly due to the carryover of activities from FY16 as well as the addition of a full-year of TA in financial market infrastructure and payments. There has also been increased traction in several countries in the region.

49. **The operating balance at end-April 2017 amounted to about $2.4 million.** This is explained by several factors, including the difficulty to catch up with the original program which was mainly due to planning uncertainties and underfunding in the early years of the phase as well as security issues in some countries. The AFS SC agreed to extend phase I by three months to end-July 2017, which will allow utilization of the remaining balance, provide more time to raise needed funds for phase II, and help ensure continuity of the center's work program during the transition between phases.

50. **In line with current demand from AFS member countries and regional partners, the FY18 work plan provides for continuity in CD support.** AFS will marginally increase relative to FY17 the volume of CD delivery in field-person-weeks with an additional resident advisor in statistics; the full implementation of the payments and settlements work plan; and an additional year for the RBM advisor.

Fundraising

51. **As of end-May 2017, pledges to AFS phase I amounted to almost $54 million, excluding the IMF contribution of approximately $3.3 million** (Table 8). The total reflects funding from the European Union (EU-COMESA, EU-SADC, and EU-IOC regional funds plus the EU's Africa Caribbean and Pacific envelope), the United Kingdom, Mauritius (host country), Canada, Switzerland, Germany, Australia, the African Development Bank, the European Investment Bank, and Brazil. Member countries, including Angola, Botswana, Lesotho, Madagascar, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Zambia and Zimbabwe, have also made financial contributions.

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

53. **Contributions to the Center's budget are voluntary, but they are critical for securing the medium-term financial sustainability of the center, against the increasingly restricted ODA budgets of development partners.** Member country contributions demonstrate members' commitment and ownership of the center which in turn is an important signal that development partners take into consideration in their decisions to continue to support AFRITAC South. At the SC meeting member country representatives agreed to work with their respective authorities to double their contributions to $500,000 for phase II (Table 9). This figure is broadly in line with the average amount contributed by member countries in the other AFRITACs.[4] Higher contributions from members with larger financial capacity are welcome.

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

Table 7. AFS Budget

Project/Activity	Phase I (FY12-17) + 3 m	Phase II (FY18-22)"	FY17 (May'16-Apr'17)	(May'17-Jul'17)	FY17 + 3 months	FY18 (Aug 17-Apr 18)
	Revised Estimates	Budget	Outcome	Projected Expenses	Revised Estmates	Budget
Tax Administration	**4.8**	**4.7**	**1.0**	**0.2**	**1.2**	**0.7**
LTX, STX, and HQ Delivery 1/	4.5	4.5	1.0	0.2	1.1	0.7
Other 2/	0.3	0.2	0.1	0.0	0.1	0.0
Customs Administration	**4.7**	**4.5**	**0.9**	**0.2**	**1.1**	**0.7**
LTX, STX, and HQ Delivery 1/	4.6	4.3	0.9	0.2	1.1	0.7
Other 2/	0.1	0.2	0.0	0.0	0.0	0.0
Public Financial Management	**14.5**	**14.2**	**3.0**	**0.5**	**3.5**	**2.3**
LTX, STX, and HQ Delivery 1/	13.7	13.5	2.8	0.5	3.3	2.2
Other 2/	0.8	0.7	0.1	0.0	0.2	0.1
Financial Sector Supervision	**4.8**	**4.6**	**1.2**	**0.2**	**1.4**	**0.7**
LTX, STX, and HQ Delivery 1/	4.6	4.3	1.2	0.2	1.4	0.7
Other 2/	0.2	0.3	0.0	0.0	0.0	0.1
Monetary Policy / Monetary Operations	**3.1**	**4.7**	**0.9**	**0.1**	**1.1**	**0.8**
LTX, STX, and HQ Delivery 1/	2.9	4.4	0.9	0.1	1.0	0.7
Other 2/	0.2	0.3	0.0	0.0	0.0	0.1
Financial Market Infrastructure and Payments	**1.0**	**2.3**	**0.4**	**0.1**	**0.4**	**0.4**
LTX, STX, and HQ Delivery 1/	1.0	2.2	0.4	0.1	0.4	0.4
Other 2/	0.0	0.2	0.0	0.0	0.0	0.0
Real Sector Statistics	**3.9**	**7.2**	**0.9**	**0.1**	**1.0**	**1.3**
LTX, STX, and HQ Delivery 1/	3.5	6.8	0.8	0.1	0.9	1.2
Other 2/	0.4	0.5	0.1	0.0	0.1	0.1
Financial and Fiscal Law	**1.0**	**0.7**	**0.3**	**0.1**	**0.3**	**0.1**
STX and HQ Delivery 1/	1.0	0.7	0.3	0.1	0.3	0.1
Other 2/	0.0	0.0	0.0	0.0	0.0	0.0
Administration	**2.8**	**2.7**	**0.5**	**0.1**	**0.6**	**0.5**
Local_Staff	1.3	1.2	0.2	0.1	0.3	0.2
Lease_Utilities	1.4	1.3	0.2	0.1	0.3	0.2
Other	0.1	0.3	0.0	0.0	0.0	0.0
Governance	**0.9**	**0.8**	**0.2**	**0.0**	**0.2**	**0.1**
Regional Seminars, Workshops and Training 3/	**7.2**	**5.4**	**1.8**	**0.4**	**2.3**	**0.8**
Contingency	**0.0**	**1.0**	**0.0**	**0.0**	**0.0**	**0.2**
Trust Fund Management	**3.4**	**3.7**	**0.8**	**0.2**	**0.9**	**0.6**
IMF Contribution	**3.3**	**2.9**	**0.4**	**0.1**	**0.5**	**0.6**
Total	**55.5**	**59.4**	**12.2**	**2.4**	**14.6**	**9.7**

Source: IMF, ICD, Global Partnerships Division.

1/ Remuneration of short-term experts (STX), long-term experts (LTX), and headquarters-based staff (HQ) as applicable.

2/ Includes activities related to project management and backstopping.

3/ Includes activities related to peer-to-peer learning.

Table 8. AFS Phase I: Status of Financial Contributions (as of May 2017)				
	Pledged (in Contribution Currency)	Contribution Currency	Pledged (in US dollars)	Received (in US dollars)
Phase I - Signed Agreements				
Angola	0.25	*US Dollars*	0.25	0.25
AfDB	1.50	*US Dollars*	1.50	1.50
Australia	2.00	*US Dollars*	2.00	2.00
Botswana	0.25	*US Dollars*	0.25	0.25
Brazil	0.20	*US Dollars*	0.20	0.20
Canada	3.00	*Canadian Dollars*	3.12	3.12
EIB	0.75	*Euro*	1.02	1.02
EU (ACP)	4.00	*Euro*	5.42	4.17
EU (COMESA)	7.34	*Euro*	9.82	9.82
EU (SADC)	5.00	*Euro*	6.56	6.56
Germany (GIZ)	1.88	*Euro*	2.43	2.43
Germany (GIZ)	0.15	*Euro*	0.18	0.18
Lesotho	0.25	*US Dollars*	0.25	0.20
Mauritius	4.95	*US Dollars*	4.95	4.95
Madagascar	0.11	*US Dollars*	0.11	0.11
Mozambique	0.25	*US Dollars*	0.25	0.25
Namibia	0.25	*US Dollars*	0.25	0.25
Seychelles	0.25	*US Dollars*	0.25	0.25
South Africa	0.25	*US Dollars*	0.25	0.25
Swaziland	0.25	*US Dollars*	0.25	0.20
Switzerland (SECO)	3.00	*US Dollars*	3.00	3.00
UK/DFID	7.00	*British Pounds*	11.05	10.79
Zambia	0.25	*US Dollars*	0.25	0.13
Zimbabwe	0.25	*US Dollars*	0.25	0.25
Total*			**53.86**	**52.13**

* This table excludes IMF contribution of US$3.3 million.

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

	Pledged (in Contribution Currency)	Contribution Currency	Pledged (in US dollars)	Contributions Received (in US dollars)	Potential Pledges (in US dollars)	Expected/ Received Contributions (in US dollars)
Partners						
Australia	0.3	AUD	0.2	0.2		0.2
European Union 1/	20.0	EUR	21.5			21.5
Germany	3.0	EUR	3.2			3.2
Netherlands	1.0	EUR	1.1			1.1
Switzerland (SECO)	5.0	CHF	5.1	2.0		5.1
UK/DFID 1/	7.0	GBP	9.0			9.0
Subtotal			***40.1***	***2.3***		***40.1***
Members						
Angola					0.5	0.5
Botswana			0.5			0.5
Comoros					0.5	0.5
Lesotho					0.5	0.5
Mauritius			2.0			2.0
Madagascar			0.2			0.2
Mozambique			0.1	0.1	0.5	0.5
Namibia					0.5	0.5
Seychelles					0.5	0.5
South Africa					0.5	0.5
Swaziland					0.5	0.5
Zambia					0.5	0.5
Zimbabwe					0.5	0.5
Subtotal			***2.8***	***0.1***	***5.0***	***7.7***
GRAND TOTAL*			**42.8**	**2.3**	**5.0**	**47.8**

1/ These pledges are yet to be firmly agreed.

* Excluding IMF contribution of US$2.9 million.

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

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

Joint Seminars with other AFRITACS

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

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AFRITAC South is an IMF Initiative Supported by the Following Member Countries and Partners:

Angola

Botswana

Union of Comoros

Kingdom of Lesotho

Madagascar

Mauritius

Mozambique

Namibia

Seychelles

South Africa

Kingdom of Swaziland

Zambia

Zimbabwe

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