FOR AGENDA

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June 4, 2003

To: Members of the Executive Board

From: The Secretary

Subject: **Mauritius—Assessment of IMF Technical Assistance**

This paper provides background information to the staff report on the 2003 Article IV consultation discussions with Mauritius (SM/03/197, 6/4/03), which is tentatively scheduled for discussion on **Friday, June 27, 2003**. At the time of circulation of this paper to the Board, the Secretary's Department has not received a communication from the authorities of Mauritius indicating whether or not they consent to the Fund's publication of this paper; such communication may be received after the authorities have had an opportunity to read the paper.

Questions may be referred to Mr. C. McDonald (ext. 36893) and Mr. El-Masry (ext. 37240) in AFR, and Mrs. Liuksila, OTM (ext. 38768).

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MAURITIUS

Assessment of IMF Technical Assistance

Prepared by the African Department and the Office of Technical Assistance Management

(In consultation with the Fiscal Affairs, Monetary and Financial Systems, and Statistics Departments)

June 4, 2003

Contents

I. Purpose and Scope of the Assessment

1. At the Executive Board meeting in May 2002 to conclude the 2002 Article IV consultation with Mauritius, Directors expressed interest in an assessment of the effectiveness of the IMF's technical assistance (TA) to Mauritius over the past five years. In response, the African Department (AFR) and the Office of Technical Assistance Management (OTM) prepared this review, with contributions from the Fiscal Affairs (FAD), Monetary and Financial Systems (MFD), and Statistics (STA) Departments, and from the Mauritian authorities.

2. This review is a self-assessment conducted by IMF staff, with input from the authorities. As requested by Executive Directors, the review covers the period of fiscal years (FY) 1998-2002. The review assesses the effectiveness of the TA provided by focusing primarily on whether expected outputs derived from individual project objectives were achieved. The review was based on information provided by FAD, MFD, and STA on (i) the background to the TA request; (ii) the content and objectives of the TA provided; (iii) the outputs achieved; and (iv) assessment of the effectiveness of the TA. AFR provided views on how well the assistance was integrated with macroeconomic and capacity-building objectives that had been identified in the course of surveillance, and on the effectiveness of the TA. The authorities in each agency that had received the TA were asked to provide their input by completing questionnaires intended to capture their views on whether (i) the coverage of the assistance was adequate; (ii) the objectives were met; (iii) the assistance increased the knowledge and skills of local counterparts; (iv) the recipients' views were taken into account in formulating recommendations; and (v) adequate resources were provided by the authorities to implement the recommendations.

II. IMF Technical Assistance to Mauritius

A. Background

3. Over the past two decades, Mauritius has been one of the top economic performers in Africa, if not the world. During this period, real output growth averaged 5¾ percent; real per capita income more than doubled; social conditions improved; and income disparities narrowed. In addition, the country's high dependence on sugar exports for foreign exchange earnings has been significantly reduced, as the economic base has been diversified to include export-oriented manufacturing, tourism, and financial services. Mauritius last made use of IMF financial resources in 1986.

Need for technical assistance

4. Notwithstanding these achievements, Mauritius continued to face a number of challenges and, during the period under review, IMF surveillance focused on advising the authorities on how best to address these challenges. In the aftermath of the Asian crisis, there was heightened awareness in the international community of financial sector risks and of the potential vulnerability to external shocks of a small island economy such as Mauritius's. Against this backdrop, the Executive Board, at the conclusion of the 1999 and 2001 Article IV consultations with Mauritius, called on the authorities to strengthen prudential

regulations and banking supervision, especially since Mauritius had removed all capital controls in the mid-1990s and was thus more exposed to sudden and large swings in capital movements. The Executive Board also underscored the need for the authorities to reduce Mauritius's vulnerabilities to external shocks by strengthening its fiscal position, in particular by enhancing domestic taxation to offset a loss of revenue from the reduction in international trade taxes. The latter had been gradually reduced in line with IMF advice, and to honor international commitments, with the view to increase economic efficiency. Finally, against the background of the experience of the Mexican crisis of the mid-1990s, the Executive Board underscored the importance of comprehensive, timely, and reliable statistical data in Mauritius, not only to facilitate IMF surveillance but, more importantly, to better inform policymakers as well as domestic and international investors.

Areas of technical assistance

5. Consistent with the Executive Board's recommendations, during the period under review, the Mauritian authorities requested IMF TA, in the following three areas:

- **Tax policy and administration**, in order to reverse the country's waning tax buoyancy and ensure long-term fiscal viability;
- **Banking**, in order to strengthen the prudential regime and modernize the banking sector; and
- **Macroeconomic statistics**, in order to provide more reliable and timely data.

As the TA provided by the IMF was focused on its core areas of expertise, it was supplemented only in the financial sector by TA from the World Bank, especially in the areas of payments systems and debt management.

6. In the fiscal area, the IMF staff supported the authorities' request for TA in introducing a value-added tax (VAT) system to replace the former sales and hotel services taxes and to establish a revenue authority, contingent on a firm political commitment by the authorities to implement the needed tax reforms within a reasonable time frame. This commitment was provided in a statement to the National Assembly by the Minister of Finance in May 1997. A long-term IMF tax advisor was assigned to the Ministry of Finance in October 1997, and the VAT came into effect in September 1998, almost six months ahead of the original schedule. In the ensuing years, tax revenue from goods and services, mainly VAT, increased from about 6½ percent of GDP in 1997/98 to a projected 9½ percent of GDP

in 2002/03.[1] During the same period international trade taxes were reduced from about 6½ percent of GDP to about 4½ percent of GDP (see table below).

Mauritius: Tax Revenue, 1997/98-2002/03 [1]
(In percent of GDP)

	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03 Proj.
Tax revenue	16.7	16.9	18.1	16.1	15.7	17.7
Taxes on goods and services	6.4	7.5	8.3	7.6	7.9	9.4
Of which: value-added tax	2.9	4.4	5.0	4.7	5.1	6.7
Taxes on international trade	6.5	5.6	6.2	5.1	4.3	4.7
Other taxes	3.7	3.7	3.6	3.5	3.5	3.6

[1] Fiscal year from July to June.

7. In the area of banking, in early 1999, Mauritius was included as one of the pioneer cases in the MFD-led Financial Sector Surveillance exercise, which was a precursor to the current Financial Sector Assessment Program (FSAP). A financial surveillance mission in February 1999 highlighted the need for enhancing banking supervision and improving the operations of the securities and foreign exchange markets. In line with the recommendations of the financial surveillance mission, the Governor of the Bank of Mauritius wrote in April 1999 to the IMF Managing Director requesting IMF TA in banking supervision and monetary operations, including in the form of a general advisor for a period of 12-18 months. AFR supported the Governor's request for TA in banking supervision, but suggested that the recruitment of the general advisor be linked to enactment of pending legislation to enhance the central bank's autonomy and modernize the banking sector's legal framework. In a meeting between the Governor and the Managing Director in April 1999, the latter indicated his support for both requests. Subsequently, the program of about four annual peripatetic visits by a banking supervision expert was extended and a general advisor to the Governor was recruited for an initial period of one year, starting February 2000.[2]

8. In the area of statistics, the staff supported the authorities' efforts to meet the requirements for participation in the General Data Dissemination System (GDDS), with the objective of an eventual subscription to the Special Data Dissemination Standard (SDDS). Following implementation of well-targeted and effective TA by STA, the authorities

[1] The VAT was introduced at a rate of 10 percent in September 1998. The tax rate was subsequently increased to 12 percent effective July 2001, and to 15 percent effective July 2002.

[2] In February 2001, the general advisor's assignment was extended for a second year.

participated in the GDDS in September 2000. Since early 2001, the authorities have been compiling and reporting to the IMF, on a quarterly basis, balance of payments and government finance data. They are currently implementing STA recommendations to allow them to publish quarterly national accounts starting in 2004. In July 2001, STA conducted a Data Report on the Observance of Standards and Codes (ROSC), which identified a number of required improvements before Mauritius could subscribe to the SDDS.

Volume of technical assistance

9. During 1998-2002, Mauritius received 7.0 person-years of direct TA from the IMF, mainly to strengthen and modernize the financial sector (Table 1). Calculated on a standard-cost basis, this assistance cost approximately US$1.4 million. It represents time spent by staff and experts in the field but does not include time spent by staff overseeing the work of experts and administrative costs, as it was not possible to collect accurate data on such costs. In line with the IMF's policy on country contributions, the Mauritian authorities reimbursed the IMF US$60,000 to help defray the cost of the resident advisor for tax administration. The cost of the resident advisor to the Governor of the Bank of Mauritius (US$420,000 over two years) was financed by Japan through the Japan Administered Account for Selected Fund Activities.

10. As Table 1 indicates, Mauritius ranked 39th in terms of overall TA delivered to all countries during the period under review. The volume of TA provided to Mauritius was somewhat higher than the average for sub-Saharan African countries and significantly higher than the average for other middle-income countries. More than two-thirds of the TA provided to Mauritius was in the financial sector, as the authorities attached high priority to modernizing and strengthening this sector. Table 2 provides data on the amount of TA provided by FAD, MFD, and STA to the Africa region during this period. A tabular presentation of objectives, outcomes, and the direct cost of the TA provided appears in Tables 3, 4, and 5.

B. Fiscal Sector

11. During the period under review, the TA provided by FAD to Mauritius consisted of a resident advisor to help with the introduction of a VAT system and establishment of a revenue authority (October 1997- June 1999), and a mission (May 2001) to provide a diagnostic assessment of the structure of major taxes and to advise the authorities on further tax reforms and administrative improvements. The assistance was provided to address both short-term policy needs and longer-term structural issues affecting the revenue system.

12. The placement of the resident advisor originated from surveillance discussions between the authorities and AFR in 1996 about the need to take measures to correct the serious deterioration in the fiscal deficit. The deterioration mainly resulted from a reform of trade taxes (reflecting Mauritius's actions to meet international obligations to reduce tariffs) that led to a loss of revenue, and from an expansion in public sector investment. AFR strongly urged the authorities to take corrective measures, and, to this end, the authorities

requested TA from FAD. An FAD mission visited Mauritius in early 1997 and proposed institutional reforms, indicating that the introduction of a VAT and the establishment of a revenue authority were the most pressing needs. The mission also recommended that a tax advisor not be assigned until decisions had been taken to reorganize the Ministry of Finance and introduce a VAT. In the ensuing months, these decisions were taken, and the advisor took up his position in October 1997.

13. In addition to the work toward establishing the revenue authority, the advisor assisted the authorities in preparing the VAT law, which was introduced in September 1998. Although some amendments to the VAT system were introduced subsequently in response to pressures from the business sector, in the first full fiscal year after the implementation of the VAT (FY 1999/2000), revenue from taxes on domestic goods and services rose to 8.3 percent of GDP from 6.4 percent of GDP in FY 1997/98.

14. Towards the end of the second year of the advisor's assignment, FAD concluded that the assistance had achieved its main objectives and terminated the assignment.[3] At that time, the authorities had engaged consultants to provide advice on the establishment of the revenue authority project and further FAD long-term TA was not seen as critical for the success of the project. In the view of the authorities, the advisor was highly effective in assisting them to meet their objectives. This assessment was endorsed by an outside consultant hired by FAD to review the department's overall work on TA for revenue administration.

15. In 2001, the authorities faced a renewed weakening in the fiscal situation, caused in part by the ongoing liberalization of tariffs, and by other weaknesses in the tax system. At their request, FAD sent a diagnostic mission that identified further areas of improvement in the tax regime, and recommended an increase in the VAT rate and adjustments to tax incentives. A number of the mission's recommendations were implemented, particularly those related to the VAT, while those that require extensive consultation with stakeholders are still under consideration.

16. In the view of the authorities, the TA provided by the mission was overall very useful in identifying weaknesses in the tax system and proposing a set of benchmarks against which policy options and decisions could be set. The authorities felt that the mission collaborated well with government officials. However, they felt that the short duration of the mission, and the fact that local staff were taken up with the preparation of the 2001/02 budget, did not allow the mission to become conversant with the local political context and the constraints faced by the authorities, which affected the implementation of the mission's recommendations in some areas.

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[3] Around the same time, FAD declined a request from the authorities to provide a long-term advisor to help establish a tax training school, as this would have been a resource-intensive activity outside of FAD's core area of comparative advantage.

C. Financial Sector

17. Mauritius's emergence as one of the few countries in Africa with important domestic and offshore financial sectors has focused the attention of the authorities over the past five years on modernizing and strengthening those sectors. During 1998-2002, the authorities called on the IMF to provide TA to support this effort. In 1998, an MFD mission reviewed progress in strengthening monetary management by the Bank of Mauritius and assessed the supervision and payments systems. In 1999, MFD conducted a Financial Sector Surveillance exercise, a precursor to the Financial Sector Assessment Program (FSAP). In concluding the 1999 and 2001 Article IV consultations with Mauritius, the Executive Board underscored the need for further strengthening of prudential requirements and banking supervision, and supported the authorities' initiatives to strengthen and modernize Mauritius's financial sector with TA from the IMF.

18. The above advisory missions put forward a wide range of proposals to strengthen monetary operations, prudential regulations and banking supervision, and central bank operations. These proposals involved extensive follow-up TA. The advisory missions' recommendations were implemented with the assistance of a peripatetic advisor for banking supervision (FY 1998-2002), a long-term advisor to the Governor of the Bank of Mauritius (2000-2002), and visits by a number of short-term experts in monetary operations (1999), and accounting and audit (2001).

19. The implementation of the TA recommendations has been good, and the Mauritian authorities have expressed strong satisfaction with the TA and with the performance of the experts provided. The authorities have noted the collaborative and consultative approach followed by the experts and viewed their recommendations as well adapted to the characteristics of the financial sector in Mauritius.

20. Both IMF staff and the authorities have concluded that the TA provided by MFD over FY 1998-2002 has helped to strengthen the financial sector and build capacity at the Bank of Mauritius, in particular in the areas of monetary management and bank supervision. The TA provided in banking supervision helped the authorities strengthen the regulatory framework and the central bank's supervisory capabilities, including the training of staff. The building of capacity and reform of the supervision regime, inherently a long-term undertaking, was deemed to be best addressed through a peripatetic expert rather than a long-term resident advisor. This mode of TA delivery was designed to spread the work of the peripatetic expert over the period required to carry out the needed reform, while ensuring continuity. In this case, the same expert was used throughout the period. Although this practice is unusual, it assured continuity for the work of the project.

21. In the area of monetary operations, a bond market was established, and substantial improvements were made to the functioning of the securities and foreign exchange markets, including through the introduction of repurchase operations and a standing credit facility. MFD TA has also helped the Bank of Mauritius to enhance the presentation of its financial

statements in line with international accounting standards, and recently to introduce zero-based budgeting across all departments.

22. The authorities have made good use of the TA in strengthening the supervision of the banking sector and in reforming financial markets and policies. However, with the benefit of hindsight, a number of lessons can be drawn from the experience gained. First, while in the aftermath of the Asian crisis, there was a clear and urgent need for stationing an MFD long-term advisor to the Governor of the Bank of Mauritius, given the vulnerabilities and risks faced by the system at that time, the length of the advisor's assignment could have been somewhat reduced. Specifically, a continuous re-evaluation of the need for the long-term advisor and/or making more use of the expert in the countries in the region would have helped enhance the overall effectiveness of the TA. Second, notwithstanding the tremendous progress made by the Bank of Mauritius in supervision, the number of trips of the peripatetic expert for banking supervision could have been reduced by having him backstop more from home, rather than in the field. Third, the failure of the authorities to appoint a Director of Banking Supervision during the four-year period covered by the TA provided by the peripatetic banking supervision expert suggests that capacity-building goals in this area were not fully met.[4] This delay is a serious source of concern and more pressure should have, perhaps, been put on the authorities to act on this important post expeditiously. Overall, however, while recognizing that the IMF may have been somewhat generous in the provision of TA in the case of the financial sector, the main objectives have been achieved as acknowledged recently by the FSAP banking supervision assessors. Moreover, the exceptionally high level of ownership shown by the authorities and the importance of Mauritius's financial sector (one of the largest in Africa, with assets equivalent to 100 percent of GDP for onshore banking and over 100 percent of GDP for the offshore segment) were important in determining the approach that was adopted.

23. Looking ahead, the FSAP mission of 2002 identified a number of areas where future TA may be required, including in the banking supervision and financial markets areas and those related to anti-money laundering and combating the financing of terrorism (AML/CFT). In particular, there is a need to assist the authorities in: (i) developing new guidelines, and supervisory policies and procedures for country and market risk, and anti-money laundering; (ii) improving offsite analysis, including implementation of the planned CAMEL rating system;[5] (iii) implementing consolidated supervision for financial conglomerates; (iv) developing supervisory guidelines for the foreign branches and subsidiaries of Mauritian banks; (v) formulating procedures for effective supervision of

[4] The banking supervision expert is scheduled to continue assisting the authorities on a peripatetic basis through the end of FY 2003. The authorities have now committed to appointing a Director for Banking Supervision within the next three months.

[5] CAMEL stands for capital adequacy, asset quality, management soundness, earnings, and liquidity.

nonbank deposit-taking institutions; and (vi) improving the functioning of the foreign exchange and money markets.

D. Statistics

24. The main objectives of IMF TA provided to Mauritius in the area of statistics have been to assist the authorities to meet the requirements for participation in the GDDS, with eventual subscription to the SDDS, and to provide them with robust and timely data for economic analysis. These objectives were strongly supported by AFR as a means to enhance IMF surveillance and to provide much-needed support to policymakers. The attainment of these goals was aided by the fact that, by the late 1990s, Mauritius had a sufficiently advanced statistical system that, with limited and well-targeted TA, could be developed to a level that would permit the authorities to meet their objectives.

25. STA assistance to Mauritius was focused on strengthening statistics in the four main macroeconomic sectors. Mauritius now participates in the GDDS and is making steady progress toward subscribing to the SDDS. Quarterly fiscal and balance of payments accounts have been successfully introduced, and considerable progress has been made toward producing timely quarterly national accounts. In the money and banking statistics area, data compilation procedures and the classification of central bank accounts have been greatly improved.

26. The implementation of, and follow-up to, the TA provided by STA has been good. The authorities have confirmed that the TA provided fully addressed their needs, and noted that the missions developed good working relations with the staff of the Central Statistical Office, the Ministry of Finance, and the Bank of Mauritius. The findings of the missions were discussed at the senior management level, and the officials' views were incorporated in the missions' action plans. The authorities also noted that the missions were effective in increasing the knowledge and skills of government officials.

III. Conclusions, Lessons, and Outlook

Conclusions

27. A review of the TA provided by the IMF to Mauritius over FY 1998-2002 suggests that it was well targeted, both with respect to the overall objectives—addressing crisis prevention and resolution issues identified during surveillance, and capacity-building goals—and with respect to objectives specified in individual TA areas. Measured by outputs delivered within the agreed time frame, compared with initial project objectives, the TA can be considered generally effective. This favorable outcome reflects strong country ownership and commitment, close linkage with issues identified in surveillance, appropriate focus and targeting of the TA interventions, and sustained follow-up.

28. The amount of TA in the banking sector provided to Mauritius over the period reviewed was substantial. However, it was justified by the importance given to Mauritius's financial sector, one of the largest and rare success stories in sub-Saharan Africa;

management's commitment to the Mauritian authorities; and the Executive Board's endorsement of the authorities' initiative to strengthen Mauritius's financial sector with IMF TA. Nevertheless, in hindsight, the assistance provided in the financial sector could have been achieved with fewer resources, through shortening the assignment of the resident advisor to the Governor of the Bank of Mauritius and reducing the number of visits by the peripatetic banking supervision expert. This course of action would have required the IMF to insist that the authorities provide counterparts capable of taking over the functions of the experts in a shorter time frame.

29. TA in the fiscal sector and for statistics were relatively limited, and below the average for sub-Saharan Africa. The services of the long-term tax administration advisor were terminated as soon as his main tasks were accomplished and even before his scheduled assignment was over. STA's assistance was viewed as the minimum required for improving IMF surveillance and attaining a reliable and timely data system for policymakers.

Lessons

30. Several lessons can be learnt from the assessment. A more rigorous prioritization process could have resulted in a more efficient delivery of TA resources to Mauritius. TA provided to Mauritius was consistent with the main TA prioritization criteria, including key policy concerns identified in the course of surveillance, a good track record, ownership and commitment. However, a greater effort to reach out to other TA providers to become involved and provide supplementary and complementary TA to Mauritius could have better leveraged the IMF's own resources.

31. The provision of TA in banking supervision over a long period reflected the mode that was chosen for the delivery of such TA, namely through peripatetic visits of a supervision expert. However, the effectiveness of TA delivery could have been improved if the IMF had insisted on greater involvement of the authorities, the appointment of more trained counterparts, and a greater emphasis on the transfer of skills in the peripatetic expert's work program.

32. Finally, more effective use of resources could have been achieved through combining different modes of TA delivery, i.e., through a better balance of resident advisors, regional advisors, short-term experts, and advisory missions.

Outlook

33. Future IMF TA to Mauritius is likely to be modest and to concentrate on assisting the Mauritian authorities to continue with reforms of the tax system, ensure sustained bank soundness, and further strengthen the country's statistics systems. TA to implement the additional tax reforms recommended by the 2001 FAD mission will be contingent on policy decisions and the authorities' commitment to undertake such a major exercise. While, at present, this is not on the front burner of policymakers, the IMF should stand ready to assist the authorities in the event that they commit decisively to such reforms. Mauritius is participating in a joint World Bank/IMF FSAP exercise that builds on earlier work in

banking supervision and also focuses on the offshore financial sector and on AML/CFT issues. The FSAP findings highlighted weaknesses in the AML/CFT regime and recommended additional efforts to address financial sector vulnerabilities, especially by further strengthening banking supervision and improving the foreign exchange and money markets. Limited IMF TA may be called for to address these concerns. Similarly, following the recent Data ROSC, a set of work plans was agreed upon with the fiscal, monetary, and statistics authorities to further strengthen the statistics systems, thus allowing Mauritius to subscribe to the SDDS within two years. Well-focused follow-up TA may be required to ensure that the authorities meet the target date.

Table 1. IMF Technical Assistance (TA), Fiscal Years 1998–2002

(In person-years; cumulative amounts) 1/

		Total	FAD	MFD	STA
Fund-wide recipients of IMF TA, ranked by total delivery					
1	Indonesia	27.6	8.7	16.8	2.0
2	Ukraine	25.5	12.0	7.8	5.6
3	Yemen	21.2	12.2	5.4	3.6
4	Russia	19.0	8.5	5.7	4.8
5	Rwanda	17.9	10.2	6.6	1.1
6	Bosnia and Herzegovina	17.1	0.9	11.7	4.4
7	Georgia	16.3	8.3	6.6	1.4
8	Haiti	15.6	6.7	7.8	1.1
9	East Timor	14.9	4.0	10.3	0.6
10	Liberia	14.8	4.7	9.1	1.0
39	**Mauritius**	**7.0**	**1.9**	**4.7**	**0.4**
Sub-Saharan Africa, ranked by total delivery of IMF TA					
1	Rwanda	17.9	10.2	6.6	1.1
2	Liberia	14.8	4.7	9.1	1.0
3	Lesotho	13.5	3.7	8.1	1.7
4	Tanzania	12.1	4.9	6.8	0.3
5	Uganda	12.1	8.7	1.9	1.6
6	Mozambique	11.9	7.2	4.1	0.6
7	Malawi	11.2	8.0	0.8	2.4
8	Angola	10.6	3.3	6.9	0.5
9	Botswana	10.6	0.3	7.5	2.9
10	Zambia	9.8	3.9	5.6	0.2
12	**Mauritius**	**7.0**	**1.9**	**4.7**	**0.4**
Average for sub-Saharan Africa		6.3	2.6	3.1	0.6
Average for middle-income countries 2/		2.8	1.0	1.4	0.4

Source: IMF, Travel Information Management System.

1/ Field time only.

2/ Countries with per capita income in 2000 of US$2,996-US$9,265, as defined by the World Bank's *World Development Report,* 2002.

Table 2. IMF Technical Assistance (TA) to the Africa Region, Fiscal Years 1998–2002

(In person-years; grouped by TA Department) 1/

		TOTAL	1998	1999	2000	2001	2002
Recipients of FAD TA, ranked by total delivery							
1	Rwanda	10.2	1.8	1.5	2.1	2.5	2.4
2	Uganda	8.7	0.9	1.7	2.4	2.4	1.4
3	Malawi	8.0	2.0	2.8	2.0	1.0	0.3
4	Mozambique	7.2	2.2	2.6	0.9	0.5	1.0
5	Cameroon	6.3	0.3	1.1	2.1	1.8	1.0
24	**Mauritius**	**1.9**	**0.6**	**1.0**	**0.1**	**0.0**	**0.2**
Recipients of MFD TA, ranked by total delivery							
1	Liberia	9.1	0.5	2.3	4.1	2.1	0.0
2	Lesotho	8.1	1.2	2.0	2.0	2.2	0.6
3	Botswana	7.5	1.1	1.4	1.8	1.3	2.0
4	Angola	6.9	3.1	2.1	1.0	0.5	0.1
5	Tanzania	6.8	1.2	1.4	2.0	1.2	1.0
7	**Mauritius**	**4.7**	**0.5**	**0.8**	**0.6**	**1.5**	**1.4**
Recipients of STA TA, ranked by total delivery							
1	Botswana	2.9	0.6	1.0	1.0	0.2	0.0
2	Malawi	2.4	0.0	0.4	1.0	1.0	0.0
3	Cape Verde	1.7	0.2	1.3	0.2	0.0	0.0
4	Lesotho	1.7	0.0	0.8	0.8	0.1	0.0
5	Uganda	1.6	0.0	0.2	0.2	0.1	1.0
17	**Mauritius**	**0.4**	**0.0**	**0.0**	**0.2**	**0.1**	**0.1**

Source: IMF, Travel Information Management System.

1/ Field time only.

Table 3. Technical Assistance Provided to Mauritius by FAD, Fiscal Years 1998-2002

Mission/Project	Dates	Objectives	Outcome	Inputs 1/ (person/mths)	Costs 1/
Fiscal management mission	April – May 1997	Advise on needed fiscal corrective measures and assess TA needs.	Recommended reforms to arrest declining revenue trends, with priority on introduction of VAT and establishment of a revenue authority.	1.4	$25,000
Tax administration resident advisor	October 1997 – June 1999	Assist with • introducing and administering VAT; • organizing a new VAT department; • creating a Large Taxpayers' Department for income tax and VAT; • establishing a revenue authority.	VAT was implemented in September 1998. Guidance for establishment of a large taxpayers unit (see below). Revenue Authority was designed and is being phased in.	20.0	$350,000
Tax policy mission	May 2001	Assess structure of major taxes, examine adequacy of institutional reforms carried out, and advise on preparation of tax expenditure budget.	Some of the missions recommendations were incorporated in 2001/02 budget, including (i) increasing VAT rate from 10 to 12 percent; and (ii) enlarging VAT base. Other recommendations, such as changes in corporate tax features and a petroleum tax, are still under consideration by authorities. Large Taxpayers' Department became operational in January 2002.	1.4	$25,000
			FAD Total:	22.8	$400,000

1/ Reflects field time only and excludes headquarters backstopping and administrative costs.

Table 4. Technical Assistance Provided to Mauritius by MFD, Fiscal Years 1998-2002

Mission/Project	Dates	Objectives	Outcome	Inputs[1/] (person/mths)	Costs[1/]
Monetary operations mission	January 1998	Review progress made by Bank of Mauritius (BOM) in monetary management. Assess BOM's supervision and payments system.	BOM began to implement recommendations, including to • increase BOM use of open market operations; • improve operations of government securities and foreign exchange markets; • reform the payments system; and • strengthen banking supervision. Banking supervision expert placed.	1.6	$28,000
Monetary operations and financial sector review mission[2/]	January 1999	Assess progress with the implementation of recommendations of earlier mission and conduct a Financial Sector Surveillance.	Action taken by BOM on recommendations to strengthen its capacity in supervision and undertaking market reforms. Provided comments and inputs for draft banking legislation (Banking and Bank of Mauritius Acts). Experts in monetary operations placed.	2.5	$44,000
Banking supervision peripatetic expert	April 1998 – April 2002; thirteen visits of on average six weeks each (four more visits scheduled in FY 2003)	Provide policy advice on supervisory matters and on-the-job training and group training for supervision staff; assist in developing and issuing guidelines for banking industry; and assist in drafting revised Banking Act.	BOM's capacity for regulating and supervising banking sector strengthened by establishing off-site monitoring framework, training staff for on-site inspections, and issuing new prudential regulations and banking industry guidelines.	21.2	$382,000

Table 4. Technical Assistance Provided to Mauritius by MFD, Fiscal Years 1998-2002 (continued)

Mission/Project	Dates	Objectives	Outcome	Inputs 1/ (person/mths)	Costs 1/
Monetary operations – assistance by four short-term experts	May – June 1999 August – September 1999 October – November 1999	Assist BOM with • improving liquidity forecasting and management; • introducing a master repurchase agreement; • introducing reverse repurchase arrangements; and • developing procedures to move to indirect instruments of monetary control.	Liquidity management improved through introduction of a 30-day rolling cycle. BOM staff familiarized with instruments for open market operations. Master repurchase agreement finalized and operational framework prepared for repurchase operations.	2.7	$52,000
Resident advisor to the Governor of BOM[3/]	February 2000 – April 2002	Advise on implementation of recommendations of MFD advisory missions of 1998 and 1999, and particularly on • development of domestic money, foreign exchange, and government securities markets; • reorganization of BOM's functions and departments; and • modernization of BOM's accounting, payments, and settlement systems.	Assisted implementation of recommendations of prior monetary operations missions, resulting in following: • Bond market was established. • Primary dealer system for government securities were established. • Improvements were made to foreign exchange market arrangements. • Standing credit facility was introduced. Financial Market Committee established to promote interaction and communication with financial markets and banks.	27.2	$420,000

Table 4. Technical Assistance Provided to Mauritius by MFD, Fiscal Years 1998-2002 (concluded)

Mission/Project	Dates	Objectives	Outcome	Inputs 1/ (person/mths)	Costs 1/
Accounting and audit – assistance by short-term expert	January 2001–May 2001	Assist BOM in improving its internal accounting, auditing and reporting systems.	BOM's accounting, payments, and settlement systems reorganized. FY 2001 financial statements made in line with International Accounting Standards. New Accounting, Budgeting and Payments System Department set up. Zero-based budgeting system instituted. BOM audit functions improved.	1.2	$22,000
			MFD Total:	56.4	$948,000

1/ Reflects field time only and excludes headquarters backstopping and administrative costs.

2/ While included under the total of MFD TA, the Financial Sector Surveillance mission of early 1999 should, if narrowly defined, be considered as a surveillance mission as it name indicates.

3/ Financed from the Japan Administered Account.

Table 5. Technical Assistance Provided to Mauritius by STA, FY 1998-2002

Mission/Project	Dates	Objectives	Outcome	Inputs 1/ (person/mths)	Costs 1/
National accounts statistics missions	February 1999 June 2000	Assist Central Statistics Office (CSO) to produce and disseminate quarterly national accounts (QNA).	New QNA unit formed. QNA now produced for past years and with goal to be able to produce current QNA estimates by 2004.	2.0	$36,000
Balance of payments statistics mission	March 2000	Assist BOM to begin producing and disseminating quarterly balance of payments (BOP) statistics.	BOP statistics now produced on a quarterly basis, and the data published in the *International Financial Statistics.*	1.3	$25,000
Government finance statistics mission	January 2002	Assist authorities with: (i) consolidation of public sector statistics; and (ii) strategy to implement the new fiscal data standard, GFMS 2001.	More fiscal data now collected and compiled. New presentation of accounts introduced. Public Finance Unit of CSO now working at the Ministry of Finance to avoid duplication and improve timeliness in producing statistics.	0.75	$14,000
Money and banking statistics mission	March 2002	Assist BOM improve quality of monetary statistics in line with new standard *Monetary and Financial Statistics Manual 2000 (MFSM 2000),* and specifically to: (i) establish a framework for a Depository Corporations Survey and (ii) design a system for compiling data for nondepository financial corporations.	BOM staff skills updated to enable production of monetary statistics in line with *MFSM 2000.* Work started on production of Depository Corporations Survey. Arrangements made for prospective collection and compilation of data for nondepository financial corporations.	0.75	$14,000
			STA Total:	4.8	$89,000
			IMF Total:	84.0	$1,437,000

1/ Reflects field time only and excludes headquarters backstopping and administrative costs.