

# IMF East AFRITAC News

## October 2016



IMF Regional Technical Assistance Center for East Africa  
Building Macroeconomic Capacity in East Africa



### TABLE OF CONTENTS

<b>HIGHLIGHTS</b>	<b>1</b>
<b>ETHIOPIA</b>	<b>2</b>
<b>KENYA</b>	<b>2</b>
<b>MALAWI</b>	<b>3</b>
<b>RWANDA</b>	<b>3</b>
<b>REGIONAL CORNER</b>	<b>3</b>
<b>TANZANIA</b>	<b>4</b>
<b>UGANDA</b>	<b>4</b>
<b>REGIONAL ACTIVITIES</b>	<b>4</b>
<b>FORTHCOMING ACTIVITIES</b>	<b>6</b>
<b>TA REPORTS</b>	<b>9</b>

IMF East AFRITAC  
Bank of Tanzania Building  
North Tower, 10th Floor  
2 Mirambo Street  
Dar es Salaam, Tanzania  
Tel. +255 22 223 5353  
Fax: +255 22 223 4204

[www.eastafrillac.org](http://www.eastafrillac.org)  
<https://www.facebook.com/EastAFRITAC>



### HIGHLIGHTS

- **Revenue Administration:** Training was delivered on managing tax arrears and compliance in the telecommunications sector in Rwanda. In Uganda, AFE assisted the authorities to develop an operational model and strategies for recruiting taxpayers from the informal sector.
- **Public Financial Management:** A mission to Kenya focused on strengthening the role of the National Treasury in public investment management.
- **Financial Sector Regulation and Supervision:** A TA mission assisted the National Bank of Rwanda with updating the risk-based supervision framework. Support was provided to the Bank of Tanzania to develop Basel III-based capital adequacy regulations.
- **Economic and Financial Statistics:** Support was provided to Uganda and Malawi, respectively, to rebase GDP and improve annual GDP estimates.
- **Government Finance Statistics:** Missions were conducted to Ethiopia and Tanzania and a press conference was organized jointly with the East African Community (EAC) Secretariat to disseminate recently compiled data.
- **Regional Activities:** A regional workshop was organized on the effectiveness of integrated financial management and information systems (IFMIS) and strengthening public financial management (PFM) operational support and control. Two regional workshops in revenue administration were held, focusing on improving compliance risk management practices in tax and customs administration. In collaboration with MEFMI, a regional training was conducted on national accounts statistics.
- **Forthcoming Activities and TA Dissemination:** All forthcoming activities through end December 2016 are provided in Table 1. TA reports disseminated on the secure site are listed in Table 2.
- **The newsletter becomes quarterly.** The next one will cover the period November 2016/January 2017.

**FAREWELL:** We are bidding farewell to two of our resident advisors, **Dirk Jan Grolleman**, Financial Sector Supervision advisor; and **Fazeer Sheik Rahim**, Macro-fiscal advisor.



**Fazeer Rahim is from Mauritius and has been with the Center since June 2013 as its Macro Fiscal Advisor. He will join the IMF's Fiscal Affairs Department in Headquarters.**

It has been a fantastic experience working in this vibrant region, with enormous potential. I've worked with very motivated officials and I must say that I have never seen such a thirst for knowledge anywhere. I've met senior officials who put in long hours daily (on top of the time spent braving the traffic!) and I've been very impressed with their commitment to move things forward. I thank everyone for their cooperation and support. This is not goodbye but only "tuonane baadaye" or "see you later"!

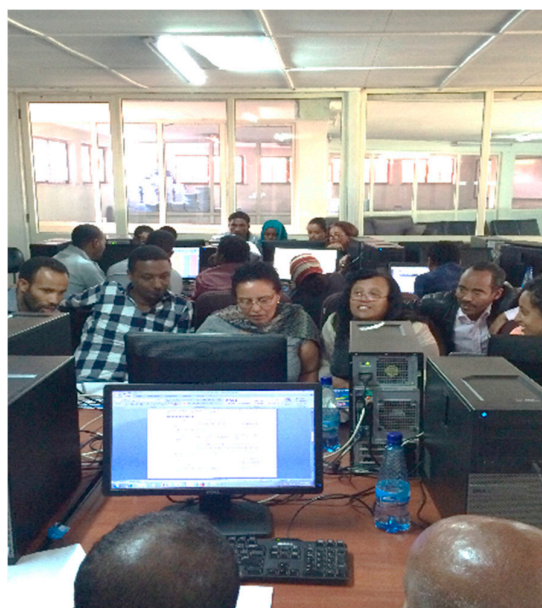


**Dirk Jan Grolleman has been the Financial Sector Regulation and Supervision advisor at IMF East AFRITAC since November 2012. He will join the IMF's Monetary and Capital Markets Department in Headquarters.**

For me personally it has been an enriching experience and it has been a privilege to work with the supervisory and financial stability staff from the region. I would like to thank everyone for their cooperation and hospitality. The region has a special place in my heart and I will be following the regional development from Washington DC with great interest.

## ETHIOPIA

**Government Finance Statistics:** AFE conducted a two-week TA and training mission in Addis Ababa (October 17-28). The first week trained officials on fundamentals for government finance statistics (GFS) for compilers and users. The mission's second week focused on assessing the legal and institutional structure for producing GFS and collaborating with authorities to compile GFS from existing budget execution data in a *Government Finance Statistics Manual 2014* framework.



Fundamental GFS Training for Compilers and Users, Addis Ababa, Ethiopia – October 17-28, 2016

## KENYA

**Public Financial Management:** An AFE mission focused on strengthening the role of the National Treasury (NT) in public investment management (PIM) (October 12-26). The NT has recently provided guidance to MDAs on setting up project committees to screen projects; resource allocation panels to review ministerial budget proposals; initiated the generation of a project database; and amended the procurement law and regulations. The mission noted the weaknesses in the management of PIM and recommended the establishment of a dedicated unit in NT to coordinate the reform of PIM across the public service. The mission proposed an action plan on the sequencing of the reform activities.

**Financial Sector Supervision and Regulation:** A TA mission visited Kigali to assist the National Bank of Rwanda in the modernization of its 2007 Framework for Risk-Based Supervision (RBS). The main element of this modernization was the inclusion of the Supervisory Review and Evaluation Process (SREP) of the Basel II/III accords on bank capital requirements. In addition to incorporating the SREP, the modernization of the RBS Framework also included the addition of assessment criteria and examination procedures for group risk and anti-money laundering. Furthermore, the RBS framework was adapted to include consideration of the impact of potential bank, and to reflect the

## REGIONAL CORNER: “What is the Value of Statistics in East Africa?”

As a follow-on event to an international conference entitled “*Regional Integration in the EAC: Making the Most of the Common Market on the Road to a Monetary Union*,” the East African Community (EAC) Secretariat and AFE conducted a press conference on November 1, 2016, in Arusha, Tanzania. The press conference concerned “Improvements in East African Statistics through Capacity Development.” It highlighted recent improvements in economic and fiscal statistics in EAC countries (Kenya, Rwanda, Tanzania, and Uganda) that were produced through a capacity development program (CDP) that is supported by the EAC Secretariat, the IMF, and AFE. Preliminary statistical results from the CDP were presented during the press conference.

Over 60 participants to the international conference and journalists attended the press conference and raised the following main concerns during the Q&A portion of the press conference:

- How have statistics produced through the CDP aided the EAC region on its path to monetary union?
- What has been the return on investment (value) of the statistics CDP?
- Should not statisticians mold local statistics into frameworks that meet international statistical standards?

As an explanation of how statistics have aided the EAC region, Mr. Maate emphasized that statistics are critical to the region in measuring its progress toward monetary union, and for managing the union once established. On obtaining returns on investment in statistics, Dr. Ducharme used a US example—correction of a bias in the Consumer Price Index during the 1990s that enabled the US Government to save billions on pension payments—to illustrate how small investments in statistics can produce large and valuable returns. The Hon. Eriyo, Dr. Musisi, and Mr. Murangwa all agreed that high-quality local statistics can be used to compile high-quality national statistics that meet international standards.



**Panel of speakers (from L to R):** Dr. Louis Marc Ducharme, Director of the IMF’s Statistics Department; the EAC Secretariat’s Deputy Secretary General for Finance and Administration, Hon. Jesca Eriyo; Mr. Yusuf Murangwa, Director General of Rwanda’s National Institute of Statistics (moderator) Dr. Albert Musisi, Commissioner for Macroeconomic Policy for Uganda’s Ministry of Finance, Planning, and Economic Development; and Mr. Robert Maate, Head of the EAC Secretariat’s Statistics Department

## MALAWI

**Economic and Financial Statistics:** A mission visited the National statistics Office of Malawi (NSO) to provide further assistance on compilation of preliminary annual GDP estimates. Three new national accounts compilers, who recently joined the unit, were trained on the new compilation system; and guided on how to incorporate collected data including the relevant rebased price indices into the compilation system. Follow up TAs are expected to complete the compilation process and to produce

quarterly estimates that are aligned to the annual series.

## RWANDA

**Revenue Administration:** In response to the finding of the August 2015 TADAT assessment, AFE assisted the Rwanda Revenue Authority to improve its approaches for managing tax arrears (October 3-14); and training on managing compliance in the telecommunication sector (October 17-28).



National Bank of Rwanda's current practices with respect to offsite supervision.

## TANZANIA

**Financial Sector Supervision and Regulation:** a TA mission assisted the Bank of Tanzania in developing a first draft of a Basel III-based capital adequacy regulation for commercial banks (October 17-21). The developed draft regulation contains the different building blocks of the Basel III capital framework (capital definition, Pillar 2, the different buffers and the leverage ratio). The differences between the draft regulation and the Basel framework are limited. The mission also discussed the roadmap and timeline for implementation, which contains still significant uncertainties, as it appears that the Banking and Financial Institutions Act needs to be also amended to adopt the Basel III capital framework.

**Government Finance Statistics:** AFE organized a TA mission to assess the progress on reconstituting the Tanzania's GFS Technical Working Group, and on the finalization and adoption of a new chart of accounts (October 17-28). The quality of GFS for general government for FY 2013/14 and 2014/15 was improved, and assistance was provided in initiating the compilation of GFS for general government for FY 2015/16. The authorities indicated that they would conduct a public event during 2017 that releases to the public GFS that have been produced with AFE support.

## UGANDA

**Revenue Administration:** AFE assisted the Uganda Revenue Authority with the development of an operational model and strategies for recruiting taxpayers from the informal sector (October 10-21).

**Economic and Financial Statistics:** A mission visited Kampala to support the development of the planned rebasing of GDP estimates (October 17-28). The mission reviewed the data sources for the supply and use tables (SUT) and prepared a plan for their integration into the SUT framework. The product and industry classifications to be used in the 2015 SUT were determined and classification (bridge) tables developed for some of the key data sources. This was the first mission in support of the authorities' 2015 GDP rebasing project and further

assistance will be expected as more benchmark data become available.

## REGIONAL ACTIVITIES

**Revenue Administration:** Two regional workshops were conducted to improve compliance risk management practices: a workshop to develop compliance risk analysis capacity in Kampala, Uganda (October 10-14); and another to operationalize risk management in customs in Lilongwe, Malawi (October 17-21).



Operationalizing Customs Risk Management workshop, Lilongwe, Malawi, October 17-21, 2016

**Public Financial Management:** AFE conducted a four-day regional workshop in Dar es Salaam on the effectiveness of IFMIS and strengthening PFM operational support and control (October 18-21).



Participants at the IFMIS workshop, Dar es Salaam, Tanzania, October 18-21, 2016

Thirty-three officials from the seven member counties and South Sudan participated. The aim of the workshop was to share experiences on what works well and not so well in the various countries. The workshop themes covered the whole PFM cycle. Participants presented and shared their

challenges and their solutions; it was an opportunity for participants to learn from their peer counterparts' experiences. All the participating countries have been operating IFMIS solutions for several years now, except for Eritrea which is in the process of procuring an IFMIS solution; the timing of the workshop for Eritrea was therefore very opportune. A presentation was made on the World Bank Independent Evaluation Group IFMIS diagnostic tool, and country teams applied this to their own IFMIS implementation to assess their respective scores but more importantly to highlight areas for focusing future development work. The workshop was extremely participatory.

**Economic and Financial Statistics:** AFE jointly with the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), conducted a regional national accounts training course in Entebbe (October 10–21). Thirty-five participants from AFE and MEFMI member countries attended the training. The course was aimed at developing the capacity of the national accounts compilers in the region to improve the production of national accounts statistics. Both theoretical and practical aspects of compiling national accounts statistics based on the *System of National Accounts 2008 (2008 SNA)* framework were discussed.

**Government Finance Statistics:** AFE participated in an International Conference on EAC Regional Integration that was sponsored by the EAC Secretariat, the IMF's AFR, and by the European Union (October 31–November 1). The conference was conducted at the Mt. Meru Hotel in Arusha, Tanzania, and featured discussions and analyses of mainly economic aspects of the EAC Region's march toward monetary union in 2024. During the conference, AFE and the EAC Secretariat conducted a press conference on the two organizations' statistics Capacity Development Programs—particularly for National Accounts and Government Finance Statistics



International Conference on EAC Regional Integration, October 31–November 1, 2016

**Table 1. East AFRITAC: Forthcoming Activities November 2016 – January 2017**

<b>AFE Activities Expected in November - December 2016</b>			
<b>Revenue Administration</b>			
<b>TA Missions</b>			
<b>Country</b>	<b>Subject</b>	<b>Date</b>	<b>Expert(s)</b>
Ethiopia	TA to Review the Organization Structure	Dec 5 - 16	Maureen Kidd (STX)
Kenya	Carrying out a TADAT Assessment	Nov 7 - 29	Therese Van Der Poel (IMF FAD) Charlestine Hardy (OTA) Jonathan Lee- Pemberton (STX) Stephanie Sweet (USAID) Muyangwa Muyangwa (AFE advisor) Josse Sebastien (STX)
Malawi	TA in Improving the Integrity of the Taxpayer Register - (Diagnostics, development and testing of Solution)	Oct 31 - Nov 18	Cheryl -Lee Field (STX)
<b>National Training</b>			
Ethiopia	National Training in developing a framework and guidelines for monitoring and managing compliance in the Construction and Financial sectors	Nov 7-18	Martin Roche (STX)
<b>Public Financial Management</b>			
<b>TA Missions</b>			
<b>Country</b>	<b>Subject</b>	<b>Date</b>	<b>Expert(s)</b>
Kenya	Cash Management and Treasury Single Account in IFMIS	Oct 24 - Nov 4	Paul Seeds (AFE advisor) John Gardener (STX)
Tanzania	Review of IFMIS plans and progress in strengthening system controls	November TBD	Paul Seeds (AFE advisor) Steve Hallan (STX)
Uganda	Facilitating the development of programs, program outcomes and indicators, and program targets for the 2017/18 to 2019/20 MTEF	Nov 2-16	Tawfik Ramtoolah (STX)
Uganda	Treasury Single Account and Cash Management	Nov 21- Dec 2	Amitabh Tripathi (AFE advisor) John Gardner (STX)

Uganda	Payment Arrears	January 9-20, 2017	Amitabh Tripathi (AFE advisor) Paul Seeds (AFE advisor)
Arusha	EAC PFM workshop	January 23-25, 2017	Amitabh Tripathi (AFE advisor) Khasiani Kubai (AFE advisor) Paul Seeds (AFE advisor)
<b>Macro-Fiscal Analysis</b>			
<b>TA Missions</b>			
<b>Country</b>	<b>Subject</b>	<b>Date</b>	<b>Expert(s)</b>
Ethiopia	Developing High Frequency Indicators	Nov 7 - 16	Fazeer Rahim (AFE advisor) Robin Youll (STX)
Malawi	Developing a Macro-Fiscal Database	Nov 21 – Dec 2	Anna Lennblad (STX)
Uganda	Supporting the Preparation of a Fiscal Risk Statement	Nov 21 – 25	Fazeer Rahim (AFE advisor)
<b>Regional Workshop</b>			
<b>Country</b>	<b>Subject</b>	<b>Date</b>	<b>Expert(s)</b>
Tanzania	Inclusive Growth	Dec 5 – 9	Fazeer Rahim (AFE advisor) Irina Yakadina (IMF HQ) Dmitriy Rozhkov (IMF HQ)
<b>Financial Sector Regulation and Supervision</b>			
<b>TA Missions</b>			
<b>Country</b>	<b>Subject</b>	<b>Date</b>	<b>Expert(s)</b>
Ethiopia	Risks Associated with Withdrawal of Correspondent Banking Relationships	Nov 23-25	Courtney Christie-Veitch (AFE advisor)
Tanzania	Developing an integrated RBS framework	Nov 28 - Dec 2	Calvin Johansson (STX Toronto Centre) Paul Baneke (STX)
Kenya	Developing an integrated RBS framework	Dec 5 - 9	Calvin Johansson (STX Toronto Centre) Paul Baneke (STX)
Ethiopia	Developing a national Contingency / Crisis Management Plan	Dec 13 - 21	David Parker (IMF MCM) James Hambric (STX)
Malawi	Training on D-SIB Framework and Consolidated Supervision	Jan 2017	Courtney Christie-Veitch (AFE advisor) (STX)
<b>Financial Market Infrastructures and Payments</b>			
<b>TA Missions</b>			
<b>Country</b>	<b>Subject</b>	<b>Date</b>	<b>Expert(s)</b>
Uganda	Strengthening Compliance with the PFMI	Nov 30 - Dec 13	Faith Stewart (AFE advisor)
Tanzania	Oversight of Retail Payment Systems	Jan 30-Feb 10 2017	(STX)

Economic and Financial Statistics			
TA Missions			
Country	Subject	Date	Expert(s)
Rwanda	Rebasing of CPI	Oct 31 – Nov 11	Walter Lane (STX)
Tanzania	National Accounts Statistics	Nov 14 - 25	Pamela Audi (AFE Advisor)
Kenya	Development of Import and Export Prices	Nov 30 – Dec 13	Edwin St. Catherine (STX)
Ethiopia	National Accounts Statistics	Dec 12 -23	Robin Youll (STX)
Uganda	National Accounts	Jan 4-13 2017	Pamela Audi (AFE Advisor) Robin Youll (STX)
Tanzania	Import and Export Price Indices	Jan 16-27 2017	Dale Smith (STX)
Kenya	Import and Export Price Indices	Jan 30-Feb 10 2017	Dale Smith (STX)
Uganda	National Accounts	Jan 23-Feb 3 2017	Robin Youll (STX)
Government Finance Statistics			
TA Missions			
Country	Subject	Date	Expert(s)
Uganda	GFS TA Mission	Nov 14-25	Brooks Robinson (AFE advisor) Francois Engelbrecht (STX)
Regional Workshop			
Country	Subject	Date	Expert(s)
Uganda	Improving GFS Quality and Expanding the <i>Guidelines</i>	Nov 28 - Dec 2	Brooks Robinson (AFE advisor) Viera Karolova (IMF HQ) Ismael Ahamdanech Zarco (STX) Francois Engelbrecht (STX)



**Table 2: East AFRITAC's Technical Assistance Reports Posted on the IMF's Extranet**

Below are final TA reports prepared by IMF East AFRITAC that have recently been posted on the IMF's secure extranet site. These reports have been cleared for dissemination by country authorities and are available to Steering Committee members who have signed a confidentiality agreement.

<b>Country</b>	<b>Title</b>	<b>Mission Dates</b>
Ethiopia	TA Report on National Training on Valuation in Customs	July 25-August 5, 2016
Malawi	Report on the National Accounts Statistics Mission	April 13-26, 2016
Rwanda	Improving Revenue Forecasting	March 14-23, 2016
Rwanda	Developing and Quality Assuring E-Tax Procedures for Filing Payment and Taxpayer Accounting	June 13-24, 2016
Rwanda	Implementing Consolidated Supervision from a Host Perspective	July 5-12, 2016
Tanzania	Developing Capacity on FMI Analysis for Financial Stability	May 30-June 10, 2016
Tanzania (Zanzibar)	Zanzibar – Technical Assistance Report on the National Accounts Statistics Mission	May 16-27, 2016
Uganda	Strengthening the Organizational Arrangements for the Payments Function	April 20-27, 2016
Uganda	Strengthening Cash Management	June 20-July 1, 2016
Uganda	Monitoring Taxpayer Accuracy of Reporting	July 25-Aug 5, 2016



## Member Countries

- Eritrea
- Ethiopia
- Kenya
- Malawi
- Rwanda
- Tanzania
- Uganda



European Union



Ministry of Foreign Affairs of the Netherlands



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,  
Education and Research EAER  
State Secretariat for Economic Affairs SECO



## External Donors

- European Union
- The Netherlands
- Switzerland
- United Kingdom

## Staff

### Center Coordinator

- Hervé Joly

### Resident Advisors

- Muyangwa Muyangwa, **Revenue Administration**
- Amitabh Tripathi, **Public Financial Management**
- B. Kubai Khasiani, **Public Financial Management**
- Paul Seeds, **Public Financial Management**
- Fazeer Rahim, **Macro-Fiscal Analysis**
- Dirk Jan Grolleman, **Financial Sector Regulation and Supervision**
- Faith Stewart, **Financial Market Infrastructures and Payments**
- Pamela Audi, **Macroeconomic Statistics**
- Brooks B. Robinson, **Government Finance Statistics**

### Office Manager

- Edina Moshi

### Economist/Project Manager

- Eric Lautier

### Administrative Staff

- Sabah Abdulrahman
- Diana Makiko
- Amina Karuma
- Evonne Massawe, **IT Officer**