

IMF East AFRITAC News

July 2016



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



TABLE OF CONTENTS

HIGHLIGHTS	1
KENYA	2
MALAWI	2
RWANDA	2
TANZANIA	2
REGIONAL CORNER	3
UGANDA	5
ATTACHMENTS	5
REGIONAL ACTIVITIES	3
FORTHCOMING ACTIVITIES	6
TA REPORTS	9

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.eastafritag.org
<https://www.facebook.com/EastAFRITAC>



HIGHLIGHTS

- **Revenue Administration:** AFE assisted Malawi with developing an effective post clearance audit in customs (June 13-July 1). In Kenya, the Center helped develop effective approaches to manage compliance in the telecommunications sectors (July 4-15) and strengthen taxpayer segmentation (July 11-22).
- **Public Financial Management:** A mission to Uganda focused on Improving Cash Management (June 20-July 1). Officials in Zanzibar were trained on Budgeting and Public Investment Management, and priority reform action plan was developed (July 11-22). A short mission to Kenya was fielded to support the publication of its Fiscal Transparency Evaluation (July 11-12).
- **Financial Sector Regulation and Supervision:** Missions were undertaken to the National Bank of Rwanda to assist in the implementation of Consolidated Supervision (July 5-12) and to the Central Bank of Kenya to assist in developing an in-house training course on Consolidated Supervision (July 18-29).
- **Economic and Financial Statistics:** The Kenya National Bureau of Statistics received help in reviewing data sources and updating benchmark estimates in support of GDP rebasing (July 13-26).
- **Attachments:** The Financial Sector Regulation and Supervision advisor arranged an attachment for two staff of the Bank of Uganda to the National Bank of Georgia on macro-prudential supervision (July 4-8).
- **Regional Activities:** AFE conducted a Regional Government Finance Statistics workshop in Zanzibar and produced updated and extended GFS work plans for four EAC Partner States and Zanzibar (July 12-15).
- **Forthcoming Activities and TA Dissemination:** All forthcoming activities through end September 2016 are provided in Table 1. TA reports disseminated on the secure site are listed in Table 2.



KENYA

Revenue Administration: AFE provided two missions to assist the Kenya Revenue Authority to develop effective approaches to improving compliance amongst mobile phone service providers (July 4-15) and to strengthen the practice of grouping and managing taxpayers in segments based on common characteristics and needs (July 11-22).

Public Financial Management: The Government of Kenya published the Fiscal Transparency Evaluation (FTE) conducted by the IMF, with AFE's participation. A short mission (led by FAD) assisted the Government in mapping the progress since the FTE report was completed in 2014 and during a press conference held in Nairobi (July 11-12).

Financial Sector Regulation and Supervision: An AFE mission supported the Central Bank of Kenya in developing and delivering an in-house training course on Consolidated Supervision (July 18-29). During the first week, the mission worked with a team of supervisors to review and revise the initial set of training materials. A final version of all course materials, including revisions as a result of the experience delivering the program, was left with the Central Bank at the conclusion of the mission. In addition, the TA adviser prepared teaching notes for the exercises and case studies used during the program to assist with the facilitation in future offerings of the course.

Economic and Financial Statistics: A mission visited the Kenya National Bureau of Statistics (KNBS) to provide assistance in rebasing of National Accounts (July 13-26). The mission reviewed the available new benchmark data and assisted in identification of data gaps. Support was also provided in redesigning and updating work-in-progress models used to compile crops, livestock and construction estimates. Further training was given on how to incorporate new information into the compilation system. KNBS plans to rebase from 2009 constant price estimates to 2015.

MALAWI

Revenue Administration: AFE fielded a mission to

assist the Malawi Revenue Authority to strengthen the post clearance audit practice in customs (June 13- July 1).

RWANDA

Financial Sector Supervision and Regulation:

An AFE mission visited the National Bank of Rwanda to provide training and assist in the roll-out of the assessment of group risk as part of the implementation of Consolidated Supervision (July 5-12). The implementation of consolidated supervision is particularly relevant to Rwanda as the banking sector is dominated by foreign-owned banks. Although some of the domestic owned banks are part of domestic conglomerates, the mission focused in its assessment on cross-border banking groups for which the NBR is the (host) supervisor of the Rwandan subsidiary. However, the same procedures can also be applied to domestic groups or financial conglomerates. The mission worked together with two supervisors in making the (off-site) group risk assessment for a sample of three banks, by using the procedures developed during a 2014 AFE mission on consolidated supervision. The first findings and results of the pilot were presented to the staff of the Bank Supervision Department at the end of the mission.

TANZANIA

Public Financial Management: Consultations were held with senior government officials and a 5-day training facilitated of officials from the Ministry of Finance and Ministry Departments and Agencies in Zanzibar (July 11-22). The workshop themes included the Conceptual Framework for PBB, its status in Zanzibar, the PBB Prerequisites, the Program Design, Performance Measurement, Public Investment Management and M&E. Using an IMF designed tool, the participants evaluated the status of MTEF and PBB. The results show deficiencies in institutional capability and human skills and weaknesses in the MTEF.

The mission advised strengthening the MTEF as the foundation for PBB. Participants developed a medium term priority plan to drive the reform effort, a summary of which was submitted to the Principal Secretary Ministry of Finance at the conclusion of

Regional Corner: Regional Harmonization in East Africa Will Improve Surveillance

We reproduce an article produced by the IMF on the Center's work on developing Government Fiscal and Public Sector Debt Statistics.

Intranet News: What does regional harmonization mean for East Africa's fiscal and debt statistics, and why is it important?



Johan Mathisen: For regional harmonization, the data covering all economic transactions and stocks assets and liabilities of all government units need to be properly classified and aggregated, consistent internally, with the rest of the economy, and across countries, and reported in a timely fashion. It's a massive undertaking that leads to better data: more timely, comprehensive, better quality, and comparable data.

Better data are important for at least three reasons. First, timely and reliable information helps promote better policies. Second, better coverage of fiscal and debt statistics provides a better understanding of fiscal risks and vulnerabilities. Third, high-quality and comparable fiscal and debt statistics is a requirement for both assessing readiness for a monetary union, and for formulating successful monetary and fiscal policies under a monetary union.

Intranet News: What was the driver of this initiative, how big was the Fund team, and when did the work begin?

Sukhwinder Singh: The program was triggered by the November 2013 signing of the East African Monetary Union (EAMU) Protocol by the heads of states of Burundi, Kenya, Rwanda, Tanzania, and Uganda (Partner States). The protocol established a framework, a timeline, and convergence criteria for a monetary union. There was a perceived gap between statistics required for the monetary union and what were available; therefore, the East African Community (EAC) Secretariat reached out to IMF AFRITAC East (AFE) for assistance. In consultation with HQ, we were able to respond positively to the EAC request, as we saw this as critical for each country and for the integration.

AFE allocated resources and assembled a team of experts in government finance statistics (GFS). With support from a back-stopper in Washington and AFE's administrative staff, the team conducted 26 technical assistance missions, eight regional workshops, and five national training sessions over the past two years.



From left to right: Viera Karolova, Tobias Roy, Johan Mathisen, and Sukhwinder Singh. Mr. Brooks Robinson (left, LTX) at the Center has been key in delivering the TA and training.

Intranet News: How does harmonization benefit country officials as they look at their fiscal positions and economic risks?

Brooks Robinson: The improved fiscal statistics are approaching compliance with the international standards—although there is still room for improvement. Coverage has been almost doubled, to include practically all government entities, expanding from line ministries to the full government. We are now helping to prepare estimates of financial balance sheets for the general government sector, which would ensure internal data consistency. We are also supporting efforts to compile improved debt statistics that reflect the proper instrument coverage and valuation methods. Together these efforts provide national and regional authorities with higher-quality data for improved fiscal policy decision making.

Intranet News: Can you tell us how the capacity development aspect of the program worked?

Mathisen: Much of the capacity building program's success can be attributed to national ownership, which was fostered through the design of the program. The first step was to visit each of the countries to form a technical working group, which would help guide the capacity building program. These groups comprised representatives from the ministries of finance, central banks, and statistics bureaus. The second step was to help each country put together a fiscal and debt statistics development plan, which was then signed off on by high-level officials within the ministries of finance. This country-level "ownership" set the stage for intense and persistent efforts to fulfill development plans.

Viera Karolova: Another important aspect of the program was the regional harmonization. EAC Partner States recognized a need to address common fiscal issues in order to achieve comparable data to measure the EAMU convergence criteria. They developed EAC Guidelines to support consistent statistical treatment of public sector units, classification of social insurance schemes, and treatment of taxes and foreign grants. Further chapters—on debt, accrual accounting, and public-private partnership—are under development, and others will be added as issues arise.

Robinson: An important factor that is integral to the future success of the program is demand for the new general government finance statistics that are being produced. As national and regional authorities, the Fund, and the public analyze and use these data, critiques of the data will serve as feedback for GFS compilers to improve data quality.

Intranet News: How does the program affect surveillance work?

Mathisen: Better fiscal and debt data are being made available for surveillance activities. The coverage has vastly improved, and assessments, projections, and policy advice have a much better footing. Comparability and data quality will be better. This should help the assessment of the government's impact on, and risks to, the overall economy, as well as analysis of specific policy areas, such as taxes, donor funding, and particular expenditure items.

Robinson: We are now working in two areas to enhance the improved data's impact on surveillance. One is improvement in stock data, especially debt statistics, which is a key component of the Fiscal Transparency Evaluation (FTE) that all countries in the region are undertaking. The other is establishing direct data feeds via the Open Data platform to our country teams and to the regional entity that will oversee regional integration.

Tobias Roy: For us, the IMF Rwanda team, receiving more timely data—with higher frequency and better coverage—will be a major step forward for our analysis and surveillance, and will improve our policy dialogue. The broader coverage helps ensure a more robust assessment, but it is also useful that the statistics are compiled within an internally consistent framework. Rwanda and the IMF have a very successful program relationship under the Policy Support Instrument (PSI), which has recently been complemented by a Standby Credit Facility (SCF). Both the Rwanda authorities and the IMF country team were convinced by the excellent results achieved under the fiscal data harmonization initiative, so we decided to bring the initiative under the program umbrella.

Source: IMF Intranet

the mission. AFE will continue to provide TA to ensure focus and sustainability of the budget reform.

UGANDA

Public Financial Management: The mission was part of an ongoing program to support the Government in strengthening cash management (June 20- July1). The mission noted that Cabinet has approved the MoFPED restructuring proposal including the establishment of the Debt and Cash Management Directorate. The mission reviewed the proposed institutional arrangements and the draft cash management guidelines and provided suggestions for strengthening the cash management function. The new directorate has also developed templates and identified the sources of forecast and actual data for revenues, expenditures and financing. The mission provided practical training to the staff in this area. To support these measures, a follow-on visit on TSA implementation is planned for the second half of FY 2017.

ATTACHMENTS

Financial Sector Regulation and Supervision: In the context of its peer learning initiative, IMF East AFRITAC arranged for a professional visit (July 4-8) for two staff of the Bank of Uganda to the National Bank of Georgia (NBG) on macro prudential supervision. The NBG has made notable advances in this area during the last few years and generously agreed to share its experience during the visit. The visit was beneficial for the Bank of Uganda staff as several of the areas in which the NBG has made significant progress are also highly relevant for Uganda and the East African region in general. Most notably: Loan-to-Value Monitoring, Developing a Framework for the Counter Cyclical Capital Buffer, Risk Weighting of Foreign Exchange Denominated Loans, and Financial Ratio Analysis for the Assessment of the (system wide) development of credit risk. The Ugandan officials will prepare a report on their experience.



Bank of Uganda Staff During the Attachment to the National Bank of Georgia (July 4-8, 2016)

REGIONAL ACTIVITIES

Government Finance Statistics: A regional GFS workshop was conducted in Zanzibar that featured the development of draft updated and multi-year Results-Based Management Work Plans for four EAC Partner States and Zanzibar (July 12-15). At the Workshop's conclusion, participants were charged with sharing the new Work Plans with their country's GFS Technical Working Group members, finalizing the plans, and obtaining plan sign-offs by the Ministry of Finance. Once finalized, the Work Plans will form the basis of AFE's annual work plans for the respective countries.



Participants at the Regional GFS Workshop on Developing a Consolidated & Extended RBM Work Plan for the AFE-EAC-GFS Capacity Building Program in Zanzibar (July 12-15, 2016)

Table 1. East AFRITAC: Forthcoming Activities August - September 2016

AFE Activities Expected in August - September 2016			
Revenue Administration			
TA Missions			
Country	Subject	Date	Expert(s)
Uganda	Follow up National Training in Developing a Model and Tool for Compliance Risk Analysis	Aug 15-26	Muyangwa Muyangwa (LTX) Josh Aslett (STX)
Tanzania	FAD Diagnostic Mission in Customs Administration	Sep 21-Oct 5	Giles Montagnat (FAD) Thérèse van der Poel (FAD) Andrew Masters (FAD) Brian Brimble (STX) Muyangwa Muyangwa (LTX)
National Training			
Tanzania	National Training in Designing National Audit Plans and Associated Performance Measures and Monitoring Mechanisms	Aug 15-26	Michael Smithson (STX)
Uganda	Blended Training in the TADAT Methodology	Aug 23-26	Muyangwa Muyangwa (LTX) Maimbo Nyanga (FAD) Agnes Kanyangeyo (STX)
Eritrea	International Best Practice in Tax Administration	Sep 5-9	Muyangwa Muyangwa (LTX)
Public Financial Management			
TA Missions			
Country	Subject	Date	Expert(s)
Tanzania	Capacity Building in Medium Term Budget Orientation	Jul 25- Aug 5	Kubai Khasiani (LTX) Robert Clifton (STX) Jack Mason (STX)
Tanzania (Zanzibar)	IFMIS Upgrades and Enhancements	Aug 8-19	Paul Seeds (LTX) Stephen Barungi (STX)
Malawi	FAD Led-Mission	Aug 22-Sep 2	Paul Seeds (LTX)
Kenya	Cash Management and Treasury Single Account	Sep 12-23	Paul Seeds (LTX) (STX) TBD
Malawi	Capacity Building in Medium-Term Orientation of Budget	Sep 14-28	Kubai Khasiani(LTX) Florence Kuteesa(STX)
Tanzania	Cash Management	Sep 19-30	Amitabh Tripathi (LTX) Per Olof Jonsson (STX)
National Training			
Uganda	Strengthening Medium Term Budget Frameworks	Aug 10-30	Kubai Khasiani (LTX) Tawfik Ramtoolah (STX) Edgardo Mimica (STX)

			Phyllis Makau (STX) Willie Reiner Du Preez (STX)
Macro-Fiscal Analysis			
TA Missions			
Country	Subject	Date	Expert(s)
Tanzania (Zanzibar)	Developing a Macro-Fiscal Database	Sept 5 - 16	Anna Lennblad (STX)
Workshop			
Country	Subject	Date	Expert(s)
Tanzania	Macro-Fiscal Forecasting	Aug 8-18	Fazeer Rahim (LTX) Heloisa Marone (STX) Phyllis Resnick (STX)
Tanzania	Supporting the Preparation of EAC Medium-Term Convergence Program Documents	Sep 12-16	Fazeer Rahim (LTX) Sybi Hida (ATI)
Financial Sector Regulation and Supervision			
TA Missions			
Country	Subject	Date	Expert(s)
Eritrea	Review of Prudential Regulations for Insurers	Aug 1-5	Michael Hafeman (STX)
Tanzania	Risk-Based Capital for Insurers	Aug 9-16	Dirk Jan Grolleman (LTX) Michael Hafeman (STX)
Rwanda	Foreign Exchange Bureau Supervision	Aug 16-26	Dirk Jan Grolleman (LTX) Rudolf Ridderstap (STX)
Uganda	Implementing Risk Based Insurance Supervision	Sep 12-23	Naren Sheth (STX)
Malawi	Pilot Examination Information Technology Risk	Sep 19-30	Abhilash Bhachech (STX) Dercio Mutimucuo (STX)
Workshop			
Country	Subject	Date	Expert(s)
Tanzania	Risk-Based Approach to AML/CFT Supervision	Sep 5-9	Dirk Jan Grolleman (LTX) Oormi Khuller (STX) Andrew Milford (STX) Ian Carrington (IMF Legal) Rebecca Obare (IMF Legal)
Tanzania	Information Technology Risk Supervision	Sep 15-16	Dirk Jan Grolleman (LTX) Abhilash Bhachech (STX) Dercio Mutimucuo (STX)
Attachment			
Beneficiary	Subject	Date	Host Country
Rwanda	Professional Visit to the Tanzania Insurance Regulatory Authority	Aug 9-16	Tanzania

Financial Market Infrastructures and Payments			
TA Missions			
Country	Subject	Date	Expert(s)
Tanzania	Assessment of Financial Market Infrastructures	Jul 26-Aug 5	Faith Stewart (LTX)
Kenya	Assessment of Financial Market Infrastructures	Aug 8-19	Faith Stewart (LTX)
Economic and Financial Statistics			
TA Missions			
Country	Subject	Date	Expert(s)
Malawi	Price Statistics – Improvement of CPI	Aug 15-26	Dale Smith (STX)
Tanzania	National Accounts- GDP rebasing	Sep 12-23	Varjonen Seppo (STX)
Zanzibar	National Accounts- GDP rebasing	Sep 26-Oct 7	Pamela Audi (LTX)
Workshop			
Country	Subject	Date	Expert(s)
Rwanda	SUT Development Using Country Data - Analyses of Household Budget Survey, BOP and Custom Datasets	Aug 1-6	Pamela Audi (LTX) Robin Youll (STX) Ramesh Kolli (STX)
Government Finance Statistics			
TA Missions			
Country	Subject	Date	Expert(s)
Malawi	GFS TA Assessment Mission and “Fundamental GFS Training for Compilers and Users”	Jul 25-Aug 5	Brooks Robinson (LTX) Francois Engelbrecht (STX)
Kenya	Developing a Framework for Compiling High-Frequency GFS Estimates and Consideration of GFS Public Event in Nairobi for the Spring of 2017	Aug 8-19	Brooks Robinson (LTX) Lourdes Prado-Urena (STX)
Workshops			
Country	Subject	Date	Expert(s)
Tanzania	“Comparing FY 2014/15 General Government Finance Statistics, Developing High-Frequency GFS Estimates, and Drafting Three New Chapters for the <i>Guidelines</i> ”	Aug 29-Sep 2	Brooks Robinson (LTX) Ismael Ahamdanech Zarco (STX) Tim Youngberry (STX) Viera Karolova (IMF HQ)

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.

Country	Title	Mission Dates
Ethiopia	Ethiopia: Developing and Enhancing the Bank Resolution and Crisis Management Framework (May 2016)	February 8-19, 2016
Kenya	Kenya - Technical Assistance Report on the Government Finance Statistics	February 15-19, 2016
Malawi	Developing an Effective Post Clearance Audit Function	March 13-26, 2016
Rwanda	Technical Assistance Report on Government Finance Statistics Mission, February 29, 2016	January 18-19, 2016
Rwanda	Financial Analysis and Stress Testing of Insurers in Rwanda (May 2016)	February 15-19, 2016
Rwanda	Developing a Compliance Risk Analysis Model and Tool	February 15-26, 2016
Tanzania	Technical Assistance Report on Government Finance Statistics Mission, April 2016	October 5-16 & February 15-26, 2016
Tanzania	Stress Testing of Insurers in Tanzania	February 22-26, 2016
Uganda	Implementing Supervisory Frameworks for Market Risk of Banks in Uganda	January 18-28, 2016
Uganda	Report on the Government Finance Statistics Technical Assistance Mission, May 2016	March 7-18, 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



UKaid
from the British people

External Donors

- European Union
- The Netherlands
- Switzerland
- United Kingdom

Staff

Center Coordinator

- Sukhwinder Singh

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**