

**REGIONAL TECHNICAL
ASSISTANCE CENTER
FOR EAST AFRICA**



AFRITAC
East

**ANNUAL
REPORT
2019**



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Annual Report

FY 2019

IMF East Africa Regional
Technical Assistance
Center (IMF East
AFRITAC)

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List of Abbreviations

AFE/Center	IMF East AFRITAC
AFRITACs	Africa Regional Technical Assistance Centers
CD	Capacity Development
CPI	Consumer Price Index
DfID	Department for International Development (United Kingdom)
EAC	East African Community
EAMU	East African Monetary Union
FAD	Fiscal Affairs Department (IMF)
FMI	Financial Market Infrastructure
FPAS	Forecasting and Policy Analysis System
FPW	Field Person Weeks
FSR	Financial Sector Supervision and Regulation
GDP	Gross Domestic Product
GFS	Government Finance Statistics
GFSM 2014	Government Finance Statistics Manual 2014
ICD	Institute for Capacity Development (IMF)
IMF	International Monetary Fund
LEG	Legal Department (IMF)
LoU	Letter of Understanding
MCM	Monetary and Capital Markets Department (IMF)
MEFMI	Macroeconomic and Financial Management Institute for Eastern and Southern Africa
MFA	Macro-Fiscal Analysis
NAS	National Account Statistics
NPS	National Payment System
PBB	Program-Based Budgeting
PFM	Public Financial Management
PFMI	CPSS/IOSCO Principles for Financial Market Infrastructures
PPI	Producer Price Index
QGDP-E	Quarterly National Accounts by Expenditure
RA	Resident Advisor or Revenue Administration
RBM	Results Based Management
RSS	Real Sector Statistics
RTAC	Regional Technical Assistance Center
SC	Steering Committee
SCT	Single Customs Territory
SDGs	Sustainable Development Goals
SNA	System of National Accounts (2008)
STX	Short Term Expert
TADAT	Tax Administration Diagnostic Assessment Tool
TA	Technical Assistance
TSA	Treasury Single Account

Opening Remarks by Mr. Julian Banzi Raphael, Deputy Governor of the Bank of Tanzania, at the 21st Steering Committee Meeting (Dar es Salaam, Tanzania, April 1, 2019).

Dear members of East AFRITAC's Steering Committee, representatives of member countries, development partners, regional organizations, and the IMF, observers, ladies and gentlemen. As indicated by the Center Coordinator, my name is Julian Banzi Raphael. I am Deputy Governor of the Bank of Tanzania. I will chair today's meeting before passing on the chairmanship responsibilities to my Ugandan colleagues.

It gives me great pleasure to welcome you all to Tanzania and Dar es Salaam. As you know, Tanzania is East AFRITAC's host country. The Center is located at the Bank of Tanzania, not very far from here, and I encourage you to visit its office tomorrow if you are still in town. You will see that the Tanzanian authorities have treated the Center very well, reflecting how much we value the support it provides not only to Tanzania, but also to the other countries in the region.

The Steering Committee is gathered today to provide strategic guidance to East AFRITAC, and we have a very busy work agenda ahead of us. We will hear this morning about the Center's performance in implementing the work plan for FY 2019 endorsed last March by the Steering Committee. It will be an opportunity for beneficiaries to provide feedback on the support they have received from the Center. This feedback is critical to allow East AFRITAC to continue to improve the support it provides to its members.

Later this morning, development partners will also have the opportunity to provide feedback, and more generally to present their strategic priorities and their implications for the work of East AFRITAC. This feedback is also critical to the work of the Center, including for coordination purposes, as some development partners are also large providers of capacity development support in areas where East AFRITAC is active.

This afternoon, we will discuss, and hopefully endorse, the work plan proposed for FY2020, which is the last year of Phase IV. As you will have seen in the report shared with us, the baseline work plan targets a somewhat lower level of activity than in FY 2019. This is mostly driven by uncertainty on the availability of financing. Several development partners and member countries have made important contributions, which together with member countries' remaining contributions would close the financing gap for Phase IV. Prompt disbursement of the remaining contributions from member countries would allow the implementation of additional activities in FY 2020, which would benefit all member countries. It is therefore in our collective interest that all member countries accelerate the disbursement of their remaining contributions.



Julian Banzi Raphael

We will have a few other cross-cutting sessions today:

- IMF staff will present the main conclusions of the recent review of the IMF's capacity development strategy, and what they mean for future work.
- The recent independent mid-term evaluation of East AFRITAC will be presented to us by the evaluation team. IMF staff will also present how they plan to implement its recommendations.
- Finally, we will have a preliminary discussion on priorities for the Center's next 5-year phase, which will start in May 2020.

I am looking forward to our discussions today. With these short remarks, I declare the 21st Steering Committee meeting officially open and I thank you for your attention.

I. Executive Summary

1. **This report covers the activities of IMF East AFRITAC in FY 2019 (May 2018-April 2019).** The Center implemented 94 percent of the work program endorsed by the Steering Committee in March 2018 in terms of number of activities. However, there has been a significant re-allocation of resources to address changing needs and priorities, with about 16 percent of activities being new ones substituting to originally planned activities that have been either cancelled or postponed to FY 2020. While the number of completed activities is significantly higher compared to FY 2018 (+14 percent), the increase in terms of use of human resources has been more limited (+3 percent vs. a planned increase of 20 percent). In certain sectors, some planned activities have proved less resource intensive than expected; in addition, the new activities have on average been less resource-intensive than the ones they have replaced. The implementation of the work plan has followed the priorities endorsed by the Steering Committee. There has been a large increase in resources dedicated to revenue administration. The share of resources dedicated to hands-on training and peer learning has remained high, reflecting continued strong demand for these modalities of support. Resources dedicated to Rwanda have increased by about a third, and those to Eritrea and Kenya by respectively about 25 and 12 percent.



Hervé Joly, Center Coordinator

2. Some notable achievements by member countries during this period include:

- The Ugandan authorities have finalized their Medium-Term Revenue Strategy. Eritrea is strengthening its tax legislative framework, and Rwanda and Uganda their telecommunication sector tax audit capacity. Rwanda has created a high integrity taxpayer register. Repeat TADAT assessments were conducted in Rwanda and Uganda.
- Kenya is developing a revised chart of accounts and policy guidelines for the valuation of assets and liabilities as part of the planned move to accrual accounting. Kenya has also established a centralized public investment management unit. Malawi is strengthening the legal, institutional and reporting arrangements for the oversight of state-owned enterprises. Tanzania continues to make progress in expanding the coverage of its consolidated financial statements, incorporating 640 public sector entities and increasing disclosure on nonfinancial assets and pension fund liabilities. Rwanda has introduced performance-based budgeting, while Malawi and Uganda have introduced a budget costing framework. The Fiscal Transparency Evaluation for Rwanda was conducted.
- A new revenue forecasting tool was developed by the Rwandan Ministry of Finance and Planning. Malawi drafted its first fiscal risk statement while Uganda updated and revised its own.
- Malawi has made significant progress in developing its forecasting and policy analysis capacity to support forward-looking decision-making in monetary policy. The Reserve Bank of

Malawi's model-based analysis and medium-term forecasts are now included in the material prepared for the Monetary Policy Committee.

- Eritrea, Ethiopia, Malawi, Rwanda and Uganda have made significant progress in enhancing risk-based supervision and integrating supervisory processes for banks and nonbanks. Kenya, Malawi and Rwanda have made significant progress on Basel II/III implementation.
- Uganda is finalizing its National Payment System law.
- Malawi developed experimental quarterly GDP estimates by activity. Uganda completed the rebasing of quarterly and annual GDP series. Kenya, Rwanda and Tanzania started rebasing their producer price indices, while Uganda developed a new one for agriculture and Ethiopia is developing one for construction.
- Eritrea, Ethiopia and Zanzibar compiled for the first-time budgetary central government (BCG) data using the latest methodology. Uganda migrated its macro-fiscal framework to concepts based on the *Government Finance Statistics Manual 2014 (GFSM 2014)*. Tanzania compiled general government data for FY 2016/17 with a full coverage of extrabudgetary units, and public corporations' data. Kenya and Rwanda compiled quarterly BCG data. Kenya and Rwanda became the first member countries to compile fiscal data covering the entire public sector. The EAC member countries finalized 4 chapters of the fiscal and debt data guidelines geared towards the harmonization of statistics at the regional level.

3. The independent mid-term evaluation of the Center was completed in February 2019. It shows strong and even results on programming, planning, governance, operations, and budget management. The evaluation report makes a number of recommendations to increase further the effectiveness and efficiency of IMF East AFRITAC's support to its member countries. IMF staff agrees with most recommendations.

4. The work plan endorsed by the Steering Committee for FY 2020 targets a slightly lower number of activities than in FY 2019. This is mostly driven by uncertainty on the availability of financing. Several development partners and member countries have made important contributions, which together with member countries' remaining contributions would close the financing gap for Phase IV. Prompt disbursement of the remaining contributions from member countries will be critical to the implementation of some activities in FY 2020. The number of activities in the baseline scenario would decrease by about 4 percent, with in particular a significant reduction of regional workshops, which are big-ticket items. This would allow the budget for FY 2020 to be contained to about US\$11 million, including a 2 percent contingency line to address unexpected and pressing needs. Should expected contributions from member countries materialize early next financial year, more regional workshops would be conducted than envisaged in the baseline scenario. Notable features of the proposed work plan include: (i) a large increase in resources dedicated to Eritrea (where economic reforms are expected to accelerate) and Kenya (where the delivery of support was below expectations in FY 2018 and FY 2019); (ii) a relative stability of the shares of resources allocated to the various sectors; and (iii) an increase in the share of resources dedicated to attachments.

II. Strategic Issues

A. Context for IMF East AFRITAC Technical Assistance

6. **The macroeconomic outlook for sub-Saharan Africa has continued to strengthen.**¹ Growth is estimated to have reached 3 percent in 2018, reflecting domestic policy adjustments and a supportive external environment, including continued steady growth in the global economy, higher commodity prices, and accommodative external financing conditions. Across countries, there has been a sizable disparity in growth performances. Non-resource-intensive countries have continued to grow at about 6 percent on average (like most IMF East AFRITAC member countries); resource-intensive countries have seen some pickup in growth but still below levels attained prior to the 2014 commodity price shock; and a few countries have continued to deal with security problems imposing severe human and economic tolls.

7. **On current policies, growth in sub-Saharan Africa is expected to increase over the medium term, allowing for some gains in per capita income.** In IMF East AFRITAC member countries, most countries would continue to record strong growth in 2019. Improved growth prospects in sub-Saharan Africa will however not be enough for the region to fully harness its demographic dividend, as job creation will likely continue to fall short of what is needed to absorb new entrants to the labor markets. Indeed, with the number of sub-Saharan Africans reaching working age (15–64) projected at more than 100 million during 2030–35, exceeding that of the rest of the world, the region will need to create on average 20 million jobs every year during 2018–35, that is twice as many as has been created on average over the past five years.

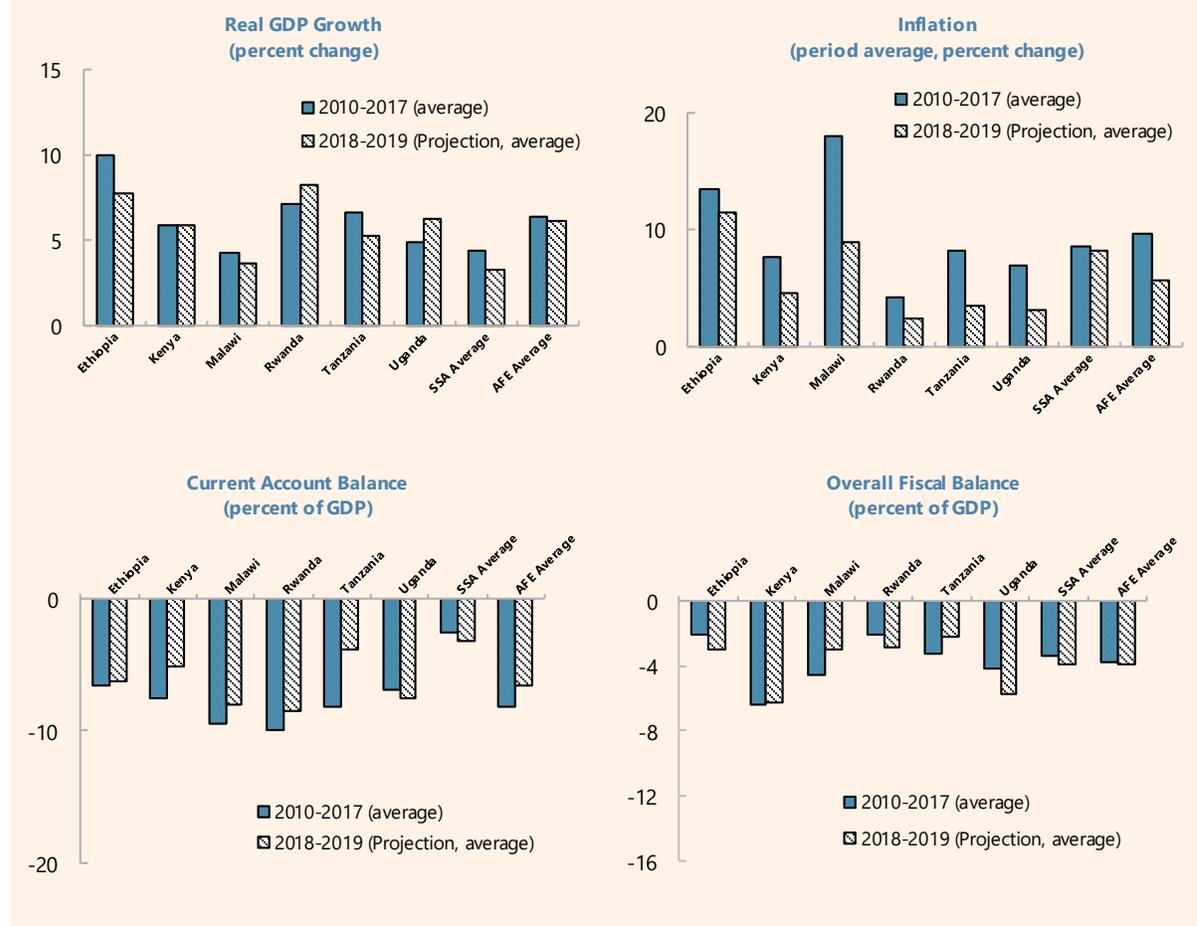
8. **Shielding the recovery from downside risks and creating enough jobs for the region to harness fully its demographic dividend requires strong, sustainable, and inclusive growth.** The outlook is surrounded by significant downside risks. The global expansion is losing momentum, including in key trading partners such as China and the euro area; trade tensions remain elevated; global financial conditions are volatile and have tightened somewhat; and commodity prices are expected to remain low. The familiar challenge of finding ways to address human and physical capital investment needs is being complicated by declining fiscal space and a less supportive external environment. Central to resolving this challenge is building fiscal space, enhancing resilience to shocks, and fostering an environment conducive to sustained, high and inclusive growth. This will require stepping up revenue mobilization, ensuring efficient public investment, strengthening public financial management, containing fiscal risks from state-owned enterprises, improving debt management and resolution frameworks, and enhancing debt transparency. Enhancing exchange rate flexibility, in countries that are outside monetary unions, and strengthened monetary policy and financial systems are also key. Raising both productivity and private investment, while ensuring a more equitable sharing of the benefits of increased prosperity, will require policies to enhance the contestability of markets and create an environment that fosters

¹ This section draws extensively on the IMF's Regional Economic Outlook for sub-Saharan Africa (October 2018 and April 2019).

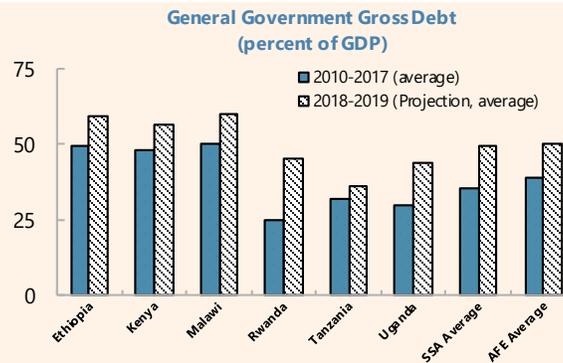
a dynamic private sector, such as addressing salient constraints to business operations and deeper trade integration, and by improving access to and the provision of financial services and basic services (including health and education).

9. **Many elements of this reform agenda are relevant for IMF East AFRITAC member countries and are at the core of the Center's activity.** These reforms are also in line with the Financing for Development agenda, agreed by the international community in 2015 in Addis Ababa. This agenda focuses, among others, on infrastructure investment, domestic revenue mobilization, spending efficiency, and financial sector development. These priorities are also shared by the G-20's Compact with Africa.² IMF East AFRITAC contributes to these reform efforts by assisting its member countries in strengthening tax administration and public financial management (PFM), developing financial systems and monetary operations, improving data for decision making, and promoting regional integration.

Figure 1: Macroeconomic Developments in Sub-Saharan Africa and the IMF East AFRITAC Region



² At this writing, Ethiopia and Rwanda (among IMF East AFRITAC member countries) have joined the Compact with Africa initiative.



Source: IMF Regional Economic Outlook (April 2019). Eritrea is not included in the chart because significantly updated information was not yet available for publication at this writing.

B. Independent Mid-Term Evaluation of Phase IV

10. **The independent mid-term evaluation of the Center was completed in February 2019. It covers the first half of Phase V (July 2015-January 2018).** The overall objective of the evaluation was to assess the extent to which IMF East AFRITAC has achieved its objectives by assessing the relevance, effectiveness, efficiency, sustainability, and impact of its activities. The evaluation team did a desk review of documents and data; in-person or telephone interviews and group discussions with IMF staff, external experts, and government officials; an online survey; and three country visits (Rwanda, Tanzania, and Uganda).

11. **The evaluation shows strong and even results along the higher ratings of the DAC³ criteria on programming, planning, governance, operations, and budget management.** According to the evaluation report, “planning has been effective and responsive [...]. Governance and operations are guided by clear processes and procedures. Budget management continues to be complex and limited in terms of the Coordinator’s role. [...] Alignment of East AFRITAC and Steering Committee objectives and operations has improved in the last few years, with better participation of donors and country members in the design and endorsement of the works plans. Despite challenges, East AFRITAC was able to manage difficulties such as financing uncertainty and adapt the work plan across sector and countries. Execution rates have remained high in Phase IV.”

12. **The evaluation report makes a number of recommendations to increase further the effectiveness and efficiency of IMF East AFRITAC’s support to its member countries.** These recommendations are presented below. IMF staff agrees with most of these recommendations, many of which are fully consistent with those of the recent IMF CD Strategy Review (Box 1). The detailed IMF staff’s response is available in Annex VI.

³ DAC refers to the OECD’s Development Assistance Committee.

- Recommendation 1. Build upon improvements made in work planning for the remainder of Phase IV and in the next phase. Continue to expand the participatory approach to work planning and expand authorities' participation beyond needs assessment.
- Recommendation 2. Improve AFE's cost-effectiveness and budget management capabilities. Give the Coordinator greater input and authority in budget and operational decisions. Encourage Resident Advisors to identify cost-saving measures.
- Recommendation 3. Improve the use of results-based management (RBM) to monitor progress and manage performance. Account for local conditions when identifying objectives and setting timelines.
- Recommendation 4. Address gaps under the Center's governance arrangements. Revise complex lines of reporting, engage country representatives and facilitate communication between and around the governance, planning, and delivery of capacity development (CD) activities.
- Recommendation 5. Ensure sustainability in all CD activities after delivery. Implement impact surveys in all activities, improve planning and sequencing of activities to avoid duplication. Also, when possible, advise IMF East AFRITAC member countries earlier about upcoming missions to better coordinate internal participation.

Box 1: The IMF's 2018 Capacity Development Strategy Review and East AFRITAC

The IMF's Executive Board provides strategic direction and oversight for the IMF's CD work by conducting regular reviews. The CD Strategy Review concluded in 2018 provides overarching guidance on the Fund's CD strategy for the next five years. The review focused on two mutually reinforcing objectives: increasing the impact and the efficiency of IMF CD. The key recommendations from this work included: establishing clear roles and responsibilities in the strategic engagement with country authorities; better prioritization and monitoring; enhancing country-tailored assistance; providing more effective internal consultation and sharing of information; and providing stronger external coordination and communication. Reflecting on the above, as the IMF is particularly keen to tailor assistance to each country and to ensure the support is demand driven, this will entail an even more important role for the IMF's regional centers that are uniquely placed in terms of their proximity to members and their ability to address new needs swiftly and flexibly.

East AFRITAC is already implementing a number of the Review's recommendations. For instance, East AFRITAC's work plan is based on country demand; CD strategy notes are now available for all member countries and ensure a country-centric approach and close integration of the IMF's surveillance, lending (where relevant), and CD work in these countries. RBM implementation helps better prioritize and monitor CD; and coordination with development partners is very close. Action on other recommendations will be considered in the context of Phase V preparation (e.g., fostering peer learning even more; leveraging new technologies to improve delivery; and assessing the need for complementary reforms). At the IMF level, the Capacity Development Management and

Administration Program (CDMAP) project will address gaps and inconsistencies in processes and systems underlying CD operations across the institution. It will provide easily-accessible data, supporting better decision-making on CD and strengthening links between CD, surveillance, and lending. It is expected to improve processes and information sharing across the institution.

C. Phase IV Budget and Financing

13. Several development partners and member countries have made important contributions, which together with member countries' remaining contributions are expected to close the financing gap for Phase IV (2015-20).

- The European Union (EU) pledged and disbursed € 6 million (US\$6.6 million), and in FY 2018 made an additional commitment of € 10 million, of which € 9 million was disbursed (and with the last € 1 million expected shortly at this writing).
- The United Kingdom pledged and disbursed GBP 4.5 million (US\$6.4 million) for the first two years of Phase IV and signed a follow-up agreement of GBP 2.25 million in FY 2018, which was disbursed in full. In FY 2019, the United Kingdom signed an umbrella agreement with the Fund to support a variety of IMF CD vehicles, and it was agreed that a portion of the commitment would be allocated to IMF East AFRITAC Phase IV to help close the Center's funding gap if needed (approximately GBP 1.4 million). In addition, the United Kingdom will continue supporting IMF East AFRITAC during Phase V under the umbrella agreement.
- Switzerland pledged and disbursed US\$1 million.
- The Netherlands signed a letter of understanding (LoU) with the IMF for a contribution of € 7 million, of which € 4 million (US\$4.3 million) was initially allocated to the Center; an additional € 1 million was allocated in FY 2018.
- Germany's Ministries of Finance and Development each signed a € 15 million agreement with the IMF in 2017, as part of the Compact with Africa initiative, which would support all IMF AFRITACs and the Africa Training Institute (ATI). In total, €5 million was allocated to IMF East AFRITAC Phase IV.
- The European Investment Bank pledged and disbursed € 200,000.
- The IMF's own contribution is about \$3.5 million.
- Member countries are expected to contribute 10 percent (a total of US\$5.5 million for all of them) of the Phase IV program budget. So far, Eritrea, Kenya, Malawi, Rwanda, Tanzania and Uganda have signed LoUs. Malawi is the first country to have disbursed its commitment in its entirety (\$790,000). Kenya and Uganda have made four annual installments (out of the expected five), Eritrea and Tanzania three, and Rwanda one.

14. **As of end-April 2019, taking into account received contributions and firm commitments from development partners and the IMF and assuming full contributions from member countries, IMF East AFRITAC has no financing gap.** Prompt disbursement of the remaining contributions from member countries will be critical to the implementation of some activities in FY 2020 (see Section IV).

D. Outreach and Coordination with Development Partners

15. **The website, the Facebook page, and the quarterly newsletter have continued to be used actively for general outreach purposes.** The Facebook page continues to be used to showcase selected activities and publications to the users (including on emerging issues such as gender, climate change and inequality). Free online courses delivered by the IMF are also advertised along with content from other relevant IMF pages. The Facebook page has close to 26,000 “likes”, with an audience concentrated in East Africa in the 25-44 age group, which represents about 80 percent of all users. The website is integrated with the Facebook page and remains the main repository for longer-lasting information (e.g., annual reports and work plans). Newsletters are disseminated to targeted audiences (e.g., development partner representatives in the field) with the assistance of IMF resident representatives.

16. **Coordination with development partners and regional organizations has remained close.** Advisors and the Center Coordinator have continued to make best efforts to meet with interested development partners while on mission. Questionnaires were sent to development partners this year again to gather their views on CD priorities in member countries and areas for coordination and collaboration. Development partners were invited to attend, and participate actively if they wished so, in regional workshops of interest to them. Interviews of donor partners were included in recent newsletters. Collaboration with regional partners has continued to increase too. The collaboration with the East African Community (EAC) Secretariat has remained very close on a range of issues, such as the harmonization of statistics and PFM practices. Four workshops were organized jointly with COMESA (together with AFRITAC South). Close exchanges also took place with the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) on the preparation and coordination of work plans and opportunities for collaboration.

III. REPORT ON ACTIVITIES OVER FY 2019

A. Overview

17. In FY 2019, IMF East AFRITAC implemented 94 percent of the work program endorsed by the Steering Committee in March 2018 (Table 1 and Figure 2). A total of 212 activities were completed, a number close to the initial plan of 225 activities. However, there has been a significant re-allocation of resources to address changing needs and priorities, with about 16 percent of activities being new ones substituting to originally planned activities that have been either cancelled or postponed to FY 2020. While the number of completed activities is significantly higher compared to FY 2018 (+14 percent), the increase in terms of use of human resources has been more limited (+3 percent vs. a planned increase of 20 percent). In certain sectors (e.g., revenue administration and PFM), some planned activities have proved less resource intensive than expected; in addition, the new activities have on average been less resource-intensive than the ones they have replaced. In some cases, the late scheduling of missions by the authorities have raised challenges for the participation of resident advisors, particularly for those managing very busy work programs (e.g., revenue administration).

Figure 2: IMF East AFRITAC, Planned vs. Actual Activities over, FY 2019



18. The implementation of the work plan broadly followed the priorities endorsed by the Steering Committee in March 2018. There was a significant increase in resources dedicated to revenue administration compared to FY 2018. The share of resources dedicated to hands-on training and peer learning has remained high, at about 41 percent, reflecting continued strong demand for these modalities of support. Resources dedicated to Rwanda increased by about a third, to Eritrea (the country with the lowest share in FY 2018) by 25 percent, and to Kenya (where

the delivery of support was affected in FY 2018 by the political situation) by about 12 percent. The execution of the work plan was significantly lower than expected in public financial management in terms of resources, but not in terms of activities, reflecting significant savings in the delivery. The execution rate was also relatively low for financial sector work (broadly defined), reflecting lower than expected demand.

Table 1: IMF East AFRITAC, Activities and Resources over FY 2019

AFE Activities (number)	FY 2018		FY 2019	
	Actual	Planned Annual	Actual Annual	Execution Rate (%)
TA Mission	96	122	114	93
Meeting/ Retreat/ Other	17	17	20	118
Regional Workshop*	21	27	27	100
Attachment/ Mentoring	11	12	11	92
National Training**	41	47	40	85
Total Number of Activities	186	225	212	94
Resources (Field Person Weeks)				
Type of Activity				
Technical Assistance	487	570	483	85
Training	312	387	341	88
	799	957	824	86
Modalities				
Resident Advisor	394	439	395	90
Short Term Expert	327	417	351	84
Attachments	24	30	28	93
IMF HQ Staff	55	71	50	70
Total Field Person Weeks	799	957	824	86

* Regional Workshop (including ICD, EAC-FPAS program)

**National training includes ICD FPAS customized in-country training

19. Progress on the implementation of milestones has been slower than expected in FY 2019. Since the start of results-based management (RBM) implementation in FY 2018, member countries have set milestones to measure progress towards achieving envisioned outcomes in their reform programs. Across all areas of support, 48 percent of the FY 2019 milestones were fully or largely achieved, 40 percent partially achieved, and 12 percent not achieved. Cumulatively since FY 2018, these shares were 55, 35, and 10, respectively. These numbers suggest good, albeit slower-than-expected, progress. High staff turnover (including internal transfers), change in priorities by the authorities and absorption capacity issues in some counterpart institutions are among the main reasons for this situation.

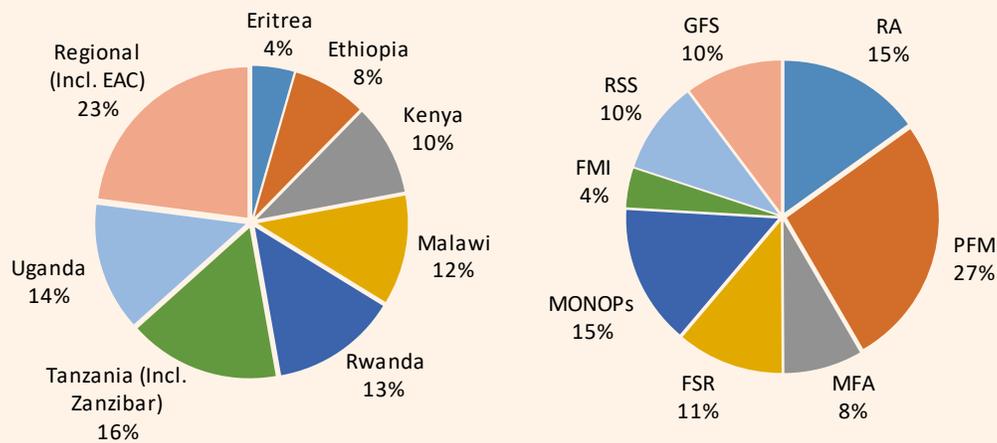
Table 2: IMF East AFRITAC, Execution of Resources by Sector over FY 2019

Sector (in FPWs)	FY 2018	FY 2019		
	Actual	Planned Annual	Actual Annual	Execution Rate (%)
Revenue Administration	99	153	124	82
Public Financial Management	244	261	219	84
Macro Fiscal Analysis	60	69	68	99
Financial Sector Supervision and Regulation	73	108	93	86
Monetary Policy and Operations	132	149	121	82
Financial Market Infrastructures and Payments	31	44	34	78
Real Sector Statistics	76	82	80	98
Government Finance Statistics	85	93	84	91
Total	799	957	824	86

Table 3: IMF East AFRITAC, Execution of Resources by Country over FY 2019

Countries (in FPWs)	FY 2018	FY 2019		
	Actual	Planned Annual	Annual Actual	Execution Rate (%)
Eritrea	30	54	38	70
Ethiopia	73	67	65	98
Kenya	72	109	80	74
Malawi	129	113	97	86
Rwanda	82	125	111	88
Tanzania (incl. Zanzibar)	142	152	135	89
Uganda	102	131	113	86
Regional (incl. EAC)	170	207	187	90
Total	799	957	824	86

Figure 3: IMF East AFRITAC, Distribution of Resources by Country and Sector in FY 2019



RA: Revenue Administration, PFM: Public financial management, MFA: Macro-fiscal analysis, FSR: Financial sector supervision and regulation, MONOPs: Monetary policy and operations, FMI: Financial market infrastructure and Payments, RSS: Real sector statistics, GFS: Government finance statistics

B. Revenue Administration

20. In FY 2019, member countries have focused on strengthening revenue administration and core tax functions and improving core customs operations. A total of 32 activities were completed in FY 2019 (about 94 percent of the initial total), including 9 new activities added at the request of the authorities. In terms of results, 44 percent of the milestones due in FY 2019 (46 milestones in total) were fully or largely achieved, 41 percent partially achieved, and 15 percent not achieved. Cumulatively since the start of RBM implementation in FY 2018 (64 milestones in total), these shares were 47, 41, and 12 percent, respectively. The large share of milestones only partially achieved reflects several factors, including budgetary constraints to implement IMF recommendations and enablers such as information technology systems, high staff turnover at management level and change in priorities by the authorities.

21. The main achievements by strategic objective in FY 2019 were:



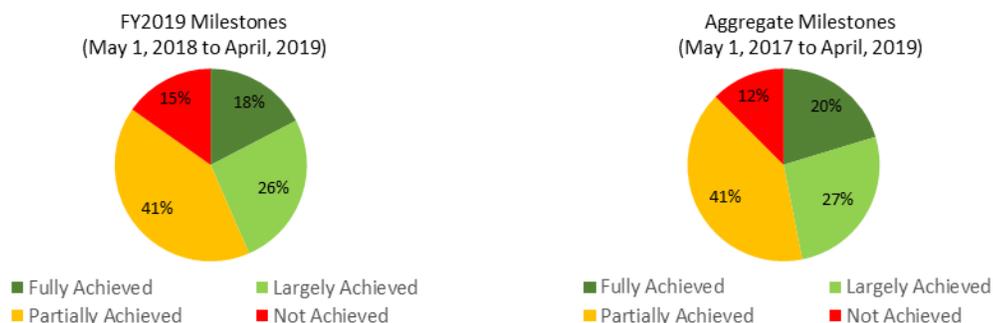
Berlin Msiska, a national of Zambia, joined the Center in June 2017 as Revenue Administration Advisor. He has previously worked for the IMF in the same capacity in West Africa, based in Ghana, and later in AFRITAC South. Berlin is a former Commissioner General of the Zambia Revenue Authority and Permanent Secretary in the Ministry of Finance and National Planning of Zambia.

- Strengthened revenue administration management and governance arrangements:** Uganda prioritized and sequenced key reforms and packaged them into a medium-term revenue strategy (MTRS) document. Ethiopia built capacity on compliance risk analysis capacity. An overview of the MTRS framework was provided to Ethiopia. Malawi is developing a framework for assessing the impact of compliance activities as well as new tax and administrative measures and on strengthening domestic taxes and customs headquarters function. Kenya is developing a compliance improvement plan and strategy of monitoring and evaluation and on revenue administration reform and performance. Rwanda is developing a domestic taxes department headquarters function with its process flow and staff roles and responsibilities. Zanzibar built capacity on developing compliance risk analysis capacity. A new assessment of tax administration systems using the Tax Administration Diagnostic Assessment Tool (TADAT) was conducted in Uganda and Rwanda.
- Strengthened core tax administration functions:** Eritrea is strengthening taxpayer registration, the integrity of the taxpayer register, and the tax legislative framework. Kenya reviewed business processes to support design changes to the tax administration system (iTax) and Rwanda reviewed the integrity of the taxpayer register and is strengthening telecommunication sector tax audit capacity. Uganda has strengthened telecommunication sector tax audit capacity. Tanzania built capacity on trends, practices and audits in transfer pricing, and Zanzibar on audits.
- Improved core customs administration functions:** Uganda is strengthening the post-clearance audit practice in customs. A diagnostic of customs operations was undertaken in Ethiopia. Support was provided to Uganda on developing valuation capacity in customs.



Training on transfer pricing in Tanzania

Milestones achievement for revenue administration



C. Public Financial Management

22. In FY 2019, member countries have continued to improve PFM practices, including by strengthening their budget costing frameworks, cash management, and financial reporting and controls. A total of 39 activities were completed (105 percent of the initial total), of which eight were new activities added at the authorities' request. In terms of results, 37 percent of the milestones due in FY 2019 (70 milestones in total) were fully or largely achieved, 43 percent partially achieved, and 20 percent not achieved. Cumulatively since the start of RBM implementation in FY 2018 (102 milestones in total), these shares were 45, 37, and 18 percent, respectively. These results suggest that there may have been some over-optimism in setting the milestones, and that smaller steps may need to be considered in the future.



Kubai Khasiani is Kenyan and joined the Center in July 2015. He worked for the IMF in Liberia, and for many years for the Kenyan Government, rising to Deputy Budget Director. He is a founding chair of CABRI.



Amitabh Tripathi joined IMF East AFRITAC as a PFM advisor in 2014. He has worked at India's Ministry of Finance, as well as for the World Bank. He specializes in budget execution, accounting, financial reporting and internal audit.

23. The main achievements by strategic objective in FY 2019 were:

- **Comprehensive, credible, and policy-based budget preparation:** Malawi, Tanzania, Uganda, and Zanzibar reviewed and strengthened their budget costing frameworks. In addition, Uganda reviewed its budget documentation to improve it, and Rwanda developed a roadmap for performance-based budgeting. Eritrea built capacity on the overall budget cycle and its components.
- **Improved budget execution and control:** Support was provided to Malawi on financial reporting and controls in the integrated financial management and information system (IFMIS). Kenya and Uganda are strengthening public investment management. Tanzania built capacity on selected issues of the budget cycle.
- **Improved coverage and quality of fiscal reporting:** Kenya reviewed the inception reports for the study on developing a revised chart of accounts and policy guidelines on the valuation of assets and liabilities as part of the planned move to accrual accounting. In addition, support was provided to Kenya and Tanzania on improving IPSAS coverage and compliance.
- **Improved integration of assets and liability management framework:** Support was provided to Kenya on the implementation of the IFMIS cash management module and extending the coverage of the treasury single account (TSA), and to Uganda on strengthening the cash management function. Ethiopia and Tanzania built capacity in cash flow forecasting and management.

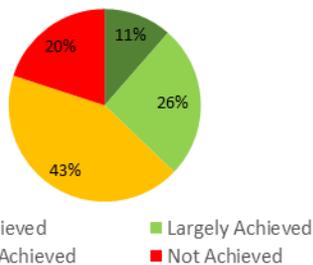


Paul Seeds from the UK has been with the Center since January 2016. He has 30 years experience in public financial management across 18 countries, including in East Africa.

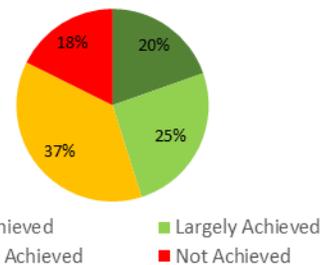
- **Strengthened identification, monitoring and management of fiscal risks:** Malawi is strengthening the legal, institutional and reporting arrangements for the oversight of statutory corporations. Support was provided to Uganda on fiscal management of oil revenues and on strengthening the management and reporting of contingent liabilities. A Fiscal Transparency Evaluation was conducted in Rwanda.

Milestones achievement for public financial management

FY2019 Milestones
(May 1, 2018 to April, 2019)



Aggregate Milestones
(May 1, 2017 to April, 2019)



D. Macro-Fiscal Analysis

24. In FY 2019, member countries have further improved their macroeconomic and fiscal forecasting frameworks. A total of 19 activities were completed (95 percent of the initial total), of which two were new activities added at the authorities' request. In terms of results, 79 percent of the FY 2019 milestones (14 milestones in total) were fully or largely achieved, 7 percent partially achieved, and 14 percent not achieved. Cumulatively since the start of RBM implementation in FY 2018 (18 milestones in total), these shares were 83, 6, and 11 percent, respectively, suggesting good absorption by the authorities of the support provided by the Center.

25. The main achievements by strategic objective in FY 2019 were:

- **Better budget preparation:** A new revenue forecasting tool was developed at the Rwandan Ministry of Finance and Planning with a focus on usability and sustainability. Capacity was built on revenue forecasting at the new Department of Fiscal and Financial Policies in Zanzibar's Ministry of Finance and Planning, where a new revenue forecasting tool was developed. Eritrea, Ethiopia, and Kenya built capacity on macroeconomic analysis and fiscal forecasting. Support was provided to Malawi to include a revenue forecasting module in the macro-fiscal forecasting framework, and to the Tanzanian Parliamentary Budget Office to develop their first set of macroeconomic and revenue forecasting tools.



Bryn Battersby is Australian and joined the Center in March 2017. Previously, he worked for the IMF in South Sudan, for the Australian Treasury, and held various government senior advisor positions in a range of countries.

- **Strengthened identification, monitoring and management of fiscal risks:** The first Malawian fiscal risk statement was drafted and the fiscal risk statement in Uganda was updated and revised. Ethiopia built capacity on fiscal risk analysis and mitigation.

Milestones achievement for macro-fiscal analysis



E. Financial Sector Supervision and Regulation

26. The key areas of focus in FY 2019 were strengthening risk-based supervision, Basel II/III implementation, and insurance core principles implementation. A total of 37 activities were completed (about 86 percent of the initial total), including 3 new activities at the request of the authorities. In terms of results, 78 percent of the FY 2019 milestones (88 milestones in total) were fully or largely achieved, 9 percent partially achieved, and 13 percent not achieved. Cumulatively since the start of RBM implementation in FY 2018 (136 milestones in total), these shares were 76, 13, and 11 percent respectively, suggesting good progress towards the targeted outcomes.

27. The main achievements by strategic objective in FY 2019 were:

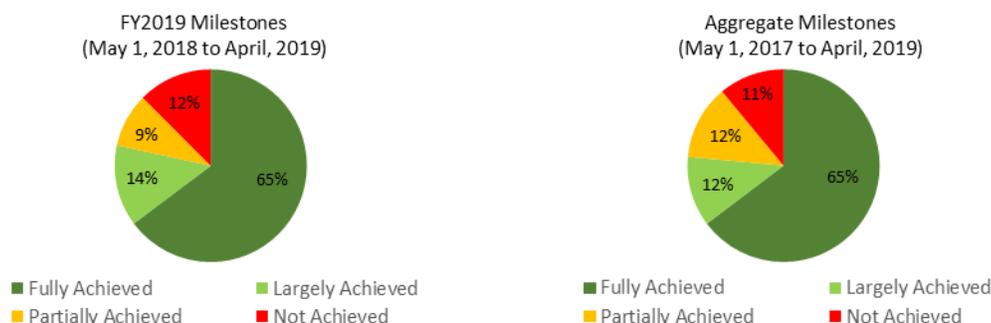
- **Implement a risk-based supervision (RBS) system and upgrade other supervisory processes:** Eritrea, Ethiopia, Kenya (Box 1), Rwanda, Malawi, Tanzania and Uganda received support (including training) on enhancing RBS for banks and nonbanks. Support was also provided to Tanzania and Uganda on strengthening supervisory processes for information and communications technology (ICT), agent banking and mobile money. Kenya and Rwanda were assisted in implementing international financial reporting standard (IFRS 9), and Rwanda and Tanzania in enhancing supervisory frameworks for anti-money laundering and combatting the financing of terrorism.



Courtney Christie-Veitch is from Jamaica and joined the Center in November 2016 from the IMF Caribbean Regional Technical Assistance Centre (CARTAC). Prior to joining the IMF, he worked for the Bermuda Monetary Authority and the Bank of Jamaica.

- **Banks have strong capital and liquidity positions that adequately cover their risks and contribute to financial system stability:** Ethiopia, Kenya, Malawi, Rwanda, Tanzania, and Uganda received support on implementing Basel II/III.
- **Improved financial stability via early detection of and effective and timely responses to insurance sector vulnerabilities:** Support was provided to Malawi, Rwanda, Tanzania and Uganda on implementing a risk-based capital framework and simplified solvency II (Solvency 1.5) framework for insurance companies; to Eritrea, Ethiopia, Malawi and Rwanda on RBS; and to Kenya on stress-testing and supervisory colleges.
- **Reinforcing micro prudential supervisory frameworks through strengthened systemic risk monitoring, stress testing and crisis management to promote financial stability:** Support to Kenya and Tanzania focused on strengthening their macroprudential policy and micro prudential frameworks. The emphasis was placed on enhancing stress testing frameworks for banks.
- **Enhanced securities regulation and supervision framework that addresses key risks in the sector:** Support was provided to Uganda and Tanzania in implementing RBS for securities firms.

Milestones achievement for financial sector supervision and regulation



Box 2: Implementing Basel II and Integrating Risk-based Supervisory Processes in Kenya

In the past two years, IMF East AFRITAC has provided support to the Central Bank of Kenya (CBK) in implementing Basel II and integrating supervisory processes; including through training delivered in the context of TA missions on RBS and internal capital adequacy and assessment process (ICAAP) reviews. At the time of the missions, the CBK had received over 30 ICAAP submissions from commercial banks for review.

Of the 25 persons that participated in the first workshop, 13 supervisors were new, having joined the CBK less than 8 months before. Hence the first workshop started by providing an overview of RBS and Basel II implementation in addition to detailed presentations on ICAAP reviews and RBS.

The workshops were highly interactive with participants working in four groups, averaging 6 persons and conducting risk assessments and ICAAP reviews on six institutions. For each institution, one group made the presentation on the risk assessments and ICAAP reviews and another group acted as the “review panel” to provide feedback. The director of bank supervision and other senior managers attended the ICAAP group presentation sessions.

The workshops included presentations and discussions on: (i) the role of supervision and regulation; (ii) how supervisors carry out their role; (iii) identifying significant activities; (iv) assessing risks; (v) assessing oversight functions (board and senior management, operational management, risk management, compliance, internal controls/ internal audit); (vi) net/residual risk; and (vii) assessment of capital, liquidity and earnings/profitability. Regarding the ICAAP reviews, presentations covered: (i) overview of the Basel capital accords; (ii) objectives of Basel II implementation in Kenya; (iii) supervisory challenges in implementing the supervisory review process; (iv) ICAAP principles and the ICAAP framework; (v) the need for stress testing and capital buffers; (vi) minimum information (qualitative and quantitative) that should be included in ICAAP; and (vii) setting minimum capital requirement for individual banks.

Participants felt that the workshops provided a comprehensive guide on ICAAP and the role of the supervisor in reviewing ICAAP submissions. They also welcomed the interactive nature of the sessions and the case studies/group work. Participants reported that they were adequately prepared by the expert to provide robust challenge to the commercial banks during their ICAAP presentations to the CBK.

At the request of CBK management, a follow-up TA mission was also conducted to help the authorities (and commercial banks) go “live” with the ICAAP. The mission attended meetings between CBK staff and the top five commercial banks and observed banks’ presentations on ICAAP and the CBK’s feedback. The CBK supervisors did an excellent job in providing robust challenge on the quality of the ICAAP submissions and stress-testing methodologies and assumptions. Supervisors felt that the Basel II Implementation TA mission adequately prepared them to accomplish this significant milestone.

F. Monetary Policy and Operations

28. The main developments in FY 2019 were in the areas of forecasting and policy analysis system (FPAS) in Malawi, Rwanda and Tanzania. Rwanda has announced its transition to an interest rate-based monetary policy framework, and Kenya, Malawi and Tanzania continue to prepare for a similar transition. A total of 24 activities were completed (about 89 percent of the initial total), including 3 new activities. In terms of results, 19 percent of the FY 2019 milestones (118 milestones) were fully or largely achieved, 78 percent partially achieved, and 3 percent not achieved. Cumulatively since the start of RBM implementation in FY 2018 (150 milestones in total), these shares were 25, 72, and 3 respectively. The relatively slow progress in this area reflects to a significant extent lower-than-expected traction in monetary operations, unlike in the FPAS

area.⁴ There has been a steady effort to enhance capacity building on monetary operations through specialized training workshops.

29. The main achievements by strategic objective in FY 2019:

- Developing modeling, forecasting, and analysis:** Malawi has made significant advancement in developing a FPAS to support forward-looking decision-making at the central bank. The Reserve Bank of Malawi's model-based analysis and medium-term forecasts are now included in the material prepared for the Monetary Policy Committee (MPC); monetary policy communication has also been enhanced. Similar progress on integrating FPAS tools and processes into decision-making is observed in Tanzania, with the capacity building strategy now focusing on strengthening monetary policy communication. The National Bank of Rwanda has made progress in establishing a forecasting process consistent with best FPAS practices, including adopting a forecasting calendar and a new schedule for quarterly MPC meetings, and organizing a formal forecasting team with a core modelling unit and sectoral experts. Rwanda also recently announced its transition to an interest rate-based monetary policy framework. The Bank of Uganda, an early adopter of FPAS in the region, has developed and conducted forecast performance reviews to strengthen accountability and performance of its FPAS.
- Monetary policy operations:** Ethiopia and Malawi have taken steps to enhance the effectiveness of monetary policy implementation and strengthen the central banks' operational framework, including improving liquidity forecasting and management frameworks and diversification of open market operations instruments. Training was delivered to Eritrea to build capacity in monetary policy implementation and operations.

Deepening key financial markets and reserves management: Malawi is developing a repo market to support monetary policy implementation. Training was provided to the authorities and market participants on that topic, covering key issues to be addressed in the context of repo market reform.



Marin Moloșag joined the Center in November 2016 from the National Bank of Moldova (NBM), where he served for more than 24 years. He spent his last six years at the NBM as First Deputy Governor and Deputy Chairman of the NBM Board.

⁴ The FPAS work is currently financed by the Center and delivered by a combination of IMF headquarter and short-term expert resources.

Milestones achievement for monetary policy and operations



G. Financial Market Infrastructures

30. Member countries have continued to make progress on upgrading oversight policy frameworks, undertaking initial assessments of the financial market infrastructures (FMIs) against the international standards, and improving FMIs risk management practices and legal frameworks. Twelve activities were completed (as originally planned for FY 2019), including 2 new activities added at the authorities' request. In terms of results, 40 percent of the FY 2019 milestones (15 milestones) were fully or largely achieved, 33 percent partially achieved, and 27 percent not achieved. Cumulatively since the start of RBM implementation in FY 2018 (20 milestones in total), the comparable achievement rates were 50, 30, and 20 percent, respectively. Some member countries have been less effective in advancing their reform agenda, constrained by high staff turnover (including internal transfers) and likely over-ambitious agendas with multiple objectives that exceed resource capabilities.

31. The main achievements by strategic objective in FY 2019 were:

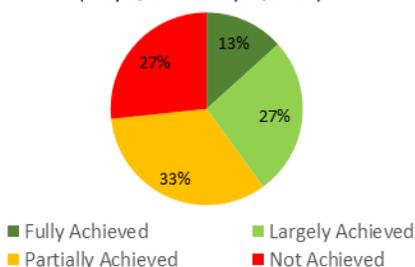
- National payment system (NPS) development and reform—enhancing the safety and efficiency of the financial system:** Support was provided to Ethiopia on risk management of the FMIs, to Uganda on strengthening the legal and risk management framework, and to Rwanda on updating the oversight policy framework. Uganda has made significant headway in enhancing the legal framework: The new NPS law is near completion and the Check Truncation Law is now enacted to enable the safe and efficient operation of the new check imaging infrastructure. Tanzania has adopted the risk-based approach to oversight and Uganda has completed an initial assessment of its real time gross settlement system.



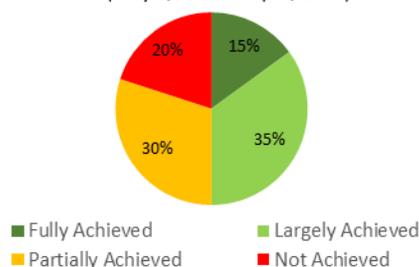
Faith Stewart is the Financial Market Infrastructures and Payments advisor. She joined the center in February 2016. She is from Jamaica and brings with her 22 years experience as a commercial and central banker, and has consulted in Africa and Southeast Asia on payment systems development issues. She also provides support to AFRITAC South member

Milestones achievement for financial markets infrastructures

FY2019 Milestones
(May 1, 2018 to April, 2019)



Aggregate Milestones
(May 1, 2017 to April, 2019)



H. Real Sector Statistics

32. In FY 2019, member countries have focused on developing and improving national accounts and price statistics. Support on the national accounts included updating supply and use tables (SUTs), GDP rebasing, and expanding the scope of statistics compiled to satisfy national data needs and to meet the recommended minimum data requirements. Support on price statistics included developing agriculture-producer price indices (PPI) and construction-PPI, and rebasing and improving the existing PPIs. All activities were aimed at improving national accounts volume estimates and enhancing inflation data available for policy making. A total of 26 activities were completed (as initially planned), including 5 new activities. In terms of results, about 67 percent of the milestones due in FY 2019 (42 milestones) were fully or largely achieved, 14 percent partially achieved, and 19 percent not achieved. Cumulatively since the start of RBM implementation in FY 2018 (60 milestones in total), these shares were 75, 10, and 15 percent, respectively, suggesting good progress in the implementation of targeted reforms.



Pamela Audi joined the Center in April 2015. Previously, she was at the Kenya National Bureau of Statistics for 20 years. Ms. Audi has previously worked extensively in the region as a short term expert for EAST AFRITAC.

33. The main achievements by strategic objective in FY 2019 were:

- National accounts statistics:** Tanzania and Zanzibar compiled quarterly and annual GDP series using the new 2015 base year and updated the related metadata. Malawi developed experimental quarterly GDP estimates by activity to align to the recommended scope of national accounts statistics required for decision-making. Uganda developed 2016/17 SUTs, updated its GDP benchmark estimates and is completing rebased quarterly and annual GDP series. Kenya and Malawi continued to improve data sources to develop the 2016 SUTs and to rebase GDP estimates; and Eritrea received training to support the compilation of GDP by production. Rwanda was assisted to harmonize external sector with national accounts statistics and to compile experimental GDP estimates by institutional sectors. Ethiopia received support to develop quarterly GDP by expenditure.

- **Price statistics:** Uganda developed a new PPI for agriculture and advanced the rebasing of construction input prices. Kenya, Rwanda and Tanzania started rebasing of their PPI and index of industrial production; and Ethiopia is developing a PPI for construction.

Milestones achievement for real sector statistics



I. Government Finance Statistics

34. In FY 2019, significant progress has continued to be made by member countries. Six of them have disseminated annual fiscal data through the IMF's Government Finance Statistics (GFS) Yearbook. Progress was made on expanding coverage of GFS to the public sector and compiling high frequency data. A total of 23 activities were completed (88 percent of the initial total). In terms of results, about 79 percent of the milestones due in FY 2019 (24 milestones) were fully or largely achieved, and 21 percent partially achieved. Cumulatively since the start of RBM implementation in FY 2018 (44 milestones in total), these shares were 84 and 14, respectively, and another 2 percent not achieved largely due to rescheduling of activities by member countries.

35. The main achievements by strategic objective in FY 2019 were:

- **Government finance statistics:** Eritrea and Ethiopia compiled their first budgetary central government (BCG) data using the latest methodology and continued to expand coverage to extrabudgetary units and social security funds. Zanzibar compiled an initial set of consolidated general government data. Kenya, Rwanda and Uganda compiled comprehensive quarterly BCG fiscal data. Rwanda compiled its initial annual public-sector data and successfully migrated its macro-fiscal framework to concepts based on the *GFSM 2014* which feeds directly to the IMF data for surveillance. Uganda migrated its macro-fiscal framework to concepts based on the *GFSM 2014* and Tanzania compiled general government data for FY 2016/17 with full coverage of extrabudgetary units, and public corporations' data. Malawi

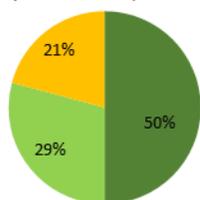


Robert Maate, a Ugandan national, has extensive working experience at the national and regional levels in the areas of statistics and macroeconomic policy research, formulation and coordination.

expanded the coverage of its annual GFS to extrabudgetary units and initiated the migration of its fiscal framework to the *GFSM 2014* based concepts. Eritrea developed a directive on financial reporting and monitoring as a step towards strengthening the legal framework on public financial management.

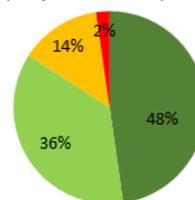
Milestones achievement for government finance statistics

FY2019 Milestones
(May 1, 2018 to April, 2019)



■ Fully Achieved ■ Largely Achieved
■ Partially Achieved ■ Not Achieved

Aggregate Milestones
(May 1, 2017 to April, 2019)



■ Fully Achieved ■ Largely Achieved
■ Partially Achieved ■ Not Achieved

J. Work on Regional Issues

36. In FY 2019, IMF East AFRITAC continued to support the regional integration process in the East African Community (EAC):

- As part of the efforts to support the harmonization of fiscal and debt data in the EAC, four chapters of the EAC guidelines on harmonization of GFS were completed and taken to the EAC policy organs for approval. These include chapters on the statistical treatment of public-private partnerships, below versus above the line transactions, the fiscal and debt data revision policy and the inventory of documentation of procedures and practices in the compilation of fiscal and debt data.
- IMF East AFRITAC and the IMF Institute for Capacity Development held a course on economic issues in regional integration. This course provided the participants with a framework to analyze the drivers, benefits and challenges of regional economic integration. It had a focus on integration in the EAC.
- A regional course was prepared with, and delivered to, the EAC central banks on price-based monetary policy frameworks. The participants were assisted in finding adequate and regionally-consistent solutions to issues EAC countries are facing. Country-specific obstacles to adopting a new monetary policy operations framework were highlighted. Support was provided to the EAC FPAS working group to facilitate the exchange of experience in developing forecasting frameworks and address common issues in developing core forecasting models.
- In response to the EAC's objective that partner states harmonize and rebase GDP series to a more recent period, most member countries continued, with IMF East AFRITAC support,

rebasement exercises, reviewing/improving data sources and implementing the recommendations of the System of National Accounts 2008. The harmonization is expected to facilitate the monitoring of macroeconomic convergence to a single currency by 2024.

- The Center continued its support to the annual EAC workshop on harmonization of PFM practices amongst partner states. In-country support in financial reporting and fiscal risk analysis and reporting have also contributed to the EAC harmonization agenda.

K. Attachments, Mentoring and Sharing of Regional Expertise

37. **In FY 2019, 11 attachments were facilitated.** The attachment/mentoring program is a capacity-building modality which uses regional expertise and offers hands-on experience to participating officials.

Revenue administration:

- Ethiopia Revenues and Customs Authority (ERCA) officials were attached to the Rwanda Revenue Authority (RRA). The attachment provided the ERCA officers the opportunity to study project management governance policies, procedures, operations, monitoring, evaluation and structure arrangements, and to discuss the types of challenges that might arise as ERCA seeks to enhance its own framework.
- RRA officials were attached to the Mauritius Revenue Authority (MRA). The attachment provided the RRA officers the opportunity to study how MRA has managed to have a sound and reliable taxpayer base and how the registration function supports the domestic taxes department.
- Ethiopia Ministry of Revenues (MOR) officials were attached to Tanzania Revenue Authority (TRA). The attachment enabled MOR officials to benchmark the proposed establishment of its training center to the operations of an already existing TRA training center. Also, it provided an opportunity to learn about the development of a training strategy and curriculum.
- Support through attachment to Finnish Tax Administration was provided to TRA officials on strengthening its transfer pricing knowledge and its capacity for transfer pricing audit.

Public financial management:

- The National Treasury of Kenya hosted officials from Malawi on medium-term budgetary frameworks and from Rwanda on fiscal decentralization. Also, officials from the National Treasury visited Uganda to benchmark on the institutional arrangements for public investment management.

Financial sector supervision and regulation:

- Officials from the Bank of Uganda (BOU) were attached to the Bank of Tanzania (BOT). The attachment provided the BOU officers the opportunity to enhance their knowledge of ICT for supervisory processes and cyber resilience frameworks for banks' mobile banking and mobile money channels.

Monetary policy and operations:

- National Bank of Rwanda (NBR) officials were attached to the National Bank of Czech Republic (CNB) to study the implementation of a price-based monetary policy framework. The NBR staff examined the CNB's inflation targeting experience, institutional arrangements, and the integration of the forecasting process with the monetary policy decision making process, communication and monetary policy implementation.

Financial market infrastructures:

- BOU officials were attached to the Bank of Ghana together with officials from Central Bank of Lesotho (CBL). The participation of officials from CBL enriched the program, allowing both intra- and inter-regional peer exchange. The program focused on risk management and oversight of the FMIs and gave practical insights into e-money risk management, regulation and oversight.



BOU staff at the Bank of Ghana

Government finance statistics:

- A compiler of fiscal statistics from Rwanda was attached to Uganda and a compiler from Uganda was attached to Malawi. The officials shared experiences on the compilation of high frequency fiscal data and migration of the fiscal framework to the *GFSM 2014* concepts.

L. Training

38. IMF East AFRITAC organized or participated in 27 regional workshops in FY 2019. This was in addition to 40 national training activities.

- **Revenue administration.** A regional workshop on effective filing and payment processes aimed at assisting member countries to strengthen their taxpayers' filing and payment processes to suit their various situations (Box 2). Another regional workshop focused on building effective taxpayer registers. Development partners participated in both workshops. IMF East AFRITAC in collaboration with AFRITAC South and COMESA conducted a joint workshop on advanced rulings for classification, origin and valuation purposes.
- **Public financial management.** Three regional workshops were held: on understanding gender responsive budgeting, in collaboration with UN Women (Box 3); on public sector accounting and fiscal reporting, in collaboration with AFRITAC South and COMESA; and on harmonization of PFM practices amongst EAC countries, in collaboration with the EAC Secretariat. In addition, the Center organized a seminar for budget directors from member countries on building an effective budget challenge function (Box 4).

- **Macro-fiscal analysis.** A regional workshop on medium-term fiscal frameworks (MTFFs) and fiscal risks was conducted in collaboration with AFRITAC South and COMESA (Box 5). A second workshop was held on reviewing technical tools for macro-fiscal units.
- **Financial sector regulation and supervision.** Four regional workshops were held on (i) banking supervision: implementing Basel core principles and international financial reporting standards (IFRS); (ii) insurance supervision: implementing insurance core principles, supervisory colleges and IFRS; (iii) building cyber resilience; and (iv) Fintech (jointly with AFRITAC South and the advisor on FMIs).
- **Monetary policy and operations.** A foreign exchange market simulation workshop was conducted in collaboration with ACI Australia, AFRITAC South and AFRITAC West 2. The workshop provided real-life simulations of trade in a foreign exchange market environment in combination with lectures. A regional course on model-based monetary policy analysis and forecasting was conducted in collaboration with AFRITAC Central, AFRITAC South, AFRITAC West 2 and the Africa Training Institute. This highly specialized course was intended as a complement to the several ongoing capacity building projects to develop FPAS in member countries. A regional course on managing capital flows was organized jointly with the IMF Institute for Capacity Development and was the first such a course offering in Africa. A regional workshop was held on central bank communication.
- **Financial market infrastructures.** A regional workshop was organized jointly with AFRITAC West 2 (Box 6) to strengthen compliance with the principles related to general organization and operational risk of the CPSS-IOSCO Principles for FMIs (PFMI). IMF East AFRITAC in partnership with AFRITAC South held a workshop on digital challenges and Fintech development.
- **Real sector statistics.** IMF East AFRITAC, AFRITAC South and COMESA conducted a joint regional workshop on import and export prices. The Center also organized a national accounts workshop to support the development of institutional sector accounts. A regional training led by the IMF Statistics Department was delivered to help member countries develop a monthly index for measuring economic activity.
- **Government finance statistics.** A regional workshop aimed at customizing the *GFSM 2014* methodology to the situation of member countries, including advancing the harmonization of GFS in the EAC. In addition, a regional workshop was held on the compilation and dissemination of public sector debt statistics, which aimed at enhancing the skills of the compilers; it included representation of ministries responsible for finance and central banks.



FRITAC East GFS REGIONAL WORKSHOP ON DATA REVISION AND PUBLIC PRIVATE PARTNERSHIP GUIDELINES
Venue: Ryalls Hotel, Blantyre, Malawi Date: 25th-29th June, 2018

Box 3: Regional workshop on effective filing and payment processes

A workshop was organized in Malawi in September 2019 on building effective filing and payment capability across member countries. For all member countries, effective filing and payment processes are an important priority of core tax administration. Some member countries experience delays in the processing of taxpayer accounting transactions, resulting in inaccurate taxpayer accounts and consequently difficulties in establishing the true stock and flow of tax arrears. These issues arise mainly because of low levels of certainty as to the accuracy of the taxpayer registration and account databases, which has implications for compliance and delivery of quality tailored taxpayer service.



Participants in the workshop

The workshop aimed to facilitate the development of action plans to deliver filing, payment and arrears outcomes based on best practice. Member countries came to the workshop with wide-ranging backgrounds, capabilities around filing, payment and register integrity, and progress since their respective assessment using the tax administration diagnostic assessment tool (TADAT). Some had already resourced and delivered significant improvement programs including register integrity, automation of filing processes, and easy payment processes including the use of mobile phones; some have started but are experiencing difficulties in data integrity and their information technology programs; and some are just starting their journey to move away from manual processes and are addressing improvements in their registers, filing and payment processes. It appeared throughout the workshop that there was mixed understanding of what was required to achieve effective filing and payment processes, which has contributed to the mixed progress across countries. It was recognized that the work in improving the effectiveness of filing and payment would need to build and link with the existing register integrity programs.

The workshop provided both technical skilling and translation of the learnings into practical country plans. The technical advice was delivered in three themes: (i) best practice in filing, payment, and arrears; (ii) data integrity to support filing, payment, and arrears; and (iii) developing effective support capabilities needed to achieve an “A” rating according to the TADAT methodology.

At the end of the workshop, all country delegations submitted agreed action plans, and committed to implementing their plans with the support of their heads of revenue administration. A workshop report which includes the respective plans was transmitted to the authorities. The workshop environment helped strengthen peer-learning and community in the region and to deliver similar

content to member countries at a reduced cost. Some development partners involved in the revenue administration area participated in the workshop, which is expected to help increase coordination among providers of CD.

Box 4: Understanding gender responsive budgeting in East AFRITAC member countries

IMF East AFRITAC hosted a regional workshop on “Understanding Gender Responsive Budgeting” (GRB) in Arusha, Tanzania in August 2018. The workshop was attended by 21 officials from ministries of finance, line ministries, and agencies responsible for gender equality, and parliamentary offices in Ethiopia, Kenya, Malawi, Rwanda, Tanzania (including Zanzibar), and Uganda. The objective of the workshop was to familiarize the participants with an integrated perspective on gender budgeting; foster



a dialogue among different institutions responsible for gender equality; and promote peer learning by providing an opportunity for sharing good practices and experience in GRB. Participants presented an assessment of the issues and challenges around GRB in their countries.

Though gender equality is enshrined in the constitution and PFM laws of most member countries, detailed regulations and guidelines to operationalize GRB and monitor progress are lacking. Moreover, the understanding of GRB concepts and processes across the region tends to be limited to women empowerment. Additionally, national statistics agencies do not generate timely and accurate gender-disaggregated data, which is critical to establish baselines for the design of appropriate interventions and targets to measure the impact of gender-related reforms. Participants also agreed that gender-related reforms are hampered by cultural challenges, and lack of political consensus and ownership.

Participants recognized the importance of the national context and the related need for home-grown approaches. They agreed that GRB is more likely to be successful if mainstreamed in the budget cycle and introduced as part of the overall PFM and tax reforms. Implementation should also be sequenced, starting with addressing gaps in the legal and regulatory framework, and piloting GRB initiatives in a few ministries whose activities can have a high impact on gender inequality. While line ministries need to own the initiative, leadership by the ministry of finance is important. Besides, roles and responsibilities among the institutions, including parliament, civil society groups, and the national statistics office, should be clearly delineated to minimize overlaps and conflicts

and ensure accountability for results. Examples from Rwanda and Uganda showed that political leadership, commitment and buy-in are critical for the adoption of GRB reforms.

Going forward, the networks established during the workshop will provide further opportunities for peer-to-peer learning in the region. Given the requests for follow-up in-country training, the IMF will need to work with member countries for sustainable modalities in supporting GRB initiatives in the region.

Box 5: Building an effective budget challenge function

Senior managers in the ministries of finance often find it difficult to spare time to focus and reflect on PFM reform measures recommended by capacity development visits. Setbacks in the implementation of recommended measures can often be traced to limited understanding and ownership at the policy levels of government. This points to the need for a more focused engagement with senior management, such as the two-day regional workshop for Commissioners and Directors of budget from Kenya, Malawi, Rwanda, Uganda, Tanzania, and Zanzibar organized by IMF East AFRITAC in Arusha, Tanzania in August 2018.



Under the theme Building an Effective Budget Challenge Function (BCF), the workshop focused on how ministries of finance investigate and scrutinize the spending, expenditure management processes, and policy choices of ministries, departments and agencies. Participants were sensitized to the opportunity and the potential inherent in a strong challenge function in setting and controlling ministerial allocations and addressing the “common pool” incentive. The latter refers to the incentive for each line ministry to seek to maximize its budget allocation, even when the aggregate across ministries would result in an unsustainable level of public spending.

Participants reflected on ways to improve the effectiveness of the BCF with a focus on the role of senior managers. Workshop sessions covered the scope and nature of the BCF; the role of cabinet and legislative scrutiny of the medium-term expenditure framework and the annual budget proposals; and prerequisites for an effective BCF through case studies on the Austrian and Kenyan experience. Lecture sessions were kept to minimum, allowing for informal, yet structured, discussion, sharing experiences and candid exchanges. The workshop discussed measures that

could be implemented to: (i) enable improvements whose success depends on political support; (ii) enhance tools, processes, and capacities for the challenge function; and (iii) make improvements at the technical level.

Participants agreed on the importance of: (i) political support in the effective implementation of the BCF; (ii) effective institutional arrangements; (iii) enhanced coordination among departments; and (iv) effective use of available skills. There was also broad agreement on the importance of practical home-grown approaches and solutions to PFM challenges. In this regard, participants appreciated the peer-learning experience and the country examples which illustrated the significance of the context in advancing PFM reforms.

The meeting opened channels for future communication, stronger networks, and collaboration among the participants that is expected to further the goal of regional harmonization of PFM practices. The participants requested that such high-level workshops to be held on regular basis.

Box 6: Regional workshop on medium-term fiscal framework

Medium-term fiscal frameworks (MTFFs) are a set of multi-year macroeconomic and fiscal targets and objectives that are consistent with maintaining macroeconomic stability and achieving broader policy objectives, such as sustainable growth. Poor forecasting and weak enforcement of the targets set in MTFFs (often in the form of unplanned spending) can present a serious fiscal risk to government budgets.

East AFRITAC (AFE) and AFRITAC South (AFS) organized a regional workshop on strengthening MTFFs and fiscal risk management in collaboration with the Common Market for Eastern & Southern Africa (COMESA). Forty-two participants from 22 countries participated in the workshop, which was held in Johannesburg, South Africa in September 2018. The large scale and broad diversity of participation was regarded as a strength of the workshop by participants. For many participants, this was their first time to meet and hear from officials from countries not normally present at their regional workshops. The workshop provided a platform for participants to exchange ideas and experiences, and to draw on the knowledge and experience of IMF experts in macroeconomic forecasting and fiscal risk management. Participants shared their country experiences with MTFFs and the management of fiscal risks both formally through presentations, and informally through the many network opportunities provided during the workshop.



Participants in the workshop

Many countries presented positive developments with their MTFF formulation (often supported by new PFM laws), though all countries identified ongoing challenges. Most country presenters listed several factors that made it difficult to establish and maintain their MTFF, including a weak capacity for macro-fiscal forecasting; a lack of timely data; and inadequate coordination between departments involved in budgeting processes. The presentations of country experiences on fiscal risks management showed that authorities were increasingly prioritizing the analysis and management of fiscal risks, especially those emanating from state-owned enterprises and public-private partnerships. Countries also presented new work to estimate fiscal forecast errors, and confidence intervals around new fiscal forecasts.

The workshop complemented the many AFE and AFS activities underway with ministries of finance in the region. In 2018 AFE worked closely with the ministries of finance in Malawi, Uganda, Rwanda, and Zanzibar to build the macro-fiscal forecasting tools to support their MTFFs. National training on macro-fiscal forecasting and fiscal risk analysis was also provided in Kenya, Ethiopia, and Eritrea. In Malawi and Uganda, AFE worked directly with officials to improve fiscal risk analysis and to support the writing of the fiscal risk statement. Workshop participants were eager to learn how different types of assistance had been used to strengthen MTFFs and build capacity on fiscal risk analysis in other countries, and many participants recognized the value and importance of this assistance in their presentations.

Box 7: Peer-learning on strengthening compliance with the PFMI

IMF East AFRITAC conducted a regional workshop jointly with AFRITAC West 2 on strengthening compliance with the principles related to General Organization and Operational Risk [Principles 1 – 3 and 17] of the PFMI. Previous PFMI workshops have generally been wide in scope, addressing 10 to 12 of the 24 principles, in combination with other focus areas. TA missions in member countries suggest the need for targeted assistance on select principles and this workshop was designed to bridge this gap.

Importantly, the workshop also addressed the regulatory requirements for electronic money, for which there is strong demand and growing interest across the region. A total of 11 countries (6 of the 7 IMF East AFRITAC countries; and 5 of the 6 AFRITAC West 2 countries) participated in the workshop. Delegates comprised mainly mid-level



Participants in the workshop

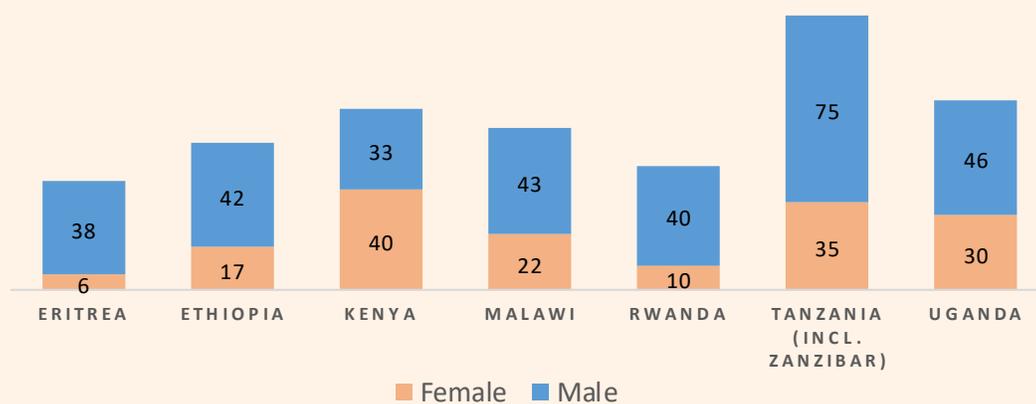
officials responsible for FMI operations and oversight. The presentations were complemented by four case study exercises requiring group discussion and application of the selected principles and concepts. Feedback from the participants was very positive, with many noting that the workshop, and especially the case study exercises, enhanced their understanding of the PFMI. In general, participants felt they were now better equipped to conduct assessments of the FMIs and to fulfill their regulatory and oversight responsibilities. The participants also welcomed the chance to exchange experiences with a wider circle of central banks, which was made possible by the joint nature of the workshop.

39. **Training was delivered to IMF East AFRITAC member countries through various vehicles, including online training.** A total 1550 officials from the region received training in FY 2019 (Table 4). About a third of this training was delivered by the center. The proportion of women among training participants was 34 percent. The center has continued to encourage member country authorities to nominate women to participate in its regional training workshops and courses.

Table 4: IMF East AFRITAC, Training participants over FY 2019

Country	Africa Training Institute	IMF HQ	Internal Economics Training	Joint Vienna Institute	Online Learning	Other IMF Training (non-ICD)	Other Training	IMF East AFRITAC	Total
Eritrea	5					49	4	44	102
Ethiopia	27	3			4	71	8	59	172
Kenya	5	3			38	93	16	73	228
Malawi	25	8			31	76	32	65	237
Rwanda	9	6			28	65	53	50	211
Tanzania	2	2		1	14	126	37	110	292
Uganda	33	11	2		52	100	34	76	308
Total	106	33	2	1	167	580	184	477	1550

Figure 4: IMF East AFRITAC, Workshop training participants over FY 2019



IV. WORK PROGRAM FOR FY 2020

A. Overview

40. **The work plan for FY 2020 targets a slightly lower number of activities than in FY 2019** (Tables 5-11 and Figure 4). This is mostly driven by uncertainty on the availability of resources, particularly the remaining contributions from member countries. The number of activities would decrease by about 4 percent, with in particular a significant reduction of regional workshops, which are big-ticket items. This would allow the budget for FY 2020 to be contained to about US\$11 million, including a 2 percent contingency line to address unexpected and pressing needs. Should expected contributions from member countries materialize early next financial year, the Center would conduct more regional workshops and a few other activities for which there is demand from member countries. The following additional activities would be considered:

- Revenue administration: a follow-up workshop on developing a compliance improvement plan and strategy of monitoring and evaluation.
- Public finance management. Two high-level seminars for directors of budget and accountants general, as well as support to Kenya and Tanzania on public investment management.
- Financial sector regulation and supervision. A high-level seminar for directors and deputy governors with responsibility for banking supervision (possibly jointly with AFRITAC West) and two additional missions, one to Uganda and the other to Malawi.
- Monetary policy and operations. A regional workshop (possibly jointly with AFRITAC South) on forecasting and policy analysis systems.
- Government finance statistics. A regional workshop on the compilation of public sector debt.
- A joint event with other AFRITACs and the Africa Training Institute on an issue of common interest (e.g., improving governance, or the implications of big data and artificial intelligence for government) could also be considered.

41. **The proposed work plan reflects the priorities of the main stakeholders.** It is based on an assessment of needs by counterpart agencies in member countries. It has benefitted from regional partners' and development partners' input. The proposed work plan also reflects the input of IMF country teams and CD departments, which ensures its consistency with IMF priorities and its full integration with other IMF activities. The composition of activity reflects these factors as well as an assessment of absorptive capacity and traction. Notable features of the proposed work plan include: (i) a large increase in resources dedicated to Eritrea (where economic reforms are expected to accelerate) and Kenya (where the delivery of support was affected in FY 2018 and FY 2019 by the political and security situation); (ii) a relative stability of the shares of resources allocated to the various sectors; and (iii) an increase in the share of resources dedicated to attachments.

Table 5: IMF East AFRITAC, Planned Activities, FY 2020

	FY 2019	FY 2020
EAST AFRITAC Activities (number)	Actual	Plan
TA Mission	114	111
Meeting/ Retreat/ Other	20	18
Regional Workshop (including ICD)	27	21
Attachment/Mentoring	11	19
National Training (including ICD)	40	35
Total Number of Activities	212	204
Resources (Field Person Weeks)		
Type of Activities		
Technical Assistance	483	526
Training	341	346
	824	872
Modalities		
Resident Advisor	395	423
Short Term Expert	351	348
Attachments/Mentoring	28	49
IMF HQ Staff	50	52
Total Field Person Weeks	824	872

Table 6: MF East AFRITAC: Strategic Log Frame, FY 2020

	Eritrea	Ethiopia	Kenya	Malawi	Rwanda	Tanzania	Uganda	Zanzibar	Regional
Revenue Administration									
Strengthened Revenue Administration, Management and Governance Arrangements		•		•					•
Strengthened Core Tax Administration Functions	•	•		•	•	•	•	•	
Improved Customs Administration Core Functions	•	•				•	•		•
Public Financial Management									
Comprehensive, credible, and policy-based budget preparation	•	•	•	•	•	•	•	•	•
Improved Asset and Liability Management		•	•	•			•		
Improved budget execution and control			•	•		•		•	
Improved coverage and quality of fiscal reporting			•	•	•	•	•		

Table 7: IMF East AFRITAC: Allocation of Resources by Sector, FY 2020

(in Field Person Weeks)	FY 2019	FY 2020
TA Area	Actual	Plan
Revenue Administration	124	144
Public Financial Management	219	223
Macro-Fiscal Analysis	68	76
Financial Sector Regulation and Supervision	93	89
Monetary Policy and Operations	121	128
Financial Market Infrastructures & Payments	34	40
Real Sector Statistics	80	84
Government Finance Statistics	84	89
Total	824	872

Table 8: IMF East AFRITAC: Allocation of Resources by Country, FY 2020

(in Field Person Weeks)	FY 2019	FY 2020
Country	Actual	Plan
Eritrea	38	74
Ethiopia	65	73
Kenya	80	116
Malawi	97	101
Rwanda	111	100
Tanzania (incl. Zanzibar)	135	130
Uganda	113	98
Regional (incl. East Africa Community)	187	180
Total	824	872

Table 9: IMF East AFRITAC: Resource Distribution by Sector and Country, FY 2020

(In Field Person Weeks)	Total	RA	PFM	MFA	FSR	MONOPS	FMI	RSS	GFS
Eritrea	74	15	9	7	5	13	9	10	7
Ethiopia	73	15	19	5	3	18	2	2	9
Kenya	116	6	43	17	15	5	4	13	13
Malawi	101	10	28	10	13	15	2	16	8
Rwanda	100	10	19	11	12	19	6	13	11
Tanzania (incl. Zanzibar)	130	19	43	7	9	29		7	16
Uganda	98	23	24	4	12	14	6	7	7
Regional/East AFRITAC	180	45	39	16	21	15	11	16	17
Total	872	144	223	76	89	128	40	84	89

Table 10: IMF East AFRITAC: Number of Missions by Sector and Country, FY 2020

(In Field Person Weeks)	Total	RA	PFM	MFA	FSR	MONOPS	FMI	RSS	GFS
Eritrea	20	3	2	2	3	2	3	3	2
Ethiopia	20	4	3	2	2	4	1	1	3
Kenya	24	1	6	3	4	1	1	4	4
Malawi	22	2	4	3	3	3	1	4	2
Rwanda	22	2	4	2	4	3	1	3	3
Tanzania (incl. Zanzibar)	28	4	7	3	3	4		2	5
Uganda	23	5	4	2	4	2	2	2	2
Regional/East AFRITAC	45	11	6	6	5	4	3	5	5
Total	204	32	36	23	28	23	12	24	26

Figure 5: IMF East AFRITAC, Resource Allocation by Sector and by Country, FY 2020

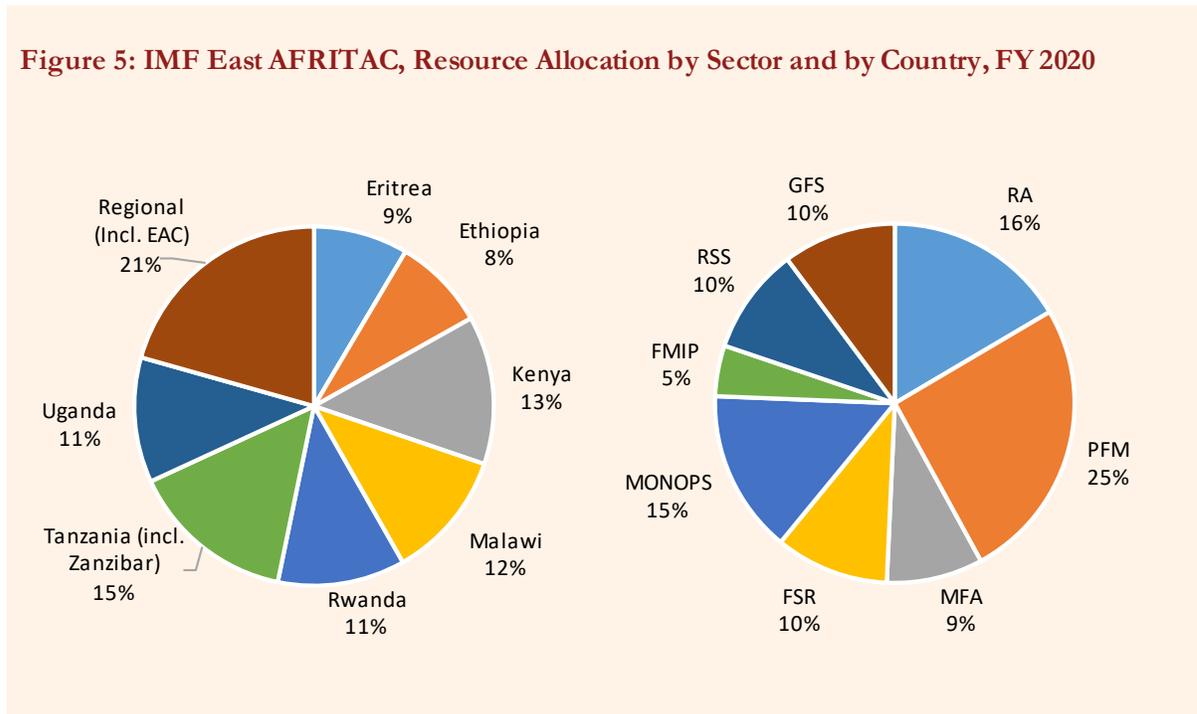


Table 11: IMF East AFRITAC, Resource Allocation by Sector, FY 2020 Work Plan

	LTX	STX	IMF HQ Staff	Attachments	Total
FAD	223	160	26	33	442
Revenue Administration	51	67	6	20	144
Public Financial Management	127	74	9	13	223
Macro-Fiscal Analysis	46	20	10	0	76
MCM	108	114	23	12	257
Financial Sector Regulation and Supervision	47	43	0	0	89
Monetary Policy and Operations	40	59	22	8	128
Financial Market Infrastructures and Payments	22	12	2	4	40
STA	92	74	3	4	173
Real Sector Statistics	45	39	0	0	84
Government Finance Statistics	47	35	3	4	89
Total	423	348	52	49	872

B. Revenue Administration

42. In FY 2020, support will continue to focus on improving compliance management and audit capacity in tax and customs.

43. By strategic objective:

- **Strengthened revenue administration and governance arrangements:** Support will be provided to Eritrea on strengthening the tax legislative framework; and to Malawi on strengthening intelligence and analytical capacity. Uganda will receive support on improving the integrity of staff. Support to Zanzibar will focus on developing customer service capacity.
- **Strengthened core tax administration functions:** Support will be provided to Eritrea on developing data cleaning and national registration process strategies, and advice on the acquisition process of an information technology system; to Ethiopia on developing audit capacity and strengthening dispute handling procedures; to Rwanda on developing capacity in data science and big data analytics and developing financial institutions audit capacity; to Uganda on developing insurance sector audit capacity and developing debt management and collection capacity; and to Tanzania on strengthening construction sector audit capacity and customs intelligence and investigation functions.
- **Improved customs administration core functions:** Support will be provided to Kenya on strengthening customs administration; to Malawi on developing investigations techniques in industries dealing in excisable products; to Tanzania on strengthening customs intelligence and investigation functions; and to Ethiopia on developing post clearance audit capacity. The EAC will be provided support to develop a framework of statistical reporting and performance standards, and on developing a harmonized single customs territory risk management framework/mechanism.

C. Public Financial Management

44. The FY 2020 work plan builds on the ongoing projects in the member countries. It will focus on strengthening medium-term expenditure frameworks, public investment management, and improving the quality and coverage of fiscal reporting and cash management.

45. By strategic objective:

- **Comprehensive, credible and policy-based budget preparation:** Support will continue to be provided on strengthening medium-term budget frameworks, specifically by developing budget costing framework (Kenya, Malawi, Tanzania and Zanzibar), and program-based budgeting (Ethiopia, Rwanda and Uganda). In-country training will be provided to Eritrea on improving the budget cycle.
- **Improved budget execution and control:** Assistance will continue to be provided on public investment management to Kenya, Malawi and Tanzania. In addition, support will be provided on strengthening commitment controls in Malawi and Tanzania.

- **Improved coverage and quality of fiscal reporting:** Assistance will continue to Kenya, Rwanda, Tanzania, and Uganda on progressive implementation of IPSAS and the implementation of the EAMU fiscal convergence roadmaps. Support will be provided to Malawi on enhancing the comprehensiveness of financial reporting and implementation of the new IFMIS, and to Eritrea on revising its chart of accounts.
- **Improved integration of assets and liability management framework:** Kenya, Malawi and Uganda will receive follow-on assistance to guide the development of their cash forecasting and management capabilities and extension of their TSA arrangements.
- **Strengthened identification, monitoring and management of fiscal risks:** Rwanda will receive assistance on oversight and monitoring of state-owned enterprises.

D. Macro-Fiscal Analysis

46. In FY 2020, support will continue to focus on building capacity in macroeconomic and fiscal analysis, budgeting and forecasting.

47. By strategic objective:

- **Comprehensive, credible, and policy-based budget preparation:** Training and assistance on macroeconomic and revenue forecasting will be provided to Ethiopia, Kenya, Malawi, Uganda and Zanzibar. National financial programming and policies training will be provided to Kenya and Rwanda. In Malawi, the macro-fiscal framework will be developed further to include elements of the revised IMF-World Bank debt sustainability framework. Assistance to independent fiscal councils will be extended, with training and assistance to be provided to both the Kenyan and Tanzanian Parliamentary Budget Offices on revenue and macroeconomic forecasting.
- **Strengthened identification, monitoring, and management of fiscal risks:** Training and assistance will be provided to Malawi and Tanzania to improve and develop further the fiscal risk statement. Assistance will be provided to Ethiopia and Rwanda to assess forecast errors and draft a fiscal risk statement.

E. Monetary Policy and Operations

48. IMF East AFRITAC will continue to support central banks in strengthening their operational frameworks, developing financial markets and building the modelling, forecasting, and policy analysis capacity.

49. By strategic objective:

- **Monetary policy and operations:** Assistance to Eritrea will continue to focus on capacity building in monetary operations and reserve management. Ethiopia will be assisted to enhance the effectiveness of monetary policy implementation and strengthen central bank operations in the areas of liquidity forecasting and management, and foreign exchange management. Assistance to Tanzania will continue to focus on modernizing their monetary policy operations

in the context of moving to interest-based monetary policy frameworks. Support to Uganda will focus on enhancing its operational framework in the context of its inflation targeting regime, in particular by building more capacity in monetary policy implementation and liquidity forecasting and management.

- **Developing forecasting and policy analysis capacity:** Projects in Malawi, Rwanda, Tanzania, Uganda, and the EAC will continue with the aim to strengthen technical capacity and to firmly establish FPAS-consistent processes in central banks. Support to Rwanda will sharpen the forecasting team's capacity to produce model-based analysis and policy projections and enhance communication to the decision-makers and other stakeholders. Malawi will be assisted to further integrate FPAS into the decision-making process and continue the work on documenting the FPAS processes to ensure the sustainability of the system. Similarly, assistance to Tanzania will continue to focus on the streamlining and structuring of the FPAS-based forecasting process and effective integration of the analysis into policy making and monetary policy communication. Assistance to Uganda will be geared towards documenting the FPAS and further improving its forecasting performance.

F. Financial Sector Regulation and Supervision

50. The FY 2020 work program will build on previous year work program and continue to reflect a multi-sector and multi-country approach to capacity building, consistent with strategic objectives outlined below.

51. By strategic objective:

- **Banks have strong capital and liquidity positions that adequately cover their risks and contribute to financial system stability:** Support will be provided to Ethiopia, Kenya, Malawi, Rwanda, Tanzania and Uganda in the implementation of Basel II/III.
- **More efficient use of supervisory resources to better oversee key risks in the banking system:** Eritrea, Ethiopia, Kenya, Rwanda, Malawi, Tanzania and Uganda will receive TA in strengthening of institutional structure and operational procedures for RBS implementation. Eritrea, Ethiopia and Tanzania will be supported in strengthening risk assessment frameworks, capital adequacy frameworks and supervisory capacity. Kenya will receive assistance in strengthening IFRS implementation.
- **Improved financial stability via early detection of and effective and timely responses to insurance sector vulnerabilities:** The Center will support Malawi, Rwanda, Tanzania, and Uganda in developing and implementing their risk-based capital and solvency 1.5 framework for insurers; and Eritrea, Ethiopia, Tanzania and Uganda in enhancing their insurance RBS frameworks.
- **Reinforcing micro prudential supervisory frameworks through strengthened systemic risk monitoring, stress testing and macroprudential supervision to promote financial stability:** Support to be provided to Rwanda and Tanzania will focus on stress testing and macro prudential supervision.

- **Enhanced securities regulation and supervision framework that addresses key risks in the sector:** Support to Kenya and Uganda will focus on supervisory oversight of securities firms.

G. Financial Market Infrastructures and Payments

52. IMF East AFRITAC will continue to help build capacity to enable the completion of NPS reforms and aid the adoption of international best practice for risk management and oversight of the FMIs. Overall, the FY20 plan, which targets 13 milestones, will help countries in the region to set up and strengthen oversight and supervisory framework for FMIs; conduct assessments and help improve FMIs' compliance with international standards; and ensure FMIs operate on a sound, transparent and enforceable legal basis.

53. By strategic objective:

- **National payments system development:** Support will be provided to Eritrea to give guidance for and impetus to reform considerations. Ethiopia, Kenya and Uganda will be assisted to conduct self-assessments against international standards. Support will also be provided to Uganda to develop regulations to support the NPS law. Training will be delivered to Rwanda on PFMI.

H. Real Sector Statistics

54. The FY 2020 activities will focus on assisting member countries to further improve the quality, range and timely availability of national accounts and price statistics compiled.

55. By strategic objective:

- **National accounts:** Support will be provided to Malawi to compile benchmark estimates for 2016 using census of establishments data and other datasets; to Ethiopia to integrate quarterly GDP to the rebased annual estimates as well as conduct reviews for further improvements; and to Kenya to improve and finalize the preliminary rebased GDP and SUT estimates. Eritrea will be supported to develop GDP by economic activity; Rwanda to improve staff capacity to implement the 2017 round of GDP rebasing; and Uganda to develop production accounts by institutional sectors.
- **Price statistics:** Kenya, Malawi, Rwanda, Tanzania and Uganda will be supported to complete the rebasing of both PPIs and indices of industrial production. Eritrea will receive training on CPI compilation; and Zanzibar will be assisted to develop price indices for imports and exports.

I. Government Finance Statistics

56. Member countries will continue to be supported to further improve the quality of fiscal and debt data. Eritrea, Ethiopia, Malawi and Zanzibar will continue focusing on expanding coverage to the general government, and Kenya, Rwanda, and Uganda to the public sector. Most

member countries will continue to devote significant resources to improving the quality of public debt data by expanding institutional and instrument coverage, and methods for evaluating debt instruments. Most countries will also sustain their efforts to compile and disseminate high frequency fiscal and debt data. This will be followed by migrating the fiscal frameworks to the *GFSM 2014* concepts to facilitate the application of the new methodology to the analysis and formulation of national fiscal policies.

J. Work on Regional Issues

57. IMF East AFRITAC will continue to support to the regional integration process in East Africa in FY 2020. More specifically:

- **Revenue Administration:** Support will be provided to the EAC to develop a harmonized single customs territory risk management framework/mechanism and a framework of statistical reporting and performance standards.
- **PFM:** continued support will be provided to the EAC integration process through the annual workshop on harmonization of PFM practices, as well as some activities at the country level (e.g., work on fiscal risk management and IPSAS implementation).
- **Monetary policy and operations:** Support will continue to be provided both at the national and the EAC level on the harmonization of monetary policy frameworks and operations (e.g., through support to the EAC FPAS working group).
- **Financial sector regulation and supervision:** IMF East AFRITAC will contribute to a course for EAC central bank staff on emerging issues in banking supervision.
- **Statistics:** Most of the Center's work in government finance statistics and national accounts will remain highly relevant in the context of the EAMU macroeconomic convergence process and related harmonization efforts.

K. Attachments, Mentoring and Sharing of Regional Expertise

58. Given member countries' highly positive feedback on the attachment/mentoring program, the number of such activities is expected to increase further in FY 2020.

- **Revenue administration:** Support through attachments will be provided to Malawi on strengthening intelligence and analytical capacity; to Uganda on improving the integrity of staff, and on fraud detection techniques, analyzing financial statements data, data mining and evidence management; Also, to Uganda on return filing, assessment of taxpayer liabilities, interest and penalty regime, legislation and configuration in the information technology system; and to Tanzania on strengthening transfer pricing audit capacity.

- **PFM:** Attachments are planned for Rwanda (IPSAS implementation); developing a budget costing framework (Zanzibar); TSA design and implementation (Ethiopia); public investment management (Tanzania); and program-based budgeting (Uganda).
- **Financial market infrastructures and payments:** Attachments are planned for Eritrea and Malawi on the practice of oversight of FMIs.
- **Monetary policy and operations:** An attachment of Central Bank of Kenya and Reserve Bank of Malawi officials to another central bank in the area of monetary policy formulation and implementation will be supported.
- **Government finance statistics:** Attachments are planned for compilers from Ethiopia, Kenya and Tanzania on high frequency data compilation and expansion of institutional coverage.

L. Training

59. **Regional workshops will continue to provide opportunities for training and peer-learning. Their number, which is expected to decrease significantly in FY 2020 due to financing uncertainty, could be revised upward should the financing situation allow it.**

- **Revenue administration:** Two workshops will be organized by the Center on building effective filing and payment processes and on developing a compliance improvement plan and strategy of monitoring and evaluation. Two additional workshops will be organized in collaboration with AFRITAC South and AFRITAC West on revenue administration governance and with AFRITAC South on customs data analytics.
- **PFM:** in addition to the annual workshop for EAC countries, regional workshops are planned on oversight and monitoring of state-owned enterprises and budget baseline costing.
- **Macro-fiscal analysis:** Joint courses with ICD on fiscal frameworks and debt sustainability analysis will be held for East African officials. A regional workshop on macro-fiscal transparency in budget documentation will also be organized.
- **Financial sector regulation and supervision:** In addition to supporting the course for EAC central bank staff (see above), two workshops are being planned for FY 2020 as follows: Enhancing and integrating supervisory processes, RBS and Basel II/III implementation; and enhancing financial stability and macro prudential supervision.
- **Monetary policy and operations:** A regional workshop on repo market development will be conducted, which will complement the work done at the country level.
- **FMIs and payments:** A regional workshop will be held on select principles of the PFMI.
- **Real sector statistics:** A regional workshop will be held on CPI rebasing; a joint workshop with COMESA and AFRITAC South on national accounts volume measures; and a regional training on quarterly national accounts in collaboration with MEFMI.

- **Government finance statistics:** Two regional workshops will be held on disseminating the EAC GFS guidelines and on resolving GFS compilation issues.



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