

# IMF East AFRITAC News

February - April 2019



## HIGHLIGHTS

**Financial Market Infrastructure and Payments:** Support was provided to Uganda to enable the completion of the draft National Payments System Bill.

**Financial Sector Regulation and Supervision:** Support was provided to Eritrea on Base I implementation; to Ethiopia on developing a roadmap for Basel II implementation; to Kenya on risk-based supervision for insurance and capital market firms and internal liquidity adequacy assessment process for banks; and to Rwanda and Tanzania on strengthening anti-money laundering and combating the financing of terrorism supervisory processes.

**Government Finance Statistics:** Support was provided to Eritrea on expanding coverage to include all extra-budgetary units in the consolidated central government fiscal data, and to Kenya and Rwanda on expanding the coverage of fiscal data to the entire public sector.

**Macro-Fiscal Analysis:** Support was provided to Ethiopia on fiscal risk analysis, and to Uganda on revenue forecasting.

**Monetary Policy and Operations:** Customized training on forecasting and policy analysis system was delivered to Rwanda and Tanzania. Support was provided to Ethiopia and Malawi on monetary policy frameworks and operations.

**Public Financial Management:** Training was delivered to Kenya on the basic principles of public investment management, and to Tanzania on cash flow forecasting. Support to Malawi and Uganda focused on the implementation of the treasury single account. A fiscal transparency evaluation was conducted in Rwanda.

**Revenue Administration:** Support was provided to Eritrea on a draft tax administration proclamation, and to Kenya on the identification of weaknesses in tax and customs administration. AFE participated in a repeat assessment of tax administration in Uganda using the Tax Administration Diagnostic Assessment Tool.

**Real Sector Statistics:** Ethiopia developed data sources and methods for compiling quarterly GDP estimates by expenditure. Rwanda was supported to develop GDP estimates by institutional sectors and Malawi received training on GDP rebasing and compilation of supply and use tables.

**Regional Workshops:** A total of eight regional workshops were conducted, three in collaboration with AFRITAC south and one with the Toronto Center.

**Regional Corner:** An excerpt on Ethiopia's conference on the macro economic impacts of gender inequality.

**The 21<sup>st</sup> Steering Committee Meeting** took place on April 1, 2019 in Dar es Salaam.

**Forthcoming Activities and TA Dissemination:** Forthcoming activities through end-July 2019 are provided in Table 1. TA reports disseminated on the secure website are listed in Table 2.

## TABLE OF CONTENTS

|                        |    |
|------------------------|----|
| HIGHLIGHTS             | 1  |
| ERITREA                | 2  |
| ETHIOPIA               | 2  |
| KENYA                  | 3  |
| MALAWI                 | 4  |
| RWANDA                 | 4  |
| TANZANIA               | 5  |
| TANZANIA (ZANZIBAR)    | 5  |
| UGANDA                 | 6  |
| ATTACHMENTS            | 6  |
| REGIONAL ACTIVITIES    | 7  |
| AFE STAFF NEWS         | 9  |
| FORTHCOMING ACTIVITIES | 11 |
| TA REPORTS             | 15 |
| PARTNERS AND AFE STAFF | 16 |

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## AFE held its 21<sup>st</sup> Steering Committee Meeting in Dar es Salaam, Tanzania

AFE held its 21st Steering Committee meeting chaired by Bank of Tanzania Deputy Governor Raphael (Dar es Salaam, April 1, 2019). Participants at the meeting included officials from Eritrea, Ethiopia, Kenya, Malawi, Rwanda, Tanzania, and Uganda, and representatives from regional organizations (East African Community, Common Market for Eastern and Southern Africa, Macroeconomic and Financial Management Institute of Eastern and Southern Africa) and



development partners (European Union, Germany, United Kingdom, and the European Investment Bank; and China, Denmark, Ireland, Norway, and the African Development Bank as observers). Steering Committee members were pleased with the findings of the [recent independent evaluation](#) of AFE and welcomed the Center's plan to implement the evaluation's recommendations. They commended the center for the range and the quality of the support provided to its member countries in the past financial year and endorsed the proposed workplan for the current financial year (FY 2020, May 2019- April 2020).

### ERITREA

#### **Financial Sector Supervision and Regulation:**

Eritrea is strengthening Basel I implementation. Training was provided to the Bank of Eritrea on Basel I capital adequacy framework.

**Government Finance Statistics:** Support was provided to expand coverage to include all extra-budgetary units in the consolidated central government fiscal data. Compilation of local government data was initiated as a step towards full coverage of the general government. Support was also provided to compile quarterly budgetary central government data to be used in developing the macro-fiscal framework for internal policy analysis and formulation. Authorities are in the process of finalizing the legal framework necessary for comprehensively compiling fiscal and public debt data.

**Revenue Administration:** Support was provided on further amendments and refinements of the draft tax administration proclamation and regulations prepared as part of the review and modernization of the tax law framework of Eritrea.

### ETHIOPIA

#### **Financial Sector Supervision and Regulation:**

Support was provided to the National Bank of Ethiopia to assess the implications of Basel II and develop a road map for Basel II implementation. Training was delivered on introductory Basel II.

**Macro-Fiscal Analysis:** Training was delivered to Ethiopia on fiscal risk identification and analysis. The mission worked with the authorities to collect and analyze information and data on macroeconomic and fiscal risks.



Participants in the national workshop, Ethiopia, March 2019

Workshop participants produced analyses of macroeconomic and fiscal forecast errors in Ethiopia, and charts of confidence intervals around the current year's forecasts. A fiscal risk registry was prepared to catalogue and assess specific risks. Workshop participants identified and described key sources of risk, quantified the exposure for some risks, and assigned risk owners. This analysis creates a good platform for drafting an Ethiopian Fiscal Risk Statement later in in FY20.

**Monetary Policy Operations:** Support was provided to review the current monetary policy implementation framework, liquidity forecasting framework, foreign exchange policy, and financial market issues. The mission held workshop sessions on monetary policy and foreign exchange implementation frameworks and the development of local currency bond markets.

**Real Sector Statistics:** The National Accounts Department (NAD) is developing quarterly GDP by expenditure to improve availability of short-term indicators for decision making and expand the range of statistics compiled in line with the recommended international practices. The mission supported NAD to develop data sources and the methodology for compiling the new statistics. Preliminary estimates at current prices were developed; the series were adjusted for seasonality and calendar effects and aligned to the annual estimates using appropriate statistical techniques. The mission also prepared an exercise to compile quarterly GDP by expenditure at constant prices.

## **KENYA**

**Financial Sector Supervision and Regulation:** Support was provided to the Insurance Regulatory Authority of Kenya to strengthen risk-based supervision (RBS) and implement supervisory colleges. Training was provided on the RBS for new supervisors, and on the processes required to implement effective supervisory colleges for insurers in the region.

Support was provided to the Central Bank of Kenya to develop and implement an internal liquidity adequacy assessment process (ILAAP) and strengthen stress testing framework for banks. The mission delivered training on the Cihak stress testing framework and

ILAAP based on the latest Basel Guidance on liquidity risk management and liquidity risk assessment.

The Capital Markets Authority of Kenya (CMA) was assisted to strengthen RBS for capital market firms. Training was delivered on the RBS processes, which include identifying significant activities, assessing inherent risks, assessing the adequacy of corporate governance (including board and senior management oversight, operational management oversight, risk management and control functions), and assessing the effectiveness of the business conduct framework and the adequacy of liquidity, earnings and capital.

**Government Finance Statistics:** Support was provided to compile fiscal data for the entire public sector through hands-on training. Efforts have been initiated to compile quarterly fiscal data for extra-budgetary units.

**Public Financial Management:** A mission trained 25 officials on the basic principles of public investment management (PIM) and cost benefit analysis. The officials, drawn from the National Treasury and selected line ministries, will form the core team that will steer the PIM reform across the government. The mission further assisted the PIM unit to review its organizational design, the draft PIM regulations, the roadmap for PIM implementation, an integrated capacity building plan, and proposals for rationalizing the public investment plan.

Another mission provided support on improving the coverage and quality of the annual financial reporting. The mission reviewed the consolidated financial statements (CFS) for the national government, state corporations, semi-autonomous government agencies and the public funds for FY 2017/18. The authorities have sustained past improvements with the CFS for the national government in terms of disclosure, presentation and publication. The mission assisted the authorities in preparing a draft consolidated cash flow statement for the whole of government. The mission also supported the development of a detailed roadmap on the migration to accrual accounting, including a phased approach to the inclusion of different types of assets and liabilities and extending the coverage to the different sub-sectors of the public sector.

**Revenue Administration:** Support was provided to Kenya on the identification of weaknesses in tax and customs administration that have contributed to the recent shortfall in tax revenues. Advice was provided on critical steps to be taken to address the leakages in revenue and improve compliance by domestic taxpayers and traders. Also, advice was provided on the realignment of priorities set out in Kenya Revenue Authority's reform agenda laid out in the three-year corporate plan to address sources of revenue leakages.



Participants in the revenue administration mission in Kenya, April 2019.

## MALAWI

**Government Finance Statistics:** Support was provided to review the quality of quarterly budgetary central government fiscal data. Hands-on training was also delivered to the Staff of the Ministry of Finance, Economic Planning and Development (MoFEPD) on *Government Finance Statistics Manual 2014 (GFSM 2014)* concepts. The skills acquired will be used in the ongoing review of the chart of accounts. The process of migrating the fiscal framework to *GFSM 2014* concepts was initiated.

**Monetary Policy and Operations:** Support was provided to the Reserve Bank of Malawi (RBM) to further enhance the Bank's forecasting and policy analysis system (FPAS). The mission worked closely with the RBM staff to (i) develop a forecast evaluation toolkit to start assessing the performance of the historical model-based forecasts; (ii) enhance the Malawi Quarterly Projection Model (QPM) by including the term structure of interest rates to be able to better capture the monetary transmission mechanism and more accurately assess macroeconomic effects of money-market liquidity conditions; and (iii) advance the documentation of the

FPAS infrastructure to ensure sustainability of FPAS practice in RBM.

Another mission to Malawi reviewed the current monetary policy and foreign exchange (Forex) policy implementation and operations; analyzed the implementation of previous TA recommendations; and held workshop sessions on monetary policy and Forex implementation frameworks and operations based on the experience of South Africa, Romania and Moldova on inflation targeting and market development.

**Public Financial Management:** A mission reviewed the banking arrangements and the coverage of bank accounts in the integrated financial management information system (IFMIS) as part of the roadmap for implementing the treasury single account (TSA). Guidance was provided on strengthening reporting on public debt through IFMIS and bank reconciliation of those related bank accounts and revenue; improving management and reporting on revenues; implementing electronic payments for all transactions including inter account transfers for exchequer releases; and separating cash releases from budget releases in IFMIS.

**Real Sector Statistics:** The National Statistics Office (NSO) of Malawi is consolidating data to compile 2017 benchmark estimates and to rebase GDP. Training was provided to 15 officials from the MoFEPD, the RBM and the NSO on data requirements for both GDP rebasing and developing supply and use tables (SUTs). The rebasing exercise provides an opportunity to include results of the new periodic surveys and censuses to update benchmark estimates. Quarterly GDP series compiled up to the fourth quarter of 2017 were also reviewed.

## RWANDA

**Financial Sector Regulation and Supervision:** The National Bank of Rwanda (BNR) was assisted to strengthen anti-money laundering and combating the financing of terrorism supervisory processes. The mission was led by the IMF's Legal Department.

**Government Finance Statistics:** Support was provided to improve the quality of quarterly budgetary central government data. Rwanda made an initial attempt to compile fiscal data covering the entire public

sector, which will facilitate a deeper understanding of the operations of the public sector. The improved quality of quarterly budgetary central government data facilitated the migration of the fiscal framework to *GFSM 2014* concepts.

**Monetary Policy and Operations:** Support was provided to the BNR in reviewing the content and process of preparing macroeconomic projections and materials for the Monetary Policy Committee (MPC) and adjusting the core macroeconomic model to improve its structure and tractability. The mission advised the BNR management on establishing processes and organizational changes consistent with the best FPAS practices. The mission also worked with the BNR staff to develop flash forecast updates between quarterly MPC meetings and presented the update to the Chief Economist.

**Public Financial Management:** Support was provided to review the draft FY 2019/20 pilot performance budget and share with the authorities suggested improvements for the implementation of the FY 2019/20 budget and an action plan for the FY 2020/21 and over the medium term.

A mission worked with the authorities to collate the documents and data required for the full fiscal transparency evaluation (FTE) mission. A preliminary assessment was made to determine the data gaps and the need for further clarification of material facts. The full FTE mission led by the IMF Fiscal Affairs Department was held in April 2019 and made a detailed analysis of Rwanda's performance against the fiscal transparency code. The mission discussed the findings of the evaluation and provided detailed recommendations for enhancing fiscal transparency.

**Real Sector Statistics:** The National Institute of Statistics of Rwanda (NISR) is developing production accounts estimates by institutional sector. The NISR aims to provide a coherent view of economic activity in terms of production and income generation and the roles played in the economy by the sectors. A mission provided support to compile experimental GDP estimates by institutional sectors. Experimental production account and generation of income account were compiled for the five institutional sectors, namely: general government, financial corporations, non-

financial corporations, households, and non-profit institutions serving households.

## **TANZANIA**

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**Financial Sector Regulation and Supervision:** Support was provided to the Bank of Tanzania (BOT) to strengthen its stress testing framework for banks. The mission provided training on the Cihak stress testing framework and assisted in the development of assumptions for a satellite stress testing model.

Tanzania was assisted to strengthen anti-money laundering and combating the financing of terrorism supervisory processes. The mission was led by the IMF's Legal Department and benefited supervisory and other technical staff from the BOT, Insurance Regulatory Authority, Capital Markets and Securities Authority and the Financial Intelligence Unit of Tanzania.

**Monetary Policy and Operations:** Support was provided to the BOT to fine-tune and streamline the FPAS-related analytical tools; help foster internal organizational changes to better adapt the BOT decision-making process to FPAS-based analysis; and strengthen the modelling and forecasting capacity of the Forecasting Unit. The mission took stock of the main challenges and had encouraging discussions with the authorities on ways to accelerate progress.

**Public Financial Management:** Training was provided to Tanzania on cash flow forecasting. The training was attended by officials from Accountant General, Revenue, Public Debt and Exchequer sections, Budget and Policy Analysis Departments of Ministry of Finance and Planning (MoFP). The workshop focused on strengthening capacity for the preparation of cash flow forecasts that could underpin the financial decision-making process and provided guidance on improving cash management practices and implementation of TSA arrangements in Tanzania.

## **TANZANIA (ZANZIBAR)**

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**Government Finance Statistics:** Zanzibar made a first attempt to compile consolidated general government fiscal data that follows the *GFSM 2014* methodology. Skills of staff

of the MoFP were enhanced to provide a deeper understanding of the *GFSM 2014* framework to facilitate the alignment of the budget to *GFSM 2014* concepts.

## UGANDA

### **Financial Market Infrastructure and Payments:**

Support was provided to enable the completion of the draft National Payments System Bill. This is a critical part of the legal and regulatory framework needed to mitigate risk in the payment and settlement systems and support, inter alia, the growing market for mobile payment services. The Attorney General's office has now cleared the Bill for onward transmission to the Parliament. The mission also reviewed the Bank of Uganda's initial assessment of the real time gross settlement system and provided feedback and guidance to help improve assessment capability and enhance compliance with the risk management and oversight requirements of the international standards, the *CPS-IOSCO Principles for financial market infrastructures*.

### **Financial Sector Regulation and Supervision:**

Support was provided to Uganda on the implementation of risk-based capital (RBC) for insurance companies and enhancement of RBS for insurers. Training was provided on RBC to include different RBC frameworks, and methodologies on determining capital charges for risks to include credit risk, market risk, concentration risk, operational risk and insurance liability risk. On the RBS, training was delivered on how to identify significant activities in insurers, assess inherent risks (reinsurance, insurance, credit, market, operational, reputational, strategic etc.), assess the effectiveness of oversight functions (board and senior management, risk management and control functions), and assess the adequacy of capital, liquidity and earnings of insurers.

**Government Finance Statistics:** Support was provided to expand coverage in the compilation of extra-budgetary units. Training was delivered in the compilation of fiscal data for extra-budgetary units and public corporations to staff of the Ministry of Finance, Planning and Economic Development (MoFPED) and Uganda Bureau of Statistics. Higher capacity will facilitate data quality improvement of the general

government and extending the coverage to the public sector.

**Macro-Fiscal Analysis:** Elasticity and buoyancy calculations were added to the Ministry of Finance's macroeconomic framework. Historical data were updated, and in-year estimates of 2018/19 domestic revenue were included in the file. The proxy base history and forecasts were updated to be consistent with the current macroeconomic forecasts. A new tab was added to the spreadsheet to calculate the difference between the revenue growth target and the baseline revenue forecast. A step-by-step guide to updating the file was produced to ease future updates. The update of the framework was tested by the MoFPED team, who successfully undertook a complete rollover of the data and forecasts.

**Public Financial Management:** Support was provided on TSA and cash management. The mission reviewed progress in extending the coverage of bank accounts under the TSA, specifically with regard to incorporating local government bank accounts and planning the inclusion of bank accounts of externally funded projects. Advice was also provided on improving cash flow forecasting practices in the ministries, departments, and agencies and in the Cash Policy Department of the MoFPED.

**Revenue Administration:** AFE participated in a repeat assessment of tax administration using the Tax Administration Diagnostic Assessment Tool (TADAT). The repeat TADAT, which follows a similar assessment carried out in October 2015, provided a highlight of reform achievements and challenges, and new baseline information that can be used to determine reform priorities.

## ATTACHMENTS

**Government Finance Statistics:** The head of the GFS compilation team at MoFPED participated in an AFE mission to Malawi. The official shared experiences of GFS compilation in Uganda with her Malawian counterparts. She also learnt lessons from Malawi on the migration of the macro-fiscal framework to *GFSM 2014* concepts.

**Revenue Administration:** Officials from Ethiopia visited Tanzania Revenue Authority's Institute of Tax Administration. The visit was undertaken with the participation of an expert under the Revenue Mobilization Thematic Fund (RMTF), who will provide technical assistance on the development of a training strategy. Lessons learned from the benchmarking visit will help inform and advance training and the development of a strategy, which would provide the foundation for the training center in Ethiopia and support the medium-term reform strategy.

Officials from Tanzania visited the Finnish Tax Administration to strengthen knowledge on transfer pricing (TP) and enhance capacity for TP audits. The program covered the TP legislative framework, TP methods, TP risk management, TP tax auditing process, application of mutual agreement procedures, and advance pricing agreements.



Tanzanian officials with their counterparts in Finland

## REGIONAL ACTIVITIES

**Financial Market Infrastructure and Payments:** AFRITAC South (AFS) and AFE convened an inter-regional seminar on emerging financial technologies with a focus on balancing innovation and regulation. Guided by the Bali Fintech Agenda, the seminar examined the regulatory, risk and efficiency implications of fintech developments and discussed the impact these technologies may have on monetary and financial stability, financial inclusion, anti-money laundering/combating the financing of terrorism and financial sector regulation and oversight. The Bali Fintech Agenda proposes a framework to help

countries harness fintech opportunities to foster financial inclusion and growth, while managing the inherent risks.

**Financial Sector Supervision and Regulation:** A regional workshop on insurance supervision was held in collaboration with the Toronto Centre. The workshop focused on implementing International Association of Insurance Supervisors (IAIS) core principles, supervisory colleges and International Financial Reporting Standards (IFRS).



Implementing IAIS Core Principles, Supervisory Colleges and IFRS in East Africa  
February 25-March 1, 2019 at the Saro-Maria Hotel Addis Ababa - Ethiopia  
AFRITAC East TORONTOCENTRE Global Leadership in Financial Supervision

**Government Finance Statistics:** A regional workshop reviewed and updated national work plans for the migration to the GFSM 2014 standard; reviewed the accrual basis of accounting concepts in GFS compilation; and reviewed the progress on the implementation of East African Community (EAC) guidelines. The EAC member states are implementing the EAC GFS and public sector debt statistics guidelines, although not all at the same pace; AFE member countries are also at different stages in implementing accrual accounting.

**Macro-Fiscal Analysis:** A macro-fiscal forecasting tools workshop was jointly organized by AFE and AFS. The workshop provided a venue to macro-fiscal departments of the ministries of finance of 10 countries in the region to present their frameworks and learn from counterparts about alternative approaches to macro-fiscal forecasting. IMF experts gave presentations on the institutional arrangements and broad macro-fiscal forecasting outcomes in the region, as well as on the use of financial programming tools in ministries of finance and the calculation of forecast errors. Country delegations gave presentations on the

macroeconomic and revenue forecasting tools used in their ministries. The workshop concluded that different macro-fiscal forecasting approaches are appropriate under different conditions, with some larger and well-equipped macro-fiscal units using complex tools, while other smaller macro-fiscal units use simpler tools.

**Monetary Policy and Operations:** A customized training (CT) mission supported the technical meeting of the East African Community (EAC) FPAS Working Group in Nairobi (Kenya) and facilitated peer-to-peer exchange on FPAS-related issues between staff from EAC partner states' central banks. The mission helped to develop a prototype stand-alone external sector model, which includes major world economies as well as EAC trading partners and utilizes third party forecasts to estimate external sector variables (e.g., foreign effective output gap, foreign effective inflation). The model could be incorporated into individual countries' models.

A regional seminar focused on central bank communication for officials of central banks. The workshop covered the role of communication units, the nature of communication in the daily work of a central bank, and the relevant strategic and supporting documents, tools and channels for communication. It also covered the role of communication in crises, as well as the development of internal communication in central banks. Effective central bank communication also involves developing relationships with stakeholders, especially with the media.



**Participants in the central bank communication workshop, Tanzania, March 2019**

**Real Sector Statistics:** A joint workshop with AFS and COMESA focused on building capacity to

strengthen the participants' knowledge of price indices concepts and methods in relation to imports and exports. A workshop led by IMF Statistics Department also provided training to support countries develop a monthly index for measuring economic activity.

A regional workshop focused on developing capacity of AFE member countries to compile institutional sector accounts. Countries aim to support better analyses of emerging economic and related issues by developing the sector accounts. These data are expected to facilitate interrelated analyses of production; income distribution; investment and savings by institutional sectors.



**Participants in the national accounts workshop, Zanzibar, February 2019**

## **REGIONAL CORNER**

### **Addis Ababa Conference on the macro-economic impacts of gender inequality.**

A conference on the macroeconomic impacts of gender inequality was held in Addis Ababa, Ethiopia in March 2019. The conference was jointly organized by the Ministries of Finance, Women, Children and Youth of Ethiopia; UN Women; and the IMF African Department (AFR). It brought together about 70 officials from selected ministries, regions and CSOs from Ethiopia and included participants from Rwanda, Uganda, South Africa, and Ukraine.

The conference aimed to inform the Ethiopian budget process by highlighting best practices to foster concrete steps that could support advances in gender equality. The key issues included incorporating gender-based analysis throughout the budget process and examining the impact of spending and tax policies on



gender equality, among others. During the conference the role of a gender budget statement as an integral component for sectors to prepare with their annual plan and budget was also discussed.



Participants in the conference, Ethiopia, March 2019

## AFE STAFF NEWS

### Farewell to AFE PFM Advisors Kubai Khasiani and Amitabh Tripathi.

Amitabh and Kubai share their recollection of the time spent at AFE as they leave the Center.

#### Mr. Kubai Khasiani



**Mr. 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.**

#### Tell us about your experience working at AFE

I have been one of the 3 regional PFM Advisors at AFE. The three of us advise on PFM reforms in the budget cycle. I have dealt with reforms of budget preparation. The key objective has been to strengthen medium term expenditure budgeting to provide the foundation for improved credibility of the budget. Through the tremendous support from colleagues at AFE, Development Partners and counterparts from member countries, there has been good progress in PFM reforms.

#### You have been supporting our member countries on PFM reforms, could you share with us any notable achievements by the authorities during your time

Member countries were previously engaged in “introducing and implementing” budget reforms without a clear appreciation of their objective and implementation plan, resulting in failed attempts and unmet expectations. A recent main achievement is an increased understanding of the principles and practice of medium-term budget frameworks, including setting and respecting budget ceilings, budget baseline costing, comprehensive and whole-life project/program budgeting, and performance informed budgeting. Other areas include project appraisal and selection and strengthened public investment management. Recent initiatives include mainstreaming gender-related budgeting.

#### As you leave the center, what are your expectations on the ongoing PFM reforms in the region?

There is still a lot to be done. PFM reforms should not only be homegrown but also fully owned. There is high potential for applying the knowledge and skills learned to strengthen public finance management in the region. Some countries are ahead while others are still struggling in some areas. Now that the principles are broadly understood, the defining factor is instilling increased transparency in the budget process to sufficiently generate public demand for more accountability in resource management. Such demand should intensify the implementation of the PFM reforms.

#### Mr. Amitabh Tripathi



**Mr. 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.**

**Tell us about your experience working at AFE**

It has been a privilege working with AFE, which has been supporting macroeconomic capacity building in the region. The assistance we provide is deeply valued by our member countries and that brings the additional responsibility of sustaining the quality and relevance of the technical advice that we provide. Over my last 5 years I have been associated with delivering TA in the areas of PFM legal frameworks, PFM reform strategies, budget execution, cash management, financial reporting and fiscal risk management. During this period, I have worked closely with member countries who have been keen and committed to the reform process. In addition, the support from colleagues at AFE and development partners working in the area of PFM has been invaluable.

**You have been supporting our member countries on PFM reforms, could you share with us any notable achievements by the authorities during your time**

This has been a productive period for PFM reforms in the region. Some of the significant achievements by the authorities include: approval of new PFM legal frameworks in Tanzania and Uganda; and adoption of medium-term strategies for the next phase of PFM reforms by member countries. Driven by the EAC integration and harmonization process, member countries have made notable progress in improving the coverage and timeliness of their annual financial statements and in-year budget execution reports. The publication record of the fiscal reports has improved significantly, bringing greater transparency to the process. Another area that has gathered momentum is the consolidation of government cash balances at the central banks in member countries, with significant progress being achieved through the establishment of treasury single account in Uganda.

**As you leave the center, what are your expectations on the ongoing PFM reforms in the region?**

Sustaining the progress and furthering the reform agendas will require continued commitment from member countries and constant coordination between different TA providers in the PFM sector. There are

on-going reforms in the areas of internal controls, cash management, financial reporting that will require sustained support. In the coming years, we should expect more demand for hands-on implementation support in these areas. There is likely to be a greater focus in the areas of oversight and management of state-owned enterprises and fiscal risks arising out of contingent liabilities, including those from PPPs. We should also expect increased regional cooperation, as member countries are realizing the potential of peer-to-peer learning in furthering the national reform agendas and value the AFE support for this modality.

Table 1. East AFRITAC: Forthcoming Activities – May – July 2019

| Financial Market Infrastructures            |                   |   |                    |   |
|---|-------------------|---|--------------------|---|
| Country                                     | Type              | Subject   | Date               | Expert(s)   |
| Kenya                                       | TA Mission        | Mobile payments review  | May 13 – 15, 2019  | Faith Stewart (AFE Advisor)                                       |
| Tanzania                                    | TA Mission        | Mobile payments review  | May 16-20, 2019    | Faith Stewart (AFE Advisor)                                       |
| Uganda                                      | TA Mission        | Mobile payments review  | May 22-24, 2019    | Faith Stewart (AFE Advisor)                                       |
| Eritrea                                     | TA Mission        | Review regulatory requirements for mobile payments  | June 3-7, 2019     | Faith Stewart (AFE Advisor), Short Term Expert (STX, TBD)         |
| Rwanda                                      | National Training | National Training for PFMI  | July 1 – 5, 2019   | Faith Stewart (AFE Advisor), STX (TBD)                            |
| Financial Sector Supervision and Regulation |                   |   |                    |   |
| Country                                     | Type              | Subject   | Date               | Expert(s)   |
| East Africa Community                       | Regional Workshop | EAC Regional Banking Workshop on “Emerging Supervisory Issues   | May 20 -24, 2019   | Courtney Christie-Veitch (AFE Advisor), Giuliano Battistini (STX) |
| Tanzania                                    | TA Mission        | Strengthening RBC and RBS Supervision for Insurers  | May 27 – 31, 2019  | Courtney Christie-Veitch (AFE Advisor), STX (TBD)                 |
| Kenya                                       | TA Mission        | Strengthening Stress Testing Framework for Insurance Companies  | June 3 – 7, 2019   | STX (TBD)   |
| Rwanda                                      | TA Mission        | Strengthening Stress Testing Framework  | June 10 – 14, 2019 | Courtney Christie-Veitch (AFE Advisor), STX (TBD)                 |
| Uganda                                      | TA Mission        | Developing Consolidated Supervision Framework for Insurers  | June 10 – 14, 2019 | STX (TBD)   |
| Ethiopia                                    | TA Mission        | Assist the authorities in implementing Basel II / III   | June 24-28, 2019   | STX (TBD)   |
| Eritrea                                     | TA Mission        | Assist the authorities in implementing appropriate banking reforms  | July 15 – 19, 2019 | Courtney Christie-Veitch (AFE Advisor)                            |
| Rwanda                                      | TA Mission        | Strengthening supervisory processes for capital markets.  | July 24 – 28, 2018 | Courtney Christie-Veitch (AFE Advisor)                            |
| Government Finance Statistics               |                   |   |                    |   |
| Country                                     | Type              | Subject   | Date               | Expert(s)   |
| EAC   | TA mission        | Assessing progress on compilation of fiscal and debt data in accordance with the EAC macroeconomic convergence criteria data requirements | May 20 – 24, 2019  | Robert Maate (AFE Advisor)  |
| STA-HQ                                      | LTX-Retreat       | LTX Retreat in IMF-HQ   | June 17-21, 2019   | Robert Maate (AFE Advisor)  |

|   |                   |   |                    |  |
|---|-------------------|---|--------------------|--|
| AFE member countries  | Regional workshop | Resolving challenges in GFS compilation                                   | July 1- 5, 2019    | Robert Maate (AFE Advisor)<br>Nabila Akhazzan (IMF HQ Staff)<br>David Bailey (STX)   |
| Tanzania  | National Training | Hands-on session to GFS compilers in the Ministry of Finance and Planning | July 8 – 17, 2019  | Robert Maate (AFE Advisor)<br>Francois Englebrecht (STX)   |
| Uganda  | TA mission        | Migration of fiscal framework to GFSM 2014 concepts                       | July 22 – 31, 2019 | Robert Maate (AFE Advisor)<br>Jóhann Rúnar Björgvinsson (STX)  |
| <b>Macro – Fiscal Analysis</b>                                |                   |   |                    |  |
| <b>Country</b>  | <b>Type</b>       | <b>Subject</b>  | <b>Date</b>        | <b>Expert(s)</b>   |
| Eritrea   | TA Mission        | Initial design of the macro-fiscal forecasting framework                  | May 13-17          | Bryn Battersby (AFE Advisor)   |
| Rwanda  | National Training | Training on fiscal risk analysis and drafting a fiscal risk statement     | May 27-31          | Bryn Battersby (AFE Advisor), Gregory Rosenberg (STX)  |
| Rwanda  | TA Mission        | Financial Programming and Policies course                                 | June 24-July 5     | Bryn Battersby (AFE Advisor), Charline Ramspacher (IMF Africa Training Institute), Jacques Bouhga-Hagbe (IMF resident representative). |
| Kenya   | TA Mission        | Macro-fiscal forecasting in the Parliamentary Budget Office               | July 8-12          | Bryn Battersby (AFE Advisor), Paul Gardiner (STX)  |
| Malawi  | National Training | Training on analytical methods for forecasting                            | July 22-26         | Bryn Battersby (AFE Advisor), William Wakuganda (AFE Economist)  |
| <b>Monetary Policy and Foreign Exchange Market Operations</b> |                   |   |                    |  |
| <b>Country</b>  | <b>Type</b>       | <b>Subject</b>  | <b>Date</b>        | <b>Expert(s)</b>   |
| Ethiopia  | TA mission        | Monetary Policy Operations (Follow up)                                    | May 27-31, 2019    | Marin Molosag (AFE Advisor)<br>Carel Hugo (STX)  |
| Eritrea   | National Training | Foreign Exchange Reserve Management                                       | May 27-31, 2019    | Daniel Savin (STX)   |
| Tanzania  | Regional workshop | Repo market development   | July 8-12, 2019    | Marin Molosag (AFE Advisor)<br>Richard Comotto (STX)<br>Carel Hugo (STX)   |
| Ethiopia  | TA mission        | Monetary Policy Operations (Follow up)                                    | TBD                | Marin Molosag (AFE Advisor)<br>TBD (STX)   |

|                                    |                   |  |                          |  |
|------------------------------------|-------------------|--|--------------------------|--|
| Ethiopia                           | TA mission        | Monetary Policy Operations (Follow up)   | TBD                      | Marin Molosag (AFE Advisor)<br>TBD (STX)           |
| <b>Public Financial Management</b> |                   |  |                          |  |
| <b>Country</b>                     | <b>Type</b>       | <b>Subject</b>   | <b>Date</b>              | <b>Expert(s)</b>                                   |
| Malawi                             | TA Mission        | Public investment management (follow-up)   | June 4-14, 2019          | Imran Aziz (AFE Advisor)                           |
| Tanzania                           |                   | Follow-up on budget costing  | July 1 – 12, 2019        | Amra Srdanovic (AFE Advisor), Gerhard Steger (STX) |
| Rwanda                             | TA Mission        | Strengthening financial reporting through use of accrual based IPSAS.                                  | July 8-19, 2019          | Paul Seeds (AFE Advisor), Frans van Schaik (STX)   |
| Tanzania (Zanzibar)                | TA Mission        | Financial Reporting  | July 22 – August 2, 2019 | Imran Aziz (AFE Advisor), Paul Seeds (AFE Advisor) |
| <b>Real Sector Statistics</b>      |                   |  |                          |  |
| <b>Country</b>                     | <b>Type</b>       | <b>Subject</b>   | <b>Date</b>              | <b>Expert(s)</b>                                   |
| Uganda                             | TA mission        | Rebasing construction price indices -compiling rebased indices   | May 20-31, 2019          | Katherine Pegler (STX)                             |
| Eritrea                            | National Training | Training on concepts and methods for compiling CPI   | May 27 – 31, 2019        | Derek Bird (STX) and Edwin St. Catherine (STX)     |
| Kenya                              | TA mission        | Compiling household sector accounts until net lending - analysis of the input datasets                 | May 27 – June 7, 2019    | Pamela Audi (AFE Advisor)                          |
| Rwanda                             | TA mission        | Developing classifications for products and activities for the SUTs and the correspondence tables      | June 10-21, 2019         | Robin Youll (STX)                                  |
| STA-HQ                             | LTX-Retreat       | LTX Retreat in IMF-HQ  | June 17-21, 2019         | Pamela Audi (AFE Advisor)                          |
| Malawi                             | TA mission        | Developing classifications for products and activities for the 2017 SUTs and the correspondence tables | July 1-12, 2019          | Pamela Audi (AFE Advisor)                          |
| Rwanda                             | TA mission        | Supporting compilation of supply table   | July 22 – August 2       | Pamela Audi (AFE Advisor), Robin Youll (STX)       |
| Tanzania                           | TA mission        | Supporting compilation of rebased index of industrial production and producer prices PPI               | July 22 – August 2       | Katherine Pegler (STX)                             |
| <b>Revenue Administration</b>      |                   |  |                          |  |
| <b>Country</b>                     | <b>Type</b>       | <b>Subject</b>   | <b>Date</b>              | <b>Expert(s)</b>                                   |
| Eritrea                            | TA Mission        | Review of the Information Technology System Acquisition Process.                                       | May 13 – 24, 2019        | Yakomba Yavwa (STX)                                |
| Tanzania (Zanzibar)                | National Training | Developing customer service capacity   | May 13-24, 2019          | Alice Owuor (STX)                                  |

|                        |                   |   |                  |  |
|------------------------|-------------------|---|------------------|--|
| Uganda                 | Attachment        | Good practices of assessing taxpayer liabilities, penalty regime, legislation and information technology system configuration | TBA              | URA officials                            |
| Uganda                 | Attachment        | Training in fraud detection techniques, analyzing financial statements data, data mining and evidence management              | TBA              | URA officials                            |
| AFE member countries   | Regional Workshop | Developing a compliance improvement plan and strategy of monitoring and evaluation  | June 24-28, 2019 | Berlin Msiska (AFE Advisor), 2 STX (TBD) |
| Eritrea                | TA Mission        | Developing data cleaning and national registration process strategies   | July 10-23, 2019 | Michael Hewetson (STX)                   |
| Ethiopia               | National Training | Developing audit capacity   | July 15-26, 2019 | TBD                                      |
| East African Community | Regional Workshop | Regional high-level workshop on Single Customs Territory  | July 24-26, 2019 | EAC member countries                     |

### IMF ONLINE COURSES

Available to government officials and, in some cases, to the general public through <http://imf.smartcatalogiq.com/en/current/Catalog/Online-Learning-OL> and <https://www.edx.org/school/imfx>. Forthcoming courses include:

#### **Financial Programming and Policies, Part 1**

Start Date: May 1, 2019 (Work at own pace)

#### **Macroeconomic Management in Resource-Rich Countries**

Start Date: May 1, 2019 (Work at own pace)

#### **Financial Market Analysis**

Start Date: May 1, 2019 (Work at own pace)

#### **Energy Subsidy Reform**

Start Date: May 1, 2019 (Work at own pace)

#### **Macroeconomic Diagnostics.**

May 1 - June 12, 2019

#### **Macroeconometric Forecasting**

Start Date: May 15, 2019 (Work at own pace)

#### **Public Financial Management**

Start Date: May 15, 2019 (Work at own pace)

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

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

| Country             | Title   | Mission Dates                   | Extranet FY |
|---------------------|---|---------------------------------|-------------|
| Kenya               | Review of Business Processes to Support Design Changes to iTax                                  | October 22 - November 2, 2018   | FY 19       |
| Kenya               | Developing a Compliance Improvement Plan and Strategy for Monitoring and Evaluation             | November 28 – December 12, 2018 | FY 19       |
| Malawi              | Extending the Macro-Fiscal Forecasting Framework and Adding a Revenue Forecasting Module        | August 20-31, 2018              | FY 19       |
| Rwanda              | Strengthen telecommunications sector tax audit capacity   | October 17-30, 2018             | FY 19       |
| Rwanda              | Implementing RBS for micro finance firms and Strengthening Risk-based Supervision for insurance | October 22 – 27, 2018           | FY 19       |
| Rwanda              | Report on the National Accounts and External Sector Statistics Mission                          | September 3 – 14, 2018          | FY 19       |
| Tanzania            | GFS Improve Fiscal Data Quality and High Frequency Data   | May 29 – June 8, 2018           | FY 19       |
| Tanzania            | Annual Financial Reporting Improving IPSAS coverage and compliance                              | November 19 – 30, 2018          | FY 19       |
| Tanzania            | Establishing a Revenue Forecasting Capacity in the Tanzanian Parliamentary Budget Office        | November 26 – December 7, 2018  | FY 19       |
| Tanzania (Zanzibar) | AFE: National Accounts/Supporting preparation of Metadata for national accounts                 | August 20 – 31, 2018            | FY 19       |
| Tanzania (Zanzibar) | Strengthening reporting and cash forecasting  | November 19 – 30, 2018          | FY 19       |
| Uganda              | Strengthening the Legal and Risk Management Framework for Financial Market Infrastructures      | June 4 – 12, 2018               | FY 19       |
| Uganda              | Strengthen Telecommunications Sector Tax Audit Capacity   | November 7 – 20, 2018           | FY 19       |
| Uganda              | Follow up on Improving Cost Estimation for the Medium-Term Expenditure Framework                | September 17 – 28, 2018         | FY 19       |
| Uganda              | PFM Framework for Natural Resources Revenues  | November 26-30, 2018            | FY 19       |
| Uganda              | Updating and Improving the Fiscal Risk Statement  | August 13- 17, 2018             | FY 19       |
| Uganda              | Report on Development of Rebased GDP Estimates  | October 8-19, 2018              | FY 19       |
| Uganda              | Technical Assistance on Construction Sector Index   | November 26- December 7, 2018   | FY 19       |
| Uganda              | Improving Budget Documentation  | January 8-22, 2019              | FY 19       |



**Member Countries**

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

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Monetary and Foreign Exchange (FX) Market: Marin Moloşag

Public Financial Management: Amitabh Tripathi, Kubai Khasiani, Paul Seeds

Real Sector Statistics: Pamela Audi

Revenue Administration: Berlin Msiska

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