

**REGIONAL TECHNICAL
ASSISTANCE CENTER
FOR EAST AFRICA**



AFRITAC
East

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REPORT
2018**



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List of Abbreviations

AFE/Center	IMF East AFRITAC
AFRITACs	Africa Regional Technical Assistance Centers
ATI	Africa Training Institute
CD	Capacity Development
COMESA	Common Market for Eastern and Southern Africa
CPI	Consumer Price Index
DfID	Department for International Development (United Kingdom)
EAC	East African Community
EAMU	East African Monetary Union
EU	European 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
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	Macroeconomic and Fiscal Analysis
MONOPS	Monetary Policy Operations
NAS	National Account Statistics
PBB	Program-Based Budgeting
PFM	Public Financial Management
PFMI	CPSS/IOSCO Principles for Financial Market Infrastructures
PPI	Producer Price Index
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
VAT	Value Added Tax

Opening Remarks by Dr. Monique Nsanzabaganwa, Deputy Governor of the National Bank of Rwanda, at the 20th Steering Committee Meeting (Dar es Salaam, Tanzania, March 19, 2018).

Esteemed members of East AFRITAC's Steering Committee, representatives of member countries, development partners, regional organizations, and the IMF, observers, ladies and gentlemen. I would like first to warmly welcome all of you to Dar es Salaam and the 20th meeting of the Steering Committee.

As indicated by the Center Coordinator, my name is Monique Nsanzabaganwa. I am Deputy Governor of the National Bank of Rwanda and a member of the East AFRITAC Steering Committee. I have also been the chairperson of the Steering Committee in the past year and, in this capacity, I will chair today's meeting before passing on the chairmanship baton to my Tanzanian colleagues.



Dr. Monique Nsanzabaganwa

This is our first meeting organized by East AFRITAC in line with a new model under pilot phase. The model consists of sponsoring two delegates from each member country to attend the meeting in lieu of sponsoring East AFRITAC's staff participation in meetings hosted by member countries on a rotational basis. One positive impact of the new model is the increase in member country participation, especially of representatives from fiscal authorities, which is encouraging.

The Steering Committee is gathered today to provide strategic guidance to the Center. The backdrop to our meeting is much more favorable than that last year. As we will hear later today, the Center is indeed in a much better financial position, thanks to generous new contributions from existing donors, namely the EU, the UK, and the Netherlands, and from a new donor, Germany, that we officially welcome as a new member of the Steering Committee. Some member countries have also made financial contributions to the Center, namely Eritrea, Malawi, Uganda, and my own country, Rwanda. In this regard, I encourage the other member countries to expedite the signing of their letters of understanding with the IMF and to start making payments.

We will hear this morning about the Center's performance in implementing the work plan endorsed last April by the Steering Committee. It will be an opportunity for beneficiaries to provide feedback on the technical assistance and training they have received. This feedback is critical to allow the Center to continue to improve the support it provides to its members, so I encourage you to speak up and share with us your experiences.



Development partners will also have the opportunity 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, both in terms of helping set its priorities and for coordination purposes, as some development partners are also large providers of technical assistance and training in areas of East AFRITAC expertise. This afternoon, we will discuss, and hopefully endorse, the work plan proposed for FY 2019. This work plan is ambitious, as you will have seen in the report to the Steering Committee, and entails a significant increase in activity, reflecting high demand from member countries.

Another issue on the agenda today is the implementation of results-based management (RBM) at the Fund and East AFRITAC. The new RBM system is expected to help the Center and its members better plan, deliver, and monitor support activities. It will provide a better sense of what is working well or not so well, and in the latter case what needs to be changed to increase impact. Good progress has been made in implementing the new RBM system, as we will hear from the Center. An area where further progress needs to be made, however, is making sure that the authorities in member countries are fully on board with the targeted outcomes, milestones, and assessment of the current situation.

Another interesting issue on which we will receive a briefing, and have an opportunity to provide views, is the ongoing review by the IMF of its capacity development strategy.

I am looking forward to our discussions today. With these short remarks, I declare the 20th IMF East AFRITAC Steering Committee officially open and I thank you for your attention.

I. Executive Summary

1. **This report covers the activities of IMF East AFRITAC during fiscal year (FY) 2018 (May 2017-April 2018) and outlines the work plan for FY 2019.** Financing uncertainty in the first few months of the year initially affected the execution of the work plan. Since September 2017, with financing uncertainty receding, the Center has worked on executing the full work plan, including the activities that were contingent on the availability of further financing. As a result, the Center has been able to execute 95 percent of the full work plan by end-April 2018 (in terms of resources). IMF East AFRITAC was also able to respond flexibly to changing needs. The share of resources dedicated to tailored, hands-on training continued to increase in line with member countries' demand for this form of support. Across sectors, the share of resources dedicated to monetary operations and policy increased significantly, reflecting the transition to more forward-looking, interest rate-based monetary policy frameworks in several member countries. A significant share of the originally planned activities for FY 2018 were either cancelled or postponed at the authorities' request; the corresponding resources were subsequently reallocated to new activities, sometimes across countries.



Hervé Joly, Center Coordinator

2. **During this period, IMF East AFRITAC supported notable achievements by member countries in the following areas, including:**

- Uganda has started work to develop a detailed medium-term revenue strategy (MTRS) to improve the design of its tax policy, legislation and administration; Kenya is developing a medium-term reform strategy for tax administration. A comprehensive assessment using the tax administration diagnostic assessment tool was conducted in Zanzibar.
- Ethiopia has reviewed and further developed its draft public financial management (PFM) reform strategy. Zanzibar drafted revised PFM regulations. A comprehensive public investment management assessment was conducted in Kenya and Malawi. Highly tailored training was provided to Rwanda on financial programming and policies.
- Financial sector regulators and supervisors from Eastern and Southern Africa gathered to share experiences and receive training on enhancements to the Basel process. This was the first joint seminar organized in collaboration with IMF AFRITAC South and the Common Market for Eastern and Southern Africa (COMESA). Rwanda has developed on-site and off-site supervisory manuals for foreign exchange bureau supervision.
- Malawi is making fast progress in developing its forecasting and policy analysis capacity and using it to inform monetary policy decisions. Malawi and Tanzania are developing and operationalizing their monetary policy and operations frameworks in the context of transitioning to interest-rate based monetary policy frameworks.
- Eritrea is considering a reform of its national payments system.

- Malawi and Ethiopia are rebasing their consumer price indices using data from the recently conducted household budget surveys. Rwanda has developed annual estimates of GDP in constant prices of 2015 to meet the requirements of the East African Community (EAC).
- Malawi, Tanzania and Uganda are extending the coverage of fiscal statistics to include extra-budgetary units, and Eritrea has begun a new capacity development program on fiscal statistics.

3. Progress has continued to be made on strategic issues. The new results-based management system (RBM) of the IMF is now up and running, including at the Center. Work plans are underpinned by more than 100 logframes covering FY 2018 and the next two years, which have been discussed with member country authorities. The present report uses this new system to report on results. Over time, the new system will considerably improve the quality and availability of information for better monitoring of TA and training. Meanwhile, efforts have also been made at the Center to improve the assessment of the effectiveness of training. Outreach and coordination with development partners and regional organizations have increased significantly.

4. Several development partners have made important financial contributions in FY 2018 which will greatly contribute to the sustainability of the Center's operations in the next few years. The European Union made an additional commitment of € 10 million, of which € 9 million was disbursed in early 2018. The United Kingdom signed a follow-up agreement of £ 2.25 million, which has already been disbursed. The United Kingdom may continue supporting IMF East AFRITAC through another agreement in the coming year. An additional € 1 million was received from the Netherlands, under an existing agreement with the Fund on cooperation with AFRITACs. Germany's Ministries of Finance and Development each signed a € 15 million agreement with the IMF, as part of the Compact with Africa initiative; € 2.5 million was allocated to IMF East AFRITAC in 2017 and it is anticipated that a second tranche in 2018 will also benefit the Center. The European Investment Bank (EIB) made a € 200,000 contribution to the Center. Progress was also made on contributions from member countries, with all but one having made payments to the Center. Considering received contributions and firm commitments from development partners and the IMF and assuming full contributions from member countries, the Center is in a relatively good financial situation, with a remaining financing gap of about US\$3 million (or about 5 percent) for the Phase IV period (2015-20).

5. The work plan for FY 2019 entails a significant increase in the level of activity.¹ Overall the Center plans to deliver 957 field-person weeks (FPWs), which is 20 percent above the outturn in FY 2018. This increase reflects strong demand for support from member countries and is made possible by the current full contingent of advisors and the availability of financing. The estimated budget is US\$13 million. Notable features of the FY 2019 work plan include: (i) a large increase in resources dedicated to revenue administration (a top priority for member countries and development partners), and to a lesser extent to financial sector oversight; (ii) a large increase of resources dedicated to Eritrea (the country with the lowest share in FY 2018), Kenya, and Rwanda; and (iii) a stabilization at a high level of the share of resources dedicated to training.

¹ The FY 2019 work plan was endorsed by the Steering Committee at its 20th meeting on March 19, 2018. A summary of the discussions at the 20th Steering Committee meeting can be found in Annex III.

II. Strategic Issues

A. Context for IMF East AFRITAC Technical Assistance

7. The economic slowdown in sub-Saharan Africa has eased, but challenges have grown.²

Growth is estimated to have picked up from 1.4 percent in 2016 to 2.8 percent in 2017, reflecting one-off factors—particularly, the rebound in Nigeria’s oil and agricultural production, the easing of drought conditions that impacted much of eastern and southern Africa in 2016 and early 2017—and a more supportive external environment. Recent growth performance has not been uniform. While several countries (including Ethiopia, Rwanda, and Tanzania in East Africa) grew at 6 percent or more in 2017, 12 countries comprising about a third of sub-Saharan Africa’s population recorded much lower growth leading to per capita income decline in 2018.

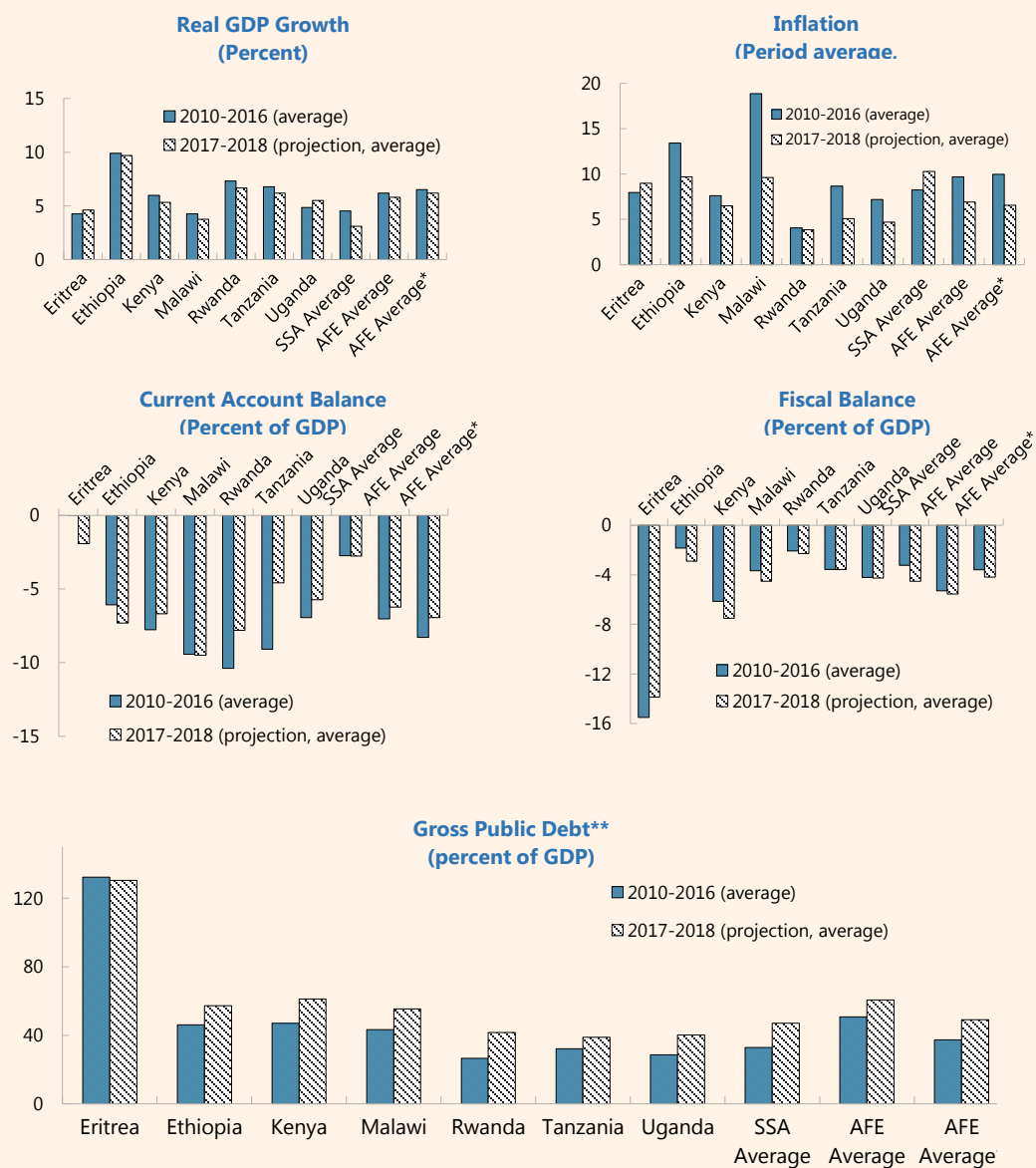
8. A further pickup in growth to 3.4 percent is expected in 2018 in sub-Saharan Africa, with growth remaining robust on average in East Africa. Growth is expected to increase in about two thirds of the countries, driven to a large extent by a more supportive external environment, including stronger global growth, higher commodity prices, and improved market access. The average growth rate of IMF East AFRITAC member countries is expected to be close to 6 percent (Figure 1). But even where growth remains strong in sub-Saharan Africa, in many cases it continues to rely on public sector spending, often at the cost of rising debt vulnerabilities and crowding out of the private sector.

9. Turning the current recovery into sustained, strong growth requires policies to reduce vulnerabilities and raise the growth potential. Prudent fiscal policy is required to rein in public debt and monetary policy should target low and stable inflation. In oil-importing economies which have experienced strong growth based on debt-financed public investment, like some countries in East Africa, the objective should be to reduce fiscal imbalances and transfer the growth momentum from the public to the private sector. This, in turn, requires structural reforms focusing on creating an environment that fosters private investment, improving the quality of public spending and strengthening revenue mobilization. This will help create room for high-priority public investment and other spending with desirable growth and social impacts while maintaining debt sustainability.

10. Addressing some of these challenges is at the core of IMF East AFRITAC’s support to its member countries and is consistent 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, launched in 2017.³ These areas are central to IMF East AFRITAC’s assistance to its member countries, with its focus on strengthening tax administration and PFM, developing financial systems and monetary operations, better data for decision making, and promoting regional integration.

² This section draws extensively on the IMF’s Regional Economic Outlook for sub-Saharan Africa (April 2018).

³ At this writing, Ethiopia and Rwanda (among IMF East AFRITAC member countries) have joined the Compact with Africa initiative.

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

*Average excluding Eritrea

** Central government

Source: Country authorities, and IMF staff calculations.

B. Implementation of the IMF's Action Plan on the Mid-Term Evaluation

11. **IMF East AFRITAC reports periodically on progress in the implementation of its action plan responding to the November 2013 mid-term external evaluation.** Box 1 summarizes actions taken in this area, with a focus on measures implemented since the 19th Steering Committee meeting in Lilongwe (April 2017). Box 2 provides an update on the enhancement of RBM at the Center, which has been an important, cross-cutting project in FY 2018.

12. **The next mid-term evaluation, covering the first half of the Phase IV period (itself covering 2015-20), has been launched.** Preliminary evaluation findings are expected to be available by October/November 2018 and a complete evaluation report by end-2018. This would allow the 2019 meeting of the Steering Committee to focus on the report, the IMF's response to it, and proposed action plan, which would be included in the draft Phase V program document.

Box 1: Status of implementation of the recommendations of the Mid-Term Evaluation

Country Strategies, Sustainability, Costing

- Improved Regional Strategy Notes/Resource Allocation Plan (RSN/RAP) process to capture all IMF technical assistance (TA) to the East AFRITAC member countries. Better alignment with the Fund's strategic planning cycle.
- Financial sustainability strategy for Phase IV: (i) establishing long-term strategic partnerships with key development partners (e.g., the EU and the UK); (ii) diversification of the development partner base (e.g., Germany recently); and (iii) a doubling of member countries' funding share of the program budget.

RTAC Reporting, Results Orientation, Standardization of Practices, Improving Governance

- An updated version of the RTAC Handbook, which addresses several issues from the mid-term evaluation on standard operating guidelines for RTACs, was published in October 2017 (see IMF East AFRITAC secure website). The overall objective of the Handbook is to strengthen the operational efficiency of RTACs. It includes a communications strategy/outreach plan for RTACs and enhancing development partner visibility. The Handbook is a living document and will continue to be regularly updated to reflect evolving practices. RTAC Center Coordinator and RTAC Office Manager retreats, like the one in October 2017, have contributed to strengthening and harmonizing practices across RTACs and IMF HQ departments, and foster collaboration and peer learning.
- The Capacity Development Information Management System (CDIMS) is now operational. CDIMS aims to strengthen and standardize the processes related to the recording of financial information for development partner-financed capacity development support. The IMF will introduce real-time system tools to monitor and analyze the cash flows, budgets and expenditure related to development partner-financed activities. This will help to standardize and

automate financial reporting to development partners. To allow for more efficient communications with development partners, a new online portal—Partner Connect—is being introduced to replace Donor Gateway. Partner Connect will be incorporated as part of the IMF Connect, which is the main interface that the IMF uses to communicate with external partners.

- Executive summaries of the evaluations of other RTACs have been circulated to SC members.

Efficiency of IMF East AFRITAC Operations

- Succession planning continues to be strengthened, with early initiation of recruitment of replacements for departing advisors and overlap between advisors whenever possible.
- The Research Analyst position was extended given the positive experience in assisting the Center Coordinator improve analysis and outreach at IMF East AFRITAC and research support for resident advisors.

TA Delivery Improvements; Enhancement of Results-Based Management (RBM)

Considerable progress has been made toward implementing an RBM system for all IMF CD, irrespective of financing source.

- The RBM system is now in use. All new TA projects use the new system. Change management and training initiatives are under way to ensure that those working on TA internalize a more results-oriented focus and are ready to use the new system.
- Development partners will benefit from having discussions anchored in a clearer results framework based on international best practices and aligned with IMF priorities.
- The new RBM system will considerably improve the quality and availability of information for monitoring TA and training. It will serve as a management tool that addresses the planning, monitoring and implementation of the entire CD project cycle. The RBM system will help to aggregate results across topics, regions, and TA delivery modes, which will considerably improve the consistency and comparability of results reported both internally and to development partners. The new software (CD-PORT) will facilitate tracking of project deliverables. The new system and catalog continue to be rigorously tested. The catalog of outcomes is likely to evolve over time, as improvements are made. The framework is being extended to all IMF CD, including training.
- At IMF East AFRITAC, a RBM advisor was recruited in October 2016 to coordinate this transition. The position was extended by a year at the 2017 Steering Committee meeting.

Effectiveness of Workshops and Training

- Databases on training participants and evaluations have been constituted. End-of-workshop surveys of participants are conducted systematically. Assessment of learning is conducted in selected activities.
- An assessment of the impact of FY 2017 training activities was conducted in early FY 2018 (see Box 11).

Box 2: Results-Based Management at IMF East AFRITAC: An update



Eric Lautier is the Result Based Management (RBM) Advisor. A national of France he joined IMF East AFRITAC in 2014 and was previously the center's research analyst. Before joining the IMF, Eric helped built capacity in macro-economic analysis and trade policies as a Senior Economist/ODI fellow in Burundi. He also worked in academia and for a global asset management advisory firm in London.

Over FY 2018, IMF East AFRITAC has continued to implement the recommendations of the 2013 midterm evaluation with the move to a more programmatic approach to monitor capacity development (CD).

Logical frameworks (logframes) developed in FY 2017 have been refined and discussed with the authorities to align with their national strategies. Significant outreach efforts were conducted over FY 2018 to familiarize the authorities with the new RBM framework. New logframes were also developed to reflect new TA requests from member countries. At this writing, 107 logframes have been developed, covering 24 topic objectives and targeting 282 outcomes and 734 milestones until the end of FY 2020. The Center can now report on the effectiveness of its CD activities using IMF-wide harmonized and agreed-upon indicators, which increases transparency and accountability on CD activities.

Training of IMF East AFRITAC staff has continued over FY 2018, particularly to familiarize resident advisors and administrative staff with the new IT system called Capacity Development—Projects, Outputs, and Results Tracking (CD-PORT). The Center is now able to generate data from CD-PORT for reporting and analytical purposes. Consistency between data from CD-PORT and existing

monitoring systems has been enhanced with the introduction of a new monitoring tool fully integrated with CD-PORT. Efforts were also conducted to promote harmonization of monitoring systems across RTACs, processes for CD planning, delivery, monitoring and evaluation.

Enhancements to CD-PORT have continued over FY 2018 to improve the user interface and budgeting processes, and design reporting outputs specifically tailored to RTAC needs. The RBM advisors in RTACs have been closely engaged in this process to ensure that the specific requirements of the centers are appropriately integrated.

In FY 2019, the RBM work at IMF East AFRITAC will continue focusing on enhancing reporting and evaluation techniques. Support will also be provided for the new external midterm evaluation. Training evaluations will be conducted through impact surveys and knowledge transfer evaluations. The RBM advisor will continue assisting resident advisors to ensure data compliance with the system's requirements and supporting further system improvements.

C. Phase IV, Budget and Financing

13. Several development partners and member countries have made important contributions, which leave a small 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.
- The United Kingdom pledged and disbursed £ 4.5 million (US\$6.4 million) for the first two years of Phase IV, and signed a follow-up agreement of £ 2.25 million in FY 2018, which has been fully disbursed. The United Kingdom may continue supporting the Center through another agreement in the coming year.
- Switzerland pledged and disbursed US\$1 million.
- The IMF signed a letter of understanding (LoU) with the Netherlands 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); € 2.5 million was allocated to IMF East AFRITAC in 2017 and it is anticipated that a second tranche in 2018 will also benefit the Center.
- The European Investment Bank pledged and disbursed € 200,000.
- The IMF's own contribution will be about US\$3.67 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. Kenya, Tanzania, and Uganda have made three annual disbursements, Eritrea two, and Malawi and Rwanda one each.

As of end-May 2018, taking into account received contributions and firm commitments from development partners and the IMF and assuming full contributions from member countries, IMF East AFRITAC is in a good financial situation, with a remaining financing gap of about US\$3 million for the Phase IV period. Discussions with other development partners (e.g., the African Development Bank, Denmark, and Sweden) are ongoing to address the remaining financing gap. China has shown significant interest in supporting AFE, and will allocate US\$3.5 million out of its umbrella partnership agreement with the IMF to IMF East AFRITAC's Phase V in 2020.

D. Outreach and Coordination with Development Partners

14. General outreach through the website, the Facebook page, and the quarterly newsletter has remained very active. The Facebook page (<https://www.facebook.com/EastAFRITAC>)

continues to be used to showcase selected missions, workshops and relevant publications to the users (including on emerging issues such as gender, climate change, and inequality). Free online courses delivered by the IMF are also shared along with content from other IMF pages, such as the one on capacity development (<https://www.facebook.com/IMFCapacityDevelopment>). 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 90 percent of all users. The revamped IMF East AFRITAC website (<http://www.eastafrillac.org>) is integrated with the Facebook page and remains the main repository for longer-lasting information (e.g., annual reports and work plans).⁴

15. Outreach and coordination with development partners and regional organizations have increased. A plan to improve further coordination with development partners and increase the visibility of the support provided by the Center’s donors was designed and started being implemented in late 2017. It builds on a number of practices already in place (some involving IMF resident representatives, who are in regular contact with development partners) and includes the following steps, among others: best effort made by advisors to meet with interested development partners while on mission; regular meetings of the center coordinator with development partners during his visits to member countries to brief them about IMF East AFRITAC’s activities and exchange on coordination issues and scope for collaboration, including with potential new donors; sending of questionnaires to development partners to gather their views on CD priorities in member countries and areas for coordination and collaboration; inviting development partners to attend, and participate actively if they wish so, in regional workshops of interest to them; production and dissemination of short stories or videos on the Center’s work and the support received from development partners; and the prominent display of the latter’s logos at workshops and on IMF East AFRITAC documents. Collaboration with regional partners to optimize the Center’s support to the region has increased too. While the collaboration with the East African Community (EAC) Secretariat has remained very close on a range of issues, that with COMESA has increased significantly in FY 2018, with the joint organization (together with AFRITAC South) of two workshops. More joint workshops in areas of common interest are planned in FY 2019 with COMESA and AFRITAC South. A high-level seminar for members of parliament (MPs) was organized jointly with IMF headquarters; it provided a forum to exchange on issues of common interest and to inform MPs about the Center’s CD work in the region (Box 3).

Box 3: Building capacity in national legislatures

IMF East AFRITAC, together with the IMF’s African and Communications Departments, held a three-day capacity building workshop for members of parliament (MPs) from Kenya, Malawi, Tanzania, Uganda and Zambia in Dar es Salaam, Tanzania (December 6-8, 2017). The workshop covered a range of issues of common interest in the region, with a focus on the role of parliamentarians in accountability, transparency, and oversight on economic and financial issues.

This was the first time that IMF East AFRITAC was involved in this type of workshop for MPs from this group of countries. Five IMF resident representatives participated in the seminar, presented in

⁴ Uganda also agreed to the publication of many recent TA reports, which are now available on the main IMF website.

sessions, and interacted actively with MPs. IMF East AFRITAC hosted the workshop and contributed in terms of content and session presenters. This also allowed MPs to receive a briefing on the Center's work on capacity building, and its integration with the IMF's policy and lending roles. Most sessions had an explicit interactive component to encourage participation. This included having a MP as a lead discussant in sessions that were using one specific country to illustrate certain issues (e.g., Kenya was used to illustrate the role of financial sector development for economic growth and resilience; Uganda was used to illustrate efforts to balance financing public spending on infrastructure with addressing pressing social needs and improving the efficiency of public infrastructure investment).

Most of the 13 participating MPs serve on, or chair, budget/finance/economy committees. MPs offered relevant examples from their countries, these included: Kenya's successful efforts at financial inclusion through mobile telephone; lessons learned by Malawi in dealing with corruption; Uganda's efforts to balance public spending on infrastructure without ignoring social issues; the value of a stronger private sector in Tanzania; and Zambia's attempts to manage its natural resources more effectively within a context of rising debt. Peer-to-peer learning took place on many issues. MPs often directly exchanged experiences and sought clarifications from their counterparts in other countries. Participants underscored the need to strengthen the analytical capacity of MPs in their home countries, particularly on monetary and fiscal policies. The IMF was asked to help in this area, with regular regional and national seminars such as the one just conducted.



Participants in the workshop for parliamentarians, Tanzania, December 2017

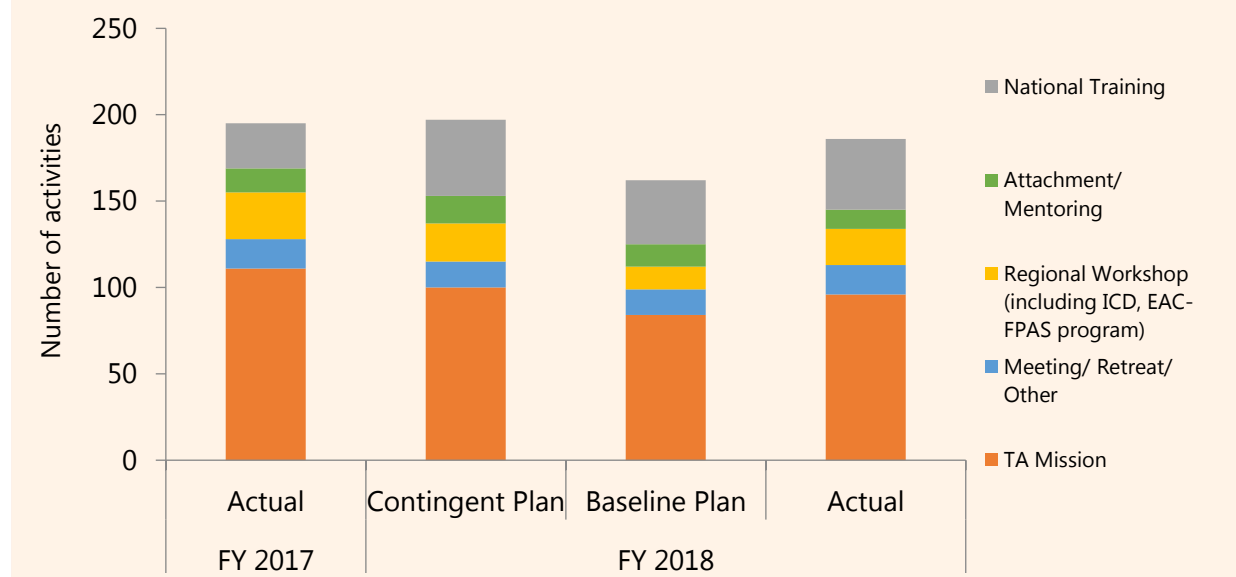
"I have found the session very useful, some of the challenges that we face in Malawi which we think are unique to Malawi are not that unique; other countries may have gone through same experiences and may have learned lessons which are useful for us to take home" –**Hon. Agnes NyaLonje, Member of Parliament of Malawi.**

III. REPORT ON ACTIVITIES IN FY 2018

A. Overview

16. **Despite the impact of financing uncertainty in the first half of the year, the work plan's execution rate was 95 percent (in terms of resources) in FY 2018.** Because of the uncertainty on the timing of new disbursements from development partners, the Steering Committee endorsed in April 2017: (i) a baseline work plan and budget for FY 2018, where the activity level was reduced significantly compared to the initial Program Document; and (ii) additional, contingent activities to be implemented only if additional financing became available soon enough in the fiscal year. The baseline work plan was implemented cautiously in the first few months of FY 2018, to avoid running out of money and having to bring all activities to a sudden stop. From September 2017, IMF East AFRITAC worked on the execution of the contingent work plan (including the contingent activities), as financing uncertainty receded. The normalization of the situation in Kenya also allowed resumption of on-site technical assistance and training delivery in the country. As a result, the execution rate of the work program increased significantly in the second half of FY 2018. The Center executed 94 percent of the contingent work plan by end-April 2018 in terms of activities (Figure 2) and 95 percent in terms of resources (Table 1).⁴ Tables 2-3 and Figures 3-4 provide an overview of resource allocation and execution by country and by sector.

Figure 2: IMF East AFRITAC, Planned vs. Actual Activities over FY 2018



⁴ This outcome was also made possible by having a full contingent of resident advisors for the full year: one for revenue administration (RA), three for PFM, one for macro-fiscal analysis (MFA), one for financial sector regulation and supervision (FSR), one for monetary policy operations (MONOPS), one for financial market infrastructure and payments (FMI) shared with IMF AFRITAC South, one for real sector statistics (RSS) and one for government finance statistics (GFS).

Table 1: IMF East AFRITAC, Activities and Resources over FY 2018

	FY 2017		FY 2018		
	Annual Actual	Annual Contingent Plan	Annual Baseline Plan	Annual Actual	Annual Execution Rate (%)*
AFE Activities (number)					
TA Mission	111	97	84	96	99
Meeting/ Retreat/ Other	17	15	15	17	113
Regional Workshop (including ICD, EAC-FPAS program)	27	22	13	21	95
Attachment/ Mentoring	14	16	13	11	69
National Training**	26	47	37	41	87
Total Number of Activities	195	197	162	186	94
Resources (Field Person Weeks)					
Type of Activity					
Technical Assistance	551	491	432	487	99
Training	268	354	256	312	88
	819	844	688	799	95
Resident Advisor	355	415	354	394	95
Short Term Expert	389	340	269	327	96
Attachments	29	28	26	24	84
IMF HQ Staff	46	61	38	55	90
Total Field Person Weeks	819	844	688	799	95

*Annual actual as share of the annual contingent plan

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

17. IMF East AFRITAC responded flexibly to changing needs. The share of resources dedicated to training, at the national or regional levels, continued to increase from 33 to 39 percent, in line with member countries' demand for this form of support. Across sectors, the share of resources dedicated to monetary operations and policy increased significantly (from 11 to 16 percent), reflecting the transition to more forward-looking, interest-based monetary policy frameworks in several member countries. The share of resources going to Tanzania remained the highest, at about 18 percent.⁵ The share of resources going to Eritrea and Ethiopia—the two countries with the lowest shares in FY 2017—increased significantly. About 27 percent of the originally planned activities for FY 2018 were either cancelled or postponed at the authorities' request; the corresponding resources were subsequently reallocated to new activities across countries and, to a lesser extent, across sectors.

⁵ This partly reflects that support is provided separately to Zanzibar on fiscal and statistical issues; in FY 2018, about a quarter of the resources dedicated to Tanzania benefitted Zanzibar.

Table 2: IMF East AFRITAC, Allocation of Resources by Sector over FY 2018

(In Field Person Weeks)	FY 2017		FY2018		
	Annual Actual	Annual Contingent Plan	Annual Baseline Plan	Annual Actual	Annual (%)* Execution Rate
TA Area					
Revenue Administration	121	94	77	99	105
Public Financial Management	233	241	208	244	101
Macro-Fiscal Analysis	53	68	60	60	88
Financial Sector Regulation and Supervision	101	84	71	73	88
Monetary Policy and Operations	90	147	105	132	90
Financial Market Infrastructures & Payments	37	44	31	31	70
Real Sector Statistics	98	80	67	76	95
Government Finance Statistics	86	87	69	85	98
Total	819	844	688	799	95

*Annual actual as share of the annual contingent plan

Table 3: IMF East AFRITAC, Allocation of Resources by Country over FY 2018

(In Field Person Weeks)	FY 2017		FY 2018			
	Annual Actual	Annual Contingent Plan	Annual Baseline Plan	Annual Actual	Annual Execution Rate (%)*	Annual TA Share (%)**
Country						
Eritrea	16	48	43	30	62	4
Ethiopia	46	82	70	73	89	9
Kenya	105	97	75	72	74	9
Malawi	100	106	89	129	122	16
Rwanda	82	92	75	82	89	10
Tanzania (incl. Zanzibar)	169	135	118	142	105	18
Uganda	112	96	78	102	106	13
Regional	188	187	139	170	91	21
Total	819	844	688	799	95	

* Annual actual as share of the annual contingent plan

** share of total actual resources

Figure 3: IMF East AFRITAC, Share of Resources across Sectors over FY 2018

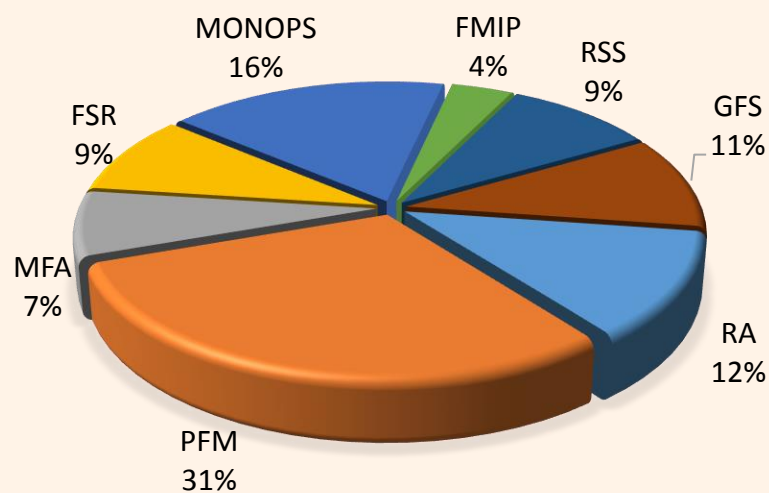
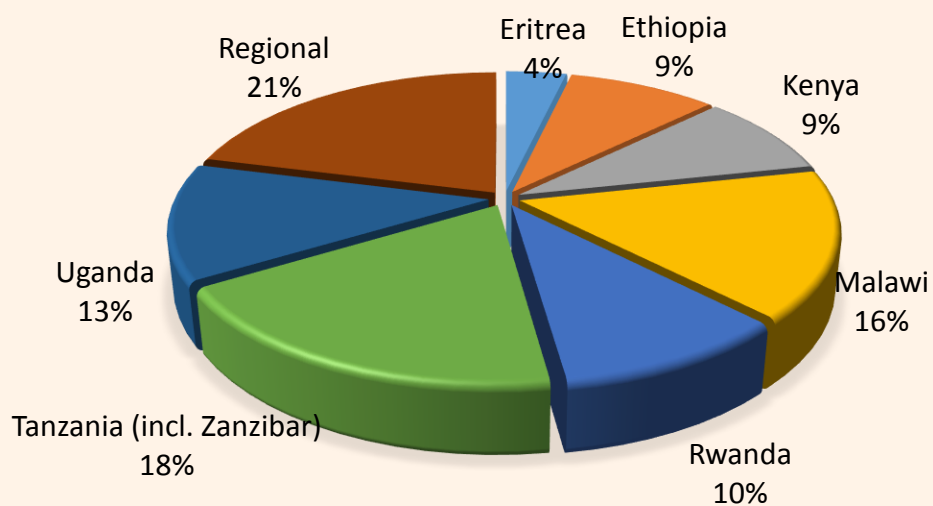


Figure 4: IMF East AFRITAC, Share of Resources across Countries over FY 2018



18. Member countries, with IMF East AFRITAC support, recorded a number of achievements during this period in the following areas, including:

- Uganda has started work to develop a detailed MTRS to improve the design of its tax policy, legislation and administration; Kenya is developing a medium-term reform strategy for tax administration. A comprehensive assessment using the tax administration diagnostic assessment tool (TADAT) was conducted in Zanzibar.
- Ethiopia has reviewed and further developed its draft PFM reform strategy. Zanzibar drafted revised PFM regulations to support the new PFM Act (2016). A comprehensive public investment management assessment was conducted in Kenya and Malawi. Tailored training was provided to Rwanda on financial programming and policies, in collaboration with ATI and the IMF resident representative in Kigali.
- Financial sector regulators and supervisors from Eastern and Southern Africa gathered to share experiences and receive training on enhancements to the Basel process, focused on recent developments relating to Basel II and Basel III. This was a joint seminar organized in collaboration with IMF AFRITAC South and, for the first time, COMESA. Rwanda has developed on-site and off-site supervisory manuals for foreign exchange bureau supervision.
- Malawi is making fast progress in developing its forecasting and policy analysis capacity and using it to inform monetary policy decisions. Malawi and Tanzania are developing and operationalizing their monetary policy and operations frameworks in the context of transitioning to interest-rate based monetary policy frameworks.
- Eritrea is considering a reform of its national payments system (NPS).
- Malawi and Ethiopia are rebasing their consumer price indices (CPI) using data from the recently conducted household budget surveys. Rwanda has developed annual estimates of GDP in constant prices of 2015 to meet the requirements of the EAC
- Malawi, Tanzania and Uganda are extending the coverage of fiscal statistics to include extra-budgetary units, and Eritrea has begun a new capacity development program on fiscal statistics.

B. Revenue Administration

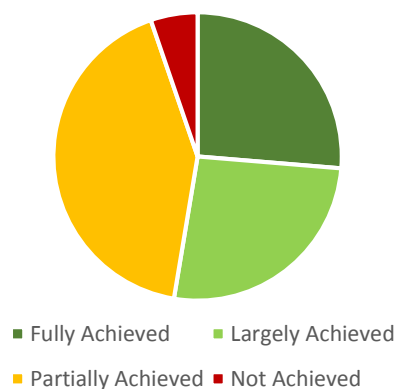
19. In FY 2018, the focus was on strengthening revenue administration management and governance arrangements, including strengthening core tax and customs administration. Of the 23 activities that were planned for the year, 21 were completed and 2 were canceled. Also, five new activities were added to the work plan at the request of the authorities. IMF East AFRITAC also participated in, and facilitated, a number of workshops and seminars organized by member country authorities and/or development partners. In terms of results, about 50 percent of milestones were largely or fully achieved.

20. The main achievements by strategic objective in FY 2018 were:

- Strengthened Revenue Administration Management and Governance Arrangements:** Uganda has started work to develop a detailed MTRS using a participatory approach that includes the key stakeholders. Support was provided to develop a framework for the MTRS to improve the design of the tax system. The MTRS aims to raise compliance levels and help meet the government's revenue goals in the next 5 years. Support to Uganda was also provided on the review of how to harness innovation and digital technologies to improve revenue performance and outcomes; a national workshop was also organized on this topic. Kenya was supported to define a medium-term reform strategy, designed to accelerate reforms in light of the results of the assessment conducted in 2016 using TADAT. Support was provided to Malawi on the assessment of developments in tax and customs administration in the last two years. Ethiopia, Kenya, Malawi and Tanzania were assisted to develop compliance risk analysis capacity in tax and a TADAT assessment was conducted in Zanzibar.
- Strengthened Core Tax Administration Functions:** Ethiopia, Kenya and Rwanda were assisted to improve the integrity of their taxpayer registers. Ethiopia was also assisted to develop a strategy to guide data matching, management and utilization. Tanzania (Zanzibar) was assisted to develop new procedures for registration, filing and payment.



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.



FY18 CDPORT Milestones rating for Revenue Administration

- **Improved Core Customs Administration Functions:** Support was provided to Malawi and Uganda on post clearance audit practice in customs. Rwanda was assisted on national training on developing post-clearance audit capacity in customs with a focus on the manufacturing sector. The East African Community was supported to review the implementation of a single customs territory.

C. Public Financial Management

21. In FY 2018, member countries continued to strengthen their PFM practices and capacity. Of the planned 36 activities 28 were completed, 6 new activities were added in view of the reprioritization of the member countries, 6 activities were postponed to FY 2019, and two activities cancelled. In terms of results, about 60 percent of the relevant milestones were fully or largely achieved and another quarter were partially implemented. Milestones where no progress was made correspond to activities postponed to FY 2019 at the request of the authorities in Malawi, Rwanda, Tanzania and Kenya, where TA delivery was affected by the political situation.



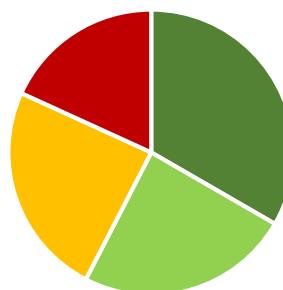
Kubai Khasiani, a national of Kenya, joined the Center in July 2015. He worked for the IMF in Liberia, and for many years for the Kenyan Government, rising to Deputy Budget Director. He is a founding chair of CABRI.



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

22. The main achievements by strategic objective in FY 2018 were:

- **Improved PFM Laws and Institutions.** Ethiopia received further support in reviewing and developing its medium-term PFM reform strategy. Zanzibar drafted the key provisions for the revised PFM regulations to support the new PFM Act 2016.
- **Comprehensive, Credible, and Policy-Based Budget Preparation.** Support was provided to Kenya, Malawi, Tanzania, Uganda and Zanzibar in strengthening their medium-term expenditure frameworks (MTEF). Training was delivered to mid-level staff on the prerequisites for an MTEF in Eritrea. Training was provided to Rwanda on improving the coverage and classification of the national budget, and advice given to Ethiopia on improving the effectiveness of the framework for monitoring and evaluation of the program budget.



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

FY18 CDPORT Milestones rating for PFM

- **Improved Budget Execution and Control.** Support was provided to Uganda to strengthen processes for public investment management. A public investment management assessment (PIMA) was conducted to evaluate the strength of public investment practices in Kenya and Malawi.
- **Improved Coverage and Quality of Fiscal Reporting.** Kenya, Tanzania, and Uganda received support in assessing the coverage and quality of the annual financial statements for FY 2015/16 against International Public-Sector Accounting Standards (IPSAS) and the East African Monetary Union (EAMU) fiscal reporting convergence criteria. Ethiopia received support on the implementation of cash-basis IPSAS and improving in-year financial reporting. Rwanda is revising its existing chart of accounts in preparing for the planned move to accrual accounting, and IMF East AFRITAC provided support in reviewing the IPSAS implementation plans. Malawi received support on improving financial reporting.
- **Improved Integration of Assets and Liability Management Framework.** Support was provided to Uganda on strengthening cash flow forecasting. In Kenya, support was provided on the design of the centralized payment model, and automating the exchequer releases to support the implementation of the treasury single account (TSA). Support to Ethiopia focused on extending the coverage of TSA arrangements at the federal level and providing guidance on TSA implementation.



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



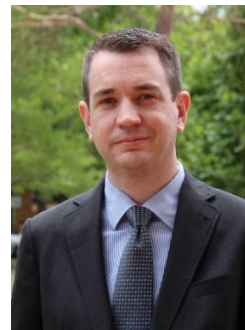
A PFM mission on strengthening annual financial reporting in Uganda, November 2017.

D. Macro-Fiscal Analysis

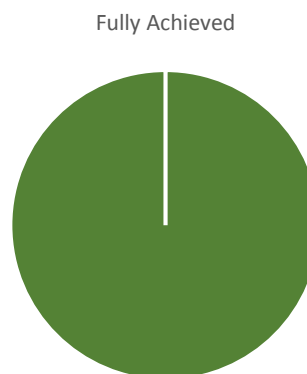
23. Implementation of the macro-fiscal work program was largely as planned over the course of FY 2018, notwithstanding some reallocation of resources and postponements. A total of 18 activities were undertaken, including 5 new activities added at the request of the authorities; 4 activities were postponed to FY19. In terms of results, all three milestones were fully achieved.⁶

24. The main achievements by strategic objective in FY 2018 were:

- Better Budget Preparation:** Training was provided to Eritrea on strategies for establishing macroeconomic forecasting capacity in the context of the Budget process, and to Rwanda on financial programming and policies. The training to Rwanda was delivered in collaboration with ATI and the IMF resident representative in Rwanda. The Rwandan Ministry of Finance and Economic Planning was also supported to update its revenue forecasting framework. Support was provided to Malawi to enhance the macroeconomic forecasting framework with a focus on integrating the framework with the PFM processes. A mission to Zanzibar continued the development of Zanzibar's financial programming framework and provided initial training on fiscal policy and revenue forecasting to the new Department of Fiscal and Financial Policies. Support was also provided to Uganda in updating its GDP and revenue forecasting frameworks.
- Strengthened Identification, Monitoring and Management of Fiscal Risks:** Training was delivered to Malawi on the sources of fiscal risks; the IMF fiscal risk toolkit; and fiscal risk statements. This included the construction of charts that present error bands around nominal GDP growth and revenue growth.



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.



FY18 CDPORT Milestones rating for MFA

⁶ Milestones targeted for FY 2018 were not affected by the postponement of some activities to FY 2019, as these activities were targeting milestones in FY 2019.

E. Financial Sector Regulation and Supervision

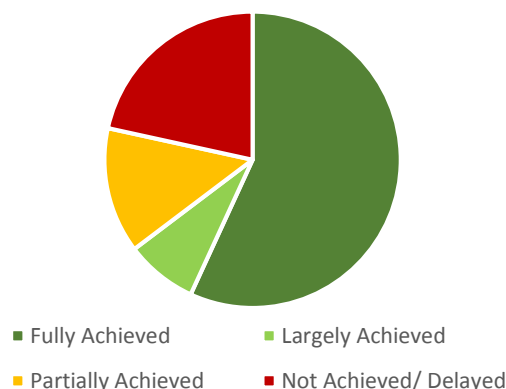
25. Strengthening macroprudential frameworks, risk-based supervision and financial soundness indicators analysis and monitoring for banks and non-banks were key areas of focus in FY 2018. Of the 37 planned activities 25 were completed, 7 were postponed to FY 2019, and 5 cancelled. Twelve new activities were completed at the request of the authorities. In terms of results, about two thirds of the milestones were fully or largely achieved.

26. The main achievements by strategic objective in FY 2018 were:

- Bank Supervision Compliant with International Standards:** Eritrea, Kenya, Rwanda, Tanzania and Uganda received support (including training) on enhancing risk-based supervision; Kenya, Malawi and Rwanda received support on implementing Basel II; and support was also provided to Ethiopia on agent banking, to Uganda on Islamic banking, and to Rwanda on foreign exchange bureau supervision.
- Insurance Supervision Compliant with International Standards:** Support was provided to Eritrea and Uganda on risk-based supervision, and to Rwanda on stress-testing and risk-based capital. Attachment/mentoring was facilitated for Uganda to visit Kenya to learn about medical aid insurance schemes and actuarial valuations.
- Strengthening Macroprudential and Financial Stability Capacity and Frameworks:** Support was provided to Rwanda and Tanzania on strengthening their macroprudential policy frameworks and strategies. The emphasis was placed on documenting macroprudential frameworks, including the identification and use of macroprudential policy tools and identifying gaps in the macroprudential analytical frameworks being implemented.
- Overall Supervisory and Regulatory Framework Compliant with International Standards:** Uganda was assisted in on-site and off-site surveillance in the context of anti-money laundering and combatting the financing of terrorism. Support was provided to Rwanda in developing on-site and off-site supervisory manuals for foreign exchange bureau supervision.



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.



FY18 CDPORT Milestones rating for FSR

F. Monetary Policy and Operations

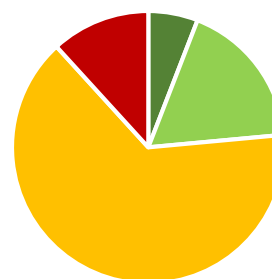
27. In FY 2018, support continued to be provided to improve monetary policy formulation and implementation across a broad range of areas: forecasting and policy analysis systems (FPAS) in Malawi, Rwanda, Tanzania and Uganda; modernization of the monetary policy and operations framework in Malawi and Tanzania; development of the repurchase agreement (repo) market in Malawi, Rwanda and Tanzania; and foreign exchange reserve management in Eritrea. Of the 28 planned activities 17 were completed, 3 were postponed to FY 2019, and 8 activities were canceled. Four new activities were completed. In terms of results, about ¼ of the milestones were fully or largely achieved and about two thirds were partially achieved.

28. The main achievements by strategic objective in FY 2018 were:

- **Developing Modeling, Forecasting and Analysis:** Malawi has increased its capacity to conduct model-based monetary policy analysis and forecasting (using the Forecasting and Policy Analysis System, FPAS) and started integrating FPAS insights into the documentation prepared for the Monetary Policy Committee. Similarly, Rwanda and Tanzania have increased their FPAS capacity and are planning to rely increasingly on FPAS to inform monetary policy decisions in the context of transitioning to an interest rate-based framework.
- **Money and Exchange Rate Operational Frameworks:** Malawi and Tanzania are developing and operationalizing their monetary policy and operations frameworks, and drawing up a time line of actions consistent with their aim of transitioning to interest rate-based monetary policy frameworks; and Tanzania is also harmonizing its frameworks in the context of the transition to EAMU.
- **Deepening Key Financial Markets and Reserves Management:** Malawi, Rwanda and Tanzania are developing the legal, regulatory, and operational foundations required to support a repo market, as well as refining a master repurchase agreement based on international practice.



Marin Moșag 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.



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

FY18 CDPORT Milestones rating for MONOPs

G. Financial Market Infrastructures

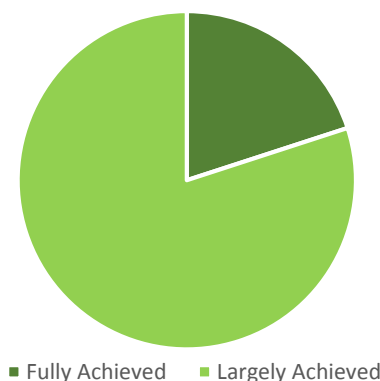
29. Member countries have made good progress advancing their modernization agendas for their financial market infrastructures (FMIs): updating oversight policy frameworks, enhancing risk management strategies and strengthening legal and regulatory frameworks in line with international good practice. Eleven activities were completed in FY 2018 including 6 of the 14 originally planned. Missions were cancelled, postponed, or substituted and milestones deferred due to slower than anticipated progress mainly on the legislative front and dependencies on other outcomes that were unmet. In terms of results, all milestones were fully or largely achieved.

30. The main achievements by strategic objective in FY 2018 were:

- Oversight of FMIs:** A diagnostic mission to Eritrea sought to ascertain the status and give impetus to the reform agenda for the national payments system (NPS) and identify practical steps that can be taken in the short term to enhance the safety and efficiency of the NPS. Support was provided to Ethiopia to re-define its oversight scope and approach to retail payments. The recommendations seek to enhance the regulations as well as the organizational and cooperative arrangements for the oversight of mobile payments in Ethiopia. IMF East AFRITAC participated in the financial sector stability review (FSSR) in Uganda. The aim of the review was to prepare a diagnostic of key issues and develop a TA roadmap to support a program of financial sector reforms. The Center's involvement focused on financial sector development issues related to the FMIs and payments and will be synchronized with the planned TA over the medium term.



Faith Stewart is the Financial Market Infrastructures and Payments advisor. She joined IMF East AFRITAC 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 countries.



FY18 CDPORT Milestones rating for FMI

H. Real Sector Statistics

31. The focus in this area has continued to be on developing and improving the quality of statistics compiled for evidence-based decision-making. The Center assisted countries in mainstreaming new datasets (derived from comprehensive surveys/censuses) into compilation frameworks to obtain improved national accounts and price statistics. In addition, the authorities received support to develop new producer price indices (PPI). The broader coverage of PPI is expected to provide better deflators for more reliable estimates of economic growth and to enhance

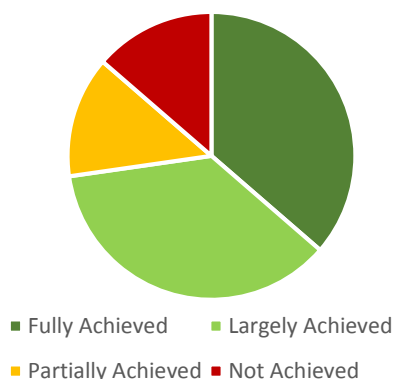
inflation data available to users. Of the 23 planned activities, 19 were completed, three cancelled, and one postponed to FY 2019 to enable the authorities to complete the prerequisite activities. Four new activities were also completed at the request of the authorities. In terms of results, about $\frac{3}{4}$ of relevant milestones were largely or fully achieved.

32. The main achievements by strategic objective in FY 2018 were:

- Annual National Accounts Statistics:** Rwanda developed annual estimates of GDP in constant prices of 2015 to meet the requirements of the EAC. Tanzania, Uganda and Zanzibar, all expected to publish rebased/revised GDP series during 2018, were assisted to analyze the accounts for the general government sector, detailed value added tax (VAT)/income tax returns, and the available monthly, quarterly and annual production data. These countries also received support to compile balanced supply and use tables (the SUTs are used as a basis for deriving reconciled GDP estimates using income, expenditure and production approaches). Malawi was assisted to compile annual actual GDP estimates for the period 2012-2015 based on the new available datasets.
- Price Statistics:** Training was provided to Ethiopia in CPI rebasing. Malawi was supported to update CPI weights based on the 2016/2017 integrated household survey, and to compile the new indices. Tanzania and Uganda received support to develop agriculture producer price indices; Uganda was also assisted in developing residential property price indices (one of the financial stability indicators).



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.



FY18 CDPORT Milestones rating for RSS

Box 4: Source data development for national accounts

Demand for more and better national accounts statistics by data users is ever increasing. However, the national statistical agencies faced challenges on how to effectively and efficiently use the available scarce resources to fulfil their mandate and meet the increasing demand for data.

In supporting member countries to achieve their statistical objectives, IMF East AFRITAC provides frequent TA in reviewing source data (administrative or survey-based data used in national accounts estimates) and compilation methodologies, updating of benchmark estimates (derived estimates from comprehensive surveys of economic activity), improving consistency between datasets, and developing new statistics. However, statistical agencies' limited accessibility to administrative data and irregular calendar for benchmark updates impede improvement of source data.

IMF East AFRITAC is supporting member countries to enhance the use of administrative source data. For instance, detailed government accounts are now more accessible to statistics offices and are largely available in a user-friendly format. Information from tax authorities is also becoming available to statistics authorities in sufficient detail (in a few countries) and has been used to develop better indicators. Countries' pace of implementation varies but there is convergence towards improved access and better use of administrative data. The Center is also assisting to streamline statistical programs for periodic update of benchmark data and to make GDP rebasing a regular exercise. Experiences across countries on GDP rebasing point to the need for development plans that are well integrated with national accounts data requirements to guarantee availability of essential information for the updates. In such instances, prioritized surveys/censuses could be scheduled with set timelines. There are greater chances of success when rebasing and revision calendars are synchronized. Rwanda is one of the member countries that has successfully adopted a 3-year cycle for benchmark updates and rebasing of GDP.

Strong collaboration between statistics offices and other government agencies is critical in enhancing the use of administrative data to produce timely GDP data. A strategy that balances resource requirements and user needs is vital to maintain the relevance of the official statistics compiled.



Staff of the Tanzania National Bureau of Statistics during a national accounts mission, July 17–28, Dar es Salaam

I. Government Finance Statistics

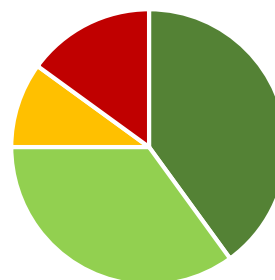
33. In FY 2018, member countries have continued improving the quality of fiscal data and the compilation of high frequency data to facilitate fiscal policy formulation and analysis. Support from the Center has focused on strengthening the core pillars for quality fiscal and debt data compilation and dissemination. These include dissemination of the public sector institutional tables; aligning the chart of accounts to the standard of the 2014 GFS Manual; compilation and dissemination of high frequency data; and improving fiscal and public-sector debt data quality. Of 19 planned activities 15 were completed, 1 postponed to FY 2019 and 3 cancelled. Four new activities were added at the request of the authorities. In terms of results, $\frac{3}{4}$ of relevant milestones were fully or largely achieved.



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.

34. The main achievements by strategic objective in FY 2018 were:

- Government Finance Statistics:** Eritrea is working towards the compilation of fiscal and debt data that is in line with the GFSM 2014 standard; Kenya and Malawi strengthened their GFS technical working groups; Kenya started the compilation of quarterly fiscal data for the budgetary central government; Tanzania (Zanzibar) established a GFS unit as part of institutional strengthening and started the compilation of budgetary central government data; Malawi, Tanzania and Uganda are extending the coverage of data to include extra-budgetary units and public corporations; and Malawi is also compiling government tables (classified by function) that enable a deeper understanding of resource allocation by the authorities. Kenya, Rwanda, and Uganda are starting the compilation of high frequency budgetary central government data, and will soon start disseminating the data to the public. Malawi will start reporting public sector debt based on the current value in local/international currency (nominal valuation); finally, compilers in Zanzibar received training on fundamental principles for GFS compilation.



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

FY18 CDPORT Milestones rating for GFS

J. Work on Regional Issues

35. **Activities to support regional integration in East Africa continued to focus on the harmonization of certain policies and data:**

- **Revenue Administration:** Support was provided to the EAC Secretariat to review the implementation of the EAC single customs territory. IMF East AFRITAC participated in a regional workshop of heads of revenue authorities of EAC member countries, where the resident advisor presented a paper on TADAT and follow-up TADAT plans.
- **Public Financial Management:** IMF East AFRITAC continued to assist in the harmonization of PFM frameworks and practices amongst the EAC partner states as part of the regional integration process. This included supporting implementation of IPSAS, moving towards the EAMU fiscal reporting convergence, and strengthening public investment management practices in the region.
- **Monetary Policy and Operations:** IMF East AFRITAC continued to support the harmonization of monetary policy frameworks and operations and repo markets in EAC countries, with the move towards inflation-targeting regimes in the context of EAMU.
- **Government Finance Statistics:** IMF East AFRITAC and the EAC GFS capacity development program continued to make progress towards strengthening the capacity of EAC partner states in the production of timely and quality general government fiscal and debt data necessary for supporting the monitoring of the EAC economic convergence programs (Box 5). The process of developing EAC guidelines to support the implementation of the GFSM 2014 continued with new chapters on compilation of fiscal data on public debt, below versus above the line transactions, and public private partnerships.



Participants in the EAC GFS workshop, Zanzibar, November 2017

Box 5: How EAC Countries Harmonized their Data to Prepare for a Monetary Union

After forming a customs union and common market area in 2010, the member countries of the East African Community (EAC) decided in 2013 to form a currency union, the East Africa Monetary Union (EAMU), by 2024. As one of the EAMU prerequisites, the EAC countries must harmonize policies and

standards on statistical data compilation and dissemination. Availability of harmonized and comprehensive government financial data is important to assess the selected macroeconomic convergence criteria—on the fiscal deficit, public debt, inflation and foreign exchange reserves—in a consistent and comparable way towards the EAMU.

Dr. Albert Musisi, Commissioner in the Ministry of Finance, Planning and Economic Development in Uganda, and Clement Ncuti, Economist in the IMF Statistics Department (and formerly working for the government of Rwanda), made a presentation at the IMF's 2018 Spring Meetings in one of the recent IMF Postcard Series on how the EAC countries managed to harmonize government statistics in a short period. You can watch the presentation here: <http://www.imf.org/external/spring/2018/mmedia/view.aspx?vid=5772740461001>. In 2014, the EAC began the implementation of its regional data harmonization program, which is set to culminate in 2021. The member countries are in the process of adopting the international guidelines (the GFS Manual 2014) in the compilation and dissemination of government finance statistics. Significant progress has been made in expanding the coverage and improving the quality of the compiled data. According to Dr. Musisi, Uganda, for example, has expanded the coverage of annual statistics from the budgetary central government to the general government, which includes local governments and extra-budgetary units.



Dr. Musisi (right) and Mr. Ncuti (left) presenting in an IMF postcard series in Washington DC, USA.

The success in Uganda is an account of in-country implementation of the regional plan through the established technical working group (TWG), comprised of technical people and policy makers from institutions such as the ministry of finance, the central bank, the revenue authority and the statistics bureau. Kenya, Rwanda and Tanzania have similar working groups, and have achieved the same level of progress. In fact, the TWGs are the main vehicles of the GFS standards harmonization process across the region. There is also a regional TWG, which serves as a platform for sharing experiences and monitoring progress across member countries. Burundi and South Sudan are in the process of catching up with the rest of the EAC countries, although significant amount of work is still needed. The automation of GFS compilation and the dissemination of high-frequency GFS for policy making are among the remaining challenges of the process, according to Dr. Musisi.

The GFS Capacity Development Program, an IMF East AFRITAC TA program for the EAC countries, has been instrumental in expanding coverage to general government; compiling and disseminating

data using GFSM 2014; and disseminating public sector debt statistics in accordance with the Public-Sector Debt Statistics Guide for Compilers and Users 2013. According to Clement Ncuti, other elements explaining the success of the EAC data harmonization program include: (i) the high level political commitment in the harmonization of policies and frameworks towards the EAMU; (ii) countries' ownership of the harmonization process; (iii) proximity of the support provided by the IMF through East AFRITAC; and (iv) continued support of the program by the development partners.

K. Attachments, Mentoring and Sharing of Regional Expertise

36. The attachment/mentorship program is a capacity-building modality valued by the authorities in the region because it makes use of the regional expertise and offers hands-on, highly relevant experiences to participating officials. As a result, the share of peer-learning activities in the region has been increasing in recent years. The attachments facilitated in FY 2018 included:

- Attachment of Kenyan officials to Rwanda. The two countries have shared experiences in the past and both have established units to oversee and quality assure the financial statements prepared by public entities. During the attachment experiences were shared in: planning for migration to accrual accounting; operation of the Rwanda system for managing Electronic Working Papers (EWP); bank reconciliation through the core financial management system (i.e., IFMIS); and the progressive consolidation of accounts for the public sector. Kenya plans to implement reforms in these areas and the lessons learned from the Rwanda experience will prove invaluable.
- Attachment of Ethiopian officials to Tanzania. The attached officials were exposed to some of the likely issues that need to be addressed in Ethiopia's forthcoming reforms of internal audit. They benefitted by seeing first-hand the institutional arrangements for internal audit in Tanzania; the functioning of the audit committees; the role of quality assurance in the audit process; and capacity building through continuous professional education.
- Attachment of Ethiopian officials to Uganda. The National Bank of Ethiopia started producing composite indicators of economic activity (CIEA) in November 2016, with the assistance of the Center. To learn more about the processes for producing and disseminating these indicators, a peer-learning attachment with the Bank of Uganda was arranged for two



Ethiopian officials and their Tanzanian counterparts in Tanzania

officers from the National Bank of Ethiopia. The officers examined how the Bank of Uganda constructs its CIEA and observed the processes for updating and dissemination of the CIEA.

- Attachment of Ugandan officials to Kenya. The objectives of the attachment included knowledge sharing on the legal and regulatory framework for agent banking in Kenya; process of approving agents; supervision of agent banking, assessment criteria for the on-site and off-site inspections; and inherent risks in agent banking from the regulator's perspective. It involved reviewing of documents or policies required for an effective regulatory and supervisory framework for agent banking and participating in site visit(s) as appropriate.
- Attachment of GFS compilers from Eritrea and Zanzibar to Rwanda. The compilers were attached for one week to learn practices in fiscal data compilation and dissemination. The skills acquired included legal and institutional arrangements, compilation of general government and public corporations' data, identification and collection of source data, and automation of processes.
- Attachment of officials from Ethiopia, Kenya, Rwanda, and Uganda to the Bank of Ghana (BoG). Reflecting their strong interest and commitment, Kenya and Uganda self-funded an additional four officials, bringing the total delegation to eight. Participants identified several implementable actions for their respective jurisdictions based on the observations and lessons learnt in Ghana on financial market infrastructures, and have requested TA to support these efforts in FY19 and beyond.
- Mentoring of Ugandan official in Tanzania (Zanzibar). An official from the Ministry of Finance, Planning and Economic Development in Uganda accompanied an IMF East AFRITAC mission on strengthening the medium-term approach to budgeting (MTEF) to Zanzibar. He shared Uganda's experience and challenges in the MTEF reform and was exposed to the common practices that affect reform in the region.
- Officials from Tanzania were attached to Uganda to learn from Ugandan experience in introducing program budgeting.



Ethiopia, Kenya, Rwanda and Uganda delegates at the BoG

L. IMF East AFRITAC Training

37. IMF East AFRITAC organized a number of regional workshops in FY 2018 (beyond regional activities already described above) to foster peer learning. This was in addition to the

national training activities described above in the sections reporting on activities by sectors. These regional workshops covered:

- **Revenue Administration:** Building effective taxpayer registers (Box 6); and the International Survey on Revenue Administration (ISORA)/Revenue Administration Fiscal Information Tool (RAFIT).
- **Public Financial Management:** Improving budget documentation (Box 7); and cash management reforms in the region.
- **Macro-Fiscal Analysis:** IMF East AFRITAC and IMF AFRITAC South held a joint workshop on strengthening macro-fiscal units (Box 8). The objective of the workshop was to improve institutional capacity in the participating ministries' macro-fiscal units. Participants from 14 countries (and Zanzibar) attended the workshop. A course on fiscal policy analysis was also delivered in collaboration with the IMF's Institute for Capacity Development (ICD).
- **Financial Sector Regulation and Supervision:** Regional regulators and supervisors from Eastern and Southern Africa gathered in Mauritius to share experiences and receive training on enhancements to the Basel process, focused on recent developments relating to Basel II and Basel III. This was a joint seminar organized in collaboration with IMF South AFRITAC South and the COMESA Monetary Institute. Three other workshops were organized on financial stability (Box 9), bank supervision (domestic systemically important banks and internal capital adequacy assessment process reforms), and risk-based supervision of insurance companies.
- **Monetary Policy and Operations:** A one-week exchange rate policy course was delivered in cooperation with ICD. The course focused on exchange rate assessments, foreign exchange interventions, reserve adequacy, and the real exchange rate and macroeconomic policy. A workshop on harmonization of monetary operations and repo market frameworks in the EAC countries was also conducted.
- **Financial Market Infrastructures:** IMF East AFRITAC, in collaboration with IMF AFRITAC South and the IMF's Legal Department (LEG), conducted a regional workshop on the legal aspects of the national payments system to strengthen compliance with Principle 1 (Legal Basis) of the CPSS-IOSCO Principles for Financial Market Infrastructures (Box 10)
- **Real Sector Statistics:** A regional workshop was undertaken to deepen understanding of the compilation and balancing of SUTs. The key objective was to enhance the skills of the compilers in processing a wide range of datasets using the SUT framework to derive consistent GDP estimates. Another workshop on PPI was conducted in Mauritius, in collaboration with IMF AFRITAC South and COMESA, to strengthen the participants' knowledge on the concepts and methods for compiling PPI.



Participants in the NPS legal workshop, Mauritius, November 2017

- **Government Financial Statistics:** Two regional workshops were conducted: One focused on the development of EAC GFS guidelines on public debt, below versus above the line transactions, and public private partnerships; and another workshop focused on GFS data revision policies, high frequency data compilation and dissemination, and inventories (documentation of methods and practices in fiscal and debt data compilation).

Box 6: Peer learning on building effective taxpayer registers

Taxpayers registration integrity is an important priority for IMF East AFRITAC member countries. A regional workshop on building effective taxpayer registers was held in Zanzibar, Tanzania (December 2017) and undertaken within the context of improving compliance management in tax. The workshop focused on building best practice capability across the region. All the countries participated in the workshop came with a wide range of backgrounds and progress and actively shared issues and ideas.

There was substantive engagement and changes in understanding and application through the progress of the workshop, which increased the likelihood of advancement in each of the countries. Action plans were drafted by participating countries to address issues in their registers under four themes: what is required to get registration integrity 'right from the start'; why and how they cleanse their current register; what enabling capabilities are required to ensure sustainability of a high integrity register; and finally positioning the countries for the future regarding the creation of contemporary cross-government registers (single window approaches).



Participants in the workshop, Zanzibar, December 2017

At the conclusion of the workshop all countries, on submission of an agreed action plan, committed to implement their plans with the support of their heads of revenue administrations. The immediate next steps included meeting their respective executive team to discuss the key messages and actions from the workshop, obtain endorsement and appropriate resourcing and governance arrangement to support their rollout.

Box 7: Improving budget documentation

Recent ratings from Public Expenditure and Financial Accountability (PEFA) assessments across the region have been low on budget documentation (PI-5); performance information (PI -8) and public

access to information (PI-9). Findings from the Open Budget Index (2017) also show that most of the member countries have relatively low scores on budget openness and transparency. Evidence from recent IMF Fiscal Transparency Evaluations (FTE) further reflects challenges with the coverage, quality, consistency, comprehensiveness, timeliness and reliability of budget information in the region. Risks are also not sufficiently disclosed and analyzed despite the recent inclusion of fiscal risk statements to the budget documentation in some member countries.

IMF East AFRITAC organized a five-day budget documentation workshop attended by 27 public finance officials from member countries in Entebbe, Uganda. The objective of the workshop was to expose the participants to the principles of effective communication and equip them with the skills to make budget documents more strategic, precise, focused, and reader friendly. The theme for the workshop was “Budget Documentation for Effective Communication”. The topics covered included: (i) developing and communicating strategic plans, fiscal strategy and expenditure priorities; (ii) developing documentation for budget approval; (iii) documents supporting budget monitoring, accounting and reporting; and (iv) improving budget communication. Participants observed that the pressure for enhanced transparency had triggered the production of numerous and voluminous budget documents. As a result, there has been an increase in duplication and a reduction in levels of consistency, adequacy, completeness, and relevance of budget information.



Participants in the regional workshop on improving budget documentation, Uganda, November 2017.

These weaknesses are manifested in:

- the absence of a clear, understandable narrative that is supported by consistent macroeconomic/fiscal forecasts;
- inconsistent information/ data from different input sources leading to frequent in-year revisions and unsatisfactory implementation of the budget;
- unreliable sources of data that contribute to challenges in integrity and authenticity;
- absence of detailed budget estimates and project details to key stakeholders such as the legislators and the public, hence compromising decision-making;
- inadequate legal frameworks on budget documentation, coupled with inadequate capacity for an in-depth analysis by the legislature. These circumstances constrain the usefulness of the budget documents in decision-making.

To address these weaknesses, participants agreed to prepare individual country action plans for:

- improving strategic planning as an anchor for preparing strong documents;

- setting out clear and consistent objectives under the fiscal framework to anchor the entire budget process;
- reviewing and rationalizing budget documents to improve budget communication and influence the quality of decision-making;
- using budget systems, websites and other information presentation systems to rationalize the current information density.
- Improving staff skills in fiscal transparency, accountability, relevance, clarity, simplicity, consistency, and completeness of the budget.

http://www.eastafritac.org/index.php?/regional_workshops/rw/category/public_financial_management/

Box 8: Peer learning on strengthening the role of macro-fiscal units in ministries of finance.

IMF East AFRITAC and IMF AFRITAC South held a joint workshop on strategies for strengthening macro-fiscal units in ministries of finance. 14 countries and Zanzibar participated in the workshop.

Macro-fiscal units have an important role to play in the budget process. They provide macroeconomic forecasts that are used as parameters in the forecasts of revenue, expenditure and financing. Sometimes the units are also directly responsible for revenue forecasting. Well-functioning macro-fiscal units have tight relationships with budget directorates and debt management agencies, usually providing regular forecast updates as part of the budget calendar. Most macro-fiscal units are also responsible for contributing to budget documentation with statements on the economic outlook and fiscal risks.



Participants in the workshop, Tanzania, January 2017

The exact role of any macro-fiscal unit depends on the size and structure of the unit, and the availability of suitable personnel. Getting the right mix of skill and technology in a capacity-constrained environment is important for a macro-fiscal unit to function smoothly, but can be challenging. Designing useable and sustainable forecasting frameworks that can be drawn on to produce relevant and useful

material for the ministry is also a key challenge for any macro-fiscal unit, especially those looking to establish and define their role and build their reputation in a ministry of finance.

The workshop provided an opportunity for participants to share experiences in managing and overcoming these challenges in their macro-fiscal units. Country delegations gave presentations on their macro-fiscal units; the challenges they face in strengthening their unit; and solutions they and others might adopt to overcome those challenges. A summary of the country presentations and discussions provided a consolidated list of challenges and solutions for participants to consider, and country delegates used this summary to formulate short action plans for follow-up on their return to their ministries.

Box 9: Regional regulators across the financial sector share best practices on macro-prudential, micro-prudential and fintech supervision.

Regional regulators from East Africa gathered in Arusha, Tanzania for a cross-cutting workshop straddling banking, insurance, securities and pension supervision and regulation. Over 35 regulators shared experiences and received training on promoting financial stability and enhancing macroprudential and fintech supervision in the region. The seminar reinforced the importance of strengthening systemic risk, stress-testing and macroprudential monitoring and



Participants in the workshop, Tanzania, November 2017

promoting strong analytical and monitoring frameworks for financial soundness indicators /micro-prudential surveillance within both the bank and non-bank sectors. All IMF East AFRITAC member countries participated in the workshop, as well as officials from Burundi and South Sudan in furtherance of the EAC harmonization agenda.

The workshop agenda covered: (i) systemic risk and macroprudential linkages; (ii) financial soundness indicators (FSIs) and stress-testing for securities firms, commercial banks, insurance companies, and pension firms. Additional presentations were done on (iii) developing effective macroprudential policy frameworks; (iv) systemic risks and macroprudential stress-testing; and (v) cybercrime and fintech and

their implications for financial stability. Regional regulators also made presentations and provided updates on fintech developments, supervision and regulations in their respective countries.

The workshop was highly interactive and provided an opportunity for regulators to share experiences on the analysis and monitoring of FSIs as well as to work in groups, developing FSI workbooks for their respective countries/sectors. Work will continue on the development of FSI workbooks for the four sectors (banking, insurance, securities and pensions) in FY 2019.

Box 10: Legal aspects of the national payments system

The workshop provided guidance on international good practice to enhance the work of the legal professionals tasked with advising on, drafting, or amending the relevant NPS laws. Participants, many of whose member countries are now in the process of upgrading their legal frameworks for the payment and settlement systems and/or their oversight regimes, described the event as ‘timely, relevant and useful’. They also suggested that the program be repeated and expanded to address in greater detail the legal aspects of retail payment innovations. This mirrors the growing demand for guidance on the regulatory and oversight challenges posed by FinTech developments across the regions.



“I am part of the team that is drafting the [National Payments] law for Uganda. Experiences shared by participants from the 17 African countries that [already] have a law are eye openers that will help us draft a true ‘model’ law for Uganda.”

Jacinta Anyinge, Bank of Uganda Senior Principal Banking Officer – Legal)



“The workshop has provided a clear understanding of the important linkages between payment systems and other key functions of the central bank including monetary policy, intra-day and overnight liquidity and emergency liquidity facilities. Discussions on the single CSD concept (for government securities and equity) as well as the possible need for a separate Collateral Act, in particular, are extremely relevant to our current needs.”

Neala Wanjala, Central Bank of Kenya Manager, Legal

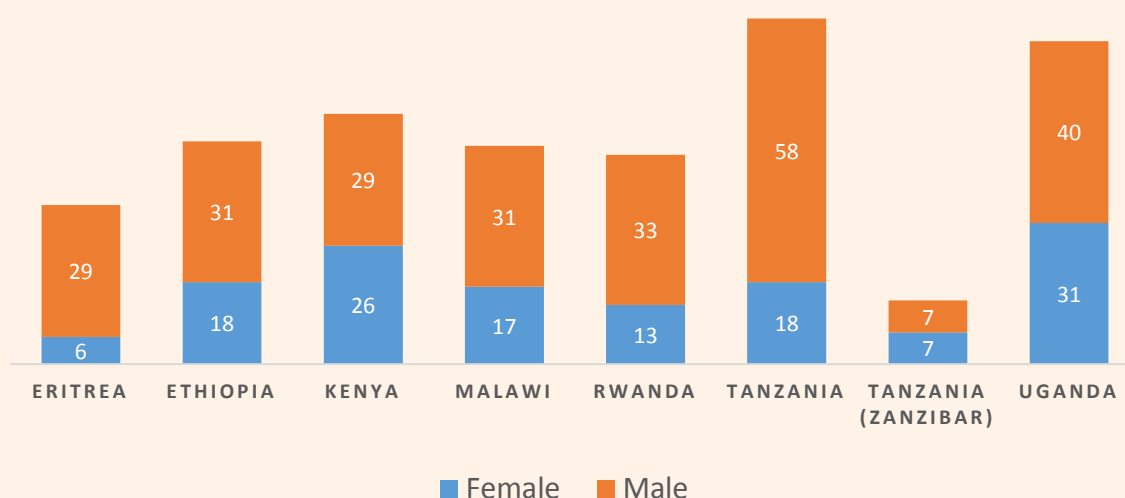
38. IMF East AFRITAC member countries continued to benefit from training delivered through various means by the IMF, including online training. A total 1317 officials from the region received training in FY 2018 ⁷ (Table 4 and Figure 5).⁸

Table 4: IMF East AFRITAC, Training Participants over FY 2018

Member Country	Africa Training Institute	Headquarters	Internal Economics Training	Joint Vienna Institute	Online Learning	Other IMF Training (non-ICD)	Overseas Training	IMF East AFRITAC	Total
Eritrea	1	-	-	-	1	32	2	35	71
Ethiopia	25	4	-	-	10	38	11	49	137
Kenya	15	5	-	-	36	55	5	55	171
Malawi	26	5	-	-	30	47	20	48	176
Rwanda	3	6	-	-	40	63	16	46	174
Tanzania	16	4	-	2	16	97	42	90	267
Uganda	29	12	1	-	60	130	18	71	321
Total	115	36	1	2	193	462	114	394	1317

Figure 5: Participants in Workshops delivered by IMF East AFRITAC over FY 2018 by Gender

Total Participants: 394 (35% Female)



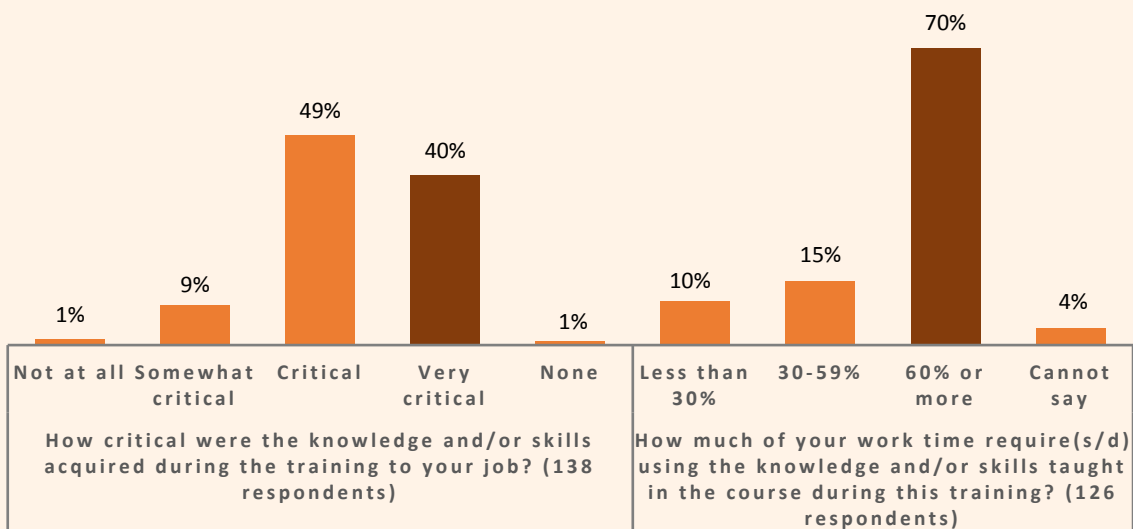
⁷ Data Source: ICD Participant and Applicant Tracking System (PATS) and IMF East AFRITAC Training Database.

⁸ Figure 5 shows a significant gender imbalance in workshop participation. Reducing this imbalance is an objective for the Center, which has encouraged the authorities to consider nominating more female participants.

39. With training absorbing an increasing share of its resources, IMF East AFRITAC has stepped up the assessment of its training activities in line with the IMF's common evaluation framework. As endorsed in April 2017 by the Steering Committee, training evaluation at the Center includes end-of-course satisfaction surveys (for all regional workshops), knowledge transfer evaluation with pre- and post-course tests (for selected activities with a high training content), and impact evaluation surveys several months after training (for all regional workshops). Impact evaluation surveys are anonymous and conducted online. The latest such survey targeted 440 participants in regional workshops held in FY17 and their 179 sponsors. Thanks to increased outreach (e.g., individual reminder emails sent to survey participants), the participation rate increased substantially from FY 2017 to 35 percent for workshop participants and 18 percent for their sponsors. The feedback from survey participants was very positive; the main results of the survey are detailed in Box 11.

Box 11: Evaluation of the impact of IMF East AFRITAC training

Workshop participants who answered the survey consider that the knowledge gained in workshops has been critical to their daily work. Most participants (85 percent) use the content of the training in their day-to-day work, with 70 percent of respondents reporting that they spend more than 60 percent of their work time using the acquired skills. A third of respondents report having received support from their managers to use newly gained skills, while another third report having received support from colleagues. The biggest barriers to skill usage or the application of new tools have been the lack of relevant country data (33 percent of responses) and technical constraints at the work place (22 percent). Most respondents are of the view that training has greatly (45 percent) or to some extent (42 percent) helped them make better use of IMF TA and better identify their TA needs.



Sponsors who responded also consider the training useful and report significant improvements in participants' capacity. Most respondents indeed report a lot of improvement in technical skills (69 percent), analytical skills (71 percent) or other capacity relevant for their department (65 percent).



Sponsors' answers were broadly consistent with those of participants for similar questions, although slightly less favorable in a few areas (e.g., usage of newly gained skills and increased capacity to identify future TA needs).

Knowledge dissemination by participants post training seems to be an area where more systematic efforts could be made to increase impact. Established strategies for knowledge transfer are reported to exist. However, a quarter of sponsors admit having not discussed course curriculum with participants. Also, newly acquired knowledge does not seem to be shared systematically upon return.

IV. WORK PROGRAM FOR FY 2019

40. **The work plan for FY 2019 entails a significant increase in the level of activity (Tables 5-11 and Figure 6).** Overall the Center plans to deliver 957 field-person weeks (FPWs), about 20 percent above the outturn in FY 2018. This increase reflects strong demand for support from member countries and is made possible by the current full contingent of advisors and the availability of financing. The estimated budget is US\$ 12.7 million. As in the past, the work plan has been discussed with counterpart agencies in all member countries via needs assessments undertaken by resident advisors; it has benefitted from regional partners' and development partners' input. The work plan has also been circulated for comment to IMF country teams and CD departments to ensure alignment with IMF priorities and good coordination with the support to be provided directly from headquarters. Finally, the work plan was endorsed by the Steering Committee on March 19, 2018. The level and composition of activity reflects an assessment of absorptive capacity and priority demands, evaluation of the results from ongoing projects, and a stocktaking of work being done by other IMF capacity development vehicles and development partners. Notable features of the FY 2019 work plan include: (i) a large increase in resources dedicated to revenue administration (a top priority for member countries and development partners alike), and to a lesser extent to financial sector oversight; (ii) a large increase in resources dedicated to Eritrea (the country with the lowest share in FY 2018), Kenya (where the delivery of support was affected in FY 2018 by the political situation), and Rwanda; and (iii) a stabilization at a high level of the share of resources dedicated to training (at about 40 percent).

Table 5: IMF East AFRITAC, Planned Activities, FY 2019

	FY 2018	FY 2019
EAST AFRITAC Activities (number)	Actual	Plan
TA Mission	96	122
Meeting/ Retreat/ Other	17	17
Regional Workshop	21	27
Attachment/Mentoring	11	12
National Training (including ICD)	41	47
Total Number of Activities	186	225
Resources (Field Person Weeks)		
Type of Activities		
Technical Assistance	487	570
Training	312	387
	799	957
Modalities		
Resident Advisor	394	439
Short Term Expert	327	417
Attachments/Mentoring	24	30
IMF HQ Staff	55	71
Total Field Person Weeks	799	957

Table 7: IMF East AFRITAC: Allocation of Resources by Sector, FY 2019

(in Field Person Weeks)	FY 2018	FY 2019
TA Area	Actual	Plan
Revenue Administration	99	153
Public Financial Management	244	261
Macro-Fiscal Analysis	60	69
Financial Sector Regulation and Supervision	73	108
Monetary Policy and Operations	132	149
Financial Market Infrastructures & Payments	31	44
Real Sector Statistics	76	82
Government Finance Statistics	85	93
Total	799	957

Table 8: IMF East AFRITAC: Allocation of Resources by Country, FY 2019

(in Field Person Weeks)	FY 2018	FY 2019
Country	Actual	Plan
Eritrea	30	54
Ethiopia	73	64
Kenya	72	109
Malawi	129	113
Rwanda	82	134
Tanzania (incl. Zanzibar)	142	152
Uganda	102	122
Regional/East AFRITAC	170	207
Total	799	957

Table 9: IMF East AFRITAC: Resource Distribution by Sector and Country, FY 2019

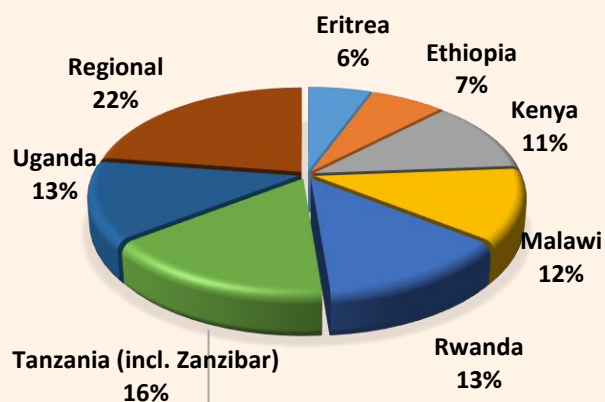
(In Field Person Weeks)	Total	RA	PFM	MFA	FSR	MONOPS	FMIP	RSS	GFS
Eritrea	54	15	6	2	3	10	3	6	9
Ethiopia	64	13	14	4	5	8	6	9	6
Kenya	109	13	42	11	19	8	0	6	11
Malawi	113	10	39	12	13	22	0	11	6
Rwanda	134	21	37	8	13	22	8	10	16
Tanzania (incl. Zanzibar)	152	16	50	12	21	25	0	13	15
Uganda	122	28	31	4	10	17	8	14	9
Regional/East AFRITAC	207	36	42	17	24	37	18	13	20
Total	957	153	261	69	108	149	44	82	93

Table 10: IMF East AFRITAC: Number of Missions by Sector and Country, FY 2019

	Total	RA	PFM	MFA	FSR	MONOPS	FMIP	RSS	GFS
Eritrea	13	2	1	1	3	1	1	1	3
Ethiopia	17	3	2	1	3	1	2	3	2
Kenya	24	3	6	2	7	1	0	2	3
Malawi	28	3	7	3	5	4	0	4	2
Rwanda	33	4	6	3	7	4	2	3	4
Tanzania (incl. Zanzibar)	33	4	6	3	8	4	0	4	4
Uganda	30	6	4	2	5	3	2	5	3
Regional/East AFRITAC	47	9	5	5	5	9	5	4	5
Total	225	34	37	20	43	27	12	26	26

Figure 6: IMF East AFRITAC, Resource Allocation by Sector and by Country, FY 2019 (percentage shares)

Resource Allocation (FPWs) by Country



Resource Allocation (FPWs) by Sector

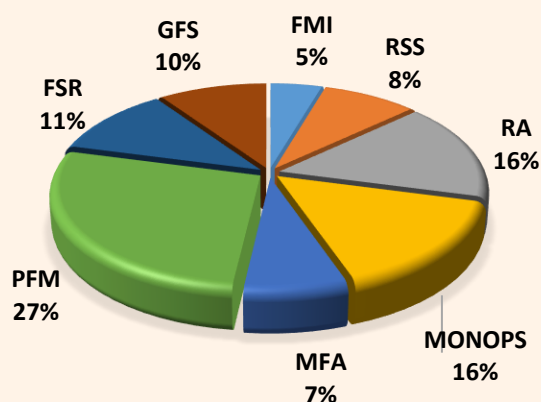


Table 11: IMF East AFRITAC, Resource Allocation by Sector, FY 2019 Work Plan

	LTX	STX	IMF HQ Staff	Attachments	Total
FAD	237	211	23	12	482
Revenue Administration	48	84	13	8	153
Public Financial Management	141	108	8	4	261
Macro-Fiscal Analysis	48	19	2	0	69
MCM	114	129	42	16	300
Financial Sector Regulation and Supervision	46	50	5	6	108
Monetary Policy and Operations	47	59	35	8	149
Financial Market Infrastructures and Payments	21	20	2	2	44
STA	89	77	6	2	174
Real Sector Statistics	45	37	0	0	82
Government Finance Statistics	45	40	6	2	93
Total	439	417	71	30	957

A. Revenue Administration

41. In FY 2019, support will focus on activities to improve compliance management and audit capacity.

42. By strategic objective:

- **Strengthened Revenue Administration and Governance Arrangements:** Support will focus: in Eritrea, on strengthening the tax legislative framework; in Ethiopia and Tanzania (Zanzibar), on compliance risk analysis capacity; in Kenya, on developing a compliance improvement plan and strategy of monitoring and evaluation; in Malawi, on developing a framework for assessing the impact of compliance activities as well as new tax and administrative measures (developing compliance strategies in tax and customs); in Uganda, on the implementation of its MTRS, which will be finalized by the end of 2018, and developing a strategy to guide data matching, management and utilization; and in Rwanda, on further developing the domestic taxes department headquarters function with its process flow and staff roles and responsibilities.
- **Strengthened Core Tax Administration Functions:** Support will be provided to Eritrea on strengthening taxpayer registration and the integrity of the taxpayer register; to Kenya and Uganda on developing a debt management and tax refund framework for improving compliance management. Kenya will also be supported in the review of business processes to support design changes to the iTax computer system. Support to Rwanda will focus on the review of the integrity of the taxpayer register and strengthening telecommunications sector tax audit capacity; to Tanzania on developing transfer pricing audit capacity. Training will be provided to Zanzibar to develop businesses audit capacity. Support to Uganda will focus on training in fraud detection techniques, analyzing financial statements data, data mining and evidence management, and on developing a comprehensive real estate compliance management plan.
- **Improved Customs Administration Core Functions:** Support will be provided to Uganda to strengthen the post-clearance audit practice in customs, and to develop a compliance improvement and enforcement strategy for customs; and to the EAC to review a regional risk management compliance, enforcement and post clearance framework and a follow up mission on the implementation of a single customs territory.

B. Public Financial Management

43. The FY 2019 work plan builds on on-going reform projects in member countries. Progress is expected during the year in strengthening MTEFs, public investment management, improving the quality and coverage of fiscal reporting, cash management and implementation of TSAs.

44. By strategic objective:

- **Improved Laws and Effective PFM Institutions:** Support will continue to be provided on the implementation of updated PFM legislations and PFM reform strategies in the region (Ethiopia, Kenya, Rwanda, Tanzania and Uganda).
- **Comprehensive, Credible and Policy-Based Budget Preparation:** Training will be provided to Eritrea on project monitoring and evaluation, and to Malawi on budget costing. Support will

continue to be provided to Kenya, Rwanda, Tanzania (Zanzibar), and Uganda in tightening the links between planning, their annual budgets and the MTEFs, and strengthening program-based budgeting. Support to Ethiopia will focus on improving monitoring and evaluation of budget performance, and to Tanzania on improving budget documentation.

- **Improved Budget Execution and Control:** Support to Kenya, Malawi, and Uganda will focus on public investment management processes and institutions.
- **Improved Coverage and Quality of Fiscal Reporting:** Assistance will continue to be provided to Kenya, Rwanda, Tanzania, and Uganda towards the progressive implementation of IPSAS and implementation of the EAMU fiscal convergence roadmaps. In addition, support will be provided to Kenya on reviewing the chart of accounts and policy on valuation of assets and liabilities. Malawi will be assisted in enhancing the comprehensiveness of financial reporting and IFMIS implementation.
- **Improved Integration of Assets and Liability Management Framework:** Ethiopia, Kenya, Malawi, Tanzania (mainland and Zanzibar), and Uganda will receive TA to guide the development of their cash management capabilities and implementation/extension of their TSA arrangements.
- **Strengthened Identification, Monitoring and Management of Fiscal Risks:** Rwanda will receive support on the conduct of a fiscal transparency evaluation (FTE), which assesses current practices in identifying, disclosing and managing fiscal risks (in addition to assessing other issues, such as the coverage and quality of fiscal reporting). Malawi will receive assistance on oversight and monitoring of state-owned enterprises.

C. Macro-Fiscal Analysis

45. Support will continue to focus on building capacity in fiscal analysis, budgeting and forecasting.

46. By strategic objective:

- **Comprehensive, Credible, and Policy-Based Budget Preparation:** Training will continue to be provided on macroeconomic forecasting and databases in Eritrea, Malawi, Uganda, and Zanzibar. Support to Kenya will further develop the macroeconomic and revenue forecasting tools. In Zanzibar, assistance will focus on establishing revenue forecasting tools that integrate with the macroeconomic forecasts in the financial programming framework. Support to Malawi will focus on improving the revenue forecasting tools and integrating them with the macroeconomic framework forecasts.
- **Strengthened Identification, Monitoring, and Management of Fiscal Risks:** Malawi will be supported to develop a fiscal risk statement. Training and assistance will be provided to Uganda on fiscal risk management.

D. Monetary Policy and Operations

47. Support will continue to focus on improving monetary policy frameworks and operations and harmonizing them in the case of EAC member countries.

48. By strategic objective:

- **Monetary Policy and Operations:** Support will be provided to Tanzania in the transition from reserve money targeting to a forward-looking, interest rate-based monetary policy regime. Support to Eritrea will focus on the monetary policy operations framework, and to Ethiopia on improving liquidity management.
- **Financial Market Development and Reserve Management:** Support to Malawi and Uganda will focus on the (further) development of money and repo markets. Tanzania and Uganda will be assisted in foreign exchange market development. Kenya will receive support on foreign exchange reserve management.
- **Developing Forecasting and Policy Analysis Capacity:** Support on FPAS will continue to be provided to Malawi, Rwanda, Tanzania, Uganda, and the EAC. Support to Tanzania will focus on enhancing communication of monetary policy and incorporating model-based projections into the decision-making process.

E. Financial Sector Regulation and Supervision

49. The FY2019 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.

50. 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, Rwanda, Malawi and Tanzania in the implementation of Basel II/III.
- **More efficient use of supervisory resources to better oversee key risks in the banking system:** Eritrea, Ethiopia and Rwanda will receive TA in strengthening of institutional structure and operational procedures for RBS implementation. Eritrea, Ethiopia, Kenya, Malawi, Rwanda, Tanzania and Uganda will be supported in strengthening risk assessment frameworks, capital adequacy frameworks and supervisory capacity. Kenya and Rwanda will receive assistance in strengthening IFRS implementation, and Kenya will also receive support in strengthening its liquidity assessment framework.
- **Improved financial stability via early detection of and effective and timely responses to insurance sector vulnerabilities:** The Center will support Eritrea, Ethiopia and Uganda in developing their insurance RBS frameworks; Malawi and Uganda will receive TA in strengthening supervisory approaches for micro and medical insurance.
- **Strengthened systemic risk monitoring, stress testing and crisis management to promote financial stability:** Support in Kenya, Malawi and Tanzania will focus on financial stability and macro prudential policy.
- **Enhanced securities regulation and supervision framework that addresses key risks in the sector:** Support to Kenya and Tanzania will focus on supervisory oversight of securities firms.

F. Financial Market Infrastructures and Payments

51. In FY 2019, member countries will strengthen oversight capacity, enhance PFMI assessment proficiency, modernize legal and regulatory frameworks and define and implement a strategy for national payment systems development.

52. By strategic objective:

- **Oversight of FMIs:** Rwanda and Uganda will be supported to update their oversight and supervisory framework. Support to Ethiopia and Uganda will ensure FMIs operate on a sound, transparent and enforceable legal basis.
- **National Payments System Development:** Eritrea will be supported to develop a national strategy for NPS development.

G. Real Sector Statistics

53. Some IMF East AFRITAC member countries will finalize the current rebasing of their national accounts, and start developing sector accounts to meet national needs and the recommended minimum data requirements.

54. By strategic objective:

- **National Accounts:** Rwanda will be assisted in the sectorization of institutional units, and reconciliation of the external sector with national accounts statistics; Kenya to develop household sector accounts up to the capital account; Tanzania and Uganda to develop longer time GDP series, aligning quarterly to annual data and updating metadata; Malawi will be supported in GDP rebasing and SUT update; and Ethiopia will be assisted to develop quarterly GDP estimates by expenditure.
- **Prices statistics:** Ethiopia, Kenya, Malawi, Rwanda, Tanzania, and Uganda will be supported to develop/rebase construction price indices and other PPIs.

H. Government Finance Statistics

55. In FY 2019, member countries will continue to focus on the compilation of high frequency data and improving the quality of fiscal and debt data. Support will focus on expanding the coverage of extrabudgetary units, public corporations, social security and complete coverage of local governments in most member countries. Further support will focus on the compilation of high frequency data and financial balance sheets. National training will enhance the skills of compilers at both national and lower government levels in concepts and definitions.

56. By strategic objective:

- **Moving to high frequency GFS:** While Kenya, Rwanda, Tanzania and Uganda currently provide general government GFS on an annual basis, the focus for FY 2019 will be to start the production of higher frequency data for the budgetary central government (on a monthly basis) and the central government (on a quarterly basis).

- **Expanding the coverage of units in the general government and public sector:** Support will focus on expanding the coverage of extra budgetary units and social security funds and complete coverage in other member countries to bring them up to the general government level. Work will also commence on gathering data for public corporations to allow countries to move from the general government to the wider public sector.
- **Improving the quality of fiscal and debt data:** Further support will also focus on the compilation of financial balance sheets which will also help improve the quality of GFS data generally (comparing the financial and non-financial approaches) and will also help conduct debt sustainability analysis.
- **Training of compilers:** The focus will be to enhance the skills of compilers at both national and lower government levels, both in concepts and definitions. In addition to national and regional workshops, the peer learning approach through the attachment of compilers would foster learning practical issues in compilation and dissemination of fiscal data.

I. Work on Regional Issues

57. **Support to the regional integration process in East Africa will continue in FY 2019.** More specifically:

- **Revenue Administration:** Support will be provided to the EAC Secretariat in reviewing the regional risk management compliance, enforcement and post-clearance framework and following up on the implementation of the single customs territory.
- **Public Financial Management:** Assistance will continue to be provided to Kenya, Rwanda, Uganda and Tanzania towards the progressive implementation of IPSAS and implementation of the EAMU fiscal convergence roadmaps.
- **Monetary Policy and Operations.** Support to inflation-targeting regimes and harmonization of monetary operations and repo frameworks will constitute an important part of the work program in EAC member countries, consistent with their move towards EAMU.
- **Statistics.** Support in the area of government finance statistics and national accounts will continue to be provided to EAC member states in the context of the transition to EAMU.

J. Attachments, Mentoring and Regional Expertise

58. **The attachment/mentorship program has become an important component of IMF East AFRITAC's work program because it offers hands-on and highly relevant experiences to participating officials.** As a result, the share of attachment/mentorship activities in annual work plans has increased in recent years. In the FY 2019, the Center plans to arrange 12 new attachment programs:

- **Revenue Administration:** Support through attachments will be provided to Ethiopia on the development of a project management governance framework; and to Uganda on fraud detection techniques, analyzing financial statements, data mining and evidence management.

- **Public Financial Management:** Malawi will benefit from an attachment program on medium-term budget frameworks while Rwanda will visit Kenya to compare practices in fiscal decentralization.
- **Financial Market Infrastructures and Payments:** A peer-to-peer learning will be facilitated through participation of one staff member in a TA mission.
- **Financial Sector Regulation and Supervision:** Three attachments will be facilitated.
- **Monetary Policy and Operations:** Malawi and Rwanda will benefit from an attachment program on implementing an inflation-targeting framework.
- **Government Finance Statistics:** Rwanda will benefit from an attachment program on expanded coverage for GFS compilation, and Uganda on high frequency GFS.

K. IMF East AFRITAC Training

59. **Regional workshops on issues of common interest will continue to provide opportunities for training and peer-learning.** A number of workshops will be organized with other AFRITACs and COMESA to increase synergies further.

- **Revenue Administration:** Two workshops will be organized by the Center on building effective taxpayer registers and on effective filing and payment processes. One additional workshop in collaboration with AFRITAC South and COMESA will be held on advanced rulings, valuation and origin.
- **Public Financial Management:** IMF East AFRITAC will organize a joint workshop with IMF AFRITAC South and COMESA on financial reporting—implementation of IPSAS standards. Other regional workshops will focus on gender budgeting, budget challenge function and the EAC fiscal convergence process.
- **Macro-Fiscal Analysis:** IMF East AFRITAC will partner with AFRITAC South and COMESA to provide a workshop on fiscal risk management and medium-term fiscal frameworks. The Center will hold a regional workshop on macro-fiscal unit forecasting frameworks. An ICD course on regional integration will be held for East African officials.
- **Financial Sector Regulation and Supervision:** IMF East AFRITAC will hold regional workshops on (i) insurance supervision; (ii) core principles for effective supervision for banks and non-banks/enhancing D-SIBS and consolidated supervision for banks and non-banks; and (iii) fintech and cybercrime.
- **Monetary Policy and Operations:** Regional workshops will be held on (i) model-based policy analysis and forecasting (with ICD, AFRITAC South and AFRITAC West 2); (ii) the transition to interest rate-based monetary policy; (iii) foreign exchange swaps; (iv) managing capital flows (with ICD); and (v) central bank communication.
- **Financial Market Infrastructures and Payments:** Two workshops will be conducted, one on fintech and other payment innovations—regulatory challenges (a joint workshop with AFRITAC South); and another aimed at enhancing PFMI compliance.



- **Real Sector Statistics:** Regional workshops will be held on national accounts statistics and export and import price indices.
- **Government Finance Statistics:** Three regional workshops will be held on assessment of compliance with the EAC GFS guidelines; compilation of public sector debt statistics and resolving compilation and dissemination issues; and the EAC guidelines.



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