

# IMF East AFRITAC News

## June 2016



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



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### HIGHLIGHTS

- **Revenue Administration:** AFE assisted the authorities in Rwanda with developing procedures for a new tax administration IT system (June 13-24).
- **Public Financial Management:** A mission to Kenya worked on improving the quality and coverage of annual financial reporting (May 30-June 10), and included a Tanzanian official under the peer-to-peer learning initiative. An annual national workshop was undertaken to Eritrea on medium term budgeting principles for new technicians in the Ministry of Finance and MDAs (June 6-10). A mission to Zanzibar (June 20) discussed TA/training priorities.
- **Macro-Fiscal Analysis:** The resident advisor joined the PFM team on the mission to Eritrea (June 6-10) on medium term budgeting.
- **Financial Sector Regulation and Supervision:** Further work was done with the Bank of Tanzania on developing its financial stability risk assessment framework (May 30 – June 10). The Bank of Tanzania also received in-house training on stress-testing (June 27- July 1). AFE financed an IMF Legal mission to Malawi (June 6-10) supporting a workshop for the judiciary on the bank resolution framework.
- **Economic and Financial Statistics:** Also for Malawi, AFE sponsored some national accounts staff to visit Rwanda's statistics office (June 13-17) for peer-to-peer learning on national accounts compilation.
- **Government Finance Statistics:** AFE conducted "Fundamental GFS Training" for Tanzania (Zanzibar) from June 20-24, since it is being brought into the GFS capacity building program. A work program was also outlined.
- **Reciprocal Activity with AFRITAC South:** Reciprocating earlier support to an AFE member, a PFM Advisor provided support to a mission to an AFS country (Swaziland, June 1-10) on cash management and commitment controls.
- **Outreach:** IMF East AFRITAC's Coordinator met with the European Union's Development Cooperation Directorate and regional organizations from across Africa to discuss the role of RTACs in work on regional integration.
- **Forthcoming Activities and TA Dissemination:** All forthcoming activities through end July 2016 are provided in Table 1. TA reports disseminated on the secure site are listed in Table 2.



## ERITREA

### Public Financial Management & Macro Fiscal

**Analysis:** The mission provided national training to new technicians in the Ministry of Finance and MDAs and staff from local authorities in charge of budget preparation and management (June 6-10). It covered a conceptual understanding of budgeting and the importance of medium-term budgeting. As a follow up, team of Eritrean officials is expected to join a scheduled AFE mission to Uganda in August to acquaint themselves with the budget law and the MTEF reform. The team met and held discussions with a visiting AfDB mission, who may provide support on developing an Integrated Financial Management Information System (IFMIS). AfDB is keen to collaborate with AFE in implementing the project..

## KENYA

**Public Financial Management:** Work has continued on financial reporting and specifically improving the coverage and quality of its annual financial statements (May 30- June 10). The National Treasury has established mechanisms that require annual reporting of Ministries departments and Agencies, public corporations and county governments. The mission assessed the quality and coverage of the annual financial statements for FY 2014/15 to determine the gaps against the cash based IPSAS. It provided the National Treasury with guidance in improving the scope of consolidation in a phased manner and addressing the information and disclosure gaps to improve the reliability and relevance of the financial statements for decision making purposes. A number of recommended improvements will guide the preparation of the 2015/16 financial statements. An official from the Tanzanian Accountant General's Department participated in the mission under the East AFRITAC peer-to-peer learning initiative.

## MALAWI

**Financial Sector Regulation and Supervision:** AFE funded an IMF Legal Department mission to support the Reserve Bank of Malawi (June 6-10) in the delivery of a workshop for the judiciary to present and discuss the proposed amendments of the bank resolution framework that is currently awaiting parliamentary approval. A short term expert discussed and presented international practice, while the Reserve Bank presented and led the discussions on the amendments to the Malawian framework.

**Economic and Financial Statistics:** IMF East AFRITAC sponsored a team from the Malawi National

Statistics office (NSO) to visit the National Statistics Institute of Rwanda (NSIR) (June 13-17). The peer-to-peer learning arrangement allowed the NSO team to gain experience in using tax data for compilation of national accounts statistics. Rwanda is a success story in this area through strong collaboration between NSIR and Rwanda Revenue Authority (RRA). Malawi's NSO is in the process of developing source data for Quarterly National Accounts and is in the process of establishing a service agreement with Malawi Revenue Authority to access tax records. The study provided practical experiences on how to enhance collaboration with tax authorities and use of information contained in the tax returns in statistics.

## RWANDA

**Revenue Administration:** AFE fielded a mission to assist the Rwanda Revenue Authority (June 13-24) to develop and quality assure procedures for filing, payment and taxpayer accounting for the new tax administration IT system –E-Tax.

## TANZANIA

**Financial Sector Regulation and Supervision:** A financial stability mission visited the Bank of Tanzania (May 30-June 10). The mission assisted the Bank with the development of macro-prudential policies and indicators (i.e., surveillance tools). These aim to assess and address systemic risks stemming from--or affecting-- financial markets given a rapidly growing economy and the capital account liberalization in the context of Tanzania's EAC membership. The mission also undertook a diagnostic review of Tanzania's financial markets and provided training to the Bank of Tanzania staff on the mission's findings, while elaborating on macro-prudential policies in selected case studies.

AFE also provided training to staff from the Financial Stability and the Bank Supervision Directorates on stress-testing (June 27- July 1). AFE's Financial Sector Regulation and Supervision advisor made presentations on the role and use of Financial Soundness Indicators and the Cihak stress-testing framework, of which the BOT has adopted an enhanced version. The training focused on the actual working of the model and demonstrated how sensitivity tests can be run per risk type and stress test scenario. The mission also discussed the main assumptions underlying the model as well as possible improvements that can be made taking into account actual data availability.

**Public Financial Management:** An AFE mission visited Zanzibar (June 20) and held discussions with Ministry of Finance officials from Budget, Macro

## COUNTRY CORNER: Paul Maganga, Associate Director, Financial Markets Department, Bank of Tanzania

### What is your overall assessment of IMF East AFRITAC Technical Assistance?

We really appreciate the training provided by IMF East AFRITAC because it is cost effective and participatory and we really value this approach, in fact we want more!

IMF East AFRITAC really looks at our needs and answers specific requests that are adapted to our current situation. IMF East AFRITAC has helped to bring EAC members countries together to share experiences. The IMF is also providing the best experts in the field, and we also learn from participants in the workshop as everyone shares their knowledge and experiences from their own countries.



### How has the training benefited to your department?

In the financial markets department, we have benefited a lot from the training provided by IMF East AFRITAC. For example, we just had an Islamic banking course which we specifically requested from IMF East AFRITAC. We needed this training because we do have Sharia compliant banks in our financial market, and we needed to understand how to regulate those institutions. Sharia compliant banks have a lot of liquidity, but they cannot use conventional market instruments such as Treasury bills, so we needed to understand better how to interact with these institutions. We also wanted to learn from other member countries experience on how to approach Sharia compliant institutions and how to manage their deposit at the Central Bank. East AFRITAC brought us the expert in Islamic banking and we learned a lot during this workshop.

### How do you absorb the TA provided by IMF East AFRITAC?

Not everyone in our office can attend those trainings. Therefore, once we are back in the office, we normally share the material and give lectures to our colleagues on the knowledge acquired during the workshops. Then we discuss the lessons learned and how we can implement them while taking into account experiences from other member countries

Economic and Fiscal Affairs, Planning Commission and Accountant General on the planned activities for FY17. This followed on from an earlier mission from the Center Coordinator. Agreement was reached on the scope and timing of forthcoming missions.

return to Zanzibar later this fiscal year to measure progress on implementation of the recommendations.

**Government Finance Statistics:** Two short term experts conducted one week of “Fundamental GFS Training” in Zanzibar (June 20-24) given it will be included in the Center’s GFS program. In this regard, AFE’s Regional GFS Advisor met with Zanzibar’s Accountant General and discussed the work program. A technical note was prepared which included operational recommendations and a draft results based management fiscal and debt statistics development plan. The mission team plans to

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## RECIPROCAL ACTIVITY WITH AFRITAC SOUTH

One of AFE's PFM Advisors supported an AFS mission to Swaziland on Cash Management and Commitment Control (June 1-10) (as part of a reciprocal arrangement where AFS experts have been used in the AFE region). The mission facilitated implementation of new cash forecasting templates, and strengthened measures for managing expenditure commitments. These encompassed immediate measures using new templates, and medium term measures for strengthening and enhancing the existing systems.



Participants Attending Fundamental GFS Training in Zanzibar (June 20-24, 2016)

## OUTREACH

The Coordinator joined IMF colleagues in Brussels to meet the European Union's Development Cooperation Directorate and regional organizations from across Africa. The purpose was to explain the work of the RTACs to these organizations who receive EU funding and are considering channeling some of it to the RTACs.



IMF East AFRITAC's Coordinator at a Meeting of the EU and African Regional Organizations, Brussels, June 17, 2016

**Table 1. IMF East AFRITAC: Forthcoming Activities July - August 2016**

<b>AFE Activities Expected in July - August 2016</b>			
<b>Revenue Administration</b>			
<b>TA Missions</b>			
<b>Country</b>	<b>Subject</b>	<b>Date</b>	<b>Expert(s)</b>
Kenya	Developing a Framework, Criteria and Guidelines for Taxpayer Segmentation	Jul 11-22	Annette Chooi ( STX)
Rwanda	Follow up National Training in Developing a Model and Tool for Compliance Risk Analysis	Aug 15-26	Josh Aslett ( STX)
<b>National Training</b>			
Malawi	Follow up TA in PCA Training in Customs	Jun 13- Jul 1	Ernest Sigande (STX)
Kenya	Developing a Framework and Guidelines for Monitoring and Managing Compliance in the Telecommunications Sectors	Jul 4- 15	Georges Dudouyt (STX)
Uganda	Methodology for Monitoring Inaccurate Reporting	Jul 25- Aug 5	Michael Smithson (STX)
Tanzania	National Training in Designing National Audit Plans and Associated Performance Measures and Monitoring Mechanisms	Aug 15-26	Muyangwa Muyangwa (LTX) Michael Smithson (STX)
Uganda	Blended Training in the TADAT Methodology	Aug 23-26	Muyangwa Muyangwa (LTX) Agnes Kanyangeyo (STX)
<b>Public Financial Management</b>			
<b>TA Missions</b>			
<b>Country</b>	<b>Subject</b>	<b>Date</b>	<b>Expert(s)</b>
Uganda	Cash Management	Jun 20 – Jul 1	Amitabh Tripathi (LTX) John Gardner (STX)
IMF Headquarters	Macro-Fiscal and PFM Technical Workshop	Jun 27-Jul 1	Amitabh Tripathi (LTX) Kubai Khasiani (LTX) Paul Seeds (LTX)
Tanzania (Zanzibar)	Capacity Building in Medium Term Budget Orientation	Jul 11-22	Kubai Khasiani (LTX) Florence Kuteesa (LTX) Jack Mason (STX)
Malawi	Financial Integrity, Cash and Debt Management and Reviewing the PFM Act (HQ Led Mission)	Jul 20- Aug 2	Suzanne Flynn (IMF HQ) Paul Seeds (LTX)
Tanzania	Capacity Building in Medium Term Budget Orientation	Jul 25- Aug 5	Kubai Khasiani (LTX) Robert Clifton (STX) Jack Mason (STX)

Tanzania (Zanzibar)	IFMIS Upgrades and Enhancements	Aug 8-19	Paul Seeds (LTX) (STX) TBD
<b>National Training</b>			
Uganda	Strengthening Medium Term Budget Frameworks	Aug 10-30	Kubai Khasiani(LTX) Tawfik Ramtoolah (STX) Edgardo Mimica (STX) Phyllis Makau (STX) Willie Reiner Du Preez (STX)
<b>Macro-Fiscal Analysis</b>			
<b>TA Missions</b>			
<b>Country</b>	<b>Subject</b>	<b>Date</b>	<b>Expert(s)</b>
Uganda	Fiscal Risk Reporting	Jul 25-29	Fazeer Rahim (LTX)
<b>Workshops</b>			
Regional	Macroeconomic Forecasting	Aug 8-19	Fazeer Rahim (LTX)
<b>Financial Sector Regulation and Supervision</b>			
<b>TA Missions</b>			
<b>Country</b>	<b>Subject</b>	<b>Date</b>	<b>Expert(s)</b>
Rwanda	Pilot Examination on Consolidated Supervision	Jul 4-12	Dirk Jan Grolleman (LTX)
Kenya	Developing an In-House Training Program on Consolidated Supervision	Jul 18-29	Michael Andrews (STX)
Eritrea	Review of Prudential Regulations for Insurers	Aug 1-5	Michael Hafeman (STX)
Tanzania	Risk-Based Capital for Insurers	Aug 9-16	Dirk Jan Grolleman (LTX) Michael Hafeman (STX)
Rwanda	Foreign Exchange Bureau Supervision	Aug 15-26	Dirk Jan Grolleman (LTX) Rudolf Ridderstap (STX)
<b>Attachment</b>			
<b>Beneficiary</b>	<b>Subject</b>	<b>Date</b>	<b>Host Country</b>
Uganda	Professional Visit to the National Bank of Georgia on Macro- Prudential Supervision	Jul 4-8	Georgia
Rwanda	Professional Visit to the Tanzania Insurance Regulatory Authority	Aug 9-16	Tanzania
<b>Financial Market Infrastructures and Payments</b>			
<b>TA Missions</b>			
<b>Country</b>	<b>Subject</b>	<b>Date</b>	<b>Expert(s)</b>
Tanzania	Assessment of Financial Markets	Jul 25-Aug 5	Faith Stewart (LTX)

	Infrastructures		
Kenya	Assessment of Financial Markets Infrastructures	Aug 8-19	Faith Stewart (LTX)

**Economic and Financial Statistics****TA Missions**

Country	Subject	Date	Expert(s)
Kenya	National Accounts Statistics	Jul 13-26	Pamela Audi (LTX)
Rwanda	Price Statistics – CPI Rebasing	Aug 8-26	Joshua Klick (STX)
Malawi	Price Statistics – Improvement of CPI	Aug 15-26	Dale Smith (STX)

**Government Finance Statistics****TA Missions**

Country	Subject	Date	Expert(s)
Rwanda	Reviewing New General Government Finance Statistics for FY 2014/15 and Assessing Public Sector Debt Statistics	Jul 18-27	Ismael Ahamdanech Zarco (STX)
Malawi	“Fundamental GFS Training” and Developing a Fiscal and Debt Statistics Development ( <i>GFSM</i> <i>2014</i> Implementation) Plan	Jul 18-29	Brooks Robinson (LTX) Francois Engelbrecht (STX)
Kenya	Developing a Framework for Compiling High-Frequency GFS Estimates and Consideration of GFS Public Event in Nairobi for the Spring of 2017	Aug 8 - 19	Brooks Robinson (LTX) Lourdes Prado-Urena (STX)

**Workshops**

Country	Subject	Date	Expert(s)
Regional	“Developing a Consolidated and Extended RBM Work Plan for an AFE-EAC GFS Capacity Building Program”	Jul 12-15	Brooks Robinson (LTX) Ismael Ahamdanech Zarco (STX)
Regional	“Comparing FY 2014/15 General Government Finance Statistics, Developing High-Frequency GFS Estimates, and Drafting Three New Chapters for the <i>Guidelines</i> ”	Aug 29 – Sep 2	Brooks Robinson (LTX) Ismael Ahamdanech Zarco (STX) Tim Youngberry (STX) Viera Karolova (IMF HQ)

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

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

Country	Title	Mission Dates
Ethiopia	Building Capacity on Supervision of Reinsurance	November 5-13, 2015
Ethiopia	Capacity Building in Cash Management	February 8-18, 2016
Rwanda	Technical Assistance Report on National Accounts Statistics	February 22-March 4, 2016
Tanzania	Report on the Quarterly National Accounts Statistics Mission	January 18-29, 2016
Uganda	Moving Towards the Implementation of Risk-Based Supervision of Insurance in Uganda	October 26-November 4, 2015
Uganda	Report on Prices Statistics Mission	January 11-29, 2016
Uganda	Technical Assistance Report on National Accounts Statistics	February 22 – March 4, 2016





## Member Countries

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



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