

May – July 2022



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## HIGHLIGHTS

**AFE 24<sup>th</sup> Steering Committee Meeting:** The AFE Steering Committee successfully completed a 1.5-day hybrid event of its 24th Steering Committee Meeting and Seminars (July 13 – 14, 2022 in Dar es Salaam, Tanzania).

**Financial Sector Supervision and Regulation:** Two bilateral virtual training missions (Eritrea and South Sudan) and one regional workshop for the insurance supervisors were delivered.

**Government Finance Statistics (GFS):** Support was provided to Tanzania on improving the quality of their fiscal statistics including data on debt.

**Public Financial Management:** Kenya was supported on budget preparation manual, fiscal risk committee and transition to International Public Sector Accounting Standards (IPSAS); Malawi on project appraisal and selection; Rwanda on automating a budget costing framework; South Sudan on the treasury single account (TSA) and cash plan; and Uganda on a Public Investment Management Assessment (PIMA).

**Real Sector Statistics:** Malawi has updated GDP calculations for 2017-2021 for publishing at the end of 2022. Uganda has developed an indicator-based system for calculating quarterly GDP by expenditure, and Ethiopia has initiated the development of a system for calculating producer price index for construction.

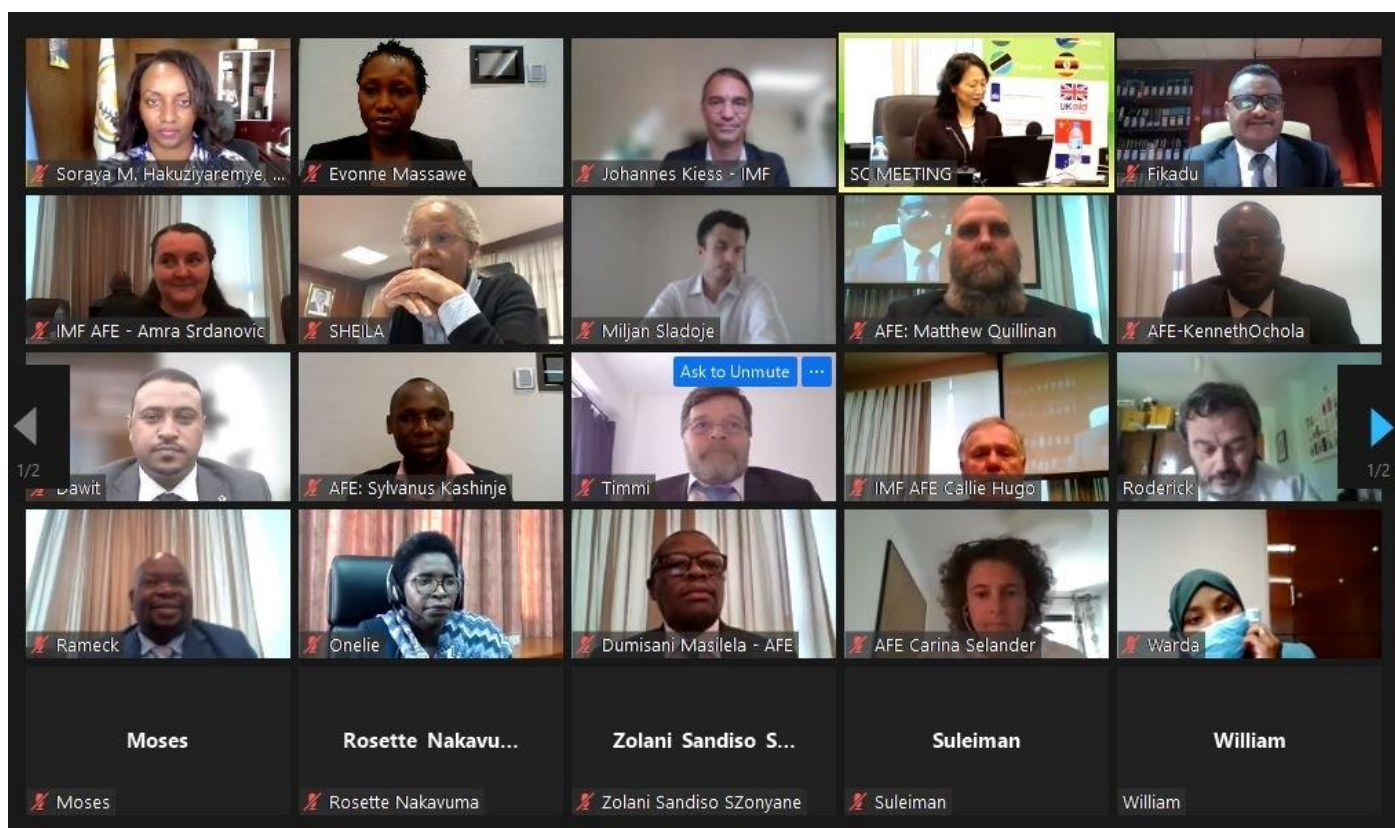
**Revenue Administration:** South Sudan was supported on the information and communications technology (ICT) function to support the development of an Integrated Tax Administration System (ITAS) for the National Revenue Authority (NRA).

**Regional Workshops:** Three regional workshops were conducted.

**Coming Activities and TA Dissemination:** Table 1 (p. 7) is an updated calendar of activities through October 2022. Table 2 (p. 10) lists TA reports disseminated.

## AFRITAC East 24<sup>th</sup> Steering Committee Meeting

The AFE Steering Committee successfully completed a 1.5-day hybrid event of its 24<sup>th</sup> Steering Committee Meeting and Seminars chaired by Mr. Fikadu Digafe, Vice Governor and Chief Economist of the National Bank of Ethiopia (July 13 – 14, 2022, in Dar es Salaam, Tanzania). The Steering Committee celebrated the 20-year anniversary of the center and recognized some of its many successes in strengthening capacity and institutions in the region through providing sustained, hands-on support and peer learning since its establishment in April 2002. The committee also endorsed the work program and budget for FY 2023 and contributed to peer learning through the committee members’ participation in the six thematic seminars during the event. One of the seminars was about IMF work on climate change; member countries actively participated in the discussion and requested more support on managing the risks from climate change. Other seminars focused on topics from AFE workstreams.



Participants of the 24<sup>th</sup> Steering Committee Meeting

### ERITREA

**Financial Sector Supervision and Regulation:** A training mission was designed for the Bank of Eritrea supervisors with the objective to strengthen their knowledge in executing the supervisory mandate and enhance own capacity in risk-based supervision (RBS). Persistent connectivity issues complicated the delivery. In this context, the training material has been shared with the participants and further discussions upon its content are intended to be held when the internet connection stabilize.

### ETHIOPIA

**Real Sector Statistics:** The Central Statistics Agency of Ethiopia (CSA) was assisted with the development of a producer price index (PPI) for construction. The general framework of methods and definitions for the calculation of the PPI was established and the mission will continue later this year with detailed work planned for data collection and development of a calculation system for the index.

## **KENYA**

**Public Financial Management:** A virtual mission on implementing the Budget Preparation Manual supported the update of the draft budget preparation manuals for national (Volume I) and county governments (Volume II) prior to a wider stakeholder workshop later in the year. The mission firstly reviewed the current version of the national government manual and made suggestions on improving the content and consistency of terminology, timing, and references to legal documents. The second main output was the development of a draft county manual (volume II), which is based on the structure of Volume I. This includes changes to all references such as laws, technical processes, and documentation in line with the county budget preparation process. Next steps will involve working sessions with the core team in the National Treasury (NT) to agree on the drafting suggestions and address the specific questions raised by the mission, so that updated drafts are available for dissemination and review prior to the stakeholder workshop.

AFE undertook a remote mission to provide remote guidance on the next steps in the planned migration to accrual-based IPSAS. The mission is a follow-up on the standardized chart of accounts desk review mission delivered in April 2022 and the two half-day workshops held with the NT team to validate the findings and recommendations of the desk review mission. Detailed guidance was provided during the mission on key preparatory activities for the planned transition to accrual accounting. The mission also assessed the coverage and quality of the financial reporting of state corporations, semi-autonomous government agencies and public funds and provided detailed advice on further improvements to align with the accrual IPSAS requirements.

A mission on establishing a fiscal risks committee (FRC) provided recommendations for institutional arrangements for the FRC and supporting tools and frameworks for its operationalization. Draft terms of references, a fiscal risk register template, guidance for operationalization, reporting templates and analytical techniques were provided through the mission report. Extensive consultation with the authorities took place

during the mission, including through a widely attended options workshop, a seminar on international experiences involving representatives from the UK, Australia and Ghana, and technical workshops with the NT officials.

**Revenue Administration:** Kenya has confirmed its intention to develop a medium-term revenue strategy (MTRS) and this has been made one of the benchmarks in their Extended Credit Facility (ECF) Agreement with the IMF. The authorities are committed to issuing a circular indicating the process by August/September 2022 and the IMF headquarters (IMF HQ) is assisting with its structure.

## **MALAWI**

**Public Financial Management:** A mission delivered two main outputs. The first was an annotated outline for a public investment policy framework, and the second was the introduction of new project pre-implementation tools: (i) project prioritization for ranking new projects, and (ii) a checklist for assessing whether projects are ready to receive allocations and ready to be implemented. The mission made three main recommendations: (i) to consult and draft the public investment policy framework; (ii) to incorporate the new tools into the public investment management toolkit for the next budget cycle; and (iii) to develop a medium-term strategic investment plan, supported by a fully functional online database to enable aggregate and detailed project analysis.

**Real Sector Statistics:** Support was provided to the National Statistics Bureau (NSO) of Malawi on the compilation of annual GDP estimates for 2017-2021. The mission assisted in completing the recommended calculations for production and expenditure side GDP, compiled a reconciled version of GDP for 2017, and provided recommendations to improve GDP compilation. The NSO will continue the work on updating the estimates for 2018-21.

**Revenue Administration:** A staff visit was undertaken by AFE long term advisor to meet with the Malawi Revenue Authority (MRA) management. The mission reviewed, revised, and agreed on the FY 2023 work plan for the MRA.



## **RWANDA**

**Public Financial Management:** An AFE mission supported amendments to the first and second budget call circulars, which include costing guidelines to calculate the budget baseline and set binding expenditure ceilings earlier in the budget process to support targeted expenditure prioritization. Also, recommendations were provided to integrate the prototype costing template developed as part of the mission into the IFMIS to support the construction of the baseline and provide a framework for challenging cost estimations. The mission also developed a phased action plan to integrate the reforms for implementation in the FY 2023-24 budget calendar, including the relevant capacity building requirements.

**Revenue Administration:** At the request of the Rwanda Revenue Authority (RRA), AFE submitted a draft tracking tool to RRA for the monitoring of their MTRS implementation. Indications are that they have developed this further to customize it to their circumstances and have proceeded to automate it. The RRA is working on strengthening its monitoring mechanism.

## **SOUTH SUDAN**

**Financial Sector Supervision and Regulation:** Support was provided on strengthening the Bank of South Sudan supervisory skills in analyzing bank financial statements and understanding the external audit process from the starting point of the audit engagement to the end point of the audit report. The training mission covered both the audit perspective and the analytical/interpretive perspective of financial statements. Hands-on practical case studies were used to illustrate the application of the analytical tools used in financial statement analysis. Furthermore, the session discussed/designed a sample risk dashboard comprised of key performance risk indicators that would be useful in modifying the current risk dashboard.

**Public Financial Management:** A first AFE in-person mission to South Sudan was delivered to provide follow-up practical guidance on improving the treasury single account (TSA) banking arrangements and compiling the list of all government bank accounts

and to support the Cash Management Unit (CMU) to develop the preliminary cash plan for FY 2022/23. The mission provided hands-on technical assistance, including: (i) hands-on guidance on how to analyze and compile the government bank accounts preparing for TSA implementation; and (ii) preliminary annual cash plan on monthly basis for FY 2022/23 was developed by the mission together with the CMU. The mission focused on the techniques for quickly updating the cash plan, even with preliminary outturns/actual figures. The FY 2022/23 preliminary cash plan was presented by the CMU to the Cash Management Committee (CMC) for further action.



**Ministry of Finance officials and AFE team**

**Revenue Administration:** A mission on reviewing and redesigning of the ICT function was conducted with the purpose of developing user specification requirements for the first cluster of back-office processes to be used as input in developing an Integrated Tax Administration System (ITAS) for the National Revenue Authority (NRA) of South Sudan. The mission was jointly organized by the IMF Fiscal Affairs Department and AFE.

## **TANZANIA**

**Government Finance Statistics:** Support was provided on improving the quality of the fiscal statistics including data on debt. This included supporting the authorities on improving the coverage and timeliness of the data. The principal purpose of this remote mission was to further assist the authorities in Tanzania in developing the quality and coverage of GFS data in line with international

standards. In addition, the mission also assessed progress on quality of fiscal and public debt data since the last GFS mission which was held in October 2021.

## UGANDA

**Public Financial Management:** Following almost a decade of reforms in Public Investment Management, the authorities requested a PIMA to assess the extent to which reform progress is being implemented in practice. The report developed a summary heatmap assessment of the 15 institutions assessed and key recommendation and a proposed reform action plan for the medium term. The findings were well received by the Senior Management of the Uganda Ministry of Finance, Planning and Economic Development.

**Real Sector Statistics:** Uganda Bureau of Statistics (UBOS) was assisted with improvement of data and methods for a new compilation system for quarterly GDP by expenditure. An indicator-based calculation system was developed, and next step is that UBOS will perform test calculations on historic data to evaluate the reliability of the indicators.

**Revenue Administration:** A session was held with the Uganda Revenue Authority to agree on areas of capacity building support. The areas indicated were tax investigation, arrears management, tax audits, integrity enhancement, strategy management, and integrated border management.

## AFE WORKSHOPS AND WEBINARS

**Financial Sector Supervision and Regulation:** In view of the IFRS 17 implementation and particularly for the jurisdictions targeting to adhere to the International Accounting Standards Board (IASB) implementation date of January 1, 2023, a regional training mission was delivered to the insurance supervisors across AFE member countries. The session was delivered remotely via an interactive workshop with the objective to provide a wider understanding on IFRS 17 implementation processes, enhance supervisors' own level of preparedness and assist them in the development of adequate processes to accommodate the transition. Furthermore, the workshop aimed to assist supervisors in holding discussions with the insurance sector to assess readiness and issue any circular letter to insurers

informing them of the requirements to implement the IFRS 17 under specific implementation plans.

**Forecasting and Policy Analysis System:** As part of the capacity building program at the regional level AFE, AFRITAC South (AFS) and AFRITAC West 2 (AFW2), jointly organized two workshops on monetary policy communication: “*Fundamentals of sound central bank communication*” and “*Modernizing Central Bank Communication*”. The seminars targeted 27 central banks in the East, South, and West regions of Africa. The two seminars were customized in accordance with the central banks level of sophistication in terms of communication and, to some degree, according to their various monetary policy regimes. The seminars covered a broad range of communication aspects ranging from transparency and accountability, use of plain language, and standard features of monetary policy communication. For communication to be effective it's important to know the media landscape, to nurture relationship with the media and to evaluate media impact. Thus, various aspects of media were another important topic of the seminars. The seminars were a mix of lectures, group sessions, panel discussions and country presentations.



Participants at the joint workshop on fundamentals of sound central bank communication and modernizing central bank communication

An FPAS workshop was held for the EAC-FPAS working group. The program was a mix of lectures by IMF resource persons, country presentations and panel discussions moderated by IMF HQ staff. The purpose of the workshop was for the EAC countries to share experiences on FPAS; spur coordination and harmonization of their respective FPAS frameworks and recognize areas within FPAS where further

developments and harmonization are needed. In addition, the workshop served to illustrate important features of FPAS among advanced inflation targeting central banks and thus served to inspire developments in that direction as it is the aim of the EAC.

**Monetary Policy Operations:** AFE supported the EAC with the annual central banking course and presented on the characteristics of different monetary policy frameworks, the transitioning to inflation-targeting frameworks and the operational frameworks in an inflation-targeting regime. The objective was to lay the foundation for monetary policy harmonization by 2023/24. Currently, countries have different monetary policy frameworks at different stages of development.

**Table 1. East AFRITAC: Activities, August – October 2022**

Country	Type	Subject	Date	Experts
<b>Financial Sector Supervision and Regulation</b>				
Malawi	TA mission	Systemic risk and Domestic Systemically Important Banks (D-SIBs)	August 8-10, 2022	Georgios Genimakis (AFE Advisor)
Regional	Webinar	Seminar on risk-based supervision (RBS) - AFE 20 <sup>th</sup> Anniversary (sponsored by the National Bank of Rwanda)	September 7, 2022	Georgios Genimakis (AFE Advisor)
Rwanda	TA mission	Review of the framework/procedure on interest rate risk in the banking book (IRRBB) and provide training	September 12-14, 2022	Georgios Genimakis (AFE Advisor), Miguel Delfiner (Short-term expert, STX)
Tanzania	TA mission	Contracts for difference (CFDs) and implementation of an appropriate regulatory/supervisory regime	September 19-26, 2022	Georgios Genimakis (AFE Advisor), Jennifer Long (STX)
Regional	Webinar	Seminar on Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) supervision - AFE 20 <sup>th</sup> Anniversary (sponsored by the Reserve Bank of Malawi)	October 10, 2022	Georgios Genimakis (AFE Advisor), Rebecca Kotonya Obare (IMF HQ staff), Ian De Vere Carrington (IMF HQ staff)
<b>Forecasting and Policy Analysis System</b>				
Tanzania	TA Mission	Making use of the FPAS toolbox at the BoT	August 2-11, 2022	Carina Selander (AFE Advisor), Magnus Ahl (STX), Magnus Lindskog (STX)
Kenya	TA Mission	Refining the QPM at the CBK	August 29-September 2, 2022	Carina Selander (AFE Advisor), Karel Musil (STX)
Kenya	TA Mission	Refining nowcasting framework (including business surveys) at the CBK	October (dates not fixed)	Carina Selander (AFE Advisor), Tony Chernis (STX)
<b>Government Finance Statistics</b>				
Uganda	TA Mission	Government Finance Statistics TA mission	August 15-26, 2022	Roderick O'Mahony (AFE Advisor)
Rwanda	TA Mission	Government Finance Statistics TA mission	August 22-26, 2022	Johann Bjorgvinsson (STX)
Zanzibar, Tanzania	TA Mission	Government Finance Statistics TA mission	September 19 – 30, 2022	Roderick O'Mahony (AFE Advisor)
East Africa Community	TA Mission	Government Finance Statistics TA mission	October 2022	Roderick O'Mahony (AFE Advisor)
<b>Monetary Policy Operations</b>				
South Sudan	TA Mission	Operationalization of National; Payment System Department	August 15-26, 2022	Callie Hugo (AFE Advisor), Igor Munteanu (STX)
<b>Financial Market Infrastructure and Payments</b>				
Tanzania	TA Mission	Formalizations of FX intervention policy	September 5-16, 2022	Callie Hugo (AFE Advisor), Zhuohui Chen (IMF HQ staff)
Kenya	TA Mission	Finalization of self-assessment and overview of oversight framework	August 8-26, 2022	Callie Hugo (AFE Advisor), Faith Stewart (STX)

Country	Type	Subject	Date	Experts
Regional (AFE/AFS/AFW2)	Regional Workshop	Digital payments: Balancing Innovation and Regulation for a new Frontier	October 24-28, 2022	Callie Hugo (AFE Advisor), Anrich Daseman (AFS Advisor), Gani Gerguri (AFW Advisor)
<b>Public Financial Management and Macro-Fiscal Analysis</b>				
Kenya	National Training	Training of Trainers for the Budget Preparation Manual	July 18 – August 17	Imran Aziz (AFE Advisor), Gerhard Steger and Greg Rosenberg (STXs)
Rwanda	TA Mission	Strengthening the MTEF and Budget Costing Framework	August 8-19, 2022	Imran Aziz (AFE Advisor), Gerhard Steger (STX)
South Sudan	TA Mission	Further Development of the Macroeconomic Forecasting and Reporting Framework	August 1-12, 2022	Matthew Quillinan (AFE Advisor), Paul Gardiner (STX)
East Africa Community	Regional Workshop	EAC Annual PFM Workshop	August 17-19, 2022	Matthew Quillinan (AFE Advisor), Amra Srdanovic (AFE Advisor), Fazeer Rahim (IMF HQ staff)
Tanzania	TA Mission	National training to strengthen the capacity to assess compliance with IPSAS	August 15 – 26, 2022	Amra Srdanovic (AFE Advisor), Frans van Schaik (STX)
Rwanda	TA Mission	Updating the Budget Outlook Paper	August 29 – September 9 2022	Imran Aziz (AFE Advisor), Matthew Quillinan (AFE Advisor), Gerhard Steger (STX)
Eritrea	TA Mission	Detailed coding of institutions according to functional classification (COFOG) and GFSM 2014 (economic segment)	September 5 – 16, 2022	Amra Srdanovic (AFE Advisor), Peter Murphy (STX)
Kenya	TA Mission	Operationalizing the Fiscal Risk Committee	September 12-23, 2022	Matthew Quillinan (AFE Advisor), Imran Aziz (AFE Advisor), STX (TBD)
South Sudan	TA Mission	Follow-up on strengthening TSA and Cash Management practices	October 3 – 7, 2022	Per-Olof Jonsson (STX)
Ethiopia	TA Mission	Strengthening Project Appraisal and Selection	October 3-14, 2022	Imran Aziz (AFE Advisor), Martin Darcy (STX)
Regional	Regional Workshop	FAD/ATI/AFS/AFE: Annual Workshop on Fiscal Risks and Debt Sustainability: Module 1	October 17-21, 2022	Matthew Quillinan (AFE Advisor)



Country	Type	Subject	Date	Experts
Kenya	TA Mission	Strengthening TSA and Cash Management practices	October 17 – 28, 2022	Amra Srdanovic (AFE Advisor), Per-Olof Jonsson (STX), Peter Murphy (STXs)
<b>Real Sector Statistics</b>				
Ethiopia	TA Mission	National Accounts Expenditure calculations	August 15- September 02, 2022	Timmi Graversen (AFE Advisor)
Tanzania	TA Mission	National Accounts Use of Administrative Data	September 12-23, 2022	Timmi Graversen (AFE Advisor)
Kenya	TA Mission	National Accounts – Further development of the scope of national accounts	October 10-21, 2022	Timmi Graversen (AFE Advisor)
<b>Revenue Administration</b>				
Malawi	TA Mission	Bench Marking on tax administration research -best practice	August 2022	Rameck Masaire (AFE Advisor), STX (TBD)
Eritrea	TA Mission	Review of the ICT policy strategy for Internal Revenue Services	14 August 2022	Rameck Masaire (AFE Advisor), Yakomba Yavwa (STX)
Rwanda	TA Mission	Valuation and Tariff Classification	August 26-September 9, 2022	Alvaro Ribeiro (STX)
Rwanda	TA Mission	Practical Training on the telecoms sector audit	September 2022	Andrew Chege (STX), Joseph Musumba (STX)
Uganda	Meeting	Domestic Resource Mobilization Monitoring Team	September, 2022	Dumisani Masilela (AFE Advisor)
Regional	Regional Workshop	MTRS Sensitization	Early September 2022	Dumisani Masilela (AFE Advisor), Faith Mazani (IMF HQ staff)
EAC	TA Mission	Review of SCT Risk Management Framework	September 16-29, 2022	Kenneth Ochola (AFE Advisor), Gabriel Kitenga (STX)
Malawi	National Training	Data Matching Analysis	October 3-7, 2022	STX (TBD)
Ethiopia	TA Mission	MTRS Follow-up mission	October 3 – 8, 2022	Dumisani Masilela (AFE Advisor), Faith Mazani (IMF HQ staff) Rebecca Sparkman (IMF HQ staff)
Tanzania	National Training	Risk Management and Intelligence	October 10-14, 2022	Kenneth Ochola (AFE Advisor), Jacqueline Penfold (STX)
Regional	Workshop	Develop Tax Administration procedures	October 22	Rameck Masaire (AFE Advisor), Miguel Pecho (IMF HQ Staff)
Kenya	TA Mission	MTRS Scoping Mission	October 2022	Dumisani Masilela (AFE Advisor), IMF HQ Staff (TBD)

**Table 2: AFRITAC East Technical Assistance Reports on the Institutional Repository**

These reports, which have been cleared for dissemination by country authorities, are available to Steering Committee members who have signed a confidentiality agreement.

Country	Title	Mission Dates	Extranet FY
East African Community	East African Community - Compilation of EAC wide fiscal data for convergence criteria	November 29-December 8, 2021	FY 2022
Kenya	Review of Customs Penalty Regime and Develop Sanctions Map	October 12-25, 2021	FY 2022
Kenya	Strengthening Coordinated Border Management	March 1-14, 2022	FY 2022
Kenya	State Corporation Financial Evaluations (National Workshop)	March 7 – 31, 2022	FY 2022
Rwanda	Technical Note on Government Finance Statistics Mission	August 23-31, 2021	FY 2022
Rwanda	Assessment of the progress in the IPSAS implementation roadmap	October 18-November 5, 2021	FY 2022
Rwanda	Developing and Automating a Budget Costing Framework	January 24-February 11, 2022	FY 2022
South Sudan	South Sudan - TA - GDP - Techniques for producing GDP by production	November 15-26, 2021	FY 2022
Tanzania	Refining the data flows, the QPM and the Nowcasting framework within FPAS	February 14-24, 2022	FY 2022
Tanzania (Zanzibar)	Develop Capacity in Audit and Investigation Methods and Techniques (Zanzibar)	September 6-17, 2021	FY 2022
Regional	Post Clearance Audit	March 14-18, 2022	FY 2022
Regional	Tax and Customs Investigation Techniques (National Workshop)	April 4-8, 2022	FY 2022



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