



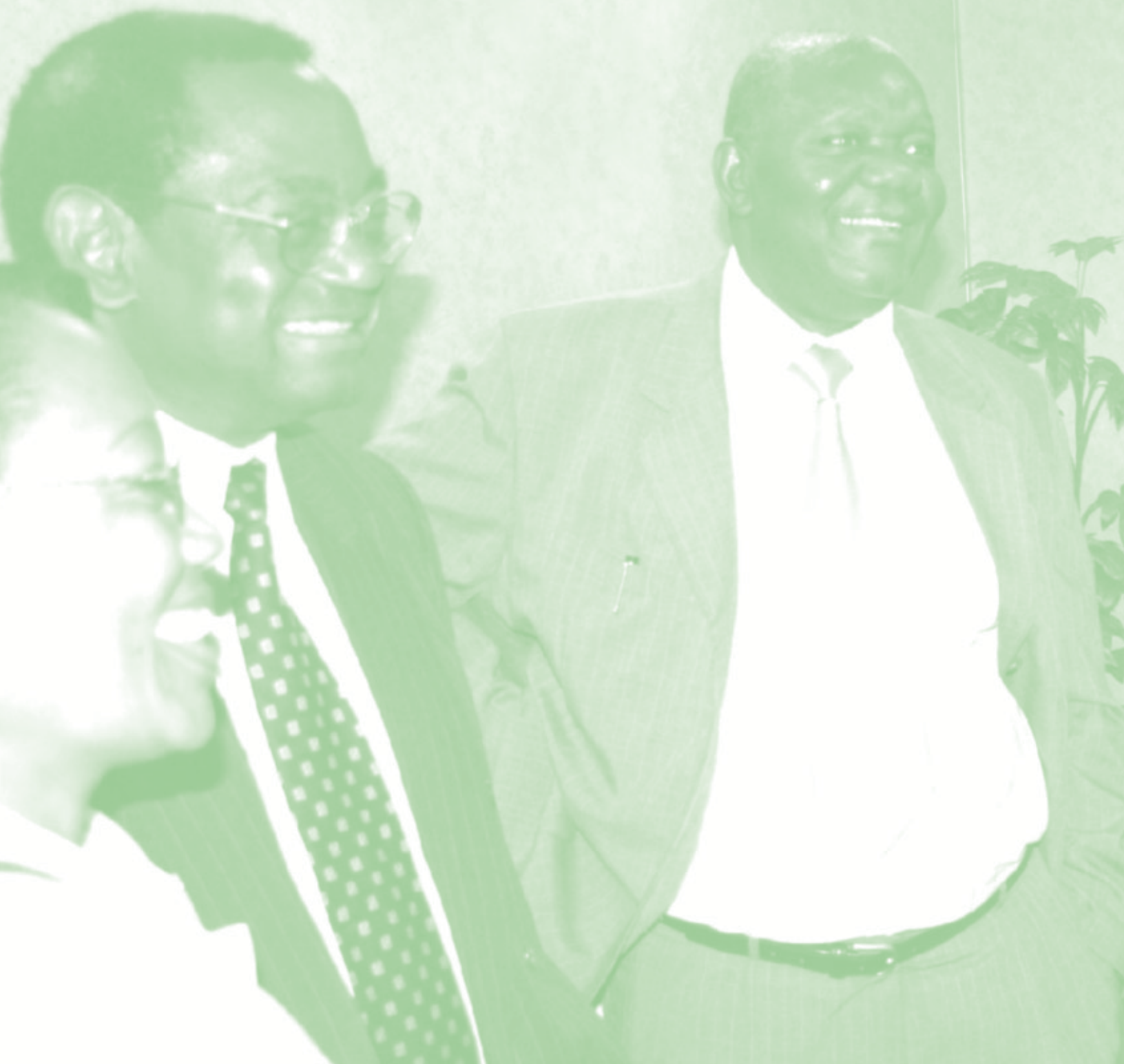
mission

MEFMI was founded with the view to building sustainable capacity in identified key areas in ministries of finance, planning commissions and central banks, or equivalent institutions. MEFMI strives to improve human and institutional capacity in the critical areas of macroeconomic and financial management, foster best practices in related institutions and bring emerging risks and opportunities to the fore among executive level officials. MEFMI seeks to achieve within its member states, prudent macroeconomic management, as well as competent and efficient management of public finances; sound efficient and stable financial sectors and stable economies with strong and sustained growth.

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annual report
2007



abbreviations and acronyms

ACBF	African Capacity Building Foundation
AfDB	The African Development Bank
AML / CFT	Anti-Money Laundering / Combating the Financing of Terrorism
BIS	The Bank for International Settlements
CBP	Capacity Building Programme
CBS	Central Bank of Swaziland
CESAG	Centre Africain d'Etudes Superieures de Gestion or Centre for Advanced Studies in Business Administration
CMA	Common Monetary Area
COMSEC	The Commonwealth Secretariat
CPSIPS	Core Principles for Systemically Important Payment Systems
CPSS	Committee on Payment and Settlement Systems
CS-DRMS	Commonwealth Secretariat Debt Recording and Management System
CTP	Customised Training Programme
DFI	Development Finance International
DL	Distance Learning
DMFAS	Debt Management and Financial Analysis System
DSA	Debt Sustainability Analysis
DSF	Debt Sustainability Framework
FPC-CBP	Foreign Private Capital - Capacity Building Programme
FSI	Financial Stability Institute
HIPC	Heavily Indebted Poor Countries
HIPC-CBP	Heavily Indebted Poor Countries - Capacity Building Programme
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
IDA	International Development Association
IMF	The International Monetary Fund
IT	Information Technology
LICs	Least Industrialised Countries
MBA	Master of Business Administration
MDRI	Multilateral Debt Relief Initiative
MEFMI	Macro-Economic and Financial Management Institute of Eastern and Southern Africa
N/A	Not Available/Not Applicable
NBFI	Non-bank financial institutions
OTD	Organisational Training & Development
RAMP	Reserves and Asset Management Programme
RTGS	Real Time Gross Settlement
UNCTAD	United Nations Conference on Trade and Development
UNITAR	United Nations Institute of Training and Research
WADMO	World Association of Debt Management Offices
WAIFEM	West African Institute for Financial and Economic Management
WB	World Bank

MEFMI

in brief

The Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) is a regionally owned institute currently with 13 member countries: Angola, Botswana, Kenya, Lesotho, Malawi, Mozambique, Namibia, Rwanda, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe.

angola
botswana
kenya
lesotho
malawi
mozambique
namibia
rwanda
swaziland
tanzania
uganda
zambia
zimbabwe

During the 1980s and 1990s, many countries in the Africa region faced entrenched problems in the capacity for debt and reserves management as well as macroeconomic management. In response, senior economic and financial managers in Eastern and Southern Africa launched the Eastern and Southern Africa Initiative in Debt and Reserves Management (ESAIDARM) in 1994, which later was broadened to the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) in 1997.

Mission

MEFMI was founded with the view to building sustainable capacity in identified key areas in ministries of finance, planning commissions and central banks, or equivalent institutions. MEFMI strives to improve human and institutional capacity in the critical areas of macroeconomic and financial management, foster best practices in related institutions and bring emerging risks and opportunities to the fore among executive level officials. MEFMI seeks to achieve within its member states, prudent macroeconomic management, as well as competent and efficient management of public finances; sound efficient and stable financial sectors and stable economies with strong and sustained growth.

MEFMI Objectives

The long-term objective is to contribute to the poverty reduction process among people in MEFMI's operational zone of the Eastern and Southern Africa through development of sound capacity in overall macroeconomic management through;

- Building Sustainable Capacity
- Fostering Best Practices
- Raising Awareness: Opportunities and Challenges

The Scope of MEFMI Activities

MEFMI activities have focus on:

- Macro-economic management and analysis of the macro economy, which deals with macroeconomic data compilation, planning and forecasting.
- Financial Sector Management, which covers foreign exchange reserves management, regulation, supervision of financial institutions, payment systems, risk management and risk modelling as well as issues related to the development and stability of the financial system as a whole.
- Sovereign Debt Management, which encompasses debt database construction and management, institutional and legal aspects, analysis, policy and strategies.

- Fellows Development Programme which is an accelerated expert formation endeavour that trains promising young professionals with the view to develop them into specialists / experts available to the region.

The MEFMI target institutions are:

- Ministries of finance
- Ministries of economic development and planning or equivalent
- Central banks
- Other public institutions that interface with these core institutions.

The MEFMI target groups in all the beneficiary institutions are:

- Junior to senior professionals
- Heads of department / division, senior officials
- Top executives

Mode of delivery

MEFMI delivers its products and services through the following;

- Courses / workshops for professionals
- Seminars for senior professionals
- Country missions
- Retreats for heads of relevant departments / divisions / units
- Special policy related studies
- Preparation of manuals

MEFMI also conducts Executive Forum Series for networking amongst decision makers.

At these events top policy makers have the opportunity to exchange ideas and experiences among themselves, which are facilitated by world-class experts availed by MEFMI. The following categories of decision makers attend the Forum Series;

- Ministers of finance and planning and economic development and equivalent
- Secretaries to the treasury and permanent secretaries for finance and equivalent and their deputies
- Central bank governors and their deputies
- Human Resources Managers

Delivery methodology

MEFMI training has hands-on practical bias. A variety of training methods are used. These include formal lectures / presentations given by experts, syndicated work, group discussion and case studies.

MEFMI has maintained a posture of being user driven (including in programme preparation). MEFMI endeavours to strike a balance between reacting to client needs and taking proactive measures to address specific capacity deficiencies on the basis of knowledge of global developments.



MEFMI Secretariat

The MEFMI Secretariat is based in Harare, Zimbabwe. The Secretariat is the principal vehicle for the design, delivery and administration of MEFMI programmes. An Executive Director heads the Secretariat, whose staff compliment is 30. MEFMI draws its staff mainly from related institutions in member countries on competitive recruitment basis.





Cooperating Partners

MEFMI's cooperating partners fall into three categories: Financial Cooperating Partners currently fund MEFMI's capacity building activities to supplement member countries' contributions.

The Financial Cooperating Partners are:

- The African Capacity Building Foundation (ACBF)
- The Netherlands
- Norway
- Sweden

The following countries contribute to MEFMI's activities through the Heavily Indebted Poor Countries Capacity Building Programme (HIPC-CBP) and the Foreign Private Capital Capacity Building Programme (FPC-CBP);

Austria, Canada, Sweden, Ireland, Switzerland and the United Kingdom.

Technical Cooperating Partners provide gratis or subsidised expertise, attachments and course attendance to staff and Fellows and other in-kind support to the capacity building programmes.

The main technical cooperating partners are the World Bank (WB) and its institute (WBI), the International Monetary Fund (IMF) and its institute (IMFI), the Bank of International Settlements (BIS), the African Development Bank (AfDB), the Commonwealth Secretariat (COMSEC), the Centre for Central Banking Studies (CCBS) of the Bank of England Bank (BOE), the United Nations Conference on Trade Development (UNCTAD), United Nations Institute for Training and Research (UNITAR), the Federal Reserves Bank of New York, Financial Stability Institute (FSI), Africa Regional Technical Assistance Centre (AFRITAC) and others.

Networking Partners: are organisations whose resource persons and other services are paid for by MEFMI. They include the Africa Economic Research Consortium (AERC), Centre for International Development (CID) at Harvard University, Crown Agents and Debt Relief International (DRI).

statement by the chair

I have the pleasure of presenting to you, our stakeholders, the 2007 MEFMI Annual Report. This is a very special report in that it is the first to be issued since the launch of MEFMI's Phase III. It is also special in that it confirms the outlook I presented in the last report of the tremendous cooperation that we continue to receive from member states and our cooperating partners.

The year 2007 opened on an anxious note. With us was a newly approved Phase III Project document covering five years (2007-2011). This document was full of strategies on how we wanted to carry forward the work that had been done in MEFMI's Phase II. These strategies were backed by the very bold decisions that we made in the year before, in a number of areas relating to the operations of MEFMI. All that we required was the commitment of the member states and our financial cooperating partners.

I am pleased to report that we got an early indication of support from the member states who overwhelmingly endorsed the Phase III document and from the African Capacity Building Foundation (ACBF) Board, which took a Ministerial decision to support us at its December 2006 meeting.

Armed with these decisions and the much-awaited disbursement for Phase II from Sweden in November 2006, our Secretariat moved into gear and the Work Programme for 2007 was launched on time. As the first quarter of 2007 was drawing to a close, it became evident that all our other core financial cooperating partners (The Netherlands, Norway and Sweden) were prepared to support Phase III and with such indications, we focused our energies to the procedural matters of concluding the relevant grant agreements.

The report before you outlines the various activities that have been undertaken during the first year of Phase III, thanks to your collective support. As you will note from the report, the secretariat was able to go beyond the planned activities, and launch additional activities. Three studies were also launched: one focusing on the Secretariat itself while the other two are of a regional nature. The results of all these studies are expected in early 2008.

In addition, under the Fellows Development Programme, we were able to confirm some Candidate Fellows to become Graduate Fellows. We also recruited 18 Candidate Fellows, who will undergo their customized training in the coming year. Once this group completes and graduates, MEFMI will have a pool of 77 Fellows who will form the core of the regional expertise.

It is against this background that I wish to thank both our financial and technical cooperating partners for making the year 2007 such a success.



Dr. Caleb M. Fundanga
MEFMI Chairperson

Allow me to also thank all the members of the Board of Governors and the Executive Committee of MEFMI, the Executive Director and staff at the Secretariat for their dedication and commitment to the Institute over the past year. This is the spirit we have always expected, and I hope that it will be sustained throughout Phase III.

Finally, let me record our collective gratitude to the Government and the people of Zimbabwe for their hospitality in hosting the seat of the Institute.

Dr Caleb M. Fundanga
Governor, Bank of Zambia,
Chairman, Board of Governors

overview by the executive director

The year 2007 was pivotal to MEFMI, as it marked the beginning of the Institute's Phase III and therefore served, as the launch pad for all that is to happen over the next five years. Of critical importance at the very start of the year was the commitment of the member states to the objectives of MEFMI and the continuation of its services. Member states demonstrated this by availing both financial and human capital resources towards the successful launch of Phase III.

With the clear commitment from the member states, MEFMI then turned to the traditional financial cooperating partners, who in turn, gave very clear indications of their willingness to partner the member states during the implementation of Phase III. With these two commitments in place, the MEFMI five-year work programme that had already been approved by the Board of Governors towards the end of 2006 was rolled out on time and will come to an end in 2011.

MEFMI is also grateful for the support it continues to get from its various networking partners. Among other support initiatives, MEFMI received expertise and in some cases events were conducted jointly. There was also exchange of information, access to resource persons as well as attachment of Fellows. Thus, the Institute continued to enjoy the full support of all its stakeholders in the implementation of its capacity building activities.

Delivery of products and services continued through regional and in-country capacity building activities as well as country missions, which focused on client institutions' specific capacity building needs.

In an effort to ensure continuous use of appropriate training strategies that relate to client institutions' needs the Institute employed a mix of training strategies that included hands-on practical activities. This approach also greatly supports MEFMI's ethos on training, that is world class and responsive to the end user's needs.

The overall outturn for the year shows that the Institute managed to execute its planned activities. As outlined in Table 1 of this report, there were positive variances in the in-country capacity building activities as well as the networking activities. This is as a result of an increased demand for MEFMI's services by member institutions a situation that reflects the relevance and positive impact the Institute is having in the member countries.

Country missions by their nature are user driven and in most cases the Institute is responsive to client institutions' requests. As such, even in instances where activities are planned ahead, the Institute has very little control in the management of the implementation of the activity. Thus, the negative variance in the country missions is due to the fact that some activities were cancelled or postponed by the requesting countries.

There were more regional, in country and Fellows development programmes activities in 2007 compared to 2006. Activities carried out have been summarised in the report. In addition to these activities, there was also a marked increase in the number of staff development and networking activities compared to 2006. 2007 saw MEFMI participating in 13 staff development and networking activities. Staff development activities assist staff and the Secretariat stay abreast of developments in their respective areas of specialisation and other related activities and renew acquaintances with our collaborators

MEFMI is aware of the need to ensure that there is gender equity in the countries it operates in. The Institute also endeavors to ensure gender equity in the implementation of all its programme and activities. While every effort is made to ensure an increase in the number of female participants in all its activities to at least 50% as recommend by the Southern Africa Development Community (SADC) resolution on gender and development, the Institute



Elias E. Ngalande, PhD
Executive Director

greatly depends on the support of client institutions. To date, gender participation in all workshops has averaged 32%. MEFMI is also in the process of including gender mainstreaming as a component of all its training workshops a process that will commence in 2008.

The year under review has also seen the Institute engage in discourse on the issue of HIV/AIDS in the workplace. As of the last quarter, all workshops have had an external resource person making an awareness presentation on HIV/AIDS. The Institute is in the process of designing an appropriate module on HIV /AIDS in the workplace as well as its own HIV/AIDS policy, which will enable it to effectively deal with this issue.

As MEFMI continues to grow its cadre of Fellows, it is hoped that the use of international resource persons will be significantly reduced. It is the Institute's intention to continuously train Fellows, who will play a pivotal role in the diagnosis and the implementation of intervention strategies, in the areas of expertise outlined above. Not only does a pool of MEFMI Fellows translate to financial savings, but it also creates convenience of access to experts for the region in general and client institutions in particular.

The unwavering and consistent support, which MEFMI receives from its member states and financial cooperating partners is highly commended and greatly appreciated. This support has resultantly seen the Institute receiving more respect and being held in high esteem by other institutions through out the world - an attribute that the Secretariat will always strive to retain.

A handwritten signature in black ink, appearing to read 'E. Ngalande', written in a cursive style.

Elias E. Ngalande (PhD)
Executive Director

highlights

for the year

- ▶ The MEFMI Phase III was launched in early in 2007.
- ▶ Selection interviews for the 6th Intake of Candidate Fellows were conducted. 18 officials including seven (7) women, were selected. The intake, covers ten (10) member states.
- ▶ A Forum for Ministers of Finance and / or of Economic Planning was held in Georgetown Guyana on the theme “Evolving Globalization and Trade Regimes and Implications for Sub-Sahara Africa: Focus on Cotonou Agreement”. This was attended by seven (7) ministers
- ▶ A MEFMI Combined Forum was held on 13 October 2007 in, Georgetown, Guyana. Honourable Ashni Singh, Minister of Finance, Guyana officially opened the Combined Forum. The Forum attracted 20 participants, comprising five (5) ministers / deputy ministers, nine (9) principal secretaries and six (6) central bank governors.





- ▶ As the main governance organ of MEFMI, the Board, met during the year and ratified a number of the resolutions of the Executive Committee including the year 2008 Work Programme and Budget.
- ▶ Proserve Consulting Services was engaged to undertake the MEFMI Organisation Structure and Workload Analysis to assess the Institute's capacity to implement Phase III project. The assignment was initially scheduled to end on 9 November 2007 but the Consultant is expected to submit the final report, which incorporates Management comments in January 2008. Thereafter, the report will be presented to the Executive Committee.
- ▶ Total income received by the Institute during 2007 amounted to about US\$6.3 million of which US\$ 3.4 million was received from member states. US\$2.8 million was received from co-operating partners while the balance of about US\$51,924 was interest income. Member states' contribution was made up of annual cash contribution amounting to US\$3 million and in-kind contribution of US\$450,006.



1. quantitative summary

Overall Achievement

The achievements of MEFMI during the year 2007 can be summarized in numerical terms as follows:

Table 1: Target vs Actual Activities

Activity	2007		
	Target	Actual	Variance
Regional Capacity Building Activities	26	25	-1
In-Country Capacity Building Activities	5	8	+3
Country Missions – Applied Situational Analysis	10	7	-3
Fellows Development Activities	2	2	0
Networking activities	12	15	+3
Executive Fora	2	2	0
Governance Meetings	4	4	0

During the period under review, January to December 2007, MEFMI implemented several activities largely adhering to the planned work programme broken down as follows:

- 25 Regional Capacity Building activities
- Eight In-Country Capacity Building activities
- Seven Country missions, and
- Two Fellows Development Activities
- 15 networking activities
- Two Executive Fora and
- Four Governance meetings

The overall out-turn for the year shows that the Institute, by and large, achieved its planned targets in terms of regional capacity building programmes.

Negative variances occurred mostly in in-country capacity building activities. This activity is mainly demand driven and requires synchronisation of schedules with the host country. Positive variances in in-country activities and networking activities were due to the high demand for such services to which the Institute duly responded.

1.1 Participation

Participants in the activities conducted during the period under review included junior, middle and senior level officials. From MEFMI's point of view, there was satisfaction with the caliber of the participants.

Cognisant of the SADC resolution on gender and development which stipulates female participation at 50% of the total number of participants, MEFMI continues to enhance gender development through encouraging client institutions to field women participants in all its training and capacity building programmes. It is the Institute's endeavour to ensure that consistent with staffing patterns of client institutions, female participants at workshops constitute no less than 32% of the total participants.

The total enrolment in all activities undertaken was 866 officials, 278 of them being women or about 32% of the participants. The number of women participants in MEFMI capacity building activities and events is largely a reflection of the staffing patterns in client institutions as well as nominating agencies priorities and training programmes. As an organisation that strongly believes in mainstreaming gender, MEFMI always strives to attain gender equity in its training activities.

1.2 Resource Persons Utilisation

The Institute continues to utilize a combination of regional and international resource persons, Fellows and Secretariat staff in facilitating capacity building activities. This combination promotes cross-pollination of ideas among participants and resource persons.

During the year 2007, MEFMI engaged the services of 166 resource persons to facilitate the capacity building activities. These resource persons were drawn from various regions as follows:

- 112 Regional experts (i.e. consultants from Africa, and the MEFMI region in particular, including 35 Fellows);
- 54 International or overseas experts, including the MEFMI Secretariat-based Commonwealth Secretariat (COMSEC) Debt Advisor.

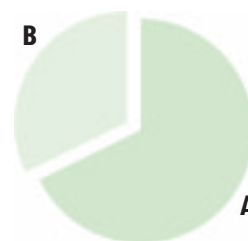
Some members of the Secretariat staff, as is standard practice, also participated as resource persons. In addition, on average, three Secretariat staff coordinated activities at the venue of each capacity building event executed.

Thus, the period under review saw the continued growth in the utilisation of MEFMI Fellows and regional experts in general as opposed to the use of international or overseas experts. It should however, be pointed out that the use of overseas experts for capacity building remains high in areas such as payment and settlement systems, risk-based supervision, and Basel II, where the level of expertise in the region is still low.

1.3 Mode of Delivery

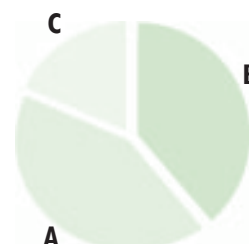
The mode of delivery included lecture presentations and training materials in the form of presentation handouts, background reading material, case studies and participatory group activities. Participatory activities have become a powerful tool for sharing experiences and enabling participants to relate concepts discussed during presentations to practical situations.

Graph 1: Participants' Gender profile



A	Male	68%
B	Female	32%

Graph 2: Resource Persons Utilisation



A	Regional	47%
B	International	35%
C	Fellows	18%



2. capacity building outputs

MEFMI delivers its products and services through capacity building activities that include courses, seminars, workshops, retreats and the executive fora. Activities are conducted to enable effective sharing of ideas and experiences, networking, promoting harmonization and integration; the dissemination of new concepts, promotion of best practices and standards to a wider audience in the MEFMI network. Capacity building activities are also a cost-effective strategy for addressing capacity gaps that are common to most of the countries in the MEFMI region.

All activities are conducted both at technical and policy advisory levels, with heads of departments, who are the overseers of technical implementation and link operations to policymakers, as targets. Specific to a regional technical activity, it typically reaches out to 40 relevant officials simultaneously from client institutions in all 13-member countries.

2.1 Regional Capacity Building Activities

In the regional capacity building activities carried out during the period January to December 2007, a total of 837 officials attended. Of these, 271 or 32% were women. The Institute used a combination of experts as resource persons in the execution of its programmes. These included international experts (most of them provided gratis), regional experts including MEFMI Fellows and Secretariat staff.

Annex 1 provides details of venues, duration, topics covered, technical cooperating partners involved, number of resources persons used and their region of origin as well as the number, gender and professional levels of participants to each of the regional activities conducted during the period.

2.2 In-Country Capacity Building Activities

MEFMI engages in In-country workshops, which are designed to address identified country specific capacity gaps. In-country events also ensure an enhanced outreach to a wider country target group and tailoring of the activities, for example, through the use of real country data and effective participation of the critical officials. In-country capacity building activities fall in the following general categories:

- Courses (seminars / workshops and / or retreats)
- Country Missions

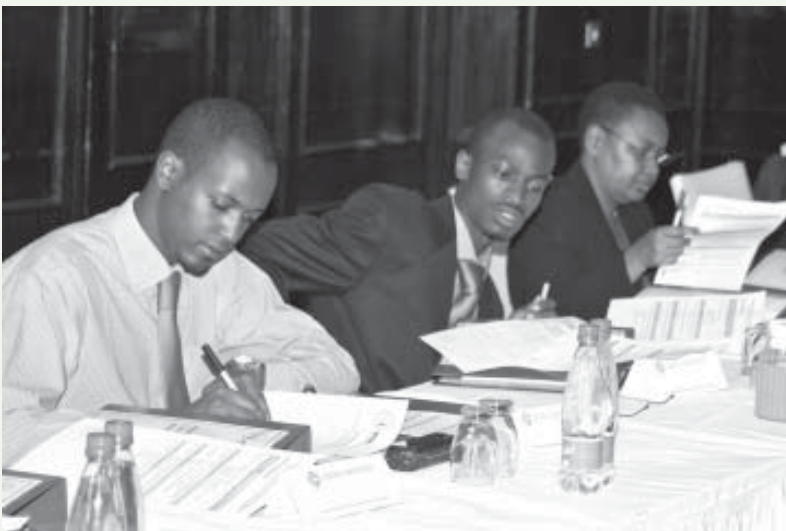
Both categories of In-country activities are undertaken upon request and in consultation with the client institution. The Secretariat can, however, also initiate such an activity, if the needs assessment indicates a clear gap in knowledge and skills.

MEFMI carried out eight In-country activities during the period January to December 2007.

Annex 11 provides details of venues, duration, topics covered, technical cooperating partners involved, number of resource persons used and their region of origin as well as the number, gender and professional levels of participants to each workshop.

2.3 Country Missions

Missions entail on-site problem solving and guidance, needs assessment, data gathering, impact assessment and/or further awareness-raising. Missions address human, organisational and institutional capacity constraints, in terms of knowledge, skills, systems, structures, methodologies / procedures, institutional arrangements / legal frameworks, etc. Missions are carried out on an advisory basis and their effectiveness depends on the willingness of the beneficiaries to implement the recommendations of MEFMI. During the period under review, seven country missions were carried out.



2.4 Fellows Development Programme Activities

The objective of the Fellows Development Programme is to groom a cadre of experts, who will ensure sustainability and availability of adequate support in building and maintaining capacity in the region. This is an accelerated cost-effective expert formation endeavor.

During the period under review a number of Fellows participated at workshops as part of their CTPs in order to gain knowledge and skills and some had attachments to their mentors. In addition some Fellows were engaged in MEFMI activities as resource persons at regional workshops.

A total of 23 Candidate Fellows, of whom four (4) were female, were assessed for graduation by a panel of experts during the period 30 to 31 July 2007 in Harare. This was the largest group MEFMI ever had in a single graduation. During the same event three (3) Graduate Fellows were accredited.

MEFMI conducted selection interviews for the 6th Intake of Candidate Fellows. A total of 18 officials, of whom seven (7) were female, were selected. The 6th Intake, in terms of country of origin, covers ten (10) member states..

The **Table 2** below shows the activities of Fellows for each Programme for the period under review.

Table 2: Fellows Capacity Building Participation and Utilization (January - December 2007)

Programme	Capacity Building Attending		Utilization					
	Workshops	Attachment	Resource Persons at Workshops			Consultants at Missions		
			Type of Fellow			Type of Fellow		
			Candidate	Graduate	Accredited	Candidate	Graduate	Accredited
Debt	12	3	4		2	-	-	-
FSM	6	2	7	4	-	2	-	2
Macro	3	-	1	5	-1	-	-	-
Total	21	5	12	9	3	2	-	2

Overall, 26 Fellows attended workshop/course/attachments as part of capacity building. 24 fellows were engaged as resource persons at MEFMI workshops while four (4) undertook country missions.

2.4.1 MEFMI Fellows Development Programme (FDP): Distribution by Programme, Gender and Member States

The **Table** below shows the distribution of Fellows by Programme, Gender and the stage they are at in the Fellows Development Programme as at 31 December 2007.

Table 3: Fellows by Programme, Gender and Stage in FDP by 31 December 2007¹

Programme	In-training	Graduated	Accredited	Total
Macroeconomic Management	8(4)	7(0)	2(0)	17(4)
Financial Sector Management	11(4)	10(3)	10(2)	31(9)
Debt Management	13(3)	10(2)	6(1)	29(6)
Total	32(11)	27(5)	18(3)	77(19)

Note: Figures in brackets denote number of female Fellows

¹ The status includes new intake Fellows of August 2007 but excludes those deceased, and those not currently active

Altogether, there were 77 Fellows in the system, about half of whom were under training as at 31 December, 2007. Of the 19 women in the programme, a majority of them (11) were under training. Efforts will be made in the next intake to encourage greater participation of women professionals in the Fellows Programme.

The Table below shows the country distribution of Fellows by status following the July/August 2007 Fellows graduation accreditation and selection of new intake.

2.5 MEFMI Executive Fora

MEFMI fora are high-level awareness raising activities targeting ministers of finance / planning, secretaries to the treasury or their equivalent, secretaries of planning ministries and central/reserve bank governors. These events have, over the years, proved to be useful tools to engage the top policy makers on emerging issues, implementation of best practices, and the management of change in the respective institutions. In addition, the executive forum series provides network opportunities among top-level policy makers and eminent experts. Two events were undertaken as below:

2.5.1 Forum for Ministers of Finance/ of Economic Planning

A Forum for Ministers of Finance/ of Economic Planning was held in Georgetown Guyana on the theme “*Evolving Globalization and Trade Regimes and Implications for Sub-Sahara Africa: Focus on Cotonou Agreement*”. Seven (7) ministers attended the Forum from five (5) MEFMI countries.

2.5.2 MEFMI Combined Forum

A MEFMI Combined Forum was held on 13 October 2007 in, Georgetown, Guyana. Honourable Ashni Singh, Minister of Finance, Guyana officially opened the Combined Forum.



Table 4: Current Country Distribution of MEFMI Fellows by status²

Country	In-training	Graduated	Accredited	Total
Angola	0	1	0	1
Botswana	0	1	0	1
Kenya	4	5	0	8
Lesotho	3	0	3	6
Malawi	4	5	0	9
Mozambique	0	0	0	0
Namibia	2	2	1	5
Rwanda	2	0	0	2
Swaziland	3	1	0	4
Tanzania	4	3	3	10
Uganda	3	4	2	9
Zambia	4	2	4	10
Zimbabwe	3	3	5	11
Total	32	27	18	77



² The status includes new intake Fellows of August 2007 but excludes those deceased, and those not currently active



◀ Prof Njuguna Ndung'u
MEFMI Executive Committee
Chairman

The focus of the forum was on:

- Reform of the Pension Fund Sector and Its Role in the Development of the Domestic Financial markets, and
- Best Practices in Debt Management.

The Forum attracted 20 participants, comprising five (5) ministers / deputy ministers, nine (9) principal secretaries and six (6) central bank governors.

2.6 Staff Development and Networking Activities

Members of the Secretariat staff are kept abreast of developments in their respective areas of specialization and other related activities through staff development initiatives. Networking activities are undertaken, on the other hand, to develop, broaden and nurture MEFMI's global partnerships.

- During the period under review MEFMI continued to broaden its worldwide alliances while at the same time developing the skills of its staff through their participation in other organizations' activities and vice versa as follows:
- One programme officer attended a high level meeting organized by the Financial Stability Institute (FSI) of the Bank for International Settlements (BIS) on the Implementation of Basel II in Africa and Other Supervisory Priorities from February 5 to 6, 2007. The meeting, held in Cape Town, focused on Basel II, the revised Basel Core Principles for Effective Banking Supervision, and Anti-Money Laundering;
- One programme officer represented MEFMI at a BIS-run component of the Master of Business Administration (MBA) programme of the Dakar-based Centre Africain d'Etudes Superieures de Gestion (CESAG). During the period 5 to 13 March, the MEFMI programme officer delivered presentations in the

areas of monetary policy implementation, central bank reserves management operations, risks and risk management in central bank operations. During his presentations, the officer shared with the MBA students, lessons from the MEFMI region;

- Two members of the Secretariat staff and two trainee Fellows attended a WAIFEM IMF/World Bank Debt Sustainability Framework (DSF) for Low Income Countries (LICs) Regional Workshop in Accra, Ghana from January 22 to 26;
- One programme officer attended an attachment to enhance skills in the Debt Management and Financial Analysis System (DMFAS) at the United Nations Conference on Trade and Development (UNCTAD) in Geneva, Switzerland from January 29 to February 9. There was also a subsequent UNCTAD DMFAS Programme staff mission to MEFMI Secretariat from 21 to 23 March. The mission, aimed at among other issues, to strengthen MEFMI/UNCTAD cooperation in debt management capacity development;
- One programme director attended the HIPC- CBP Distance Learning Mentors' Workshop from 26 to 30 March in London;
- One programme officer and two Candidate Fellows under the area Reserves and Asset Management Programme of foreign exchange reserves management operations (RAMP) participated in a World Bank RAMP workshop on "Strategic Asset Allocation". The workshop was held from 11 to 15 June in Bagamoyo, Tanzania. The workshop addressed key considerations for developing an appropriate asset allocation framework for central bank foreign exchange reserves management operations;
- One Programme Director represented MEFMI at a reserves management conference organized by the Bank of New York. The conference took place from 25 to 29 June in London. At the conference, the Director made a presentation on International Standards in Reserves Management, a perspective from MEFMI;
- One Programme Director represented MEFMI at a World Bank Consultative Forum on Financial Management Education, Training and Accreditation which was held in Dar es Salaam – Tanzania from 28 to 29 May 2007;
- Two debt management staff attended the CBP Inter-Regional Debt Managers' Seminar in London, United Kingdom, during the period 3 to 6 September 2007. The seminar allows for sharing of experiences on the HIPC Capacity Building Programme, while enabling annual review of progress in the respective beneficiaries of the capacity building programme and its future sustainability at regional level.
- One Programme Officer from the Macroeconomic Programme participated in a Senior Policy Seminar on "Capital Flight and its Implications for Macroeconomic Management and Growth in Sub-Saharan Africa" jointly organized by the Association of African Central Bank Governors, the Reserve Bank of South Africa, the World Bank, the African Development Bank, the International Monetary fund and the Bank of England. The Seminar was held in Pretoria South Africa from 30th October to 3rd November 2007.
- The Macroeconomic Programme also participated in the 8th FPC-CBP Steering Committee Meetings in Accra, Ghana on November 2, 2007. The Director, Macroeconomic Management Programme accompanied by a representative from one of the participating countries, Mr Kilato of Bank of Tanzania, represented MEFMI.
- The Executive Director represented MEFMI at the Bank for International Settlements (BIS) meeting of Global Training Providers in Basel as a follow-up to the meeting that was held in 2004. The objective of the meeting was to discuss issues of mutual interest more widely among providers of training. MEFMI was invited to contribute to the sub-topic dealing with Effective Planning and Evaluation. Representatives attended the meeting from central banks, regional training institutes, joint institutes and multilateral training institutes.
- One Programme Director participated at the Forum on African Public Debt Management, 12 to 13 December 2007 convened by the OECD Working Party on Debt Management and sponsored by the Swedish International Development Cooperation. The Forum is intended to provide a Policy Dialogue between the OECD and African Debt Managers.





3. governance activities

The MEFMI Executive Committee held the 18th and 19th Executive Committee Meetings on 2 March and 18 June 2007, respectively. The 20th Executive Committee Meeting was held on 25 September 2007. All the above three meetings were held at the MEFMI Secretariat offices in Harare, Zimbabwe. The Executive Committee Meeting also held an informal planning meeting in Guyana on 12 October 2007. The objective of this meeting was to prepare for the Board of Governors meeting that took place on 13 October 2007, also in Guyana.

The Board of Governors met once during the year in accordance with the MEFMI Constitution.

The Board ratified the decisions of the Executive Committee in approving the 2006 Annual Report, 2006 Audited Financial Statements and 2008 Work Programme and Budget. The Board of Governors also elected new members to serve on the Executive Committee in place of others that had served their full time and appointed BDO Kudenga and Co to be external auditors of the Institute for 2007.

4. human resources

4.1 Staff Establishment

Out of a full establishment of 30 members of staff, 26 positions were filled as at the end of the year. The four vacant positions were for the following posts:

- Director: Debt Management Programme,
- Programme Officer: External Reserves and Financial Markets Development,
- Programme Officer: Financial Sector Supervision, and
- Receptionist.

The director and programme officer positions were advertised in all member states and good applications were received from candidates.

The first round of interviews for the post of Director Debt Management Programme were held and recommendations for a second and final round of interviews have been made to the Executive Committee. The Executive Committee is expected to conduct the final interview in March 2008.

The short-listing of candidates for the two vacant programme officer positions in the Financial Sector Management Programme has been done. Interviews are scheduled for the first quarter of 2008.

The post of Receptionist is a local position, which will be filled competitively by a Zimbabwean candidate in early 2008.

4.2 Organisation Structure and Work Load Analysis

The MEFMI Phase III project document includes a lean organisational structure of 30 people of whom 19 are professional staff and the rest support staff. The project document states "The organisational structure shown in the document is considered adequate for the implementation of MEFMI Phase III. To validate this assertion a formal staff workload analysis will be performed in early 2007".

Accordingly, advertisements were flighted in leading newspapers in all member states for proposals to undertake the MEFMI Organisation Structure and Workload Analysis. Out of the 39 proposals received from consulting firms, 5 were short-listed and invited for oral presentations of their proposals. These five were:

- Lorimak Holdings (Pvt) Ltd. Zimbabwe,
- Ernst & Young, Zimbabwe,
- Deloitte and Touche, Zambia,
- ACLAIM Africa, Uganda and
- Proserve Human Resources Consultants, Zimbabwe.

The assignment was awarded to Proserve Human Resources Consultants and a contract concluded for a consultancy to be undertaken in the following areas:

- Phase 1: Organisation design and workload analysis.
- Phase 2: Job Evaluation.
- Phase 3: Performance Management.



The assignment, which was initially scheduled to run from 16 April 2007 to 17 July 2007, was extended to 30 October 2007 and 9 November 2007 respectively. All the three phases were completed and a draft report was submitted to Management. The Consultant is expected to submit the final report, which incorporates all Secretariat staff comments during the second week of January 2008 and thereafter present the findings to the Executive Committee in March 2008.

5. financing activities

During the twelve months ended 31 December 2007, total income amounted to US\$6,318,145 of which US\$ 3,448,393 was received from member states. US\$2,817,828 was received from co-operating partners while the balance of about US\$51,924 was interest income.

Member states' contribution was made up of annual cash contribution amounting to US\$2,998,387 and in-kind contribution of US\$450,006.

The co-operating partners' contributions were as follows:

Partner	US\$
Netherlands	860,765
Norway	585,000
Sweden	593,600
ACBF	399,993
HIPC-CBP	146,000
FPC	61,000
World Bank	48,706
IMF	122,764
Total	2,817,828

All member states and co-operating partners honored their financial obligations for the year.

Expenditure on capacity building activities described in this report amounted to approximately \$6,000,000. This means that the Institute had adequate resources to implement capacity building programmes and activities during the year.

The Secretariat is currently finalising the 2007 year-end accounts. This is due to be completed in early March 2008, ready for audit by the external auditors, Kudenga & Co, beginning mid-March, 2008. The full draft audited financial statements will be incorporated in the 2007 annual report to be published in April 2008.





6. expected outcomes

MEFMI's activities during the period under review contributed to effective debt, macroeconomic, foreign exchange reserves and financial sector management in member states. When client institutions enjoy improved capacity, this translates into better policies, reforms, improved economic performance, increased prosperity and reduction in poverty levels in the MEFMI region.

The expected outcomes fall into three categories – namely improved individual skills of participants, enhancement of organizational efficiency and improved institutional capacity in policy development and implementation. The Annexure indicates the expected outcomes for the period under review, which include but are not limited to:

- Awareness on key principles and best practices and standards for specific programmes;
- Knowledge on practical ways of implementing the revised core principles for specialized training modules;
- Knowledge and skills enhancement for the participants; and
- Enhanced awareness of the products and services offered by MEFMI.



7. constraints

Some of the constraints faced in executing the MEFMI programmes during the period were:

- Female representation at MEFMI capacity building events and activities is still low – a reflection of staffing patterns in client institutions.
- Last minute confirmations and cancellations continue to be a problem and often result in the Secretariat having to incur “no show” costs because the participants are not able to process visas and travel on time.
- Nominating authorities continued to occasionally send their nominations late, giving limited time to scrutinize them sufficiently.
- Delay in arrival of some participants during programmes posed challenges at times forcing resource persons to re-run lectures from the first day to bring everybody up to speed.
- Countries in the MEFMI region are at different stages of monitoring and managing private capital data and they also use different software platforms in capturing private capital data.
- The slow rate of response by some collaborating partners in committing human resources to the activities and occasionally their inability to participate for the entire duration of the activity has tended to cause occasional problems in planning for the activities and utilization of resources.
- Delays by national authorities to confirm indicative dates for in-country activities have sometimes contributed to clustering of events in a particular period thus making it difficult for the Secretariat to plan properly.
- Exclusion of Zimbabwe as a venue for capacity building activities as well as their participation in the activities that are jointly run with IMF technical assistance.
- Coordination constraints with some MEFMI technical cooperating partners adversely affected the delivery of some joint activities.
- The abrupt increase in the cost of hotels in Zambia during the month of December led to change of venue, which caused pressure on logistics for the AML/CFT workshop.

8. opportunities

MEFMI continued to enjoy stable and cordial relationships with all its key stakeholders and especially with the member countries. MEFMI programmes continue to be viewed as highly relevant and appropriate in addressing the needs of member countries.

The growing number of regional experts from Fellows and Trained Trainers, and more recently from Distance/E-Learning, offer tremendous opportunity for cost containment, thus another opportunity the Institute continued to enjoy.

Other opportunities include:

- Continued support from financial and technical cooperating partners;
- Access to regional resources, experts and experiences;
- High demand for services on offer;
- Strengthening of regional and international networks;
- Use of regional experts with hands-on experience and intimate knowledge of the operating terrain especially Fellows;
- HIV-AIDS awareness as a mitigation strategy against the spread of HIV / AIDS
- Increased cross-pollination of ideas from the mixture of resource persons from international organizations, regional resource persons and MEFMI fellows.
- Sharing experiences among the participants from member states through short presentations, working groups and discussions.
- The increased willingness of some member states to provide in-kind contributions for some regional activities that they host which reduced the cost of the events significantly - a gesture we hope to eventually receive from all MEFMI stakeholders.

9. lessons learnt

Among lessons learnt in implementing activities during the period the following were pertinent:

- Morning recap sessions by participants have proved to be a valuable tool to keep them alert and to confirm if they grasped the content of the previous day.
- Case studies provide practical experiences and help to synthesize the theoretical aspects of the topics.
- Some senior staff and policy makers have not yet adopted the latest international best practices in statistical methodologies.
- The development of regional software for monitoring, analyzing and sharing information on a number of shared challenges such as foreign private capital inflows and management of foreign currency deposits needs to be finalized at the earliest opportunity.
- MEFMI member states need to improve on policy coordination between monetary authorities and the treasury departments to ensure sharing of information and policy consistency.
- There is need for MEFMI to initiate training and greater policy awareness as we move towards regional integration and common monetary area.
- Preparatory missions have proved to be useful for in-country training programmes, as they facilitate MEFMI's insight into key issues that ensure a higher degree of successful customization for a national event.
- When organising regional training for a new tool, it is important that sufficient time is allocated for the activity to allow participants sufficient hands on experience in the analysis and interpretation of the results.
- In the case of debt management software in particular, regional user group meetings are important as they facilitate exchange of information and sharing of experiences thus allowing the system developers the opportunity to get feedback on the needs of the users and on improving the systems.
- Participants at Supervisor level at MEFMI workshops need exposure to data analysis, report writing and presentation skills.



10. interventions

The following are some mitigating / intervention strategies that will be used to address some of the above mentioned challenges / constraints and lessons learnt:

- Over and above encouraging female participation at workshops, MEFMI is in the process of developing a Gender Policy that would guide the institute in its design of programmes to address gender mainstreaming in the member states institutions
- MEFMI is undertaking a Foreign Capital Flows Capacity Building Programme (FPC-CBP), in an effort to ensure that countries in the MEFMI region are at the same stage of monitoring and managing private capital flows data and investor perception analysis and that they also use similar software platforms in capturing private capital data. This will be further complemented by a soon to be developed dedicated MEFMI software for data capture and analysis.
- MEFMI through its governance structures and some of its cooperating partners, will request for intervention on the exclusion of Zimbabwe as a venue for capacity building activities as well as the participation of Zimbabweans in the activities that are jointly run with IMF technical assistance.
- Whenever possible, case studies are used to provide practical experiences and help to synthesize the theoretical aspects of the topics.
- MEFMI will use the Deputy Governors / Deputy Principal Secretaries Forum as a platform to improved coordination and communication on policy between monetary authorities and the treasury departments.
- Preparatory missions will consistently be conducted for in-country training programmes, as they facilitate MEFMI's insight into issues that need to be considered for each workshop.
- Candidate Fellows as well as some MEFMI staff will regularly participate in a workshop that focuses on enhancing basic data analysis, report writing and presentation skills.





Building Sustainable Capacity ◀

Fostering Best Practices ◀

Raising Awareness: Opportunities & Challenges ◀