



**MEFMI**

Macroeconomic and Financial Management  
Institute of Eastern and Southern Africa

## 2009 ANNUAL REPORT



## CONTENTS

ABBREVIATIONS AND ACRONYMS.....	ii	2.2 In-country Capacity Building Activities .....	4
MEFMI IN BRIEF .....	iv	2.3 Country Missions.....	5
The Scope of MEFMI Activities .....	v	2.4 Fellows Development Activities.....	5
Mode of Delivery.....	v	2.5 Specialised Studies.....	7
Cooperating Partners.....	v	3. GOVERNANCE ACTIVITIES.....	9
MEFMI Secretariat .....	vi	3.1 Networking.....	9
STATEMENT BY THE CHAIR OF THE MEFMI BOARD OF GOVERNORS .....	vii	4. FINANCES.....	12
OVERVIEW BY THE EXECUTIVE DIRECTOR .....	ix	5. HUMAN RESOURCES .....	13
INTRODUCTION .....	xii	5.1 Staff Establishment.....	13
HIGHLIGHTS FOR THE YEAR.....	xiv	5.2 Staff Development.....	13
OVERVIEW OF MEFMI ACTIVITIES.....	xv	6. EXPECTED OUTCOMES.....	14
1. QUANTITATIVE SUMMARY .....	1	7. CONSTRAINTS / CHALLENGES .....	15
1.2 Participation.....	2	8. OPPORTUNITIES.....	15
1.3 Resource Persons Utilisation .....	2	9. INTERVENTIONS.....	15
2. CAPACITY BUILDING OUTPUTS.....	4	10. FINANCIAL STATEMENT .....	16
2.1 Regional Capacity Building Activities .....	4	Annexure .....	36



## ABBREVIATIONS AND ACRONYMS

ACBF	African Capacity Building Foundation
AfDB	The African Development Bank
ADF	The African Development Fund
BIS	Bank for International Settlements
BOP	Balance of Payments
CESAG	Centre Africain d'Etudes Supérieures de Gestion (West Africa)
COMESA	Common Market for Eastern and Southern Africa
CBP	Capacity Building Programme
CS-DRMS	Commonwealth Secretariat Debt Recording and Management System
CTP	Customised Training Programme
DeMPA	Debt Management Performance Assessment
DFI	Development Finance International
DFID	The Department For International Development
DLP	Distance Learning Programme
DRI	Debt Relief International
DMFAS	Debt Management and Financial Analysis System
EAC	East African Community
FAL	Foreign Assets and Liabilities
FDI	Foreign Direct Investment
FPC-CBP	Foreign Private Capital - Capacity Building Programme
FSI	Financial Stability Institute
IIF	Institute of International Finance
HIPC-CBP	Heavily Indebted Poor Countries - Capacity Building Programme
HIV / AIDS	Human Immunodeficiency Virus / Acquired Immunodeficiency Syndrome
IIP	International Investment Position
IMF	The International Monetary Fund

MoF	Ministry of Finance
MEFMI	Macroeconomic and Financial Management Institute of Eastern and Southern Africa
NAC	National AIDS Council
PCIS	Private Capital Information Systems
PCMS	Private Capital Monitoring System
PS	Permanent Secretary
RAMP	Reserves Advisory and Management Programme
RBZ	Reserve Bank of Zimbabwe
SADC	Southern African Development Community
SAIIA	South Africa Institute of International Affairs
SARB	The South African Reserve Bank
TNC	Transnational Corporation
UNCTAD	United Nations Conference on Trade and Development
WB	World Bank



# 2009 MEFMI ANNUAL REPORT



## 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.

### **Background**

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

### **Vision**

The Institute's vision is to continue to be a centre of excellence in sustainable capacity building in selected critical fields in central banks, ministries of finance and of economic planning in Eastern and Southern Africa.

### **Mission**

To build sustainable capacity and foster best practices in central banks, ministries of finance and of planning in Eastern and Southern Africa, while also helping them constantly to identify emerging challenges, risks and opportunities.

### **Values**

Shared values are what engender trust and link MEFMI. These also provide a MEFMI specific identity. MEFMI upholds the following values:

- Honesty & Integrity
- Partnership/Teamwork
- Accountability and transparency
- Excellence/Credibility
- Responsiveness to needs and aspirations of clientele

### **The Scope of MEFMI Activities**

MEFMI activities put special focus on:

- Macro-economic management which deals with analysis of the economy, planning and forecasting.
- Financial Sector Management, which covers financial markets development, foreign exchange reserves management, regulation and supervision of financial institutions, payment systems and monetary policy implementation.
- Sovereign Debt Management, which encompasses debt database development and management, institutional and legal aspects, analysis, policy and strategies.
- Fellows Development Programme which trains promising young professionals with the view to groom them into specialists / experts available to their countries and to the region.

The MEFMI client 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
- 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 and guidelines

MEFMI also conducts Executive Forum Series for networking amongst the following category of decision makers;

- 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

At these events policy makers have the opportunity to exchange ideas and experiences among themselves facilitated by world class experts availed by MEFMI.

### **Cooperating Partners**

MEFMI's cooperating partners fall into three categories namely, Financial Cooperating Partners, Technical Cooperating Partners and Networking Partners.

**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

In addition to the above, the following countries also 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
- 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 technical cooperating partners are;

- The World Bank (WB) and its institute (WBI), the International Monetary Fund (IMF) and its institute (IMFI), the Commonwealth Secretariat (COMSEC).
- The Bank for International Settlements (BIS) and its Affiliate Committees and Financial Stability Institute (FSI); the African Development Bank (AfDB), the Centre for Central Banking Studies (CCBS) of the Bank of England (BOE).
- The United Nations Conference on Trade and Development (UNCTAD), the Federal Reserve Bank of New York and the Federal Reserve Board, Africa Regional Technical Assistance Centre (AFRITAC) of the IMF.

In addition, some of the major international commercial banks such as the Bank of New York, State Street Global Advisors, Barclays Bank plc, the Standard Bank of South Africa, the Reserve Bank of India and of South Africa Reserve Bank, have provided gratis expertise.

**Networking Partners** are organisations whose resource persons and other services are paid for by MEFMI. They include the African Economic Research Consortium (AERC), Centre for International Development (CID) at Harvard University, Crown Agents, Debt Relief International (DRI), United Nations Institute for Training and Research (UNITAR) and National Treasury of South Africa.

#### **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. MEFMI draws its staff mainly from related institutions in member countries on competitive recruitment basis.



## STATEMENT BY THE CHAIR OF THE MEFMI BOARD OF GOVERNORS

I have the honour to present the 2009 MEFMI Annual Report – my second as MEFMI Board Chairman.

I wish to commend the MEFMI Executive Director and his entire team at the Secretariat for, once again maintaining the positive momentum in the management of the Institute's operations. This is evidenced by the continued smooth and timely planning and implementation of MEFMI capacity building activities. The Institute has also simultaneously been managing organisational improvements within the Secretariat. These have witnessed the sustained implementation of the Institute's operational procedures, including effecting performance management at the Secretariat. These are strong attributes to the institution of MEFMI that we are all trying to build for the region.

It is worth noting that developments in 2009 in the host country indeed vindicated the earlier decision taken by the MEFMI stakeholders in 2008 to keep the Institute in Zimbabwe. The year 2009 brought some relief for the Institute, following some positive changes introduced in the host-country's operating environment. In particular, the “multi-currency” policy stance adopted by the inclusive Government of Zimbabwe under the new political dispensation largely arrested the economic crisis, thereby restoring a semblance of relative socio-economic stability and supplies into the market during the year under report. Buoyed by these developments and the stakeholders' prospects for continuing recovery in the host country, a bold decision was taken to allow the Secretariat to purchase fixed property to house the Institute in Harare. It is hoped that this move will enable a reduction in overhead costs for the Institute, which may ultimately contribute to its longer term financial sustainability.

Consistent with the Institute's mandate to not only build capacity but also raise awareness on opportunities and risks, MEFMI strategically incorporated the issues and implications of the global financial crisis in its 2009 activities. Notably, Botswana sought and received more intensive assistance in the design of borrowing strategies and public debt management, partly as the Institute's response to the effects of the global financial crisis on the historically lowly indebted member state.



*Prof. Njuguna Ndung'u*

Compared with the previous year, the Institute recorded an increase in capacity building activities of 21 percent, mainly reflecting an increase in in-country capacity building activities. Among these activities was enhanced technical and policy-related assistance that the Institute provided to the Government of Zimbabwe on request, in support of its economic recovery efforts.

During the year under report, MEFMI commissioned an assessment of the countries' needs and the impact of its activities, as a precursor to the Mid Term Review, slotted for the first quarter of 2010. The study broadly reaffirmed the regional relevance, effectiveness and applicability of MEFMI's products and services, while also urging a greater deepening and tailoring of these to country circumstances and needs.

The success of the Institute would not have been complete without the continued and timely oversight, and financial and moral support of the MEFMI member states and the Institute's financial and technical cooperating partners. In addition, the hard work and team spirit by the Secretariat has been a commendable mark in the Institute's performance. This is all sincerely appreciated.

It is this spirit of ownership, desire to build a strong institution for the region and unwavering commitment that ensures that MEFMI remains highly relevant, visible and positioned to make noticeable impact on our regional capacity building landscape!



Prof. Njuguna Ndung'u  
Chair, MEFMI Board of Governors  
and Governor, Central Bank of Kenya

▼ *Ministers of Finance and  
Members of the MEFMI Board  
of Governors at the  
Combined Forum held at  
Limassol, Cyprus in 2009*





## OVERVIEW BY THE EXECUTIVE DIRECTOR

2009 has been another year of continued steady progress in MEFMI's capacity building activities - this, despite the global economic challenges. There is no doubt this progress has been achieved as a result of the continued financial support and in-kind contribution of resources from MEFMI's cooperating partners and member states.

During the year 2009, member states contributed 52%, towards the MEFMI budget while 47% came from the financial cooperating partners. The remaining 1% was bridged by returns from investment earnings and other incomes. I am therefore extremely grateful to all financial cooperating partners and member states that, amidst resource constraints caused by the global financial crisis, they provided resources towards our capacity building initiatives. Without such support, it would have been very difficult for MEFMI, to fully achieve the 2009 targets.

I would also like to extend my gratitude to MEFMI's networking and technical cooperating partners who tirelessly and continuously provided resource persons in a number of our capacity building exercises. This kind of contribution drastically pared our budget expenses and made it easy for us to meet our targets without further stretching the limited budget resources.

As indicated in this report, demand for MEFMI's capacity building efforts continued to grow during 2009. This, in turn translated into increased pressure on the resources of the Institute, but we remained vigilant and fervently executed our mission to the best of our ability as highlighted in this report. I am happy to report that during 2009, MEFMI achieved an activity output record of 5.4% up from last year. The increase in the activity output was particularly registered in the regional and in-country activities with an annual growth rate of 31% and 16% respectively. Delivery of MEFMI products and services continued to be hands-on and highly work related.

It is also worth noting that all MEFMI 2009 planned activity targets were fully achieved. Positive variances were registered in the networking, staff development and, specialised studies areas which had variances of 15 and 4 respectively. The increase in the number of networking activities provided the Institute with a wider spectrum of events thus increased opportunity for further tapping into new relationships and also increased the brand visibility of MEFMI. The rise in the number of specialised studies indicates an



*Elias Ngalande (PhD)*

increased need for tailor-made products that are aimed at ensuring that as a centre of excellence we remain relevant to the needs of our clients.

Total enrolment in MEFMI's regional capacity building activities was also 5.3% up from last year's enrolment - another reflection of growing trust and confidence, by member states in MEFMI capacity building activities. Gender balance remains an area of concern which can only be addressed directly by the client institutions. Female participation, is still growing at a slow pace, however, MEFMI will continue to impress upon the client institutions to nominate more female participants for consideration in our capacity building activities. Hopefully, such a move will assist the Institute in its efforts to attain the Southern African Development Community (SADC) recommended gender participation threshold of 50%.

MEFMI continued to engage regional and international consultants as well as MEFMI Fellows as resource persons in all its activities. This was further complemented by a cost cutting approach of using MEFMI's own staff as resource persons in some of the activities. The rich blend of the international, regional, Fellows and own MEFMI staff, provided a healthy learning and discussion environment for the participants.

I am also pleased to report that, as part of our efforts to continue operating as a center of excellence that provides relevant literature to client institutions, MEFMI launched the handbook on Public Expenditure and Financial Management in September 2009. The hand book which was launched at the Combined Forum that was held in Cyprus, is expected to offer useful and relevant guidelines and insights on public expenditure management to member states.

The positive impact that MEFMI continues to make in the region, is as a result of dedicated team work by the staff at the Secretariat that is anchored by

▼ Executive Committee  
Members, 2009





the tireless and commendable support from our stakeholders. In this regard, I wish to extend my gratitude to MEFMI management, staff and all our stakeholders.

I would like to express my sincere gratitude to the Executive Committee and the Board of Governors for the continued support and commitment during 2009. It is gratifying to note that all planned governance meetings were conducted – thus making execution of duties effective. It is however with sadness that the Institute bid farewell to two of its founding Directors – Director Finance and Administration and Director Macroeconomic Management - as they came to the end of their tours of duty. On behalf of the Institute I would like to wish them well in their future endeavors.

Looking ahead, I would like to confirm that the Secretariat is geared towards continued effective implementation of capacity building in the region. The Impact and Needs Assessment report that was conducted during the year has provided a road-map for the Institute. With the continued support of cooperating partners and member countries, MEFMI anticipates delivery of world class capacity building initiatives in the coming year.

**Elias E. Ngalande (PhD)**  
**Executive Director**



## INTRODUCTION

There are indications that countries in the MEFMI region are beginning to emerge from the impact of the global financial crisis. The MEFMI member countries whose economies were severely affected are beginning to show positive economic performance trends. Recovery of prices of key export products such as copper and diamonds has reversed economic growth trends in Zambia, Botswana and Namibia while improved oil prices generated positive impact in Angola. In Eastern Africa, Tanzania and Kenya have started witnessing recovery of tourism, among other key sectors. It is, however, too early to assert that countries in Eastern and Southern Africa are out of the woods. The region is still in the throes of the crisis as the lagged effects of the financial crisis filter in, particularly in the productive sectors.

In that respect, there is still a great need for the MEFMI region to have in place appropriate strategies where central banks and governments brace themselves against the effects of the global financial crisis in the coming years. As such, support from MEFMI to client institutions in 2009 was in the form of enhanced awareness campaigns through workshops that aimed at equipping member countries with appropriate information for effective policy design to mitigate the impact of the financial crisis. The training activities were conducted by experts who designed training materials and presentations on topics on key affected areas, thus suggesting a range of policy strategies to adopt in order to mitigate the crisis.

Looking back, after the deep global recession, the world economy suffered severe problems, characterised by financial and foreign exchange market turmoil and shrinkage of the real economy. The crisis has hit the region mostly through real channels, notably deteriorated terms-of-trade and reduced demand for exports, decline in Foreign Direct Investment, remittances, tourism, and also aid inflows. But the financial channels also became significant, as the credit crunch on global financial markets constrained the continent's access to trade credit in a number of MEFMI countries. Similarly, other sub-Saharan African countries including those in the MEFMI region were hit precisely at the midpoint of the Millennium Development Goals (MDGs).

The growth impact of the crisis has also varied across MEFMI countries and sub-regions. Resource-rich countries, such as Angola and Botswana have been heavily hit. Angola's economy depends strongly on oil export; a product seriously affected by the crisis. The production of diamonds, which are the major export product for Botswana, contracted by 50% in 2009. For the first time in over 25 years a current account deficit for Botswana was registered. The expected impact on stock and financial markets in the MEFMI economies in general particularly in both Angola and Botswana given the lack of direct links to international markets is also of great concern.

At sub-regional level, it is currently debated that economies in the South African Customs Union (SACU) experienced a decline in their trade revenues as a result of the impact of the global financial crisis on the trade of the region's driving economy - South Africa. In East Africa however, things have fared better, with a real GDP growth of 4.5 % in 2009. However, according to the Breton Woods Institutions and despite the above impact background, the global economy has been showing signs of recovery as a result of wide-ranging policy actions by central banks and governments - with some economic and confidence indicators showing favorable movements. For instance, the latest data from the United States of America suggests that economy grew by 5.9% in the last quarter of 2009 while the predicted world economic growth is 3.1% in 2010 against a contraction by about 1.1% in 2009. This rebound is driven by a group of countries which include China, India, and a number of other emerging Asian economies, whose real GDP growth is forecast to reach almost 5.1% in 2010, up from 1.75% in 2009.

Developing economies including those in the MEFMI region are registering modest recoveries, supported by fiscal policy stimulus packages coupled with improving global trade and financial conditions. For example, the price of a basic commodity such as copper which had fallen from about \$8,000 to just over \$3,000 per tonne has now rebounded. Similar trends are observed for oil and diamonds.

The awareness sessions that MEFMI initiated in 2008 continued in 2009 and aimed at distilling and disseminating the practical lessons from the global financial crisis as well as to heighten the need to implement appropriate measures to reverse the situation. The contents of these sessions were designed by our experts and the most significant include:

- Sessions on the causes of the financial crisis, lessons and potential effects of the crisis on developing countries;
- The MEFMI Combined Forum which took place in September 2009 whose partial focus was to review the impact of the Global Financial Crisis on MEFMI member states. The latter is the most comprehensive awareness forum used by the Institute to ensure policy makers at the very senior level (Governors, Ministers of Finance / Planning and Permanent Secretaries) are sensitised and that urgent policy responses are made and implemented.

Focus for 2010 will be on strategies that should be put in place in order to embrace the current global intervention strategies. Areas to be covered include issues on policy responses and the challenges that are likely to be faced by economies in the MEFMI region. To-date it is generally accepted that the extraordinary policy measures taken were necessary to prevent a collapse of the financial system with even worse economic consequences. What policy makers in the MEFMI region need to do in the short term is to ensure that the ongoing process of financial reform enhances the resilience of the financial system and reduces the need for extraordinary interventions in the long term as well as their associated costs. MEFMI stays committed to and focused on developing capacity in member states to meet current and future capacity challenges for economic policy decision making and management.



## HIGHLIGHTS FOR THE YEAR

- The total enrolment in regional capacity building activities undertaken in 2009 went up by about 5.3% compared to 2008.
- A pool of regional experts under financial programming and policy has been developed and comprises three Accredited Fellows and two Graduate Fellows from Kenya, Malawi, Zimbabwe and Tanzania
- Public Expenditure and Financial Management handbook (PEFM) customised to meet the needs of the MEFMI region was distributed to all MEFMI institutions in 2009.
- MEFMI PCMS has been vigorously tested by Uganda, Tanzania and Malawi and received their approval.
- A study was carried out for Zimbabwe - Currency Options and Exchange Rate Regime Study for Zimbabwe. The findings have been communicated to the Zimbabwe Government which commissioned the study.
- A quarterly projection model of inflation was developed for Bank of Namibia.
- MEFMI member states contributed 52% of the total income for the year 2009.
- MEFMI purchased property that will house the Institute with the assistance of the Government of Zimbabwe which provided an interest-free bridging loan of US\$349,000.00.
- The Institute conducted an Impact and Needs Assessment study whose findings revealed that MEFMI's initiatives in capacity building have made significant impact on the recipients as attested by the raised level of awareness and the increasing number of participants in various courses.
- The Debt Management Programme partnered with the World Bank and the IMF under the newly launched Debt Management Facility to roll out new tools, namely Debt Management Performance Assessment (DeMPA) and Medium Term Debt Strategies (MTDS).
- MEFMI assisted Botswana with debt management interventions in order for the country to finance a budget deficit occasioned by the impact of the global financial crisis.

## OVERVIEW OF MEFMI ACTIVITIES

During the year under report, the Institute fervently executed programmes and activities designed to equip stakeholders with relevant information and possible intervention strategies. Taking cognisance of the pertinent issues that prevailed during the year such as the impact of the global financial crisis, some of the activities that the Institute conducted include the Debt Managers' Seminar in Kenya where UNCTAD was invited to give a presentation on the impact of the financial crisis on debt management; the Executive Director made presentations at some high level events which included the G20 Summitry which was held in South Africa; and in almost all their events, the Macroeconomic Management Programme and the Financial Sector Management Programme included sessions on this critical issue.

This report outlines the achievements of MEFMI from January to December 2009. Table 1 below indicates that there has been a steady increase in the number of activities that the Secretariat has engaged in from 2007 to 2009. This achievement is attributed to the increase in demand for MEFMI products and services from member states.

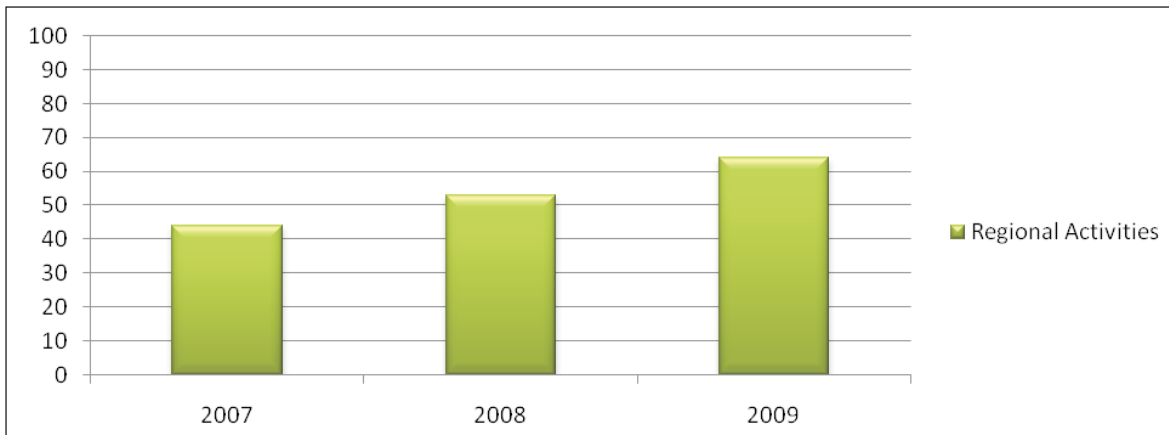
**Table 1: Overview of MEFMI Activities**

Activity	Actual January to December 2007	Actual January to December 2008	Actual January to December 2009
Regional Capacity Building Activities	27	31	36
In-Country Capacity Building Activities	8	6	13
Country Missions – Applied Situational Analysis	7	13	12
Fellows Development Activities	2	3	3
<b>Subtotal – regional activities</b>	<b>44</b>	<b>53</b>	<b>64</b>
Networking and Staff Development	15	30	28
Specialised Studies	0	5	6
Governance Meetings	4	4	4
<b>Sub total – other activities</b>	<b>19</b>	<b>39</b>	<b>38</b>
<b>Grand Total All Activities</b>	<b>63</b>	<b>92</b>	<b>102</b>

The number of regional capacity building activities increased from 44 in 2007 to 53 in 2008 and 64 in 2009. Thus a year on year comparison in the number of regional capacity building activities conducted in 2008 and 2009 indicates an increase of about 21%, reflecting mainly the increase in in-country capacity building activities. In-country activities are conducted at the request of member countries in order to address country specific needs. This increase in the number of in-country activities is also in line with the pronouncements of the Phase III plan document, which indicated the need for the Institute to provide country specific activities.

The increase in the number of regional activities can be attributed to MEFMI's participation in Reserves Advisory and Management Programme (RAMP) workshops. As such, the strategic alliance with RAMP requires that MEFMI conducts the RAMP workshops at which some MEFMI member countries participate.

**Graph 1 Regional Activities Profile (2007-2009)**







## 1. QUANTITATIVE SUMMARY

### Overall Achievement

Table 2 below provides a detailed quantitative summary of activities conducted during the period January to December 2009. The table indicates that as at the end of December 2009 all the targeted events had taken place and that the Institute kept pace with the intended implementation schedule which is compared to the target levels as follows:

**Table 2: Target vs Actual Activities**

Activity	January to December 2009		
	Target	Actual	Variance
Regional Capacity Building Activities	35	36	+1
In-Country Capacity Building Activities	13	13	0
Country Missions - Applied Situational Analysis	14	12	-2
Fellows Development Activities	3	3	0
<b>Subtotal Regional Activities</b>	<b>65</b>	<b>64</b>	<b>-1</b>
Networking and Staff Development	15	28 <sup>1</sup>	+13
Specialised Studies	2	6	+4
Governance Meetings	4	4	0
<b>Subtotal Other Activities</b>	<b>21</b>	<b>38</b>	<b>+17</b>
<b>Grand Total All Activities</b>	<b>86</b>	<b>102</b>	<b>+16</b>

During the year under report, the Secretariat staff attended a number of relevant cooperating partners' activities. Most of these activities are not known during the planning period but as and when they are announced and invitation made – hence the positive variance of thirteen under networking activities. Attendance at these events provides MEFMI staff with continuous learning opportunities that enhance their skills. The Institute also increased its brand visibility by participating at various forums thereby initiating good networking opportunities in its operations.

<sup>1</sup>The high positive variance under networking is as a result of Secretariat staff attending relevant cooperating partners' activities and staff development activities that had not been planned for the period under report.

The positive variance in the Specialised Studies activity is as a result of engagement of one IT consultant to work with MEFMI at the Secretariat to finalise the PCMS in preparation for its launch. In addition, the Secretariat was requested by the Zimbabwe Ministry of Finance to conduct a study on Public Finance Management (PFM) System for the Government of Zimbabwe. The Ministry also requested MEFMI to conduct a study entitled Assessment of Currency and Exchange Rate Regime Options for Zimbabwe.

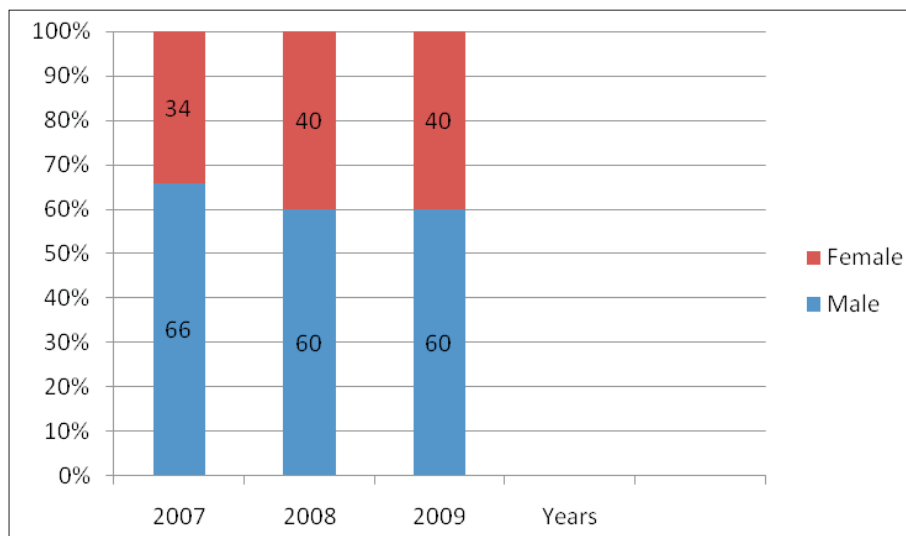
## 1.2 Participation

The increase in the number of capacity building activities has resulted in a steady increase of the number of participants in regional capacity building activities. The enrolment in 2007 was 855 officials, 875 officials in 2008 and 921 officials in 2009. The resultant increase in the number of participants in the regional capacity building activities between 2008 and 2009 is 5.3%.

In terms of gender composition, the number of female officials who attended all regional capacity building activities in 2009 is 368 or 40%, indicating no movement in percentage terms to the total number of female officials who participated in activities conducted in 2009.

Graph 2 indicates the participants' distribution by gender for the period under report. The number of female officials in MEFMI capacity building activities and events is largely a reflection of the staffing patterns in client institutions, especially for the professional levels that the institute targets.

**Graph 2: Participants Gender Profile –2007, 2008 and 2009**



## 1.3 Resource Persons Utilisation

The number of resource persons that MEFMI engaged in capacity building activities during the period under report was 290 for regional activities, 38 for in-country activities and 35 for country missions. In comparison, in 2008, the Institute utilised the services of 124 resource persons in regional activities, 30 in in-country activities and 21 in country missions. The increase in the number of resource persons utilised in 2009 can be attributed to the decision to enumerate staff utilisation at all activities which accounts for 105 resource persons, whereas in the past, Secretariat staff participating as resource persons were not included.

A combination of regional and international resource persons, Fellows as well as Secretariat staff was used. This combination promotes cross-pollination of ideas among participants and resource persons. It also allows MEFMI to remain at the cutting edge of latest developments in all its programmes.

Notable from 2007, MEFMI has progressively utilised more regional resource persons (regional experts, staff and Fellows) in comparison to international resource persons in its activities. That is 75%, 70% and 81% of the total resource persons utilised in 2007, 2008 and 2009 respectively were regional experts. Graph 3 below depicts the utilisation profile.

**Graph 3: 2007 - 2009 Resource Persons Utilisation**



By utilising MEFMI staff as resource persons, the Institute is not only reducing cost of hiring external resource persons but also operating in keeping with the aim of a centre of excellence and integrity. Thus the period under report saw a continued high level utilisation of MEFMI staff, Fellows and regional experts, accounting for 81% of the total resource persons. This is consistent with the long-term desire within the MEFMI region to be dependent on its own local expertise. It should however, be pointed out that apart from the need for cross-pollination of ideas, the use of overseas experts for capacity building remains high in a few specialist areas where the level of expertise in the region is still low.

Resource persons utilisation for the period under review is summarised in percentage terms in Table 3 below as follows:

**Table 3: Comparison of Resource Persons Utilisation (2007-2009)**

Resource Persons	2007	2008	2009
Regional experts	41%	29%	30%
MEFMI Fellows	16%	18%	22%
MEFMI staff	18%	23%	29%
International / overseas experts	25%	30%	19%
	<b>100%</b>	<b>100%</b>	<b>100%</b>



## 2. CAPACITY BUILDING OUTPUTS

MEFMI delivers its products and services through capacity building activities that include courses, seminars, workshops, retreats and executive fora. Activities are conducted to enable knowledge and skills acquisition, effective sharing of ideas and experiences, networking, promoting harmonisation and integration; the dissemination of new concepts, promotion of best practices and standards to a wider audience in the MEFMI network. This is a cost effective strategy for addressing capacity gaps that are common to most of the countries in the MEFMI region, as we also attempt to bring the countries on a common economic platform.

### 2.1 Regional Capacity Building Activities

During the period January to December 2009, MEFMI conducted 36 regional capacity building activities including some retreats for heads of divisions in client institutions in comparison to 31 regional activities conducted in 2008. The activities conducted were aimed at addressing pertinent issues affecting the region on macroeconomic and financial management. In 2009, regional capacity building activities were attended by 921 officials compared to 875 officials in 2008, representing an increase of 5.3%. Of the officials that took part in regional activities in 2009, 368 were female, making up about 40% of the total officials. This is the core participation rate for the region.

*Annex I provides details of venues, duration, objectives, outcomes, 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 of the regional activities conducted during the period.*

### 2.2 In-country Capacity Building Activities

In-country capacity building activities are carried out in order to address country specific capacity gaps, hence the high number of officials attending the activities. During the period January to December 2009, MEFMI carried out 13 In-country activities, compared to six that were carried out during the same period in 2008. The 2009 activities were attended by 377 officials, 128 or 34% of them being female.

**Annex II provides details of venues, duration, objectives, outcomes, 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

Country missions are carried out for on-site problem solving and guidance, data gathering, and implementation of best practices and awareness-raising. Country missions are always country specific and are client driven. 12 country missions were conducted during the period January to December 2009. The number of officials who met the mission teams or who attended was 212 officials, 93 or 44% of them being female. By their nature, country missions tend to have more officials attending as they are conducted at location and can comprise of a workshop and consultations. The number of country missions conducted is also dependent on country requests.

**Annex III provides details of venues, duration, and areas covered.**

### 2.4 Fellows Development 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 development endeavor.

During 2009 a number of Candidate Fellows, within their respective programmes have participated at workshops as part of their Customised Training Plans (CTPs) in order to gain knowledge and skills. In addition, some Accredited and Graduate Fellows were engaged in MEFMI activities as resource persons at regional workshops and country missions.

As the table below shows, there were 80 capacity attendances by Fellows who are undergoing training as part of their capacity building. During the same period 18 Fellows were on attachment. The year also saw 34 Fellows being engaged as resource persons at MEFMI workshops. Two Fellows were engaged as consultants at country missions.



The highlight for the year was the Fellows technical assessment for graduation and accreditation which took place from 27 to 28 July 2009, in Harare, Zimbabwe. A total of five Candidate Fellows graduated, of whom two were female. During the same event, five Graduate Fellows who were on apprenticeship were accredited. Both events were conducted by a panel of experts (Including one Accredited Fellow) who assessed the Fellows' technical papers. The same panel of experts was also used in the recruitment of the 7th intake Candidate Fellows. A total of 43 officials from member states attended the interviews from which 16 were selected of whom four are female.

During the last quarter of 2009, the new intake of Candidate Fellows attended an orientation workshop in Harare, Zimbabwe followed by a research design, methodology and report writing skills workshop in Gaborone, Botswana. The two activities provided the Candidate Fellows with the essential understanding of policies and procedures of the Fellows Development Programme as well as acquiring the skills to kick start preparations of research papers.

**Table 4** below shows the **capacity building participation and utilization of Fellows during the period under review** by each Programme

*Table 4: Fellows Capacity Building and utilisation: January to December 2009*

Programme	Capacity Building Attendance		Utilization					
	Workshops	Attachment	Resource Persons at Workshops			Consultants at Missions		
			Type of Fellow			Type of Fellow		
			Candidate	Graduate	Accredited	Candidate	Graduate	Accredited
Debt	19	10	0	3	0	0	0	0
FSM	35	6	0	15	6	0	2	1
Macro	26	2	0	2	5	0	0	0
Total	80	18	0	20	11	0	2	1



## 2.5 Specialised Studies

### 2.5.1 Private Capital Information System Study

As part of its capacity building in statistical systems in the area of private capital (PC), MEFMI Secretariat initiated a project to develop Private Capital Monitoring System (MEFMI-PCMS) in 2007. The project was initiated in an effort to come up with an IT solution that will facilitate timely and efficient collection and processing of the PC survey data, setting up a convenient and secure means of sharing information derived from the data both at country and MEFMI regional levels. This should facilitate real-time processing of survey and non-survey information in line with Balance of Payments statistics (international transactions) requirements, investment promotion and macro-economic policy requirements in member countries. The system is also envisaged to improve the way member countries monitor and manage, especially, their foreign assets and liabilities (FAL) and track investors' perceptions.

The key result of this project is the existence of the software which member countries can now access at [www.mefmipcis.org](http://www.mefmipcis.org) using their assigned access credentials. The system has taken into consideration member countries concerns about data confidentiality.

The system development process adopted a collaborative approach, with significant involvement of regional business and IT experts during various workshops and retreats.

MEFMI PCMS has been vigorously tested by Uganda, Tanzania and Malawi and received their approval. The system is yet to be subjected to stress testing which would require high volume of data for assessment of volume testing. In this respect results will be released in the first quarter of 2010, from live data entry in Malawi in December 2009.

Going forward, MEFMI Secretariat would need to ensure that PCMS is relevant across countries and is frequently updated in light of the constant changes and developments occurring in the IT sphere and constant changes in international BOP methodology which MEFMI needs to keep pace with, to ensure PCMS remains relevant.

### 2.5.2 Public Expenditure and Financial Management Handbook

The MEFMI Public Expenditure Handbook is currently being distributed to relevant authorities in the MEFMI region. The formal launch of the handbook was conducted at the Governance and Combined Forum meetings in Cyprus which were held in September 2009. The Handbook is expected to provide useful and relevant guidelines on public expenditure management in MEFMI member states. An electronic copy of the handbook can be accessed on the MEFMI website [www.mefmi.org](http://www.mefmi.org)

### 2.5.3 Impact and Needs Assessment

The Impact and Needs Assessment study which was conducted during the second quarter of 2009 is the precursor to a mid-term review scheduled for early 2010. The consultants who were commissioned to conduct the study have since presented their report which can be accessed from the Secretariat.

Part of their findings reveal that MEFMI's initiatives in capacity building have made significant impact on the recipients as attested by the raised level of awareness and the increasing number of participants in various capacity building activities. By virtue of MEFMI products and services being tailor-made and customised, they are highly relevant, effective, practical and applicable. MEFMI

programmes thus remain indispensable, cost effective and offer value for money in the region. This indispensability however, needs to be sustained by MEFMI by adapting to the dynamic needs of member countries.

#### **2.5.4 Report on the PFM System for the Government of Zimbabwe**

At the beginning of April 2009, MEFMI received a request for technical assistance from the Minister of Finance of Zimbabwe, on how to develop a feasible and effective Public Finance Management (PFM) System for the Government of Zimbabwe. MEFMI responded by commissioning a team of five consultants to carry out the study. MEFMI sponsored the study and met all the financial obligations relating to the study. The report has since been published and copies sent to the Ministry of Finance.

#### **2.5.5 Currency Options and Exchange Rate Regimes Study for Zimbabwe**

The report on the Assessment of Currency Options and Exchange Rate Regimes for Zimbabwe was prepared by MEFMI for the Zimbabwe Ministry of Finance. This was in response to a request from the Ministry for an assessment of currency options and exchange rate regimes open to Zimbabwe. MEFMI commissioned a consultant to conduct the study.

The study report has since been presented to the Ministry of Finance of Zimbabwe.

#### **2.5.6 Quarterly Projection Model for Namibia**

MEFMI received a request from the Bank of Namibia to assist in the development of a quarterly projection model for inflation for the Bank. A consultant was commissioned to construct the core forecasting model, whose aim is to describe the transmission of monetary policy and other aggregate shocks in the Namibian economy. The study was conducted from 30 June to 30 September 2009. A report has since been prepared and presented to the Bank for its consideration.







## 3. GOVERNANCE ACTIVITIES

Four governance meetings were held during the year. The Executive Committee held three meetings while the Board of Governors met once during the period under report. Some of the major issues discussed and adopted at the meetings were a review of progress in the execution of the 2009 Work Programme and Budget, adoption of the 2008 annual report and audited financial statements, the review of the Impact and Needs Assessment report as well as the presentation and approval of the 2010 Work Programme and Budget.

### 3.1 Networking

#### 3.1.1 MEFMI Executive Fora

The MEFMI fora is a platform for 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 and their deputies. These events have, over the years, proved to be useful vehicles to engage the top policy makers on topical and emerging issues, reviews of implementation of best practices, and the management of change in the respective institutions. In addition, the executive forum series provides networking opportunities among top-level policy makers and eminent experts as outlined below. During 2009, one such high level forum was convened back to back with the meeting of the Board of Governors.

##### 3.1.1.1 MEFMI Combined Forum

The 2009 MEFMI Combined Forum took place on Tuesday 29 September 2009 at Grand Resort Limassol Cyprus just prior to the Commonwealth Finance Ministers meeting. The Combined Forum was officially opened by Honourable Charilaos G Stavarakis, Minister of Finance, Cyprus.

The Forum was divided into three sessions respectively:

- Impact of the Global Financial Crisis on MEFMI member states;
- Infrastructure Financing through Public Private Partnerships: Case Studies and Key Considerations;and
- Launch of MEFMI Public Expenditure and Financial Management Handbook.

### **3.1.2 Meetings with officials - Zimbabwe Ministry of Finance**

The Executive Director and one Programme Officer paid a courtesy call on the then newly appointed Zimbabwe Minister of Finance, Hon Tendai Biti on Wednesday 4 March 2009. The Executive Director indicated to the Minister that the Institute was willing and able to assist in identifying experienced resource persons as the country worked towards its economic recovery programme – a gesture that was readily accepted.

At the request of the Ministry of Finance, MEFMI held some subsequent consultative meetings which culminated in the Institute conducting a Public Expenditure and Financial Management Systems review for Zimbabwe.

One Director and a Programme Officer held a meeting on 5 June 2009 with technical officials of the Ministry of Finance and an AfDB Economist to discuss modalities for supporting Zimbabwe to develop a Debt Management Strategy. Subsequent meetings were also held with the Ministry officials to develop feasible debt strategy and prepare for a debt sustainability analysis workshop.

The Executive Director and one Programme Officer held two meetings with the Permanent Secretary of the Zimbabwe Ministry of Finance. The Ministry was very supportive in resolving some administrative issues that are impacting on the effective operations of the Secretariat. The issues included support and guidance from the host country, acquisition of office space as well as the Executive Director's official residence. In this regard MEFMI is grateful to the Zimbabwe Ministry of Finance, who provided a bridging loan for the purchase of an office for the Institute.

### **3.1.3 Meeting at RBZ**

At the request of the Executive Committee Chair, the Executive Director paid a visit to the Governor of the Reserve Bank of Zimbabwe as the Head of the Executing Agency, to discuss some operational issues that required the Governor's interventions. The Governor was unavailable for the meeting due to other commitments and the issues were presented to one of the Deputy Governors.

### **3.1.4 Meeting at Rwanda Ministry of Finance**

While on mission for the opening ceremony of the last FPC-CBP brainstorming retreat of Heads of FPC monitoring and analysis directorates/departments/units held in Kigali Rwanda from 4 to 8 of May 2009, the Executive Director paid a courtesy call on the PS of the Ministry of Finance and Economic Planning of Rwanda, who is also a member of the Executive Committee.

### **3.1.5 Meeting with DFID**

The Executive Director and one Programme Officer paid a courtesy call on DFID office in Harare, Zimbabwe. The Executive Director indicated that the Institute was willing and able to liaise with DFID in identifying experienced resource persons as it works with the Government of Zimbabwe towards the country's economic recovery programme. The gesture was readily accepted. Possible areas of cooperation identified included direct funding for some activities, cooperation in the areas of revenue management, budget implementation for Zimbabwe, revitalisation of the operations of the Reserve Bank of Zimbabwe as well as assistance in communication with the British Embassy in relation to staff and other officials' visa needs for business and training purposes.

### 3.1.6 Meeting with Burundi Officials

Following an inquiry about MEFMI membership fees by a senior member of the Burundi delegation at the 7<sup>th</sup> UNCTAD Inter-Regional Debt Management Conference which was held at the UNCTAD headquarters in Geneva, Switzerland, the Executive Director held a brief meeting with him to explain the obligations and privileges of member states. Dr Ngalande indicated that he would respond in writing if Burundi authorities sent him a written inquiry in the form of a letter or an e-mail. Considering that Burundi is a French-speaking country, Dr. Ngalande also stressed that English remains the official language of MEFMI, with only very exceptional use of any other languages. The Burundi representative explained that his government had earlier made similar inquires to the French speaking Pole Dette, in view of the impending end of the HIPC Capacity Building Programme, which Burundi has been depending upon for capacity building assistance. He further explained that Burundi wished to consider MEFMI membership so as to remain together with the other East African Community member states which were already members of MEFMI.

### 3.1.7 Worldwide Alliances

During the period under report, MEFMI continued to broaden and strengthen its worldwide alliances through networking with technical cooperating partners and other relevant institutions. Annex IV indicates the date, venue, number of staff, nature / and main theme of the event attended.



# 2009 MEFMI ANNUAL REPORT



## 4. FINANCES

The institute opened 2009 with a positive balance of US\$2.3 million. This amount was crucial for funding some activities that had to be implemented early in the year. The Institute had enough resources for its capacity building activities for the year 2009.

The budget execution for the year had an actual deficit of US\$1 million against a budgeted deficit of US\$900,000 being realised. Total income for the year was US\$7.2 million while expenditure was US\$8.2 million thereby registering the US\$1 million deficit. The deficit was financed by drawing down from prior year accumulated funds so that at year end the cash balance was reduced to US\$808,837. The accumulated fund had similarly reduced from US\$1.5 million to US\$469,936 as at the close of 2009.

The total in-kind contribution budget for 2009 of US\$1.4 million was very optimistic compared to the actual contribution of US\$815,000.

Both the actual income and expenditure were therefore below budget mainly due to a shortfall of US\$606,000 in in-kind contribution.

The 2009 income was contributed by member states and cooperating partners as follows:

US\$(000)	Cash	In-kind	Total	%
Member states	3,234	522	3,756	52
Cooperating partners	3,090	293	3,383	47
Interest and other	33	0	33	1
<b>Total</b>	<b>6,357</b>	<b>815</b>	<b>7,172</b>	<b>100</b>

Of the total income received, 52% is member countries' contributions, 47% is contribution by cooperating partners while 1% is investment and other income. MEFMI is committed to financial sustainability through the steady increase in the member country contributions over the implementation period of Phase III.

## 5. HUMAN RESOURCES

### 5.1 Staff Establishment

The Secretariat closed the year with a staff complement of 29. However, two of MEFMI's longest serving staff members, Mr. Stevenson Mkandawire, Director - Finance & Administration and Dr. Ephraim Kaunga, Director Macroeconomic Management Programme left MEFMI at the end of their tour of duty at the end of 2009. Both gentlemen have played a critical role in shaping the image, growth and development of the Institute. Their posts were advertised in the press in member countries as well as on the MEFMI website and an overwhelming response was received. The successful candidate for the post of Director - Finance and Administration Mrs Rose Malila Phiri from Zambia, assumed duty on 15 November 2009 while the position of Director - Macroeconomic Management Programme will be filled by Mrs Nomusa Tibane from Swaziland. Mrs Tibane commences duty on 5 January 2010.

One Programme Officer in the Macroeconomic Management Programme, Mr Charles Assey who was on secondment from the Bank of Tanzania has chosen to return to the Bank, thus he will not be renewing his contract with MEFMI. His post was advertised on the MEFMI website and in member countries' national papers. An overwhelming response has been received. Interviews will be conducted in January 2010 and the position is expected to be filled by the end of the first quarter of 2010. The filling of this position will bring the staff compliment to 30, which is the full employment level at the Secretariat.

The Executive Directors' Driver – Mr John Chikwature also completed his tour of duty at the end of 2009. His post was advertised in the media in Zimbabwe. The successful candidate Mr Kelton Taruvinga will commence duty on 5 January 2010.

The recruitment of the two female directors mentioned above will improve the gender representation at the Institute where only four of the 14 Programme Officers are female. The Institute is committed to ensuring that more females are employed at Programme Officer level and above. Table 6 below provides the current staff gender distribution.

**Table 6: Staff Distribution at the Secretariat**

Post	Male	Female
Executive Director	1	0
Director	3	1
Programme Officer /Equivalent	10	4
Assistant Accountant	1	0
Accounts Assistant	0	1
Programme Secretary /Equivalent	0	5
Receptionist	0	1
Driver	2	0
Office Orderly	0	1
<b>Total</b>	<b>17</b>	<b>13</b>

### 5.2 Staff Development

During the period under report MEFMI provided its staff with skills enhancement opportunities. Annex V indicates the date, venue, number of staff, nature / and main theme of the event attended. The staff development was essential for staff to assume a more active role at our capacity building events as resource persons.



## 6. EXPECTED OUTCOMES

MEFMI continued to play a critical role in improving capacity in the areas of debt, macroeconomic, foreign exchange reserves and financial sector management in its member states through the various activities implemented during the period under report. When client institutions enjoy improved management capacity, then - there will be better policies, reforms, improved economic performance, increased prosperity and ultimately reduction in poverty levels in the MEFMI region.

The outcomes of MEFMI capacity building interventions fall into three categories – namely, improved individual skills of participants, enhancement of organisational efficiency and improved institutional capacity in policy formulation and implementation.

The Annexure to this report indicates the outcomes for the period under review, which include but are not limited to;

- Awareness on key principles, best practices and international standards for specific programmes
- Knowledge on practical ways of implementing best practices
- Increased knowledge and skills for the participants
- Enhanced awareness of the products and services offered by MEFMI

## 7. CONSTRAINTS / CHALLENGES

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

- There is lack of clear segregation of duties in some departments that require segregation within member countries. The affected countries cite resource constraints as their major reason. This constrains MEFMI efforts in fostering best practices.

- In some countries there is limited departmental use of appropriate and effective operational manuals and guidelines, mainly because these have not been developed or updated. This hinders effective implementation of best practices.
- Lack of uniform data classification across countries hinders comparability of regional macroeconomic analysis.
- There is lack of reliable and effective economic and financial data bases in most member countries. This hinders effective trend and cross sectoral analysis, modeling and forecasting.
- Participants whose work stations are close to activity venues are unable to attend all training sessions as they are usually called by their superiors to attend to urgent office work.

## 8. OPPORTUNITIES

- The growing number of regional experts in the form of Fellows and Trained Trainers boost the pool of regional experts available for capacity building interventions. It also ensures sustainability and cost effective resource utilisation.
- Great demand for the Foreign Private Capital (FPC) system from member countries provides an opportunity for the future support and sustainability of the system.
- Improvement of macroeconomic situation in Zimbabwe provides the Institute with the opportunity to revitalise Zimbabwe as a cost effective venue for some activities.
- The Institute continues to enjoy high level of cooperation with other regional and international macroeconomic and financial management institutions. This creates opportunity for provision of technical assistance.

## 9. INTERVENTIONS

The following are some intervention strategies that will be used to address the above mentioned constraints:

- MEFMI will continue to enhance capacity building programmes emphasising on international best practices and encourage senior management to implement them.
- MEFMI will continue to offer capacity building programmes on the development of operational manuals and guidelines.
- MEFMI will continue to focus on capacity building programmes on effective data management systems.
- MEFMI will, where appropriate, seek alternative venues away from the workstation to avoid local staff being interrupted by work exigencies



## EXECUTIVE COMMITTEE'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Executive Committee, on behalf of the Board of Governors is required by the Institute's Constitution to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Institute as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

Members of the Executive Committee, acknowledge that they are ultimately responsible for the system of internal financial control established by the Institute and place considerable importance on maintaining a strong control environment. To enable the members of the committee to meet this responsibility, the board sets standards for internal controls aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibility within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Institute and all employees are required to maintain high ethical standards in ensuring the Institute's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Institute is on identifying, assessing, managing and monitoring all known forms of risk across the Institute. While operating risk cannot be fully eliminated, the Institute endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior, are applied and managed within predetermined procedures and constraints.

The Executive Committee is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of financial statements. However, any system of internal financial control can provide only reasonable and not absolute assurance against material misstatements or loss.

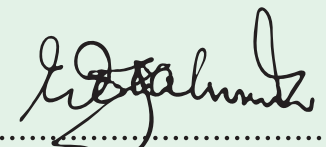
The Executive Committee has reviewed the Institute's cash flow forecast for the year to 31 December 2010 and, in light of this review and the current financial position, they are satisfied that the Institute has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Institute's financial statements. The Institute's external auditors have examined the financial statements and their report is presented on page 17.

The financial statements set out on page 18 to 36 which have been prepared on the ongoing concern basis were approved by the Executive Committee on behalf of the board of Governors on 25 March 2010 and were signed by:



**Prof. Njuguna Ndung'u**  
Chairman, Board of Governors



**Elias E. Ngalande (PhD)**  
Executive Director



# INDEPENDENT AUDITORS' REPORT

## Report on the financial statements

We have audited the accompanying financial statements of the **Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI)** set out on pages ..... to ....., which comprise the statement of financial position as at 31 December 2009, the statement of comprehensive income, statement of changes in reserves and the statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Executive Committee's responsibility for the financial statements

The Executive Committee is responsible for the preparation and the fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Unqualified Opinion

In our opinion, the financial statements, in all material respects give a true and fair view of the financial position of Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) as at 31 December 2009, and of its financial performance and its cash flows for the year then ended in conformity with International Financial Reporting Standards.




**BDO Zimbabwe**  
Chartered Accountants (Zimbabwe)

**HARARE**  
25 March 2010

## STATEMENT OF FINANCIAL POSITION

as at 31 December 2009

	<u>Notes</u>	<u>2009 US\$</u>	<u>2008 US\$</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	3	450,260	146,658
<b>Current assets</b>			
Inventories	4	24,354	-
Accounts receivable	5	52,870	144,069
Short term investments	6	-	1,106,554
Cash at bank and on hand		807,837	1,187,010
		<u>885,061</u>	<u>2,437,633</u>
<b>TOTAL ASSETS</b>		<u><b>1,335,320</b></u>	<u><b>2,584,291</b></u>
<b>RESERVES AND LIABILITIES</b>			
<b>Reserves</b>			
Accumulated fund		457,188	1,489,935
<b>Current liabilities</b>			
Short term borrowings	7	349,000	-
Accounts payable	8	181,706	424,489
Provisions	9	347,426	669,867
		<u>878,132</u>	<u>1,094,356</u>
Total liabilities		<u>878,132</u>	<u>1,094,356</u>
<b>TOTAL RESERVES AND LIABILITIES</b>		<u><b>1,335,320</b></u>	<u><b>2,584,291</b></u>

  
.....  
**PROFESSOR NJUGUNA NDUNG'U**  
Chairman, Board of Governors

  
.....  
**ELLIAS E. NGALANDE (PhD)**  
Executive Director

## STATEMENT OF INCOME AND EXPENDITURE

for the year ended 31 December 2009

	Notes	2009 US\$	2008 US\$
<b>INCOME</b>			
Cooperating partner funding	10	3,089,549	3,100,714
Member state contributions	11	3,233,994	3,018,331
In-kind contributions	12	815,208	663,484
Interest	13	20,636	40,650
Exchange gain		2,508	-
Profit on disposal of property and equipment		10,035	11,057
<b>TOTAL INCOME</b>		<b>7,171,930</b>	<b>6,834,236</b>
<b>EXPENDITURE</b>			
Accommodation and subsistence		2,294,272	1,779,349
Audit fees		13,645	4,140
Bank charges		45,060	42,431
Depreciation		98,408	119,270
Facilities and materials		479,457	490,928
Office expenses	14	693,044	664,769
Professional fees	15	721,176	441,004
Salaries and wages		1,534,356	1,417,811
Staff benefits	16	898,242	640,093
Training and tuition fees		44,548	66,750
Travel expenses		1,382,468	1,290,674
<b>TOTAL EXPENDITURE</b>		<b>8,204,677</b>	<b>6,957,220</b>
<b>DEFICIT FOR THE YEAR</b>		<b>(1,032,747)</b>	<b>(122,984)</b>

## STATEMENT OF CHANGES IN RESERVES

for the year ended 31 December 2009

	<u>2009</u> <u>US\$</u>
Accumulated fund at 1 January 2008	1,612,919
Deficit for the year	(122,984)
Accumulated fund at 31 December 2008	<u>1,489,935</u>
Deficit for the year	(1,032,747)
Accumulated funds at 31 December 2009	<u><u>457,188</u></u>

**STATEMENT OF CASHFLOWS**  
**for the year ended 31 December 2009**

	<u>Notes</u>	<u>2009 US\$</u>	<u>2008 US\$</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Deficit of income over expenditure		(1,032,747)	(122,984)
Adjustment for:			
Depreciation of property and equipment		98,408	119,270
Interest income		(20,636)	(40,650)
Profit on disposal of equipment		(10,035)	(11,057)
		<hr/>	<hr/>
<b>Operating (deficit) surplus before working capital changes</b>		(965,009)	(55,420)
Increase in inventories		(24,354)	-
Decrease in receivables		91,199	128,826
(Decrease)/increase in payables		(242,783)	255,402
(Decrease)/increase in provisions		(322,441)	335,502
<b>Net cash generated by operating activities</b>		<hr/> (1,463,388) <hr/>	<hr/> 664,310 <hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds on disposal of property and equipment		10,035	11,057
Acquisition of property and equipment		(402,010)	(75,593)
Interest income		20,636	40,650
<b>Net cash used by investing activities</b>		<hr/> (371,339) <hr/>	<hr/> (23,886) <hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loan raised		<hr/> 349,000 <hr/>	<hr/> - <hr/>
<b>Cashflows from financing activities</b>		349,000	-
<b>Net (decrease)/ increase in cash and cash equivalents</b>		(1,485,727)	640,424
<b>Cash and cash equivalents at 31/12/2008</b>		2,293,564	1,653,140
<b>Cash and cash equivalents at 31/12/2009</b>	<b>17</b>	<hr/> <u>807,837</u> <hr/>	<hr/> <u>2,293,564</u> <hr/>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2009

---

### 1. ENTITY INFORMATION

The main activity of the Institute, which is constituted in Zimbabwe, is to advise and assist member countries in the Eastern and Southern African region to develop their capacity to manage their debt and reserves and to provide training in macroeconomic and financial management.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of Preparation

The financial statements have been prepared on a historical cost basis. The financial statements are presented in United States dollars (US\$). The US\$ is both the functional and presentation currency of the Institute.

#### 2.2 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards.

#### 2.3 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except for stocks which have been capitalized for the first time in the year under review. Previously all stocks which comprise mainly stationery were expensed. The effect of the change is not material.

#### 2.4 Significant accounting estimates

In the process of applying the Institute's accounting policies, management has made the following estimates, which have the most significant effect on these amounts recognized in the financial statements;

##### Estimation of property and equipment useful life

The determination of estimated useful life is done by a competent and qualified member of staff.

##### Estimation of property and equipment residual value

Motor vehicles	-	Net book values higher than residual
Furniture and fittings	-	Nil – no intention to sell
Computers	-	Nil – no intention to sell

#### 2.5 Revenue recognition

Revenue is recognized to the extent that is probable that the economic benefits will flow to the Institute and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

##### Co-operating partner funding

Co-operating partner funds are recognized on a receipt basis. The contributions from co-operating partners are pooled together for use by the Institute.

##### Member state contributions

Revenue from member states is recognized on an accrual basis. Contributions from member

states for a particular phase are determined beforehand by the Board of Governors. Revenue is therefore recognized over the Phase on an accrual basis.

### **Interest**

Interest income is recognized on a time proportionate basis using the effective interest rate.

## **2.6 Foreign currency translation**

The financial statements are expressed in United States dollars (US\$) which is the Institute's functional and reporting currency.

Transactions in foreign currencies are translated into United States Dollars at rates of exchange ruling at the time of the transaction. Exchange gains or losses arising on the settlement of foreign currency transactions are dealt with in the income and expenditure account.

Assets and liabilities in foreign currencies are translated to United States Dollars at rates of exchange approximating those ruling at the balance sheet date.

## **2.7 Cash and cash equivalents**

Cash on hand and in banks and short term deposits which are held to maturity are carried at cost.

Cash and cash equivalents are defined as cash on hand, demand deposits and short term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of change.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash on hand and deposits in banks, net of outstanding bank overdrafts.

## **2.8 Provisions**

Provisions are recognized when the Institute has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation.

## **2.9 Retirement benefit cost**

The Institute does not have a retirement fund. Instead, provision is made in the financial statements for gratuity payments over the period of employees' employment contract. All employees are paid a gratuity of twenty five (25) percent of their contract period earnings in terms of the Institute's employment policy.

## **2.10 Property , plant and equipment and depreciation**

Property, plant and equipment is shown at cost, excluding cost of day to day servicing, less accumulated depreciation and impairment in value. The Institute's policy is to depreciate fixed assets evenly over the expected life of each asset.

The expected useful lives of the fixed assets are as follows:

Motor vehicles	-	5 years
Furniture and fittings	-	3 years
Computers	-	4 years

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and where carrying values exceed the estimated recoverable amounts, assets are written down to their recoverable amounts. The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each financial year end. The Institute has made the following estimations. All property, plant and equipment have no residual value as the Institute has no intention of disposing of the assets before the end of their useful lives.

### **2.11 Impairment of assets**

At each statement of financial position date the Institute reviews the carrying amounts of assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. Impairment losses are recognized as an expense.

When an Impairment loss subsequently reverse, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income.

### **2.12 Inventories**

Stock is shown at cost, less impairment in value. The Institute's policy is to expense stock as it is drawn down.

### **2.13 Financial Instruments**

#### **(I) Financial assets at fair value through profit or loss**

This category has two sub-categories: financial assets held for trading and those designated as at fair value through profit or loss at inception. A financial asset is classified into this category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit-taking, or if so designated by management in terms of the company's long term investment strategy. Financial assets designated as at fair value through profit or loss at inception are those that are managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair basis to the company's key accounting policies of financial assets in which there is evidence of short profit-taking, or if so designated by management in terms of the company's long term investment strategy.

Changes in the fair value of the financial assets at fair value through profit or loss category are included in the statement of comprehensive income in the finance income or expense line item in the period in which they arise. The fair values of quoted investments are based on current bid prices.



If the market for a financial asset is not active or if they are unquoted, the company establishes fair value by using valuation techniques. These include discounted cash flow analysis, use of recent arm's length transactions, and reference to other instruments that are substantially the same, discounted cash flow analysis, price earnings valuations and net asset values basis. Financial assets at fair value through profit or loss are subsequently carried at fair value.

**(ii) Loans and Receivables**

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

**(iii) Financial liabilities**

The institute classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Fair value through profit or loss

This category comprises only out-of-the money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive income.

Other financial liabilities

Other financial liabilities include the following items:

- (a) The institute's borrowings are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premia payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
- (b) Trade payables and short-term monetary liabilities, which are initially recognized at fair value and subsequently are carried at amortized cost using the effective interest method.

**2.13 De-recognition of financial assets**

Investments are derecognized when the rights to receive cash flows from the investments have expired or where they have been transferred and the company has also transferred substantially all risks and rewards of ownership. Gains and losses are recognized in statement of comprehensive income when the financial assets are derecognized or impaired, as well as through the amortization process.

### **2.14.1 Impairment of financial assets**

A financial asset is deemed to be impaired when its carrying amount is greater than its estimated receivable amount, and there is evidence to suggest that the impairment occurred subsequent to the initial recognition of the asset in the financial statements.

### **2.15 Foreign currency transactions**

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions.

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**  
for the year ended 31 December 2009

**3. PROPERTY, PLANT AND EQUIPMENT**

	Land & Building	Motor Vehicles	Computer Equipment	Office Furniture	Total
	US\$	US\$	US\$	US\$	US\$
<b>Carrying amount at 1.1.2008</b>	-	11,956	140,502	37,877	190,335
Gross carrying amount	-	110,602	383,532	263,610	757,744
Accumulated depreciation	-	(98,646)	(243,030)	(225,733)	(567,409)
Additions	-	26,321	-	49,272	75,593
Disposals	-	-	-	-	-
Cost	-	-	71,652	16,167	87,819
Accumulated depreciation	-	-	(71,652)	(16,167)	(87,819)
Depreciation charge	-	(17,220)	(58,309)	(43,741)	(119,270)
<b>Carrying amount at 1.1.2009</b>	-	21,057	82,193	43,408	146,658
Gross carrying amount	-	136,923	311,880	296,715	745,518
Accumulated depreciation	-	(115,866)	(229,687)	(253,307)	(598,860)
Additions	374,535	-	14,492	12,983	402,010
Disposals	-	-	-	-	-
Cost	-	50,826	-	-	50,826
Accumulated Depreciation	-	(50,826)	-	-	(50,826)
Depreciation charge	-	(5,264)	(62,009)	(31,135)	(98,408)
<b>Carrying amount at 31.12.2009</b>	374,535	15,793	34,676	25,256	450,260
Gross carrying amount	374,535	86,097	326,372	309,698	1,096,702
Accumulated depreciation	-	(70,304)	(291,696)	(284,442)	(646,442)

No depreciation has been charged on the building because it was purchased during the last month of the year.

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**  
for the year ended 31 December 2009

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>
<b>4 INVENTORIES</b>		
Stationery	<u>24,354</u>	<u>-</u>
<b>5 ACCOUNTS RECEIVABLE</b>		
Staff loans and advances	41,400	126,165
Prepayments	9,462	6,125
Other	<u>2,008</u>	<u>11,779</u>
	<u>52,870</u>	<u>144,069</u>
<b>6 SHORT TERM INVESTMENTS</b>		
Fixed deposits, treasury bills and negotiable certificates of deposits.	<u>-</u>	<u>1,106,554</u>
<b>7 SHORT TERM LIABILITY</b>		
Government of Zimbabwe - Ministry of Finance	<u>349,000</u>	<u>-</u>
<p>This is an unsecured interest free loan, repayable in one lumpsum by 30 June 2010. The liability is shown at amortised cost. The loan was used to acquire a property.</p>		
<b>8 ACCOUNTS PAYABLE</b>		
Contribution in advance - Angola	37,361	266,208
Accrued expenses	133,580	124,234
Other payables	<u>10,764</u>	<u>34,047</u>
	<u>181,706</u>	<u>424,489</u>

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**  
**For the year ended 31 December 2009**

**9. PROVISIONS**

	Leave pay US\$	Terminal Gratuity US\$	Totals US\$	2008 US\$
Opening balance at 01 January 2009	22,182	647,685	669,867	334,366
Accrued during the year	150,621	388,009	538,631	373,914
Utilised / written off	(156,203)	(704,868)	(861,071)	(38,413)
Closing balance at 31 December 2009	<u>16,600</u>	<u>330,827</u>	<u>347,426</u>	<u>669,867</u>

The institute provides for gratuity payments to staff members on expiry of their contracts.

	2009 US\$	2008 US\$
<b>10 CO-OPERATING PARTNER FUNDING</b>		
Netherlands Government	880,000	880,000
Netherlands Government - prior year contribution	-	19,235
Norwegian Government	631,912	737,327
Swedish Government	551,808	586,508
African Capacity Building Foundation (ACBF)	399,546	398,481
Foreign Private Capital (FPC) Capacity Building project	27,000	57,500
Highly Indebted Poor Countries (HIPC)	390,177	217,150
International Monetary Fund (IMF)	70,000	-
ACBF/AFRITAC	-	177,658
World Bank	131,701	26,855
COMSEC	1,406	-
UNITAR	6,000	-
	<u>3,089,549</u>	<u>3,100,714</u>

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**  
**For the year ended 31 December 2009**

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>
<b>11 MEMBER STATE CONTRIBUTIONS</b>		
Angola	303,615	266,269
Botswana	234,293	223,052
Kenya	263,689	252,887
Lesotho	227,222	202,381
Malawi	240,824	219,053
Mozambique	240,872	214,936
Namibia	232,537	208,135
Rwanda	234,462	205,233
Swaziland	231,002	205,722
Tanzania	259,715	235,532
Uganda	262,592	235,118
Zambia	242,377	217,212
Zimbabwe - annual contribution	234,519	237,977
- office rent subsidy	12,500	50,000
- reimbursement of capacity building activities	13,775	44,824
	<u><b>3,233,994</b></u>	<u><b>3,018,331</b></u>
<p>With effect from August 2006, the host country, Zimbabwe, provides the Institute with office rent subsidy equal to US\$50 000 per annum and reimbursement of expenses for capacity building activities held in Zimbabwe.</p>		
<b>12 IN-KIND CONTRIBUTIONS</b>		
Member States	521,700	464,507
Co-operating Partners	293,508	198,977
	<u><b>815,208</b></u>	<u><b>663,484</b></u>
<b>13 INTEREST RECEIVABLE</b>		
MEFMI Joint Account	17,443	40,213
Other	3,193	437
	<u><b>20,636</b></u>	<u><b>40,650</b></u>

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**  
**For the year ended 31 December 2009**

	<u>2009</u> <u>USD</u>	<u>2008</u> <u>USD</u>
<b>14 OFFICE EXPENSES</b>		
Advertising	50,800	8,665
Air Courier Mail	48,895	21,777
E-Communication Charges	35,547	32,219
Equipment Maintenance	15,826	127,062
General Expenses	44,072	63,865
Office Maintenance	10,727	46,479
Printing and Stationery	17,630	54,504
Publications	110,567	85,004
Recruitment and Relocation Expenses	117,512	73,639
Rentals-Office	194,540	126,818
Telephone and Postage	46,927	24,737
	<u>693,044</u>	<u>664,769</u>
<b>15 PROFESSIONAL FEES</b>		
<b>Macroeconomic Management Programme</b>		
Regional Workshops	179,606	104,090
In-Country Workshops	5,760	-
Missions	21,840	-
Studies	65,980	15,500
	<u>273,186</u>	<u>119,590</u>
<b>Financial Sector Management Programme</b>		
Regional Workshops	79,620	59,480
In-Country Workshops	23,660	4,980
Missions	11,160	-
Studies	-	15,000
	<u>114,440</u>	<u>79,460</u>
<b>Debt Management Programme</b>		
Regional Workshops	28,080	31,214
In-Country Workshops	18,800	46,550
Missions	8,400	-
	<u>55,280</u>	<u>77,764</u>

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**  
**For the year ended 31 December 2009**

	<b>2009</b>	<b>2008</b>
	<b>US\$</b>	<b>US\$</b>
<b>15 Continued</b>		
<b>Multi-Disciplinary Activities</b>		
Executive Fora	10,830	2,480
Professional fees for Fellows	18,320	48,786
Fellow Activities	122,412	73,495
	<b>151,562</b>	<b>124,761</b>
<b>Secretariat Capacity Building</b>		
Recruitment	-	3,600
Secretariat Support	29,733	35,829
Impact needs assesment	96,975	-
	<b>126,708</b>	<b>39,429</b>
<b>Total</b>	<b>721,176</b>	<b>441,004</b>
<b>16 STAFF BENEFITS</b>		
Terminal Gratuity	375,063	351,080
Medical Aid Contribution	83,094	39,651
House Allowance	215,148	96,600
House Rent and Maintenance	25,137	55,507
School fees subsidy	159,691	45,495
Other	40,108	51,760
	<b>898,242</b>	<b>640,093</b>
<b>17 CASH AND CASH EQUIVALENTS</b>		
Cash resources	807,837	1,187,010
Short term investments	-	1,106,554
	<b>807,837</b>	<b>2,293,564</b>
<b>18 RELATED PARTY DISCLOSURES</b>		
<b>Compensation to key management personnel of the organisation</b>		
Short term employee benefits	535,061	509,686
Gratuity	133,708	127,421
	<b>668,769</b>	<b>637,107</b>



## **NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

### **For the year ended 31 December 2009**

---

#### **19. TAX**

In terms of the Headquarters Agreement with the Government of Zimbabwe the Institute is exempt from tax.

#### **20. CONTINGENT LIABILITIES**

There are no contingent liabilities.

#### **21. FINANCIAL INSTRUMENTS**

The Institute is exposed through its operations to the following financial risks:  
liquidity and cashflow risk  
Interest rate risk

##### **Principal Financial Instruments**

The principal financial instruments used by the Institute, from which financial instrument risk arises, are as follows:

- (i) Other receivables
- (ii) Cash at bank
- (iii) Payables

##### **Interest rate risk**

The Institute's exposure to the risk of changes in market interest rates relates primarily to short-term money market investments with financial institutions. This is the risk that arises from adverse movement in the value of future interest receipts resulting from movements in interest rates.

##### **Liquidity and cashflow risk**

This is the risk of insufficient liquid funds being available to cover commitments. In order to mitigate any liquidity risk that the Institute faces, the Institute's policy has been throughout the year ended 31 December 2009, to maintain substantial liquid resources.

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**  
**For the year ended 31 December 2009**

---

21. Financial Instruments (Cont'd)

Financial assets

	Financial Assets at Fair value through profit or loss	Loans and receivables	Available for sale
	2009	2009	2009
	USD	USD	USD
	<u>          </u>	<u>          </u>	<u>          </u>
Cash and cash equivalents	-	807,837	-
Other receivables	-	52,870	-
<b>Total financial assets</b>	<u>          </u> <u>          </u>	<u>          </u> <u>          </u>	<u>          </u> <u>          </u>

	Financial liabilities at fair value through profit or loss	Financial Liabilities at amortised cost
	2009	2009
	USD	USD
	<u>          </u>	<u>          </u>
Short term liability		349,000
Trade and other payables	-	181,706
	<u>          </u> <u>          </u>	<u>          </u> <u>          </u>

22. These financial statements were approved by the Executive Committee on 25 March 2010.

**DETAILED STATEMENT OF INCOME AND EXPENDITURE**  
for the year ended 31 December 2009

	2009	2008
	US\$	US\$
<b>INCOME</b>		
Member state contributions	3,233,994	3,018,331
Netherlands Government	880,000	899,235
Norwegian Government	631,912	737,327
African Capacity Building Foundation (ACBF)	399,546	398,481
ACBF/ AFRITAC	-	177,657
FPC Capacity Building Project	27,000	57,500
HIPC Capacity Building Project	390,177	217,150
International Monetary Fund	70,000	-
Swedish Government	551,808	586,508
World Bank	131,701	26,856
COMSEC	1,406	-
UNITAR	6,000	-
In-kind contributions	815,208	663,484
Interest receivable	20,636	40,650
Exchange gain	2,508	-
Profit on disposal of fixed assets	10,035	11,057
	<b>7,171,930</b>	<b>6,834,236</b>
<b>EXPENDITURE</b>		
<b>Macroeconomic Management Programme</b>		
FPC Capacity Building Project	294,676	190,364
In-country workshops	5,579	25,537
Missions	33,939	10,983
Operating expenses	125,534	150,521
Programme delivery- staff	635,015	526,403
Regional Workshops	1,219,622	1,162,461
Studies	94,655	49,711
<b>Total</b>	<b>2,409,020</b>	<b>2,115,980</b>
<b>Financial Sector Management Programme</b>		
In-country workshops	81,153	18,484
Missions	34,065	22,100
Operating expenses	110,765	135,095
Programme delivery- staff	579,049	432,416
Regional workshops	1,168,570	890,220
Studies	-	15,000
<b>Total</b>	<b>1,973,602</b>	<b>1,513,315</b>

**DETAILED STATEMENT OF INCOME AND EXPENDITURE**  
for the year ended 31 December 2009

	2009	2008
	US\$	US\$
<b>Debt Management Programme</b>		
HIPC Capacity Building Project	105,366	116,178
In- country workshops	43,048	77,684
Missions	44,549	10,983
Operating expenses	115,688	150,523
Programme delivery- staff	591,927	521,812
Regional workshops	700,833	507,496
Studies	-	2,500
<b>Total</b>	<b>1,601,411</b>	<b>1,387,176</b>
<b>Multi disciplinary activities</b>		
Executive Fora	173,866	190,727
Fellows Development Programme	442,682	396,541
Operating expenses	22,150	34,075
Programme delivery- staff	133,000	108,299
<b>Total</b>	<b>771,698</b>	<b>729,642</b>
<b>Secretariat Capacity Building</b>		
Capital expenditure (depreciation)	98,408	119,270
Impact assesment	164,512	
Networking	110,871	124,023
Operating expenses	19,692	26,683
Publications	119,947	94,042
Planning and mid-term review	-	-
Programme delivery- staff	102,841	80,116
Staff development	86,801	104,020
Staff recruitment and relocation	185,566	76,503
<b>Total</b>	<b>888,638</b>	<b>624,657</b>
<b>Administration</b>		
Governing bodies	65,051	89,523
Operating expenses	90,624	106,280
Salaries, wages and benefits	404,633	390,647
<b>Total</b>	<b>560,308</b>	<b>586,450</b>
<b>TOTAL EXPENDITURE</b>	<b>8,204,677</b>	<b>6,957,220</b>
<b>(DEFICIT) SURPLUS OF INCOME OVER EXPENDITURE</b>	<b>(1,032,747)</b>	<b>(122,984)</b>

## Annexure

### Annex I: Regional capacity building activities conducted during 2009 Courses / Retreats / Seminars / Workshops

#### Macroeconomic Management Programme

Activity	Objective	Outcomes	TCP	Resource Persons					S	Participants			Target (J, MM, Snr, D)
				International		Regional	MEFMI Fellows	MEFMI Staff		C	M	F	
				Paid	Gratis								
1 Retreat of Regional IT Experts on Private Capital Monitoring System. 26 - 30 January 2009 Bagamoyo, Tanzania	To test the PCMS system and to facilitate training of regional IT experts in development and management of PCMS for sustainability.	Draft user guide of PCMS produced.  Enhanced skills of regional business and IT experts on the functionalities of PCMS through hands-on experience.	-	0	0	0	2	0	3	4	6	3	MM, S
2 Macroeconomic Analysis and Management Course 9 - 27 February 2009 Windhoek, Namibia	To equip participants with key conceptual and analytical frameworks for macroeconomic policy design, analysis and implementation.	Equipped participants with key conceptual and analytical frameworks for macroeconomic policy design, analysis, forecasting and implementation.  Provided cutting edge analysis and discussion on the global financial crisis and trade policy.	-	1	0	1	2	0	3	11	17	15	MM,S
3 Workshop For Heads of Departments/Units Responsible For Monitoring And Analysing Private Capital 4 - 8 May 2009 Kigali, Rwanda	To deliberate on measures to be adopted by the region in order to achieve readily accessible, timely and reliable Private Capital statistics which have been generated using regionally harmonized methodologies	Developed regional and country-specific action plans for implementation towards achieving regional harmonization of FPC Methodology by June 2010.	-	0	0	2	0	1	2	8	14	5	Snr

TCP = Technical Cooperating Partner      S = Secretariat      C = MEFMI Countries Participating      M = Male      F = Female  
Snr = Senior Manager      D = Director      M = Middle Manager      J = Junior Manager

Activity Date Venue	Objective	Outcomes	TCP	Resource Persons						S	Participants			Target (J, MM, Snr, D)
				International		Regional	MEFMI Fellows	MEFMI Staff	C		M	F		
				Paid	Gratis									
4 Joint MEFMI/IMF Financial Programming and Policies course 4 - 22 May 2009 Kampala, Uganda	To enhance participants' understanding of the essential sectoral linkages in financial programming and their impact on policy design. To improve participants' capacity in forecasting and projection and applications to policy formulation.	Introduced participants to the latest concepts of data capture under BOP manual 6, MFS2001, GFS 2001 and SNA 1993. Enhanced participants' analytical capacity in financial programming using developing country case study to forecast, develop flow of funds and design a financial programme policy	IMF Institute	0	3	1	2	0	3	10	13	15	MM, Snr	
5 Indirect Tools of Monetary Policy 3 - 7 August 2009 Maputo, Mozambique	To Enhance knowledge, skills and analysis for designing and implementing monetary policy through open market operations. To enhance participants' understanding, appreciation and application of indirect monetary policy tools.	Demonstrated linkages between efficient monetary policy transmission and domestic financial market operations. Improved knowledge and skills for liquidity forecasting & introduction of basic liquidity forecasting techniques. Reviewed the linkages between monetary policy operations and fiscal policy operations.	BIS	0	1	0	2	1	3	10	20	10	MM, Snr	
6 Heads of Research & Policy Units of Central Banks & Ministries of Finance, Planning & Economic Development Retreat 10 - 13 August 2009 Zanzibar, Tanzania	To promote intellectual exchange amongst key players in the policy making process in the region, with special focus on current and imminent macroeconomic challenges and lessons from past experience	Participants exchanges ideas and experiences. Enhanced networking among heads of research and policy units on one hand and MEFMI on the other. This is envisaged to improve coordination of MEFMI. Highlighted challenges facing policy and research units and possible way forward.	-	0	0	3	0	1	2	11	10	4	Snr,D	

TCP = Technical Cooperating Partner  
Snr = Senior Manager

S = Secretariat  
D = Director

C = MEFMI Countries Participating  
M = Middle Manager

M = Male  
J = Junior Manager

F = Female

Activity Date Venue	Objective	Outcomes	TCP	Resource Persons					S	Participants			Target (J, MM, Snr, D)
				International		Regio- nal	MEFMI Fellows	MEFMI Staff		C	M	F	
				Paid	Gratis								
7 Data Requirements for Economic Management, System of National Accounts (SNA 1993) 7 - 18 September 2009 Lilongwe, Malawi	Provide training on national accounts concepts and compilation methodology to national account statisticians with a focus on quarterly and annual GDP at current and constant prices based on the structure and recommendations of the System of National Accounts 1993. Introduce participants to 2008 SNA.	Enhanced participants' appreciation of the need for reliable national accounts data. The importance of coordination within the statistics office, the Government ministries, the public sector and the private sector was underscored. Participants were introduced to the main changes in 2008 SNA which in print.	AfDB	1	0	2	0	0	3	11	22	9	M, S
8 Workshop on methodology for monitoring & analyzing private capital 5 - 15 October, 2009 Gaborone, Botswana	To advance the level of methodological and analytical skills in the monitoring and analysis of foreign private capital (FPC)	Skills in survey design, sampling and up-rating methodology Skills in capturing, processing and output generation through MEFMI-PCMS Country specific Revised Questionnaire and programme of implementation of FPC activities	-	0	0	3	4	1	4	10	15	10	MM, Snr
9 Economic Modelling and Forecasting Workshop 2 - 13 November, 2009 Gaborone, Botswana	Improve participants' knowledge and skills on applications of economic concepts and tools in macroeconomic analysis especially modelling and forecasting. To equip participants with knowledge for simulation and forecasting techniques through practical exercises and demonstrate how particular sectoral models can be built and simulated using E-views software.	Concepts and practical applications imparted via presentations and hands-on sessions. Participants estimated and presented estimation results of the consumption, export, investment and import functions and effected simulations and forecasts and came up with a workable framework on which consistent policy packages can be designed to effect desired policy adjustments.	-	0	0	2	2	1	2	12	20	14	MM, Snr

TCP = Technical Cooperating Partner      S = Secretariat      C = MEFMI Countries Participating      M = Male      F = Female  
Snr = Senior Manager      D = Director      M = Middle Manager      J = Junior Manager

## Debt Management Programme

Activity Date Venue	Objective	Outcomes	TCP	Resource Persons					S	Participants			Target (J, MM, Snr, D)
				International		Regional	MEFMI Fellows	MEFMI Staff		C	M	F	
				Paid	Gratis								
10 Training of Trainers in the use of CS-DRMS 2000+ Workshop. 9 - 18 March 2009 Malawi	To provide participants with training and facilitation skills as well as an overview of CS-DRMS 2000+.	Trained 17 participants as trainers and the use of CS DRMS 2000+	Comsec	0	3	1	0	1	1	7	11	6	MM, Snr
11 Debt Managers' Seminar 23 - 26 February 2009 Mombasa, Kenya	To analyse the impact of the Global Financial Crisis on Debt Management	Enhanced participants' awareness of the global financial crisis to the MEFMI region and international developments on the issue.	UNCTA D	0	0	2	0	2	3	12	15	10	Snr, D
12 Regional Workshop on Domestic Debt Market Development and Management 23 March - 2 April 2009 Mbabane, Swaziland	To equip participants with technical skills on policy issues for developing and managing domestic debt markets.	Enhanced understanding of key policy, regulatory and technical requirements and considerations for developing and managing domestic debt markets.	-	0	0	1	2	1	2	3	17	18	-
13 Training in Domestic Debt and Auctioning Module of CS-DRMS 2000+ Workshop 20 - 29 April 2009 Mbabane, Swaziland	To provide participants with an overview of Domestic Debt Module of CS-DRMS 2000+ To provide participants with training in CS-SAS module	Trained participants in the CS Securities Auction system and domestic debt module of CS-DRMS 2000+	COMSE C	0	3	0	0	1	1	6	11	12	M,J
14 Negotiation Techniques of Loan Agreements 22 - 26 June 2009 Dar es Salaam, Tanzania	To train officials from Ministries of Finance and Planning and Attorney Generals Chambers in negotiating techniques of Loan Agreements To empower countries with the necessary tools and skills to ensure viable external borrowing.	Trained participants in loan negotiations skills and Techniques	COMSE C	1	0	1	0	1	1	9	9	16	M,Snr

TCP = Technical Cooperating Partner  
Snr = Senior Manager

S = Secretariat  
D = Director

C = MEFMI Countries Participating  
M = Middle Manager

M = Male  
J = Junior Manager

F = Female



Activity Date Venue	Objective	Outcomes	TCP	Resource Persons				S	Participants			Target (J, MM, Snr, D)	
				International		Regional	MEFMI Fellows		MEFMI Staff	C	M		F
				Paid	Gratis								
15 Application of Asset and Liabilities Management Framework for Debt and Reserves Management 20 July - 5 August 2009 Maseru, Lesotho	To expose Sovereign Debt managers and Reserves Managers from Ministries of Finance and Planning and Central Banks to Asset and Liability Management of Liabilities and Assets.	Trained participants in ALM modeling Exposed participants in Strategic Asset Allocation	AfDB BIS IMF	0	4	1	1	3	1	13	18	14	M, Snr
16 HIPC – CBP Distance Learning Residential Workshop	To consolidate the distance learning assignments and exercises into a country debt and new financing strategy  To use the long term debt strategy formulation tools in developing the country strategy  To interact with resource persons and review the mentors' assessment of the DLP assignments	Three students all from the MEFMI region, awarded distinctions and can be used as resource persons at workshops.  Participants will continue to take active roles in the national teams doing regular debt sustainability and new financing analyses.		1	0	0	0	0	2	3	2	2	MM, Snr
17 MEFMI Sub -Regional Portuguese Back and Middle Office Debt Management Workshop for Angola and Mozambique 5 – 16 October 2009 Maputo, Mozambique	To impart practical operational and analytical skills, in the Portuguese language, to junior to middle level debt management officials from Angola and Mozambique	Increased participants' awareness and knowledge on back and middle office concepts and approaches  Enhanced operational skills in back and middle office functions, including basic computer-based calculations entailed	-	1	0	0	0	1	2	2	5	15	J, MM
18 Medium Term Debt Strategy (MTDS) Regional workshop 16-25 November 2009 Kigali, Rwanda	To develop a pool of trainers in the MTDS methodology and related tools in order to strengthen member countries' debt strategy and policy formulation	Trained participants in using the MTDS framework and methodology to design debt strategies	World Bank, IMF	0	5	0	0	2	1	13	22	15	MM, Snr

TCP = Technical Cooperating Partner      S = Secretariat      C = MEFMI Countries Participating      M = Male      F = Female  
Snr = Senior Manager      D = Director      M = Middle Manager      J = Junior Manager

Activity Date Venue	Objective	Outcomes	TCP	Resource Persons					S	Participants			Target (J, MM, Snr, D)
				International		Regio- nal	MEFMI Fellows	MEFMI Staff		C	M	F	
				Paid	Gratis								
19 Dissemination and Training on DMFAS 6.0 1-11 December 2009 Lusaka, Zambia	To train participants on DMFAS 6.0	Trained participants in using the new DMFAS 6.0 Discussed additional country DMFAS needs and priorities	UNCTA D	0	3	1	0	1	3	5	15	9	J,MM
<b>Financial Sector Management Programme</b>													
20 Assets and Liabilities Management (ALM) Framework for Debt and Reserves Management Workshop 20 July – 5 August 2009 Maseru, Lesotho	To provide in-depth analysis of standard asset and liability portfolio applications To develop capacity to combine the essential analytical tools in an integrated sovereign asset/liability context	Sovereign Debt managers and Reserves Managers from Ministries of Finance and Planning and Central Banks exposed to Asset and Liability Management of Liabilities and Assets	IMF, AfDB and BIS	2	2	1	1	3	4	13	18	14	MM,J
21 RAMP-Africa Programme Workshop on Fundamentals of Finance 19 - 23 January 2009 Mbabane, Swaziland	To enhance participants understanding of modern portfolio theory and also equip them with basic quantitative techniques in finance and excel based approaches.	Participants were able to use excel and basic statistical concepts in portfolio management their application in solving finance problems	WB	0	2	1	0	1	3	8	19	8	MM,J
22 RAMP Africa Programme Workshop on Risk Performance and Reporting Jointly held with the World Bank March 2 - 6 2009 Lusaka, Zambia	To broaden participants' knowledge in risk analysis performance measurement and reporting for reserves management.	Enhanced understanding of the risk assessment and monitoring; performance measurement and reporting frameworks for central bank reserves management operations	WB	0	0	3	0	0	1	7	18	8	MM,S nr

TCP = Technical Cooperating Partner  
Snr = Senior Manager

S = Secretariat  
D = Director

C = MEFMI Countries Participating  
M = Middle Manager

M = Male  
J = Junior Manager

F = Female

Activity Date Venue	Objective	Outcomes	TCP	Resource Persons				S	Participants			Target (J, MM, Snr, D)	
				International		Regio- nal	MEFMI Fellows		MEFMI Staff	C	M		F
				Paid	Gratis								
23 Regional Workshop on Domestic Debt Market Development and Management 23 March - 2 April 2009 Mbabane, Swaziland	To equip participants with technical skills on policy issues for developing and managing domestic debt markets.	Enhanced understanding of key policy, regulatory and technical requirements and considerations for developing and managing domestic debt markets.	-	0	0	1	2	1	2	12	17	18	-
24 Regional Workshop on Financial &Statistical Calculations and Accounting for Bank Supervisors 1-11 June 2009 Maseru, Lesotho	To equip supervisors with relevant analytical skills to analyse and interpret financial statements and economic data so as to identify emerging risks and exercise appropriate supervisory judgment in pursuing remedial action.	Enhanced participants' understanding and demonstration of financial issues relating to policy formulation and decision making.	-	0	1	2	1	1	3	12	24	14	J,MM
25 Regional Workshop on Large Value Systems and Oversight of Payment Systems 20 - 30 July 2009 Gaborone, Botswana	To provide in-depth training on technical skills for oversight of payment systems and strengthen analytical capacity to evaluate and manage risks inherent payment systems	Enhanced participants' knowledge in payment systems and practical implementation of oversight activities.	-	1	1	0	1	2	0	12	13	24	J,M,Sn r
26 Regional Workshop on Legal and Regulatory Reforms for Capital market Development † 17- 21 August 2009 Lilongwe Malawi	To equip participants with technical skills on policy issues necessary for fostering legal and regulatory reforms for capital market development.	Clearly demonstrated and enhanced understanding of the necessity for settl ing appropriate platforms for legal and regulatory reforms within participants' countries.	-	0	0	2	1	0	2	13	14	14	M, Snr

TCP = Technical Cooperating Partner      S = Secretariat      C = MEFMI Countries Participating      M = Male      F = Female  
Snr = Senior Manager      D = Director      M = Middle Manager      J = Junior Manager

Activity Date Venue	Objective	Outcomes	TCP	Resource Persons				S	Participants			Target (J, MM, Snr, D)	
				International		Regio- nal	MEFMI Fellows		MEFMI Staff	C	M		F
				Paid	Gratias								
27 Workshop on Risk Supervision and Basel II Implementation Strategies 14 - 24 October 2009 Dar es Salaam Tanzania	To explain the implementation process of risk-based supervision. To enhance supervisory understanding of Basel II principles.	Developed road map for member countries' on issues to be addressed to ensure a successful implementation process.	-	0	1	3	0	0	2	12	23	9	J,MM
28 Retreat for Heads of Consolidated Supervision – 19 - 21 October 2009 Lusaka, Zambia	To provide a comprehensive appreciation of the basic concepts of supervision of financial conglomerates and consolidated supervision.	Guiding participants in formulating a consolidated supervision framework.	BIS – FSI; OSFI; SARB; FDIC	0	6	1	1	0	4	13	18	5	D
29 RAMP: Regional Workshop on Accounting, Settlements and Internal Controls 26 - 30 October 2009 Nairobi, Kenya	To enhance participants understanding of issues on accounting, settlement and internal controls for reserves management operations.	Enhanced participants' knowledge in Accounting, Settlement and Internal controls.	World Bank	0	6	0	0	0	2	8	19	6	J,M, Snr
30 Retreat for Heads of Reserves Management - Managing central bank reserves in difficult markets 11 - 13 November 2009 Kampala, Uganda	The main objective of the Retreat was to bring together senior central bank policy officials in charge of reserves management to discuss and find ways of navigating the current volatile waters in the global foreign exchange market.	Capacity building in strategic planning and risk management for reserves management in difficult times.	BNY Mellon, AfdB, State Street Global Advisor s, Schrod er Investm ent Mgmt	0	7	0	0	0	3	11	21	1	D

TCP = Technical Cooperating Partner  
Snr = Senior Manager

S = Secretariat  
D = Director

C = MEFMI Countries Participating  
M = Middle Manager

M = Male  
J = Junior Manager

F = Female

Activity Date Venue	Objective	Outcomes	TCP	Resource Persons				S	Participants			Target (J, M, MM, Snr, D)	
				International		Regio- nal	MEFMI Fellows		MEFMI Staff	C	M		F
				Paid	Gratis								
31 Risk-Based Auditing, IFRS and Back Office Operations for Reserves Management 23 Nov – 3 Dec. 2009 Nairobi, Kenya	To enhance the understanding of risk based auditing in key business operations process in the back office operations and accounting for reserves.	Enhanced participants' knowledge in risk based auditing, IFRS and Back office operations.	-	0	0	0	0	3	13	22	15	J, M, Snr, D	
<b>Multi Disciplinary Activities</b>													
32 Human Resources Managers Workshop 23 - 27 February 2009 Zanzibar, Tanzania	To provide participants with information on the latest developments in the changing role of HR in an organization.	Enhanced participants' understanding of the current human resource issues that are impacting negatively on organisations' performance.	-	2	0	1	0	3	11	12	15	MM, Snr	
33 Retreat for Legal Counsels of MEFMI's Client Institutions 11 - 12 May 2009 Harare, Zimbabwe	To explore the process to be followed by each member state to facilitate diplomatic status of MEFMI in the respective member state	Drafted governance instruments for circulation to member states	-	0	0	1	0	4	9	5	7	MM, Snr	
34 MEFMI Fellows Facilitation and Consulting skills workshop 18 - 29 May 2009, Windhoek, Namibia	To provide MEFMI Fellows with skills to enable them carry out effectively presentation, facilitation and consulting assignments within MEFMI region.	Fellows acquired effective skills for presentations, facilitation and consulting assignments	-	0	0	3	0	2	10	10	6	MM	

TCP = Technical Cooperating Partner      S = Secretariat      C = MEFMI Countries Participating      M = Male      F = Female  
Snr = Senior Manager      D = Director      M = Middle Manager      J = Junior Manager

	Activity Date Venue	Objective	Outcomes	TCP	Resource Persons				S	Participants			Target (J, MM, Snr, D)
					International Paid	Regional Gratis	MEFMI Fellows	MEFMI Staff		C	M	F	
35	Candidate Fellows Orientation workshop 12 -13 October 2009 Harare, Zimbabwe	To provide full understanding of the guiding principles and policies of the Fellows Development Programme  To assist Candidate Fellows in identifying skills gaps and therefore prepare customised training plans in their area of specialisation	Fellows got a clear understanding of the procedures, policies of the fellows development programme.  Areas of expertise for each Fellow were defined.  Draft Customised Training Plans (CTP) for each candidate fellow were developed.	-	0	0	0	8	1	9	13	4	MM
36	MEFMI Fellows Research Design Methodology and Writing Skills Workshop 16 - 26 November 2009 Gaborone, Botswana	To develop skills in design, methodology and execution of research projects;  To enhance capacity to translate research findings into usable reports and policy papers	Enhanced Fellows' knowledge and skills in research design and methodology.  Improved skills in report writing  Provided guidance in preparing technical proposals.	-	0	0	4	0	2	10	12	5	MM

TCP = Technical Cooperating Partner  
Snr = Senior Manager

S = Secretariat  
D = Director

C = MEFMI Countries Participating  
M = Middle Manager

M = Male  
J = Junior Manager

F = Female

**Annex II: In-country capacity building activities conducted during 2009  
In-country Courses / Seminars / Workshops / and or Retreats**

**Macroeconomic Management Programme**

Activity Date Venue	Objective	Outcomes	TCP	Resource Persons					S			Participants C M F	Target (J, MM, Snr, D)	
				International		Regional	MEFMI Fellows	MEFMI Staff	C	M	F			
				Paid	Gratis									
1 In-Country FPC and IP Training Workshop and Testing of MEFMI-PCMS for Malawi 27 May – 3 June, 2009 Lilongwe, Malawi	To train enumerators for 2009 FPC Survey To test the PCMS for Malawi. To monitor Financing of FPC-CBP funds for accounting purposes	Trained 20 enumerators and selected 13 for field work. Registered 92 companies in PCMS and loaded data for 20 companies. Launched FPC Survey for Malawi to collect FAL and Perception data for 150 companies.	-	0	1	1	0	1	1	1	1	17	4	MM,S
2 In-Country FPC and IP Dissemination Workshop and Testing of MEFMI PCMS for Zambia. 4 – 6 June, 2009 Lusaka, Zambia	To participate in the Zambia dissemination of survey To test the PCMS for Zambia.	Reviewed PCMS software based on Uganda comments.	-	0	0	1	1	1	0	1	0	-	-	MM,S
3 In-Country FPC and IP Training Workshop, Testing of MEFMI-PCMS for Uganda and Dissemination/Launch of PSI 2009 Survey. 8 – 18 June, 2009 Mukono and Kampala, Uganda	Train enumerators for 2009 FPC Survey To test the PCMS for Uganda. Participate in Launching of PSI 2009 Survey	Trained 60 enumerators for field work Reviewed PCMS software based on Uganda comments. Launched PSI 2009 Survey for Uganda to collect FAL and Perception data for 1,000 companies.	-	0	0	1	0	1	1	1	1	60	0	MM,S

TCP = Technical Cooperating Partner      S = Secretariat      C = MEFMI Countries Participating      M = Male      F = Female  
Snr = Senior Manager      D = Director      M = Middle Manager      J = Junior Manager

Debt Management Programme												
Activity Date Venue	Objective	Outcomes	TCP	Resource Persons				S	Participants		Target (J, MM, Snr, D)	
				International Paid	Grants	Regional	MEFMI Fellows		MEFMI Staff	C		M
4 Botswana CS-DRMS In-Country Training 16 - 20 February 2009 Gaborone, Botswana	To familiarize participants on how to register external loans and domestic securities in CS-DRMS 2000+	Officials trained in the use of the CS-DRMS.	-	0	0	0	2	0	1	12	11	J, MM
5 Tanzania CS-DRMS In-Country training 16 – 27 February 2009 Dar es Salaam, Tanzania	To introduce participants to CS DRMS 2000+ To develop debt data validation report using CS DRMS 2000+	Provided training on debt recording in CS DRMS. Provided analytical tools for risk analysis and management using Management Tools.	-	0	0	1	1	1	1	29	13	MM, Snr
6 Botswana CS-DRMS In-country Advanced Training 8 - 12 June 2009-08-20 Gaborone, Botswana	To provide in depth overview of the CS DRMS 2000+ including architectural layout and features such as External, Domestic and Management Tools Module To provide information on Loan interpretation and data capture using Data Entry Sheets (DES)	Trained officials from Ministry of Finance and Development Planning (MFDP) and Bank of Botswana (BOB) debt offices in advanced use of CS-DRMS	-	0	0	0	0	2	1	3	8	J, MM
7 Zimbabwe Debt Sustainability Analysis Workshop 3 – 7 August 2009 Mutare, Zimbabwe	To conduct Zimbabwe's debt sustainability analysis (DSA) that will show the status of the country's debt To illustrate the strain the debt has put on the economy. To provide some training to government officials in the analysis of debt strategy issues.	Produced draft DSA report Trained participants in DSA	AfDB	0	1	0	1	3	1	21	14	MM, Snr

TCP = Technical Cooperating Partner  
Snr = Senior Manager

S = Secretariat  
D = Director

C = MEFMI Countries Participating  
M = Middle Manager

M = Male  
J = Junior Manager

F = Female



Activity Date Venue	Objective	Outcomes	TCP	Resource Persons				S	Participants			Target (J, MM, Snr, D)	
				International Paid	Regional Grants	MEFMI Follows	MEFMI Staff		C	M	F		
													International Grants
8 Angola Debt Sustainability Analysis Workshop 21-25 September 2009 Luanda, Angola	To conduct Angola's debt sustainability analysis (DSA) that will show the status of the country's debt. To produce the DSA report for senior officials and for use in the budget process.	Drafted the Angola DSA report	DRI	1	0	0	0	1	1	1	1	8	J, Snr, MM
9 Malawi Debt Sustainability Workshop and Sensitization seminar 30 November – 11 December 2009 Lilongwe, Malawi	Review the long term debt sustainability ratios under customized scenarios to suit the Malawi situation. Review external and domestic financing through borrowing.	Draft Malawi DSA Report produced Country officials trained on DSF.	DRI	1	0	2	1	2	2	1	14	2	J, Snr, MM, D
<b>Financial Sector Management Programme</b>													
10 In-country Workshop on Banking Supervision for the Bank of Botswana 23 - 27 March 2009 Botswana	To equip newly appointed bank examiners with fundamental banking supervision principles.	Oriented new examiners to bank supervision and provided them with required skills.	-	0	0	0	1	1	1	1	2	17	J, MM
11 In-country Workshop on Payment Clearing and Settlement Systems for Central Bank of Lesotho 4 - 8 May 2009 Lesotho	To provide practical knowledge on payment, clearing and settlement systems and guidance on development of oversight framework for the Central Bank of Lesotho	Enhanced CBL's knowledge in payment systems and practical implementation of oversight activity	-	0	0	1	1	1	0	1	11	20	J, MM, Snr, D

TCP = Technical Cooperating Partner      S = Secretariat      C = MEFMI Countries Participating      M = Male      F = Female  
Snr = Senior Manager      D = Director      M = Middle Manager      J = Junior Manager

Activity Date Venue	Objective	Outcomes	TCP	Resource Persons				S	Participants			Target (J, MM, Snr, D)	
				International		Regio- nal	MEFMI Fellows		MEFMI Staff	C	M		F
				Paid	Gratis								
12 In-country Workshop on Corporate Governance and Risk Management for the Management and Board of Reserve Bank of Malawi (RBM) 23 - 26 March 2009 Malawi	To broaden participants knowledge in risk management and corporate governance to the RBM's Management and Board  To gain management support for risk management activities.	Enhanced RBM's Board and Management's knowledge in risk management and corporate governance and support for risk management activities.	-	1	0	0	0	0	1	47	14	Snr, D	
13 In-country Workshop on Payment Clearing and Settlement Systems for Central Bank of Lesotho 14-18 December 2009 Rwanda	The main objective of the event was to create awareness on payment system developments, practical oversight and regulatory approaches to payment systems for the National Bank of Rwanda	Enhanced BNR's knowledge in payment system developments, practical oversight and regulatory approaches to payment systems.  Created awareness to Rwanda payment systems stakeholders invited to the workshop	-	0	0	1	1	1	1	32	17	J,MM, Snr,D	

### Annex III: In-country capacity building activities conducted during 2009

#### Country Missions

#### Macroeconomic Management Programme

1	Monitoring Private Capital to MEFMI Member Countries Demand Assessment Mission to Rwanda, 6 - 10 July 2009	To assist the Government of Rwanda to determine the requirements for introducing a comprehensive monitoring mechanism for Foreign Private Capital (FPC) flows and stocks.	DAM Report submitted to National Bank of Rwanda (BNR) for action.	-	0	0	2	0	1	0	1	-	Snr
---	---	---	---	---	---	---	---	---	---	---	---	---	-----

TCP = Technical Cooperating Partner  
Snr = Senior Manager

S = Secretariat  
D = Director

C = MEFMI Countries Participating  
M = Middle Manager

M = Male  
J = Junior Manager

F = Female

**Debt Management Programme**

Activity Date Venue	Objective	Outcomes	TCP	Resource Persons				S	Participants			Target (J, MM, Snr, D)	
				International		Regio- nal	MEFMI Fellows		MEFMI Staff	C	M		F
				Paid	Gratis								
1 MEFMI debt mission to Botswana 16 - 20 February 2009	To introduce participants to CS DRMS 2000+ To provide hands on exercises on applications in CS DRMS	Provided hands on training to participants on debt recording in CS DRMS;	-	0	1	1	1	1	1	1	29	13	MM, S
2 MEFMI Debt Management Mission to Botswana 9 - 13 February 2009 Botswana	To conduct a debt sustainability analysis (DSA), in view of the anticipated growth in domestic debt	Provided institutional review of debt management operations and made concrete recommendations for attention by senior MFDP management	-	0	0	0	2	4	0	1	17	20	Snr, D
3 Joint World Bank / World Bank /IMF/COMSEC/MEFMI MTDS Mission to Kenya 27 March - 8 April 2009 Nairobi, Kenya	To help the Kenyan authorities to develop an MTDS and train the country officials in the use of the MTDS tool.	Identified six alternative medium term debt strategies for the authorities to select the most appropriate strategy for Kenya.	World Bank / MF/CO MSEC	0	0	5	0	0	1	1	22	5	J, Snr, MM, D
4 Joint World Bank / MEFMI DeMPA Mission to Uganda 30 March - 9 April 2009 Kampala, Uganda	To administer the Debt Management Performance Assessment (DeMPA) tool in all institutions involved in central government debt management in Uganda	Obtained assessment scores for all 15 DeMPA indicators in debt management areas  Strengths and weaknesses identified in country's governance and strategy, coordination with macroeconomic policies, borrowing and related financing, cash flow forecasting, operational risk management and records and reporting in debt management	-	0	0	2	0	0	1	1	25	7	J, Snr, MM, D

TCP = Technical Cooperating Partner      S = Secretariat      C = MEFMI Countries Participating      M = Male      F = Female  
 Snr = Senior Manager      D = Director      M = Middle Manager      J = Junior Manager

Activity Date Venue	Objective	Outcomes	TCP	Resource Persons				S	Participants			Target (J, MM, Snr, D)	
				International		Regional	MEFMI Fellows		MEFMI Staff	C	M		F
				Paid	Gratias								
5 Joint World Bank / World Bank/COMSEC/MEFMI MTDS Mission to Botswana 15 - 26 June 2009 Gaborone, Botswana	To help the Botswana authorities to develop an MTDS and train the country officials in the use of the MTDS tool.	Identified five alternative medium term debt strategies for the authorities to select the most appropriate strategy for Kenya.	World Bank/COMSEC C	0	0	3	0	0	1	1	8	8	J, Snr, MM, D
6 Joint MEFMI / UNCTAD MTDS Debt Data Preparation Mission to Zambia 17 – 21 August 2009 Zambia	To review Zambia's public debt database, and structure it into the MTDS existing debt file	MTDS Debt File generated and timely sent to Bank/Fund staff ahead of their mission. IDMD Debt Unit staff skill Is developed on the job on how to prepare MTDS debt file from DMFAS and other data sources.	UNCTA D	0	1	0	0	1	1	1	5	1	J, Snr, MM
7 Joint World Bank / World Bank/IMF/UNCTAD/MEFMI MTDS Mission to Zambia 26 August – 7 September 2009 Lusaka Zambia	To assist and advise Zambian authorities develop an MTDS and train the country officials in the use of the MTDS tool.	MTDS Debt File generated and timely sent to Bank/Fund staff ahead of their mission. IDMD Debt Unit staff skills developed on the job on how to prepare MTDS debt file from DMFAS and other data sources.	World Bank/IMF/UNCTAD D	0	1	0	0	1	1	1	3	3	J, Snr, MM
8 Joint World Bank / MEFMI DeMPA Mission to Malawi 12 – 25 September 2009 Lilongwe, Malawi	To administer the Debt Management Performance Assessment (DeMPA) tool in all institutions involved in central government debt management in Malawi	Identified strengths and weaknesses in the country's debt management functions. Drafted the DeMPA country report for peer review by the World Bank	The World Bank	0	2	0	0	1	1	1	2	10	J, Snr, MM, D

TCP = Technical Cooperating Partner  
Snr = Senior Manager

S = Secretariat  
D = Director

C = MEFMI Countries Participating  
M = Middle Manager

M = Male  
J = Junior Manager

F = Female

Activity Date Venue	Objective	Outcomes	TCP	Resource Persons				S	Participants			Target (J, MM, Snr, D)	
				International		Regional	MEFMI Fellows		MEFMI Staff	C	M		F
				Paid	Grants								
9 Debt Data Validation 14 – 23 October 2009 Gaborone, Botswana	To assist Botswana authorities develop and Update debt database on the CS DRMS 2000+.	Debt database validated and updated Manual filing system for loan agreements created. Staff oriented on debt database validation and updating.	-	0	0	1	1	1	1	1	7	J, Snr, MM, D	
<b>Financial Sector Management Programme</b>													
10 Country Mission on Implementation of Risk Based Supervision 23 - 27 February 2009 Swaziland	To assist the Central Bank of Swaziland with the Implementation of Risk-Based Supervision	Finalised the Risk Management Guideline. Finalised the Risk-Based Supervision Policy Framework.	-	0	0	1	1	1	1	1	7	J, Snr, MM, D	
11 Country Mission on Capital Markets Development 2 – 6 Nov. 2009 Maseru, Lesotho	The objective of the Mission was, among other things, to assist Lesotho deepen and develop its capital markets	Provided guidance on the steps required towards developing and deepening the capital markets.	-	0	0	0	0	1	1	4	7		
12 Country Mission to Uganda on Reserves Management Operations 16 – 17 Nov. 2009 Kampala, Uganda	The objective was to assess and evaluate the steps currently being taken in reserves management operations, in light of the global financial crisis and also identify possible areas for future MEFMI intervention to strengthen existing skills in reserves management operations	Gained better understanding of the actually capacity building needs of Reserves Management in Uganda	-	0	0	0	1	2	0	1	5	-	

TCP = Technical Cooperating Partner  
Snr = Senior Manager  
S = Secretariat  
D = Director  
C = MEFMI Countries Participating  
M = Middle Manager  
M = Male  
J = Junior Manager  
F = Female

## Annex IV Networking

Date	No. of staff	Institute/Organization	Main Theme
1. 14 – 20 January 2009	1	CESAG	BIS-run component of the Master of Banking and Finance (MBF) programme Dakar, Senegal
2. 28 – 30 January 2009	2	FSI	High Level Meeting on Recent Developments in Financial Markets and Supervisory Responses
3. 4 – 5 February 2009	1	UNCTAD	UNCTAD Multi -Year Expert Meeting on International Cooperation: South -South Cooperation and Regional Integration in Geneva, Switzerland
4. 24 – 27 February 2009	1	BIS	The SADC Training and Development Forum/BIS Seminar on Financial Stability Analysis and Reports
5. 9 March 2009	6	NAC	Preparing for the launch of the Secretariat's HIV / AIDS Awareness Campaign
6. 2 – 3 March 2009	1	SALLA	High Level workshop on the implications of the medium term priority actions identified by G20 leaders.
7. 30 April 2009	1	SOCAM	The Society of Accountants in Malawi (SOCAM) Annual Meeting
8. 18 to 22 May 2009	2	WB & IMF	To provide a training of trainers in designing and implementing an MTDS
9. 20 to 25 May 2009	1	Banco Central do Brasil & Ministry of finance	Bank of Uganda / MEFMI study tour on risk management to the Federal Republic of Brazil
10. 24 – 26 June 2009	1	OECD	3 <sup>rd</sup> OECD Regional Workshop on African Debt Management and Bond Markets
11. 7 July 2009	2	Advance Net	Information Technology Strategy
12. 25 to 27 August 2009	1	IMF	Coordinated Direct Investment Survey (CDIS) workshop
13. 19 - 30 October 2009	1	Africa Management Development Institute	Research design and methodology
14. 21 – 24 September 2009	1	London, United Kingdom	Common Wealth Foreign Private Capital Workshop
15. 26 – 30 October 2009	1	IDEP Campus, Dakar, Sénégal	Agricultural Trade and Export Development in Africa
16. 9-13 November 2009	2	UNCTAD, Geneva, Switzerland	UNCTAD 7 <sup>th</sup> Inter-Regional Debt Management Conference & DMFAS Advisory Group Meeting
17. 27 – 29 November 2010	1	OECD Paris	19 <sup>th</sup> OECD Forum and 4 <sup>th</sup> OECD Forum on African Debt Management Forum

Date	No. of staff	Institute/Organization	Main Theme
1. 16 to 27 February 2009	1	DRI	Review documentation on DSF (the CEMLA DSF guide) & develop a case study
2. 18-29 May 2009	2	MEFMI	Facilitation and Consulting skills training
3. 22 June to 3 July 2009	1	Africa Management Development Institute	Financial Management Course
4. 22 June to 3 July 2009	2	IMA International	Monitoring & Evaluation skills training
5. 30 June to 1 July 2009	1	SITA	Information Technology: A force for change
6. 13 to 24 July 2009	1	Africa Management Development Institute	Professional Executive Secretaries and Administrators Programme
7. 18 - 21 August 2009	1	SIDA	Crisis Preparedness Programme Management
8. 16 – 28 August 2009	1	Harvard University	The Financial Institutions for private Enterprise Development
9. 8 – 12 November 2009	1	Crown Agents, Dubai	Crown Agents Training on Debt Management and Public Finance Systems
10. 14 – 18 December 2009	2	The Joint Vienna Institute, Vienna, Austria	The Debt Management Performance Training

