

# MEFMI Prospectus 2009



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

Macroeconomic and Financial Management  
Institute of Eastern and Southern Africa

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## ABBREVIATIONS

ALM	Assets/Liabilities Management
ACBF	African Capacity Building Foundation
AERC	African Economic Research Consortium
AfDB	African Development Bank
BIS	Bank for International Settlements
BOE	Bank of England
CID	Centre for International Development
COMSEC	Commonwealth Secretariat
CS-DRMS	Commonwealth Secretariat Debt Recording and Management System
CTP	Customized Training Programme
DFI	Development Finance International
DFID	Department for International Development
DFIs	Development Finance Institutions
DMFAS	Debt Management and Financial Analysis System
DMP	Debt Management Programme
DRI	Debt Relief International
DSA	Debt Sustainability Analysis
ESADARM	Eastern and Southern Africa Initiative in Debt and Reserves Management
E-views	Econometric views
FDP	Fellows Development Programme
FPC- CBP	Foreign Private Capital – Capacity Building Programme
FPC	Foreign Private Capital
FSI	Financial Stability Institute
FSMP	Financial Sector Management Programme
GFS	Government Finance Statistics
HIPC	Heavily Indebted Poor Countries
HIPC-CBP	Heavily Indebted Poor Countries - Capacity Building Programme
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IMFI	International Monetary Fund Institute
LICs	Low Income Countries
Log-Frame	Logical Framework
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MEFMI	Macroeconomic and Financial Management Institute of Eastern and Southern Africa
MFIs	Micro Finance Institutions
MMP	Macroeconomic Management Programme
MTDS	Medium Term Debt Strategy
NBFI	Non Bank Financial Institution
PC	Private Capital
PCIS	Private Capital Information System
PEM	Public Expenditure Management
PRSP	Poverty Reduction Strategy Paper
RBM	Results Based Management
RBS	Risk Based Supervision
SNA	System of National Accounts
SSA	Sub Saharan Africa

UNCTAD  
UNDP  
UNITAR  
WB  
WBI

United Nations Conference on Trade and Development  
United Nations Development Programme  
United Nations Institute of Training and Research  
World Bank  
World Bank Institute

## EXECUTIVE DIRECTOR'S FOREWORD

The year 2009 marks the third year of the implementation of MEFMI Phase III that runs through to the end of 2011. As MEFMI enters the third year of the Phase III, the main thrust of its programmes and activities is to consolidate and deepen its capacity building efforts in the major focus areas of: macroeconomic, financial sector, and sovereign debt management. The Institute will seek to achieve its purposes outlined in the Phase III document and actively monitor the activities using the log frame format. The accumulation of the carefully worked out profile of activities comprising regional workshops, seminars, retreats and courses; in-country workshops with hands on approaches and country missions are intended to provide desired outcomes for the member states - both in the medium and long term.

During the implementation of 2009 activities, utilisation of the approaches that were proven effective in the previous year will be adopted adjusted to the prevailing situation. Thus, highly applied and customised courses / workshops / seminars / retreats at regional level as well as country specific activities will be used.

Experience from the past indicates that the executive fora and heads / director level retreats have been instrumental in fostering reforms in macroeconomic and financial management in most MEFMI countries. Thus emphasis for 2009 will be on the adoption and implementation of best practices. As a follow-up strategy, county missions, for the purposes of follow-up, hands on training and needs assessment updates, will be intensified. This however will largely depend on the readiness and requests received from the member states themselves consistent with the capacity building needs. Some applied situation analysis studies including development of tools that started in 2008, will be completed and disseminated during this year.

In 2009 there will be recruitment of new candidate fellows as those recruited in 2007 graduate. Efforts will be made to ensure that the new candidate fellows start implementing their customised training plans (CTP) in earnest.

After the successful implementation of E-learning under the Sovereign Debt Management programme in the previous years, the programme has taken course to continue even in 2009.

All in all the activities contained in this prospectus represent well thought out and balanced offering tailored to address member states' priority needs in accordance with MEFMI's goal and objectives. It is hoped that the Institute will manage this by utilizing expertise drawn from its technical cooperating partners, the regional pool of experts including Fellows as well as the international arena.

MEFMI looks forward to an eventful and productive year as the Institute strives to implement its mandate of building sustainable capacity in the region as a contribution towards poverty reduction.

Elias E. Ngalande, Ph.D.  
EXECUTIVE DIRECTOR

## ABOUT MEFMI

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

### Mission

Established in 1997 under an expanded mandate, MEFMI was founded with the view to building sustainable capacity in identified key areas in ministries of finance, planning commissions and central banks, or equivalent institutions. MEFMI strives to improve human and institutional capacity in the critical areas of macroeconomic and financial management; foster best practices in related institutions; and bring emerging risks and opportunities to the fore among executive level officials. MEFMI seeks to achieve, within its member states, prudent macroeconomic management, competent and efficient management of public finances, sound, efficient and stable financial sectors and stable economies with strong and sustained growth. The long-term objective is to contribute to the poverty reduction process among people in MEFMI's operational zone of the Eastern and Southern Africa.

The scope of MEFMI has focus on:

- Macro-economic Management, which deals with analysis and management of the macro economy, planning and forecasting.
- Financial Sector Management, which covers foreign exchange management, regulation and supervision of financial institutions, payment systems, risk modeling and issues related to the stability of the financial system as a whole.
- Sovereign Debt Management, which encompasses debt database management, policy and strategies.

The MEFMI target institutions are:

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

The MEFMI target groups are:

- Junior-to-senior professionals in all these target institutions
- Heads of departments/divisions, senior officials.

MEFMI also conducts executive fora for:

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

### MODE OF DELIVERY

MEFMI delivers its products and services through courses/workshops for professionals, seminars for senior professionals, country missions, retreats for heads of relevant departments/divisions/units, and executive fora.

## DELIVERY METHODOLOGY

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

MEFMI has maintained posture of:

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

## COOPERATING PARTNERS

MEFMI's cooperating partners fall into three categories:

### 1. Financial Cooperating Partners:

These provide funding for MEFMI's capacity building activities to supplement contributions by member countries.

Currently, the major ones are the African Capacity Building Foundation (ACBF), The Netherlands, Sweden, Norway and a group of countries comprising Austria, Canada, Sweden, Ireland, Switzerland and the United Kingdom, which contribute through Highly Indebted Poor Countries Capacity Building Programme (HIPC-CBP) and the Foreign Private Capital Capacity Building Programme (FPC-CBP).

### 2. Technical Cooperating Partners:

MEFMI's technical cooperating partners provide MEFMI with either gratis or subsidized expertise and other in-kind support for the delivery of its capacity building programmes.

The main technical cooperating partners of MEFMI are World Bank (WB) and its Institute (WBI), International Monetary Fund (IMF) and its institute (IMFI), Bank for International Settlement (BIS), African Development Bank (AfDB), Commonwealth Secretariat (COMSEC), Department for International Development (DFID), the United Nations Development Programme (UNDP), the United Nations Conference on Trade and Development (UNCTAD), United Nations Institute for Training and Research (UNITAR), the Federal Reserve Bank System of USA, Centre for Central Banking Studies (CCBS) at the Bank of England (BOE) and others.

While some of these relationships are informal and ad hoc others are formalized through memoranda of understanding and similar contractual arrangements. MEFMI expects to maintain and strengthen these relationships.

### 3. Networking Partners:

MEFMI pays these organizations for resource persons and other services they provide towards its capacity building efforts. They include: The African Economic Research Consortium (AERC), the Harvard Institute for International Development (HIID) and the Center for International Development (CID), Debt Relief International (DRI), the United Nations Institute for Training and Research (UNITAR) and Crown Agents.

### MEFMI Secretariat Staff

The MEFMI Secretariat is based in Harare, Zimbabwe. The Secretariat is the principal vehicle for the design, delivery and administration of MEFMI programmes. The Executive Director heads the Secretariat staff, numbering 30 members. Secretariat staff provides the labour, skills and intellect for the effective development and delivery of MEFMI products and services. MEFMI draws its staff mainly from related institutions in member countries on competitive recruitment basis. Staff at the Secretariat is kept abreast of developments in their respective areas of specialization and other related activities to enable effective programme design and delivery.



# MACROECONOMIC MANAGEMENT PROGRAMME

## INTRODUCTION

The work programme for the year 2009 outlined herein under the Macroeconomic Management Programme of MEFMI is based on the broad strategic framework contained in the Phase III Project Document of the Institute implemented since 2007.

The work plan's main focus is on the overall objective as stated in the MEFMI logframe: "To improve macroeconomic management and performance that supports economic growth and poverty reduction in MEFMI member countries".

Activities to be undertaken will seek to address key capacity deficiency areas targeting enhancement of macroeconomic management capabilities and attendant institutional development and reform.

In developing the activities for the year, the Macroeconomic Management Programme has taken due cognizance of the significant developments in the global economy and the milestones in certain initiatives such as in Debt Relief and the commitment to attainment of the millennium development goals (MDGs). Many countries in the region are still grappling to address several challenges relating to the MDGs and the debt relief initiatives notably the multilateral debt relief initiative (MDRI).

The activity profile for the year 2009 is again characterized by a blending of knowledge and skills based events and practical policy oriented activities. A few core areas have been retained based on demonstrated continued demand from client organizations.

In addition a few new areas have been incorporated to respond to observed gaps, which have not been dealt with adequately in the past. The Foreign Private Capital (FPC) data monitoring area in particular is getting more prominence as MEFMI assumes more responsibility for advancing work in this area currently under the FPC-CBP project. Details of the work plan are outlined in the following sections.

## REGIONAL ACTIVITIES

### 1. Retreat for Regional IT Experts on Private Capital Information System

Venue: Zimbabwe  
Date: 26 - 30 January 2009  
Duration: 5 days

Consultants have been contracted to support MEFMI and its member governments in the development of private capital information system (PCIS). The project is designed to bridge the current private capital data processing, analysis and data sharing gaps that countries in MEFMI region are facing. The consultant started the actual development of the system including Programming/Coding, in January 2008, by applying a collaborative approach, with significant involvement of regional business and IT experts for knowledge transfer. The aim of involving regional experts is to ensure that the end product is adequately supported within the region by availing a core of MEFMI PCIS experts, this way reducing dependency on vendors and ensuring sustainability of the system.

#### Objective

The retreat will provide an opportunity for the consultant to work physically together with regional technical team and business experts to test the PCIS system before formal packaging and release of the first version in March 2009. The retreat will also facilitate training of regional IT experts in development and management of PCIS for sustainability.

#### Target Group

This retreat is designed for IT and business experts involved in the field of private capital monitoring and analysis. By the specialized nature of this retreat, participation is by invitation to those officers deemed to be technically competent.

### 2. Macroeconomic Analysis and Management Course

Venue: Windhoek, Namibia  
Date: 9 - 25 February 2009  
Duration: 3 weeks

#### Background

A number of countries in SSA and the MEFMI region in particular have been striving to strike a delicate balance between implementing macroeconomic policies aimed at achieving macroeconomic stability while at the same time pursuing the goal of attaining higher economic growth. For instance, most countries which qualified for substantial debt relief in recent years are working hard to meet their expected macroeconomic performance criteria on the one hand, and strive to implement international standards and best practices to achieve macroeconomic management efficiency on the other hand. There is therefore need for analyzing further obstacles and challenges facing stabilization programmes. Experience gained over the years suggests that a lot remains to be done in strengthening countries' capacity in macroeconomic management both in terms of technical capacity and institutional and systems development. Issues of institutional strengthening and coordination still require

reinforcing if the gains from technical capacity development are to be fully exploited. This workshop on macroeconomic analysis and management forms a solid foundation that attempts to relate the conceptual and analytical frameworks to real life economic management. The inter-linkages between the various economic sectors and major players are highlighted in an integrated framework.

#### Objective

The objective of the course is to equip participants with key conceptual and analytical frameworks for macroeconomic policy design, analysis and implementation. Participants are expected to emerge from the workshop with ability to develop sound macroeconomic frameworks for their respective countries and to fully analyse the respective policy options and trade-offs. The course further provides a wide range of cutting edge analysis and discussion of current issues in macroeconomic management with special focus on economies of Eastern and Southern Africa. Special attention will be given to those pertinent economic problems that countries in the region continue to grapple with, particularly poverty reduction. To enhance relevance and usefulness to the participants, the course will have a strong bias towards practical applications through the use of regional case studies.

#### Target Group

This course is designed for middle to senior level economists in Central/Reserve Banks and Ministries of Finance and of Economic Planning responsible for policy formulation, implementation, analysis and monitoring.

### 3. Financial Programming and Policy Course

Venue: Kigali, Rwanda

Dates: 6 – 24 April 2009

Duration: 3 weeks

#### Background

The Financial Programming framework has formed the basis of many structural adjustment programmes in many countries in the region over the years. The attraction of the approach stems from the fact that it is built around integration of the various macroeconomic accounts bringing together national accounts, balance of payments, fiscal and monetary accounts. The linkage of these within a broad context of policy consistency, checks, facilitates, design and evaluation of different policy scenarios.

MEFMI has over the years conducted a series of capacity building events aimed at strengthening capacity in the area of financial programming, and a number of these have been conducted in collaboration with the IMF Institute. While significant progress has been made in the region and some countries have developed credible capacity to design their own financial programmes to inform their interaction with the IMF, the capacity gaps still persist for many member states. It is on this basis that MEFMI will once again team up with the IMF Institute to offer another workshop on this subject. As in the past the workshop will come in two consecutive modules with the first one week to be carried out by regional experts from the MEFMI Fellowship programme. The last two weeks will be done jointly with the IMF.

## Objective

The course aims at extending participants' understanding of the design and implementation of macroeconomic and financial policies, drawing on the Fund's experience in economic surveillance, the design of financial programs, and the provision of technical advice to member countries.

The course covers the principal features of the different accounts used in macroeconomic analysis namely the general government, non financial corporations, financial corporations, households and non profit institutions serving households and the interrelations among these accounts, and forecasting methods for each sector.

The first week of this course is devoted to macroeconomic accounting under regional experts followed by the last two weeks module under the IMF Institute. This module provides a review of forecasting methods and policies for the real, external, fiscal and monetary sectors, as well as effects of macroeconomic and structural policies.

This part allows participants to construct a consistent set of policy measures in the context of developing a financial programme. Participants will be required to provide information through a presentation on the status of financial programming in their institutions in terms of implementation and challenges.

Due to its importance and high demand by member countries, this course has become one of the core courses offered by the Macroeconomic Management Programme.

## Target Group

The course is designed for middle to senior level economists in Ministries of Finance and Planning and Central/Reserve Banks involved in economic analysis, policy design, and implementation and monitoring. Officers from macroeconomic policy analysis units and research and economic departments are particularly suitable.

## 4. Seminar for Heads of Departments/Units Responsible for Monitoring and Analyzing Private Capital

Venue: Kampala, Uganda

Date: 27 April -1 May

Duration: 5 days

## Background

For some years now MEFMI countries have made significant progress in monitoring and analysing private capital but significant challenges are still facing the region in achieving regionally harmonised, timely and reliable PC statistics. Within the region, countries are finding it difficult to, among others, achieve alignment with international standards; avoiding inconsistencies in methodology between countries and reducing data discrepancies; achieving consistent statistical series over time; achieving data timeliness; and allowing a meaningful exchange of data between partner countries.

### Objective

Its purpose is to be a platform for exchanging best practices in monitoring and analysing Private Capital in the MEFMI region as well as discussing administrative and methodology challenges in monitoring PC in the region for harmonisation. It will draw lessons from countries and experts known for their advanced work in monitoring and managing private capital and discuss challenges in capturing, processing, storing and exchanging PC data within and among MEFMI member countries. It will also discuss challenges in generating and approving analytical survey results and taking policy recommendations forward through policy action plan. The seminar is expected to come up with recommendations on the need to harmonizing Private Capital Monitoring Methodology in MEFMI Region for countries to deal with in the short, medium and long term.

### Target Group

This seminar targets senior level management staff responsible for balance of payments (private capital) and national investment promotion and facilitation. These are senior directors responsible for balance of payments in the central banks and statistics bureaus as well as senior managers of investment promotion agencies.

## 5. Data Requirements for Economic Management, System of National Accounts (SNA 1993)

Venue: Maputo, Mozambique

Dates: 6 - 16 July 2009

Duration: 2 weeks

### Background

A key area of focus for capacity building activity under the Macroeconomic Management Programme has been on improving the quality of economic and financial data to bring it in line with international best practices set by the International Monetary Fund. The focus hinges on the positive impact of accurate, timely and reliable economic and financial data on economic management in our member states. MEFMI has been conducting a series of capacity building efforts under data requirements for economic management, which has so far included courses in the four accounts namely; Monetary and Financial Statistics, National Accounts, Government Finance Statistics and the Balance of Payments. The focus in 2009 is on the System of National Accounts (SNA 1993).

### Objective

The objective of the course is to provide training in national accounts concepts and compilation methodology to statisticians from the MEFMI region. The course will focus on providing training in compiling estimates of annual GDP at current and constant prices based on the structure and recommendations of the System of National Accounts 1993. During the course, participants will be afforded the opportunity to provide information on the status of implementation of SNA 1993 in their countries and discuss common problems that they encounter in the course of their work on national accounts in their respective countries.

### Target Group

The course is designed for middle to senior level officials involved in the compilation, projection and analysis of the national accounts statistics. These are usually officers mainly from national statistics bureaus. To promote the interaction of compilers and users of data, officers involved in macroeconomic management and utilisation of data for policy design are also expected to participate in the workshop. These are officers from policy units in Ministries of Finance and Economic Planning and Research units of Central/Reserve Banks.

## 6. Retreat for Heads of Research and Policy Units of Central Banks and Ministries of Finance, Planning and Economic Development

Venue: Dar Es Salaam, Tanzania

Dates: 28 - 31 July 2009

Duration: 4 days

### Background

Heads of Research and Policy Units in member institutions have a crucial role to play in supporting the implementation of capacity building activities undertaken by the Macroeconomic Management Programme. They are also critical players in the policy design and formulation as it is on the basis of sound research that appropriate policy frameworks can be developed.

It is therefore important that these officers are made aware of the MEFMI capacity building activities so that they can lend their support through embracing international best practices and ensuring that the right caliber of staff attends capacity building events. It is also important that this cadre of officials get more exposure to the critical role research and policy units can play in informing the policy process.

### Objective

The retreat endeavours to increase the awareness of the heads on capacity building activities of the Macroeconomic Management Programme. The retreat also aims at promoting professional interaction among Heads/Directors of Research and Policy Units of Central Banks and Ministries of Finance, Planning and of Economic Planning, through the sharing of ideas on recent trends and thinking on issues of fiscal and monetary policy implementation and the challenges of macroeconomic policy formulation and implementation in general.

### Content of the Retreat

The Retreat will cover the following issues:

- Overview of macroeconomic challenges in the region.
- Institutional development aspects and macroeconomic stability.
- The framework for monetary policy implementation.
- Fiscal Policy Formulation and Implementation.
- The Foreign Private Capital Capacity Building Programme (FPC-CBP).
- Awareness building on key capacity building issues undertaken by the programme and their roles.

- Role of policy units and research organizations in policy design and evaluation
- State of Research and Policy Units in respective member states of MEFMI

#### Target Group

This retreat is designed for Heads of Economic Research and Policy Units of Central Banks and Ministries of Finance, Planning and Economic Planning.

### 7. Indirect Tools for Monetary Policy Operations – Open Market Operations

Venue: Luanda, Angola

Dates: 3-7 August 2009

Duration: 5 days

#### Background

Monetary policy operations in a liberalized environment, calls for the adoption of indirect policy tools and increased reliance on the transmission mechanism. Through open market operations, reserve requirements and rediscount facilities, the central bank continues to influence money market conditions in order to maintain stability in the financial sector. The need for a deeper understanding of the design and implementation of monetary policy through open market operations is very prevalent in the region. The mechanics of the transmission mechanism have also got to be fully understood.

#### Objectives

- Enhance knowledge, skills and analysis for designing and implementing monetary policy through open market operations.
- Enhance participants' understanding, appreciation and application of indirect monetary policy tools.
- Demonstrate linkages between efficient monetary policy transmission and domestic financial market operations.
- Improve knowledge and skills for liquidity forecasting ~ introduction of basic liquidity forecasting techniques.
- Review the linkages between monetary policy operations and fiscal policy operations.

#### Target Group

The workshop is designed for junior to middle officers who are responsible for implementation of monetary policy from central banks.

### 8. Monitoring and Analyzing Private Capital Workshop – (Methodology)

Venue: Kigali, Rwanda

Dates: 5 - 15 October, 2009

Duration: 2 weeks

#### Background

Countries in MEFMI region are increasingly monitoring and analysing private capital through periodic census/surveys of private sector assets and liabilities as well as investor's perceptions in their bid to maximize the positive effects of private capital.

### Objective

The purpose of this workshop is to provide a platform for reviewing latest frameworks and systems in monitoring and analyzing Private Capital and possible application in MEFMI. It is expected that participants will be better equipped to strengthen systems for monitoring and managing PC in their respective countries and the region in general.

### Target Group

This course is relevant for middle to senior level staff responsible for collection, compilation, analysis of balance of payments and national investment data. These are usually officers from Balance of Payments/Research units of the Central Banks and Statistics Bureaus and Investment Centres/Authorities.

## 9. Economic Modelling and Forecasting Workshop

Venue: Gaborone, Botswana

Dates: 2 - 14 November, 2009

Duration: 2 weeks

### Background

An assessment of the modelling and forecasting workshops that MEFMI has run so far has demonstrated that macro econometric modelling, as a tool still needs to be strengthened in MEFMI member countries, as it seems this invaluable resource is not well developed yet in many countries. Across countries, it is clear that modelling and forecasting activities in MEFMI countries are at very different levels. In this regard, it is proposed that MEFMI strengthens capacity building in modelling and forecasting to ensure that all member countries develop fully-fledged models.

### Objective

The workshop aims at helping MEFMI countries to develop modelling and forecasting capacity in their respective countries. Modelling and forecasting capacity should enable participants to provide timely, reliable forecasts, prompt and constructive policy analysis using appropriate state-of-the-art models and techniques to support decision makers. It focuses on deriving and interpreting estimates of equations that are used to construct small forecasting models or to tackle more disaggregate issues of macroeconomic policy relevance. Participants will also learn simulation and forecasting techniques through practical exercises. The workshop will also demonstrate how particular sectoral models can be built and simulated using Eviews software. Participants are expected to provide information through presentations on the status of modelling in their countries in terms of software, institutional arrangements and challenges affecting implementation of modelling and forecasting.

### Target Group

This workshop is designed for middle to senior level economists involved in macroeconomic modelling and forecasting. These are usually officials from Ministries of Finance and of Economic Planning (macroeconomic modelling and policy analysis units) and Central/Reserve Banks (economic and research units).



## IN-COUNTRY ACTIVITIES

Implementation of in-country activities will continue to depend on country requests. It is anticipated that the programme will handle six activities this year out of which four will be on Foreign Private Capital Capacity Building Programme (FPC-CBP) while the remaining two will be in activities that considerable interest has been shown by member states institutions particularly in the area of economic modelling, data requirements for economic management and financial programming and policies.

The in-country activities on economic modelling, data requirements for economic management and financial programming and policies will take the form of tailor made courses, workshops and seminars for identified specific country needs and gaps. This enables reaching out to a wider country target group and tailoring of activities to country specific issues for example through the use of specified country data and effective participation of critical officials.

### COUNTRY MISSIONS

The focus will be to identify status and challenges of implementing financial programming, modelling techniques, data requirements for economic management and foreign private capital programmes in a number of member states. The programme will undertake these in six countries.

### REGIONAL STUDIES

A study on private capital flows will be undertaken. The project on Private Capital Information system (PCIS) was started in July 2007 and the actual development of the system including Programming/Coding, started in January 2008. The study is being implemented through various retreats, workshops and long distance consultations. The MEFMI PCIS is scheduled to be commissioned in March, 2009.

The following activities are scheduled to be undertaken for finalisation, commissioning and evaluation of the system during 2009.

- Retreat for IT Experts – scheduled for January 2009.
- Testing, Documentation and Packaging for January – February 2009.
- Launching of the MEFMI PCIS – March 2009.
- Evaluation and Maintenance - April to December 2009.

# FINANCIAL SECTOR MANAGEMENT PROGRAMME

## INTRODUCTION

Financial sector development is vitally linked to economic growth and poverty reduction. Well-functioning financial systems channel funds to the productive sectors and are a crucial prerequisite and facilitator of reforms in other sectors, including private sector development, infrastructure, housing, and social policies. Well developed financial sectors are better equipped to avoid or minimize damage from financial crises generated internally or externally. In the past few years, MEFMI has continued to make progress in capacity building to support the development of well functioning and transparent financial systems in the region.

The Financial Sector Management Programme (FSM) for 2009 was developed to continue to address both commonly identified capacity building needs and specific or unique needs of each client institution. The FSM helps client institutions to achieve their specified capacity building goals in financial sector management such as strengthening regulatory and supervisory frameworks. This empowers member countries to create and maintain a sound, efficient, stable and transparent financial sector. In developing the activities for 2009, care was taken to address the evolving needs of member countries with global developments in financial sector management hence the increase in the number of in-country workshops and country missions vis-a-vis regional workshops.

In 2008, FSM intensified its efforts in conducting workshops, missions and in-country activities designed to strengthen risk- management systems, regulatory challenges and effective payment systems in financial sector management. This endeavor will continue in 2009 to ensure that specific problems faced by individual countries that cannot be dealt at regional activities are addressed in a customized manner.

In implementing the 2009 activities, FSM will continue to tap on the skills, knowledge, and expertise of technical cooperating partners as well as private sector practitioners such as regional and global commercial and investment banks, well-established asset management and consultancy firms specialized in advising official institutions, and leading market information and risk management technology providers. In order to reinforce the regional focus, the services of Graduate and Accredited Fellows as trainers and resource persons will continue to be engaged in all activities.

## A: REGIONAL WORKSHOPS

### 1. Domestic Debt Markets Development and Public Domestic Debt Management

Venue: Mbabane, Swaziland

Dates: 6 - 16 April, 2009

Duration: 2 weeks

#### Background

In the aftermath of the external debt crises and the restoration of external debt sustainability in the MEFMI region, it is desirable for member countries to avoid a rebuilding up of unsustainable debt levels. In this regard, developed and well-

functioning domestic debt markets can help to complement the external financing of government budget deficits. They enable government to expand and diversify the range of instruments available for meeting its funding requirement and manage its debt portfolio. By developing deep and liquid primary and secondary markets for its securities, the government can then be able to issue domestic debt at lower cost and within acceptable levels of risks. Government securities and the related yield curve can also serve as a reference point or benchmark for the issuance of corporate bonds, thus promoting private sector financing. It is therefore important to enhance knowledge and strengthen capacity in the closely interlinked areas of domestic debt markets development and public debt management, all within the context of a sound macroeconomic policy environment.

#### Objectives

- To explore the interactions between broader macroeconomic management and effective public domestic debt management.
- To discuss the key issues and factors influencing the development of domestic debt primary and secondary markets and issuance of debt instruments.
- To discuss domestic debt sustainability analysis and situation in the MEFMI region.
- To review the institutional arrangements, and systems and procedures for public debt management.
- To avail participants an opportunity to exchange practical experiences for the improvement of domestic debt management.

#### Target Group

The workshop is designed for domestic debt staff, fiscal policy analysts, and financial markets experts dealing with domestic debt issuance in Central Banks and Ministries of Finance.

## 2. Financial and Statistical Calculations and Accounting for Bank Supervision

Venue: Maseru, Lesotho

Dates: 25 May - 4 June 2009

Duration: 2 weeks

#### Background

In order to assess the soundness of the financial system, supervisors need to understand financial statements and be able to interpret them. Supervisors also require good analytical and report writing skills for analyzing financial and economic data and using it in report writing. This is one of the challenges in the MEFMI region. An understanding of basic financial mathematics and statistics is relevant for on-site and off-site supervision. Given that personnel in supervision come from diverse backgrounds, there is need to equip these professionals with basic quantitative and financial accounting skills. Participants will benefit by obtaining the relevant skills necessary that they can apply when analyzing risk management frameworks in financial institutions.

#### Objectives

- Enhance participants analytical and report writing skills.
- Enhance participants' skills to analyze financial statements and financial and economic data.
- Create a solid understanding of the calculations behind financial instruments.
- Enhance understanding of quantitative methods and how these can be used to understand risk management processes.
- Enhance understanding of International Accounting Standards with focus on the standards relating to disclosures and provisioning methodology.

#### Target Group

This workshop is designed for junior to middle level professionals who are responsible for the supervision of banks and non-bank financial institutions in the respective regulatory institutions and officials from the ministries of finance involved in the regulation and supervision of NBFIs.

### 3. Large Value Systems and Oversight of Payment Systems

Venue: Gaborone, Botswana

Dates: 20 - 30 July, 2009

Duration: 2 weeks

#### Background

MEFMI member countries, in line with international trends, are currently intensifying modernisation efforts of national and cross-border payment, clearing and settlement systems. The multi-disciplinary nature of these critical systems requires broad understanding of the linkages to other areas of financial sector management, as well as appreciation of the role that payment, clearing and settlement systems have in the overall financial system stability and the economy. Effective oversight and management of risks inherent in payment and settlement systems is crucial in ensuring an efficient and stable financial system. The workshop will review payments systems development particularly large value payment systems and have a special emphasis on oversight of payment systems.

#### Objectives

This workshop addresses current issues on the large value systems and practical applications of oversight function. The specific objectives are to:

- Provide in-depth training in technical skills for oversight of payment systems.
- Strengthen analytical capacity to evaluate and manage risks inherent in payment systems.
- Provide practical skills on oversight.
- Review pertinent issues in Large Value Payment Systems.
- Enhance understanding of the reform process for payment systems.
- Provide in-depth training in technical skills for selected areas of payment and settlement systems.

# MEFMI 2009 CHRONOLOGICAL WORK PROGRAMME

## regional courses/seminars/ retreats/workshops

ACTIVITY	TYPE	DURATION	ACTIVITY DATES	VENUE	PROGRAMME
Retreat for Regional IT Experts on Private Capital Information Systems	Retreat	5 days	26 - 30 January	Zimbabwe	Macroeconomic Management
Macroeconomic Analysis and Management Course	Course	3 weeks	9 - 25 February	Namibia	Macroeconomic Management
Debt Managers' Seminar	Regional Seminar	4 days	23 - 26 February	Kenya	Debt Management
Seminar for Heads of Human Resources Departments/ Divisions	Seminar	5 days	23 - 27 February	Tanzania	Multi Disciplinary Activities
Training for Trainers in the use of CS-DRMS 2000+	Workshop	2 weeks	9 - 18 March	Malawi	Debt Management
Executive Committee Meeting	Governance	1 day	24 March	Zimbabwe	Multi Disciplinary
MEFMI Third Impact and Needs Assessment Study	Study	4 weeks	April	Various	Multi Disciplinary
Domestic Debt Markets Development and Management	Workshop	2 weeks	6 - 16 April	Swaziland	Financial Sector Management/ Debt Management
Financial Programming and Policy Course	Course	3 weeks	6 - 24 April	Rwanda	Macroeconomic Management
Fellows Facilitation and Consulting skills	FDP	5 days	20 - 24 April	Namibia	Multi Disciplinary Activities
Training in Domestic Debt and Auction Module of CS-DSMRS 2000+	Workshop	2 weeks	20 - 29 April	Swaziland	Debt Management
Seminar for Heads of Departments/Units Responsible for Monitoring and Analysing Private Capital	Seminar	5 days	27 April - 1 May	Uganda	Macroeconomic Management
Financial and Statistical Calculations and Accounting for Bank Supervision	Workshop	2 weeks	25 May - 4 June	Lesotho	Financial Sector Management
Executive Committee meeting	Governance	1 day	18 June	Zimbabwe	Multi Disciplinary
Training of Trainers in the World Bank/IMF Medium Term Debt Strategy (MTDS)	Workshop	2 weeks	29 June - 8 July	Rwanda	Debt Management
Mid Term Review (MTR) of MEFMI Phase III (2007 - 2011)	Study	4 weeks	July	Various	Multi Disciplinary
Retreat for Heads of Reserves Management	Retreat	3 days	1 - 3 July	Uganda	Financial Sector Management
Data Requirements for Economic Management, System of National Accounts (SNA 1993)	Workshop	2 weeks	6 - 16 July	Mozambique	Macroeconomic Management
Large Value Systems and Oversight of Payment Systems	Workshop	2 weeks	20 - 30 July	Botswana	Financial Sector Management
Application of Asset/Liabilities Management (ALM) framework for Debt & Reserve Management	Workshop	3 weeks	20 July - 5 August	Lesotho	Debt Management/Financial Sector Management
Retreat for Heads of Research and Policy Units	Retreat	4 days	28 - 31 July	Tanzania	Macroeconomic Management
Fellows Technical Assessment for Graduation/Accreditation and recruitment of new candidates fellows	FDP	2 days	27 - 28 July	Zimbabwe	Multi Disciplinary Activities
Indirect Tools for Monetary Policy Operations - Open market Operations	Workshop	5 days	3 - 7 August	Angola	Macroeconomic Management
Legal and Regulatory Reforms for Capital Market Development	Workshop	5 days	17 - 21 August	Malawi	Financial Sector Management
Executive Committee Meeting	Governance	1 day	10 September	Zimbabwe	Multi Disciplinary
Executive Fora	Forum	1 day	September	TBA	Multi Disciplinary
Governance meetings	Governance	1 day	September	TBA	Multi Disciplinary
Risk-Based Supervision and Basel II Implementation	Workshop	2 weeks	14 - 24 September	Tanzania	Financial Sector Management
Monitoring and Analysing Private Capital Workshop - Workshop - (Methodology)	Workshop	2 weeks	5 - 15 October	Rwanda	Macroeconomic Management
7th Group Intake Candidate Fellows Orientation	FDP	2 days	12 - 13 October	Mozambique	Multi Disciplinary Activities
Retreat for Heads of Supervision: Basel II Implementation Issues	Retreat	3 days	19 - 21 October	Zambia	Financial Sector Management
Economic Modelling and Forecasting Workshop	Workshop	2 weeks	2 - 14 November	Botswana	Macroeconomic Management
Training and certification of trainers on DMFAS 5.3 and 6.0	Workshop	2 weeks	9 - 18 November	Zambia	Debt Management
Fellows Research Methodology and Report writing skills workshop	FDP	2 weeks	23 Nov - 3 Dec	Botswana	Multi Disciplinary Activities
Risk-Based Auditing, IFRS and Back Office Operations for Foreign Reserve	Workshop	2 weeks	23 Nov - 3 Dec	Kenya	Financial Sector Management

- Strengthen analytical capacity to evaluate and manage risks inherent in these systems, and to perform oversight of payment, clearing and settlement systems.

#### Target Group

The primary target group is junior to middle level staff from the Central Banks' National Payments Systems, domestic banking and IT departments.

## 4. Legal and Regulatory Reforms for Capital Market Development

Venue: Lilongwe, Malawi

Dates: 17 - 21 August, 2009

Duration: 5 days

#### Background

Vibrant and strong capital markets together with appropriate policies, institutions and incentives are key factors for economic growth and development. These together with a strong banking system and securities market reduce the country's external vulnerability through enhanced collection, increased investor base, better allocation of domestic savings and attraction of foreign investments in instruments denominated in the domestic currency.

Without an appropriate and supporting legal and regulatory framework, it becomes extremely difficult to create confidence in the investor base and achieve the above conditions.

Recent indications reveal that the MEFMI region has experienced some steady financial market growth. However, the major challenge for the development of capital markets in the region is that most of the existing legislations and some aspects of the regulatory frameworks do not adequately address and/or support the necessary reforms. This tends to lag the speed of development to level the markets to internationally recognized standards that will attract more participation of the investors. Consequently the need to bring together policymakers, regulatory authorities and market practitioners to stimulate debate and come up with policy prescriptions that will spearhead reforms to promote growth and progress of vibrancy to create competitiveness, innovation and transparency.

#### Objectives

- To create awareness and appreciation amongst policy makers, legal professionals and market practitioners on key principles, concepts and pre-requisites for capital market development.
- To create an environment where market practitioners, policy makers and legal professionals interact freely and deliberate legal and regulatory issues and challenges faced by the capital market development.
- Review issues with respect to promotion of issuance and trading of bonds, widening of the investor base, derivative trading and contract preparations and clearing and settlement processes.
- Review legal and regulatory issues for financial sector reforms.
- To share country experience with the aim of harmonizing the legal instruments in the region.

- To review the process of developing legal frameworks and legal instruments.

#### Target Group

The primary target group is legal professionals in Central Banks, Ministries of Finance and Attorney General's Chambers. Other professionals such as financial markets practitioners, economists, payments systems specialists, financial market supervisors, IT specialists and internal auditors may also attend.

## 5. Risk-Based Supervision and Basel II implementation

Venue: Dar es Salaam, Tanzania

Dates: 14 - 24 September, 2009

Duration: 2 weeks

#### Background

The main goal of banking supervision is to ensure the safety and soundness of banks and banking groups and to protect the stability of the financial system.

A risk-based supervisory approach is intended to result in effective and efficient process for monitoring and assessing risks on an ongoing basis. As the region gears itself for the implementation of Basel II, there is need to build skills and enhance knowledge on good risk management principles which are enshrined in the Risk-Based framework.

Of the 13 MEFMI member countries, only two have fully implemented risk-based supervision while the rest are at various stages of implementation. The workshop will provide a platform to obtain clarity on risk based principles and the implementation process.

Participants will discuss and share experiences from their respective countries thereby benefiting from the interaction process.

#### Objectives

- Enhance supervisory skills in risk-based supervision.
- Enhance understanding of the implementation process of risk-based supervision.
- Enhance supervisory understanding of Basel II principles.
- Prepare supervisors for the implementation of Base II.

#### Target Group

This workshop is designed for middle to senior level professionals who are responsible for the supervision of banks and non-bank financial institutions in the respective regulatory institutions.

## 6. Risk Based Auditing, IFRS and Back Office Operations for Foreign Reserves

Venue: Nairobi, Kenya

Dates: 23 November - 3 December, 2009

Duration: 2 weeks

### Background

Risk based auditing (focusing on major/material risks) is a process that seeks to identify, analyze and assess suitable internal controls that have been set by senior management to mitigate the risks.

The starting point for risk based auditing therefore, is the understanding of the institutions objectives and the institutional acceptable risk profile. It is meant for the internal auditors to provide an independent assurance to senior management about the extent of the soundness on the controls which have been implemented and maintained to mitigate and keep in line with the acceptable risk tolerance levels.

Internal auditors ought to know which controls are most important, which are out of proportion to the risks and which are missing. This would require the internal auditors to have through understanding of the business process. Equally important would be the importance of the staff involved in reserves management operations to know about the dangers of the various risks embedded in their operations and form an alliance and cooperation with the internal auditors to mitigate such risks. This course is about controls and mitigation of risks in reserves operations using a risk based approach. It will offer an unprecedented opportunity for the back office staff and the auditors to meet and share experiences about key challenges and aspects in their operations. An appropriate and well informed back office and auditing team will complement each other in their daily operations and consequently play a vital role in the safe guarding and monitoring of the risk management processes.

### Objectives

- To integrate the reserve management internal audit processes with governance elements of risk management.
- To enhance the understanding of key business operations process in the Back Office and, how they fit in the reserve management process.
- To give an in-depth understanding of the breadth and sophistication of contemporary treasury market instruments and their motivation in reserves management / treasury operations.
- To enhance the understanding of the transaction process, settlement procedures, reconciliation issues and accounting techniques entailed in the trading of myriads of financial market products.
- To focus on the risk management framework entailed in back office operations and the required level of institutional compliance.

### Target Group

The primary target group is middle to senior level officials in back office operations/settlement system offices, reconciliation offices, and internal auditors



responsible for handling reserves management and investment operations issues. Secondary Audience: Middle to senior level accountants responsible for handling investment operations, compliance and risk management officers in financial markets and IT staff supporting reserves management operations.

**B: RETREATS**

**1. Retreats for Heads of Reserves Management**

Venue: Kampala, Uganda

Dates: 1 - 3 July 2009

Duration: 3 days

**Background**

Most MEFMI member countries use external funds managers as part of their reserves management. These countries have developed guidelines for selection of the external funds manager and global fund custodian. The process of selection of the experts needs to be properly executed.

This retreat will review the process that is currently utilised by member countries with a view to develop guidelines that may be used by other countries. Other countries will gain from the considerable experience of countries that have engaged external fund managers.

**Objective**

To provide a forum for discussing pertinent issues with respect to hiring and drawing guidelines for constrating etemal fund managers and custodians.

**2. Retreat for Heads of Supervision: Basel II Implementation Issues**

Venue : Lusaka, Zambia

Dates: 19 - 21 October 2009

Duration: 3 days

**Background**

Financial supervision and surveillance has an important role in sustaining stability and soundness in the financial sector. Central banks are faced with challenges to keep abreast with ever increasing market dynamism in the financial sector in the region. Global standards and regional initiatives have been deployed to address some of these challenges that include risk-based supervision, Basel II and other prudential regulations. For most of the MEFMI member states, introduction of Basel II capital adequacy bring with it a lot of challenges because most of the countries have not implemented fully the Basel Committee Core Principles of Banking Supervision and only a few have implemented Risk-Based Supervision. In addition, the presence of subsidiaries of international commercial banks who have adopted Basel II in view of the decisions from parent companies pose challenges to the regualtators to be on top of the financial supervision in their countries.

**Objectives**

- To strategise on how the region can implement Basel II.

- To share country experience and the implementation of Risk-Based Supervision and Basel II Implementation.

Target Group

The retreat is targeted at senior financial sector supervisors

C: IN-COUNTRY WORKSHOPS

1. Risk Management for Reserve Bank of Malawi.
2. Payment Systems
3. Reserves Management

D: IN-COUNTRY MISSIONS

1. Implementation of Risk-Based Supervision: Swaziland, Botswana
2. Implementation of Risk-Based Supervision in Botswana
3. Mission on payment systems
4. Mission in Reserve Management: Kenya, Rwanda and Tanzania

# DEBT MANAGEMENT PROGRAMME

## INTRODUCTION

The Debt Management Programme is designed to strengthen the ability of member state officials to effectively manage public debt in compliance with best practices. In designing the activities for 2009, care has been taken to ensure that the Programme stays attuned to the evolving needs of officials from all the member states. The Programme also seeks to respond to the feedback obtained from the participants at the end of each activity that was organized in the past year. It also incorporates the suggestions received through MEFMT's interaction with senior officials in the client institutions, as well as inputs from other collaborating partners and similar capacity building organizations.

In 2009, the Debt Management Programme will continue to prioritize the strengthening of middle office analytical and strategy-oriented capacities in member states' debt management offices and to raise awareness and sensitize senior officials and parliamentarians on debt management issues and developments. This will be pursued through Programme and joint programme activities focusing on debt sustainability analysis, public domestic debt management and debt markets development, and risk management for sovereign liabilities portfolios, underpinned by appropriately pitched new methodologies, institutions and legislation. To improve on the quality of debt data and its reporting, back office training will continue to be provided, alongside staff orientation on technological advances in debt management computer tools for debt recording, reporting and analysis. In addition, there will be dissemination of new initiatives in debt management such as the Medium Term Debt Strategy formulation.

At country level, the Programme will continue to respond to country needs through appropriately adapted transformational capacity building interventions. These would be geared at assisting member states to adopt systems and procedures that foster best practices, updated strategies, and sound policies in debt management for the maintenance of debt sustainability in the medium-to-long term. Furthermore, the Programme will conduct follow-up missions to assess needs, review implementation and recommend appropriate remedial measures. The usual maintenance level support and broad-based in-country training for debt databases will continue to be provided, in response to country specific needs.

In implementing the 2009 Debt Management Programme, strategic collaborative partnerships will be harnessed, while regional transfer and ownership of capacity will be consolidated. In this regard, technical partners, fellows and regional experts will be deliberately and consistently roped into the Programme's regional and in-country activities, for cross fertilization of experiences, learning and/or delivery, as appropriate. Programme staff will also blend their usual coordination of programme activities with expert delivery, wherever feasible.

## REGIONAL ACTIVITIES

### 1. Debt Managers Seminar

Venue: Nairobi, Kenya  
Dates: 23 - 26 February 2009  
Duration: 4 Days

#### Background

Debt managers need to be kept abreast of new developments in debt management and other pertinent issues. They also need to review, reflect on and share practical experiences and approaches in debt management. This facilitates the adoption of best practices in the member States. MEFMI facilitates this process by organizing regular retreats and/or seminars for the managers. Through such seminars, the debt managers can also address important issues that affect the day-to-day operations of their respective debt management offices. The 2009 seminar will focus on public domestic debt issues.

#### Objective

- To discuss and share information on domestic debt management and sustainability analysis.
- To review the implementation of, and progress being made in the member States towards adopting best practices and other related instruments available in debt management.
- To strengthen the role of directors/heads of debt management in the effective supervision of debt offices for enhanced outcomes.
- Share experiences on, and exchange views and solutions to challenges facing debt management offices.

#### Target Group

Heads of Debt Management Offices from the Ministries of Finance and Central Banks.

### 2. Training for Trainers in the use of CS-DRMS 2000+

Venue: Lilongwe, Malawi  
Date: 9 - 18 March 2009  
Duration: 2 weeks

#### Background

The Commonwealth Secretariat has continued to develop CS-DRMS 2000+ to meet the evolving challenges of debt management. In the area of external debt, improvements have encompassed developments in technology and evolving creditor practices. Experts have been trained in a few cases, complemented with the ongoing development of expertise through the Fellows Development programme. It is however recognized that some of the MEFMI-trained experts have moved on to higher professional levels, through promotions in regional stakeholder institutions and assignment to international organizations, thus reducing their availability for capacity building activities. This necessitates the regular replenishment of technical capacities, including in debt recording offices, through training on computer-based recording systems (CBDMS), such as CS-DRMS 2000+.

#### Objectives

- To train potential trainers in the use of CS-DRMS 2000+.
- To develop a pool of experts in use of the tool.
- To impart skills on how to conduct training in CS-DRMS 2000+.

#### Target Group

The training is for experienced fellows and users and administrators of CS-DRMS 2000+, especially those with potential to train others, drawn from the back and middle offices in debt management, in the Ministries of Finance and Central Banks of CS-DRMS user countries, namely: Botswana, Kenya, Lesotho, Malawi, Mozambique, Namibia, Swaziland and Tanzania.

### 3. Training in Domestic Debt and Auctioning Module of the CS-DRMS 2000+

Venue: Mbabane, Swaziland

Date: 20 - 29 April 2009

Duration: 2 weeks

#### Background

COMSEC has considerably transformed the Domestic Debt Module since the introduction of CS-DRMS 2000+. The changes have emanated from the need to respond more to the rising global importance of domestic debt and its effective management. Consequently, most of the MEFMI member states are working at improving their domestic debt databases, and thus require assistance with recording and analysis, and related computer tools. The Auctioning Module is one such tool, which COMSEC has developed and availed to meet some of these needs.

#### Objectives

- To equip participants with the necessary skills to operate the domestic debt module of CS-DRMS 2000+, including the Auctioning Module.
- To train participants on the various types of domestic debt instruments, for which they will also receive CS-DRMS 2000+ recording and report generation skills.

#### Target Group

The target group are the lower to middle level officials from Ministries of Finance and Central Banks dealing with domestic debt auctioning, recording and analysis.

### 4. Training of Trainers in the World Bank / IMF Debt Medium Term Debt Strategy (MTDS)

Venue: Kigali, Rwanda

Date: 29 June - 8 July 2009

Duration: 2 weeks

#### Background

The World Bank/IMF Medium Term Debt Strategy (MTDS) framework and related

methodologies are designed to help country officials to operationalize debt management objectives. The latter normally require that the government's financing needs and payment obligations are met at the lowest possible cost that is consistent with a prudent degree of risk.

#### Objectives

- To develop a pool of trainers in the MTDS methodology and related tools, who in turn would become available to the region and their respective countries to help strengthen debt sustainability analysis and strategy and policy formulation.
- To disseminate and test training materials/manual for MTDS methodology.

#### Target Group

The target group would be middle to senior level officials from Ministries of Finance and of Economic Planning, and Central Banks with responsibility for middle office functions.

### 5. Application of Assets/Liabilities Management (ALM) framework for Debt and Reserves Management

Venue: Maseru, Lesotho

Dates: 20 July – 5 August 2009

Duration: 3 weeks

#### Background

Managing government liabilities by considering their risks together with the risks of holding government assets reduces the potential destabilizing fiscal impact of debt which can mask the true fiscal situation of a country. Professionals both in external reserves and debt management therefore, ought to have thorough understanding of main policy and operational issues essential in reducing this risk profile to minimum level. The approach would require systematic identification of basic building blocks of asset and liability management. The training is part of MEFMI's continued efforts to lay a foundation for practical application of modern risk management techniques in the management of member countries' assets and liabilities.

#### Objectives

- To provide in-depth analysis of standard asset and liability portfolio applications of robust risk measures and statistical concepts.
- To develop capacity to combine the essential analytical tools in an integrated sovereign asset/liability context, including application of quantitative methods to investment process.
- To enhance participants' skills on spreadsheet applications for quantitative finance and cash-flow modeling using spreadsheet applications.
- To provide a refresher course in essential interest rate, financial and statistical calculations, as well as an understanding of yield concepts, analysis and relative value in money markets products.
- To apply risk modeling techniques and tools to selected country cases, based on recent modeling work in the MEFMI region.

### Target Group

The target group is middle to senior level staff in Financial Markets (International and Domestic) and Debt Management departments/units in Central Banks and Ministries of Finance. Nominating authorities need to note that this activity is very quantitative and requires that participants have a good working knowledge of basic financial and statistical calculations.

## 6. Regional Dissemination and Training on UNCTAD - DMFAS 6.0

Venue: Lusaka, Zambia

Dates: 9 - 18 November 2009

Duration: 2 weeks

### Background

Computer-based debt recording and analysis systems are constantly being updated to incorporate changing objectives of debt management, increased sophistication in financial instruments, computer technological advancement, as well as the dynamic changes in user needs. Against this background, UNCTAD is currently developing a new version of the DMFAS (version 6.0) whose distribution is expected in late 2009. Regional dissemination and training on the new DMFAS version will be undertaken jointly with the UNCTAD Debt Management - DMFAS Programme.

### Objectives

- To disseminate the new DMFAS version (6.0) to the MEFMI region.
- To train system users from MEFMI DMFAS countries on the DMFAS 6.0.
- To train DMFAS II technical staff on the installation, administration and technical backstopping of DMFAS 6.0.

### Target Group

The workshop will be targeted at advanced or experienced users and fellows of DMFAS, including some of those who participated in DMFAS regional training in 2007 and 2008. These would be drawn from debt recording and analysis units/sections of Ministries of Finance and Central Banks from Angola, Rwanda, Uganda, Zambia and Zimbabwe. Some DMFAS II officials will also be incorporated into the training, in order to update their DMFAS II support and system administration skills.

## IN-COUNTRY ACTIVITIES

In-country Workshops / Seminars are based on expressed needs of member countries. These could cover:

- Training in CS-DRMS 2000+ (10 days).
- Training in DMFAS 5.3 (10 days).
- Dissemination of Legal and Institutional Matters (3 days).
- DSF-LICS/Debt Strategy Updates – in 3 countries (15 days).
- ALM Application: Uganda Sovereign Liability Portfolio Analysis– Phase 3 (10 days).

### COUNTRY MISSIONS

Where possible, missions would be planned to coincide with national workshops or back to back with a regional activity in a particular country. These would cover:

- Needs Assessment/Surveys (5 days).
- Institutional Reviews (5 days).
- Debt Data validation (5 days).
- DSA Data Preparation (5 days).

### STUDIES

A study (Status of Debt after Restructuring in MEFMI region) will be done in 2009.



## MULTI-DISCIPLINARY ACTIVITIES

### INTRODUCTION

The multi-disciplinary activities programme covers all activities, which transcend the three major operational programmes of MEFMI, namely: Macroeconomic Management, Financial Sector Management and Debt Management Programmes. The major activities in the multi-disciplinary programme are:

- The Fellows Development Programme;
- The Executive Fora;
- Bi-Annual Human Resources Retreats; and
- Institutional Review Services.

### Fellows Development Programme

This programme is a unique initiative by MEFMI through which carefully selected high potential professionals in the region can be put through an intensive training and professional exposure to upgrade their competence in key fields. This programme was designed to create a pool of regional experts that can benefit the entire region with regard to capacity building delivery. Fellows are recruited from member state's Ministries of Finance, Economic Planning and Central Banks. Activities planned for 2009 are:

- Candidate and some graduate Fellows will attend a training facilitation and consulting skills workshop during 20-24 April 2009.
- There will be recruitment for a new intake of Candidate Fellows during 27-28 July 2009.
- 7th Group Intake Candidate Fellows Orientation during 12-13 October 2009.
- Candidate Fellows Research Methodology and Report Writing skills workshop during 23 November to 3 December 2009.
- The Programme will assist Candidate Fellows who are undertaking their Customized Training Plans to complete and graduate in July 2009.
- The Programme will also implement apprenticeship programmes of graduate Fellows.
- Graduate Fellows who will complete their apprenticeship programmes will be accredited in July 2009.

### Executive Fora

The Executive Fora series for policy makers will seek to create conditions for informed decisions making at that high level. The objectives are:

- To keep national economic managers abreast of the trends in key areas pertinent to macroeconomic and financial management, raising awareness about emerging risks and opportunities entailed in international and regional development;
- To afford an opportunity to share experiences, exchange views and test new ideas, among peers and under expert guidance;
- To address practical approaches to managing the economy and closely related activities prudently, competently and efficiently;

- To promote networking among senior chief executives provides an opportunity to exchange ideas and share experiences;
- To prepare Chief Executive Officers for the introduction of reforms in their institutions;
- To promote teamwork among key national institutions involved in macro-economic and financial management; and
- In 2009 there will be a Combined Ministers of Finance and or Planning, Treasury/Finance Secretaries and Central Bank Governors Forum in September/October.

### Special-Annual Human Resources Managers Seminar

MEFMI hosts a series of bi-annual Human Resources Managers seminars, for high-level officials with Human Resources Development responsibilities, on critical capacity building issues facing the countries of the MEFMI sub-region. Exceptionally this year a seminar will be hosted for a targeted group of Government and Central Banks Human Resources officials to meet and share experiences on capacity building issues and assist MEFMI with identifying critical capacity gaps. The 2009 Human Resources Managers Seminar will be held during 23-27 February 2009 in Tanzania.

### Institutional Review Services

Appropriate institutional and organizational structures are paramount for effective implementation of policy and for policy coordination. The Institutional reviews are geared at assisting member state Central Banks and Ministries of Finance/Economic Planning to undertake systems and operating procedures audits in order to enhance capacity building plans. Member States request the MEFMI Secretariat with assistance to conduct an institutional review and in the formulation of Strategic Plans. Institutional reviews are initiated by member state client institutions or their departments.

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