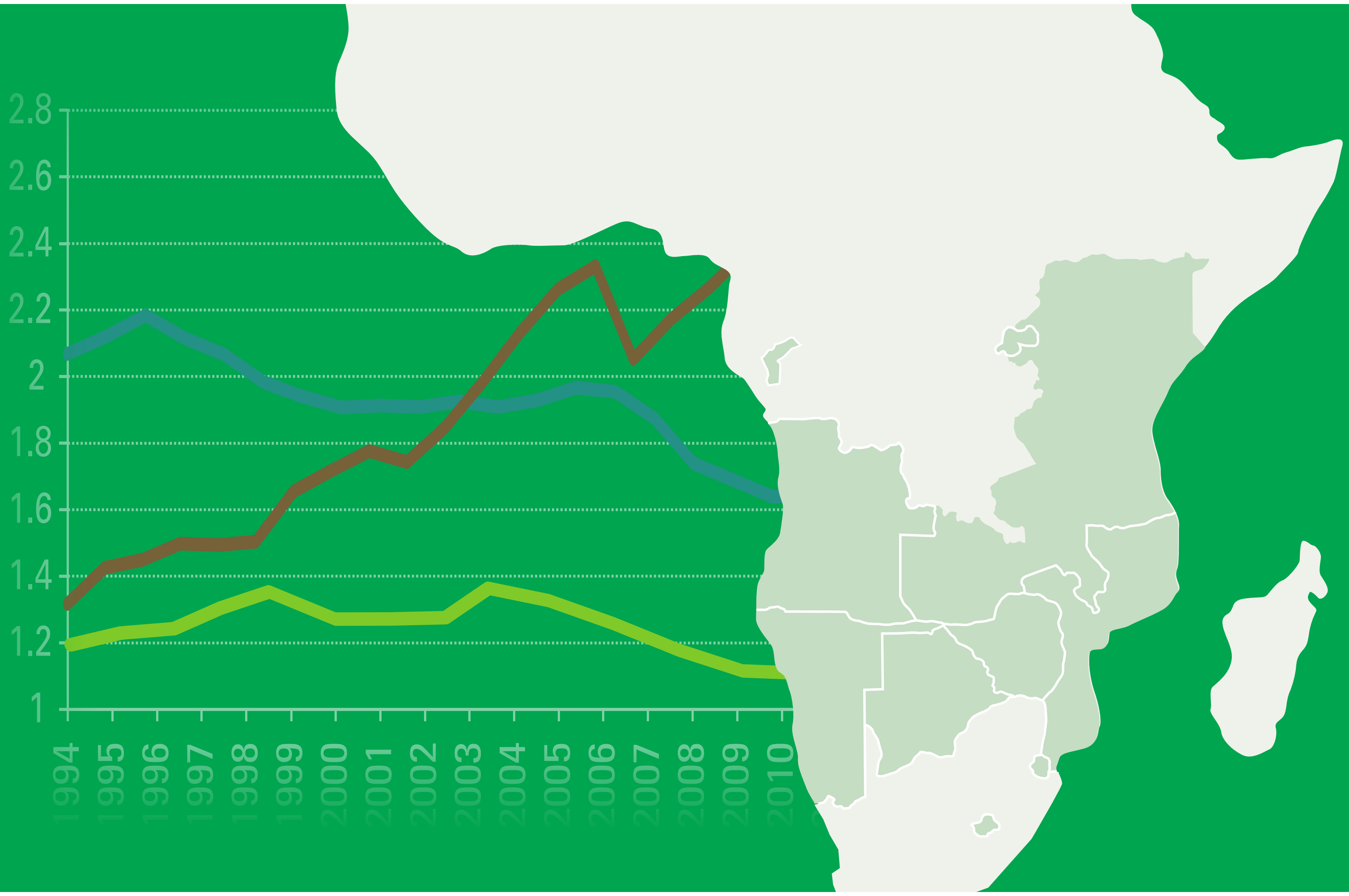
2011 Annual Report



BUILDING
SUSTAINABLE
CAPACITY

MEFMI
Macroeconomic and Financial Management
Institute of Eastern and Southern Africa

2011 ANNUAL REPORT

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GOVERNANCE STRUCTURES IN 2011

Board of Governors

The MEFMI Board of Governors is made up of a Central Bank Governor or a Treasury Secretary / Permanent Secretary of Finance / Planning of each of the 13 member states. Where a Governor is a substantive member, then the Treasury Secretary/Permanent Secretary is an alternate and vice versa. Members of the Board of Governors in 2011 were as follows:

Angola

Mr. Jose de Lima Massano, Governor, Banco Nacional de Angola
Mr. Manuel Neto da Costa, State Secretary of the Treasury, Ministry of Finance

Botswana

Mrs. Linah Mohohlo, Governor, Bank of Botswana
Mr. Solomon M. Sekwakwa, Permanent Secretary, Ministry of Finance and Development Planning

Kenya

Prof. Njuguna Ndung'u, Governor, Central Bank of Kenya
Mr. Joseph Kinyua, Permanent Secretary, Ministry of Finance

Lesotho

Dr. A. R. Matlanyane, Acting Governor, Central Bank of Lesotho (Board Chair)
Mr. Mosito Khethisa, Principal Secretary, Ministry of Finance

Malawi

Dr Perks Ligoya, Governor, Reserve Bank of Malawi
Mr. Joseph Mwanamvekha, Secretary to the Treasury, Ministry of Finance

Mozambique

Dr. Ernesto G. Gove, Governor, Banco de Mozambique
Mr. Paulo B. Manhique, Permanent Secretary, Ministry of Finance

Namibia

Mr. Ipumbu W. Shiimi, Governor, Bank of Namibia
Ms. Ericah B. Shafudah, Permanent Secretary, Ministry of Finance

Rwanda

Ambassador Claver Gatete, Governor, National Bank of Rwanda
Mrs. Kampeta Sayinzoga Pichette, Secretary General/ Secretary to the Treasury, Ministry of Finance and Economic Development

Swaziland

Mr. Martin. Dlamini, Governor, Central Bank of Swaziland
Ms. Khabonina B. Mabuza, Principal Secretary, Ministry of Finance

Tanzania

Prof. Benno Ndulu, Governor, Bank of Tanzania
Mr. Ramadhan M Khijjah, Permanent Secretary, Ministry of Finance

Uganda

Prof. E. Tumusiime-Mutebile, Governor, Bank of Uganda (Deputy Board Chair & Chairman of Executive Committee)
Mr. Chris Kassami, Permanent Secretary / Secretary to the Treasury, Ministry of Finance

Zambia

Dr. Caleb M. Fundanga, Governor, Bank of Zambia (Replaced by Dr. Michael Gondwe)
Mr. Likolo Ndalamei, Secretary to the Treasury, Ministry of Finance and National Planning (Replaced by Mr. Fredson Yamba)

Zimbabwe

Dr. Gideon Gono, Governor, Reserve Bank of Zimbabwe
Mr. Willard L. Manungo, Permanent Secretary, Ministry of Finance

Members of the Executive Committee

The Institute operates under the direction of an Executive Committee which consists of the Vice Chairman of the Board of Governors and four other voting members nominated by the Board of Governors from the Board. The MEFMI Executive Director and the Head of the Executing Agency of MEFMI are ex-officio non-voting members of the Executive Committee. The Executive Committee is chaired by the Vice-Chairman of the Board of Governors of the Institute. Each member of the Executive Committee serves for two years. The following were the members of the Executive Committee in 2011:

- Prof. E. Tumusiime-Mutebile, Governor, Bank of Uganda (Chairman)
- Mrs. Linah Mohohlo, Governor, Bank of Botswana
- Dr. Perks Ligoya, Governor, Reserve Bank of Malawi
- Prof. Benno Ndulu, Governor, Bank of Tanzania
- Mr. Martin Dlamini, Governor, Central Bank of Swaziland
- Dr. Gideon Gono, Governor, Reserve Bank of Zimbabwe (ex-officio)
- Dr. Ellias E. Ngalande, Executive Director (ex-officio, Secretary)

MEFMI Management

The Executive Director is responsible for conducting the business of the Institute and for ensuring that its policies and programme proposals are properly developed and once approved are implemented. This is done with the assistance of a Management Team, which comprises three Programme Directors and a Director of Finance and Administration. The Management Team in 2011 comprised:

- Dr. Ellias E. Ngalande, Executive Director
- Mr. Sydney E. Mabika, Director, Macroeconomic Management Programme
- Mr. Alphious M. Ncube, Director, Financial Sector Management Programme
- Mr. Raphael O. Otieno, Director, Debt management Programme
- Mrs. Rose G. K. M. Phiri, Director, Finance and Administration

ABBREVIATIONS AND ACRONYMS

BIS	Bank for International Settlements
BOP	Balance of Payments
CESAG	Centre Africain d'Etudes Supérieures de Gestion (West Africa)
CBL	Central Bank of Lesotho
CBS	Central Bank of Swaziland
CBP	Capacity Building Programme
CDIS	Coordinated Direct Investment Survey
CISNA	The Committee of Insurance Securities and Non-Banking Financial Authorities
COMESA	Common Market for Eastern and Southern Africa
CS-DRMS	Commonwealth Secretariat Debt Recording and Management System
CTP	Customised Training Programme
DDSA	Domestic Debt Sustainability Analysis
DMO	Debt Management Office
DeMPA	Debt Management Performance Assessment
DMP	Debt Management Programme
DRI	Debt Relief International
DMFAS	Debt Management and Financial Analysis System
EAC	East African Community
FPC-CBP	Foreign Private Capital – Capacity Building Programme
FSI	Financial Stability Institute
FSM	Financial Sector Management Programme
HIPC-CBP	Heavily Indebted Poor Countries - Capacity Building Programme
IIP	International Investment Position
IMF	The International Monetary Fund
MDA	Multi-Disciplinary Activities
MoF	Ministry of Finance
MoEP&D	Ministry of Economic Planning & Development
MEFMI	Macroeconomic and Financial Management Institute of Eastern and Southern Africa
MMP	Macroeconomic Management Programme
MTR	Mid Term Review
PCMS	Private Capital Monitoring System
PS	Permanent Secretary/ Principal Secretary
RAMP	Reserves Advisory and Management Programme
SADC	Southern African Development Community
SACU	Southern Africa Customs Union
SAfAIDS	Southern Africa HIV and AIDS Information Dissemination Service
SECO	Swiss Secretariat for Economic Affairs
UNECA	United Nations Economic Commission for Africa
UNCTAD	United Nations Conference on Trade and Development
WB	World Bank
ZEPARU	Zimbabwe Economic Policy Analysis and Research Unit

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 in 1997 to cover macroeconomic and financial sector management issues and renamed the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI).

Vision

To be the centre of excellence that provides sustainable capacity building in macroeconomic and financial management.

Mission

To build sustainable human and institutional capacity and foster best practices for prudent macroeconomic and financial management in central banks, ministries of finance and of planning and other relevant institutions.

Values

Core values define the principles that an organisation believes in and will live by. For MEFMI, it identifies itself with five of them as follows:

(i). ***Accountability:*** Employees being responsible, transparent and answerable to themselves, peers and stakeholders on the work and services they provide.

(ii). ***Teamwork:*** Working together and supporting each other for the success of the organization

(iii). ***Responsiveness:*** Reacting appropriately to the needs of clients and other stakeholders in a timely manner.

(iv). ***Integrity:*** Being credible and honest in our duties

(v). ***Professionalism:*** Demonstrating a high level of competence and objectivity in providing services to clients.

THE SCOPE OF MEFMI ACTIVITIES

MEFMI activities focus on:

- Macro-economic management which deals with analysis of the economy, planning, budgeting 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, portfolio and sustainability analyses, debt policy and strategy formulation.
- Fellows Development Programme which trains promising young professionals with the view to groom them into experts available to their countries and to the region.

The MEFMI client institutions are:

- Ministries of finance
- Ministries of planning and economic development or planning commissions
- Central banks
- Other public institutions that interface with these core institutions such as National Bureaus of Statistics and Revenue Authorities.

The MEFMI target groups in all the beneficiary institutions are:

- Junior to senior professionals
- Senior officials such as Heads of department
- Executives

MODE OF DELIVERY

MEFMI delivers its products and services through the following:

- Regional and Country specific courses for professionals
- Seminars for senior officials
- Country missions
- Retreats for heads of relevant departments

- Special policy related studies
- E-Learning
- Preparation of manuals and guidelines

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

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

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 co-fund MEFMI's capacity building activities to supplement member countries' contributions.

The current Financial Cooperating Partners are:

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

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** include 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; Financial Stability Institute (FSI); the African Development Bank (AfDB); the Centre for Central Banking Studies (CCBS) of the Bank of England (BOE); FIRST Initiative; The United Nations Conference on Trade and Development (UNCTAD); United Nations Economic Commission for Africa (UNECA); the Federal Reserve Bank of New York and the Federal Reserve Board; and the Africa Regional Technical Assistance Centre (AFRITAC) of the IMF.

In addition, some of the major international commercial banks and some central 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 the South African 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, headed by an Executive Director, is the principal vehicle for the design, delivery and administration of MEFMI programmes. MEFMI draws its staff mainly from related institutions in member countries on competitive recruitment basis.

STATEMENT BY THE CHAIRPERSON OF THE BOARD OF GOVERNORS

I have the honour to present the 2011 MEFMI Annual Report which is the last for the Phase III budget cycle that covered the period 2007 to 2011.

We had another successful year at MEFMI despite the financial and operational challenges experienced by some member states arising from widening current account deficits, high inflationary pressures and shortages of foreign currency. Despite these challenges, the Institute enjoyed profound financial and in-kind support from the member countries and the cooperating partners.

The timely disbursement of annual contributions by member countries and financial cooperating partners facilitated uninterrupted implementation of planned capacity building programmes. On behalf of the Board, I would like to extend our sincere appreciation for this invaluable support during 2011 and we look forward to continued support in years to come.

During the year, MEFMI Board of Governors approved and adopted the Phase IV Plan which provides a strategic road map and planned interventions in the member states from 2012 to 2016. The planned interventions are expected to consolidate the gains made in the previous years and venture into new areas that support MEFMI's traditional capacity building services. I commend the Board for their bold decision to support the increased financial contributions by member states for the Phase IV Plan. The member states contributions will increase by about 33% in Phase IV compared to Phase III, an excellent demonstration of strong commitment to the continued existence and ownership of the Institute.

In this regard I wish to acknowledge the immense contributions made by the late Dr. Moeketsi Senaoana who was the Chairman of the MEFMI Board of Governors. During his tenure Dr Senaoana provided excellent leadership to the Institute and to his own institution, the Central Bank of Lesotho.

Implementation of Phase IV will entail more interventions and therefore a higher budgetary requirement. Therefore, despite the expected increased contributions from member states, a significant financing gap remains which will require mobilization of additional financial support from both the current cooperating partners and new donors.

To ensure uninterrupted provision of capacity building to member states, the Secretariat has embarked on an extensive resource mobilisation drive by engaging the donor community in Zimbabwe and elsewhere. I would like to urge all Board members to join the Secretariat in this effort of identifying potential new donors and strengthening the existing relationships.

In addition to the numerous achievements in MEFMI's core areas of operations, as enumerated in this report, the Secretariat moved into its new offices at 9 Earls Road in Alexandra Park, Harare. The new premises offer more space and provide a more conducive working environment. MEFMI is grateful to all member states for their additional financial contributions for the refurbishment and extension of the new offices.

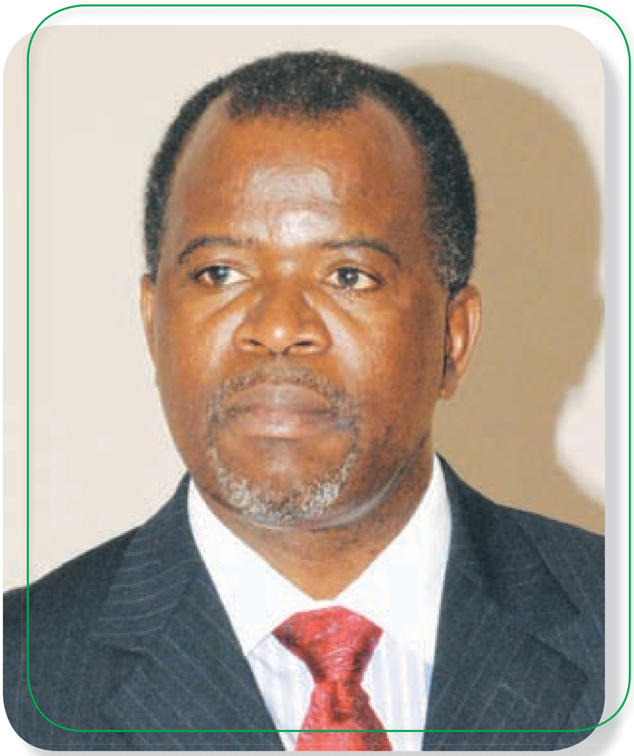
This being the last year of Phase III, I wish to commend the Executive Director and his team at the Secretariat for the excellent manner in which they executed the Institute's operations. The Institute increased delivery of capacity building activities recording a 14 % increase compared to the previous year. In comparison to phase II, the Institute's activities increased by 11% in phase III.

May I also express profound gratitude to the African Capacity Building Foundation, the Governments of Sweden, Norway and The Netherlands for their financial support, without which MEFMI could not have achieved its objectives of Phase III. We look forward to strengthening the partnership with MEFMI's lead donors even as the Board seeks to expand the Institute's sources of financing.

Our pledge to the partners is that MEFMI will continue to operate in a very transparent manner with the highest levels of accountability to all our stakeholders.

Dr. Adelaide R. Matlanyane
Chairperson, MEFMI Board of Governors

OVERVIEW BY THE EXECUTIVE DIRECTOR



The year 2011 marked an important point in the Institute's history, as Phase III of MEFMI's financing cycle which started in 2007 came to a close and preparations for the launch of Phase IV were in top gear. Given this interface, the 2011 Annual Report outlines the Institutes' achievement during the year, as well as an overview of Phase III with indications of the likely direction for Phase IV.

In line with its mission of building sustainable human and institutional capacity in the region, the Institute continued to impart knowledge and support the effective formulation and implementation of economic and financial policies and reforms in the region through its capacity building interventions in the areas of macroeconomic, sovereign debt and financial sector management.

Some of the highlights for the year include implementation of a total of 71 activities which benefited 1,296 government and central bank officials through regional workshops, seminars and country specific training and problem solving missions. In addition, the Institute commissioned policy studies that provided valuable input into the policy formulation and implementation process in the member countries. The outcome of such studies included the provision of advisory services and the development and dissemination of tools such as manuals, software and guidelines.

Some of the country specific achievements in 2011 included advice to Ugandan authorities on the modalities for establishment of the country's retirement benefits regulatory authority, development of a Quarterly GDP Forecasting Framework for Kenya and Rwanda which will help the countries in deriving high frequency indicators for timely policy formulation, and assisting the National Bank of Rwanda to set up a bank wide risk management function in order to ensure a systematic way of managing, monitoring and reporting of bank wide risks.

Furthermore, eight MEFMI member countries (Botswana, Kenya, Lesotho, Malawi, Rwanda, Swaziland, Tanzania, and Zambia) officially adopted the MEFMI Private Capital Monitoring System (PCMS) for harmonised private capital data compilation, processing and analysis. This has enabled the countries to track private capital flows and conduct surveys. Significant milestones have also been achieved in enhancing foreign reserves management capacity in the ten MEFMI member states (Namibia, Lesotho, Swaziland, Zambia, Mozambique, Malawi, Rwanda, Tanzania, Uganda and Kenya) that are part of RAMP Africa, a joint project with the World Bank Treasury.

The Institute has also deepened its collaborative arrangements with the Bretton Woods institutions. This has resulted in the holding of joint missions to member countries and therefore harmonising the reforms being recommended to countries. In this respect, policy makers in the MEFMI region have become more open to recommendations made for effecting changes for the improvement of economic management.

This is expected to translate into good policies that will drive economic growth and also reduce the levels of poverty in line with Millennium Development Goals (MDGs). To date through such partners as the World Bank, a number of member countries have developed medium term debt strategies to guide their new borrowing. They have also acquired knowledge on the appropriate borrowing levels and the associated cost and risks.

MEFMI has also embraced modern techniques in delivering capacity building. The Institute has been organising e-learning courses using UNITAR e-learning facilities. As a cost containment strategy, the Institute is courting possible donors to facilitate the establishment of an e-learning centre at the Secretariat during phase IV. This will result in a wider outreach of MEFMI programmes while at the same time significantly reducing the unit cost of delivery.

Looking ahead to Phase IV, MEFMI Programmes will focus on strengthening their services and further enhance the range of products offered. The Institute has already increased the number of in-country activities which are demand driven. In doing so, the Institute is serving client institutions with flexibility and attention to results.

As has been in the previous years, MEFMI will continue to invest in staff development, enhanced training and utilization of Fellows and exploiting the opportunities offered by technical cooperating partners to bring international expertise to the region.

On behalf of the Secretariat, I would like to sincerely thank the member countries for their unwavering support to MEFMI, our cooperating partners for travelling with us this far and all the other MEFMI stakeholders for their contributions to the success of year 2011.

I would specifically like to thank the Board, the Executive Committee as well as MEFMI staff for the roles they played in the achievements of 2011.

Ellias E. Ngalande (PhD)
EXECUTIVE DIRECTOR

The strategy employed by MEFMI in 2011 was to build on current strengths and consolidate past gains to efficiently and effectively enhance the design and implementation of economic policies in the region.

INTRODUCTION

The year 2011 marked the end of MEFMI's Phase III financing cycle. In line with its vision of building sustainable capacity in the region, the Institute continued to enhance capacity in client institutions in the areas of macroeconomic, debt and financial sector management. The Institute operated in an atmosphere where member countries were closely watching the crisis in Europe with great anticipation of the likely repercussions. Although the sub-Saharan Africa region performed relatively better than the global average, its growth rate was below its potential as the slow economic recovery and the impact of debt crisis in some parts of the Euro zone was manifested in the region. The MEFMI region experienced falling demand for its key exports and recorded reduced official development assistance while private capital flows and remittances were also negatively affected.

Clearly, global shocks are militating against the region's progress towards the attainment of MDGs especially poverty reduction targets. Regrettably, many MEFMI countries remain fragile accentuated by global shocks and climatic change, which in turn stifles prospects for much more rapid economic growth and development. Consequently, the region still lags behind in development, with relatively higher incidences of extreme poverty. By end of 2011, it was estimated that about 70% of the population in Africa lived below the poverty line of $2 per day.

Against this background, the strategy employed by MEFMI in 2011 was to build on current strengths and consolidate past gains to efficiently and effectively enhance the design and implementation of economic policies in the region. This was critical for the creation of long term stability, jobs and competitiveness in regional and global markets. In this regard, the Institute was able to conduct 107 activities.

Some of the topics covered in the regional courses were macroeconomic analysis, monetary and financial statistics, modeling and forecasting, public domestic debt and debt markets development, debt portfolio analysis using DMFAS, Managing risk of a sovereign liability portfolio, analytical tools in CS-DRMS, public debt audit, problem bank resolution, monetary policy operations, risk reporting and procedures, risk management and internal controls, governance and policy in reserves management, settlement and custodian relations, credit and operational risk management and securities settlement systems.

Interventions at country level covered specific needs of the recipient countries in both human and institutional capacity.

Some of the interventions in this regard included; payment systems operations, establishment of enterprise-wide risk management functions, regulation and supervision of microfinance, capital markets, pension funds and insurance, risk-based supervision, utilisation of PCMS, data utilisation and report writing of foreign private capital, debt data validation and reconciliation, debt sustainability analysis and debt strategy.

The in-country activities also included implementation missions some of which are normally conducted in phases over a long period of time.

As a result of the long duration of each implementation mission, it is sometimes difficult for a Programme to conduct more than three implementation missions in a year.

The major challenge for the Institute is to sustain capacity building activities in Phase IV, whose focus is on country specific capacity interventions in order to deliver on its mandate and realize its vision. In the Phase IV Plan, the Institute has highlighted the capacity gaps that still exist in the MEFMI region that will need to be continuously addressed. These gaps have been identified through country specific assessments which guide the Institute's strategies to directly address member states' priority needs.

The major gaps that have been identified are in areas such as public expenditure management, fiscal policy and governance issues, gender based budgeting, financial inclusion, Basel III and risk based supervision, modernization of national payment systems, sovereign liability risk analysis, debt data validation, economic modeling and forecasting, monitoring private capital flows and domestic financial markets deepening.

Member countries have also indicated that they need capacity to engage effectively in trade in the face of globalisation as well as to formulate and implement regional integration programs. The pursuit of regional integration programmes in SADC, COMESA and EAC has also created additional needs for capacity building.

HIGHLIGHTS FOR THE YEAR 2011

- MEFMI Phase III Project plan successfully came to an end in 2011 with most activities implemented as planned.
- The institute acquired and implemented an integrated financial management system to improve its processes and compliance in line with the international best practice. This has improved the productivity of staff, reduced turnaround times and improved the quality of information communicated to our stakeholders.
- An online payment system through which an interface with one of the Institute's bankers was established, significantly reducing the paperwork by providing direct access to the bank accounts for checking balances, making payments and transfers.
- In addition to the statutory annual external audit and quarterly internal audits which were done on schedule, the Institute underwent a systems audit commissioned by one of the financial cooperating partners, Sweden. The findings of the audit were positive with recommendations on the minor gaps that need to be addressed.
- Worked with the Reserve Bank of Malawi to help the country modernise the Malawi payments system. This has seen the country adopt best practice.
- Developed a framework for the compilation of remittances statistics for Rwanda.
- Developed reform plans for several member countries following debt management performance assessment missions conducted jointly with collaborating partners the World Bank. The countries with such reform plans include Malawi, Zambia, and Tanzania, among others.
- Worked with officials of Lesotho to developed a securities pricing and yield curve for the country and conducted training in domestic debt and debt markets, thus the skills of officials has been enhanced to price securities, construct yield curve and implement domestic financial market reforms.
- Actively involved in the development of a framework for forecasting quarterly GDP for the Kenya Ministry of Finance in order to expand the system used for quarterly estimates of GDP.
- Commenced the development of a Macroeconomic Modeling and Forecasting Reference Manual.
- Increased to eight the number of countries that have officially adopted the MEFMI PCMS for harmonised data compilation, processing and analysis.
- Significant milestones have been achieved in enhancing foreign reserves management capacity in the ten MEFMI member states that are part of RAMP Africa, a joint project with the World Bank Treasury. Focus was on front office skills in securities trading and portfolio management, middle office risk analytics, performance measurement and reporting, and back office skills including accounting for investment.
- Five MEFMI countries have developed medium term debt strategies that are used to guide new borrowing and have acquired skills on analysis of appropriate levels of borrowing and the associated cost and risks.
- A study on the cost and benefits of debt relief in member states was completed and published in 2011. The study findings will help countries such as Zimbabwe which are likely to pursue debt relief.
- The Institute assisted Uganda in reviewing pension reform processes and made recommendations on the modalities and guidelines for setting up the Uganda Retirement Benefits Regulatory Authority.

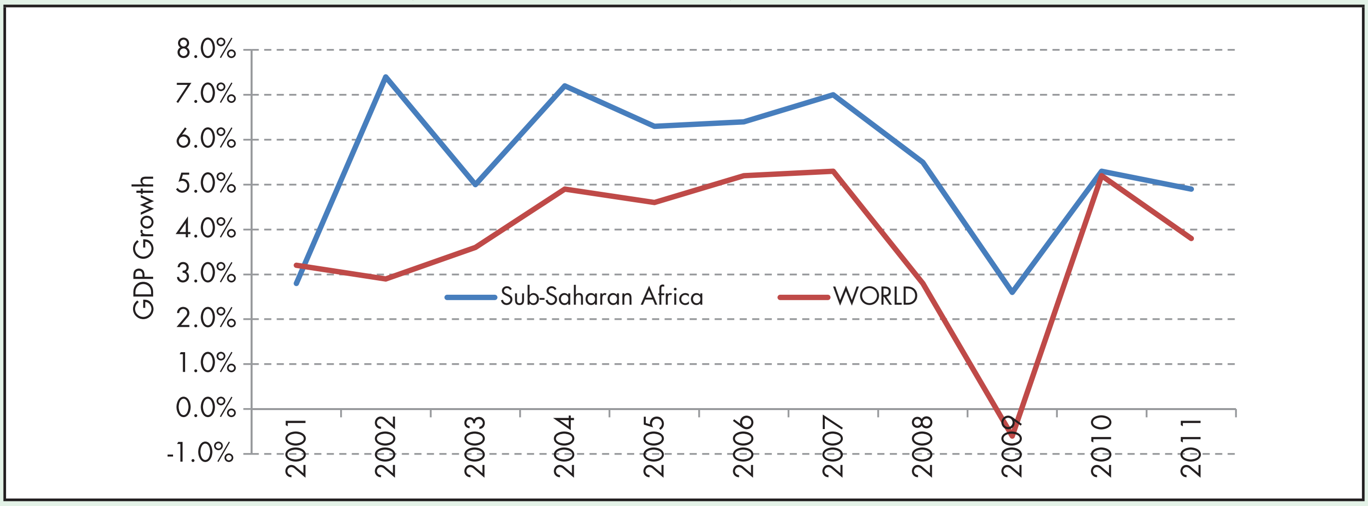
1. GLOBAL AND REGIONAL ECONOMIC DEVELOPMENTS

1.1 Global Developments

The global economy experienced volatility during the last decade, with the worst performance being recorded in 2009 at the peak of the financial crisis and economic recession. After the crisis, the global economy witnessed recovery from a negative output growth in 2009 to growth of about 5% in 2010 before slowing down to below 4% in 2011 amid the debt crisis in parts of Europe and slow recovery in advanced economies. According to the World Economic Outlook of 2011, the global economy is expected to slow down further due to the inventory cycle, fiscal consolidation, and the one-time events such as earthquake and tsunami in Japan and the shocks to the supply of oil following political unrest in North Africa. The slowdown in advanced economies notably the USA was accompanied by current account deficits whereas surpluses were experienced in some emerging market economies, particularly China. The resurgence in volatile capital flows is also causing overheating, asset price bubbles and exchange rate over valuation in emerging and developing countries adversely affecting global economic performance.

The Sub-Saharan Africa region followed the global trend though with relatively higher GDP growth rates (Chart 1) as the global slowdown has not significantly affected the region partly due to robust private and public consumption and limited integration into the global manufacturing and financial networks. Nevertheless, some downside risks emerged in 2011. Risks emanating from climate change, particularly the severe drought in the horn of Africa as well as fluctuations in world trade volumes and prices also continue to hamper economic growth and fuel inflation in some countries in the region. The inflationary pressures were greatly felt in oil importing countries.

Chart 1: Economic Growth Trends (World, Sub-Saharan Africa)



Source: World Economic Outlook, January 2012

Economic performance in the MEFMI region remained relatively strong in 2011 with estimated average GDP growth of 5.7% slightly below the recorded 6.2% of 2010. The decline was partly associated with economic slowdown in advanced economies as well as rising food and fuel prices. The sustained economic performance for the region was driven by higher growth rates experienced mainly in resource rich economies namely Zimbabwe

Economic performance in the MEFMI region remained relatively strong in 2011 with estimated average GDP growth of 5.7% slightly below the recorded 6.2% of 2010.

(9.3%), Rwanda (8.8%), Mozambique (7.2%), Uganda (6.7%) and Zambia (6.5%). Growth in the region was buoyed by good harvests and a rise in commodity prices. Lower GDP growth was experienced in the SACU area estimated at 2.8% in 2011 compared to 3% recorded in 2010. This was mainly attributable to dwindling SACU area revenue receipts following slow recovery in South Africa. Consequently, the fiscal deficits in the SACU area have widened, translating into increased borrowing by the governments.

The MEFMI region experienced high inflationary pressures, trending closely to that of the sub-Saharan Africa. Inflation rate increased slightly to an annual average of about 9% in 2011 compared to 6.5% recorded in the preceding year mainly driven by rising food and oil prices in the world market (Charts 2 and 3). The weather related crop damage in some parts of the world and increased demand for agricultural crops for bio-fuel purposes also pushed up prices of food items, particularly in countries with higher shares of food imports. The most affected countries are those in the East African Community.

Chart 2: Annual Average Inflation Developments

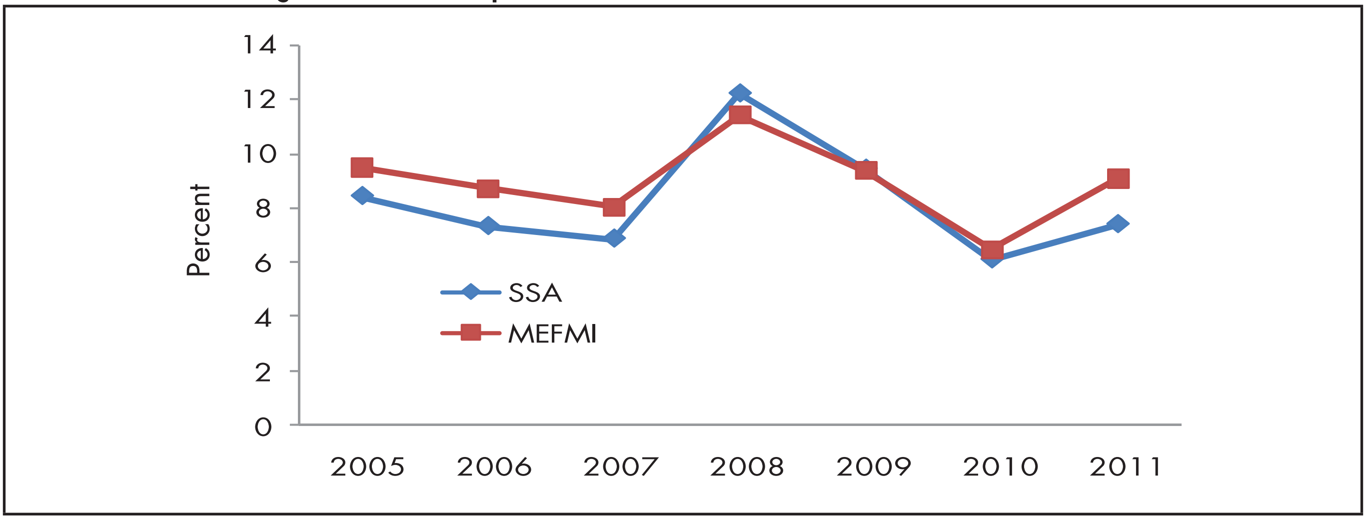
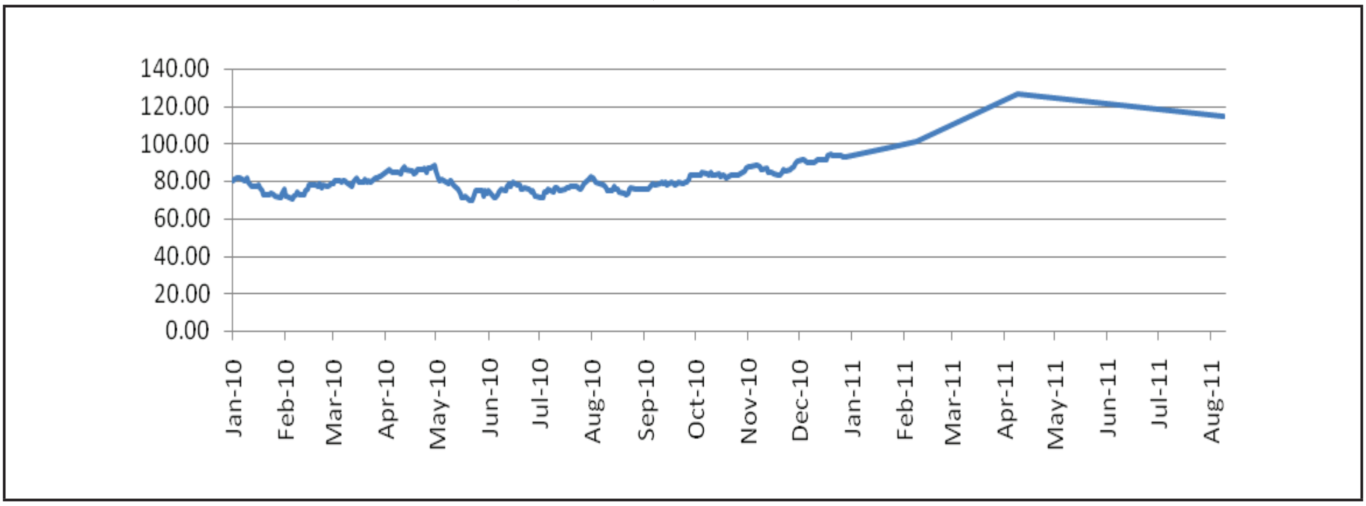


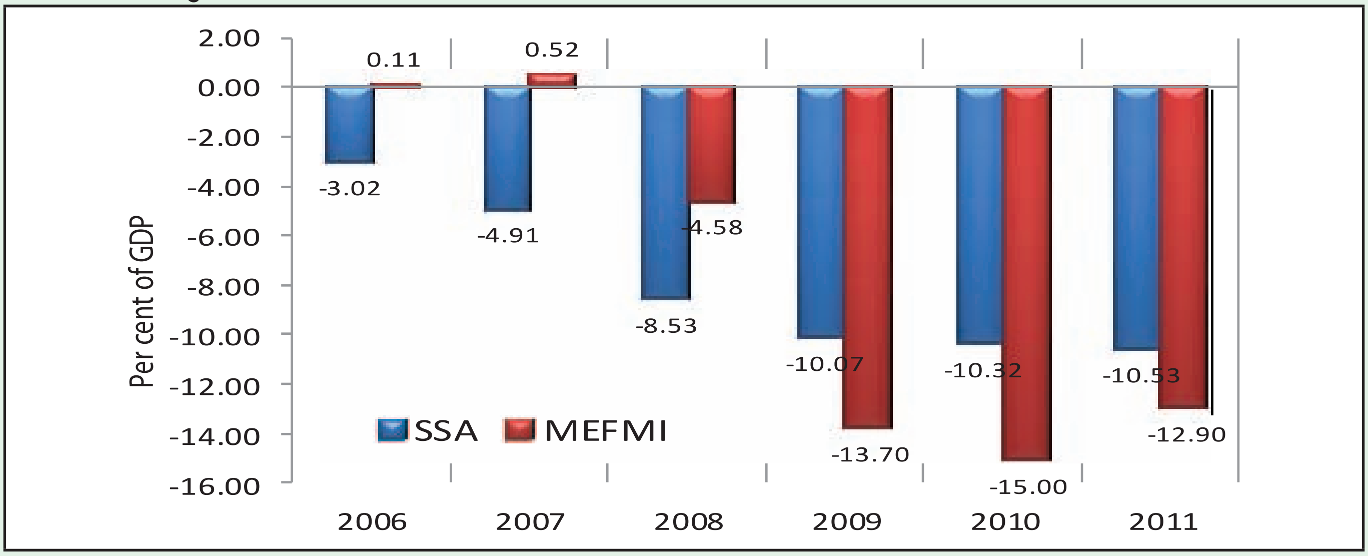
Chart 3: International Oil Price Movements (US$/Barrel)



Source: World Economic Outlook, October 2011

On the external front, average current account balances that had recorded the highest deficits for sub-Saharan and MEFMI region in 2010 (10.3 and 15.0% of GDP, respectively) narrowed down within the MEFMI region to 12.9% of GDP in 2011. Nevertheless, the current account balances for the region are still vulnerable to risks associated with the decline in exports, remittances and Overseas Development Assistance (ODA). In addition, the export oriented industries in Lesotho, Tanzania and Kenya which depend on the African Growth and Opportunity Act (AGOA) initiative are reeling under the weak export demand, due to sluggish recovery in USA and Europe. Lesotho and Zimbabwe registered relatively wider current account deficits of over 30% of GDP in 2011 due to the absorption of higher import volumes.

Chart 4: Average Current Account Balances in Percent of GDP



Source: WEO Database (September 2011) and Member States: Central Banks and Ministries of Finance

Despite the relatively good economic performance, the MEFMI region is still constrained by inadequate power supply, infrastructural bottlenecks, slow pace of industrialization, relatively underdeveloped financial markets, subdued foreign direct investment flows and relatively high cost of doing business.

1.2 Regional Performance

Angola

In 2011, Angola posted a GDP growth of 3.4% compared to the target of 7% due to unexpected slowdown in the oil sector and decline in the growth (by more than 50%) of the manufacturing and construction sectors. The average annual inflation slowed down to 11.4% compared with 15.3% in 2010, following an improvement in the fiscal position and slowdown in credit expansion. The positive budget balance improved from a surplus of 6.8% to 8.9% of GDP.

The current account balance also continued to be in surplus, improving from US$7.4 million in 2010 to US$11.6 million in 2011 driven by higher oil export revenues. However, the overall Balance of Payments under performed due to unfavourable trends in foreign direct investment which declined by 29.6%.

Botswana

Real GDP growth in Botswana slowed down to 5.1% in 2011 from 7.2% in 2010 due to the adverse effect of global economic recession that impacted the price of diamonds, the main export of the country. Inflation edged up to 8.5% from 6.9% in the previous period. The upward trend in inflation reflected the easing of interest rates from 7.7% in 2010 to 5.6% in 2011. On the budgetary front, the fiscal position improved as reflected by the narrowing of the overall fiscal balance from 6.4% in 2010 to 4.4% in 2011.

Kenya

Kenya's Real GDP growth remained strong at 5.7% in 2011 compared to 5.6% in 2010. The good performance followed favourable weather conditions and heavy investments in infrastructure. Inflation, however, accelerated to 14.0% in 2011 from 4.0% in 2010 due to cost push effect of oil prices, food supply constraints, as well as exchange rate depreciation.

The exchange rate depreciation pressures arose mainly from the widening current account deficit, effects of the EU and US debt crisis and speculative activities. The Central Bank of Kenya adjusted its key lending rate (CBR) a number of times in 2011 to a high of 18% by December 2011. This measure helped to support the Kenya Shilling.

Lesotho

There are signs of economic recovery from the effects of the global financial crisis. Lesotho's economic growth rose from 3.8% in 2010 to an estimated 4.3% in 2011. This recovery in economic growth can be attributed to high government capital expenditures. Furthermore, the government's focus on infrastructure development is driving activity in the construction sector. Inflation edged up to 5.1% in 2011 from 3.8% in 2010 reflecting effects of increases in electricity tariffs and depreciation of the rand. This notwithstanding, inflation remained within the targeted 3-6% policy range.

Malawi

In 2011, GDP growth is estimated to have slowed down to 6% compared to 6.7% in 2010. This was attributable to decline in food production. The annual average overall inflation edged up slightly to 7.6% in 2011 compared to 7.4% recorded in 2010, mainly on account of the devaluation of Kwacha, fuel price hikes and the increases in maize prices. Foreign exchange earnings were adversely affected by 29.5% collapse in tobacco export proceeds brought about by a decline in prices. Total exports declined to US$293.7 million in 2011 from US$416.4 million earned in 2010.

Mozambique

GDP in Mozambique grew by 7.2% in 2011 compared with 6.8% in 2010 on account of the expanding mining sector. Going forward, prospects for growth are likely to be threatened as inflation remained in double digits at 12.7% in 2010 and 10.4% in 2011 due to rising global oil prices. External current account deficit narrowed from 18.1% of GDP in 2010 to 17% of GDP in 2011.

Namibia

Namibia real GDP growth slowed down to 3.9% in 2011 from 6.6% in 2010 due to the negative effect of the global economic slowdown in the mining sector. Inflationary trends in Namibia were relatively subdued, mainly due to a more restrictive monetary policy stance pursued by the Bank of Namibia. Overall annual inflation remained in single digit levels averaging 5.1% in 2011.

Rwanda

Macroeconomic performance has remained robust with real GDP growth accelerating to 8.8% in 2011 from 7.5% in 2010 due to an increase in foreign direct investment and expanding construction sector. Due to high food production, inflation outturn at 5.6% in 2011 remained well within the single digit range but the National Bank of Rwanda raised its key policy rate to 7% to stem up any future inflationary pressure. The overall fiscal balance remained steady at 12.2% of GDP in 2011 reflecting expenditure restraint efforts and implementation of measures to raise revenue.

Swaziland

Economic growth in 2011 is estimated to have slowed down as fiscal crisis impacted negatively on the productive sectors. Overall GDP growth is estimated at 1.3% in 2011 compared to 2.0% in 2010. Annual inflation edged up to 6.1% in 2011 from 4.5% in 2010 due to high food and oil prices. Fiscal developments deteriorated on account of substantially low SACU revenues since 2009/10 fiscal year and the absence of external funding.

Tanzania

Real GDP remained robust at 6% in 2011 albeit slowing down from 7% in 2010 due to power shortages and slow recovery in the global economy. Inflation has however, accelerated to 12.7% in 2011 from 7.6% in 2010 due to increase in oil prices in the global market. Monetary policy was tightened to curtail inflationary pressure. The policy interest rates were increased from 6.3% in 2010 to 18.2% in 2011. On the external front, the current account deteriorated due to high import bill for fuel and low export demand.

Uganda

Real GDP improved to 6.7% in 2011 from 6.2% in 2010 in line with the economy's long term potential growth of 6.7% per annum.. Inflation, however, accelerated to 18.7% in 2011 from 4.0% in 2010 on account of the cost push effect of oil prices, food supply constraints, as well as exchange rate volatility. The Bank of Uganda tightened monetary policy stance which resulted in firming interest rates in the economy. The country's current account position deteriorated due to the high import bill notably for fuel against the backdrop of low export demand.

Zambia

Zambia's real economic growth slowed down from 7.6% in 2010 to 6.5% in 2011 due to slow down in the mining sector from 1.4% to 0.6%.. Annual inflation was contained within single digit levels averaging 9% in 2011 due to an increase in food production. This compares to an average inflation of 13.4% registered in 2009. A notable achievement is that Zambia was reclassified to a lower middle income country. The current account position remains in surplus due to favourable copper prices which increased from US$6,878 per tonne in 2010 to US$7,000 per tonne in 2011.

Zimbabwe

GDP growth accelerated to 9.3% in 2011 from 8.1% in 2010. The continued recovery was largely due to mining and agriculture sectors. Growth is, however, still constrained by high oil and food prices, liquidity shortages, energy constrains and inadequate investment infrastructure. Reflecting general macroeconomic stability, inflation remained in single digit levels averaging 3.5% in 2011. On the budgetary front, lack of fiscal space remains a major challenge. The current account remained unfavourable due to relatively high import demand against the back drop of a slow recovery in the export sector.

2. SUMMARY OF ACTIVITIES, 2007 – 2011

MEFMI has witnessed a steady annual increase in the number of its capacity building activities during Phase III, straddling the period 2007 to 2011. As depicted in Table 1, the total number of all MEFMI activities rose from 67 in 2007 to 105 in 2011, a 56% increase over the 5 year period. In line with the Institute's increasing emphasis on country interventions through missions and in-country workshops that are tailored and thus impact directly at the country level, in-country activities grew nearly three fold between 2007 and 2011, as distinct from regional activities which went down by 7% over the same period. As a share of total activities, the number of country interventions through missions and in-country workshops rose from 32% at the start of Phase III in 2007, to 56% by the end of the year under report. This has been consistent with MEFMI's capacity building strategy of increasing country level interventions for maximum direct impact. This also saw regional activities moderating to 37% in 2011, having started the Phase at 62% of the total number of activities. This has been consistent with MEFMI's capacity building strategy of increasing country level interventions for maximum direct impact.

Table 1: Overview of MEFMI Capacity Building Activities, 2007 to 2011

Activity	2007	2008	2009	2010	2011	Total
Regional Activities	29	29	29	30	27	144
In-Country Workshops	9	7	14	14	20	64
Country Missions	6	14	17	17	21	75
Fellows Development Activities	2	3	3	1	3	12
Executive Forum Series	1	2	1	1	2	7
SUBTOTAL	47	55	64	63	73	302
Networking & Staff Development	15	30	28	23	24	120
Specialised Studies	1	1	5	2	1	10
Governance Meetings	4	4	4	5	7	24
GRAND TOTAL	67	90	101	93	105	456

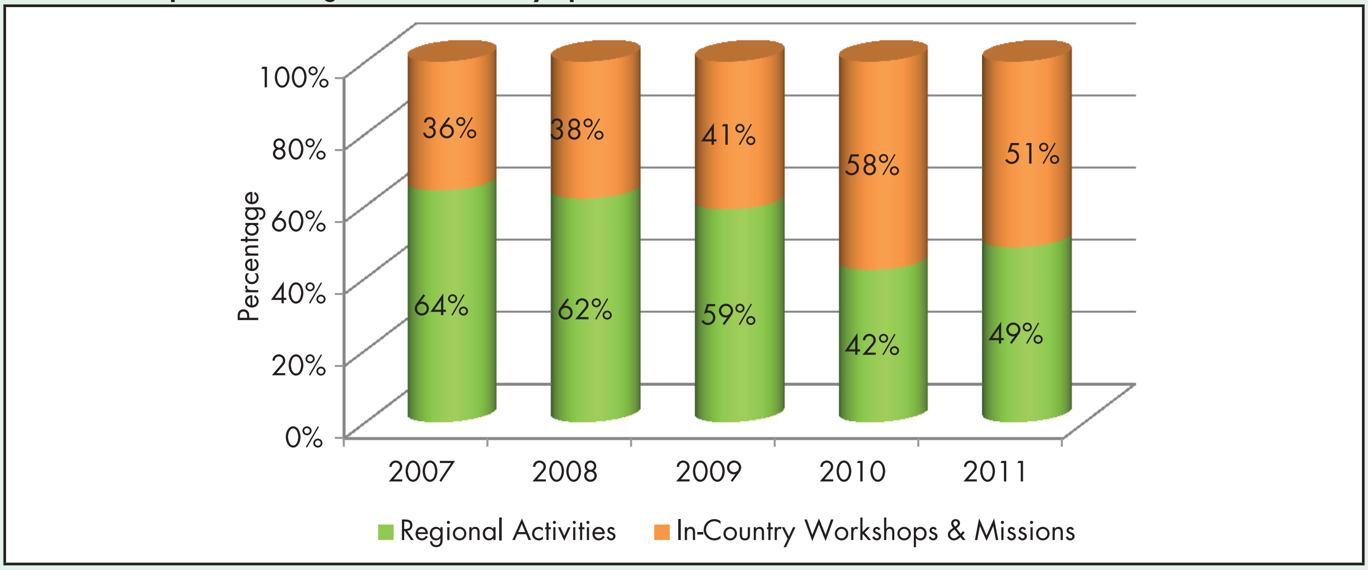
Source: MEFMI Data Base

The Institute carried out a total of 105 activities in 2011 compared to 93 in 2010. Of the latter, 63 or 68% were capacity building activities directly delivered to the clients, through regional and in-country workshops and missions. They were mostly targeted at enhancing knowledge, sharpening skills and competences as well as enhancing data, forecasting, analysis, policies and institutional operations for the benefit of the technical staff, trainee Fellows and Heads of departments in the MEFMI client institutions. The activities also sought to raise awareness on international best practice amongst middle level managers responsible for operational functions, while also keeping the high level authorities abreast of key leading edge developments that are pertinent to their effective policy-making and oversight roles in macroeconomic and financial management.

In terms of the split between Regional and In-Country activities the Institute's objective of increasing country specific interventions was met as evidenced from Chart 5, which reveals that the number of country specific activities increased from 38% of the sum of regional and In-Country activities in 2007 to 49% in 2010 before settling at 56% in 2011.

In-country activities grew nearly three fold between 2007 and 2011, as distinct from regional activities which went down by 7% over the same period.

Chart 5: Comparison of Regional and Country Specific Activities 2007-2011



The number of regional workshops conducted in 2010 were 30 activities compared to 27 conducted in 2011. The decrease is mainly due to financial constraints experienced in the year under report. Some of these activities have been further deferred to 2012.

Three Fellows Development Activities, and an equal number of specialised studies, were also conducted over the period under review. The Institute was involved in 24 networking activities. These are pertinent in unlocking the sharing of knowledge, inward transfer of expertise and forging of strategic regional and international partnerships. As a result of these alliances, a number of the above mentioned capacity building activities focusing on new areas of skills need were conducted with gratis collaboration of the relevant technical cooperating partners.

A total of seven governance related activities also took place in the year. These were related to meetings on Finance and Audit, routine and extraordinary Executive Committee Meeting, and Cooperating Partners' Liaison Committee Meetings. Table 2 summarises the activities that MEFMI accomplished in 2011 as well as over Phase III.

Table 2: Summary of the 2011 Activities

Activity	Target	Actual	Variance
Regional Activities	27	27	-
In-Country Workshops	17	20	+3
Country Missions	15	21	+6
Executive Forum Series	2	2	–
Fellows Development Activities	2	3	+1
Total Regional & In-country Activities	**63**	**73**	**+10**
Networking & Staff Development	18	41	+23
Specialized Studies / Reviews	4	3	-1
Governance Meetings	4	7	+3
Total Other Activities	**26**	**51**	**+25**
Grand Total All Activities	**89**	**124**	**+35**

Source: MEFMI Data Base

A comparison of the total number of activities that MEFMI targeted for 2011 with the outturn for the period that Table 2 depicts shows that MEFMI exceeded the target by 39%. This positive variance is largely explained by higher-than-anticipated country interventions, at 28% above target, which the Institute made through a combination of missions and in-country workshops.

The interventions were in response to ad-hoc but pertinent country requests received in the course of the year under review. They helped the Institute to effectively respond to country-specific needs, onsite. They also cost-effectively reached out to many officials per country. In addition, MEFMI's presence in the countries enabled a more direct observation and review of effectiveness of the use of capacity built.

Furthermore, any institutional constraints to implementation of best practice were more readily identifiable and addressed, where feasible. MEFMI's interaction with the country authorities during country interventions also provided an important opportunity to draw their attention to any implementation challenges observed.

Networking and staff development also witnessed more than three-fold performance increase above target, underpinned by growth in the Institute's networking activities. These were geared at forging strategic partnerships that help to inwardly transfer skills through mainly gratis technical support, while also enabling the region to benchmark to international best practice.

Staff development has however been somewhat limited by financial constraints, notwithstanding its relevance in sharpening the Secretariat's professional staff skills to enhance their participation in actual delivery of capacity building activities beyond the traditional coordination and oversight roles.

The 2011 governance related activities were also much higher than planned. This emanated from the need for the Secretariat to present and obtain key stakeholder approval of the strategic plan and seek related financing for the new phase. Some extraordinary meetings thus had to be held to this end.

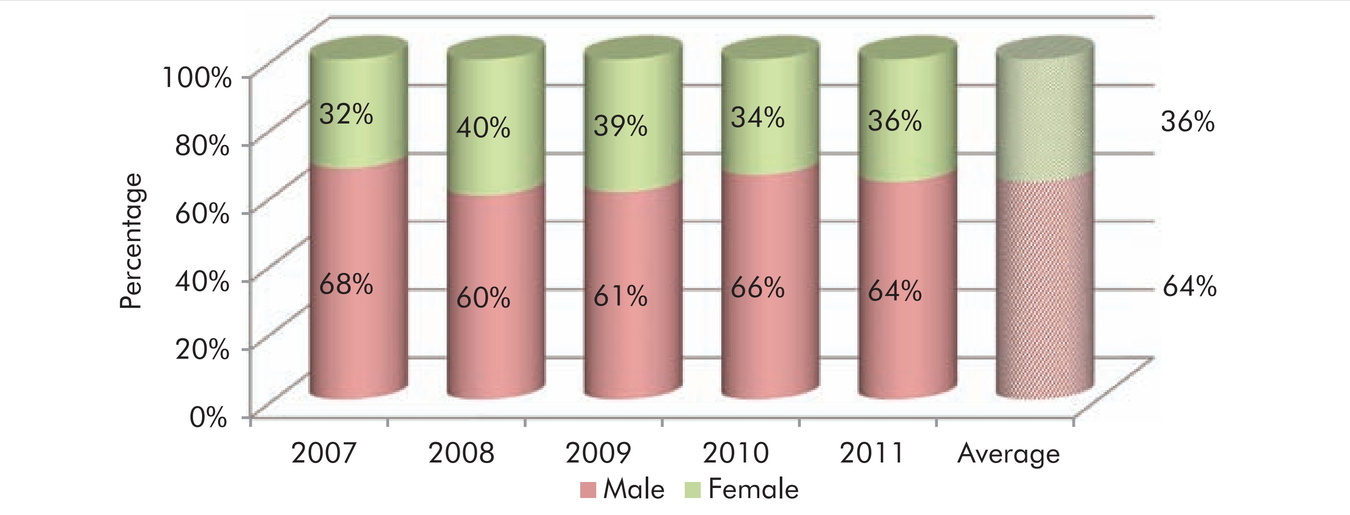
For the regional activities, implementation remained on target. This was notwithstanding the fact that a higher number of regional activities than in 2010 had to be scheduled for in 2011, in order to cater for those activities that had been deferred from 2010 owing to the funding constraints earlier alluded to.

2.1 Participation at Capacity Building Events

The total enrolment in all capacity building activities undertaken during the period January - December 2011 increased to 1,296 participants from 1,145 in 2010. Female participants slightly increased to 471 from 384 in the same period. In-country workshops attracted 294 participants of whom 36 % were female (Chart 6).

As is clear from the Chart, efforts were made over the implementation of Phase III to increase the participation of women in MEFMI activities. This paid off as we averaged 36% participation over the phase. The variations among the different years are a reflection of the location/venue and type of activities undertaken.

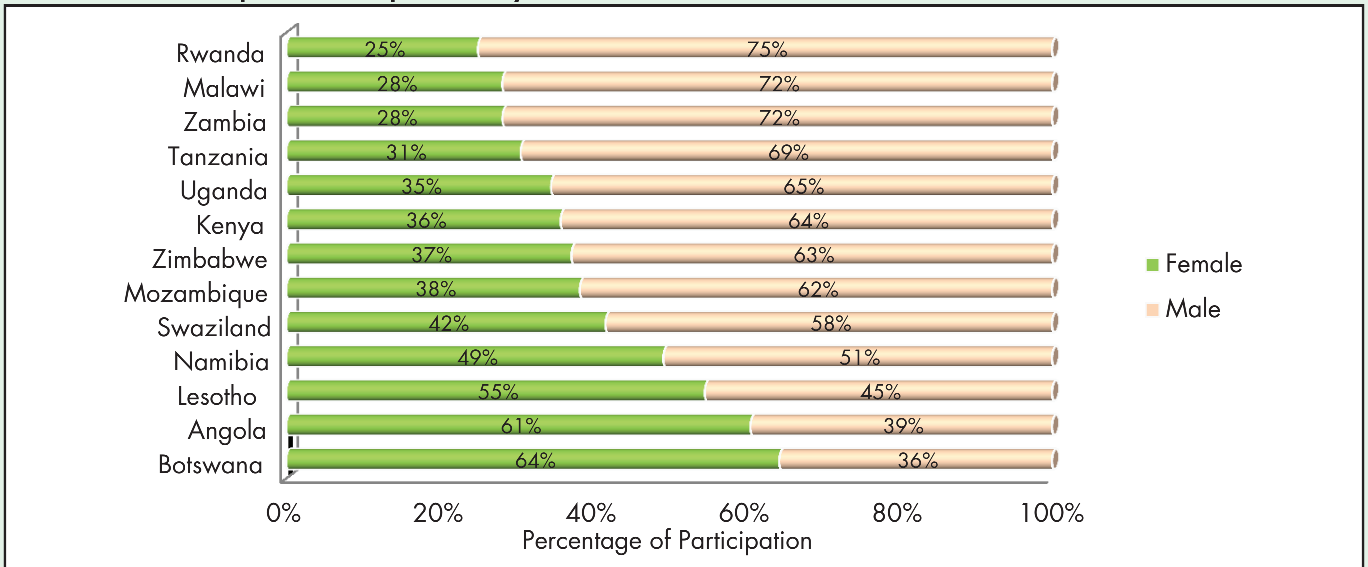
Chart 6: Gender Profile of Participants, 2007-2011



Source: MEFMI Data Base

As shown in Chart 7, a number of member countries still have wide disparities in the gender composition of the participants nominated for the MEFMI capacity building activities. One of the extreme cases with a bias on the male participants had an average participation of 25% female with 75% male, while the case of extreme domination by female participants had 64% female with 36% male. This gender imbalance mainly reflects the gender patterns in the targeted departments of the client institutions in the member states.

Chart 7: Gender Representation per Country, 2007-2011



2.2 Resource Persons Utilisation

During the period under review, the Institute utilized the services of 285 resource persons, compared to 204 utilized in 2010. The increase was mainly due to the increased number of joint activities conducted during the period which attracted consultants from the co-operating partners. In terms of distribution, 72% of the resource persons were from the region. Of these, 31% were MEFMI staff, 28% other regional experts and 13% MEFMI Fellows (Table 3). The relatively low utilization of MEFMI Fellows in the later years of Phase III is mainly due to the fact that most of the activities undertaken were in new subject areas where MEFMI is still short of Fellows. The new areas where Fellows are yet to be developed include regional integration, Foreign Private Capital (FPC), non-bank supervision and legal framework and institutional arrangement for debt management.

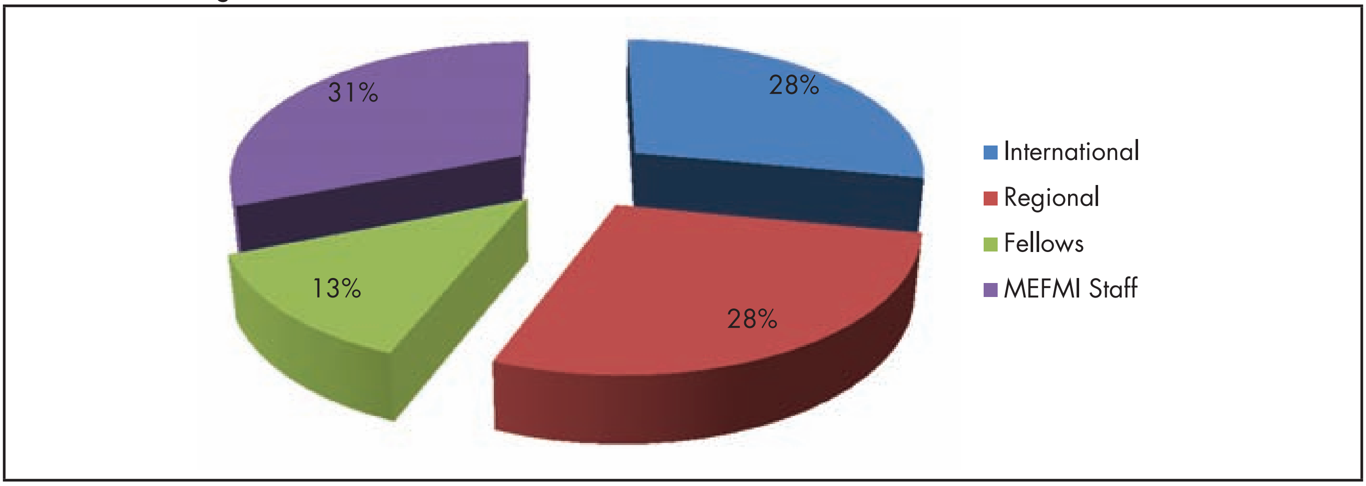
Table 3: Comparison of Resource Persons Utilization (2007-2011)

Resource Persons Category	2007	2008	2009	2010	2011
Regional Experts	41%	29%	30%	22%	28%
MEFMI Fellows	16%	18%	22%	12%	13%
MEFMI Staff	18%	23%	29%	31%	31%
International Experts	**25%**	**30%**	**19%**	**35%**	**28%**
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**

Source: MEFMI Data Base

Intensive use of regional expertise at 28% of total resource persons utilised, is a positive development and in line with the goal of creating a regional pool of experts to implement most of the capacity building activities (Chart 8). A combination of regional experts, MEFMI Fellows and MEFMI staff indicates that MEFMI is slowly moving in the right direction of achieving a critical mass of specialists to address capacity needs in the region.

Chart 8: Percentage of Resource Persons Utilization in 2011



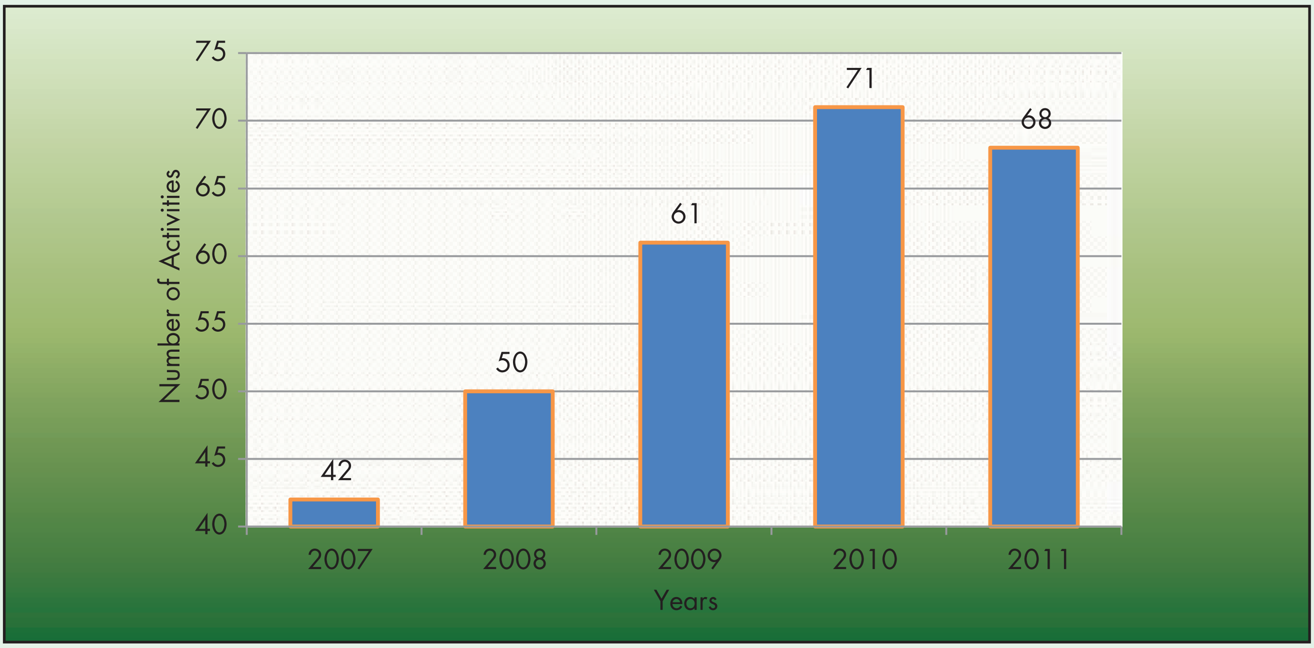
A combination of regional experts, MEFMI Fellows and MEFMI staff indicates that MEFMI is slowly moving in the right direction of achieving a critical mass of specialists to address capacity needs in the region.

International resource persons, however, also still constitute a critical component of about 28% (Chart 8). Assessments by client institutions in the 2010 Mid Term Review (MTR) report indicate that the resource persons and materials used during MEFMI's activities are generally of high quality. It was highlighted that pairing of regional and international experts in the delivery of products is an important strength of MEFMI. The majority of international resource persons (89%) were on a gratis basis from technical cooperating partners and therefore a vital component of our sustainability efforts.

3. CAPACITY BUILDING OUTPUTS

The 2011 capacity building activities covered areas of needs as identified by member countries as well as by the MTR report. Chart 9 below provides a profile of the combined regional and in-country capacity building activities from 2007 to 2011.

Chart 9: The Number of Regional and In-Country Capacity Building Activities 2007-2011



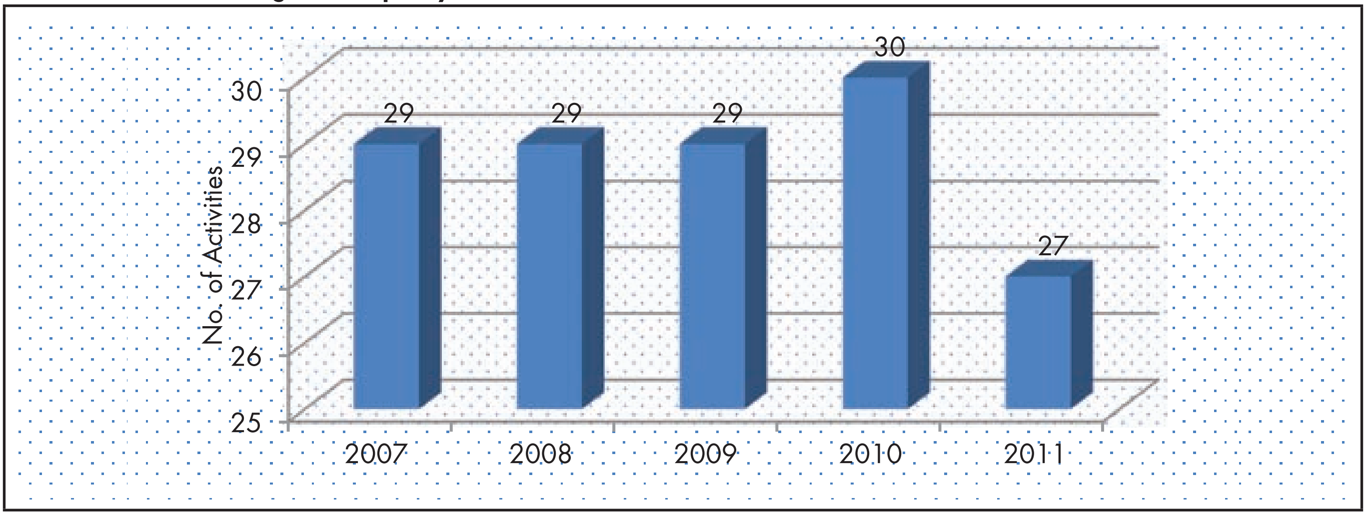
Source: MEFMI Data base

3.1 Regional Capacity Building Activities

In the period under report, the Institute conducted 27 regional capacity building activities. This was a decrease of three from 30 conducted in 2010. 697 officials including Fellows attended the 27 activities while 749 officials participated in 30 regional activities that were delivered in 2010 (see Annex I). The decrease in regional activities from 30 in 2010 to 27 in 2011 was as a result of cash flow challenges. The remaining 5 activities from 2010 will be absorbed in the 2012 calendar. Chart 10 below shows a profile of regional capacity building activities from 2007 to 2011.

[1] ***Annex I*** *provides details of venues, duration, objectives, outputs, 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.*

Chart 10: Profile of Regional Capacity Activities 2007 - 2011

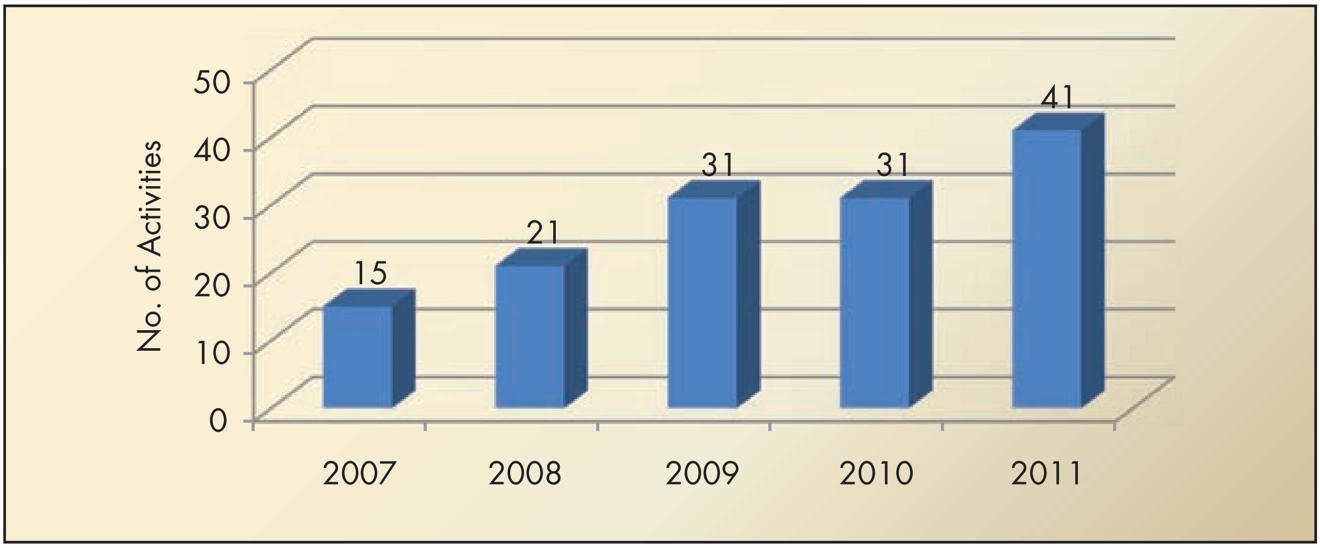


Source: MEFMI Data base

In-country Capacity Building Activities

During the period under review, a total of 41 in-country activities were conducted, compared to the 31 conducted in 2010. However, the number of participants benefiting from in-country activities increased by 16% to 394 in 2011 compared to 340 in 2010. The increase in participants despite the reduced number in activities was due to the nature of the in-country activities that were mainly in-country workshops. In-country workshops attract a larger audience as opposed to implementation missions that are technical and advisory in nature and see the MEFMI teams only working closely with a few individuals called technical champions (see Annex II & III for participants' profile). The chart below provides a trend comparison of in-country activities from 2007 -2011.

Chart 11 Profile of In-country Activities 2007 – 2011

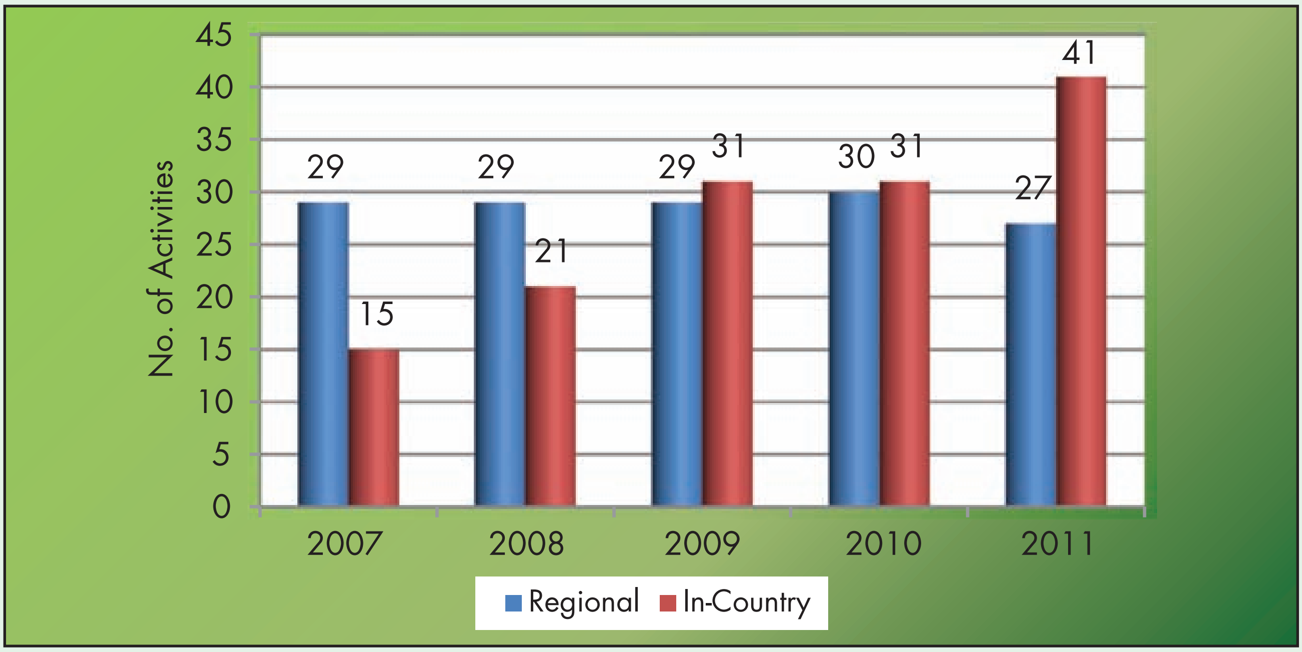


Source: MEFMI Data base

[2] ***Annex II and III*** *provides details of venues, duration, objectives, outputs, 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 in-country workshop and mission.*

In general, in-country capacity building activities are fast gaining popularity among MEFMI member countries as evidenced by the number of requests the Secretariat is receiving. It is expected that the numbers will remain high for these activities in the coming years. The chart below shows a comparison of Regional and In-country Capacity Building Activities for the period 2007 – 2011.

Chart 12 Comparison of Regional and In-country Activities 2007 – 2011



Source: MEFMI Data base

3.2 Fellows Development Programme Activities

During the year under review, the Fellows Development Programme continued to be a relevant capacity building initiative to member countries. The fellows programme facilitates skills transfer in priority capacity building areas of member countries through in-house training, participation in policy decisions and support of introduction of new frameworks, systems and instruments.

In 2011, a total of 50 Fellows attended workshops / courses / retreats within their respective programmes as part of their Customised Training Plans (CTPs) in order to gain knowledge and skills. In addition 36 Graduate and Accredited Fellows were engaged as resource persons at MEFMI workshops and country missions.

The major highlight for the Fellows Development Programme during the period was the graduation and accreditation ceremony which took place during 25 to 27 July 2011, in Harare, Zimbabwe. 19 candidate Fellows (7 females) were assessed and graduated while eight graduate Fellows (all male) who were on apprenticeship were accredited.

This brings the total number of accredited fellows to 34 and 47 graduate fellows. The table below shows the capacity building participation and utilization of Fellows by each programme during the period under review.

The major highlight for the Fellows Development Programme was the graduation and accreditation of 19 candidate Fellows.

Table 4: Fellows Capacity Building and Utilization 2011

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	13	0	1	6	0	0	1	0
FSM	19	2	0	7	4	0	1	1
Macro	18	2	1	2	6	1	1	0
MDA								4
Total	**50**	**4**	**2**	**15**	**10**	**1**	**3**	**5**

Source: MEFMI Data Base

4. STUDIES AND REVIEWS

4.1 Costs and Benefits of Debt Relief

The Debt Management Programme conducted a study on costs and benefits of debt relief in the last half of 2010. The study covered seven MEFMI countries that benefitted from international debt relief, through mechanisms of the Paris Club and, more recently, the Heavily Indebted Poor Countries (HIPC) and Multilateral Debt Relief (MDR) Initiatives.

A key finding of the study is that, while international debt relief helped to significantly reduce the external debt burden of all MEFMI countries that participated, the cost that countries incurred in the process, though a relatively small percentage of the debt relief received varied markedly amongst them. Therefore, among other things, the study recommends that countries should constitute optimal delegation sizes while negotiating debt relief to ensure cost effectiveness and maximise the benefits of debt relief. The full report of the study can be seen on MEFMI's website www.mefmi.org

4.2 Modeling and Forecasting Reference Manual

During the year the Institute worked with a team of consultants to develop a Macroeconomic modeling and Forecasting Manual. A workshop to review the draft Modeling and Forecasting Reference Manual for the MEFMI region was held on 15-19 August 2011. Some comments raised during the workshop have been incorporated into the Modeling and Forecasting Reference Manual which was expected to be subjected to peer review before being released in 2012.

4.3 Policy Advice

The Institute continued supporting countries by giving policy advice on several aspects of economic policy management. During the year the Institute prepared and submitted to the Ministry of Finance, Zimbabwe, a policy advice note on regional integration through a paper on the Preconditions of Establishing a Customs Union in SADC and Advantages/Disadvantages of Regional Economic Integration in the Sub-Region. In addition, MEFMI participated in the Ministry of Finance's 2012 Budget Formulation Process for Zimbabwe.

Following debt management performance assessments, the Institute in collaboration with the World Bank assisted countries such as Zambia, Malawi and Tanzania to prepare reform plans for their debt management. There were a number of other policy advices provided to member states as mentioned in the highlights and outputs sections of this report.

5. GOVERNANCE AND NETWORKING ACTIVITIES

5.1. Governance

The Institute currently holds two governance meetings every quarter. These are the Audit Committee and the Executive Committee meetings. In the past and before the establishment of the Audit Committee, only one governance meeting was held per quarter. In 2011 both committees held their meetings as planned, and in addition the Board of Governors held its 15th meeting on 19 September 2011. Some of the issues deliberated by the Executive Committee and the Board were:

- Adoption of the report from the Internal Auditors;
- Review and approval of the 2010 audited financial statements;
- Adoption of the 4th Quarter 2010 management accounts;
- Adoption of MEFMI Phase IV Plan;
- Review and approval of the 2012 Work Programme and Budget;
- Review and approval of the 2010 annual report
- Review of the draft Reserve Fund Policy and guidelines
- Review and amendment of Article 9.1 (b) of the MEFMI constitution
- Election of the Chairperson of the Board
- Appointment of members of the Executive Committee for 2012

There was also an Extra-Ordinary Executive Committee Meeting on 12 May 2011, to approve the 2010 Audited Financial Statements and the 2010 Annual Report.

A Technical Meeting of the Cooperating Partners' Liaison Committee was held on the 18 May 2011 to discuss the 2010 Annual Report, and the related Audited Financial Statements, as well as the Progress Report for the first quarter of 2011 and The Phase IV (2012-2016) Plan. This was followed by the Cooperating Partners' Liaison Committee Meeting which was held on 6 December 2011 to discuss the 2012 work programme and budget, resource mobilization strategies for phase IV as well as the progress report for the fourth quarter of 2011.

5.2. Networking

During the period under review, MEFMI participated in several networking events, which assisted the Institute to broaden and strengthen its worldwide alliances, in addition to remaining in touch with cutting edge issues in the areas of debt management, macroeconomic and financial sector management. The BIS /CESAG Lecture Series, for instance, is an annual event that MEFMI participates in at the invitation of the Bank for International Settlements (BIS).

MEFMI has also been participating in a number of workshops on CDIS since 2008. CDIS is the IMF's coordinated tool in capturing direct investment statistics with a view to understanding the extent of globalisation and for quality improvement of International Investment Position (IIP) statistics.

Other networking events that the Institute has participated in have been at the invitation of such world bodies as the World Bank, UNCTAD and COMSEC. MEFMI also interacted with such regional bodies as WAIFEM, CEMLA, SECO, OECD and CISNA.

6. SYSTEMS DEVELOPMENT

6.1 Business Process Improvements

The institute acquired and implemented an integrated financial management system to improve its processes and compliance in line with the international best practice. This has improved the productivity of staff, reduced turnaround times and improved the quality of information communicated to our stakeholders. An interface with one of our bankers was established, significantly reducing the paperwork by giving us direct access to our bank accounts for checking balances/statements, making payments and transfers.

6.2 Compliance

In addition to our statutory annual external audit and quarterly internal audits which were done on schedule, we were graced by an additional audit commissioned by our financial partner, Sweden. Though there were no major issues, all the findings were taken on board, which should assist with improvements in our systems.

6.3 Financial Resource Mobilisation

As we came to the end of our funding cycle, it required us to mobilise and commit financial resources for the coming year. The process was started in earnest and gathered momentum by the end of the year. The resource mobilisation activities are on-going. The Secretariat is hopeful that new cooperating partners will come on board in Phase IV.

Management also intends to present a proposal to the Board of Governors, recommending some potential members to be approached. The current 13 members have indicated their continued support to MEFMI during Phase IV.

7. FINANCE

7.1. Income and Expenditure

MEFMI opened 2011 with a positive cash balance of US$1.13 million. This amount included provisions for staff gratuities and suppliers invoices amounting to approximately US$0.5 million. The balance was funds paid in advance by the Swedish Government, for 2011 activities. These funds brought forward assisted the Institution to meet its obligations for the first two months of the year, before any income started to come in.

MEFMI's source of funding included the 13 Member Countries, four main Financial Cooperating Partners and other small contributors. It also received in-kind support from member countries.

The budget execution for the year was below target. Total income for the year was US$5.896 million, which was 29 % below budget and 10 % below 2010 (2010 – US$6.545 million). Expenditure was US$5.988 million (2010 - US$5.729 million) leaving a negative balance of US$0.092 million (2010 – Surplus of US$0.816 million), which was financed by brought forward accumulated funds. The budget difference was due to a 2011 contribution from one Cooperating Partner which was received and recognised in advance in 2010, and therefore accounted for as 2010 income though expensed in 2011.

Out of the US$5.896 million income received in 2011, 61% was from member countries, 38 % from cooperating partners and 1% from other income. The contributions from Cooperating Partners declined by 35% in 2011 mainly due to the advance receipt from SIDA which was received and recognised in 2010, as noted above. It must also be noted that US$0.286 million of the income from member countries is accrued income due from two member countries that were in arrears at the end of 2011 (Table 6).

Table 5: Income Comparatives by type against 2010 and against 2011 budget

	2011		2010		Variances		
Source	**Amount US$ (000)**	**Ratio (%)**	**Amount $ (000)**	**Ratio (%)**	**2010 - 2011 Variance (%)**	**2011 Budget**	**2011 Budget Variance (%)**
Member states	3,531	60	2,925	45	21	3,531	-
Cooperating partners	2,034	34	3,125	48	(35)	3,352	39
In kind contributions	250	4	484	7	48	-	-
Other income	81	2	11	-	-	30	-
Totals	**5,896**	**100**	**6,545**	**100**	**(10)**	**6,913**	**(15)**

Source: MEFMI Financial Records

Additional contributions of US$0.6 million from member countries are not included in the income above, but have been disclosed as deferred income in the statement of financial position. These are contributions towards the extension of the Secretariat office building.

Table 6: Receipts from Member States for 2011

	Member State*	Actual Amount US$ (000)	Invoiced Amount US$ (000)	Variance US$ (000)
1	Angola	372	372	
2	Botswana	309	309	
3	Kenya	334	334	-
4	Lesotho	301	301	-
5	Malawi	311	311	-
6	Mozambique	309	309	-
7	Namibia	305	305	-
8	Swaziland	302	302	-
9	Rwanda	307	307	-
10	Tanzania	331	331	-
11	Uganda	324	324	-
12	Zambia	268	314	(46)
13	Zimbabwe	70	310	(240)
	Totals	3,893	4,131*	(286)

Source: MEFMI financial records

Table 7: Receipts from Financial Cooperating Partners for 2011

Partner	Amount US$ (000)
ACBF	469
AfDB	39
DRI	7
European Union	14
IMF	39
Netherlands	660
Norway	766
World Bank	40
Sweden	Received in 2010
Totals	2,034

** The difference in the total member country contributions with table 5 are the additional contributions of US$600,000.*

Table 8: Expenditure comparisons for 2010 and 2011

	2011	2010	2011-2010	2011	
	Amount US$ (000)	Amount US$ (000)	Variance %	Budget US$ (000)	Variance %
Recurrent expenditure	5,988	5,728	(5)	7,370	19
Capital expenditure	344	357	4	600	43
Total	6,332	6,085	(4)	7,970	21

Source: MEFMI Financial Records

The 2011 recurrent expenditure was guided by the flow of income as shown in Table 5, and was only slightly higher than the 2010 expenditure. The Secretariat continues to make efforts to control expenditure.

The capital expenditure for 2010 and 2011 was to a large extent financed by the additional contributions of US$600,000 in 2011. The break - down of the 2011 capital expenditure is detailed in 7.2 below.

7.2 Capital Expenditure

During the year, further additions were made to the office building. These included completion of the new building, construction of a storeroom with garage and additional facilities and a guard house. The Institute also purchased computers, computer equipment and furniture as shown in table 9 below.

Table 9: Summary of Capital Expenses during 2011

	Item	Amount US$
1	Office furniture and equipment	13,075
2	Computer equipment	62,892
3	Software purchase and upgrades	20,758
4	Additions to land and building	247,570
	Total	344,295

Source: MEFMI Financial Records

8. HUMAN RESOURCES AND ADMINISTRATION

8.1. Office Relocation

Following acquisition, renovation and extension of the MEFMI property located at 9 Earls Road in Alexandra Park, Harare, MEFMI took ownership of the property and moved in, in February 2011. Additional space was created by the construction of storerooms, a guard house and a garage.

8.2. Staff Compliment

A Director for the Macroeconomic Management Programme was employed and commenced duty on 1 June 2011. This resulted in a full staff compliment of 31, as depicted in the staff distribution table below:

Table 10: Staff Distribution at the Secretariat

Post	Male	Female	Total
Executive Director	1	-	1
Programme Directors	3	1	4
Programme Officers /Equivalent	10	4	14
Assistant Accountant	1	-	1
Accounts Assistant	-	1	1
Programme Secretaries /Equivalent	-	5	5
Receptionist	-	1	1
Drivers	2	-	2
Office Orderly	-	1	1
Gardener	1	-	1
Total	18	13	31

Source: MEFMI Data Base

8.3. Staff Development

In line with the training budget, the Institute implemented some staff training and development based on needs identified from the 2010 performance appraisals as well as those which were as a result of new systems and job demands (Annexure V).

A staff retreat was held which focused on three areas; change management, effective communication and ethics and accountability. An action plan was adopted on various issues raised which have been implemented.

Following acquisition, renovation and extension of the MEFMI property located at 9 Earls Road in Alexandra Park, Harare, MEFMI took ownership of the property and moved in, in February 2011. Additional space was created by the construction of storerooms, a guard house and a garage.

8.4. Health and Safety

8.4.1. HIV and AIDS Workplace Programme

To address the issue of HIV and AIDS at the workplace, the Institute partnered with the Southern Africa HIV and AIDS Information Dissemination Service (SAfAIDS) on the "Scaling up HIV and AIDS responses in the World of Work –STOP AIDS NOW" workplace project. An Action Plan and Implementation programme was drawn and an HIV and AIDS Committee set up to assist with the implementation of the Workplace Programme.

8.4.2. Fire Safety Training

All members of staff were trained on fire safety after fire equipment was installed in the offices. The training included practical demonstration of how to operate fire equipment and fire evacuation procedures.

9. SOME OBSERVED OUTCOMES

In 2011 the Institute remained steadfast in the delivery of capacity development activities attaching greater importance on the realization of tangible results on the ground. The Programmes visibility in the region is epitomized by the existence of products and tools as well as projects that made a significant difference to clients' institutions.

The Programmes made significant impact through on the job training programs and regional workshops. These delivery modes were complemented by in country activities designed specifically to address the unique situations in of the MEFMI member states. This approach took into account the heterogeneity of regional economies and the need to harmonize frameworks and deepen regional integration.

Greater focus was on technical assistance to improve operations and develop policies, standards and operating procedures. The development and dissemination of tools such as manuals, software, guidelines and training materials was critical for policy formulation, implementation and monitoring. These interventions have enhanced knowledge, increased awareness to emerging risks and opportunities and fostered best practices in the region.

The impact of the capacity enhancement cannot be completely isolated due to downside risks that continue to militate against the MEFMI region's progress towards attainment of the MDGs.

9.1. Macroeconomic Management Programme

9.1.1. Modeling and Forecasting

The Programme enhanced skills in modeling and forecasting and updated modeling and forecasting frameworks in Kenya and Namibia. In Kenya, a framework for forecasting quarterly GDP estimates was developed for the Ministry of Finance. The Framework has significantly enhanced the quality, timeliness and frequency of GDP data. The government of Kenya can now compile high frequency GDP estimates for policy formulation and implementation.

In Namibia, a Quarterly GDP Framework was developed in June 2010 and this was successfully applied in 2011. The comprehensive approach to the compilation of quarterly GDP estimate enhanced accuracy of data which is critical for timely intervention in response to macroeconomic imbalances.

MEFMI developed a Small Scale Macro Model for the Swaziland economy in July 2011. The model will assist Swaziland to generate short-term forecasts on key macroeconomic indicators, such as inflation, GDP, investment and employment. The model also provides a solid framework for monitoring economic performance and assessing developments in the Swaziland economy. The model which is under experimentation will be fully implemented in the first quarter of 2012

9.1.2. Foreign Private Capital-Capacity Building

The Programme rolled out the Private Capital Monitoring System (PCMS), a world class software designed to record and analyse foreign private capital flows. Software application was expanded to eight countries and these countries have made significant progress towards producing harmonized FPC data.

The software was further upgraded to comply with international best practice and bench marked to the IMF's Balance of Payments Manual Six (BPM 6). These improvements have enhanced foreign private capital data quality and facilitated timely processing of survey results.

- **Botswana**: In the past Botswana updated FPC statistics annually due to lack of an appropriate system. In 2011 Botswana made a major milestone and began to generate high frequency quarterly update using PCMS.

- **Lesotho**: Lesotho customized the PCMS and benefitted immensely from the hands-on training on the software. During the customisation process, data on foreign assets and liabilities for 75 surveyed companies was successfully processed. PCMS has greatly enhanced the quality and timeliness of data.

- **Malawi**: The country downloaded the web-based PCMS System to their Local Area Network (LAN). An efficient connectivity was introduced to facilitate access by multiple users. This addressed the slow internet connectivity. Use of PCMS in Malawi has reduced data processing delays experienced in the past. These interventions overcame the delays experienced in the past and Malawi is now disseminating and publishing FPC data on a timely basis for analysis, research, investment promotion and economic management.

- **Tanzania**: The country migrated from the static oracle-based FPC system to the web-based MEFMI PCMS. MEFMI software enabled FPC database access by multiple institutions and has simplified generation of reports on investors' perceptions, International Investment Position and Balance of Payments, critical for external policies design and execution. This development has enhanced efficiency in the recording and analysis of data. Reflecting this, Tanzania managed to record and analyse data for 700 companies in the 2011 FPC Census within a month compared to period of over six month experienced in the past.

- **Rwanda and Zambia**: Following software upgrade to comply with BPM 6 in June 2011, Rwanda and Zambia had their capital account compilation migrated from BPM 5 to BPM 6. This is consistent with the Programme's efforts to foster best practices and assist countries to migrate to minimum acceptable standards. This process lays the foundation for the development of the harmonised database in preparation for a monetary union.

9.1.3. Framework for Compilation of Remittances

Rwanda developed an effective framework for the compilation of remittances. The Framework improved the capturing of remittances from the diaspora and enhanced the quality of balance of payments statistics. The Programme intends to roll out this Framework to other MEFMI member countries during Phase IV.

The Programme's resolve going forward is to stay the course of the capacity development process with a deliberate bias towards tailor made products and act as a catalyst to the regions poverty reduction efforts. Capacity development efforts will thus be doubled to unlock the regions' immense growth potential and uplift the standards of living of millions in the region.

9.2. Debt Management Programme

The year 2011 saw the Debt Management Programme conduct seven regional training activities in key areas of common regional skills gaps, notably: domestic debt sustainability analysis for 26 e-learning students who passed the course; use of the debt sustainability framework; CS-DRMS and DMFAS analytical tools for evaluating loans and debt reporting and portfolio analysis; development of domestic securities markets for effective borrowing strategies; managing sovereign liability portfolio risks through medium term debt strategies and training on more effective performance auditing of all aspects of public debt management.

At the country level, the Programme made 13 tailor-made interventions that addressed country-specific needs through a combination of missions and in-country workshops. Assistance provided transcended computer-based debt management systems training for users; debt data validation and reconciliation with creditors; debt sustainability analysis; debt management performance

The Programme rolled out the Private Capital Monitoring System (PCMS), a world class software designed to record and analyse foreign private capital flows.

assessment and associated reform planning; training on domestic debt management and debt markets development and support in formulation of medium term debt strategies.

These efforts on the whole helped to enhance the availability and quality of debt databases and related reports, strengthen policies in debt management, broaden knowledge and sharpen operational and analytical skills in public debt management in the MEFMI member states. The key outcomes achieved by the close of Phase III in 2011 are summarized below.

9.2.1. Legal and Institutional Reforms

Following years of awareness-raising, training and advising on legal and institutional arrangements, MEFMI countries continued to review their legal and institutional arrangements for sovereign debt management. To this end, MEFMI partnered with the World Bank under the Debt Management Facility to assist a number of countries in reviewing their legal and institutional setup for sovereign debt management through application of the Debt Management Performance Assessment (DeMPA) tool. As a result, additional MEFMI countries, e.g. Malawi and Zimbabwe, adopted and started implementing their debt management reform plans.

These efforts are contributing to the on-going pursuit of best practice in debt management across the region, including harmonization of legal and institutional arrangements which promotes macroeconomic convergence, a key precondition for sustainable regional integration.

9.2.1.1. Borrowing Underpinned by Debt Sustainability Analysis and Medium Term Strategies

The pervasive need for huge infrastructural and social sector investment financing in the region notwithstanding, member states heeded the Institute's advice, alongside that from other international financial institutions, against rushed decisions to issue sovereign bonds in international markets, or to enter into private-public partnerships or borrow indiscriminately from the emerging non-traditional lenders without first fully understanding the cost and risk implications. In response to high level awareness raised and technical level knowledge and skills imparted through relevant capacity building activities conducted in the areas of debt sustainability analysis and formulation of approved medium term debt strategies, most MEFMI countries have adopted a more cautious and gradual approach to sovereign borrowing, issuance of guarantees and incurring of other contingent liabilities. Kenya, Tanzania and Zambia for instance are giving precedence to country credit ratings, moderated by a careful forward-looking assessment of debt sustainability and policy implications before issuing international sovereign bonds

MEFMI countries are also pursuing more informed domestic debt issuance and market development strategies partly in response to MEFMI advice to reduce exchange rate risks from excessive external borrowing and the need to not only diversify the sources of government debt financing but also to deepen the domestic debt markets.

Through awareness raised and knowledge and skills imparted in analysis and strategy formulation as well as lessons from debt relief experiences studied, the majority of MEFMI countries have incorporated cost-and-risk considerations into their debt management objectives and strategies, which are increasingly guiding their domestic and external borrowing decisions and negotiations.

Efforts to develop regional skills in sovereign liability risk management and institute sovereign risk modeling into debt management at the country level have also become evident with the completion and handover of a test-case sovereign liability risk

MEFMI partnered with the World Bank under the Debt Management Facility to assist a number of countries in reviewing their legal and institutional setup for sovereign debt management model that MEFMI assisted Uganda to develop and customize during Phase III. Other member states are poised to learn from and replicate these experiences, given also the fact that most have already been assisted to assess the costs and risks in their public debt through medium term debt strategies (MTDS) missions undertaken by MEFMI in collaboration with the Breton Wood Institutions.

As countries are diversifying their funding sources to include domestic debt issuance, MEFMI also sought to assist them strengthen their analytical capacity in public domestic debt, through offering a cost-effective e-learning course on domestic debt sustainability analysis that saw 26 students graduate from across the region. The students practically applied the skills learnt by undertaking research in their respective countries using official country data, culminating in research papers that convey policy recommendations for enhancing fiscal and domestic debt sustainability in those countries and also the region in general.

Debt strategies for former HIPCs in the MEFMI region are also emphasising contraction of concessional loans and elimination of commercial debt for budget financing purposes where commercial debt has to be contracted; it has been mainly to finance high-return activities that leverage the productive capacity of the economies, such as in the energy and infrastructure sectors.

9.2.2. Enhancing Transparency through Availability of Credible Debt Information

MEFMI continued to provide maintenance level support to member states as well as impart knowledge and skills in new areas in the area of back office operations in public debt management. As a result, back offices continued to improve their procedures and tools, as well as the quality of debt information and operations. This is facilitating more comprehensive debt monitoring, accurate and timely debt servicing and adoption of international standards in debt reporting, as evidenced by the absence of debt servicing arrears arising from undue delays in processing of debt payments as well as the continued meeting of reporting requirements and obligations, notably under Debt Reporting System (DRS), Quarterly External Debt Statistics (QEDS) and General Data Dissemination System (GDDS).

Improved debt data quality served as a key input into the debt sustainability analyses and cost-and-risk assessments of MTDS in 2010 and before. In addition, availability of high quality debt data enabled countries to continue to comprehend the annual evolution and structure of their public debt for informational and policy-making purposes.

Flowing from these outcomes, MEFMI countries are now better poised to produce and disseminate public debt statistical bulletins, which would promote greater transparency and accountability in sovereign debt management.

9.2.3. Consolidated Skills Base in Public Debt Management

MEFMI's debt management Fellows, 14 of whom were utilized across regional and country activities in 2011, have been effectively engaged in some of their own countries to build internal capacity and to carry out tasks that were previously carried out by consultants. Examples are: Kenya, Malawi, Tanzania, Uganda, Zambia and Zimbabwe, where staff trained by MEFMI over the years, including the Fellows, are able to provide training in computer-based debt management systems and undertake debt sustainability and some risk analyses with minimal support from MEFMI Secretariat and consultants.

9.2.3.1. Innovations in Debt Management

The successful mounting of maiden e-learning courses in debt management by MEFMI in Phase III, as more recently evidenced by graduation of 26 more e-learning students in 2011, has consolidated the Institute's innovation in this area. Consequently, MEFMI now has a firm basis from which to explore prospects for employing this additional mode of delivery for more of its capacity building activities, as the approach has proven to facilitate wider and flexible participation while remaining quite cost-effective.

On another front, following indications that supreme audit institutions in the MEFMI countries lack adequate technical knowledge of debt management processes and tools to effectively audit public debt, the Debt Management Programme moved to engage public sector auditors, through launching an appropriate training programme tailor-made for them. The first workshop held under the programme effectively exposed auditors to the key concepts, methodologies and tools of debt management, while applying principles of auditing to the subject. This culminated in the development of a checklist for auditing public debt, which is to be circulated to supreme audit institutions for their input before it is finalized and recommended for adoption as one of the key referral guides for auditing public debt in the region. The guidelines are also expected to foster harmonization and comprehensiveness in the auditing of all aspects of loan contraction and public debt management performance in MEFMI member states.

9.3 Financial Sector Management Programme

The year 2011 saw the Financial Sector Management Programme (FSM) implement 13 regional and 6 in-country activities. These covered a wide range of financial management skills such as portfolio management, strategic asset allocation, risk measurement, performance and reporting, risk management and internal controls, portfolio analytics, reserves management governance and policy, settlement and custody of financial assets, credit and risk operations, securities settlement systems, monetary policy liquidity forecasting, intermediate bank supervision and problem bank resolutions. These interventions were building on earlier capacity building activities and made significant impact through on the job training programmes, implementation programmes for technical frameworks, in-country activities and regional workshops. The interventions have enhanced institutional capacity, staff knowledge and increased and fostered best practices in the region. The following are some of the observed outcomes in the respective areas:

9.3.1 Reserves Management

The FSM in collaboration with the World Bank Treasury under the banner RAMP Africa intensified its training in reserves management at all levels focusing on governance, strategy and policy at the executive and Board level, portfolio construction, management and protection at the middle management level and risk and portfolio analysis at the technical levels. This has helped the central banks transition from focusing on deposit placing with commercial banks to a higher level of investing in fixed income securities. During the year under review, the following country level activities were undertaken:

At the request of the Reserve Bank of Malawi (RBM), staff from the World Bank Treasury (WB Treasury) and the Macro-Economic and Financial Management Institute of Eastern and Southern Africa (MEFMI) undertook an on-site peer review of its reserve management operations. The mission reviewed front office and middle office operations and systems. Back office operations were also reviewed in line with best practices.

9.3.2 Financial Supervision

During Phase III FSM designed a risk based supervision programme to assist clients migrate from the traditional approach of banking supervision to focusing on material risk. This approach required a paradigm shift in the mindset of the client. FSM assisted a number of clients embark on this programme by helping them draft risk management policy frameworks, risk management guidelines and other tools required to implement a risk based supervision framework. A good number of MEFMI clients such as Bank of Uganda, Central Bank of Kenya, Reserve Bank of Zimbabwe, Central Bank of

Swaziland, Bank of Tanzania have fully implemented this programme over the last few years.

During the year under review, the Central Bank of Lesotho which the Institute helped implement risk based supervision in 2010 expanded the on site examination to all the banks.

FSM conducted an independent review of Bank of Botswana's risk-based supervision policy framework. The review included an evaluation of the adequacy of supervisory systems currently in use by Bank of Botswana (BOB)'s bank supervision department to determine the level of their technical assistance needs and an in-country workshop to prepare staff for the work of implementation ahead. Bank of Botswana will now officially embark on the journey of formally implementing risk-based supervision during the course of 2012.

On a separate subject matter in financial supervision, an in-country workshop was conducted for the Reserve Bank of Malawi (RBM) on the Supervision of Microfinance, Capital Markets, Pension Funds and Insurance. The mission specifically helped Malawi to develop procedures and processes to actively enforce and ensure compliance to the provisions of The Financial Services Act of 2010 and the subsequent directives that were issued. In addition, RBM staff conducted a self-assessment of its compliance to the 25 Core Principles for Effective Banking Supervision as they relate to Microfinance institutions with the assistance of MEFMI mission team.

9.3.3 Risk Management

The knowledge and skills imparted to participants on risk management during both regional and in-country activities over recent years have resulted in a number of client institutions implementing enterprise-wide risk management functions. Hitherto risk management in most regional central banks has been conducted on a "silo" basis thereby not affording the executives to view risk in an integrated manner. MEFMI capacity building activities have emphasized the different roles of business line managers and those of the risk management function which focuses on monitoring, developing methodologies and processes, integrating and reporting to the executives and the Board. A number of central banks have established the risk management function on their own using the knowledge acquired through MEFMI capacity building activities. However, some central banks such as the Central Bank of Swaziland, the National Bank of Rwanda and the Bank of Uganda have specifically requested MEFMI to assist in establishing this function.

The National Bank of Rwanda (NBR) was assisted to set up a Risk Management function to oversee enterprise-wide risks during the course of 2011. The mission's main outcome was to develop a portfolio view of risk management from both the perspective of individual departments and at the level of the organization. The process that has been embarked upon with the setting up of Risk Management Department necessarily involved a bottom-up approach – risk management systems and processes need to be established at the level of the departments first before risks at the level of NBR as a whole could be identified and managed.

In all these cases, MEFMI has helped the client institutions develop risk management policy frameworks, risk management guidelines, governance and reporting structures and developing instruments that help in identifying risk, measuring it and reporting it.

9.3.4 Payment and Settlement Systems

Development of payment and settlement systems has been one of the key success stories in the region. All MEFMI clients have installed real time gross settlement systems and have in place oversight and regulatory frameworks. Securities settlement systems in the form of Central Depository Systems have also been developed. MEFMI has played a key role in training staff and designing oversight frameworks and guidelines.

During the year under review, MEFMI conducted a mission for the Reserve Bank of Malawi (RBM). The mission assessed and reviewed the operations of the Malawi National Payment Systems (NPS) and it conducted an in-house training for the payment systems staff and other stakeholders. The Mission made several recommendations some of them being that RBM reviews the Draft NPS bill in order for them to have the statutory authority to perform the oversight function; to issue Malawi Interbank Transfer and Settlement System (MITTAS) enforceable operation rules that meet international standards and to review of the Malawi Switch Centre (MALSWITCH) Service Level Agreements.

9.3.5 Financial Markets Development

Through the combined effort of the FSM and DMP, MEFMI countries are pursuing more informed domestic debt issuance and market development strategies partly in response to MEFMI advice to reduce exchange rate risks from excessive external borrowing and the need to not only diversify the sources of government debt financing but also to deepen the domestic debt markets.

Starting in 2010 MEFMI helped the Government of Lesotho and the Central Bank of Lesotho issue local bonds successfully. The advice encompassed designing the borrowing programme, determining the quantum of issues, developing the yield curve for pricing, reforming the laws of the country, training the staff of the Bank and Ministry of Finance. In the final analysis, Lesotho issued its maiden bonds successfully late 2010 and continued to extend the yield curve during 2011.

An in-country mission for the Ministry of Finance, Planning and Economic Development officials in Uganda was conducted by the FSM in 2011. The in-country mission provided technical knowledge and advice for the ministry officials to come up with the necessary steps required to establish the Uganda Retirement Benefits Regulatory Authority (URBRA). In addition, the mission team carried out a situation analysis to identify the necessary capacity building requirements necessary for the smooth implementation of the URBRA and reviewed the new Retirement Benefits Sector Liberalization Bill to identify the gaps within the bill and propose appropriate recommendations / way forward.

Development of payments and settlement systems has been one of the key success stories in the MEFMI region.

10. CHALLENGES, LESSONS LEARNT AND PROPOSED INTERVENTION STRATEGIES

10.1. Challenges and Proposed Intervention Strategies

In the course of executing the capacity building activities the Institute faced a few challenges/constraints, to which intervention strategies have been devised. **Table 7** below provides a snap-shot of the challenges identified in the period under report and proposed intervention strategies to address them as the year progresses.

10.2. Lessons Learnt

Following the concerted efforts on fundraising during year, MEFMI learnt that fund raising for the Institute should be a continuous process that also requires resources including time to market the Institute. Establishing contacts and engaging in negotiations is a protracted process that cannot be accomplished on a short term basis. Therefore, during Phase IV MEFMI will continuously engage in fund raising activities.

Traffic congestion in some cities of the member states especially in the East African region has continued to cause late arrival of non-resident participants to the training venues. Consequently, the non-resident participants missed some sessions and in some cases the morning sessions started later than scheduled. Some of the non-resident participants also pass through their offices in the morning on their way to the workshops, particularly where the training sessions were held near working places. Where resources permit, consideration will be made to have all participants reside at activity venues for the full duration of the training. This includes the in-country workshops that are held outside the main cities.

The Institute invited participants to carry with them laptops to computer intensive workshops and this helped to greatly reduce the cost of hiring computers. The Secretariat will therefore continue encouraging participants to bring their own lap-tops to the computer intensive courses. This will help in reducing the budget on hiring equipment.

Working closely with the human resources and training departments of the client institutions helps in expediting nominations and in reducing last minute cancellations by participants. These officials will now be included on the MEFMI mailing list in order for them to receive all publications, in particular the Annual Prospectus.

Table 11: Challenges Identified in 2011

Challenge	Proposed Intervention Strategies
In an effort to deliver capacity building activities within tight budget constraints some course durations were compressed. This seems to have compromised complete detailed coverage of the curriculum of such courses. This was particularly noticed to be a challenge to first time users of CS-DRMS and DMFAS as the materials had to be covered too quickly with very limited time available for hands on exercises.	Modular mode of delivery in workshops will be explored where possible so that all vital materials can be covered in basic courses followed by advanced courses in the subsequent workshops
The language barrier has continued to be a constraint to some participants particularly those from non-English speaking countries. The same countries also seem to be slow in responding to communication from MEFMI particularly regarding proposed in-country training leading to much less than planned interventions.	Urge non-English speaking member states to send officials from relevant technical departments on attachment to Anglophone MEFMI member states for them to gain some English language experience. Organise Portuguese and French language classes for some MEFMI staff to facilitate communication in non-English speaking countries.
Implementation of recommendations by MEFMI after missions is voluntary, and consequently in some cases, recommendations are not fully implemented.	Engage country authorities more on the need to implement reforms, ideally through mutually agreed country reform plans.
Inability to get experienced regional resource persons at all times when they are required because of their busy schedules in their own countries.	Enhance engagement and development of Graduate and Accredited Fellows to increase the number of available experts.
High staff turnover continues to be experienced in client institutions, resulting in reduced number of trained staff in specialised areas.	Sensitise client institutions to improve working conditions of staff. Continue capacity building for new staff joining client institutions.
Late submission of nomination for courses from some countries and last minute cancellations. These affect logistical arrangements for the workshops. The worst cases have been failure to turn up for workshops even after confirming participation. While this is not a major occurrence it has resulted in MEFMI paying no-show penalty to hotels.	Continue urging countries to adhere to deadlines. Appeals to be made during Heads of Human Resources seminars.
Some Resource Persons cancelled participation in events last minute thereby disrupting the plans for training events and the institute had to quickly look for alternative resource persons or use the staff to cover for the invited resource persons.	Increased reliance on MEFMI Fellows supplemented by staff in delivery will ease the burden posed by Resource Persons failing to turn up.

MACROECONOMIC AND FINANCIAL MANAGEMENT INSTITUTE OF EASTERN AND SOUTHERN AFRICA (MEFMI)

BUSINESS

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.

EXECUTIVE COMMITTEE

Prof. E. Tumusiime-Mutebile - Chairman
Mr. M. Dlamini
Mrs. L. Mohohlo (Out-going)
Prof. B. Ndulu (Out-going)
Dr. P. Ligoya (Out-going)
Prof. N. Ndung'u (In-coming)
Ambassador C. Gatete (In-coming)
Mr. P B Manhique (In-coming)
Dr. G. Gono
Dr. E. E. Ngalande ex-officio (Executive Director)

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Zimbabwe

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LAWYERS

Coghlan, Welsh and Guest
Executive Chambers
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Zimbabwe

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MACROECONOMIC AND FINANCIAL MANAGEMENT INSTITUTE OF EASTERN AND SOUTHERN AFRICA (MEFMI)

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 by management and internal audit 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 endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour, 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 2012 and, in the 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 pages 3 and 4.

The financial statements set out on page 5 to 23 which have been prepared on the going concern basis were approved by the Board of Governors on 29 March 2012 and were signed on its behalf by:

....	....
CHAIRPERSON, BOARD OF GOVERNORS	EXECUTIVE DIRECTOR

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF

MACROECONOMIC AND FINANCIAL MANAGEMENT INSTITUTE OF EASTERN AND SOUTHERN AFRICA (MEFMI)

We have audited the accompanying financial statements of the **MACROECONOMIC AND FINANCIAL MANAGEMENT INSTITUTE OF EASTERN AND SOUTHERN AFRICA (MEFMI)** set out on pages 5 to 23, which comprise the statement of financial position as at 31 December 2011, the statement of income and expenditure, statement of changes in reserves and the statement of cash flows 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 our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls 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.

Qualification
Limitation of scope on in-kind donations
The entity derives a portion of its income from in-kind donations by member states. The contributions to be received cannot be ascertained in advance and except for airfares, any other contributions are voluntary and MEFMI is only advised after the contribution has already been made. As a result the Institute can only account for contributions which would have been communicated by member countries. Accordingly, our examination did not extend beyond the contributions that were recorded. However, we are not aware of any circumstances which would indicate that any contributions have not been brought into account.

Opinion
In our opinion, except for the matter described in the preceding paragraph, 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 2011, 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

HARARE
29 March 2012

STATEMENT OF FINANCIAL POSITION
as at 31 December 2011

	Notes	2011 US$	2010 US$
ASSETS			
Non-current assets			
Property, vehicles and equipment	3	999,722	722,234
Current assets			
Inventory	4	50,250	35,785
Accounts receivable	5	451,351	648,460
Cash and cash equivalent	6	1,050,768	1,134,349
		1,552,369	1,818,595
TOTAL ASSETS		**2,552,092**	**2,540,829**
RESERVES AND LIABILITIES			
Reserves			
Accumulated fund		1,014,621	1,106,956
		1,014,621	1,106,956
Current liabilities			
Accounts payable	7	184,498	140,024
Provisions	8	284,252	435,883
Deferred income	9	1,068,721	857,966
		1,537,471	1,433,873
TOTAL RESERVES AND LIABILITIES		**2,552,092**	**2,540,829**

.... Chairperson, Board of Governors

.... Executive Director

STATEMENT OF INCOME AND EXPENDITURE
for the year ended 31 December 2011

	Notes	2011 US$	2010 US$ As restated, note 22
INCOME			
Cooperating partner's funding	**10**	2,033,855	3,125,306
Member states contributions	**11**	3,531,117	2,924,690
In-kind contributions	**12**	250,291	483,690
Interest income	**13**	39,844	11,129
Profit on disposal of equipment		2,585	181
Amortisation of deferred income	**14**	38,279	-
Other income		145	-
TOTAL INCOME		**5,896,116**	**6,544,996**
EXPENDITURE			
Accommodation and subsistence		1,257,379	1,195,186
Audit fees (Internal and external audit)		35,549	20,442
Bank charges		33,527	29,696
Depreciation		66,265	84,740
Facilities and materials		225,647	224,524
Office expenses	**15**	394,693	484,110
Professional fees	**16**	628,435	411,101
Salaries and wages		1,664,473	1,590,940
Staff benefits	**17**	928,575	767,012
Training and tuition fees		8,248	22,604
Travel expenses		722,801	898,414
Exchange loss		1,859	-
Resource mobilisation		20,999	-
TOTAL EXPENDITURE		**5,988,452**	**5,728,769**
SURPLUS FOR THE YEAR		**(92,336)**	**816,227**

STATEMENT OF CHANGES IN RESERVES
for the year ended 31 December 2011

	Accumulated Fund US$
At 1 January 2010	**457,188**
Refund to Highly Indebted Poor Countries (HIPC)	(166,459)
Surplus for the year	**816,227**
At 31 December 2010	**1,106,956**
Prior year adjustment in-kind contribution	(338,981)
Prior year adjustment in expenditure	338,981
At 31 December 2010 – as restated	**1,106,956**
Deficit for the year	(92,336)
At 31 December 2011	**1,014,621**

Refer to note 22 for the prior year adjustment.

STATEMENT OF CASH FLOWS
for the year ended 31 December 2011

	Notes	2011 US$	2010 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(deficit) of income over expenditure		(92,336)	816,227
Adjustment for:			
Depreciation of property, vehicles and equipment		66,265	84,740
Interest income		(39,844)	(11,129)
Amortisation of deferred income		(38,279)	
Profit on disposal of equipment		(2,585)	(181)
Operating (deficit) / surplus before working capital changes		(106,779)	889,567
Increase in inventories		(14,465)	(11,431)
Decrease/(increase) in receivables		197,109	(595,590)
Increase /(decrease) in payables		44,474	(41,683)
(Decrease)/Increase in provisions		(151,631)	88,458
Net cash (outflows) / inflows from operating activities		(31,292)	329,411
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on disposal of equipment		3,127	181
Acquisition of property and equipment		(344,296)	(356,714)
Interest income		39,844	11,129
Net cash utilised in investing activities		(301,325)	(345,404)
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement on short-term borrowings		-	(349,000)
Refund to HIPC capacity building project		-	(166,459)
Advance disbursements		(350,964)	350,964
Capital contributions		600,000	507,000
Net cash inflows from financing activities		249,036	342,505
Net (decrease)/increase in cash and cash equivalents		(83,581)	326,512
Cash and cash equivalent at 1 January 2011		1,134,349	807,837
Cash and cash equivalent at 31 December 2011	6	**1,050,768**	**1,134,349**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

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 capacity to manage their debt and reserves and to provide training in macroeconomic and financial management.

1.1 Currency

The financial statements are expressed in United States dollars, which is both the functional and presentation currency of the Institute.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The principal accounting policies adopted in the preparation of financial statements are set out below. The policies have been consistently applied to all the years presented, except for the change in accounting policy which is explained on note 22.

2.2 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and the International Financial Reporting Interpretations Committee (IFRIC), (collectively IFRS), issued by the International Accounting Standards Board (IASB). The financial statements are based on the historical cost convention.

2.3 Revenue recognition

Revenue is recognised to the extent that it 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 recognised:-

Co-operating partner funding

Co-operating partner funds are recognised 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 recognised on an accrual basis. Contributions from member states for a particular phase are determined beforehand by the Board of Governors. Revenue is therefore recognised over the Phase on an accrual basis.

Interest

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

In-kind contributions

A portion of the Institute's income is derived from in-kind contributions from member countries. In-kind income is recognised on receipt basis.

Change in policy

In-kind contributions received from technical cooperating partners is not recognised in the financial statements, as it has proved difficult to place a monetary value to it. The contribution is now acknowledged in a memorandum to the financial statements.

2.4 Foreign currency translation

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

Assets and liabilities in foreign currencies are translated to United States Dollars at rates of exchange ruling at the statement of financial position date.

2.5 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 equivalent is 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 equivalent consist of cash on hand and deposits in banks, net of outstanding bank overdrafts.

2.6 Provisions

Provisions are recognised 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.

2.7 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.

2.8 Property , vehicles and equipment

Property, vehicles and equipment is shown at cost, less accumulated depreciation and accumulated impairment losses. Land is not depreciated. The Institute's policy is to depreciate property, vehicles and equipment evenly over the expected life of each asset.

The expected useful lives are as follows:

Motor vehicles	-	5 years
Furniture and fittings	-	3 years
Computers	-	5 years
Buildings	-	25 years

The carrying amounts of property, vehicles and equipment are reviewed at each statement of financial position 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 estimated that all property, vehicles and equipment have nil residual value as the Institute has no intention of disposing of the assets before the end of their useful lives.

2.9 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 recognised in the statement of income and expenditure.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had impairment loss not been recognised for the asset in prior years. A reversal of an impairment loss is recognised in the statement of income and expenditure.

2.10 Inventories
The carrying amount of inventory is measured at the lower of cost or net realisable value. Valuation is determined on a first in first out basis. The cost of inventory is recognised in the statement of income and expenditure as it is drawn down.

2.11 Financial instruments

(i) 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 recognised at fair value plus transaction cost that is directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

(ii)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 recognised in the statement of income and expenditure.

Other financial liabilities
Other financial liabilities include trade payables and short-term monetary liabilities, which are initially recognised at fair value and subsequently are carried at amortised cost using the effective interest method.

De-recognition of financial assets
Investments are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and the Institute has also transferred substantially all risks and rewards of ownership. Gains and losses are recognised in statement of income and expenditure when the financial assets are derecognised or impaired, as well as through the amortization process.

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.

2.12 Deferred income
Contributions by member countries in the form of assets are recognised as deferred income and are recognised in the statement of income and expenditure over the useful life of the buildings, which is 25 years.

2.13 Foreign currency transactions
Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate ruling at the date of transaction. Subsequently, 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 accounted for in the statement of income and expenditure. 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.

3. PROPERTY, VEHICLES AND EQUIPMENT

	Land & Buildings US$	Motor Vehicles US$	Computer Equipment US$	Office Furniture US$	Total US$
At 31.12.10					
Cost or valuation	709,857	86,097	326,372	330,977	1,453,303
Accumulated Depreciation	(28,394)	(75,568)	(320,235)	(306,872)	(731,069)
Net carrying amount	**681,463**	**10,529**	**6,137**	**24,105**	**722,234**
Year ended 31.12.2011					
Opening carrying amount	681,463	10,529	6,137	24,105	722,234
Additions	247,570	-	83,650	13,075	344,295
Cost of disposals	-	-	(179,919)	(83,121)	(263,040)
Depreciation on disposals	-	-	179,919	82,579	262,498
Depreciation charge	(30,827)	(5,265)	(15,100)	(15,073)	(66,265)
Closing carrying amount	**898,206**	**5,264**	**74,687**	**21,565**	**999,722**
At 31.12.11					
Cost or valuation	957,427	86,097	230,104	260,931	1,534,559
Accumulated Depreciation	(59,221)	(80,833)	(155,417)	(239,366)	(534,837)
Net carrying amount	**898,206**	**5,264**	**74,687**	**21,565**	**999,722**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2011

			2011 US$	2010 US$
4.	**INVENTORY**			
	Stationery		37,711	35,785
	Publications		8,567	-
	Consumables		3,972	-
			50,250	35,785
5.	**ACCOUNTS RECEIVABLE**			
	Workshop advances		33,264	183,840
	Staff loans and advances		83,731	112,686
	Prepayments		42,965	38,044
	Contributions due	- Swaziland	-	245,605
		- Zambia	46,380	-
		- Zimbabwe	240,000	14,381
	VAT claims		5,011	53,904
			451,351	648,460
6.	**CASH AND CASH EQUIVALENTS**			
	Bank and cash balances		680,499	731,568
	Gratuity account		99,572	402,781
	Short term deposits		270,697	-
			1,050,768	**1,134,349**
7.	**ACCOUNTS PAYABLE**			
	Professional fees		118,116	68,981
	Accrued expenses		41,292	56,843
	Audit fees accrual		25,090	14,200
			184,498	**140,024**

8. PROVISIONS

	NSSA US$	Leave pay US$	Terminal gratuity US$	Totals US$	2010 US$
Opening balance at 01 January 2011	-	33,101	402,782	435,883	347,426
Accrued during the year(S)	136,685	162,332	440,791	739,808	412,480
Utilised	-	(163,560)	(727,879)	(891,439)	(324,023)
Closing balance at 31 December 2011	136,685	31,873	115,694	284,252	435,883

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

	2011 US$	2010 US$
9. DEFERRED INCOME		
Balance at the beginning of the year	857,966	-
Contributions received in advance-Angola	(350,966)	350,966
Asset contribution from member countries	600,000	507,000
Amortisation (Note 14)	(38,279)	-
Balance at end of the year	**1,068,721**	**857,966**
10. CO-OPERATING PARTNER FUNDING		
Netherlands Government	660,000	880,000
Norwegian Government	765,725	623,053
Swedish Government	-	1,130,966
African Capacity Building Foundation (ACBF)	469,990	331,982
Highly Indebted Poor Countries (HIPC)	20,690	-
International Monetary Fund (IMF)	38,814	-
World Bank	39,822	159,305
African Development Bank	38,814	-
	2,033,855	3,125,306

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2011

		2011 US$	2010 US$
11. MEMBER STATES CONTRIBUTIONS			
Angola		326,448	274,605
Botswana		263,264	221,955
Kenya		288,220	241,699
Lesotho		254,955	213,131
Malawi		265,064	219,712
Mozambique		263,035	215,375
Namibia		258,815	215,375
Rwanda		261,070	217,517
Swaziland		255,439	206,605
Tanzania		284,421	241,675
Uganda		278,344	219,762
Zambia		267,809	221,898
Zimbabwe	- annual contribution	264,233	215,381
	- reimbursement of capacity building activities	-	13,775
		3,531,117	**2,924,690**
12. IN-KIND CONTRIBUTIONS			
Member states		**250,291**	483,690
Co-operating partners		**-**	-
		250,291	**483,690**

In kind co-operating partners' contributions have been disclosed in a memorandum to these financial statements

	2011 US$	2010 US$
13. INTEREST RECEIVABLE		
MEFMI Joint Account	2,787	11,129
Term deposits	34,083	-
Staff loans	2,974	-
	39,844	**11,129**

	2011 US$	2010 US$
14. AMORTISATION		
Deferred income (Note 9)	38,279	-
15. OFFICE EXPENSES		
Advertising	7,943	35,224
Air Courier Mail	2,854	3,787
E-Communication Charges	84,484	65,714
Equipment Maintenance	56,449	14,449
General Expenses	44,197	36,197
Office Maintenance	51,813	86,868
Printing and Stationery	40,588	39,679
Publications	38,364	53,965
Recruitment and Relocation Expenses	15,231	22,490
Rentals Office	-	77,158
Office Security	19,268	-
Telephone and Postage	33,502	45,579
	394,693	**484,110**
16. PROFESSIONAL FEES		
Macroeconomic Management Programme		
Regional Workshops	42,716	58,341
In-Country Workshops	40,766	13,920
Missions	10,928	35,511
Studies	73,500	12,500
	167,910	**120,272**
Financial Sector Management Programme		
Regional Workshops	41,441	23,895
In-Country Workshops	7,112	10,590
Missions	36,236	12,815
	84,789	**47,300**
Debt Management Programme		
Regional Workshops	100,953	27,334
In-Country Workshops	2,147	17,670
Missions	25,200	28,035
Studies	-	14,324
	128,300	**87,363**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2011

	2011 US$	2010 US$
16. Continued		
Multi-Disciplinary Activities		
Executive Fora	6,000	8,890
Professional fees for Fellows	29,260	12,000
Fellows Activities	173,845	61,856
	209,105	**82,746**
Secretariat Capacity Building		
Recruitment	2,500	4,800
Secretariat Support	35,831	50,480
Impact needs assessment	-	18,240
	38,331	**73,520**
Total	**628,435**	**411,101**

17. STAFF BENEFITS

	2011 US$	2010 US$
Terminal Gratuity	408,961	411,787
Medical Aid Contribution	74,189	55,061
Housing Allowance	105,143	107,241
House Rent and Maintenance	54,275	44,428
School fees subsidy	51,051	46,443
Other	129,684	102,052
NSSA	105,272	
	928,575	**767,012**

18. RELATED PARTY DISCLOSURES

	2011 US$	2010 US$
Compensation to key management personnel of the organization		
Salaries & Short term employee benefits	569,675	570,502
Gratuity	131,120	127,797
	700,795	**698,299**

19. TAX

In terms of the agreement with the Government of Zimbabwe and statutory instrument 428 of 2011 issued under the Income Tax Act (chapter 23.06), the Institute is exempt from tax.

20. FINANCIAL INSTRUMENTS

The Institute is exposed through its operations to the following financial risks:
Liquidity and cash flow 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 cash flow 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 2011, to maintain substantial liquid resources.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2011

21. Financial Instruments (Cont'd)

Financial assets

	Financial Assets at Fair value through profit or loss 2011 US$	Loans and receivables 2011 US$	Available for sale 2011 US$
Cash and cash equivalents	-	1,050,769	-
Other receivables	-	451,351	-
Total financial assets	-	1,502,120	-

	2010 US$	2010 US$	2010 US$
Cash and cash equivalents	-	1,134,349	-
Other receivables	-	648,560	-
Total financial assets	-	1,782,909	-

	Financial liabilities at amortised cost 2011 US$	Financial liabilities at amortised cost 2010 US$
Trade and other payables	184,498	140,024

22. EFFECT OF CHANGE ON ACCOUNTING POLICY

As a result of the change in accounting policy (Note 2.3) the impact on the 2010 financial statements would have been as detailed below. However, the net effect on the surplus for the year is nil because in-kind contributions are recognised as income with the corresponding entry going to expenditure.

Effect on in-kind contribution income

	Income USD
31 Dec 2010	822,671
De-recognition of 2010 income	(338,981)
31 Dec 2010 – restated	483,690

Effect on in-kind contribution expenditure

	Accommodation	Professional fees	Travel	Total
31 Dec 2010	1,240,610	546,015	1,057,057	2,843,682
De-recognition of expenditure	(45,424)	(134,914)	(158,643)	(338,982)
31 Dec 2010 – restated	1,195,186	411,101	898,414	2,504,700

23. EVENTS AFTER THE REPORTING DATE

These financial statements were approved by the Executive Committee on 29 March 2012. There are no events after the reporting date that may have impact on these financial statements.

DETAILED STATEMENT OF INCOME AND EXPENDITURE
for the year ended 31 December 2011

	2011 US$	2010 US$
INCOME		
Member state contributions	3,531,117	2,924,690
Netherlands Government	660,000	880,000
Norwegian Government	765,725	623,053
African Capacity Building Foundation (ACBF)	469,990	331,982
HIPC Capacity Building Project	6,887	-
EU – Zimbabwe Debt Programme	13,803	
African Development Bank	38,814	-
International Monetary Fund	38,814	-
Swedish Government	-	1,130,966
World Bank	39,822	159,305
In-kind contributions	250,291	483,690
Interest income	39,844	11,129
Amortisation of deferred income	38,279	-
Profit on disposal of fixed assets	2,585	181
Other	145	-
	5,896,116	**6,544,996**
EXPENDITURE		
Macroeconomic Management Programme		
In-country workshops	68,115	63,535
Missions	59,560	70,628
Operating expenses	119,738	114,036
Programme delivery- staff	491,723	548,991
Regional Workshops	468,960	731,905
Studies	108,911	14,945
Total	**1,317,007**	**1,544,040**
Financial Sector Management Programme		
In-country workshops	18,158	12,072
Missions	62,484	93,634
Operating expenses	104,804	99,813
Programme delivery- staff	601,260	553,133
Regional workshops	592,717	553,699
Total	**1,379,423**	**1,312,351**

DETAILED STATEMENT OF INCOME AND EXPENDITURE
for the year ended 31 December 2011

	2011 US$	2010 US$
Debt Management Programme		
HIPC Capacity Building Project	20,690	-
In country workshops	26,899	66,293
Missions	98,414	81,195
Operating expenses	108,558	103,389
Programme delivery staff	601,933	560,367
Regional workshops	410,042	430,430
Studies	2,329	23,673
Total	**1,268,865**	**1,265,347**
Multi-Disciplinary Activities		
Executive Fora	187,673	192,258
Fellows Development Programme	334,580	144,016
Operating expenses	67,341	17,600
Programme delivery staff	121,483	115,583
Total	**711,077**	**469,457**
Secretariat Capacity Building		
Depreciation	66,265	84,740
Networking	67,072	25,543
Operating expenses	54,047	51,473
Publications	29,187	27,910
Planning and mid-term review	-	32,276
Programme delivery staff	113,240	107,853
Staff development and retreats	47,779	95,569
Staff recruitment and relocation	82,202	43,130
Total	**459,792**	**468,494**
Administration		
Governing bodies	99,616	47,082
Operating expenses	157,373	147,086
Salaries, wages and benefits	595,298	474,912
Total	**852,287**	**669,080**
TOTAL EXPENDITURE	**5,988,452**	**5,728,769**
SURPLUS OF INCOME OVER EXPENDITURE	**(92,336)**	**816,227**

Technical Co-operating partners -
In-kind contributions 2011

World Bank

Start	Finish	Name	Organisation	Activity	Detail	Amount
27/06/11	1/7/2011	Mr. J Patino	World Bank	Problem Banks Resolution – Blantyre, Malawi	Professional Fees	$ 1,500.00
27/06/11	1/7/2011	Mr. J Patino	World Bank	Problem Banks Resolution – Blantyre, Malawi	Air Tickets	$ 10,162.10
27/06/11	1/7/2011	Mr. J Patino	World Bank	Problem Banks Resolution – Blantyre, Malawi	Accommodation	$ 1,200.00
23/08/11	2/9/2011	Ms Eriko Togo	World Bank	Managing Risk of Sovereign – Mbabane, Swaziland	Air Tickets	$ 5,000.00
23/08/11	2/9/2011	Sawkut Rojud	World Bank	Managing Risk of Sovereign – Mbabane, Swaziland	Air Tickets	$ 1,178.00
23/08/11	2/9/2011	Ms Eriko Togo	World Bank	Managing Risk of Sovereign – Mbabane, Swaziland	Accommodation	$ 700.00
23/08/11	2/9/2011	Sawkut Rojud	World Bank	Managing Risk of Sovereign – Mbabane, Swaziland	Accommodation	$ 1,400.00
23/08/11	2/9/2011	Ms Eriko Togo	World Bank	Managing Risk of Sovereign – Mbabane, Swaziland	Professional Fees	$ 4,800.00
23/03/11	1/4/2011	Ms S Varma	World Bank	Joint Mefmi / World Bank DSA – Kenya	Air Tickets	$ 11,144.66
23/03/11	1/4/2011	Mr. T. Stucka	World Bank	Joint Mefmi / World Bank DSA – Kenya	Air Tickets	$ 11,144.66
23/03/11	1/4/2011	Mr. S. Nkhata	Ministry of Finance Malawi	Joint Mefmi / World Bank DSA – Kenya	Air Tickets	$ 11,144.66
23/03/11	1/4/2011	Mr M. Jamuzek	IMF	Joint Mefmi / World Bank DSA – Kenya	Air Tickets	$ 11,144.66
23/03/11	1/4/2011	Ms S Varma	World Bank	Joint Mefmi / World Bank DSA – Kenya	Accommodation	$ 1,080.00
23/03/11	1/4/2011	Mr.T.Stucka	World Bank	Joint Mefmi / World Bank DSA – Kenya	Accommodation	$ 1,080.00
23/03/11	1/4/2011	Mr. S. Nkata	Ministry of Finance Malawi	Joint Mefmi / World Bank DSA – Kenya	Accommodation	$ 1,080.00
23/03/11	1/4/2011	Mr M. Jamuzek	IMF	Joint Mefmi / World Bank DSA – Kenya	Accommodation	$ 1,080.00
23/03/11	1/4/2011	Ms S Varma	World Bank	Joint Mefmi / World Bank DSA – Kenya	Professional Fees	$ 3,000.00
23/03/11	1/4/2011	Mr T Stucka	World Bank	Joint Mefmi / World Bank DSA – Kenya	Professional Fees	$ 3,000.00
23/03/11	1/4/2011	Mr. S. Nkhata	Ministry of Finance Malawi	Joint Mefmi / World Bank DSA – Kenya	Professional Fees	$ 3,000.00
23/03/11	1/4/2011	Mr M Jamuzek	IMF	Joint Mefmi / World Bank DSA – Kenya	Professional Fees	$ 3,000.00
					SUB TOTAL	**$ 86,838.74**

Technical Co-operating partners - In-kind contributions 2011

Treasury of RSA

Start	Finish	Name	Organisation	Activity	Detail	Amount
21/02/11	25/02/11	Ms N. Mashigo	Treasury of RSA	Heads of Human Resources – Maputo, Mozambique	Air Tickets	$ 424.00
21/02/11	25/02/11	Ms. N. Kgoroba	Treasury of RSA	Heads of Human Resources – Maputo, Mozambique	Air Tickets	$ 424.00
21/02/11	25/02/11	Ms N. Mashigo	Treasury of RSA	Heads of Human Resources – Maputo, Mozambique	Accommodation	$ 110.00
21/02/11	25/02/11	Ms N. Kgoroba	Treasury of RSA	Heads of Human Resources – Maputo, Mozambique	Accommodation	$ 110.00
21/02/11	25/02/11	Ms N. Mashigo	Treasury of RSA	Heads of Human Resources – Maputo, Moza	Professional Fees	$ 450.00
21/02/11	25/02/11	Ms N. Kgoroba	Treasury of RSA	Heads of Human Resources – Maputo, Mozambique	Professional Fees	$ 450.00
					SUB TOTAL	**$ 1,968.00**

UNCTAD

1/8/2011	10/8/2011	Mr. G. Piski	UNCTAD	Debt Portfolio Analysis – Kigali – Rwanda	Air Tickets	$ 4,912.79
1/8/2011	10/8/2011	Mr. R. D Guillen	UNCTAD	Debt Portfolio Analysis – Kigali – Rwanda	Air Tickets	$ 4,912.79
1/8/2011	10/8/2011	Mr. D. Rivetti	UNCTAD	Debt Portfolio Analysis – Kigali – Rwanda	Air Tickets	$ 5,875.32
1/8/2011	10/8/2011	Mr. G. Piski	UNCTAD	Debt Portfolio Analysis – Kigali – Rwanda	Accommodation	$ 1,200.00
1/8/2011	10/8/2011	Mr. R. D Guillen	UNCTAD	Debt Portfolio Analysis – Kigali – Rwanda	Accommodation	$ 1,200.00
1/8/2011	10/8/2011	Mr. D. Rivetti	UNCTAD	Debt Portfolio Analysis – Kigali – Rwanda	Accommodation	$ 1,200.00
1/8/2011	10/8/2011	Mr. G. Piski	UNCTAD	Debt Portfolio Analysis – Kigali – Rwanda	Professional Fees	$ 4,800.00
1/8/2011	10/8/2011	Mr. R. D Guillen	UNCTAD	Debt Portfolio Analysis – Kigali – Rwanda	Professional Fees	$ 4,800.00
1/8/2011	10/8/2011	Mr. D. Rivetti	UNCTAD	Debt Portfolio Analysis – Kigali – Rwanda	Professional Fees	$ 4,800.00
					SUB TOTAL	**$ 33,700.90**
					TOTAL	**$ 122,507.64**

	Activity Date Venue Output(s)	Objective	TCP	Resource Persons: International: Paid	Resource Persons: International: Gratis	Resource Persons: Regional	Resource Persons: MEFMI Fellow	Resource Persons: MEFMI Staff	S	Participants / Officials Met: Country	Participants / Officials Met: Male	Participants / Officials Met: Female	Target
	ANNEX I: Regional Workshops - Activities conducted during January to December 2011												
1.	Heads of Research & Policy Units of Central Banks & Ministries of Finance, Planning & Economic Development Retreat 28 Feb - 4 March 2011 Luanda, Angola	To promote intellectual exchange amongst key players in the policy making process in the region. To review the Programme Curriculum in line with regional capacity building needs.	-	0	0	2	0	2	3	9	11	3	Senior Managers, Directors
	Outputs; Enhanced networking among heads of research and policy units Increased awareness of MEFMI's overall capacity building initiatives especially in the area of macroeconomic management Reviewed Programme curriculum and Phase IV implementation plan.												
2.	Retreat for Heads of Department/Units Responsible for Monitoring Foreign Private Capital 21 - 25 March 2011 Maputo, Mozambique	To assess countries capacity needs, exchanging best practices in monitoring and analysing FPC in the MEFMI region. To discuss remedial measures to administer and monitor FPC for regional harmonisation.	-	0	0	3	0	2	3	10	15	7	Middle Managers, Senior Managers, Directors
	Outputs; Enhanced understanding of countries' progress Drafted countries' and regional FPC action plans and capacity needs and priorities for 2011/12												
3.	Macroeconomic Analysis and Management Course 11 - 29 April 2011 Dares Salaam, Tanzania	To equip participants with key conceptual and analytical frameworks for macroeconomic policy design, analysis, forecasting and implementation. To analyse and discuss current issues in macroeconomic management on global financial crisis, trade policy, capital flows, MDGs, natural resources management and external debt.	-	0	0	1	2	1	1	12	15	16	Middle Managers, Senior Managers
	Outputs; Equipped participants with key conceptual and analytical frameworks for macroeconomic policy design, analysis, forecasting and implementation. Provided cutting edge analysis and discussion on emerging issues and possible impact on growth of countries in the region.												
4.	Course on Data Requirements for Economic Management – Monetary and Financial Statistics 13 - 24 June 2011 Windhoek, Namibia	To familiarise participants with the methodology for compiling monetary and financial statistics based on the Monetary and Financial Statistics Manual and its Compilation Guide To provide hands-on training on the compilation of monetary statistics.	-	0	2	0	0	0	3	11	13	10	Junior Staff, Middle Managers, Senior Managers
	Outputs; Equipped participants with the methodology for compiling monetary and financial statistics based on the Monetary and Financial Statistics Manual and its Compilation Guide Provided and discussed real life case studies on the compilation of monetary statistics.												

TCP = Technical Cooperating Partner S=Secretariat C=MEFMI Countries Participating

	Activity Date Venue Output(s)	Objective	TCP	Resource Persons					S	Participants / Officials Met			Target
				International		Regional	MEFMI Fellow	MEFMI Staff		Country	Male	Female	
				Paid	Gratis								
5.	Technical Workshop on PCMS Upgrade 6 - 10 June 2011 Dares Salaam, Tanzania	To review and upgrade the MEFMI-PCMS in line with countries' needs and the latest international best practices such as the BPM 6, CDIS and CPIS. To develop generic questionnaire taking into account the latest FPC developments.	-	0	0	3	0	1	3	7	11	1	Junior Staff, Middle Managers, Senior Managers
	Outputs; Completed designs for PCMS upgrade to be uploaded on web after thorough testing. These include. Revised terminologies used in the system according to BPM 6 and CDIS. Augmented data entry interface and report format to accommodate new agreed features.												
6.	Small Sample Survey and Non-Survey Methods for Compilation of FPC Quarterly Statistics Lilongwe, Malawi 11 - 15 July 2011	To equip participants with the skills to carry out small sample quarterly surveys (use of small representative samples) as well as use of non-survey techniques and methods. To impart hands-on skills on up-rating methods to cater for sample nonresponsive and population estimates.	-	0	0	2	0	1	3	12	21	14	Junior Staff, Middle Managers, Senior Managers
	Outputs; Equipped participants with the hands-on skills on small sample quarterly surveys and use of non-survey techniques. Up-rating methods to cater for sample nonresponsive and population estimates.												
7.	Modeling and Forecasting Manual Review Regional Workshop. 15 - 19 August 2011 Harare, Zimbabwe	To bring together the Countries Teams Representatives and the consultants to discuss the first draft of the manual. To reach consensus on the content, the final format and structure of the manual.	-	0	0	1	0	1	0	11	18	7	Middle Managers, Senior Managers
	Outputs: Inputs & comments from country teams representatives. Consolidated and agreed inputs available for the consultants to avail a final version of the manual to be circulated to a group of Peer Reviewers												
8.	Financial Programming and Policy 22 August - 2 September 2011 Nairobi, Kenya	To sharpen participants' understanding of the sectorial linkages and their impact on policy design; To improve capacity in forecasting and projection and applications to policy formulation; and Improve appreciation of policy trade-offs and linkage for policy consistency.	-	0	0	1	1	1	3	11	15	8	Middle Managers, Senior Managers
	Outputs; Introduced participants to the latest concepts of data capture under BOP, Monetary and Financial Statistics, Government Financial Statistics and System of National Accounts. Sharpened understanding of the essential sectorial linkages and their impact on policy design.												

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	Activity Date Venue Output(s)	Objective	TCP	Resource Persons					S	Participants / Officials Met			Target
				International		Regional	MEFMI Fellow	MEFMI Staff		Country	Male	Female	
				Paid	Gratis								
9.	PCMS Hand-Over and Regional Training for MEFMI IT Experts 31 October - 11 November 2011 Harare, Zimbabwe	To facilitate official PCMS hand-over to MEFMI Secretariat. To transfer skills and technical expertise to MEFMI in order to capacitate the Institute to independently manage and sustain the PCMS.	-	0	0	1	0	1	11	2	2	0	Junior Staff, Middle Managers, Senior Managers
	Outputs PCMS was fully handed over to MEFMI Secretariat. Three regional PCMS IT experts were equipped with hands-on skills on PCMS design and codes.												
DEBT MANAGEMENT PROGRAMME													
10.	Residential Workshop for the 2010 E-Learning Students, 5 - 11 March 2011 Harare, Zimbabwe	To develop a pool of DDSA skilled trainers and practitioners. To enhance middle office capacity to conduct DDSA, using MEFMI methodology and model.	-	0	0	2	0	2	3	6	15	9	Junior Staff, Middle Managers,
	Outputs Certified 26 DDSA course graduates who are experts and potential trainers. Of these 24 (including 9 female) are from the MEFMI region. Application of MEFMI EDDSA model to real country situations, yielding research papers with policy recommendations for domestic debt sustainability.												
11.	Joint MEFMI/World Bank/IMF Training in use of DSF 23 March - 1 April 2011 Nairobi, Kenya	To enhance government officials capacity for country debt sustainability analysis. To improve capacity for generating data and projections for debt sustainability analysis.	WB/ IMF	0	4	1	0	1	2	10	16	10	Middle Managers, Senior Managers
	Outputs Increased knowledge in the use of the DSF tool to conduct DSA Improved practical skills on data generation processes and use of the DSF tool and data generation skill for conducting DSA												
12.	Analytical Tools in CSDRMS Workshop 2 - 11 May 2011 Maseru, Lesotho	To train users in the Analytical Tools of CSDRMS 2000+. To train users in using CS DRMS2000 for loan analysis and impart skills on how to evaluate loans using concepts such as grant element, effective rate of interest and present value.	-	0	0	2	0	2	3	6	6	15	Middle Managers, Senior Managers
	Outputs Enhanced awareness on the analytical capabilities of CS DRMS 2000+. Enhanced knowledge of various analyses and analytical reports required in debt management												

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	Activity Date Venue Output(s)	Objective	TCP	Resource Persons					S	Participants / Officials Met			Target
				International		Regional	MEFMI Fellow	MEFMI Staff		Country	Male	Female	
				Paid	Gratis								
13.	Regional Workshop on Debt Portfolio Analysis Using DMFAS 6.0, 1-10 August 2011 Kigali, Rwanda	To provide training on key debt analysis concepts and related macroeconomic linkages To introduce participants to the main functionalities of DMFAS 6.0 and train participants in the use of DMFAS 6.0 for generating key information needed for various types of debt analysis.	UN CT AD	0	3	0	1	2	3	4	11	8	Junior Staff, Middle Managers
	Outputs Enhanced participants' knowledge of the debt analysis concepts and macroeconomic linkages underlying the DMFAS debt portfolio analysis module. Enhanced DMFAS 6 operational and IT skills required for effective use of the new version when it eventually gets installed in MEFMI DMFAS countries.												
14.	Regional Senior Debt Managers Forum on Developing Domestic Securities Markets 8 - 10 August 2011 Entebbe, Uganda	To promote greater interaction among senior debt managers in MEFMI member countries on domestic debt market development through deliberations facilitated by financial and debt experts, To discuss key factors for sustainable borrowing, elements of effective domestic borrowing strategies and building blocks for strengthening local debt and capital markets.	Crown Agents	0	2	1	0	2	4	8	14	6	Senior Managers, Directors
	Outputs Increased awareness of domestic debt market development factors and country experiences and challenges Enhanced knowledge of key elements in domestic debt strategies												
15.	Managing Risk of a Sovereign Liability Portfolio Using the MTDS Framework 24 August - 2 September 2011 Mbabane, Swaziland	To provide training on mathematics of Finance and key Excel functions To train participants on MTDS Framework (The 8 Steps and Data Preparation)	WB	0	1	0	2	1	2	1	6	12	Junior Staff, Middle Managers
	Outputs Enhanced knowledge and skills in using the MTDS Tool and how to use excel functions with a lot of ease. Country Specific MTDS draft reports to be polished and presented at their respective country levels.												
	Outputs Reconciled DMFAS 5.3 external debt database and position and generated a loan -by-loan DSF debt data template Provided skills transfer for debt data validation to IDM Debt Unit staff												
16.	Regional Workshop on Public Debt Audit 7 - 11 November 2011 Dares Salaam, Tanzania	To impart knowledge and build skills for competent auditing of public debt, and its management To enhance the quality and credibility of debt management processes and accountability for borrowed funds.	-	0	0	1	2	2	3	10	20	7	Junior Staff, Middle Managers

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	Activity Date Venue Output(s)	Objective	TCP	Resource Persons: International Paid	Resource Persons: International Gratis	Resource Persons: Regional	Resource Persons: MEFMI Fellow	Resource Persons: MEFMI Staff	S	Participants / Officials Met: Country	Participants / Officials Met: Male	Participants / Officials Met: Female	Target
	Outputs Imparted basic knowledge and awareness of overall public debt management best practice and standards for effective auditing Developed a draft check list of all audit aspects around which debt management offices should prepare more effectively for internal and external auditing												
FINANCIAL SECTOR MANAGEMENT PROGRAMME													
17.	Regional Workshop on Domestic Debt Market Development, Legal and Regulatory Reforms 15 - 16 February 2011 Maseru, Lesotho	To enhance participants' understanding of key issues and practical aspects of domestic debt market development	-	0	1	3	2	2	2	0	19	15	Junior Staff, Middle Managers, Senior Managers
	Output Enhanced participants' understanding of practical aspects in developing domestic debt markets												
18.	RAMP Africa/FSM Workshop on Risk Reporting Procedures 21 - 25 February 2011 Pretoria, South Africa	To provide participants with the framework and analytical tools for risk and performance measurement, monitoring and reporting as well as active risk allocation for fixed income portfolios.	WB	0	8	0	0	1	2	9	17	7	Junior Staff, Middle Managers, Senior Managers
	Output Enhanced participants' knowledge on approaches and tools on risk and performance measurement, as well as monitoring and reporting.												
19.	Intermediate Bank Supervision 28 February - 4 March 2011 Kigali, Rwanda	To formally introduce new bank examiners to bank supervision principles, processes and corporate governance as well as provide an overview of best practices and standards for supervision.	-	0	0	3	1	1	2	1	23	10	Junior Staff
	Output Participants gain an understanding in supervisory principles and processes.												
20.	Regional Workshop Securities Settlement Systems: Operational and Oversight Issues 2 - 6 May 2011 Dares Salaam, Tanzania	To enhance knowledge on securities settlement systems as well as imparting practical skills on the operations and oversight of securities settlement systems.	-	0	0	3	2	1	2	12	17	17	Junior Staff, Middle Managers, Senior Managers
	Output Enhanced knowledge in securities settlement systems												
21.	Risk Management and Internal Controls (for Supervisors and Risk Assessment Officers) 16 - 20 May 2011 Gaborone, Botswana	To enhance participants' understanding of risks, discuss enterprise-wide risk and developing internal controls and risk management frameworks.	-	1	0	1	2	1	2	12	20	19	Middle Managers, Senior Managers
22.	Problem Bank Resolution 27 June – 1 July 2011 Blantyre, Malawi	To raise awareness at strategic level of the need for preparedness in the area of problem bank resolution.											
	Output Imparted skills and knowledge in Developing guidelines, processes and procedures for problem bank resolution.												

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	Activity Date Venue Output(s)	Objective	TCP	Resource Persons					S	Participants / Officials Met			Target
				International		Regional	MEFMI Fellow	MEFMI Staff		Country	Male	Female	
				Paid	Gratis								
23.	RAMP Africa/FSM Workshop on Settlement and Custodial Relations 15 - 19 August 2011 Dares Salaam, Tanzania	To provide participants with the best practices in the areas of settlements and to provide a good understanding of the functions performed by a custodian.	WB	0	5	0	0	0	2	10	6	20	Senior Managers
	Output Equipped participants with knowledge on best practice in the areas of settlements and good understanding of the functions performed by a custodian.												
24.	Regional Workshop on Monetary Policy Operations: Liquidity Forecasting 29 August - 2 September 2011 Luanda, Angola	To improve knowledge and skills for liquidity forecasting and enhance skills for formulating, designing and implementing monetary policy through open market operations	-	0	0	0	2	1	3	13	20	14	Junior Staff, Middle Managers, Senior Managers
	Output Improved knowledge and skills for liquidity forecasting and skills for formulating, designing and implementing monetary policy through open market operations												
25.	RAMP Africa Workshop on credit and Risk Operations 12 - 16 September 2011	1. To provide the participants with clear understanding of the drivers of credit risk 2. To provide a practical approach to assessing the operational risk management environment and providing meaningful reports.	WB	0	3	0	0	0	2	10	19	11	Junior Staff, Middle Managers, Senior Managers
	Output Enhanced participants' understanding of credit and operational risk management												
26.	MEFMI –FSI Regional Seminar on Pillar and Selected Components of Basel III 14 – 16 September 2011 Maputo, Mozambique	To provide participants with a comprehensive view of the issues in implementation of the Basel II Pillar 2 framework as well as cover some specific elements of Basel III.	BIS	0	4	2	1	1	2	13	19	8	Directors
	Output Provided participants with explanation of the Pillar principles as well as the Basel III capital accord.												
27.	Retreat for Heads of Reserves Management 15 - 9 November 2011 Victoria Falls, Zimbabwe. To bring together senior central bank policy official in charge of reserves management to discuss and find ways of navigating the current volatile waters in the global foreign exchange market.	BIS, SARB, State Street Global Advisors, WB 0	5	0	0	0	2	12	15	10			Senior Managers, Directors
	Output Provided clear demonstration and enhanced understanding of the key challenges and ways of navigating the volatile global foreign exchange market in terms of timing, instrument choice and market dynamics												
	SUB-TOTAL		**-**	**2**	**27**	**13**	**10**	**8**	**24**	**-**	**193**	**144**	

TCP = Technical Cooperating Partner S=Secretariat C=MEFMI Countries Participating

	Activity Date Venue Output(s)	Objective	TCP	Resource Persons					S	Participants / Officials Met			Target
				Inter-national Paid	Inter-national Gratis	Regional	MEFMI Fellow	MEFMI Staff		Country	Male	Female	
MULTIDISCIPLINARY ACTIVITIES													
28.	Human Resources Managers Workshop 21 - 25 February 2011 Maputo, Mozambique	To share experiences on approaches to employee engagement in a challenging environment for an organization To enable delegates gain knowledge and share experiences in practical staff retention strategies in a changing environment	-	0	2	2	0	0	3	12	12	10	Senior Managers, Directors
	Outputs Enhanced knowledge and tools on employee engagement in a challenging environment imparted Shared retention strategies												
29.	Fellows Facilitation and Consulting Skills workshop 13 – 15 April 2011 Ezulwini, Swaziland	To impart skills and knowledge for effective conduct of presentation, facilitation and consulting assignments.	-	0	0	2	0	1	2	9	16	4	Junior Staff, Middle Managers
	Output Imparted facilitation and consultancy skills												
30.	Fellows Assessment for Graduation 25 - 27 July 2011 Harare, Zimbabwe	To assess Candidate Fellows for graduation	-	1	0	7	2	9	2	7	12	7	Junior Staff, Middle Managers
	Output Candidate Fellows successfully graduated												
31.	Fellows Assessment for Accreditation 26 - 27 July 2011 Harare, Zimbabwe	To assess Graduate Fellows for accreditation	-	1	0	7	2	9	2	6	8	0	Directors
	Output Graduate Fellows successfully accredited												
32.	20 11 MEFMI Combined Forum 19 September 2011, Washington DC , USA	To create awareness on emerging principles and norms for responsible borrowing and lending To provide an appreciation of the role of capital markets in mobilizing domestic financial resources; and	-	0	1	2	0	0	7	12	21	5	Directors
	Output Enhanced awareness on approaches to mobilizing domestic revenue.												
33.	2011 MEFMI Forum for Deputy Governors and Deputy Permanent Secretaries of Finance and of Economic Planning 21 - 23 November 2011 Luanda, Angola	To disseminate principles for responsible lending and borrowing To provide awareness on the potential sources domestic revenue for the MEFMI region	-	0	1	2	0	1	3	11	9	4	Directors

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	Activity Date Venue Output(s)	Objective	TCP	Resource Persons					S	Participants / Officials Met			Target
				International		Regional	MEFMI Fellow	MEFMI Staff		Country	Male	Female	
				Paid	Gratis								
	Output Raised participants' awareness on the usefulness of principles for responsible lending and borrowing Increased participants' awareness on the potential sources of domestic revenue mobilization												
	SUB-TOTAL		**-**	**2**	**4**	**22**	**4**	**20**	**19**		**78**	**30**	
	ANNEX II: In-Country Missions - Activities conducted during January to December 2011												
MACROECONOMIC MANAGEMENT PROGRAMME													
1.	In-Country Workshop on Customisation of PCMS in Zanzibar 14 - 19 February 2011 Zanzibar, Tanzania	To customize PCMS using Zanzibar questionnaires To equip participants with data validation techniques using PCMS To train participants on the basic concepts of FPC and its link to BOP	-	0	0	1	0	2	2		7	6	Junior Managers, Middle Managers, Senior Managers
	Outputs Imparted knowledge to use PCMS to system administrators and enumerators from Zanzibar Investments Promotion Authority (ZIPA), Office of Government Statistician (OCGS) and Bank of Tanzania (BoT)-Zanzibar Branch. Customised and aligned the International Sectoral Industrial Classifications (ISIC) according to Zanzibar sectors and created company register.												
2.	Kenya In-Country Workshop on Quarterly GDP Forecasting Framework for Kenya. 13 - 18 June 2011 Nairobi, Kenya	To expand the system used for quarterly estimates of GDP so that it can include "the quarterly forecasts that are based on views from industry players" and other projected economic indicators. This will produce a forecast of quarterly GDP and annual GDP for one or two years ahead. To train officials on quarterly national accounts as relevant for projections of quarterly GDP including issues such as benchmarking and seasonal adjustment.	-	0	0	1	0	0	1		14	6	Junior Managers, Middle Managers, Senior Managers
	Outputs Developed a quarterly GDP Forecasting Framework Trained staff on GDP forecasting framework and benchmarking and seasonal adjustment												
3.	In-Country Workshop on PCMS Customization and Training of Data Enumerators in Tanzania-Mainland 26 July - 5 August, 2011 Zanzibar , Tanzania	To customize PCMS and train IT experts and system administrators on system access and administration. To customize PCMS and train IT experts and system administrators on system access and administration	-	0	0	2	0	1	2		9	2	Junior Managers, Middle Managers, Senior Managers
	Outputs Trained data officers, IT staff and system administrators on PCMS application and system support. Adopted and customized PCMS according to Tanzania survey questionnaire.												

TCP = Technical Cooperating Partner S=Secretariat C=MEFMI Countries Participating

	Activity Date Venue Output(s)	Objective	TCP	Resource Persons					S	Participants / Officials Met			Target
				International		Regional	MEFMI Fellow	MEFMI Staff		Country	Male	Female	
				Paid	Gratis								
4.	In-Country Workshop on PCMS Customization and Training of Data Enumerators in Lesotho Maseru, Lesotho 7-19 August 2011	To customize PCMS and train IT experts and system administrators on system access and administration.	-	0	0	2	0	1	2		3	3	Junior Managers, Middle Managers,
	Outputs Trained data officers, IT staff and system administrators on PCMS application and system support. Adopted and customized PCMS according to Lesotho survey questionnaire.												
5.	Joint MEFMI/UNDP/ZEPARU In-Country Course on Economic Indicators Analysis: Monitoring the Zimbabwean Economy 15 - 26 August 2011 Mutare, Zimbabwe	To equip participants with knowledge and skills to extract and analyse useful information on the macro economy. To equip participants with skills and knowledge to analyse inter-linkages of key macroeconomic indicators.	UNDP & ZEPARU	0	0	3	2	2			14	8	Junior Managers, Middle Managers, Senior Managers
	Outputs Equipped participants with knowledge and skills on basic techniques in economic analysis and inter-linkages of key macroeconomic indicators.												
6.	In-Country Workshop on the Constructed Macroeconomic Model for Swaziland 21 - 29 November 2011 Mbabane, Swaziland	To construct macroeconomic model for Swaziland.	-	0	0	1	0	1	2		4	3	Junior Managers, Middle Managers,
	SUB-TOTAL			**0**	**0**	**10**	**2**	**7**	**9**	**-**	**51**	**28**	
DEBT MANAGEMENT PROGRAMME													
7.	Uganda Debt Sustainability Analysis (DSA) Country Workshop 7 - 18 March 2011 Kampala, Uganda	To produce a DSA report for Uganda and assess sustainability (external and fiscal) of the country's debt. To form a view on how outstanding stocks of liabilities are likely to evolve over time.	-	0	0	0	0	2	2		16	7	Middle Managers, Directors
	Produced a guide for direction and benchmarks for debt management in Uganda and a borrowing strategy for the preferred debt composition. **Outputs** Increased knowledge and skills in government officials that form the national DSA team												
8.	Tanzania In-country CS DRMS Users Training 14 - 25 March 2011 Dar es Salaam, Tanzania	To train users in the features of the CS-DRMS 2000+ and functionalities, the external and domestic debt module To introduce Management tools (analytical tool) to enable them appreciate types of analyses that can be done using CS DRMS,	-	0	0	2	1	2	2		15	10	Junior Managers, Middle Managers
	Outputs Enhanced awareness in CS- DRMS, knowledge in External and Domestic Debt Module and knowledge of Management tools Module Imparted knowledge on the type of reports available in CS DRMS and filtering reports												

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	Activity Date Venue Output(s)	Objective	TCP	Resource Persons					S	Participants / Officials Met			Target
				International		Regional	MEFMI Fellow	MEFMI Staff		Country	Male	Female	
				Paid	Gratis								
9.	Malawi Debt Sustainability Analysis (DSA) Country Workshop 23 May - 3 June 2011	To generate DSA Data DSF Tool for DSA Simulation of DSA and Stress Test Analysis Development of the long-term debt strategy formulation. Report Writing	DRI	0	3	2	1	1	1	1	16	6	Middle Managers, Directors
	Outputs Benchmarks for debt management were developed. Borrowing strategy, preventive measures to avoid recurrence of a debt crisis were shared. A customized simulation model was developed												
10.	Kenya in-country CS DRMS Training 5 - 13 June 2011 Naivasha, Kenya	To impart knowledge on features in CS DRMS, Navigation, Instrument Explorer, Participant Management and Debt reports To simulate loans and securities recordings and processing instruments and detecting and rectifying errors in CS DRMS 2000+	-	0	0	1	1	1	1	1	9	4	Junior Managers, Senior Managers
	Outputs Enhanced participants' awareness on features in CS- DRMS, knowledge of external and domestic debt modules Participants were able to generate reports and to process securities in the database and generate error report.												
11.	Lesotho In-country Domestic Debt Management Training 17 - 26 August 2011 Maseru, Lesotho	To equip participants with knowledge on the following: Domestic Debt Concepts Domestic Debt Operations- Issuance, settlement Pricing of Securities Domestic Debt Sustainability Analysis Domestic Debt Strategy Formulation Yield Curve Development	-	0	0	1	1	1	1	1	6	12	Junior Managers, Middle Managers
	Outputs Enhanced awareness on Domestic Debt Management Enhanced participants' knowledge of Domestic Debt Market Operations, ability to price securities and knowledge on formulating domestic debt strategy												
12.	Joint World Bank/IMF/ MEFMI MTDS: Mission to Mozambique 7 - 16 September 2011 Maputo, Mozambique.	To Review debt strategies To train participants on revised MTDS framework, options and risks of the various forms of borrowing and trade-offs;	World Bank, IMF	0	2	0	0	1	1	1	15	5	Junior Managers, Middle Managers
	Outputs MOF staff were able to analyse and produce debt strategy report Staff exposed to new revised MTDS methodology												
	SUB-TOTAL		**-**	**0**	**5**	**6**	**4**	**8**	**8**	**6**	**77**	**44**	
	FINANCIAL SECTOR MANAGEMENT PROGRAMME												

TCP = Technical Cooperating Partner S=Secretariat C=MEFMI Countries Participating

	Activity Date Venue Output(s)	Objective	TCP	Resource Persons					S	Participants / Officials Met			Target
				International		Regional	MEFMI Fellow	MEFMI Staff		Country	Male	Female	
				Paid	Gratis								
13.	Malawi Payment Systems In-country Workshop 1 - 3 June, 2011 Lilongwe, Malawi	To train Reserve Bank officials in payment systems best practices To raise awareness on payment systems developments to stakeholders	-	1	0	0	2	1	0	1	28	10	Middle Managers, Senior Managers, Directors
	Outputs Trained technical staff in payment systems best practices. Raised participants' awareness to payment systems stakeholders (commercial banks/regulators and other departments in the Reserve Bank)												
14.	Risk Based Supervision Framework 10 - 14 October 2011 Gaborone, Botswana	To provide an overview of the risk-based supervision framework to participants as well as share ideas and experiences in the region.	-	1	0	1	0	2	0	1	15	7	Junior Managers, Middle Managers, Senior Managers,
	Outputs Developed an implementation plan to strengthen banking supervision												
15.	Supervision of Microfinance, Capital Markets, Pension Funds and Insurance 14 – 18 Nov, 2011 Blantyre, Malawi	To raise awareness on supervisory principles, standards, new regulations, regional and international trends to new staff of non-bank supervision.	-	0	0	2	1	1	1	1	24	10	Junior Managers, Middle Managers
	Outputs Trained new staff in non-bank supervision of microfinance, capital markets, pension funds and insurance.												
	SUB-TOTAL		**-**	**2**	**0**	**3**	**3**	**4**	**1**	**-**	**67**	**27**	
	ANNEX III: Country Missions - Activities conducted during January to December 2011												
MACROECONOMIC MANAGEMENT PROGRAMME													
1.	Malawi Mission on Data Validation and Report Writing of Foreign Private Capital Survey 2009 1 - 11 February 2011 Lilongwe, Malawi	To facilitate report writing of Foreign Private Capital 2009 To conduct data validation and develop time series of 2001-2008	-	0	0	0	2	2	0		7	1	Junior Managers, Middle Managers
	Outputs Prepared and finalized FPC report for 2009 Developed FPC data time series for the period 2001-2008												
2.	Rwanda Demand Assessment of Remittances Statistics 11 - 18 May 2011 Kigali, Rwanda	To compile some basic statistics on worker's remittances To assess the current status of the framework for compiling remittances statistics including the existing regulatory environment	-	0	0	1	0	1	0		9	2	
	Outputs Assessed the BOP compilation and data collection methodology for remittances. Assessed the legal and regulatory frameworks for remittances currently in place in Rwanda. Proposed policy interventions towards facilitating formal remittance inflows to the country, enhancing their integration into productive investment ventures, and increasing their positive effects on financial sector development and poverty reduction.												

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	Activity Date Venue Output(s)	Objective	TCP	Resource Persons					S	Participants / Officials Met			Target
				International		Regional	MEFMI Fellow	MEFMI Staff		Country	Male	Female	
				Paid	Gratis								
3.	Rwanda In-Country Mission on FPC Data Treatment and Report Writing 13 to 24 June 2011 Kigali, Rwanda	To finalize Rwanda's 2010 FPC report through hands-on support on data up-rating, validation and analysis. To upgrade Rwanda capacity to adhere to international best practices through training on FPC issues in BPM6.	-	0	0	0	1	1	1		8	1	Junior Managers, Middle Managers, Senior Managers
	Outputs Finalized the Rwanda 2010 FPC survey report. Rwanda FPC team has been equipped with FPC concepts according to BPM 6 guidelines. Updated Rwanda survey questionnaire according to BPM 6 requirement												
4.	Swaziland Fact Finding Mission on the Development of an Economic Forecasting Model 11 to 15 July 2011 Mbabane, Swaziland	To ascertain the existing data conditions To clean and analyse the data set To specify the structure of the model and run preliminary estimations	-	0	0	1	0	1	0		3	4	Junior Managers, Middle Managers,
	Outputs Assessed the existing data conditions and compilation methodologies. A data set for the model was constructed, cleaned and analysed The structure of the model was specified and was run and tested and preliminary results analysed by the Swaziland Modeling Team												
5.	Rwanda Foreign Private Capital and Investors Perception Survey Results Dissemination September 7 2011 Kigali, Rwanda	To bring together the Enterprises representatives and the Rwandan FPC working Group to validate and disseminate the final results of the first FPC and Investors Perception Survey cycle. To launch the second survey cycle	-	0	-	0	0	1	1		3	3	Junior Managers, Middle Managers, Senior Managers
	Outputs The first FPC and Investors Perception Survey cycle results validated by stakeholders and officially disseminated by the National Bank of Rwanda. The second survey cycle was effectively launched and set to start the following week												
6.	Malawi In-Country Technical Mission on PCMS. 17-21 October 2011 Lilongwe, Malawi	To download PCMS in the NSO LAN To establish connectivity for the system to be accessed by multiple users at a time.	0	0	1	0	1	1	1		5	2	Junior Managers, Middle Managers,
	Outputs PCMS was successfully downloaded into the NSO LAN Connectivity between the LAN and system users was established.												
7.	In-country Mission on Rwanda Remittances 1-9 December 2011 Kigali, Rwanda	To develop the methodology for compiling remittances	-	0	0	1	0	1	0		10	2	
	Outputs Developed workable methodologies for compilation of remittances statistics in Rwanda.												

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	Activity Date Venue Output(s)	Objective	TCP	Resource Persons					S	Participants / Officials Met			Target
				Inter-national		Regional	MEFMI Fellow	MEFMI Staff		Country	Male	Female	
				Paid	Gratis								
8.	In-country mission to verify registration of PCMS as a patent 19 – 21 December 2011 Dar es Salaam, Tanzania	To meet the developer and some users of MEFMI PCSM in order to determine if the Institute has the legal right to patent the system	-	0	0	1	0	1	2		2	0	
	Outputs Confirmed that PCMS is an original concept developed by MEFMI and that the Institute has the legal right to patent PCMS												
	SUB-TOTAL		**-**	**0**	**0**	**5**	**3**	**9**	**5**		**47**	**15**	
DEBT MANAGEMENT PROGRAMME													
9.	Zambia DeMPA Mission 19 to 28 January 2011 Lusaka, Zambia.	To assess Zambia's debt management performance To train country officials on cost and risk analysis in debt management	WB	0	4	0	0	1	1		36	8	Senior Managers, Directors
	Outputs Developed DeMPA Report with country scores for each area of debt management Identified areas for capacity enhancement and enhanced cost and risk analysis skills amongst the trained country officials												
10.	Tanzania MTDS Follow-up and Training Mission 18 to 28 January 2011 Dar es Salaam, Tanzania	To train Government officials in use of the MTDS tool; To assist officials to prepare the MTDS document;	WB	0	5	0	0	1	1		11	1	Senior Managers, Directors
	Outputs Trained technical staff in using MTDS Drafted MTDS for submission to senior officials												
11.	Malawi Reform and Capacity Building Plan Mission 17 to 28 January 2011 Lilongwe, Malawi.	To make detailed analysis of the capacity gaps identified in the DeMPA process To draft a detailed reform and capacity building plan and implementation plan	WB	0	3	0	0	1	1		11	7	Senior Managers, Directors
	Outputs Identified staff capacity building needs Developed a reform and capacity building plan												
12.	Joint MEFMI/UNCTAD Debt Validation and Statistics Mission to Angola 18 to 26 July 2011 Luanda, Angola	To assist BancoNacionale de Angola (BNA) to review and validate its DMFAS 5.3 external public debt database; and, To train and assist Angolan officials from BNA and the Ministry of Finance to generate a public debt statistics bulletin.	-	0	1	-	-	1	1		8	19	Junior Managers, Middle Managers, Senior Managers, Directors
	Outputs Validation issues in Angola's external debt database identified and brought to attention of authorities for review and auctioning, per protocol Contacts with senior debt management officials established, especially at the Ministry of Finance's new debt unit												

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	Activity Date Venue Output(s)	Objective	TCP	Resource Persons					S	Participants / Officials Met			Target
				Inter-national		Regional	MEFMI Fellow	MEFMI Staff		Country	Male	Female	
				Paid	Gratis								
13.	Joint World Bank/IMF/ MEFMI MTDS: Mission to Mozambique 7 to 16 September 2011 Maputo, Mozambique	To review debt strategies To train participants on revised MTDS framework, options and risks of the various forms of borrowing and trade-offs.	WB	0	2	0	0	1	1		15	5	Junior Managers, Middle Managers,
	Outputs MOF staff able to analyse and produce debt strategy report Staff exposed to new revised MTDS methodology												
14.	Zimbabwe Multilateral Debt Reconciliation, DeMPA and Debt Reform Mission Plan Mission 2 – 16 September 2011 Harare, Zimbabwe	To assist in reconciling multilateral loans in ZADMO's DMFAS database with creditor information brought by the World Bank; To assess debt management capacity using the DeMPA tool	WB	0	5	0	0	1	1		29	9	Senior Managers, Directors
	Outputs Reconciled multilateral debt database per creditors' information; List of strengths and weaknesses in public debt management functions outlined												
15.	Zambia Debt Data Validation Mission 17 – 21 October 2011 Lusaka, Zambia	To assist Ministry of Finance and National Planning (MOFNP)'s Investment and Debt Management (IDM) Department (IDM) to validate Zambia's DMFAS 5.3 external debt database for use during the planned DSA exercise	UNCTAD	0	1	1	0	1	1		14	8	Junior Managers, Middle Managers, Senior Managers, Directors
	Outputs Significantly reconciled DMFAS 5.3 external debt database and position A loan-by-loan DSF debt data template generated Debt data validation skills transfer to IDM Debt Unit staff accomplished												
	SUB-TOTAL		**-**	**0**	**21**	**1**	**0**	**7**	**7**		**124**	**67**	
FINANCIAL SECTOR MANAGER PROGRAMME													
16.	The World Bank RAMP / MEFMI Mission to Malawi 14 to 16 March 2011	To provide officials with the best practices in the areas of settlements and to provide a good understanding of the functions performed by a custodian.	World Bank	0	1	0	0	1	0		8	3	
	Outputs Officials were equipped with the best practices in the areas of settlements and good understanding of the functions performed by a custodian.												
17.	Malawi Payment Systems Mission 30 to 31 May 2011 Lilongwe, Malawi	To conduct a situational analysis of the payment systems developments To review the payment systems operations and recommend best practices in payment systems	-	1	0	0	2	1	0		7	1	Senior Managers, Directors
	Outputs Conducted a situational analysis Reviews and recommendations raised and produced in a Mission Report submitted to RBM												

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	Activity Date Venue Output(s)	Objective	TCP	Resource Persons: International Paid	Resource Persons: International Gratis	Resource Persons: Regional	Resource Persons: MEFMI Fellow	Resource Persons: MEFMI Staff	S	Participants / Officials Met: Country	Participants / Officials Met: Male	Participants / Officials Met: Female	Target
18.	Risk Based Supervision Implementation 10 – 14 October 2011 Gaborone, Botswana	To take stock of the RBS implementation progress and identify gaps and challenges and propose practical roll-out strategies for the Bank.	-	1	0	1	0	2			15	1	Junior Managers, Senior Managers
	Outputs Conducted a review of current supervisory standards at BOB; Developed an implementation plan to strengthen banking supervision.												
19.	Implementation of a Risk Management Function Phase III For the National Bank of Rwanda 24 -28 October 2011 Kigali, Rwanda	To review the status of implementation of the recommendations made during the in-country Mission in November-December, 2010 To conduct a run through of risk management procedures with the staff.	-	1	0	0	0	1	1		8	2	Junior Managers, Senior Managers
	Outputs Conducted a demonstration of risk management procedures regarding identification, assessment and monitoring of risks. Designed the format of periodic risk management reports and demonstration of how to prepare the reports.												
	SUB-TOTAL		**-**	**3**	**22**	**7**	**5**	**21**	**14**		**209**	**79**	
	GRAND TOTAL		**-**	**9**	**71**	**84**	**38**	**98**	**129**		**918**	**500**	

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ANNEX V: Networking & Staff Development January and December 2011

MEFMI values the benefits of networking and the impact it has on staff exposure and capacity building. In that regard, the Institute participates in relevant networking events, most of which are by invitation from other institutions. Below is a table outlining the networking activities the Institute participated in 2011.

	Date	No. of staff	Institute/Organization	Main Theme
1.	14 to 25 February 2011	1	UNCTAD	UNCTAD DMFAS 6.0 and Capacity Building Modules Training for Trainers Workshop
2.	31 January to 4 February 2011	1	BIS	MEFMI lecture at the BIS segment on the Master's Programme in Banking and Finance at the *Centre Africaind'ÉtudesSupérieures en Gestion* (CESAG
3.	16 to 18 March 2011	1	IMF	IMF's Coordinated Direct Investment Survey (CDIS) Workshop.
4.	29March to 1April 2011	1	COMSEC	CS-DRMS 2000+ User Group Meeting and Second Commonwealth Secretariat Stakeholders' Conference on Debt Management
5.	30 May to 3 June 2011	1	WORLD BANK	Regional Integration and Food Security Africa.
6.	8 to 9 June 2011	1	WORLD BANK	Debt Management Stakeholders, Conference
7.	29June to 1July 2011	1	OECD	5th Organization For Economic Development (OECD) Forum On African Debt Management And Bond Markets And Launch Of Centre For African Debt Management And Bond Markets
8.	25 to 26 June 2011	1	BASEL/BIS	Annual General Meeting of the BIS
9.	On going	4	Pastel/VIP/PAYROLL	Enhancing payroll management and fully automating the accounting information system
10.	20 June to 24 June 2011	5	MEFMI	VIP Payroll
11.	29 June to1 July 2011	3	MEFMI	Employee Self Service ESS
12.	8 to 9 February 2011	1	ACBF	ACBF 20th Anniversary
13.	27 June to 1 July 2011	3	MEFMI	VIP Premier HR System
14.	8 to 10 June 2011	1	IFRS TRAINING	2011 Updates – International Financial Reporting Standards
15.	19 to 25 February 2011	3	MEFMI	Regional Human Resources Seminar
16.	July 2011	2	ACBF	Workshop on updates to ACBF manuals and financial reporting requirements
17.	11 to 12 July 2011	1	SAfAIDS	Workshop on Workplace Policy Development and Implementation
18.	11 July 2011	1	ZEPARU	Workshop on Currency Reform-Options and Strategies for Zimbabwe
19.	28 September to 30 October 2011	2	WORLD BANK	Inclusive Growth Diagnostic Analysis: New Approaches to determining Country Priorities
20.	26 -30 September 2011	1	UNDP/Ministry of Women Affairs	Training for Trainers Workshop on Gender Responsive Economic Policy Management
21.	14-16 November 2011	2	UNCTAD	8th UNCTAD Debt Management Conference
22.	15-18 November 2011	1	University of Pretoria	Econometric Analysis of Co-integration
23.	7-11 November 2011	1	Central Bank of Philippines	Payment Systems
24.	7 – 9 December 2011	1	CISNA	Biannual CISNA meeting

Our Values

- Accountability
- Teamwork
- Responsiveness
- Integrity
- Professionalism

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