



MEFMI

Macroeconomic and Financial Management
Institute of Eastern and Southern Africa

2011

PROSPECTUS



BUILDING SUSTAINABLE CAPACITY
FOSTERING BEST PRACTICES
RAISING AWARENESS: OPPORTUNITIES AND CHALLENGES



MCFMI

Macroeconomic and Financial Management
Institute of Eastern and Southern Africa

2011

PROSPECTUS



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ABBREVIATIONS

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

SNA	System of National Accounts
SSA	Sub Saharan Africa
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNITAR	United Nations Institute of Training and Research
WB	World Bank
WBI	World Bank Institute

EXECUTIVE DIRECTOR'S FOREWORD

2011 is a special year in the operations of the Institute as we mark the end of the MEFMI Phase III cycle. As such, this prospectus has been designed in such a way that the Institute rolls out and effectively implements all the activities as outlined in the Phase III Project Document. This prospectus will also outline the range of capacity building activities which will mark the close of the current planning cycle (Phase III) which was designed to span the period 2007 to 2011.

MEFMI will maintain the core features of its capacity building delivery systems which have served it well over the past years. Each of the main operational units of MEFMI, has taken into account the need to ensure that the Work Programme for 2011 includes all activities in the Phase III five year project cycle that has been successfully implemented since 2007 and provides a solid background for Phase IV. Adjustments reflected in the 2011 work programme are a result of the Institute's efforts to keep pace with the dynamics in the operating environment and feedback from client institutions. The work programme also takes into consideration the recommendations of the Impact and Needs Assessment of 2009, the Mid-Term Review (MTR) of 2010, the MEFMI Phase IV Strategic Planning Report and the Programme Brainstorming Workshops for Phase IV.

In addition, being the last year of Phase III, MEFMI has stepped up in-country capacity building activities in order to clear a number of activities that were outstanding. In this regard, we wish to encourage member states to be pro-active in indulging in country specific events to ensure success.

Thus the year 2011 will see a deliberate shift by the Institute to implement more in-country missions as well as country missions. This shift is in response to a request by client institutions to have MEFMI provide tailor-made capacity building activities that are responsive to the specific needs of client institutions. In-country activities are demand-driven and to strengthen the tailor-made approach and to ensure the sustainability of the activities, MEFMI has put in place mechanisms with client institutions on specific outcomes for each activity.

The activities planned for the Macroeconomic Management Programme are expected to consolidate and conclude on the key achievements obtained since the inception of the Phase. In this regard, a number of follow-up mechanisms through country capacity building activities will be prioritised during the year to assess the outcomes and impact over the last five years as we look into the next phase. Rolling out key tools and products developed will also be critical in 2011.

Under the Foreign Private Capital Capacity Building Programme (FPC-CBP), sustaining achievements gained so far is critical in 2011. PCMS is now at usable stage and priority is on software rollover and building capacity of the regional IT staff to support the software. Focus is to strengthen new countries which have just started carrying out surveys and equipping countries with cost-effectiveness on data compilation methodologies.

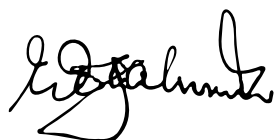
Following the recent global financial crisis, confidence in the global financial market waned sharply as the gloomy view of the economic prospects continued to be reflected in rapid falls in property and asset prices. As such, the Financial Sector Management Programme (FSM) will continue to focus and build on the progress registered in client institutions to further consolidate capacity building programmes for the financial sector.

FSM will also continue to work with the World Bank Treasury to deliver the RAMP-Africa Program in reserves management. This will remain an additional program so that non-member countries of RAMP-Africa are not prejudiced in reserves management skills.

The Debt Management Programme activities for 2011 will be delivered in a manner that provides the necessary link for continuity during transition of the Programme's work in the current phase to the next one. The Debt activities for 2011 blend regional training with in-country follow-up that should help foster implementation of improvements in identified areas of back, middle and front office operations. These will range from the traditional training on, and country assistance for effective use of computer-based debt management systems to interventions relating to debt sustainability analysis and strategy-formulation that help strengthen country polices for borrowing and mitigation of the entailed costs and potential risks.

There will also be attention to the enabling legal and institutional environment through a blend of targeted regional and in-country activities that also include e-learning. One of the new areas that the Programme will initiate interventions on in 2011 is capacity building for audit of public debt.

Although there is a large variation across Programmes on the channels that will be used in delivering capacity building activities generally, there has been a policy shift to have less generic regional workshops and more in-country missions. In this way, we hope the Institute will meet the needs of all client institutions as we come to the close of what was a very exciting Phase III.

A handwritten signature in black ink, appearing to read 'Ellias E. Ngalande', with a stylized flourish at the end.

Ellias E. Ngalande (PhD)
Executive Director

MEFMI IN BRIEF

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

Background

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

Vision

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

Mission

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

Values

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

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

The Scope of MEFMI Activities

MEFMI activities put special focus on:

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

The MEFMI client institutions are;

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

The MEFMI target groups in all the beneficiary institutions are:

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

Mode of Delivery

MEFMI delivers its products and services through the following;

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

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

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

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

Cooperating Partners

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

Financial Cooperating Partners currently fund MEFMI's capacity building activities to supplement member countries' contributions. The Financial Cooperating Partners are:

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

In addition to the above, MEFMI has benefitted from the Heavily Indebted Poor Countries Capacity Building Programme (HIPC-CBP) and the Foreign Private Capital Capacity Building Programme (FPC-CBP); whose contributors were:

- Austria
- Canada
- Sweden
- Ireland
- Switzerland
- The United Kingdom

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

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

In addition, some of the major international commercial banks such as the Bank of New York, State Street Global Advisors, Barclays Bank plc, the Standard Bank of South Africa, the Reserve Bank of India and 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 is the principal vehicle for the design, delivery and administration of MEFMI programmes. An Executive Director heads the Secretariat. MEFMI draws its staff mainly from related institutions in member countries on competitive recruitment basis.

MACROECONOMIC MANAGEMENT PROGRAMME

INTRODUCTION

The Work Programme for 2011 marks the end of the Phase III five year project cycle that has been successfully implemented since 2007 and provides a solid background for Phase IV. The activities planned for the year are expected to consolidate and conclude on the key achievements obtaining since the inception of the Phase. The plan for the year puts significant emphasis on tailor made in-country capacity building activities that will equip member states with hands-on skills on the job training. The work plan takes into consideration the recommendations of the Impact and Needs Assessment of 2009; the Mid-Term Review (MTR) of 2010, the MEFMI Phase IV Strategic Planning Report and the Programme Brainstorming workshop for Phase IV. In this regard, a number of follow-up mechanisms through country capacity building activities will be prioritised during the year to assess the outcomes and impacts over the last five years as we look into the next phase. Rolling out key tools and products developed will also be a key agenda in 2011.

Under the Foreign Private Capital Capacity Building Programme (FPC-CBP), sustaining achievements gained so far is critical in 2011. PCMS is now at usable stage and priority is on software rollover and building capacity of the regional IT staff to support the software. As for the capacity on compilation of FPC statistics, focus is to strengthen new countries which have just started carrying out survey and equipping countries with cost-effectives on data sampling and compilation methodologies.

A. REGIONAL ACTIVITIES

- 1 Retreat for Heads of Research and Policy Units of Central Banks and Ministries of Finance, Planning and Economic Development/Development Partners.

Venue: Luanda, Angola
Venue: Luanda, Angola
Dates: March 1st – 5th 2011

Duration: 5 days

Background

Heads of Research and Policy Units in member institutions play a crucial role in supporting the implementation of capacity building activities in macroeconomic policy management. They are also critical players in the policy design and formulation as it is on the basis of sound research that appropriate policy frameworks can be developed. It is therefore important that these officers are made aware of the MEFMI capacity building activities at the beginning of the year so that they can lend their support through embracing international best practices and ensuring that the right calibre of staff attends capacity building events. It is also important that this cadre of officials get more exposure to the critical role research and policy units can play in informing the policy process.

Objective

The retreat is primarily aimed at reviewing capacity building programme of the Programme and identifying key needs and gaps for curriculum review. The retreat also aims at promoting professional interaction among Heads/Directors of Research and Policy Units and our developments partners.

Content of the Retreat

The Retreat will cover the following issues:

- Overview of macroeconomic challenges in the region
- Awareness building on key capacity building issues undertaken by the Programme and their roles
- Capacity building needs and curriculum review
- State of Research and Policy Units in respective member states of MEFMI.
- Sustained cooperation with our development partners

Target Group

This retreat is designed for Heads of Economic Research and Policy Units of Central Banks and Ministries of Finance, Planning and Economic Planning and related institutions. It will also target representatives from our major cooperating partners: RBSA, NTSA, WBI, IMFI and IMF- STAT DPT, UNECA, ADB, SADC, ZEPARU, KIPPRRA, AERC, ERC – Uganda, BIPA, NEPARU etc...

2. Retreat for Heads of Department/Units Responsible for Monitoring Private Capital

Venue: Maputo, Mozambique

Date: March 14 – 18 2011

Duration: 5 days

Background

Heads of Department/Units forum plays critical role for needs assessment, resource mobilization for conducting PC surveys, evaluating countries' performance using Country Capacity Evaluations (CCEs) and networking.

Objective

To ratify countries' performance reports and discuss administrative and methodology challenges in monitoring PC in the region for harmonisation, timeliness and consistency. The retreat is expected to come up with recommendations on the soft spots and action steps for going forward.

Target Group

The retreat targets senior level management responsible for Balance of Payments, specifically private capital statistics in Central Banks, Statistical Offices and National Investment Promotion Authorities.

3. Macroeconomic Analysis and Management Course

Venue: Tanzania

Date: April 18 – May 6 2011

Duration: 3 weeks

Background

The performance of the economy is important to all of us. We analyze the macro economy by primarily looking at national output, unemployment and inflation. Although it is consumers who ultimately determine the direction of the economy, governments also influence it through fiscal and monetary policy. Macroeconomic analysis examines the economic conditions to help consumers, firms and governments make better decisions. In order for MEFMI to cater for the capacity needs at all levels of staff in member states in this area, the traditional course was restructured to include two modules: an introductory module and an advanced module. The introductory module will focus on concepts necessary for understanding the economic problems mentioned above. Accordingly, it will look at the aggregate macro variables namely: national income, national consumption expenditure, total investment expenditure, total money supply,

general price level, and overall employment and output levels and will also look at data compilation on those indicators. The advanced module will look at the analysis and policy coordination and management.

Course Content

The Course is divided into two modules.

Module 1 will discuss:

- A review of the macroeconomic identities
- Techniques and concepts for analysing the key macroeconomic sectors in the economy
- The framework for monetary policy formulation
- The framework for fiscal policy formulation

Module 2 will cover the following:

- Macroeconomic Policy coordination
- Issues of macroeconomic adjustment and growth
- Poverty Reduction and growth Strategy Frameworks and implementation challenges
- Financial sector Development and its impact on growth and development

Objective

The objective of the course is to equip participants with key conceptual and analytical frameworks for macroeconomic policy design, analysis, forecasting and implementation. It is also expected to provide some cutting edge analysis and discussion of current and emerging issues.

Target Group

The course is targeted at senior officials from the Ministries of Finance and Economic Planning, as well as Reserve / Central Banks.

4. Financial Programming and Policy Course

Venue: Nairobi, Kenya

Dates: 9 – 27 May 2011

Duration 3 weeks

Introduction

Economies in the region continue to encounter macroeconomic imbalances owing to various shocks. The role of economic policy making is to minimize the adverse effects of these shocks. This can be done if officials are able to identify shocks and design policies that will mitigate them. The IMF has, over time, used the financial programming framework to work with countries in designing economic adjustment and stabilisation policies. Financial Programming takes care of this problem by highlighting the extent of the inter-linkages between the sectors and the trade-offs associated with different policy mixes.

Objective

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

- The principal features of the different accounts used in macroeconomic analysis (i.e., the national

- income, balance of payments, fiscal, and monetary accounts) and the interrelations among these accounts, and forecasting methods for each sector;
- The diagnosis of macroeconomic performance and analysis of the effects of macroeconomic and structural policies on the main variables of interest to policymakers, including output, prices, and the balance of payments; and
 - The preparation of a macroeconomic policy program.

Modules

The course is divided into two separate modules of one and two weeks respectively each running back to back. The first module focuses on the introductory aspects of macroeconomic accounting while the last two weeks module provides a review of forecasting methods and policies for the four macroeconomic accounts as well as effects of macroeconomic and structural policies. This part allows participants to construct a consistent set of policy measures in the context of developing a financial programme.

To enhance effectiveness, the course uses actual data from the region to expose participants to techniques of analysing the economy and monitoring emerging economic imbalances. Through this course participants will gain a deeper understanding of the macroeconomic linkages and the effects of alternative macroeconomic policy options.

Target group

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

5. Joint IMF/MEFMI Data Requirements for Economic Management –Monetary and Financial Statistics (MFS 2001)

Venue: Windhoek, Namibia

Dates: 6 – 17 June 2011

Duration: 2 weeks

This two-week course is designed to assist officials in the compilation of monetary and financial statistics in accordance with international best practices. The course material is based on the Manual on Monetary and Financial Statistics and the Compilation Guide for Monetary and Financial Statistics, which expands on the definitions, classifications, and valuation principles for monetary and financial macroeconomic analysis while maintaining consistency with the System of National Accounts.

Course Content

This two-week course is based on the MFS 2001 IMF Manual and is designed to assist officials in the compilation of monetary and financial statistics. The course covers the following issues:

- The principles of economic sectorisation;
- The characteristics, classification and valuation of financial instruments;
- Compilation of analytical accounts for the entire financial sector, comprising the central bank, other depository corporations, and other financial corporations.
- Financial statistics, which comprise the financial flows and stocks of all sectors of the domestic economy and their interactions with the rest of the world.
- The framework for financial statistics (also called financial accounts or flow of funds in a number of countries) to study the interrelationships among the monetary, financial, balance of payments,

- government finance, and national accounts statistics.
- The course consists of lectures, workshops, and case studies.

Target Group

Central Bank (or other related agency) officials responsible for the collection and compilation of monetary and financial statistics.

6. Small Sample and Non-Survey Methods in Compilation of Semi-Annual/Quarterly FPC Statistics.

Venue: Lilongwe, Malawi

Dates: July 11 -15 2011

Duration: 1 Week

Background

Countries in MEFMI region are currently compiling annual FPC statistics using census and big sample surveys. Demand for quarterly/semi-annual data collection as cost-effective and early warning instrument is on the rise though it is hampered by lack of technical capacity to carry out small sample surveys and apply non-survey methods.

Objective

The purpose of this course is equipping participants with the skills of using small sample and non-survey methodologies for compiling quarterly/semi-annual FPC statistics. The built capacity will not only foster the adoption of the harmonized methodology but will also attract countries which are currently constrained by financial resources to carry out bigger surveys/census.

Target Group

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

7. Modeling and Forecasting Manual Review Workshop

Dates: August, 8– 12 2011

Venue: Harare, Zimbabwe

Background

In order to ensure the maximum participation and ownership of the modeling and forecasting manual by member countries, MEFMI requested that each member government establish a modeling and forecasting team which would participate in the development of the Manual. The country representatives were invited to participate in a brainstorming retreat held in February 2010 which drafted a proposal outlining the scope of the proposed manual and the approach to be used in its development. During the retreat MEFMI staff, country experts and the consultants discussed the skeleton outline and agreed on the details to be completed and by whom while ensuring that the manual as a whole has MEFMI member countries contributions. The commitment to ensure that the manual is a member countries product was evident from most country teams. Most member country teams were happy and expressed the hope that with their full involvement, the region was at the verge of developing a modeling and forecasting manual. In order to keep in regular touch with the Countries Teams as they prepare their inputs to provide support

and additional information as required it was agreed that MEFMI should, together with the consultants, convene a meeting of the member countries modeling teams (User Group) to discuss the first draft of the manual and to reach consensus on the content. It is envisaged that the first draft review workshop to country teams will take place in August 2011 while the final version will be ready by December 2011.

Objective

To allow Countries Teams discuss the first draft of the manual and reach consensus on what will be the final content of the manual.

Target Group:

Members of modeling and forecasting country teams (2 per country team).

B. IN-COUNTRY ACTIVITIES (6 In-country Workshop/Training)

This enables reaching out to a wider country target group and tailoring of activities to country specific issues for example through the use of specified country data and effective participation of critical officials. The programme will adopt a pro-active approach to in-country activities by initiating supply driven interventions tailor made to specific country needs. It is anticipated that the programme will handle six (6) supply driven in-country activities next year:

- Demand for PCMS customization and training on data entry is on the increase; three in-country activities are planned for 2011 namely, Lesotho, Angola and Botswana.
- One in-country on financial programming and policies for Zimbabwe
- Two in-country on modelling and forecasting for Angola and Mozambique

C. COUNTRY MISSIONS (5-FoI low up Missions)

- The focus will be to undertake PCMS audit to countries currently using the software. Priority will be given to Malawi, Kenya and Swaziland and PCMS sensitisation in countries like Angola and Namibia.
- Three follow up missions on financial programming, data requirements (Remittances for Rwanda) and modelling and forecasting.

D. STAFF DEVELOPMENT:

Attend one training activity next year per each Programme Secretary, Programme Officer and Programme Director.

FINANCIAL SECTOR MANAGEMENT PROGRAMME

INTRODUCTION

The recent global financial crisis underscored the importance and relevance of proper financial sector management principles. The impact was so severe that it nearly brought down the global financial markets. Confidence in the global financial markets waned sharply as the gloomy view of the economic prospects continued to be reflected in rapid falls in property and asset prices. MEFMI regional economies, although not part of the contributory factors, were not insulated from the global impact. The economies became susceptible to a number of factors including reduced earnings on their foreign exchange investments, declining exports proceeds, exchange rate volatility, and other financial sector disruptions that usually accompany the contagion effects from the financial crisis.

In line with such, MEFMI's Financial Sector Management programme will continue to be more focused and build on the progress registered in the client institutions to further consolidate capacity building programmes for financial sector management. The 2011 programme will, among others:

- Continue with the in-country activities, especially the implementation of best practices in the various areas of risk management, new supervisory approaches, payment systems operations, implementation of monetary policy and financial market development.
- Ensure that the remaining objectives of Phase III are carried out taking into account considerations and recommendations of the Mid Term Review and the Needs and Impact Assessment report conducted in 2010.
- Accommodate the new changes caused by the recent global financial crisis

The mode of delivery will continue to be through a combination of regional workshops, courses, seminars and country missions. These will continue to be delivered by the regional experts from the client institutions, MEFMI Fellows and international expertise from technical cooperating partners and private sector practitioners.

The core objective would be to remain relevant, focused and develop practical tools to address on the job challenges while safeguarding and fostering good practices in financial sector management.

The Financial Sector Management programme will also continue to work with the World Bank Treasury to deliver RAMP-Africa Program in reserves management. This will remain an additional program so that non-member countries of RAMP-Africa are not prejudiced in reserve management skills.

A: Regional Workshops

1. Domestic Debt Market Development, Legal and Regulatory Reforms (*Joint with Debt programme*)

Venue: Maseru, Lesotho

Dates: February 7-16, 2011

Duration: 8 Days

Background

Effective and robust financial markets are key components for economic growth and development. Developments of the financial markets is characterised by growth of the banking system and securities market in terms of its depth and breadth in the economy. Benefits that arise thereof include reduced external vulnerability through enhanced collection, increased investor base, better allocation of domestic savings and attraction of foreign investments in instruments denominated in the domestic currency.

However, without an appropriate and supporting legal and regulatory framework, it becomes extremely difficult to facilitate effective development of the financial markets which will create confidence in the investor base and achieve the desired benefits of having a robust financial markets mentioned above.

One of the major challenge facing MEFMI region in developing the financial markets is inadequacy of the legal and regulatory framework that supports these initiatives. It is therefore pertinent that efforts are made to address this shortcoming.

Objectives

- To create awareness and appreciation amongst legal professionals and policy makers on key principles, concepts and pre-requisites for financial markets development.
- To create an environment where market practitioners, policy makers and legal professionals interact freely and deliberate legal and regulatory issues and challenges faced by the financial markets development.
- Review legal and regulatory issues for financial markets reforms;
- To review the process of developing legal frameworks and legal instruments.
- To share country experience with the aim of harmonizing the legal instruments in the region;

Target group

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

2. Intermediate Banking Supervision

Venue: Rwanda

Duration: 5 Days

Dates: Feb 28 -4 Mar 2011

Background

Most MEFMI member countries' supervisory authorities are faced with challenges of staff retention as most well trained supervisors leave for greener pastures. In most cases, new bank examiners are thrown in the deep end without receiving the relevant training for supervisory work because of staff constraints. New bank examiners require relevant knowledge and skills in the area of bank supervision in order to enable them carry out on-site and off-site examinations procedures effectively as well as develop appropriate prudential guidelines. An introduction to bank supervision workshop for new and junior bank

examiners will equip new bank supervision staff with the required skills to carry out their day to day jobs as well as give them the necessary knowledge and tools to assist their seniors in the development of appropriate guidelines.

Objectives

The objective of the workshop is to introduce new and junior bank examiners to bank supervision principles, supervisory processes, corporate governance, provide an overview of best practises and standards for supervision.

Target group

Junior to middle level Bank Examiners in the central banks who have been doing supervision for a few years and have thus received basic hands on training.

3. Securities Settlement Systems: Operations and Oversight Issues

Duration: 5 Days

Dates: May 2-6, 2011

Venue: Tanzania

Background

Securities settlement systems play a pivotal role in enhancing development of financial markets in the economy. The efficiency and effectiveness of the securities settlement systems ensures smooth operation of the monetary policy and trading of financial instruments. This vital role of securities settlement systems requires central banks vigilance to effectively operate and regulate the securities settlement systems.

Central banks are facing a multitude of challenges to enhance efficiency in their securities settlement systems. Most countries do not oversee securities settlement systems, do not have linkages of the payment leg with the settlement leg of the securities hence susceptible to risks. The stock exchanges in most countries operate their own central depository systems with private settlement arrangements which are not effectively overseen by central banks. These challenges necessitate a need to build capacity to ensure effective operation and regulation of the securities settlement systems.

Objectives

- To enhance knowledge on Securities Settlement Systems.
- To gain theoretical and practical knowledge on the best practices in operation and oversight of Securities Settlement Systems.
- To influence development of robust securities settlement systems.

Target group

The primary target group is middle to senior level officials from central banks departments dealing with the operations of securities settlement systems, payment systems and oversight of payment systems.

4. Risk Management and Internal Controls for Bank Supervisors and Risk Assessment officers.

Dates: 16 – 20 May, 2011

Venue: Botswana

Duration: 5 Days

Background

Risk taking is part of the operations of financial intermediation, and is a phenomenon that cannot be completely eliminated. It needs to be prudently monitored and managed. In an increasingly financially liberalised environment, banking institutions are integrated to each other and to the dynamic global markets and as a result, are exposed to a number of risks. Risk management is paramount for these institutions. Inadequate risk management may result in loss of business and/or collapse of an institution.

The new supervisory approaches require that supervisors partner with financial institutions to champion sound risk management systems to avoid losses that the public can incur as a result of poor risk management systems and internal controls frameworks. To facilitate a consistent approach to risk assessment, management and oversight, personalities involved in risk supervision and management must have a good understanding of risk management and monitoring principles.

Objectives

The objective of the workshop is to enhance participants' understanding of various types of risks in the financial sector, discuss the various approaches to institution-wide risk management principles as well as explore key issues in formulating and developing internal controls and risk assessment frameworks.

Target Group

The main target group is middle level staff in financial sector supervision and those officers involved in risk oversight and assessment at the central bank and ministries of finance.

5. Problem Bank Resolution

Venue: Malawi

Dates: June 27- July 1, 2011

Duration: 5 Days

Background

Problems in banks arise from a combination of different factors and may vary from jurisdiction to jurisdiction. There are no specific sets of uniform indicators that are, or can be, used across jurisdictions to identify problem banks. However, some general and common aspects of bank operations can provide indications about existing or emerging problems. The experience in MEFMI member countries is that problem banks come and go in cycles. For example, in Kenya they occurred in the late 80s to early 90s, Tanzania early 90s, in Uganda early 80s to mid 90s, Zambia early 90s and Zimbabwe is the most recent in the early 2000s. In addition, a number of countries have experienced bank failures although not to the same magnitude as the ones listed above. During these bank failures, limited technical know-how and skills in the area of problem bank resolution was apparent in most jurisdictions. As a result, the process of dealing with these problems stretched unnecessarily long while trial and error solutions were being sought and administered and in some cases assistance had to be sought from other countries.

Objective

The purpose of the workshop is to raise awareness, at strategic level, of the need for preparedness in the area of problem bank resolution.

Target group

Senior staff in bank supervision with at least more than 5 years in bank supervision, legal counsels and deposit insurance practitioners.

6. Monetary Policy Operations – Liquidity Forecasting: Jointly with Macro Management Programme

Venue: Angola

Date: Aug 29 -Sep 2, 2011

Duration: 5 days

Background:

Effective monetary policy implementation depends on having a reliable and efficient liquidity-forecasting framework. Knowing the liquidity surplus/shortage in an economy enables formulation and development of appropriate monetary policy and instruments.

MEFMI countries have liberalized their economic environment where indirect monetary policy tools are being applied as transmission mechanisms. Central banks are using open market operations to influence money market conditions in order to maintain stability in the financial sector. The recent global financial crisis has caused challenges in implementing monetary policy due to liquidity supply constraints in most countries. It is therefore pertinent that effective transmission mechanics in adverse conditions are fully understood.

Objectives:

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

Target group:

Junior to middle level professionals from Central Banks directly involved in formulating and implementing monetary policy operations and public debt management. Junior to middle level professionals from Ministry of Finance involved in managing public debt and implementing fiscal policy.

A: RETREATS

1. Retreat for Heads Of Supervision: “Macro-prudential Supervision and Financial Sector Stability”

Venue: Mozambique

Date: September 14-16, 2011

Duration: 3 days

Background

The financial crises that have occurred in the last two to three decades have brought to the fore weaknesses in the conventional methods of banking supervision and regulation. Currently, many bank supervisory authorities employ the use of micro-prudential supervision which is oriented towards individual banks' risk profiles and safety and soundness. This approach assumes that financial

imbalances are externally generated. Although, it is a good approach; it fails to account for dynamic interactions between the household sector, corporate sector, public sector, the external sector and the banking system and the shocks that can result from these. Several banking sector crises brought about by severe default losses disrupt the flow of credit and liquidity to the financial markets. This, in turn, depresses the demand for commodities, goods and services. It can, therefore, be seen that the propagation of financial crises displays attributes of dynamic interactions between various sectors and across different time periods.

Objectives

The objective of the retreat is to introduce Heads of Supervision to macro-prudential supervision as well as offer policy recommendations to MEMFI member states on how to implement macro-prudential supervision.

Target group

Heads of bank supervision, senior officials in non bank regulation, senior officials in securities regulation, and senior officials in the ministry of finance.

2. Retreat For Heads Of Reserves Management: "Strategic Asset Allocation, Selection and Management of External Fund Managers & Custodians"

Venue: Zimbabwe

Date: November 21-23, 2011

Duration: 3 days

Background

Most MEFMI member countries employ external fund managers to manage a portion of their reserves as part of their strategic asset management framework. These countries have developed guidelines for selection of the external fund manager and global fund custodian. The process of selection of the fund managers and custodians needs to be transparent and properly executed.

This retreat will stimulate debate and also share experiences on the process that is currently utilized by some member countries with a view to developing an appropriate and transparent approach to developing guidelines that may be used by other countries. Countries that are just starting the process of employing external fund managers will greatly benefit from the considerable experience of countries that have already engaged external fund managers.

Expert presenters familiar with central bank investment philosophy and possessing latest techniques in advisory services for the selection and monitoring of external fund managers and custodians will lead discussions in an informal and confidential panel format; allowing delegates the maximum opportunity to learn from each other and to discuss their questions and experiences.

Objective

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

Target group

Heads of reserves management and/or other senior executives responsible for reserves management policy issues.

B: IN-COUNTRY ACTIVITIES

1. In-Country Workshop:

To conduct in country workshops to address issues concerning:-

- Reserves Management
- Financial market development,
- Banking Supervision
- Payment systems
- Monetary Policy Implementation

2. Country Missions:

To conduct missions on issues related to:-

- Reserves Management
- Financial market development,
- Banking Supervision
- Payment systems
- Monetary Policy Implementation

C: SPECIALISED STUDIES

1. Constraints of Financial Market Development in the MEFMI Region and Policy Recommendations.

FSM to work closely with a policy oriented research institution / BIS / leading policy research consultants within the region on important issues that confront financial market development in the region and policy recommendations thereof.

DEBT MANAGEMENT PROGRAMME

INTRODUCTION

The thrust of the Debt Management Programme in 2011 will be to complete the remaining activities that are necessary to fully realise the Programme's objectives for Phase III. To this end, the Programme's activities will continue to be underpinned by the plan set out at the start of Phase III, while also adjusting for the pertinent findings and recommendations of the recently undertaken regional Impact and Needs Assessment and Mid-Term Review. From a strategic planning perspective, the 2011 work programme will also provide the necessary link for continuity during transition of the Programme's work in the current phase to the next one.

The specific capacity building activities lined up for 2011 blend regional training with in-country follow-up that should help foster implementation of improvements in identified areas of back, middle and front office operations. These will range from the traditional training on, and country assistance for effective use of computer-based debt management systems to interventions relating to debt sustainability analysis and strategy-formulation that help strengthen country policies for borrowing and mitigation of the entailed costs and potential risks. Capacity building for front office operations will include training in loan negotiations. There will also be attention to the enabling legal and institutional environment through a blend of targeted regional and in-country activities that also include e-learning. One of the new areas that the Programme will initiate interventions on in 2011 is capacity building for audit of public debt.

In terms of implementation strategy, the Programme will continue to increase use of regional experts that include fellows and Secretariat staff, while further harnessing existing strategic partnerships with the Breton Woods Institutions e.g. through the Debt Management Facility, as well as with Commonwealth Secretariat, United Nations Conference on Trade and Development and United Nations Institute for Training and Research. Cost containment will also continue to be pursued through competitive sourcing of inputs and expertise, including use of new MEFMI premises where feasible.

REGIONAL WORKSHOPS

1. Training of Debt Managers in the World Bank / IMF DSF-LICs/MICs Methodology

Dates: 14-23 February 2011

Duration: 8 days

Venue: Kenya

Background

The World Bank/IMF Debt Sustainability Framework for Low and Middle Income Countries (DSF LICs/MICs) Methodology and related Templates are designed to help officials to objectively analyze the public debt situation and prepare appropriate debt management policy advices. This is currently the primary tool for Debt Sustainability Analysis in MEFMI member countries. In addition to the use by individual countries it is the same tool used by the IMF in conducting debt sustainability analyses during the article IV consultation missions. Therefore, it is important to enhance skills in the use of the DSF LICs/MICs.

Objectives

- To develop country experts in the DSF LICs and MICs methodology who would be able to facilitate the conducting of DSA's in their respective countries.
- To train participants in the design of new financing and macroeconomic scenarios and strategies
- To guide participants on how to prepare appropriate national public debt strategies, using the live debt, aid and macroeconomic databases of the respective countries
- To assist member States update or draft their debt strategies, based on results obtained from using the DSF methodology and related templates

Target Group

Middle to senior level officials from Ministries of Finance and Central Banks responsible for middle office functions and macroeconomic projections. Within the Central Banks, this course will be very useful for officials in research and economic policy units. Officials from the planning departments or planning commissions would also benefit from the course especially those responsible for macroeconomic analysis and forecasting.

2. E-Learning Residential Workshop

Dates: 7-16 March 2011

Venue: Zimbabwe

Duration: 8 days

Background

MEFMI Debt Management Programme is conducting the second round of E-learning in Domestic Debt Sustainability Analysis designed to benefit officials from principal agencies involved in domestic debt management in the MEFMI member states by leveraging UNITAR's existing Learning Management System (e-Learning portal) and didactics for MEFMI and UNITAR stakeholders. This state-of-the-art e-Learning architecture and didactic methodology is geared towards addressing the training needs of public sector stakeholders.

E-learning is a cost effective mode of delivery that MEFMI intends to widely use in its capacity building interventions going forward. The e-learning course conducted in late 2010 will be followed by a residential segment in 2011 to deepen the understanding of issues dealt with during the e-learning.

Objectives

- To develop country experts in the DDSA methodology who would be able to facilitate the conducting of DDSA's in their respective countries.
- To train participants in the design of domestic and external new financing strategies
- To guide participants on how to prepare appropriate national domestic strategies, using the live debt, aid and macroeconomic databases of the respective countries
- To assist member States update or draft their domestic debt strategies, based on results obtained from using the DDSA E-Learning methodology and related templates

Target Group

Middle to senior level officials from Ministries of Finance and Planning and Central Banks responsible for middle office functions in the domestic and external debt units

3. Analytical Tools in CS-DRMS 2000+

Date: 26th April – 5 May 2011

Duration: 8 days

Venue: Lesotho

Background:

The Commonwealth Secretariat has continued to develop CS-DRMS 2000+ to meet the evolving challenges of debt management. In the area of external debt, improvements have encompassed developments in technology and evolving creditor practices. Domestic debt has also increasingly become a major component of public debt and brought about various analytical demands. There have been major innovations to improve on the Analytical Module, intended to provide users with a tool to undertake analysis of either the entire portfolio, or individual instrument or securities. This is critical as countries manage debt aimed at maintaining debt sustainability.

Objectives:

- To train users in the Analytical Tools of CS-DRMS 2000+.
- To train users in loan analysis and impart skills on how to evaluate loans using concepts such as grant element, effective rate of interest and present value.
- Impart skills on how to undertake various sensitivity analyses on a debt portfolio using the Analytical Tools Module for risk analysis,
- Conduct debt Sustainability analysis to advise debt strategy

Target group:

The training is for middle to senior level experienced users of CS-DRMS 2000+, especially those working in the middle offices of the debt office in the Ministries of Finance and Central Banks.

4. Debt Portfolio Analysis and DMFAS 6.0

Dates: 1-10 August

Duration: 8 days

Venue: Rwanda

Background

In response to global user needs and the importance of strengthening middle office operations in debt management, pertinent analytical reports have been incorporated into UNCTAD's new DMFAS 6.0. This enables user countries to quickly conduct basic debt analysis, without need to export DMFAS debt data to very complex analytical tools, which is only necessary when more sophisticated and elaborate analysis is necessary. This workshop is designed to impart the requisite skills.

Objectives

- To train DMFAS users on the new features and modules of DMFAS 6.0;
- To train participants on how debt portfolio analysis and other pertinent analytical outputs are generated using DMFAS 6.0; and,

- To train participants on standard and user defined reports of DMFAS 6.0.

Target Group

The target group is MEFMI DMFAS users working in back and middle offices of debt management from Ministries of Finance and Central Banks who are responsible for debt reporting and analysis.

5.Managing Risk of a Sovereign Liability Portfolio/ Medium Term Debt Strategy

Dates: 5-14 September 2011

Duration: 8 Days

Venue: Swaziland

Background

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

Objectives

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

Target group

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

6. Public Debt Auditing

Dates: 17-11 November 2011

Duration: 8 days

Venue: Tanzania

Background

Government auditors in the MEFMI region have indicated that they require knowledge of debt management concepts and modus operandi to enable them to effectively audit public debt, in the context of government accountability and transparency. In this regard, they need training that embeds the knowledge of debt management into professional auditing practice in a manner that equips internal and external auditors to more effectively gather, analyze and report on value-for-money, performance and use of IT in the discharge of public debt management functions. This workshop is designed to address these needs.

Objectives

- To impart knowledge and build skills for competent auditing of public debt, and its management; and,
- To enhance the quality and credibility of debt management processes and accountability for borrowed funds.

Target Group

The target group is junior, middle to and senior audit staff from Government and Central Bank internal audit departments and the Auditors-General's Offices.

B. IN-COUNTRY WORKSHOPS

- Debt Sustainability Analysis for Angola and Mozambique
- DMFAS Data Validation In-Country Workshop for Zimbabwe.
- CS DRMS In Country Training Workshop
- In Country DSA to be determined.

C. MISSIONS

- DMFAS Data Validation Mission to Uganda.
- DMFAS Data Validation Mission to Zambia.
- DSA Follow-up Mission for the country to be determined.
- Institutional and Debt Management Organisation development mission.

MULTI-DISCIPLINARY ACTIVITIES

INTRODUCTION

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

- The Fellows Development Programme;
- The Executive Fora;
- Human Resources Seminars/Retreats or workshops; and
- Training of trainers

Fellows Development Programme

This programme is a unique initiative by MEFMI through which carefully selected high potential professionals in the region can be put through an intensive training and professional exposure to upgrade their competence in key fields. This programme was designed to create a pool of regional experts that can benefit the entire region with regard to capacity building delivery. Fellows are recruited from member state's Ministries of Finance, Economic Planning and Central Banks. Activities planned for 2011 are:

- Candidate Fellows will attend a training facilitation and consulting skills workshop during 4-15 April 2011, in Swaziland.
- Candidate Fellows assessment for graduation will be held during 25-27 July 2011, in Zimbabwe.
- Graduate Fellows who will have completed their apprenticeship programmes will be accredited on 27 July 2011 in Zimbabwe.

Executive Fora

The Executive Forum series for Policy Makers will seek to create conditions for informed decision making at that high level. The objectives among others are:

- To keep national economic managers abreast of the trends in key areas pertinent to macroeconomic and financial management, raising awareness about emerging risks and opportunities entailed in international and regional development.
- To afford an opportunity to share experiences, exchange views and test new ideas, among peers and under expert guidance.
- To address practical approaches to managing the economy and closely related activities prudently, competently and efficiently.
- To encourage networking among senior chief executives provides an opportunity to exchange ideas and share experiences.
- To prepare Chief Executive Officers for the introduction of reforms in their institutions.
- To promote teamwork among key national institutions involved in macro-economic and financial management.

In 2011 the Executive Fora series will be as follows:

- September/October 2011: Combined Ministers of Finance and or Planning, Treasury/ Finance Secretaries and Central Bank Governors Forum
- Forum for Deputy Governors/Deputy Permanent Secretaries of Finance/Economic Planning will be held during 21-23 November 2011 in Angola.

Human Resources Managers Seminars/Workshops

MEFMI hosts a series of annual Human Resources Managers seminars, for high-level officials with Human Resources Development responsibilities, on critical capacity building issues facing countries in the MEFMI region. This year a workshop will be hosted for a targeted group of Government and Central Banks Human Resources officials to meet and share experiences on capacity building issues affecting their institutions and assist MEFMI with identifying critical capacity gaps.

The 2011 Human Resources Managers workshop will be held during the period 21-25 February 2011 in Mozambique



MEFMI

Macroeconomic and Financial Management
Institute of Eastern and Southern Africa

9 Earls Road, Alexandria Park,
P. O. Box 66016, Kopje, Harare, Zimbabwe

Executive Director's Office: Tel/Fac: +263 4 290 7424

Reception: Tel/Fac: +263 4 290 7423 Cell: +263 912 136 414

Debt Management Programme:

Tel/Fac: +263 4 290 7422 Cell: +263 912 136 415

Macroeconomic Management Programme:

Tel/Fac: +263 4 290 7421 Cell: +263 912 136 416

Financial Sector Management Programme:

Cell: +263 912 132 306 / +263 912 136 418

Finance and Administration:

Tel/Fac: +263 4 290 7420 Cell: +263 912 136 417

Email: capacity@mefmi.org

Web: www.mefmi.org

