



**MEFMI**

Macroeconomic and Financial Management  
Institute of Eastern and Southern Africa

annual **REPORT**

Accountability  
Teamwork  
Responsiveness  
Integrity  
Professionalism

**2012**

Building Sustainable Capacity





**MEFMI**

Macroeconomic and Financial Management  
Institute of Eastern and Southern Africa

# 2012



annual report

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# governance structures in 2012

## Board of Governors

The MEFMI Board of Governors is made up of a Central Bank Governor or a Treasury Secretary / Permanent Secretary of Finance 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.

## 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. Adelaide R. Matlanyane, Governor, Central Bank of Lesotho (Board Chair)

Mr. Mosito Khethisa, Principal Secretary, Ministry of Finance

## Malawi

Mr. Charles Chuka, Governor, Reserve Bank of Malawi

Mr. Randson Mwadiwa, 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 Planning

## 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 (Board Vice-Chairman & Chairman of Executive Committee)

Mr. Chris Kassami, Permanent Secretary/Secretary to the Treasury, Ministry of Finance, Planning and Economic Development

## Zambia

Dr. Michael Gondwe, Governor, Bank of Zambia

Mr. Fredson Yamba, Secretary to the Treasury, Ministry of Finance and National Planning

## 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. The Executive Committee can elect an Alternate Chairman who presides over meetings in the absence of the Chairman. Each member of the Executive Committee serves for two years. During the reporting period, the following were members of the Executive Committee:

- Prof. Emmanuel Tumusiime-Mutebile (Chairman)
- Prof. Njuguna Ndung'u, Governor, Bank of Kenya
- Mr. Paulo Bernardo Manhique, Permanent Secretary, Ministry of Finance, Mozambique
- Amb. Claver Gatete, Governor, National Bank of Rwanda
- Mr. Martin Dlamini, Governor, Central Bank of Swaziland (Alternate Chairman)

- Dr. Gideon Gono, Governor, Reserve Bank of Zimbabwe (ex-officio)
- Dr. Elias E. Ngalande, Executive Director (ex-officio, Secretary)

## MEFMI Management

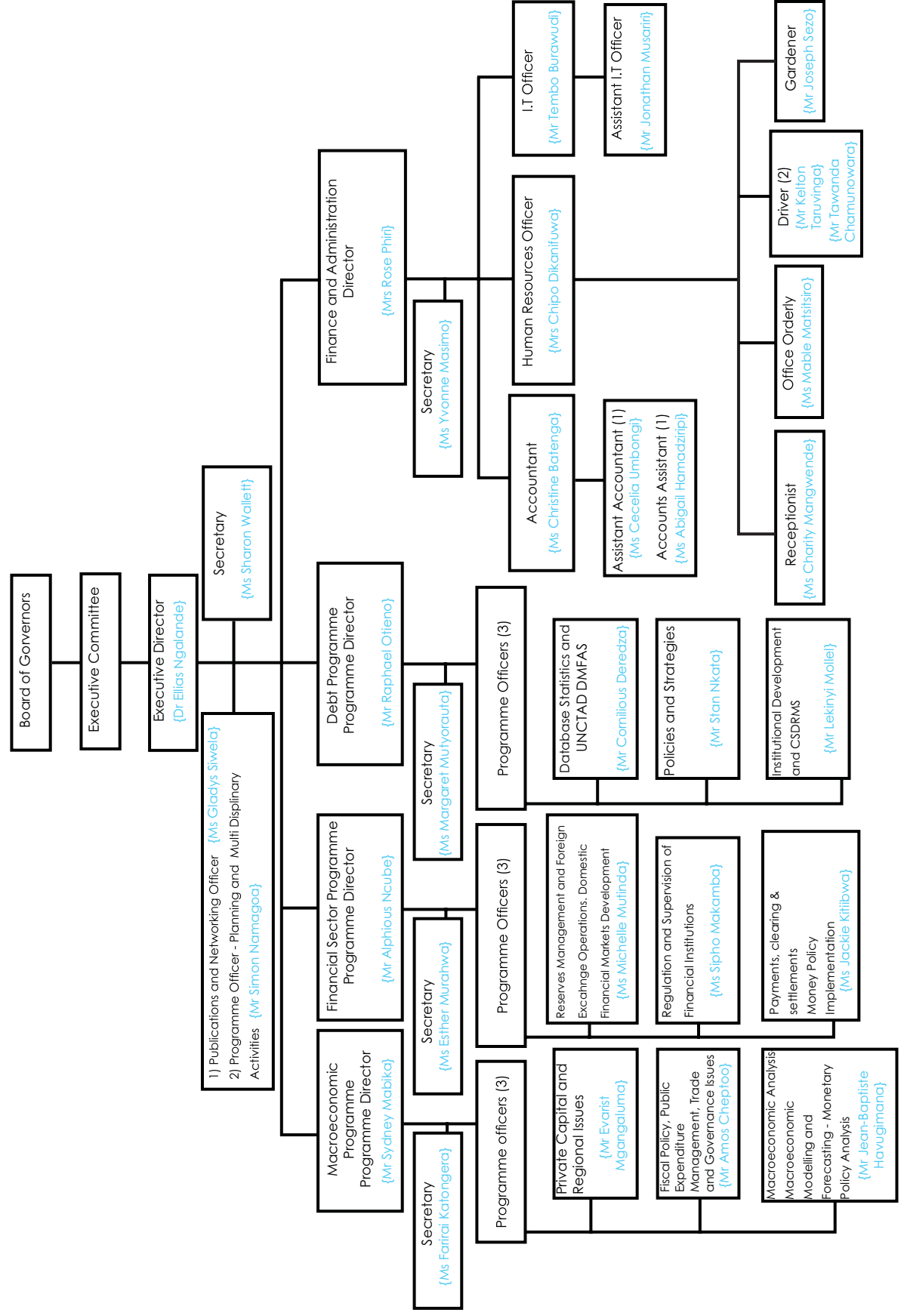
The Executive Director is responsible for conducting the business of the Institute and for ensuring that its policies and programme proposals are properly developed and once approved are carried out. This is done with the assistance of a Management team comprising Programme Directors.

For the year 2012, the following Directors were in post:

- Dr. Elias 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



# mefmi organisational structure





## acronyms

ACBF	African Capacity Building Foundation
AFRITAC	African Technical Assistance Centre
BIS	Bank for International Settlements
BOP	Balance of Payments
BPM	Balance of Payments Manual
CBP	Capacity Building Programme
COMESA	Common Market for Eastern and Southern Africa
CBS	Central Bank of Swaziland
CS-DRMS	Commonwealth Secretariat Debt Recording and Management System
CTP	Customised Training Programme
DMP	Debt Management Programme
DeMPA	Debt Management Performance Assessment
DMFAS	Debt Management and Financial Analysis System
DMO	Debt Management Office
DRI	Debt Relief International
DSA	Debt Sustainability Analysis
FDI	Foreign Direct Investment
FSI	Financial Stability Institute
FSM	Financial Sector Management Programme
GDP	Gross Domestic Product
GFC	Global Financial Crisis
ICAAP	Internal Capital Adequacy Assessment Process
IIP	International Investment Position
IMF	The International Monetary Fund
MEFMI	Macroeconomic and Financial Management Institute of Eastern and Southern Africa
MMP	Macroeconomic Management Programme
MoF	Ministry of Finance
MTDS	Medium Term Debt Management Strategy
OECD	Organization of Economic Cooperation and Development
PCMS	Private Capital Monitoring System
PS	Permanent/Principal Secretary
RAMP	Reserves Advisory and Management Programme
SADC	Southern African Development Community
UNCTAD	United Nations Conference on Trade and Development
UNECA	United Nations Economic Commission for Africa
WB	World Bank

# mefmi in brief

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

## Background

During the 1980s and 1990s, many countries in the African region 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 management issues and renamed the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) in 1997.

## Values

Shared values are what engender trust and provide a specific identity to an organisation. MEFMI upholds the following values:

- Accountability
- Teamwork
- Responsiveness
- Integrity
- Professionalism

## 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.

## 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 planning in Eastern and Southern Africa.

## 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 market 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
- Top executives

## Mode of Delivery

MEFMI delivers its products and services through the following;

- Courses / workshops for professionals
- Seminars for senior professionals
- Country missions
- Retreats for heads of relevant departments / divisions / units
- Special policy related studies
- Preparation of manuals 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 planning or equivalent and their deputies
- Central bank governors and their deputies
- Human Resources Managers

At these events top level 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 in 2012 were:

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



- Norway
- Sweden

In addition to the above, the following countries also contributed to MEFMI's activities through the Heavily Indebted Poor Countries Capacity Building Programme (HIPC-CBP) and the Foreign Private Capital Capacity Building Programme (FPC-CBP);

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

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

- The World Bank (WB) and its institute (WBI), the International Monetary Fund (IMF) and its institute (IMFI), the Commonwealth Secretariat (COMSEC)
- The Bank for International Settlements (BIS) and its Affiliate Committees, 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, Financial Stability Institute (FSI), Africa Regional Technical Assistance Centres (AFRITACs)

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, Investec Asset Management, 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.



# statement by the chair of the mefmi board of governors



I wish to present the 2012 Annual Report which marks the beginning of MEFMI's Phase IV Implementation Plan which runs from 2012 to 2016. The strategic focus of Phase IV plan is to consolidate the gains made in Phase III while confronting the capacity challenges that are emerging as a result of the dynamic nature of the economies in the region.

As part of an integral component of its strategic planning process, the Institute formulated the following goals to lay a solid foundation to propel itself into Phase IV and launch the programmes effectively:

- i. To institute and maintain frameworks for comprehensive programme monitoring, evaluation, results measurements and risk management;
- ii. To develop and maintain well managed functional systems;
- iii. To strengthen and expand stakeholder relations for mutual benefit;
- iv. To develop and retain a critical mass of regional experts as well as competent and motivated staff;
- v. To empower and equip client institutions to do their work better; and
- vi. To pioneer and provide tailor made, cost effective and excellent capacity building and development.

The capacity building activities conducted during the first year of Phase IV comprised of an increasing proportion of tailor made country specific capacity building activities, as well as an increased focus on emerging regional issues. These areas of focus were in response to the requests made by member countries. The Institute, cognisant of the funding gap that emerged as a result of one cooperating partner not coming on board for Phase IV, enhanced discussions with potential and current technical and financial cooperating partners. MEFMI has been on a resource mobilisation drive for Phase IV that has seen the Secretariat engage a resource mobilisation consultant, to assist with the exercise. Mobilisation efforts have focused mainly on potential financial partners. While there has not been immediate enlistment of new financial partners, I am pleased to report that most of those that have been approached have shown interest in supporting the Institute.

I wish to express my gratitude to the MEFMI governance bodies for supporting the Institute's initiatives in this endeavour. In the same breath, I would also like to express my outmost gratitude to all member countries for agreeing to an accelerated adjustment in member countries annual contributions commencing the year under report. This is despite the regional economic challenges that were impinged by the continued Euro-zone economic crisis. MEFMI acknowledges that most member states are still recovering from the global financial crisis and adverse effects of droughts as reflected by a slowdown in inflation and a pick-up in output growth in most member states. Contributions by member countries and cooperating partners have kept the Institute buoyant, ensuring that most of the planned activities for 2012 were conducted.

I wish to commend the Secretariat for continuing to discharge its duties within the ambit of the systems audit, a tool that is used to monitor the operations of the Institute. In this regard, all our financial cooperating partners received the 2012 systems audit report with great appreciation as it highlighted that MEFMI has strong corporate governance structures in place - an aspect that is critical with financial partners. In that

respect, I wish to implore the Secretariat to ensure that as they discharge their duties, they continue to maintain a clean and plausible systems audit report.

Execution of the Institute's mandate to build human and institutional capacity in the areas of macroeconomic and financial management registered notable progress in 2012. This is evidenced by the success stories contained in this report. The Institute also strengthened cooperation and deepened collaboration with its technical cooperating partners and regional integration blocks namely UNECA, IMF, World Bank, SADC and COMESA. This conferred significant benefits including service on gratis by international experts, thus broadening the scope to engage effectively in cross cutting capacity areas and topical thematic areas of mutual interest and focus.

Going forward, the Institute will maintain its momentum in implementing its strategic goals as enshrined in the Phase IV plan and building on the invaluable experience gained in the previous phases. MEFMI will target its resources to priority areas including the roll out and adoption by member countries of MEFMI products and programmes such as MEFMI PCMS and the PEFM manual; conducting specialised studies on macroeconomic and financial sector management issues, launching the use of virtual learning mechanisms, including distance and e-learning. The year ahead will also see an increase in the number of joint interventions with technical cooperating partners. This is bound to see MEFMI extend its products and services to non-member states like South Sudan, Ethiopia and Burundi for a fee.

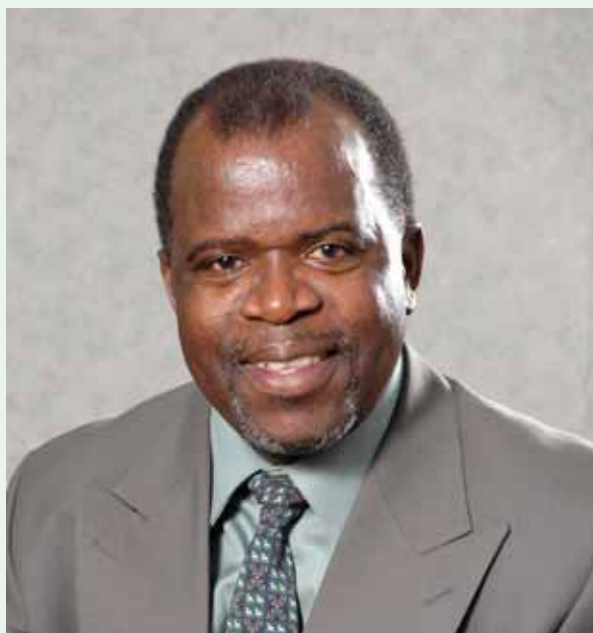
On behalf of the Board and MEFMI Management and staff, I would like to thank all MEFMI's client institutions, all financial and technical cooperating partners for their continued support.



Prof. Tumusiime E. Mutebile  
GOVERNOR, BANK OF UGANDA  
CHAIR - MEFMI BOARD OF GOVERNORS

# overview by the executive director

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The year 2012 marked the beginning of the implementation of activities outlined in the MEFMI Phase IV Strategic Plan, covering the period 2012-2016. The Strategic Plan represents a significant scaling up of capacity building activities across all MEFMI programmes and, consequently, entails a higher budget relative to the previous phase. In this regard, it was imperative for the Institute to put in place a solid foundation in the just ended year in order to achieve its medium term strategic goals and objectives. I am pleased to report that this was made possible with the generous support that the Institute received from both its member states and cooperating partners, despite the prevailing tough financial and economic situation.

Member states contributed 67% of the total budget (amounting to US\$ 4,743,690) while the financial cooperating partners provided the remainder. I would like to extend MEFMI's gratitude to all the member states and the financial cooperating partners for this support, which demonstrates their strong commitment to achieving MEFMI's objectives. We are also grateful to our technical

cooperating partners for providing technical support in a number of our capacity building activities. It would not have been possible to achieve the targets for 2012 without this support.

The outturn for the year shows that the Institute implemented 104 of the planned 109 activities, benefiting 1,050 government and central bank officials through regional and in-country workshops, seminars and missions. This represents a 1% increase compared to the corresponding period in 2011. These interventions contributed significantly to improving capacity in client institutions. Testimonials received so far as well as success stories compiled indicate that both member states and other stakeholders appreciate the role played by MEFMI in addressing capacity constraints in the region.

I am happy to highlight some country specific achievements that have been outlined in this report. These include the development of Small Scale Models for forecasting macroeconomic variables and for policy advice in Swaziland and Mozambique; Operationalization of quarterly GDP forecasting frameworks in Kenya and Rwanda for purposes of providing timely GDP estimates; Validation of the Financial Programming frameworks used by the Ministries of Finance and Planning in Botswana and Malawi to improve the quality of data and ensure consistencies between macroeconomic accounts.

In addition, the Institute developed a Macroeconomic Modelling Manual aimed at guiding member states to develop macroeconomic and sectoral model. The Institute also managed to enlist eight member countries as users of the Private Capital Monitoring System (PCMS). The Institute also assisted the Central Bank of Swaziland to develop capacity to implement the requirements of the Basel Committee on Banking Supervision (BCBS). It is envisaged that this capacity will enable the authorities to undertake stress testing of macro prudential data and stress testing assessments with a view to exploring potential vulnerabilities arising from unforeseen events and thus take corrective measures if material deficiencies are identified.

The Institute also entered into strategic partnerships during the just ended year, including the formalisation of the long relationship between MEFMI and Crown Agents of the United Kingdom. Through this arrangement, the two institutions will work together to deliver joint training activities and undertake other capacity building activities for the benefit of member states. In addition, the Institute partnered with regional organisations, notably SADC and COMESA, to build capacity on regional integration and management of private

capital flows, respectively. The Institute also collaborated with other long standing partners, including the International Monetary Fund, World Bank, Commonwealth Secretariat, and UNCTAD. Through co-operation with the World Bank, the Institute implemented a number of capacity building activities in member states, including assessing debt management performance and designing the associated reforms plans in Tanzania, Malawi, Namibia, Lesotho, and Zambia, among others.

The above achievements were registered against a background of a thin staff complement at the Secretariat, particularly in the early part of 2012 following the end of tour of duty of technical staff in the Debt and Financial Sector Management Programmes. I would, therefore, like to thank staff for their hard work, without which it would not have been possible to achieve the targets for 2012.

Secretariat's current staff compliment of 31 is still below the level required for effective implementation of the Phase IV Plan. The Plan provides for an additional Programme Officer in each of the technical programmes. Going forward, the Secretariat will endeavour to seek additional resources to fill the identified capacity gaps and also continue investing in staff development.

May I take this opportunity to thank the MEFMI Board, Management and staff for their respective roles towards achieving the 2012 objectives. We continue to count on their support in pursuit of the Institute's objectives and goals.



Elias E. Ngalande (PhD.)  
MEFMI EXECUTIVE DIRECTOR

# introduction

The year 2012 marked the beginning of implementation of the MEFMI Phase IV Strategic Plan, which will run until 2016. Despite concerted efforts by the Secretariat to mobilise resources, the Phase began with a bit of financial strain mainly caused by failure to cover the funding gap that was created by the withdrawal of one of MEFMI's major donors, delayed finalisation of grant agreement with one donor and late disbursements from some of the member countries.

As a result of the 2012 financing gap, the Institute failed to meet its expected target of planned activities by 5%. Regional activities were the greatest affected as they fell below target by 17%. Increase was, however, noticeable in the discharge of country specific capacity building activities. Consequently, 52% of all capacity building activities conducted in 2012 were country specific, and this focus on in-country activities is expected to be maintained throughout the Phase. Notwithstanding the financial constraints faced in 2012, MEFMI interventions in its first year of Phase IV yielded tremendous success as indicated in the outputs in Annex I of this report.

The year also saw momentum being put in place to strengthen the Institute's network of technical cooperating partners in order to build on the efforts of the previous phases. This has been of a great boost to the quality of MEFMI's products and services. The Institute is therefore actively seeking to bring on board more cooperating partners to provide support not only financial but also technical in order to reduce the cost of mounting activities while maintaining top quality in the delivery process.

On the regional front, all MEFMI countries recorded good economic performance in 2012. A stable macroeconomic environment coupled with strong commodity prices, good harvests and new mineral discoveries all contributed to positive economic growth. The region also experienced lower inflationary pressures reflecting the positive effects of tight monetary policy measures. Despite this, lower Gross Domestic Product (GDP) growth was experienced in the Southern African Customs Union (SACU) region. This was mainly due to low revenue receipts flowing into the monetary union as a result of the economic side effects of the European Sovereign Debt Crisis that affected South Africa, the area's economic driver.

Against this background, the Institute devised mechanisms in its products offering to address the identified capacity gaps in monetary policy implementation. Such mechanisms include a study to assess the Foreign Direct Investment (FDI) trajectory in the pre and post global financial crisis and the Eurozone debt crisis for the MEFMI region. Another study conducted during 2012 was on guidelines for government securities issuance in the region. The study is expected to provide member states with step by step guidelines that will assist in their current issuance programmes or as they plan their maiden government securities issuances. Furthermore, MEFMI continued to support client institutions in the SACU area in various fields. These included performing a macroeconomic data assessment for Botswana to identify the source of data inconsistencies observed during an earlier financial programming mission. A detailed plan of action to address weaknesses in debt management in Lesotho was developed as a basis for establishing a baseline for future reforms and capacity building. It will also be used in 2013 to assist the Central Bank of Lesotho to develop a stress testing framework for macro-prudential supervision of its market. More detailed information on the Institute's in-country and regional intervention is presented in the Annexes I, II and III.

Consistent with one of its strategic goals of developing and retaining a critical mass of regional experts, the institute saw eight (8) MEFMI Fellows graduate and three (3) Fellows get accredited in 2012 bringing the total number of trained experts (excluding those under training) to 85. The Fellows Development Programme (FDP) has played a pivotal role in the implementation of MEFMI's capacity building programmes and there is need to increase this pool of experts to a critical mass in order to enhance the region's technical capacity. Phase IV will see the pool of experts increased, with recruitment of about 15 new candidates expected in 2013.

The most demanding task at hand is realising the full execution of the MEFMI Phase IV Project Plan and achieving its envisioned objectives for all member countries. The Secretariat remains committed to strengthening its capabilities in order to render timely and high quality service towards the realisation of these objectives.

**BOX 1: KEY HIGHLIGHTS ON CAPACITY BUILDING ACTIVITIES IN 2012**

- In the Fellows technical assessment for graduation and accreditation on 24-25 July 2012, a total of eight Fellows graduated while three were accredited. These Fellows have been added to the pool of experts available for the region.
- Completed the development of a Macroeconomic Modeling and Forecasting Manual. The Manual will guide modeling and forecasting in the MEFMI region and broaden capacity to formulate and implement evidence-based economic policies.
- Deepened collaboration with UNECA. The Joint MEFMI/UNECA Capacity Building Programme on Regional Integration provided a platform for countries to debate regional integration issues, exploring the opportunities, benefits and cost as well as the implications of the Tripartite Free Trade Area (T-FTA) and Africa-Grand FTA on the region.
- Developed Small Macro Model for Swaziland and Mozambique, a vital tool for forecasting macroeconomic variables for policy purposes.
- Initiated the process of the development of a core model of inflation for Rwanda.
- Operationalised quarterly GDP forecasting frameworks in Kenya and Rwanda which provide quarterly GDP estimates timeously.
- Validated the Financial Programming Framework used by the Ministries of Finance and Planning in Botswana and Malawi to improve the quality of data and ensure inter-account consistencies critical for the design and execution of consistent macroeconomic policies.
- Operationalised IMF's BPM 6 Reporting Framework in the Central Bank of Swaziland. The Framework benchmarked Swaziland BOP/IIP data to international best practices.
- Rebased and revised the National Accounts for Kenya in line with international practice to enhance data quality and reliability.
- Initiated an empirical study on FDI to assess and evaluate the overall impact of the global financial crises and the Eurozone debt crisis on Multinational Enterprises and governments' policies.
- Assisted Lesotho, Malawi, Namibia and Tanzania to review debt management performance and develop relevant reform plans.
- Helped to update the debt sustainability analysis indicators for Malawi, Tanzania and Zambia.
- Trained Zimbabwe's new government debt management staff on the use of UNCTAD DMFAS 5.3 and introduced them to the principles of debt management.
- Trained Uganda government staff on public domestic debt operations and management, and came up with recommendations for enhancing the role of the Ministry of Finance, Planning and Economic Development in government securities issuance following its decision to switch the use of all securities from monetary policy to fiscal financing purpose.
- Collaborated with UNCTAD to train and assist Angola to produce debt statistical bulletin.
- In collaboration with the World Bank trained staff and assisted in developing Medium Term Debt Management Strategies for Namibia and Ethiopia.
- Assisted The National Bank of Rwanda to establish an enterprise-wide risk management function.
- Developed a Financial Risk Management Framework for the Central Bank of Swaziland and Bank of Uganda.
- Conducted a Macro-prudential and Stress Testing Assessment for Central Bank of Swaziland.
- Trained Zimbabwe's bank supervision staff on Basel II and ICAAP implementation techniques.
- Trained Bank of Mozambique bank supervision staff on Risk Based Supervision.

# 1. economic developments in the mefmi region and beyond

## 1.1 Global Developments

The world output growth slowed down in 2012 on account of escalating sovereign debt crisis in Europe and concerns about fiscal cliff in the USA. The IMF estimates put expansion of world output at 3.2% in 2012 compared to 3.9% in 2011. However, as the factors underlying soft global activity are expected to subside a turnaround has been projected for world output to reach 3.5% in 2013.

Policy actions have lowered acute crisis risks in the Euro Zone and the United States. But in the Euro Zone, the return to recovery after a protracted contraction is delayed. While Japan has slid into recession, stimulus is expected to boost growth in the near future. At the same time, policies have supported modest growth in some emerging economies,

although others continue to struggle with weak external demand and domestic bottlenecks. If the Euro Zone risks do not materialise and financial conditions continue to improve, global economic growth could be stronger than projected. However, downside risks remain significant, including renewed setbacks in the Euro Zone and risks of excessive near-term fiscal consolidation in the United States, if policy action does not urgently address these risks.

The good news for the MEFMI region is that the World Economic Outlook indicates that economic conditions in sub-Saharan Africa have remained generally robust despite a sluggish global economy. The near-term outlook for the region remains broadly positive. Output growth, which was 4.8% in 2012 is projected to increase to 5.8% in 2013.

**Table 1: Overview of the World Economic Outlook Projections (%)**

Overview of the World Economic Outlook Projections (%)			
Country/Region	2011	2012	2013
World	3.9	3.2	3.5
Advanced Economies	1.6	1.3	1.4
USA	1.8	2.3	2.0
Euro Zone	1.4	-0.4	-0.2
UK	0.9	-0.2	1.0
Emerging and Developing Economies	6.3	5.1	5.5
Developing Asia	8.0	6.6	7.1
China	9.3	7.8	8.2
India	7.9	4.5	5.9
Latin America and the Caribbean	4.5	3.0	3.6
Brazil	2.7	1.0	3.5
Sub-Sahara Africa	5.3	4.8	5.8
<b>MEFMI Countries</b>	<b>5.5</b>	<b>4.8</b>	<b>5.5</b>
South Africa	3.5	2.3	2.8

IMF Database September 2012

Most low income countries continue to grow, although drought in many Sahel countries and political instability in Mali and Guinea-Bissau and the Arab spring have undermined economic activity. The situation is less favourable for many of the middle income countries especially South Africa, as it is closely linked to the European markets through trade.

Economic performance in the MEFMI region remained relatively strong in 2012 with an estimated

average GDP growth of 4.8%. This figure is slightly below the 5.5 % recorded in 2011.

The sustained economic performance for the region was driven by higher growth rates experienced mainly in Rwanda (7.7%), Mozambique (7.5%), Tanzania (6.9%) and Zambia (6.9%). Other countries in the region namely Botswana, Kenya, Lesotho, Malawi, Namibia, Uganda and Zimbabwe recorded slightly lower but favourable growth rates of between 4 and 5.2%. Angola recorded a growth



rate of 3.1% while Swaziland's estimated growth was 0.2%. The upturn was partly associated with increased investment expenditure in infrastructure and FDI flows towards countries with new natural resource discoveries buoyed by good harvests and a rise in commodity prices. Lower GDP growth was experienced in the SACU area generally. This is mainly attributed to dwindling SACU area revenue receipts following slow recovery in South Africa. Consequently, the fiscal deficit in the SACU area has widened, translating into increased borrowing by the governments.

The MEFMI region experienced subdued inflationary pressures, with most countries except Tanzania and Uganda recording single digit inflation. The slowdown in inflation reflects the positive effects of the tight monetary policy measures instituted by the countries to curb inflation. The softening was also brought about by easing pressures on food and fuel prices following a surge in 2011.

On the external front, current account deficit worsened in SACU countries due to reduced receipts from South Africa. This was mainly due to the slowdown in the South African economy as a result of its close links to European markets and thus the largest impact experienced from the Eurozone economic crisis.

Overall, the positive economic performance in the MEFMI region continues to be constrained by inadequate power supply, infrastructural bottlenecks, slow pace of industrialisation, relatively underdeveloped financial markets, subdued foreign direct investment flows and relatively high cost of doing business.

## 1.2 Country Performance

### Angola

In 2012, Angola posted a GDP growth of 3.1% compared with 2.8% in 2011. The upturn was registered as the economy reverts back to higher growth path after weathering the effects of the slowdown in the oil sector following the global financial crisis. The average annual inflation slowed down to 10.0 % compared to 13.5% in 2011, following an improvement in the fiscal position and slowdown in credit expansion. The budget balance improved from a surplus of 6.8% to 8.9% of GDP.

### Botswana

Real GDP growth in Botswana expanded by 4.4% in 2012 compared with an expansion of 5.1% in 2011 due to the delayed effects of global economic

recession that impacted the price of diamonds, the main export of the country. Inflation eased to 7.5% in 2012 from 8.5% in the previous year. On the budgetary front, the fiscal position improved as reflected in the narrowing of the overall fiscal deficit from 7.2% in 2011 to 0.7% in 2012.

### Kenya

Kenya's real GDP growth remained strong at an estimated 5.1% in 2012 from 4.4% registered in 2011. The good performance followed favourable weather conditions and heavy investment in infrastructure. Inflation decelerated to 9.4% in 2012 from 14.0% in 2011 due to improved food supply, lower import prices for crude oil as well as stabilisation in exchange rate following the implementation of monetary interventions.

### Lesotho

In Lesotho there were signs of economic recovery from the effects of the global financial crisis. Lesotho's economic growth was estimated at 4.3% in 2012. This recovery in economic growth can be attributed to the strong performance of the diamond mining sub-sector and higher government capital expenditure. The performance was supported by the government's focus on infrastructure development.

On the monetary front, inflation edged up from 5.0% in 2011 to 6.1% in 2012 compared to the 3 to 6% policy range. The increase in inflation reflected effects of increases in electricity tariffs and depreciation of the rand.

### Malawi

In 2012, GDP growth in Malawi was recorded at 1.9% compared to 4.3% in 2011. The decrease was on account of supply side constraints which included low foreign exchange position. Economic growth is projected at 5.5% in 2013 following fiscal, monetary and exchange rate policy reforms implemented by government. Monetary policy remained tight during most part of the year as inflationary pressures remained high. As inflation edged up from 7.4% in 2011 to average 21.4% in 2012, the Bank rate was raised to 25% from 13% in December 2011.

Foreign exchange earnings were adversely affected by the 29.5% collapse in tobacco export proceeds brought about by a decline in prices. Total exports declined to US\$1,467.4 million in 2012 from US\$ 1,539.2 million earned in 2011.

### Mozambique

GDP in Mozambique grew by 7.5% in 2012 compared

to 7.2% in 2011. The high GDP growth was driven by the expanding mining sector. Inflation eased to 7.2% in 2012 from 10.8% in 2011. The slowdown reflected the easing pressure in petroleum prices. External current account deficit narrowed from 18.1% of GDP in 2011 to 17% of GDP in 2012.

### **Namibia**

Namibia's real GDP growth slowed to 4.6% in 2012 from 4.8% in 2011. Underpinning this growth was positive performance in mining activities and the construction sector. Overall, annual inflation remained at single digit levels averaging 6.5% in 2012 from 5.0% in 2011. Food and transport are the main drivers of the overall information. The fiscal deficit stood at 2.9% of GDP in 2011/2012, compared to a deficit of 4.6% of GDP projected in the 2012/2013 budget.

### **Rwanda**

Macroeconomic performance in Rwanda remained robust with real GDP growth accelerating at an estimated rate of 8.0% in 2012 albeit lower than the 8.2% registered in 2011. The strong economic performance is attributed to good performance in the agriculture and services sectors. Inflation outturn at 6.3% in 2012 was fairly stable though slightly higher than an average of 5.7% in 2011. The overall fiscal balance remained steady at 3.9% of GDP in 2012 reflecting expenditure restraint efforts and implementation of measures to raise revenue.

### **Swaziland**

Economic growth in 2012 is estimated to have slowed down as fiscal crisis impacted negatively on the productive sector. Overall, GDP growth was estimated at 0.2% in 2012 compared to 0.7% in 2011. In tandem with slowdown in growth, annual inflation increased to 8.3% in 2012 from 6.1% in 2011. Fiscal developments deteriorated on account of substantially low SACU revenue since 2009/10 fiscal year and the absence of external funding.

### **Tanzania**

Real GDP remained robust at 6.9% in 2012 up from 6.4% in 2011. However, inflation edged up to 16.0% from 12.7% in the review period. On the external front, the current account deficit narrowed to 14.2% of GDP from 18.9% in the period under report.

### **Uganda**

Real GDP is estimated to have grown by 4.2% in 2012 compared with 5.9% in 2011 while inflation eased marginally to 14.0% in 2012 from 18.7% in 2011. This was in response to monetary policy measures. The Bank of Uganda tightened its monetary policy stance which resulted in firming interest rates in the economy. The country's current account position improved slightly from a deficit of 11.6% of GDP

in 2011 to a deficit of 10.4% of GDP in 2012. The improvement was on account of the strong export performance especially to regional markets and a fall in the deficit on the services account despite the significant negative impact exerted by the high import bill for fuel. The overall fiscal deficit excluding grants narrowed marginally to 5.3% of GDP in 2011/12 from 6.6% recorded in 2010/11.

### **Zambia**

Zambia's real economic growth remained robust at 7.39% in 2012 compared to 6.8% in 2011. On the monetary front, inflation was contained within the single digit levels averaging 6.6% in 2012 from 8.7% in 2011. A notable achievement is that Zambia was reclassified by Bretton Woods Institutions to a lower middle income country. The current account position remains in surplus due to favourable copper prices which remained high at an average of US\$7,955 per tonne in 2012, although it declined from US\$8,818 per tonne in 2011.

### **Zimbabwe**

Real GDP is estimated to have expanded by 5.0% in 2012 compared to 10.6% in 2011. The slowdown in growth was attributed to liquidity shortages, high lending rates, energy constraints and inadequate investment infrastructure. However, in view of the general macroeconomic stability, inflation remained in the single digit levels averaging 3.7% in 2012 compared to 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 backdrop of a slow recovery in the export sector.

### **Summary**

The above economic developments in the MEFMI region have been taking place against a backdrop of continued MEFMI capacity building interventions. Though it can be difficult to isolate the specific impact of MEFMI interventions, the latter have facilitated in the development of a critical mass of human resources required to effectively respond to the developmental challenges in their respective economies. Thus, officials in MEFMI member states were equipped with the requisite knowledge and skills to solve some of the problems, as well as meet the challenges of development and designing of policies to support economic growth. As a result of the advisory work carried out by MEFMI, bold measures have been taken in various macroeconomic areas (public financial management, debt management strategy, evidence based analysis, financial sector development) addressing issues of coherence, consistency, efficiency and transparency of national macroeconomic policy.



## 2. an overview of 2012 activities

The strategies and programmes for 2012 were geared at enhancing capacity for macroeconomic and financial management in member states as part of the Institute's efforts to contribute to poverty reduction. The programmes were implemented against a backdrop of global economic risks that continue to weigh down on growth in some countries in the region. MEFMI interventions during the period under review were guided by well-informed feedback from stakeholders and critical findings from assessments of country specific needs as well as recommendations from studies conducted across the region.

MEFMI has shifted its programme delivery more towards tailor made country specific training programs designed to meet unique capacity needs of member states. MEFMI has also positioned itself at a vantage point in order to respond timeously and comprehensively to growing and complex capacity needs faced by member states.

Guided by these core principles, the Institute continued to make positive contributions to capacity building in the areas of macroeconomic, debt and financial sector management. However, common needs in the region have continued to be addressed through well-crafted regional activities that focus on bringing the skills and knowledge in member clients at par and enabling member countries to share useful experiences.

As evidenced by the contents of Annex V, regional and in-country activities have imparted knowledge, enhanced awareness and made significant strides in improving operations, procedures, standards and developing policies in client institutions. The capacity building activities were facilitated by MEFMI Fellows, regional and international experts as well as MEFMI staff. The Institute also provided advisory services to client institutions and disseminated tools such as manuals, software, guidelines and training materials which strengthened policy formulation and execution in the region.

## 3. overall achievements

### 3.1 Capacity Building Activities

During the period under review, the Institute conducted 104 activities, a decrease of 1% compared to those conducted during the same period in 2011. This was, however, a major improvement compared to the number of activities conducted in the first year of Phase III. In 2007, first year of Phase III, the Institute carried out only

67 activities. The performance in 2012 was also better than the average performance in phase III when an average of 91 activities were carried out per year. The activities in 2012 included regional courses, in-country workshops, missions, specialised studies, governance meetings, networking and staff development. Table 2 below provides a summary of the number of activities conducted in 2012.

**Table 2: Capacity Building Activities January – December 2012**

Activity Category	January - December	
	2011	2012
1. In-Country Capacity Building Activities	41	38
(a) In-county Workshops	20	15
(b) Country Missions	21	23
2. Regional Capacity Building Activities	27	29
3. Fellows Development Activities	3	2
<b>Sub-total</b>	<b>71</b>	<b>69</b>
4. Governance Meetings	7	4
5. Networking & Staff Development	24	27
6. Executive Forum	2	1
7. Specialised Studies	1	3
<b>Sub-total</b>	<b>34</b>	<b>35</b>
<b>Grand Total (All Activities)</b>	<b>105</b>	<b>104</b>

Source: MEFMI Data Base 2012

The Secretariat trimmed down the budget and activity programme for 2012, compared to Phase IV targets, following lower funding than programmed. The year recorded a 1% decrease in the number of activities conducted from 105 in 2011 to 104 in 2012, partly because of the decline in the number of In-country activities. The decline in the number of in-country activities was partly caused by unpreparedness within host countries and cash flow

challenges experienced by the Institute in the early part of the year. The number of regional capacity building activities conducted in 2012 increased by 7.4%, while in-country activities declined by 7.3%. The number of in-country activities in 2012, however, remained higher than the yearly average of Phase III. Therefore, demand for in-country activities is expected to increase as implementation of Phase IV gathers pace.

**Table 3: Regional Activities vs In-country Activities, 2008 - 2012**

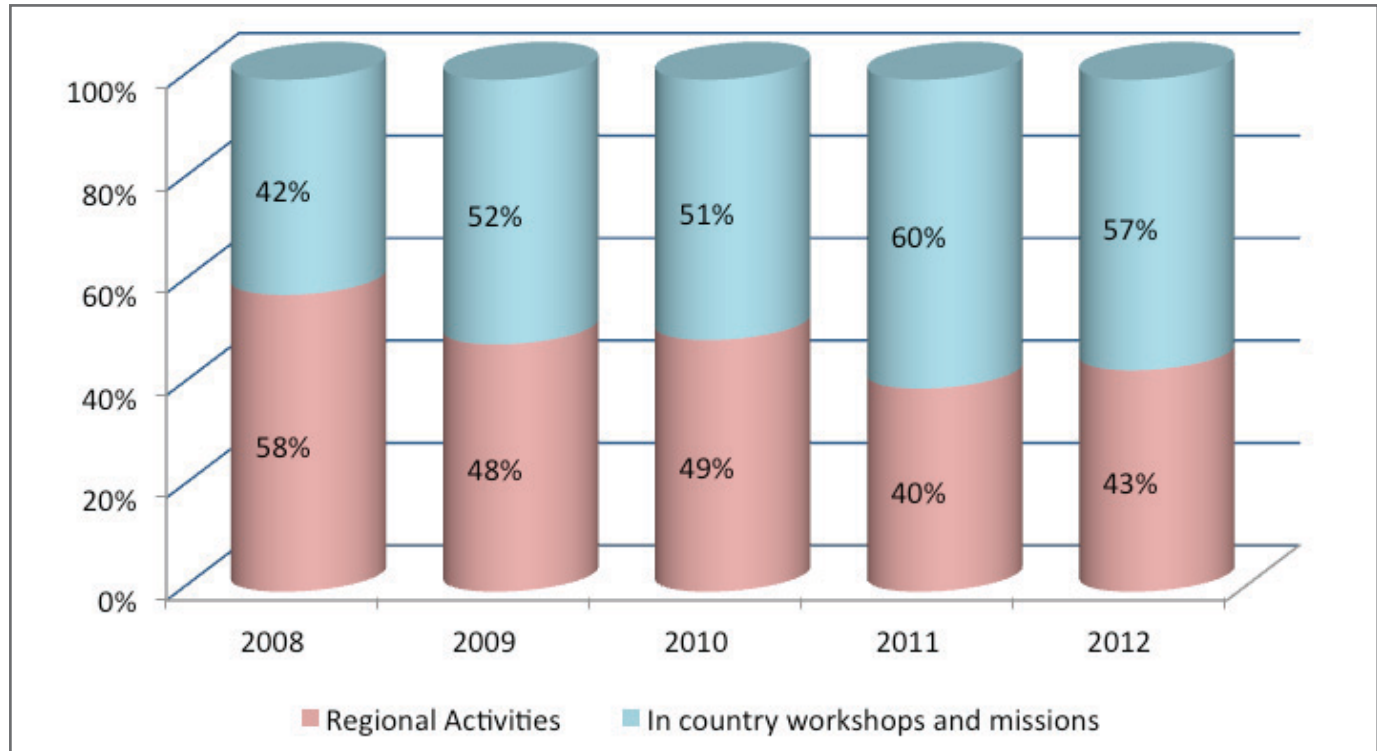
Activity	2008	2009	2010	2011	2012	Total
<b>Regional Activities</b>	29	29	30	27	29	144
<b>In-Country Workshops</b>	7	14	14	20	15	70
<b>Country Missions</b>	14	17	17	21	23	92
<b>Total In-country workshops and country missions</b>	<b>21</b>	<b>31</b>	<b>31</b>	<b>41</b>	<b>38</b>	<b>162</b>

Source: MEFMI Data Base 2012

As depicted in Table 3 above, the growing demand from client institutions on country specific interventions through missions and in-country workshops peaked at 41 in 2011 before declining to 38 in 2012. The knowledge and skills acquired

through regional and in-country workshops have started to be translated into applied practice at the work place as depicted the testimonials and success stories contained in this report.

**Chart 1: Regional vs In-country Activities – 2008 to 2012**



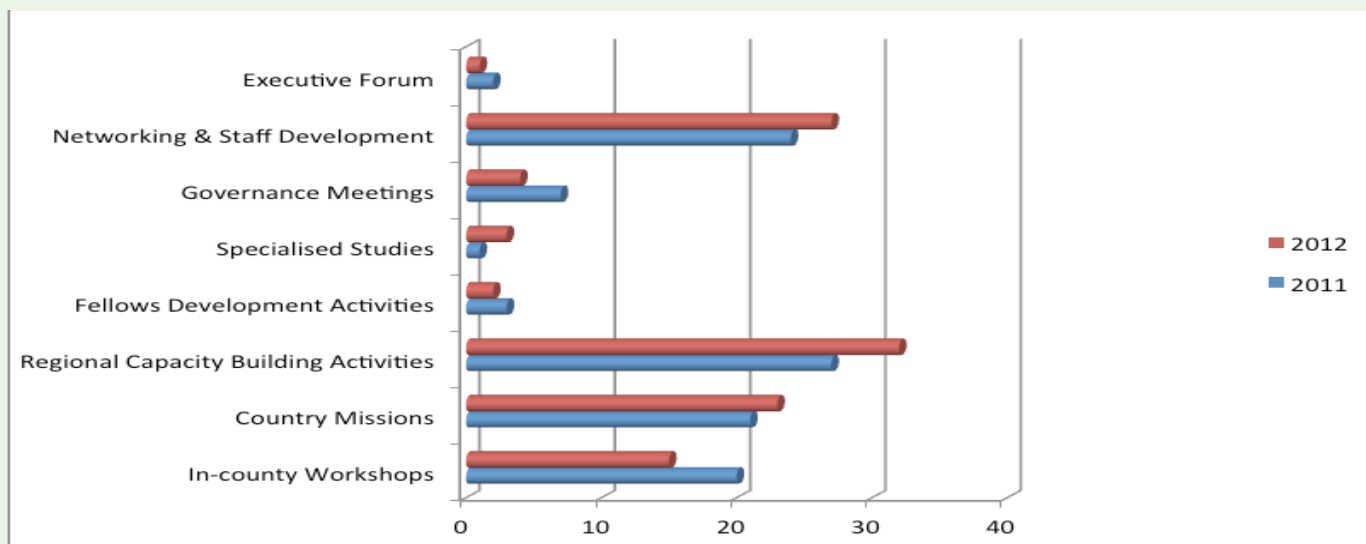
Source: MEFMI Data Base 2012

The country missions grew from 21 in 2011 to 23 in 2012, a 9.5% increase, having increased by 64% from 2008. On the other hand, in-country workshops declined from 20 in 2011 to 15 in 2012 reflecting a number of factors, chief among them the slow response from client institutions. Regional activities which have largely remained flat over the recent years rose by 7.4% in 2012 compared to 2011. Chart 1 above clearly indicates an interesting shift from emphasizing regional capacity building to in-country capacity building activities in line with the enunciated objective in the Phase IV plan.

The Executive Committee (EXCOM) and Audit Committee meetings comprise the governance meetings and they are held back to back. In comparison to 2011 where governance meetings were held more regularly, 2012 saw the number of meetings reducing by 43%. This was mainly due to the fact that, 2011 was the establishment year for the audit committee. Thus in 2011 more meetings were held than in 2012. On the other hand networking and staff development activities increased by 13%. Chart 2 below provides a comparison of capacity building activities held in 2011 and 2012.



**Chart 2: Capacity Building Activities, 2011 and 2012**



Source: MEFMI Data Base 2012

Country specific areas covered during the period under review included, financial stability and macro-prudential supervision; macroeconomic modelling; financial programming; rebasing GDP, quarterly GDP compilation methodology; debt sustainability analysis; domestic debt operations; debt management performance assessment, and reform plans; developing public debt bulletin, debt data validation and training on DMFAS; Medium Term Debt Management Strategy (MTDS) formulation; PCMS customization as well as FPC data analysis; enterprise wide risk management for central banks; financial risk management frameworks for central banks, stress testing frameworks for bank supervision; risk based supervision and Basel II and ICAAP implementation.

Section 5 of this report provides some examples of how effective the capacity building initiatives have been.

### 3.2 Implemented Versus Planned Activities

Overall, the Institute carried out 95% of the planned activities. In summary, 104 out of a target of 109 activities were implemented (the sum of capacity building and governance activities). Implementation of regional activities fell behind the target by 17% mainly due to cash flow challenges. The implementation rates for in-country workshops and missions were 83% and 115% respectively.

The actual networking and staff development activities exceeded the planned activities. This confirms the visibility of the institute, the search for wider networks for broader collaboration and MEFMI's commitment to staff development.

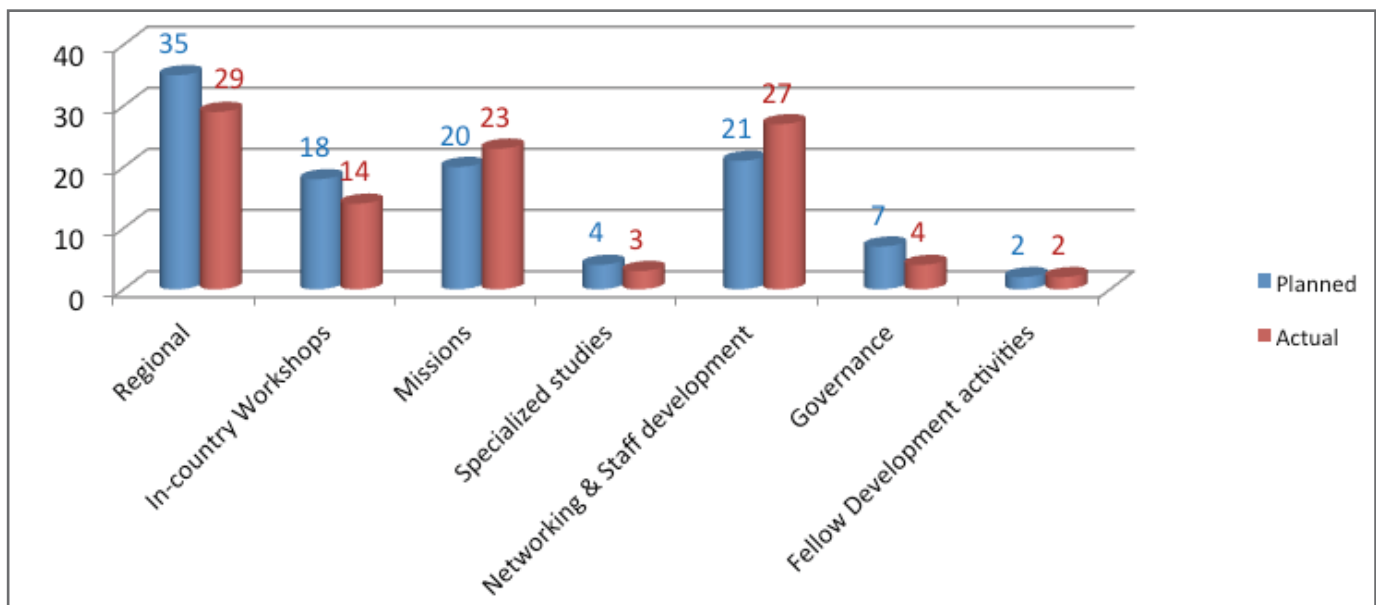
The regional capacity building activities addressed issues such as regional integration, domestic debt operations and management; legal and institutional aspects of debt management; public debt statistics bulletin development; quantitative methods and analysis in debt and reserves management; macroeconomic analysis and management; monitoring and analysis of foreign private capital; System of National Accounts; revenue policy and administration; financial programming; debt data validation using DMFAS; financial stability and macro-prudential supervision; risk based supervision and selected components of Basel III: risk performance and reporting, strategic asset allocation, advanced risk management and modelling for portfolio managers, selection and management of external fund managers; DeMPA for Auditors; human resources development; securities accounting; and developments in payments and settlement systems.

**Table 4: Planned Against Actual Activities for 2012**

Activity Category	Planned	Actual	Variance	Performance (%)
Regional	35	29	-6	83
In-country Workshops	18	15	-3	83
Missions	20	23	3	115
Specialized studies	4	3	-1	75
Executive Forum	1	1	0	100
Networking & Staff development	21	27	6	129
Governance	7	4	-3	57
Fellow Development activities	3	2	-1	67
<b>Total</b>	<b>109</b>	<b>104</b>	<b>-5</b>	<b>95</b>

Source: MEFMI Data Base 2012

**Chart 3: Planned Against Actual Activities for the Period January -December 2012**



Source: MEFMI Data Base 2012

### 3.3 Participation at Capacity Building Events

**Table 5: Gender Participation by Country**

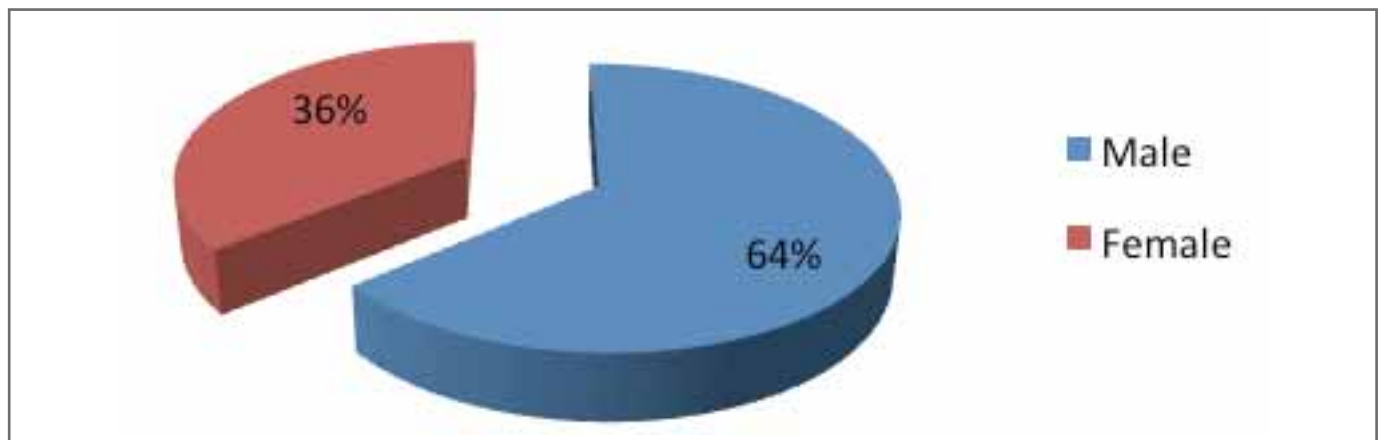
	2008	2009	2010	2011	2012	Total
<b>Female</b>	300	407	270	398	379	1,706
<b>Male</b>	493	596	448	713	671	2,817
<b>Total</b>	<b>793</b>	<b>1,003</b>	<b>718</b>	<b>1,111</b>	<b>1,050</b>	<b>4,523</b>

Source: MEFMI Data Base 2012

The total enrolment in all capacity building activities undertaken for the period January - December 2012 was 1,050 participants. Of the total number of participants, 379 or 36% were female. This

percentage is at the same level as that of 2011 – reflecting the gender imbalance in employment patterns in client institutions within the MEFMI region (Chart 4).

**Chart 4: Gender Participation in MEFMI Workshops in 2012**



Source: MEFMI Data Base 2012

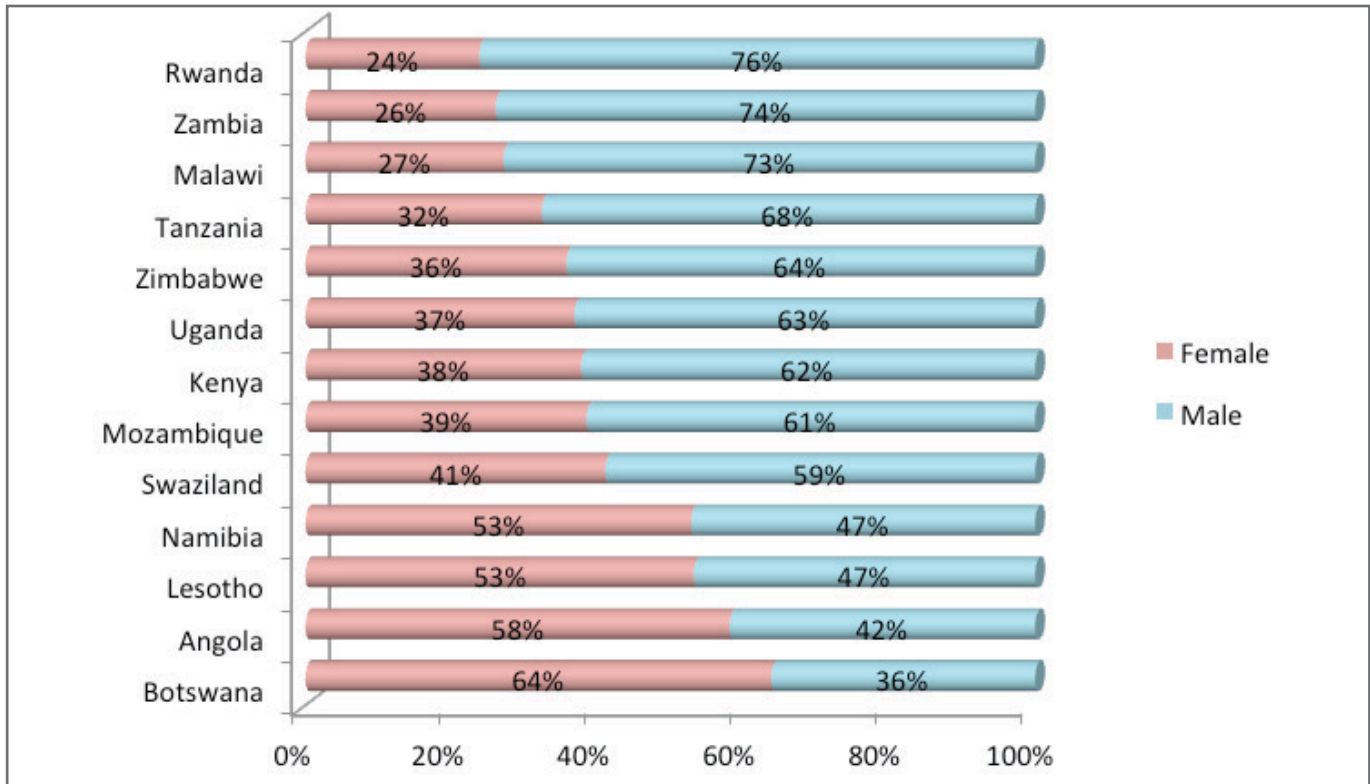
Charts 5 and 6 below provide gender break down per country and a year on year gender participation analysis respectively. Both Charts show that member countries have major disparities in the gender composition of participants in MEFMI capacity building activities. The charts show the country that has the most bias towards male participants had a ratio of 76% male and 24% female in the period 2008 to 2012. On the other hand, the country that has the most bias towards female participants had a ratio of 64% female and 36% male participants in the same period.

There is an obvious gender imbalance in the technical areas that MEFMI programmes target. This could be as a result of the academic requirements these areas require at entry level. For instance, to be recruited at the central bank or ministry of finance in technical departments such as economics, financial markets and bank supervision, requires a degree qualification and as the region still has few women with university degrees in these areas, it therefore follows that there will be fewer women in those departments.



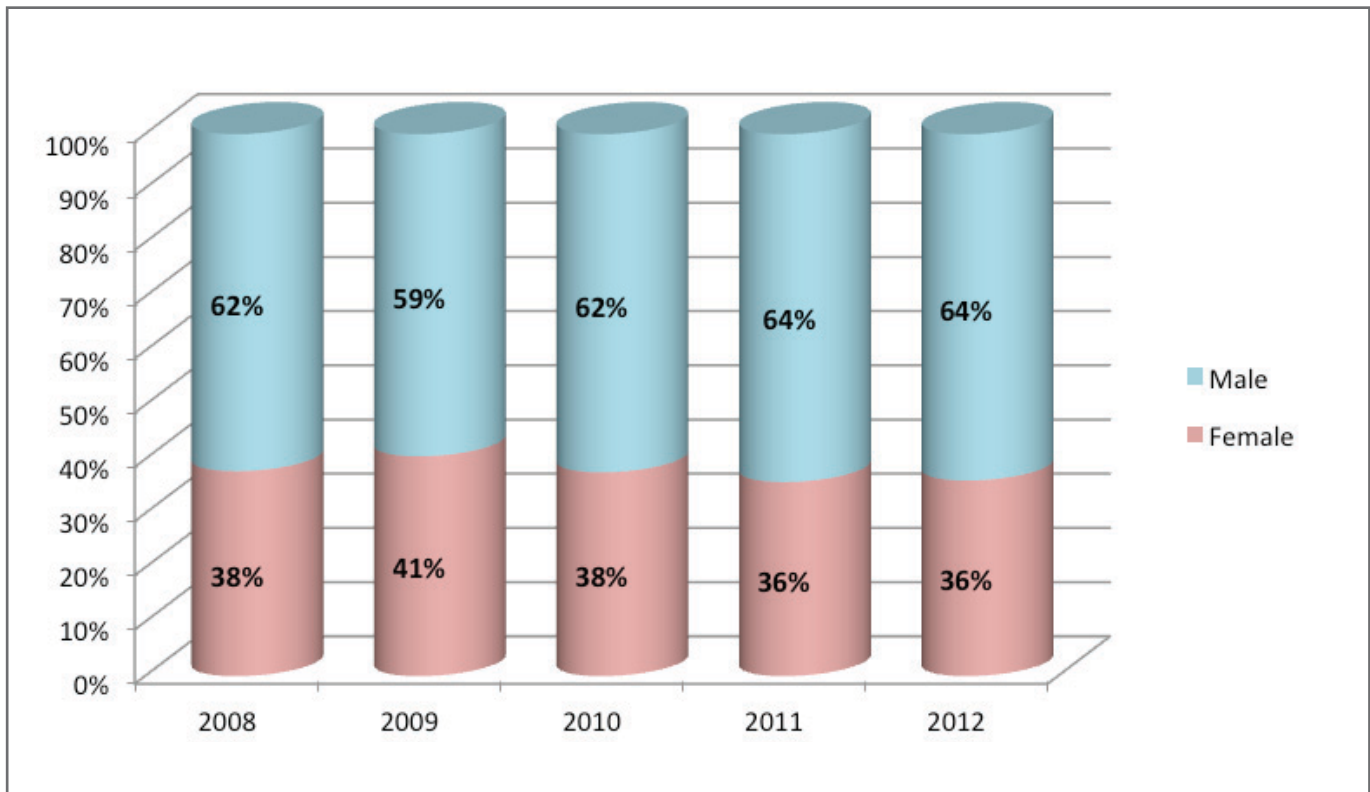


**Chart 5: Gender Participation per Country**



Source: MEFMI Data Base 2012

**Chart 6: Gender Participation – Year on Year**



Source: MEFMI Data Base 2012

### 3.4 Resource Persons Utilisation

In the discharge of its activities, MEFMI uses four categories of resource persons; regional experts, MEFMI Fellows, international experts and MEFMI staff. International experts that are engaged by the Institute –may either be paid or come on gratis from technical cooperating partners. In the period under review, MEFMI utilised 285 resource persons, a similar number to those utilised in 2011. However, there was a marked difference in the categories of the resource persons; with an increase in the use

of international experts from 28% in 2011 to 33% in 2012 compared with a decrease in the use of regional experts from 72% in 2011 to 67% in 2012. This reflected, mainly, increased joint activities with technical cooperating partners at the regional level where all the international experts are pro bono. It is important to note that international experts on gratis in 2012 were 81% while those that were paid were 19%. This demonstrates the benefits derived from forging strategic partnerships that enable skills transfer and benchmarking to international best practice.

**Table 6: Resource Persons' Utilisation by Category, 2011 and 2012**

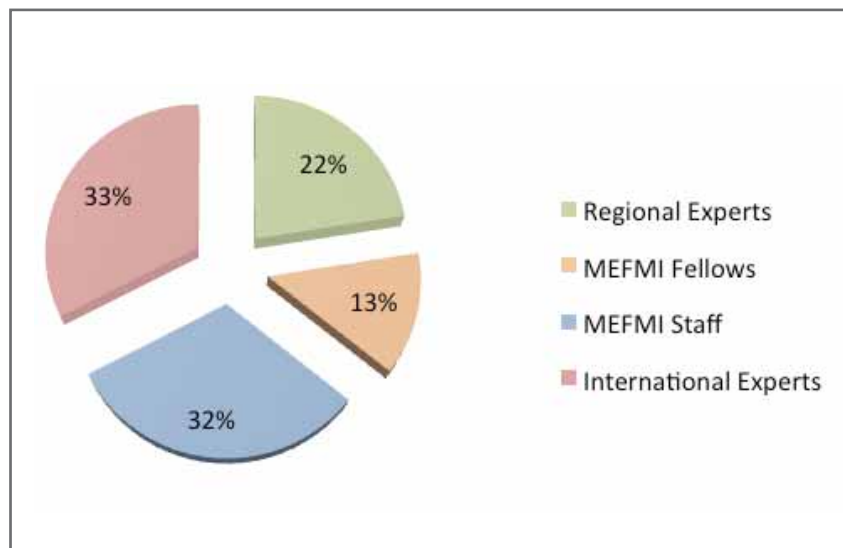
Resource Persons Category	2011	2012
Regional Experts	80	64
MEFMI Fellows	37	38
MEFMI Staff	88	90
International Experts	80	93
<b>Total</b>	<b>285</b>	<b>285</b>

Source: MEFMI Data Base

MEFMI Fellows used as resource persons in 2012 remained largely unchanged at 13% while use of MEFMI staff as resource persons increased to 32% from 31% in 2011 – a larger increase from 23% in 2008. This establishes the fact that MEFMI is growing the use of regional experts (both staff and Fellows). The

decrease in the number of regional experts utilised from 28% in 2011 to 22% in 2012 is largely due to the replacement by pro bono international experts and sometimes also due to a lack of expertise in the region on certain topical issues such as Basel II and sovereign foreign reserves management.

**Chart 7: Resource Persons Utilisation in 2012**



*"As an Accredited Fellow, I have gained a lot of expertise, experience and confidence both in my job as a bank supervisor at the Reserve Bank of Zimbabwe (RBZ) as well as a training facilitator in the region... I was promoted to the position of Division Chief, responsible for Financial Stability Analysis, Financial Modeling and Basel II implementation in the Banking Supervision Department, a few months after being accredited as a MEFMI Fellow. Further, through MEFMI I have been co-opted onto the list of IMF's Short Term Experts serving under the Monetary and Capital Markets Department",*  
 Ruzayi Chiviri – RBZ Chief Bank Examiner.

**Table 7: Resource Persons Utilisation 2008 - 2012**

Category	2008	2009	2010	2011	2012
Regional Experts	29%	30%	22%	28%	22%
MEFMI Fellows	18%	22%	12%	13%	13%
MEFMI Staff	23%	29%	31%	31%	32%
International Experts	30%	19%	35%	28%	33%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: MEFMI Data Base



## 4. capacity building outputs

During the year 2012, capacity building activities continued to address pertinent capacity issues affecting individual countries and the MEFMI region as a whole.

### 4.1 Regional Capacity Building Activities

Regional capacity building activities that include workshops and Seminars for Heads of Departments have proven to be effective avenues of bridging the knowledge gap amongst officials in client institutions. These activities provide a common platform at which participants share their experiences and learn from each other on ways to address pertinent issues in their home countries.

The workshops had rich exchange of ideas on topical economic and financial developments in the MEFMI region. The topics included regional integration issues, policy considerations for regulating and overseeing payment systems, policy implications of foreign private capital flows and revenue policy and administration, policy considerations for domestic market development. High level discussions on risks and opportunities for the region and how to address them were held mainly during heads of departments' retreats.

*"Allow me to express my sincere gratitude to you all for having made the workshop a success and thank you for sharing your knowledge with us. Domestic debt operations has been a serious constraint to the reforms in the Uganda Ministry of Finance. But with the training received from MEFMI and UNCTAD, we are better equipped to lead the process. We shall often consult you for technical support."* Martin A Nsubuga

*"I am pleased to inform you that the first stage of the in-country skills transfer workshop on the Development of a Core Model of Inflation for Rwanda was successful. National Bank of Rwanda would be grateful to host the planned three day in-country workshop in February 2013."* Amb. Claver Gatete, Governor – National Bank of Rwanda.

Where specific knowledge gaps are identified during regional workshops for any member country, the Institute encourages the relevant client institutions to request for an in-country mission or workshop. (Annex-1 provides details to each of the regional activities conducted during the period).

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### 4.2 In-country Capacity Building Activities

In-country capacity building activities that include workshops and missions are designed to assist client institutions to address institutional and organisational challenges, which are specific to the respective institution. These activities continued to be an effective and efficient means of building capacity within the region. Over 57% of all capacity building activities conducted by

#### SOME CAPACITY BUILDING HIGHLIGHTS DURING 2012

An example of a regionally pertinent capacity building area of need is in public domestic debt management. This area was identified during a review of the Debt Management Programme curriculum in 2010. The Programme introduced a new regional training course on public Domestic Debt Operations and Management in March 2012. The course, which the Programme conducted jointly with the Financial Sector Management Programme for synergy, covered all key issues in domestic debt management and financial markets development, including the legal and institutional framework, as well as the front, middle and back office procedures. Other aspects of the course included enhancement of the understanding and analysis of the different types of instruments government can use to issue debt in domestic financial markets.



the Institute during the year were in-country, which is in line with Phase IV Strategy. In-country missions are demand driven in response to country needs. The request from National Bank of Rwanda is an example of the many requests that the Institute receives annually.

#### SOME CAPACITY BUILDING HIGHLIGHTS DURING 2012

One major success in the MEFMI in-country capacity building initiatives is the initial development of a framework for inter-account data consistency checks and forecasting within an integrated accounting framework. This was done at Botswana's Ministry of Finance and Development Planning by the Macroeconomic Management Programme during 2012 with strong ownership and support from the member state.

Prior to MEFMI intervention, there was no such framework at the Ministry. Following MEFMI intervention, a Financial Programming and Policy Group (FPP Group) was established and its members met regularly throughout 2012 to work on establishing the framework. The Ministry of Finance and Development Planning staff constituted the biggest contingent in the FPP Group. The Bank of Botswana is represented through two officials and Statistics Botswana through one official.

By the end of 2012, all the relevant historical data for the national accounts, balance of payments, government account and monetary accounts had been entered into the system and a set of inter-account links constructed where data from two different accounts is compared in a systematic fashion. A first version of a baseline scenario was established where data was forecasted up to 2013 including a set of economic indicators. The Framework will be completed in 2013.

Private Capital Monitoring System (PCMS) customization is another area with notable success. Nine countries have subscribed to PCMS as at the end of 2012. This coverage represents 69% of the total member states. The increasing roll-over of the system in the region is attributable to among other things its ability to meet users' requirements, its compliance to the latest international account manuals and the fact that the software is updated with cutting edge technology. Specifically, the software has helped countries such as Botswana, Rwanda, Swaziland and Tanzania to benchmark their Financial Account data to the latest IMF's Balance of Payments (BOP) and International Investment Position (IIP) Manual-6th Edition. Consequently, this has enhanced data quality, augmented coverage and comprehensiveness of foreign private capital data. Some countries such as Botswana and Swaziland have gone an extra mile with the software by compiling high frequent quarterly data for their countries. Regionally, the software contributed to achievement of greater harmonization of FPC data recording methods and facilitated comparability of data.

In 2012, the Institute assisted the Central Bank of Swaziland to migrate its BOP and IIP data from IMF's Balance of Payments Manual 5th-Edition (BPM 5) to 6th Edition. Prior to MEFMI's technical assistance, Swaziland BOP/IIP data was not benchmarked to the latest manual by IMF using BOP/IIP conversion matrix. The enhanced skills to operationalize BPM 6 has minimised estimation errors and data inconsistencies. In addition, BPM6 is largely harmonized with the classifications in other macroeconomic manuals; hence the intervention has enhanced comprehensiveness of Swaziland's international account data to take into account other macroeconomic statistics. Compliance to BPM 6 has also improved Swaziland data quality as the Manual takes into consideration the latest economic developments associated with globalisation and financial innovation.

#### SOME CAPACITY BUILDING HIGHLIGHTS DURING 2012



Another example of one of MEFMI's success stories is the critical role the Institute played in the Zimbabwe Ministry of Finance. Following the establishment of a new Zimbabwe Aid and Debt Management Office (ZADMO) and recruitment of new staff, the Ministry requested the Debt Management Programme to assist to them to appreciate debt management concepts, techniques and tools. This included concepts in the use of the Debt Management and Financial Analysis System (DMFAS). DMFAS is a United Nations Conference on Trade and Development (UNCTAD) software for debt management. The training was necessary for the new staff to quickly settle in their debt management roles in the new department.

In response, the Debt Management Programme conducted a Debt Management and DMFAS 5.3 Training for the new ZADMO staff, from 13-24 February 2012 in Zimbabwe. The main outputs of the workshop were:

- Imparting operational skills in DMFAS 5.3, ranging from loan interpretation and registration, updating of debt transactions and generation of key debt stocks, flows and projections reports;
- Enhancing knowledge of key debt management concepts as an induction of the new staff into the field of public debt management field; and,
- Raising levels of awareness of Zimbabwe's specific debt situation and prospects.

An evaluation of the workshop by the 15 participants indicated enhanced knowledge despite them being new to debt management. The new staff indicated that they had gained immensely from the comprehensive training which was a real necessity for them to enable them to know the DMFAS and the concepts behind the system. They noted that their preparation of debt service instructions and production of debt management reports and contingent liabilities for submission to the Auditor and Comptroller General would now become easier as a result of this training. They rated the workshop highly in terms of both facilitation and relevance, adding that the training was what they had actually needed to be able to kick-start their work at ZADMO.



Some other achievements by the Institute during the period under report include:

- The calibrating and simulation of small scale macro models,
- Quarterly GDP forecasting framework, and
- Development of MTDS.

In addition, participants in some in-country courses were equipped with skills in loan interpretation and registration; legal and institutional aspects of debt management; domestic debt operations; updating debt transactions; generation of key debt stocks, flows and projection reports and; Debt Sustainability Analysis (DSA); Medium Term Debt Management Strategies; Debt Management Performance Assessment (DeMPA), debt reform plans; and debt management using DMFAS. (Annexes II and III provide details of each in-country activity).

Participants also stated that after the training they felt well-equipped to be effective users of DMFAS. They felt capacitated to apply the knowledge gained when discharging their duties in their key areas of operation. Following the training, the new staff were able to immediately start using DMFAS for basic debt management operations.

Specific to Uganda, the Institute received a request for customized training in new regional domestic debt operations and management. Following the in-country training in August 2012, the participating officials, with guidance from the MEFMI/UNCTAD resource persons, were able to compare Uganda's current situation to best practice in public domestic debt management. Consequently, they came up with 24 implementable legal, institutional, operational, policy and market-development related recommendations. These were presented to senior Ugandan economic and financial managers, with the aim to help strengthen the country's public domestic debt management.

The trained officials subsequently acknowledged that, given the significance of domestic debt and the need to manage it effectively in Uganda, the training had left them with a better foundation in which they were now better-equipped to lead the process.

The FSM programme carried out a Risk-Based Supervision (RBS) mission at the Bank of Mozambique (BoM) to review the existing RBS methodology and the legal and regulatory framework in order to identify existing gaps. As a result of this project, a draft corporate governance guideline was compiled and is pending internal review processes before finalisation. A Risk Management guideline, guidelines on minimum internal audit standards and disclosure standards are now being drafted. Meanwhile, further steps to operationalize RBS are underway and these include conducting market awareness workshops to commercial banks, pilot examinations and finalising of the RBS manual. MEFMI continues to work closely with BoM to ensure that RBS is fully implemented.

*The Governor of the Central Bank of Swaziland confirmed that the Balance of Payments Mission that was conducted from 5 to 16 November 2012 has provided invaluable knowledge to his team. " We confirm that the mission was very useful in contributing to the Central bank of Swaziland strategic objective of producing timely accurate and reliable data in line with international standards. Further, the mission assisted our BOP team in grounding them on Private Capital Monitoring system (PCMS). Our request was fully satisfied. Our sincere appreciation is directed to MEFMI, your efficient, knowledgeable and experienced staff as well as the MEFMI experts who led the workshop," Mr Martin Dlamini, Governor Central Bank of Swaziland.*

A MEFMI team also visited Mbabane to assist the Central Bank of Swaziland (CBS) to develop capacity in order for them to undertake stress testing of prudential data. It was the mission's objective that, at its conclusion CBS's off-site surveillance capabilities would be strengthened and supervisors would be able to stress test prudential data. During the mission, MEFMI in conjunction with the CBS working team developed a stress testing policy framework and appropriate stress testing templates. The policy framework sets the governance framework of stress tests and will be a point of reference for both bank supervisors and the market.

Financial risk management missions were held for Swaziland, Rwanda and Uganda. These assessments were meant to strengthen the management of financial risks by formulating and implementing risk management methodologies for the client countries. Since the inception of these projects, client countries have made substantial progress in designing and formulating institutional risk management arrangements. The progress includes the development of a market risk methodology to take into account the local environment and a methodology for valuation and risk analysis of instruments with embedded derivatives (Dual Currency Deposit and Credit Linked Notes) for the Central Bank of Swaziland.

### 4.3 Fellows Development Programme Activities

The objective of the Fellows Development Programme is to groom a cadre of experts, who will ensure sustainability and availability of adequate support in building and maintaining capacity in the region. This is a cost-effective expert development program designed to accelerate the availability of world class expertise within the region.

*“MEFMI assignments (missions and workshops) have made me grow professionally and have extended my network within and outside the region. They have given me a solid platform to impart my skills and knowledge to countries within the region in line with the MEFMI vision of building sustainable capacity. I believe that young professionals who have been dreaming of becoming MEFMI Fellows have been ably encouraged and I look forward to 2013 full of expectations and renewed vigour”* Rodrick Wiyu, Accredited Fellow – Reserve Bank of Malawi.

The major highlight during the period was the Fellows technical assessment for graduation and accreditation which took place during 24 to 26 July 2012, in Harare, Zimbabwe. A total of 8 Fellows of whom two were female graduated. During the same event, three Graduate Fellows who were on apprenticeship including one male were accredited. Both events comprised assessment of Fellow’s technical papers by a panel of senior experts from within and outside the region.

Prior to graduation and accreditation, the candidate Fellows and graduate Fellows went through rigorous Customised Training Programme (CTP) and apprenticeship. Table 8 shows that seven Fellows attended workshops / courses / retreats as part of

their CTP and apprenticeship including one Fellow who went on attachment. In terms of capacity building delivery, 21 fellows were engaged as resource persons at MEFMI workshops, while 15 were engaged as consultants at country missions and studies.

**Table 8: Fellows Capacity Building and Utilization: January to December 2012**

Programme/ Entity using Fellows	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	0	0	0	6	5	0	1	0
FSM	1	1	0	1	4	0	2	7
Macro	6	0	0	1	4	0	3	2
Other	N/A	N/A	-	-	-	-	-	-
<b>Total</b>	<b>7</b>	<b>1</b>	<b>0</b>	<b>8</b>	<b>13</b>	<b>0</b>	<b>6</b>	<b>9</b>

Source: MEFMI Data Base



#### 4.4 Technical Studies Conducted in 2012

##### SOME CAPACITY BUILDING HIGHLIGHTS DURING 2012

The Institute initiated a number of studies and finalized the Modelling and Forecasting Reference Manual for publication and dissemination. The Institute also developed materials for an on-line course on the Foundations of Debt Management which is expected to be rolled out in 2013. The earmarked on-line courses follow the Institute's plan to efficiently expand the outreach of the capacity building activities in a cost effective manner.

During the same period on the Institute initiated a Study on Economic Management in a Hyper Inflationary Environment drawing lessons from Zimbabwe. This study was commissioned jointly with the African Capacity Building Foundation (ACBF). The book arising from the study is expected to be published in 2013.

Another study that MEFMI conducted in the year under review was aimed at gathering information for developing "Guidelines For Government Securities Issuance" in the MEFMI Region. The objective of the study was to develop step by step guidelines to assist member states as they plan and prepare to issue government securities. The motivation stems from the fact that it is now a widely accepted doctrine that the domestic debt issuance programme is synonymous with and a catalyst for broader financial market development. Appropriate and relevant guidelines will not only assist debt managers to be orderly but will also make the issuance programmes, in the face of the investor, predictable. Further to this, the guidelines will foster business continuity by acting as reference material in cases of staff turnover and or new staff recruitments. The secondary outcome of the guidelines will be growth

and deepening of the primary and secondary market, and benchmarks for the development of corporate issuances programmes.

A study to assess the Foreign Direct Investment (FDI) trajectory before and after the global financial crisis era in the MEFMI region commenced during the year. Data collection from a sample of six MEFMI member states was completed. A draft report has also been prepared and is waiting comments from stakeholders. Preliminary quantitative econometric findings revealed that Global Financial Crisis (GFC) exerted downturn effect on FDI trajectory. The adverse effect was indirect through other key macroeconomic variables. The GFC effect is however temporary as FDI inflows have gradually returned to their ordinary path in the post crisis period. The Eurozone debt crisis inhibits recovery of the FDI inflows and its influence is expected to be significant if the ailing Euro Area economy worsens. In addition, impulse response analysis suggests that FDIs have a stabilizing effect and reduce volatility in real economic growth caused by financial crisis. This steadying effect of FDIs is also present during the post crisis recovery period, resulting in a gradual increase in real GDP instead of a rapid upturn.



# 5. governance activities

## 5.1 Governance Meetings

The Institute held four governance meetings during the period under review. These included the 33rd Executive Committee Meeting that was held in the United States of America and the 34th Executive Committee Meeting and the 4th Audit Committee that were held in Harare, as well as the Board of Governors meeting held in Tokyo, Japan, on the side lines of the IMF/World Bank Annual meetings.

These governance meetings had among other things, reviewed, deliberated and approved several manuals and policies used by the Secretariat as well as the programme and budget for 2013. The Board meeting also appointed new external auditors for the Institute.

During the same period, the Institute hosted a Technical Cooperating Partners Liaison Committee Meeting on 8 March 2012 and the policy meeting of the Cooperating Partners Liaison Committee on 27th November 2012. The meetings reviewed and discussed the funding arrangements, outcomes of the MEFMI Systems Audit that was carried out with the financial assistance from SIDA as well as MEFMI work programme and budget for 2013.

## 5.2 Staff Meetings

Two staff meetings were held during the period while several departmental meetings were also conducted by each Programme to ensure effective communication and monitoring of the activities of the new Phase.

## 5.3 Networking Activities

In delivering its products, MEFMI actively collaborates with various cutting edge regional and international organisations with similar mandate and mutual interest in order to broaden and strengthen its worldwide alliances that allow for cross-pollination of ideas. During the past year, the Institute participated in 15 networking activities.

The Director, Macroeconomic Management Programme represented the Institute in two SADC regional events as an expert member of Macroeconomic Statistics Work Group Meeting held in Pretoria, South Africa from 23 to 24 January 2012, and the regional workshop on Monetary and Financial Statistics held in Gaborone from 11-22 June 2012.



The Director of the Debt Management Programme attended the Zimbabwe High Level Debt Forum also known as the Friends of Zimbabwe Forum which was hosted by the Government of Zimbabwe and the African Development Bank, and another High Level Conference on Unleashing Economic Growth Potential. The first Forum was held on Friday 23 March 2012 in Tunis, Tunisia, while the second one was held from 29 to 30 August 2012 in Victoria Falls. The main objective of the Tunisia Forum was for Zimbabwe to, among other issues, update cooperating partners on the political and economic situation in Zimbabwe as well as to build consensus among all stakeholders on the process of resolving the country's external debt over-hang. The objective of the conference held in Victoria Falls was to explore opportunities and strategies for moving the Zimbabwean economy forward on a faster and sustainable growth and development path. The Director of the Debt Management Programme also attended and chaired the annual World Bank Debt Management Facility (DMF) Technical Advisory Group meeting held in Accra, Ghana, in June 2012. The technical advisory group, which MEFMI has chaired for the last two years, advises the World Bank and the donors to the DMF Trust Fund about the necessary capacity building interventions and approaches to reforms in debt management in low income countries.

The Director of the Financial Sector Management Programme attended a KPMG breakfast meeting on bank supervision. The meeting was held at the Royal Gold Club in Harare, Zimbabwe on Friday 4 May, 2012. The main objective of the meeting was to discuss lessons learnt from banks' implementation of Basel II. The meeting was attended by senior executives of commercial banks in Zimbabwe and some of KPMG's clients. The presentation was based on experiences from South African Banks.

During the reporting period, One Programme Officer from DMP attended the Sixth OECD Forum on African Public Debt Management and Bond Markets held on 27 – 29th June, 2012 in Johannesburg, South Africa. The meeting covered buy-back operations and exchanges (switches); liquidity buffers and impact on cash management; transition towards a modern DMO organization; priorities in the development of

market infrastructure; and round table discussions on work done on local currency bond markets by multilaterals in Africa.

A Programme Officer from FSM attended the inaugural AFRITAC South seminar on Risk Based Supervision. The seminar was held from 10-14 July 2012 in Mauritius. The objective of the seminar was to discuss practical issues in risk based supervision as well as obtain feedback from participants on their countries' capacity building needs in banking supervision. The meeting provided the opportunity for MEFMI to support the AFRITAC South's initiative towards enhancing the region's capacity building efforts as well as to discuss ways in which the two institutions can work together in areas of mutual interest.

The Executive Director of MEFMI and a Programme Officer from MMP attended an International Research Conference on Monetary Policy in Developing Countries: Practices and Challenges which was organised jointly by the National Bank of Rwanda, the Africa Department of IMF, the International Growth Centre and the World Bank from 19-20 July 2012.

A Programme Officer from DMP attended a stakeholders' meeting organised by the UNDP Zimbabwe on leveraging debt sustainability as a catalyst for achieving sustainable development in Zimbabwe. Specifically, the meeting aimed at discussing the policy options for resolving Zimbabwe's external debt crisis and the available opportunities for capacity building in debt management. The meeting, held on 26th October 2012 in Harare, was attended by senior government officials, academicians, donors, representatives of non-governmental organisations and other stakeholders. The MEFMI representative was one of the key speakers during the meeting.

MMP Programme Officer attended an IMF regional course on Economic Issues and Regional Integration from 10-21 December 2012, in Dar es Salaam, Tanzania.

Annex IV lists all the networking activities participated and/or conducted by the Institute during period January – December 2012.



## 6. finance and administration

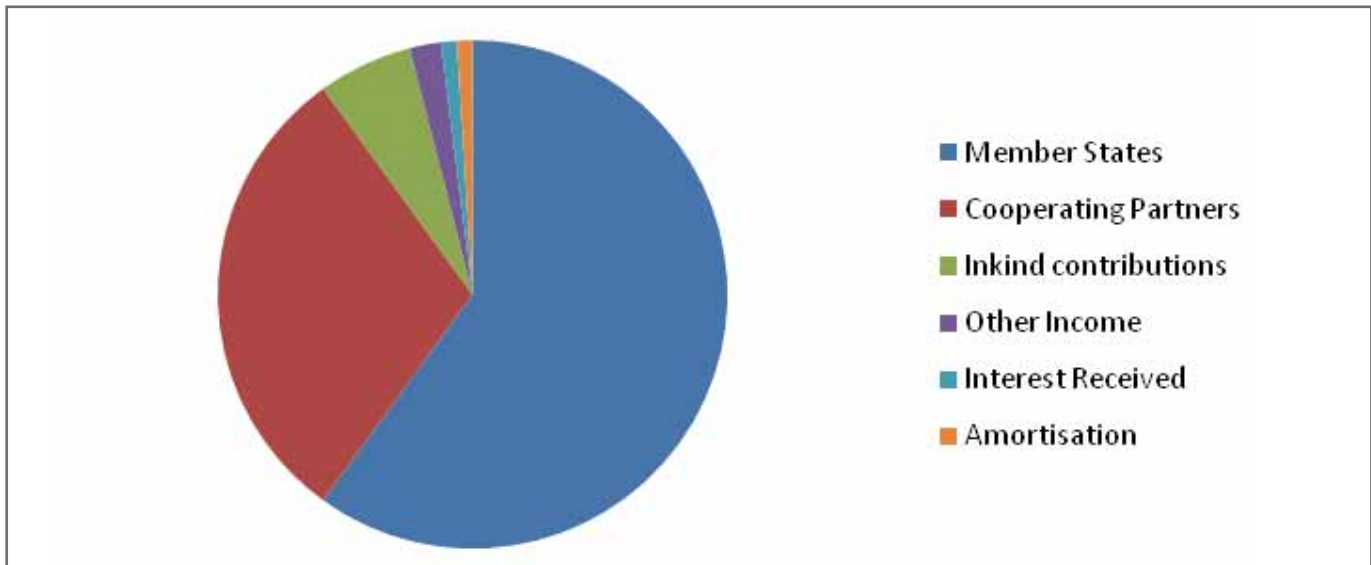
The Institute opened the financial year 2012 with accumulated funds amounting to US\$1,014,621 of which US\$132,464 was set aside for the purchase of the Executive Director's house. The Executive Committee authorised the Secretariat to utilise the balance for 2012 activities as it awaited for disbursement from member countries and cooperating partners. The Government of Netherlands through her Embassy in Harare also gave MEFMI a no cost extension to utilise their funding for 2011 for activities up to June 2012, as their disbursement was made towards the end of 2011.

### 6.1 Income

The Institute is grateful for the timeous disbursement of the 2012 annual contributions by most member countries, as well as the support that came from financial cooperating partners. As at 31 December 2012, eleven(11) member countries had fully made their contributions. The two major donors that committed to funding Phase IV had also made their disbursement for 2012. The actual income including in-kind received during the year under report amounted to US\$6.3million. Contributions from member countries accounted for 60%, in-kind contributions made up 6%, contributions by Cooperating Partners made up 30% and other income made up the balance as detailed in **Table 9 and Chart 8.**

**Table 9: 2012 Income by Source**

Income Source	Amount US \$	% Contribution
Member States Contribution	3,824,922	60%
Cooperating Partners	1,873,179	30%
In-kind contribution	371,455	6%
Interest Received	90,313	1%
Other Income	109,169	2%
Amortisation of Deferred Income	55,816	1%
<b>Totals</b>	<b>6,324,854</b>	<b>100%</b>

**Chart 8: 2012 Income by Source**

Source:MEFMI Audited Accounts

### Detailed Income from Cooperating Partners and Member states

The breakdown of receipts per cooperating partner and member country are as shown in Table 10 and Table 11 below

**Table 10: Receipts from Cooperating Partners for the year 2012**

Cooperating Partner	Receipts US \$
Norway	608,301
Sweden	886,293
World Bank	57,874
Norway (Phase III)	60,711
IMF	40,000
Netherlands (Phase III)	220,000
<b>Totals</b>	<b>1,873,179</b>

Source:MEFMI Audited Accounts



**Table 11: Member States contributions**

	Member State	Receipts US \$	Outstanding	Total income
1	Angola		355,262	355,262
2	Botswana	276,260		276,260
3	Kenya	327,672		327,672
4	Lesotho	291,305		291,305
5	Malawi	302,963		302,963
6	Mozambique	270,847		270,847
7	Namibia	261,005		261,005
8	Rwanda		266,107	266,107
9	Swaziland	263,908		263,908
10	Tanzania	331,751		331,751
11	Uganda	298,559		298,559
12	Zambia	284,074		284,074
13	Zimbabwe	210,000	85,209	295,209
	Totals	3,118,344	706,578	3,824,922

Source: MEFMI Audited Accounts

### 6.1.1 Income Analysis

**Table 12** and **Chart 9** below indicate that from 2007 to 2011, member countries and donors were contributing almost equally to MEFMI activities. Part of the 2010 contribution from cooperating partners was a prepaid contribution from Sweden for 2011 activities. From 2012, which is the beginning of Phase

IV, there was a reduction in the contributions by financial cooperating partners and an increase in the member states contribution. The reduction was due to the reduced number of financial cooperating partners at the beginning of Phase IV.

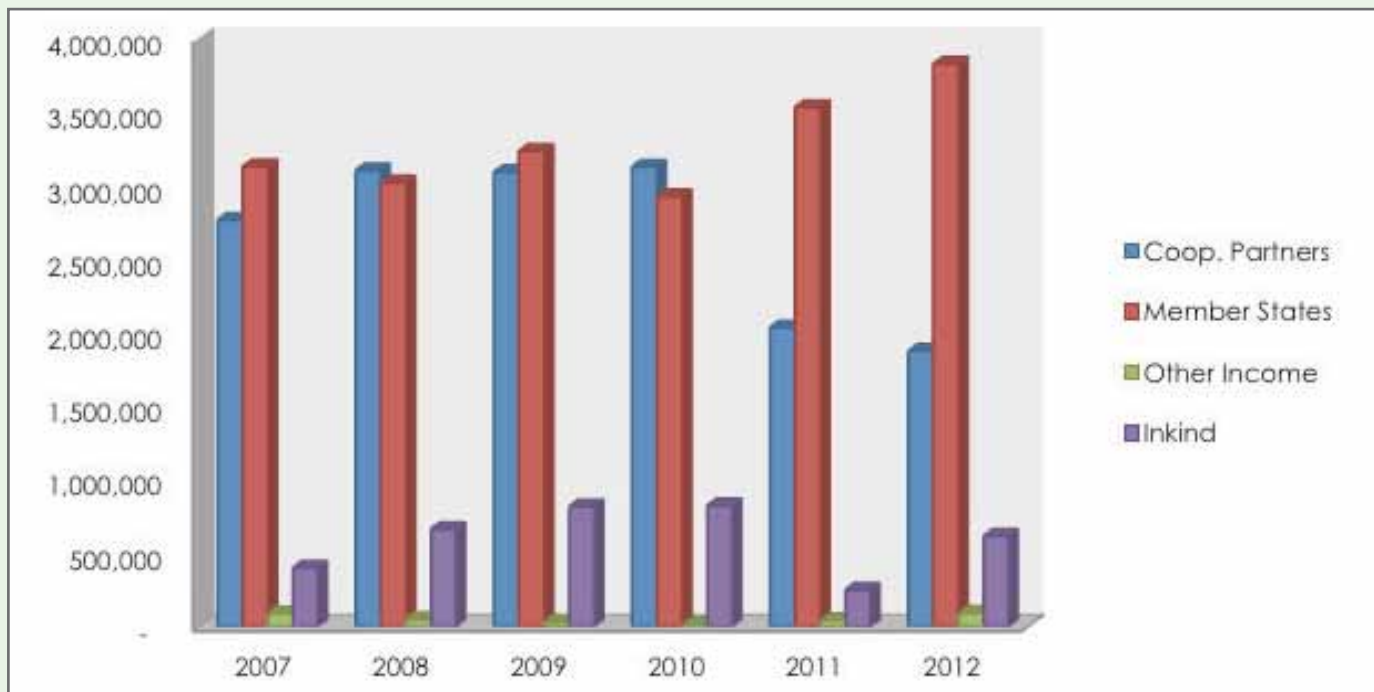
**Table 12: Receipts for the period 2007 to 2012**

Income Source	2007	2008	2009	2010	2011	2012
Coop. Partners	2,765,064	3,100,714	3,089,549	3,125,306	2,033,855	1,873,179
Member States	3,126,764	3,018,331	3,233,994	2,924,690	3,531,117	3,824,922
Other Income	89,865	51,707	33,179	11,310	80,853	255,298
In-kind	399,030	663,484	815,208	822,671	250,291	371,455
<b>Total</b>	<b>6,380,723</b>	<b>6,834,236</b>	<b>7,171,930</b>	<b>6,883,977</b>	<b>5,896,116</b>	<b>6,324,854</b>

Source: MEFMI Audited Accounts



**Chart 9: Income Comparison by Source for the Period 2007 to 2012**



Source: MEFMI Audited Accounts

## 6.2 Expenditure

Total expenditure for 2012 amounted to US\$5.5million, as detailed in **Table 13 and Chart 10.**, resulting in a net surplus of US\$0.8 million. The expenditure was within the 2012 budget, with a positive variance of 14%. This is largely attributed to favourable hotel charges in East Africa and gratis resource persons provided by technical cooperating partners. In addition, there were some savings on staff salaries and benefits, due to some positions being vacant for part of the year.

The Institute was able to meet its planned expenditure for the year by utilising receipts from member countries and cooperating partners, and also partly utilising the accumulated funds brought forward from 2011.

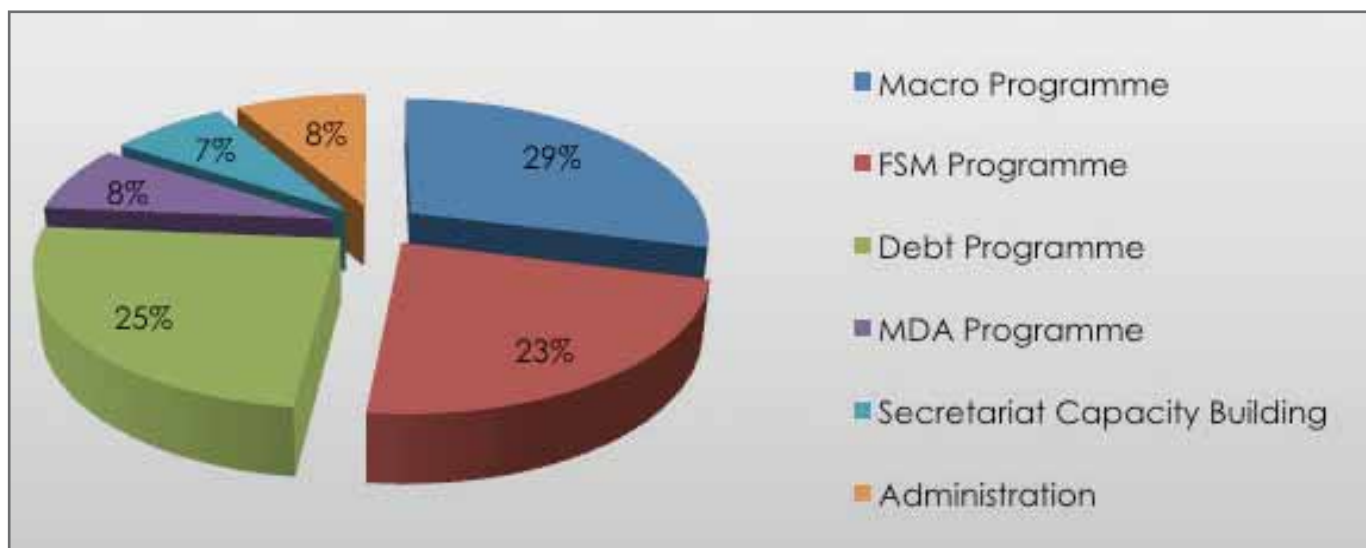
**Table 13 and Chart 10** below give the expenditure breakdown per Programme. The MMP has the highest expenditure partly due to the nature of its activities but also due to expenditure on the design of a manual on modeling and forecasting, for the use of the MEFMI member countries. The manual is due to be launched in 2013.

**Table 13: Expenditure Break-down by Programme, 2012**

Expenditure item	Actual US \$
Macro Programme	1,564,303
FSM Programme	1,209,158
Debt Programme	1,388,342
MDA Programme	434,883
Secretariat Capacity Building	431,707
Administration	478,310
<b>Totals</b>	<b>5,506,703</b>



**Chart 10: Expenditure breakdown by Programme, 2012**



### 6.3 Resource Mobilisation

The Institute put in place a resource mobilisation strategy which saw it proactively interacting with existing and potential financial cooperating partners. It has also been actively following-up with interested partners including applying modalities which fit basket funding as a first priority, sector approach and grant financing of projects as a second. This was augmented by the identification of donors in each member state for country specific capacity building activities.

The goal of the strategy is to increase the level of funding and to expand the number of financial cooperating partners in order to ensure that MEFMI Phase IV whose budget is 27% more than the Phase III budget is fully fund.

The results of the resource mobilisations efforts, as at 31 December 2012 are as follows:

- Sweden and Norway signed new agreements for Phase IV funding in 2012
- ACBF is at an advanced stage of review for their funding for Phase IV. The Secretariat is confident that some funding will be provided, albeit at a reduced level compared to support received for Phase III.
- Member countries have committed to an annual escalation of 5% of their contributions.

### 6.4 Information Technology

There were three major developments in information technology in 2012:

- The Institute entered into an understanding with the Reserve Bank of Zimbabwe, to store MEFMI's off-site back-ups at its secured disaster recovery centre. This will among other things contribute towards the implementation of the business continuity plan for the Institute.
- The Secretariat requested the Central Bank of Kenya to provide a resource person to improve its database. The work is due to be completed in 2013.
- The Internet bandwidth at the Secretariat has been increased to ensure improved information technology services for the benefit of all stakeholders.







## 6.5 Human Resources

### 6.5.1 Staff Establishment

The staff complement at the Secretariat as at the end of the period under review was 31 (Table 14). All four Programme Officers who left at the end of December 2011 had been replaced by December 2012. The positions of Accounts Assistant, Receptionist and Driver which also fell vacant in December 2011 were filled on 1 February and 1 April 2012, respectively.

Interviews for the newly created position of Assistant Information Technology Officer were held in May and a suitable candidate identified. The position was filled on 2 July 2012.

The post of Assistant Accountant fell vacant on 31 July 2012 following the resignation of the incumbent. The post was advertised in all member countries and interviews were held in September 2012. An offer was extended to the successful candidate, who accepted the offer and will assume duty in January, 2013.

**Table 14: Staff Distribution at the Secretariat**

Post	Male	Female	Total
Executive Director	1	-	1
Programme Directors	3	1	4
Programme Officers/Equivalent	8	6	14
Assistant Accountant	0	-	0
Accounts Assistant		1	1
Assistant Information Technology Officer	1	-	1
Programme Secretaries/Equivalent	-	6	6
Drivers	2	-	2
Office Orderly	-	1	1
Gardener	1	-	1
<b>Total</b>	<b>16</b>	<b>15</b>	<b>31</b>

Source: MEFMI Data Base 2012

### 6.5.2 Staff Development

The following is brief outline of some staff development activities conducted by the Institute during 2012;

- Three members of staff attended the Heads of Human Resources Workshop held from 27 February to 2 March, 2012.
- Six members of staff attended the Joint

Performance Management Training workshop from 15 to 16 March 2012.

- One Programme Officer attended a DeMPA, Reform Plan and MTDS training in Washington, D.C, organized by the World Bank.
- Two members of staff attended a one day Front Office Skills course in Harare.
- The Institute organised training for Management and staff on the provisions of the Zimbabwe



National Code of Conduct, Statutory Instrument 15 of 2006 (SI 15). MEFMI is adopting the National Code of Conduct for use in administering disciplinary issues.

- Twenty seven (27) members of staff were trained in Protocol Procedures, Etiquette, Grooming and Deportment, by the Ministry of Foreign Affairs (Zimbabwe).
- One Programme Officer attended a course on monetary markets operations and frameworks and inflation modelling and forecasting in London, UK.
- 13 staff attended an in-house workshop organised by ACBF on Results Measurement Frameworks held on 6 and 10 September 2012.
- Four staff attended IT course organized by PASTEL.
- One Programme Officer attended a seminar on macro prudential tools from 29-31 May 2012 in Basel, Switzerland.
- One Programme Officer attended a course on Maximising Value for Money in development by IMA international.

Annex IV lists all the staff development activities participated and/or conducted by the Institute during period January – December 2012

### 6.5.3 HIV & AIDS Workplace Programme

The Institute has adopted an HIV and AIDS Workplace Programme Implementation Plan and is seeking

partnerships with relevant organisations for its implementation. A Committee has been put in place to facilitate implementation of the Programme. The HIV and AIDS Policy has been reviewed and adopted by all staff. An Internal baseline survey to determine the knowledge, behaviour, skills and attitudes (KBPA) was conducted in July 2012 by Zimbabwe Aids Prevention Support Organisation (ZAPSO). The findings were submitted and presented to staff members. The implementation of the recommendations in the report is in progress.

### 6.5.4 Human Resources Policies and Procedures

The Institute prepared a MEFMI Human Resources Policies and Procedures Manual which was approved by the Executive Committee in Washington, D.C. in April 2012. The Code of Ethics and the revised Grievance Handling Procedures were also approved and the National Code of Conduct Instrument 15 of 2006 (SI 15) were adopted in July 2012. The Remuneration Policy was approved by the Board in Tokyo, Japan, in October 2012.

An Employee Induction Handbook is being finalised.

### 6.5.5 Office Space

The additional offices (storerooms, offices and kitchen) are now in use. These include a records management office and a library which is still being set up.

## 7. lessons and opportunities

During implementation of some capacity building activities the Institute learnt that the continued promotion of the use of MEFMI PCMS has provided an opportunity for further refinement. Users recommended that the system needs to be improved by adding an online facility for data entry and features that will allow for generation of time series data.

### 7.1 Opportunities

The increase in the number of participants coming to MEFMI courses with their own laptop computers is a noteworthy development, which has strong supportive effect on training effectiveness. This

enables participants to practice after class and raise follow-up issues in the following discussions. MEFMI, therefore, needs to continue encouraging participants to bring their computers when attending capacity building activities. In the long run, MEFMI will not need to hire computers for courses that are computer intensive.

Networking with SADC and COMESA provided MEFMI with an opportunity to tap into the vast knowledge and experience in various macroeconomic areas. On the other hand, MEFMI was able to show case and share its expertise in the area of Foreign Private Capital (FPC). In particular, the MEFMI PCMS proved to be useful software for the SADC region.



## EXECUTIVE COMMITTEE'S RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

To the Executive Committee of Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI)

It is the Executive Committee's responsibility to ensure that the financial statements fairly present the state of affairs of the Institute. The external auditors are responsible for independently reviewing and reporting on the financial statements.

The Executive Committee has assessed the ability of the Institute to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. However, the Executive Committee believe that under the current economic environment a continuous assessment of the ability of the Institute to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

The statements set out in this report have been prepared by management in accordance with International Financial Reporting Standards (IFRS). The statements are based on appropriate accounting policies which are supported by reasonable and prudent judgements and estimates.

The Institute's internal and accounting control systems are designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of its assets. Such controls are based on established written policies and procedures and all employees are required to maintain the highest ethical standards in ensuring that the entity's business practices are conducted in a manner which in all reasonable circumstances is above reproach. Issues that come to the attention of the Executive Committee have been addressed and the Executive Committee confirm that the system of internal and accounting control is operating in a satisfactory manner.

In light of the current financial position, the Executive Committee is satisfied that the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

The Institute's financial statements which are set out below on pages 4 to 18 were, in accordance with their responsibilities, approved by the Executive Committee on 5<sup>th</sup> April 2013 and are signed on its behalf by:

.....  
Professor E. T. Mutebile  
Chairman

.....  
Dr. E. E. Ngalande  
Executive Director



## INDEPENDENT AUDITORS' REPORT

To the Executive Committee of Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI)

We have audited the financial statements of MEFMI, set out on pages 4 to 18, which comprise the statement of financial position as at 31 December 2012, the statement of income and expenditure, the statement of changes in funds 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 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.

### **Auditors' responsibility**

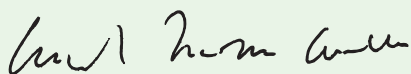
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether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

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

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), as at 31 December 2012, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards. In our opinion, the financial statements present fairly, in all material respects, the financial position of Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) as at 31 December 2012, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



Grant Thornton Camelsa  
Registered Public Auditors (Zimbabwe)  
HARARE


13 May 2013

**Statement of income and expenditure  
for the year ended 31 December 2012**

	Notes	2012 USD	2011 USD
<b>INCOME</b>			
Amortisation of deferred income	2	55 816	38 279
Co-operating partner funding	3	1 873 179	2 033 855
In-kind contributions	4	371 455	250 291
Interest receivable	5	90 313	39 844
Member state contribution	6	3 824 922	3 531 117
Other income	7	109 169	2 730
<b>Total income</b>		<u>6 324 854</u>	<u>5 896 116</u>
<b>EXPENDITURE</b>			
Accommodation and subsistence		1 175 978	1 257 379
Audit fees (internal and external audit)		35 381	35 549
Bank charges		24 120	33 527
Depreciation		77 644	66 265
Exchange loss		3 242	1 859
Facilities and materials		187 950	225 647
Legal fees		2 820	-
Office expenses	8	401 994	394 693
Professional fees	9	338 102	628 437
Resource mobilisation		25 597	20 999
Revaluation loss		4 326	-
Salaries and wages		1 612 144	1 664 473
Staff benefits	10	798 348	928 575
Training and tuition fees		31 781	8 248
Travel expenses		787 276	722 801
<b>Total expenditure</b>		<u>5 506 703</u>	<u>5 988 452</u>
<b>Surplus/(deficit) for the year</b>		<u>818 151</u>	<u>(92 336)</u>

**Statement of financial position  
as at 31 December 2012**

		At 31 December 2012	At 31 December 2011
<b>ASSETS</b>	<b>Notes</b>		
<b>Non-current assets</b>			
Property and equipment	12	<u>961 484</u>	<u>999 722</u>
<b>Current assets</b>			
Consumables	13	60 462	50 250
Trade and other receivables	14	845 842	451 353
Cash and cash equivalents	15	<u>2 925 817</u>	<u>1 050 768</u>
		<u>3 832 121</u>	<u>1 552 370</u>
<b>Total assets</b>		<u><u>4 793 605</u></u>	<u><u>2 552 092</u></u>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds</b>			
Accumulated funds		<u>1 832 772</u>	<u>1 014 621</u>
<b>Current liabilities</b>			
Trade and other payables	16	1 335 868	184 498
Provisions	17	612 060	284 252
Deferred income	18	<u>1 012 905</u>	<u>1 068 721</u>
		<u>2 960 833</u>	<u>1 537 471</u>
<b>Total funds and liabilities</b>		<u><u>4 793 605</u></u>	<u><u>2 552 092</u></u>

  
 .....  
 Professor E. T. Mutebile  
**Chairman**

  
 .....  
 Dr. E. E. Ngalande  
**Executive Director**

**Statement of changes in funds  
for the year ended 31 December 2012**

	<b>Accumulated Funds</b>	<b>Total</b>
<b>Balance at 1 January 2011</b>	1 106 957	1 106 957
Deficit for the year	<u>(92 336)</u>	<u>(92 336)</u>
<b>Balance at 31 December 2011</b>	<u>1 014 621</u>	<u>1 014 621</u>
<b>Balance at 1 January 2012</b>	1 014 621	1 014 621
Surplus for the year	<u>818 151</u>	<u>818 151</u>
<b>Balance at 31 December 2012</b>	<u>1 832 772</u>	<u>1 832 772</u>

**Statement of cash flows  
for the year ended 31 December 2012**

		<b>2012 USD</b>	<b>2011 USD</b>
<b>Cash flows from operating activities</b>	<b>Notes</b>		
Surplus/(deficit) for the year		818 151	(92 336)
<b>Adjustment for:</b>			
Depreciation		77 644	66 265
Interest income		(90 313)	(39 844)
Amortisation of deferred income		(55 816)	(38 279)
Increase/(Decrease) in provisions		327 808	(151 631)
Loss on revaluation		4 326	-
Profit on disposal of equipment		-	(2 585)
		<hr/>	<hr/>
Cash flows before changes in working capital		1 081 800	(258 410)
Net effect of working capital changes	<b>19</b>	<hr/> <u>746 669</u>	<hr/> <u>227 118</u>
Net cash generated/(utilised) in operations		<hr/> <u>1 828 469</u>	<hr/> <u>(31 292)</u>
<b>Cash flows from investing activities</b>			
Proceeds from disposal		-	3 127
Interest income		90 313	39 844
Acquisition of property and equipment		<hr/> <u>(43 732)</u>	<hr/> <u>(344 296)</u>
Net cash invested/(utilised) in investing activities		<hr/> <u>46 581</u>	<hr/> <u>(301 325)</u>
<b>Cash flows from financing activities</b>			
Advance disbursement		-	(350 964)
Capital contributions		<hr/> <u>-</u>	<hr/> <u>600 000</u>
Net cash inflows from financing activities		<hr/> <u>-</u>	<hr/> <u>249 036</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		1 875 050	(83 581)
Cash and cash equivalents at the beginning of the year		<hr/> <u>1 050 768</u>	<hr/> <u>1 134 349</u>
<b>Cash and cash equivalents at the end of year</b>	<b>15</b>	<hr/> <u>2 925 817</u>	<hr/> <u>1 050 768</u>



## **STATEMENT OF ACCOUNTING POLICIES** **for the year ended 31 December 2012**

### **1 General information**

The main activities 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.

#### **Basis of preparation**

The principal accounting policies adopted in the preparation of financial statements are set out below. The basis of preparation of financial statements is International Financial Reporting Standards.

#### **Statement of Compliance**

The Institute's financial statements have been prepared in accordance with International Financial Reporting Standards, (IFRS) and the International Financial Reporting Interpretations Committee, (IFRIC) interpretations. The financial statements are based on statutory records that are maintained under the historical cost convention.

#### **Summary of accounting policies**

##### **1.1 Overall considerations**

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below:

##### **1.2 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 recognized 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. In-kind contributions received from Technical Co-operating Partners are not recognised in the financial statements as the contribution is deemed to have been made to the Institute's members, rather than MEFMI. MEFMI members are also members of the institutions that represent Technical Co-operating Partners. The contribution from Technical Co-operating Partners is therefore acknowledged in a memorandum to the financial statements.

### **1.3 Operating expenses**

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

### **1.4 Taxation**

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.

### **1.5 Employee benefits**

Short-term employee benefits include wages, salaries and social security contributions; short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within 12 months after the end of the period in which the employees render the related employee service; Bonuses payable within twelve months after the end of the period in which the employees render the related service; and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees. The entity recognises the undiscounted amount of short-term employee benefits as an expense in profit and loss during the period in which the services are rendered.

### **1.5 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.

### **1.6 Cash and cash equivalents**

Cash on hand and in banks and short term deposits which are held to maturity are carried at cost. Cash and cash equivalents are defined as cash on hand, demand deposits and short term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of change. For the purpose of the cash flow statement, cash and cash equivalents consist of cash on hand and deposits in banks, net of outstanding bank overdrafts.

## 1.7 Provisions

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

## 1.8 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.

## 1.9 Property 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:

Buildings	-	25 years
Computers	-	4 years
Furniture and fittings	-	3 years
Motor vehicles	-	5 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.

## 1.10 Impairment of assets

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. Impairment losses are recognized in the statement of income and expenditure.

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

## **1.11 Inventories**

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

## **1.12 Financial instruments**

### **Loans receivables**

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

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

### **Fairvaluethroughprofitandloss**

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

### **Otherfinancialliabilities**

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

### **De-recognitionoffinancialassets**

Investments are derecognized 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 recognized in statement of income and expenditure when the financial assets are derecognized or impaired, as well as through the amortization process.

### **Impairmentoffinancialassets**

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.

## **1.13 Deferred income**

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

**Notes to the financial statements  
for the year ended 31 December 2012**

	<b>2012 USD</b>	<b>2011 USD</b>
<b>2 Amortisation of deferred income</b>		
Deferred income	<u>55 816</u>	<u>38 279</u>
<b>3 Co-operating partner funding</b>		
African Capacity Building Foundation (ACBF)	-	469 990
African Development Bank	-	38 814
Highly Indebted Poor Countries (HIPC)	-	20 690
International Monetary Fund (IMF)	40 000	38 814
Netherlands Government	220 000	660 000
Norwegian Government	669 012	765 725
Swedish Government	886 293	-
World Bank	<u>57 874</u>	<u>39 822</u>
	<u>1 873 179</u>	<u>2 033 855</u>
<b>4 In-kind contributions</b>		
Member states	<u>371 455</u>	<u>250 291</u>
<b>5 Interest receivable</b>		
MEFMI joint account	2 922	2 787
Residence funds	4 029	-
Short term deposits	79 756	34 083
Staff loans	<u>3 606</u>	<u>2 974</u>
	<u>90 313</u>	<u>39 844</u>
<b>6 Member state contributions</b>		
Angola	355 262	326 448
Botswana	276 260	263 264
Kenya	327 672	288 220
Lesotho	291 305	254 955
Malawi	302 963	265 064
Mozambique	270 847	263 035
Namibia	261 005	258 815
Rwanda	266 107	261 070
Swaziland	263 908	255 439
Tanzania	331 751	284 421
Uganda	298 559	278 344
Zambia	284 074	267 809
Zimbabwe	<u>295 209</u>	<u>264 233</u>
	<u>3 824 922</u>	<u>3 531 117</u>

**Notes to the financial statements  
for the year ended 31 December 2012 (continued)**

	<b>2012 USD</b>	<b>2011 USD</b>
<b>7 Other income</b>		
MEFMI T-Shirts	34	-
Participant fee	1 000	-
Proceeds from National Waste Paper	25	-
Reversal of provision for NSSA	105 272	-
Sale of assets	366	2 585
VAT refund	2 472	145
	<u>109 169</u>	<u>2 730</u>
<b>8 Office expenses</b>		
Advertising	557	7 943
Air courier mail	7 346	2 854
E-Communication charges	72 740	84 484
Equipment maintainance	56 746	56 449
General expenses	44 477	44 197
Office maintainance	27 403	51 813
Office security	18 818	19 268
Printing and stationery	10 600	40 588
Publications	38 181	38 364
Recruitment and relocation expenses	90 547	15 231
Telephone and postage	34 579	33 502
	<u>401 994</u>	<u>394 693</u>
<b>9 Professional fees</b>		
<b>Macroeconomic management programme</b>		
In-country workshops	27 850	40 766
Mission	42 613	10 928
Regional workshops	31 990	42 716
Studies	8 000	73 500
	<u>110 453</u>	<u>167 910</u>
<b>Financial sector management programme</b>		
Administration expenses	31 614	41 441
In-country workshops	5 800	7 112
Mission	50 960	36 236
	<u>88 374</u>	<u>84 789</u>

**Notes to the financial statements  
for the year ended 31 December 2012 (continued)**

	<b>2012 USD</b>	<b>2011 USD</b>
<b>Debt management programme</b>		
In-country workshops	24 970	2 147
Mission	600	25 200
Regional workshops	20 450	100 953
Studies	39 900	-
	<u>85 920</u>	<u>128 300</u>
<b>Multi-disciplinary activities</b>		
Executive fora	800	6 000
Fellow activities	6 975	173 845
Professional fees for fellows	1 790	29 260
	<u>9 565</u>	<u>209 105</u>
<b>Secretariat capacity building</b>		
Recruitment	675	2 500
Secretariat support	41 245	35 831
Staff development	1 870	-
	<u>43 790</u>	<u>38 331</u>
<b>Grand total</b>	<u><u>338 102</u></u>	<u><u>628 437</u></u>
<b>10 Staff benefits</b>		
House rent and maintenance	58 677	54 275
Housing allowance	109 347	105 143
Medical aid contribution	76 039	74 189
NSSA	11 490	105 272
Other	94 231	129 684
School fees subsidy	49 846	51 051
Terminal gratuity	398 718	408 961
	<u>798 348</u>	<u>928 575</u>
<b>11 Compensation to key management personnel</b>		
Gratuity	144 144	131 120
NSSA	2 516	-
Salaries and short term employee benefits	689 531	569 675
	<u>836 191</u>	<u>700 795</u>

**Notes to the financial statements  
for the year ended 31 December 2012 (continued)**

**12 Property, vehicles and equipment**

	Land USD	Buildings USD	Motor vehicles USD	Computer equipment USD	Office furniture USD	Total USD
<b>At 31 December 2011</b>						
Cost/valuation	-	957 427	86 097	230 104	260 931	1 534 559
Accumulated depreciation	-	(59 221)	(80 833)	(155 417)	(239 366)	(534 837)
<b>Closing carrying amount</b>	-	<u>898 206</u>	<u>5 264</u>	<u>74 687</u>	<u>21 565</u>	<u>999 722</u>
<b>During the year ended 31 December 2012</b>						
Opening carrying amount	-	898 206	5 264	74 687	21 565	999 722
Revaluation	125 000	(207 620)	-	-	-	(82 620)
Accumulated depreciation on revaluation	-	78 294	-	-	-	78 294
Additions	-	2 830	-	15 103	25 799	43 732
Disposals	-	-	-	-	-	-
Depreciation charge	-	(33 917)	(5 264)	(22 893)	(15 570)	(77 644)
<b>At 31 December 2012</b>	<u>125 000</u>	<u>737 793</u>	<u>-</u>	<u>66 897</u>	<u>31 794</u>	<u>961 484</u>
Cost/valuation	125 000	752 850	86 098	244 689	286 229	1 494 866
Accumulated depreciation	-	(15 057)	(86 098)	(177 792)	(254 435)	(533 382)
<b>Closing carrying amount</b>	<u>125 000</u>	<u>737 793</u>	<u>-</u>	<u>66 897</u>	<u>31 794</u>	<u>961 484</u>

Land and buildings were revalued on 30 June 2012 by Guest and Tanner, an independent valuer, on a net replacement value basis with reference to recent market transactions on an arm's length basis. If the land and buildings had been carried at cost less accumulated depreciation the carrying amount would have amounted to USD 859 909.



**Notes to the financial statements  
for the year ended 31 December 2012 (continued)**

	<b>2012 USD</b>	<b>2011 USD</b>
<b>13 Consumables</b>		
Office Consumables	2 082	3 972
Computer consumables	30 935	-
Publications	19 225	8 567
Stationery	8 220	37 711
	<u>60 462</u>	<u>50 250</u>
<b>14 Trade and other receivables</b>		
Workshop advances	7 256	33 264
Contributions due: Angola	355 262	-
Rwanda	266 107	-
Zambia	-	46 380
Zimbabwe	85 209	240 000
Prepayments	44 745	42 967
Staff loans and advances	79 204	83 731
Other receivables	2 891	-
Value Added Tax claims	5 168	5 011
	<u>845 842</u>	<u>451 353</u>
<b>15 Cash and cash equivalents</b>		
For the purposes of statement of cash flows, cash and cash equivalents includes cash on hand and cash at bank. Cash and cash equivalents at the end of the financial period as shown in the statement of cash flows		
Cash on hand	1 057	2 000
Cash at bank	74 534	678 499
Gratuity account	100 269	99 572
Short term deposits	2 749 957	270 697
	<u>2 925 817</u>	<u>1 050 768</u>
<b>16 Trade and other payables</b>		
Accrued expenses	12 013	41 292
Audit fees accrual	32 647	25 090
Member states	1 228 248	-
Professional fees	62 960	118 116
	<u>1 335 868</u>	<u>184 498</u>

**Detailed statement of income and expenditure  
for the year ended 31 December 2012**

	<b>2012 USD</b>	<b>2011 USD</b>
<b>17 Provisions</b>		
Leave pay	90 013	31 873
National Social Security Authority	-	136 685
Terminal gratuity	<u>522 047</u>	<u>115 694</u>
	<u><u>612 060</u></u>	<u><u>284 252</u></u>
<b>18 Deffered income</b>		
Balance at beginning of the year	1 068 721	857 964
Contributions received in advance-Angola	-	(350 964)
Asset contribution from member countries	-	600 000
Amortisation	<u>(55 816)</u>	<u>(38 279)</u>
Balance at end of year	<u><u>1 012 905</u></u>	<u><u>1 068 721</u></u>
<b>19 Net effects of changes in working capital</b>		
Increase in inventories	(10 212)	(14 465)
(Increase)/decrease in receivables	(394 490)	197 109
Increase in payables	<u>1 151 370</u>	<u>44 474</u>
	<u><u>746 669</u></u>	<u><u>227 118</u></u>

**Detailed statement of income and expenditure  
for the year ended 31 December 2012**

	<b>2012</b>	<b>2011</b>
	<b>USD</b>	<b>USD</b>
<b>INCOME</b>		
African Capacity Building Foundation (ACBF)	-	469 990
African Development Bank	-	38 814
Amortisation of deferred income	55 816	38 279
EU – Zimbabwe Debt Programme	-	13 803
HIPC Capacity Building Project	-	6 887
In-kind contributions	371 455	250 291
Interest income	90 313	39 844
International Monetary Fund	40 000	38 814
Member state contributions	3 824 922	3 531 117
Netherlands Government	220 000	660 000
Norwegian Government	669 012	765 725
Other	109 169	145
Profit on disposal of fixed assets	-	2 585
Swedish Government	886 293	-
World Bank	57 874	39 822
	<u>6 324 854</u>	<u>5 896 116</u>
<b>EXPENDITURE</b>		
<b>Macroeconomic Management Programme</b>		
In-country workshops	60 226	68 115
Missions	138 405	59 560
Networking	10 126	-
Operating expenses	72 630	119 738
Programme delivery- staff	633 216	491 723
Regional workshops	618 213	468 960
Staff development	13 449	-
Studies	18 038	108 911
	<u>1 564 303</u>	<u>1 317 007</u>
<b>Financial Sector Management Programme</b>		
In-country workshops	45 824	18 158
Missions	115 205	62 484
Networking	1 153	-
Operating expenses	89 356	104 804
Programme delivery- staff	535 935	601 260
Regional workshops	402 304	592 717
Staff development	8 946	-
Studies	10 435	-
	<u>1 209 158</u>	<u>1 379 423</u>

**Detailed statement of income and expenditure (continued)  
for the year ended 31 December 2012**

	<b>2012 USD</b>	<b>2011 USD</b>
<b>Debt Management Programme</b>		
HIPC Capacity Building Project	-	20 690
In- country workshops	52 043	26 899
Missions	45 525	98 414
Networking	11 607	-
Operating expenses	83 804	108 558
Programme delivery- staff	599 183	601 933
Regional workshops	509 047	410 042
Staff development	9 918	-
Studies	77 215	2 329
	<u>1 388 342</u>	<u>1 268 865</u>
<b>Multi-disciplinary activities</b>		
Executive Fora	185 008	187 673
Fellows Development Programme	14 330	334 580
Networking	22 137	-
Operating expenses	45 559	67 341
Programme delivery- staff	159 452	121 483
Staff development	8 397	-
	<u>434 883</u>	<u>711 077</u>
<b>Secretariat Capacity Building</b>		
Depreciation	77 643	66 265
Networking	727	67 072
Operating expenses	66 427	54 047
Programme delivery- staff	125 428	113 240
Publications	10 742	29 187
Resource mobilisation	25 597	20 999
Staff development and retreats	7 470	47 779
Staff recruitment and relocation	117 673	82 202
	<u>431 707</u>	<u>480 791</u>
<b>Administration</b>		
Governing bodies	49 939	99 616
Operating expenses	83 304	136 374
Salaries, wages and benefits	345 067	595 298
	<u>478 310</u>	<u>831 288</u>
<b>Total expenditure</b>	<u><u>5 506 703</u></u>	<u><u>5 988 452</u></u>
<b>Surplus / (deficit) for the year</b>	<u>818 151</u>	<u>-92,336</u>

**IN-KIND CONTRIBUTIONS 2012  
TECHNICAL CO-OPERATING PARTNERS**

Start Date	Finish Date	Participant Name	Organization	Country	Activity Name	Description	Amount \$
9/1/2012	15/09/12	Mr. Sanderson, Abel Mwalie	SERA-USAID	MALAWI	untitative Methods and Analysis for Debt and Reserves management	Air Ticket	481
9/1/2012	15/09/12	Mr. Sanderson, Abel Mwalie	SERA-USAID	MALAWI	untitative Methods and Analysis for Debt and Reserves management	Conference charge	315
9/1/2012	15/09/12	Mr. Sanderson, Abel Mwalie	SERA-USAID	MALAWI	untitative Methods and Analysis for Debt and Reserves management	Ground Transport	120
9/1/2012	15/09/12	Mr. Sanderson, Abel Mwalie	SERA-USAID	MALAWI	untitative Methods and Analysis for Debt and Reserves management	Allowances	879
9/1/2012	15/09/12	Mr. Sanderson, Abel Mwalie	SERA-USAID	MALAWI	untitative Methods and Analysis for Debt and Reserves management	Accomodation	1,274
9/1/2012	15/09/12	Ms. Nyasha Mutswiri	SERA-USAID	MALAWI	untitative Methods and Analysis for Debt and Reserves management	Air Ticket	481
9/1/2012	15/09/12	Ms. Nyasha Mutswiri	SERA-USAID	MALAWI	untitative Methods and Analysis for Debt and Reserves management	Conference Charge	315
9/1/2012	15/09/12	Ms. Nyasha Mutswiri	SERA-USAID	MALAWI	untitative Methods and Analysis for Debt and Reserves management	Ground Transport	120
9/1/2012	15/09/12	Ms. Nyasha Mutswiri	SERA-USAID	MALAWI	untitative Methods and Analysis for Debt and Reserves management	Allowances	879
9/1/2012	15/09/12	Ms. Nyasha Mutswiri	SERA-USAID	MALAWI	untitative Methods and Analysis for Debt and Reserves management	Accomodation	1,274
6/4/2012	15/06/12	Mrs. Vimbayi Paketh	SERA-USAID	TANZANIA	Data requirements for economic development:SNA 2008,4-15 JUNE 2012	Air Ticket	1,390
6/4/2012	15/06/12	Mrs. Vimbayi Paketh	SERA-USAID	TANZANIA	Data requirements for economic development:SNA 2008,4-15 JUNE 2012	conference charge	300
6/4/2012	15/06/12	Mrs. Vimbayi Paketh	SERA-USAID	TANZANIA	Data requirements for economic development:SNA 2008,4-15 JUNE 2012	Transport	110
6/4/2012	15/06/12	Mrs. Vimbayi Paketh	SERA-USAID	TANZANIA	Data requirements for economic development:SNA 2008,4-15 JUNE 2012	Allowances	442
6/4/2012	15/06/12	Mrs. Vimbayi Paketh	SERA-USAID	TANZANIA	Data requirements for economic development:SNA 2008,4-15 JUNE 2012	Accomodation	1,040
6/4/2012	15/06/12	Mr. Tidings Matangira	SERA-USAID	TANZANIA	Data requirements for economic development:SNA 2008,4-15 JUNE 2012	Air Ticket	1,390
6/4/2012	15/06/12	Mr. Tidings Matangira	SERA-USAID	TANZANIA	Data requirements for economic development:SNA 2008,4-15 JUNE 2012	Conference charge	300
6/4/2012	15/06/12	Mr. Tidings Matangira	SERA-USAID	TANZANIA	Data requirements for economic development:SNA 2008,4-15 JUNE 2012	Transport	110
6/4/2012	15/06/12	Mr. Tidings Matangira	SERA-USAID	TANZANIA	Data requirements for economic development:SNA 2008,4-15 JUNE 2012	Allowances	442
6/4/2012	15/06/12	Mr. Tidings Matangira	SERA-USAID	TANZANIA	Data requirements for economic development:SNA 2008,4-15 JUNE 2012	Accomodation	1,040
6/4/2012	15/06/12	Mr. Russel Freeman	IMF-Statistics Department	TANZANIA	Data requirements for economic development:SNA 2008,4-15 JUNE 2012	Professional fees	9,100
6/4/2012	15/06/12	Mr. Russel Freeman	IMF-Statistics Department	TANZANIA	Data requirements for economic development:SNA 2008,4-15 JUNE 2012	Accomodation	1,120
6/4/2012	15/06/12	Mr. Russel Freeman	IMF-Statistics Department	TANZANIA	Data requirements for economic development:SNA 2008,4-15 JUNE 2012	Air Ticket	10,000
6/4/2012	15/06/12	Mr. Russel Freeman	IMF-Statistics Department	TANZANIA	Data requirements for economic development:SNA 2008,4-15 JUNE 2012	Perdiem	2,800
6/4/2012	15/06/12	Mr. Russel Freeman	IMF-Statistics Department	TANZANIA	Data requirements for economic development:SNA 2008,4-15 JUNE 2012	Airport transfers	100
6/4/2012	15/06/12	Ms. Margaret Fitzgibbon	IMF-Statistics Department	TANZANIA	Data requirements for economic development:SNA 2008,4-15 JUNE 2012	Professional fees	9,100
6/4/2012	15/06/12	Ms. Margaret Fitzgibbon	IMF-Statistics Department	TANZANIA	Data requirements for economic development:SNA 2008,4-15 JUNE 2012	Accomodation	1,120
6/4/2012	15/06/12	Ms. Margaret Fitzgibbon	IMF-Statistics Department	TANZANIA	Data requirements for economic development:SNA 2008,4-15 JUNE 2012	Air Ticket	6,000
6/4/2012	15/06/12	Ms. Margaret Fitzgibbon	IMF-Statistics Department	TANZANIA	Data requirements for economic development:SNA 2008,4-15 JUNE 2012	Perdiem	2,800
6/4/2012	15/06/12	Ms. Margaret Fitzgibbon	IMF-Statistics Department	TANZANIA	Data requirements for economic development:SNA 2008,4-15 JUNE 2012	Airport transfers	100
<b>TOTAL</b>							<b>54,942</b>

# 8. annexure

## Annex I: Regional Capacity Building Activities Conducted During January to December 2012

Activity Date Venue	Objective	TCP	Resource Persons					S	Participants			Target (J, MM, Snr, D)
			International		Regional	MEFMI Staff	C		M	F		
			Paid	Gratis								
<b>Macroeconomic Management Programme</b>												
1. Heads of Research & Policy Units of Central Banks & Ministries of Finance, Planning & Economic Development Retreat 19to 23March, 2012 Ezulwini, Swaziland	<ul style="list-style-type: none"> <li>To exchange views on topical economic issues</li> <li>To review recent economic development.</li> <li>To assess risks and opportunities for the region</li> </ul>	-	0	0	3	0	2	10	15	4	Senior Managers, Directors	
<b>Outputs</b> <ul style="list-style-type: none"> <li>Rich exchanges of ideas on topical economic issues, recent economic development, on risks and opportunities for the region, and implications for the MEFMI region were made.</li> <li>Increased awareness of MEFMI's overall capacity building initiatives especially in the macroeconomic management areas</li> </ul>												
2. Introductory Macroeconomic Analysis and Management Course 2to13April, 2012 Kampala, Uganda	<ul style="list-style-type: none"> <li>To equip participants with key conceptual and analytical frameworks for macroeconomic policy design, analysis, forecasting and implementation.</li> <li>To provide some cutting edge analysis and discussion of current issues in macroeconomic management like the global financial crisis as well as trade policy related issue.</li> <li>To review the macroeconomic accounting principles, classifications and use of terminologies as provided for in the recent manuals.</li> <li>To take participants through the linkages in the macroeconomic accounts in order to appreciate how these accounts are linked.</li> </ul>	0	0	0	1	4	2	11	14	18	Junior Officers	
<b>Outputs</b> <ul style="list-style-type: none"> <li>Participants were equipped with key conceptual and analytical frameworks for macroeconomic policy design, analysis, forecasting and implementation</li> <li>Participants learned some cutting edge analysis and discussion of current issues in macroeconomic management like the global financial crisis as well as trade policy related issue.</li> <li>Participants constructed macroeconomic accounts, made classification of different sectors using the recent manuals.</li> <li>Participants were taken through the linkages in the macroeconomic accounts and appreciated how these accounts are linked.</li> </ul>												

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

Activity Date Venue	Objective	TCP	Resource Persons					S			Participants	Target (J, MM, Snr, D)
			International		Regional	MEFMI Fellows	MEFMI Staff	C	M	F		
			Paid	Gratis								
3. Joint MEFMI/SADC Course of Foreign Private Capital 16 to 20 April 2012 Gaborone, Botswana	<ul style="list-style-type: none"> <li>To build capacity in the SADC region to record, monitor, analyse, and disseminate private capital flows data in line with international best practice.</li> <li>To facilitate the harmonization of private capital monitoring tools to enhance data comparability in the SADC region.</li> </ul>	0	0	0	1	0	0	1	10	15	4	MM, Snr
<b>Outputs</b>	<ul style="list-style-type: none"> <li>Useful intellectual exchange of experiences on recording, monitoring, analysing, and disseminating private capital flows</li> <li>Action plans on strategies to achieve regional harmonization</li> <li>Increased awareness of MEFMI products such as FPC Generic Questionnaire and PCMS.</li> </ul>											
4. Retreat for Heads of Departments/Units Responsible for Monitoring and Analysis of Foreign Private Capital (FPC) Gaborone, Botswana 14 to 18 May 2012	<ul style="list-style-type: none"> <li>To provide a platform to strategize and share experiences to record, monitor and manage private capital flows according to international minimum standards.</li> <li>To assess regional capacity gaps in FPC monitoring</li> <li>To discuss pertinent economic issues affecting the flow of private capital to MEFMI region and design clear strategies to deal with attendant bottlenecks.</li> <li>To exchange views on policies to promote, sustain and optimize the benefits of global capital flows.</li> </ul>	-	0	0	1	0	2	3	10	12	9	M, Snr, D
<b>Outputs</b>	<ul style="list-style-type: none"> <li>Useful exchange of experiences on private capital policies and techniques.</li> <li>Enhanced networking among FPC heads of departments/units. This is envisaged to improve regional harmonization.</li> <li>Highlighted challenges facing countries in recording, monitoring and managing FPC and discussed the possible remedial measures.</li> <li>Increased awareness of MEFMI's capacity building initiatives especially in the area of FPC.</li> </ul>											
5. Data Requirements for Economic Management, System of National Accounts (SNA 2008) 4 to 15 June 2012 Arusha, Tanzania	Provide training on national accounts concepts and compilation methodology to national accounts statisticians and users with a focus on quarterly and annual GDP at current and constant prices based on the System of National Accounts 2008.	IMF Statistics Department	0	2	1	0	0	3	11	18	7	M and Snr
<b>Outputs</b>	<ul style="list-style-type: none"> <li>Enhanced participants' appreciation of the need for reliable national accounts data.</li> <li>The importance of coordination within the statistics office, the Government ministries, the public sector and the private sector was underscored.</li> <li>Participants learnt the methodology of compiling quarterly and annual national accounts.</li> <li>Participants were introduced to the main changes in 2008 SNA from 1993 SNA.</li> </ul>											
6. Modelling Manual Finalisation Workshop MEFMI, Boardroom 9 to 10 June 2012	To incorporate the Peer reviewer's comments and finalise the Manual.	-	-	-	1	-	-	4	2	6	1	Snr & D

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

Activity Date Venue	Objective	TCP	Resource Persons				S	Participants			Target (J, MM, Snr, D)	
			International	Gratis	Paid	Regional		MEFMI Fellows	MEFMI Staff	C		M
<b>Outputs:</b> <ul style="list-style-type: none"> <li>The workshop incorporated peer reviewers comments and produced a final version that will be published after cleaning and proofreading.</li> </ul>												
<b>7. Advanced course on MEFM Private Capital Monitoring System (PCMS)</b> Lusaka, Zambia, 2 – 7, July 2012	<ul style="list-style-type: none"> <li>To update users with PCMS version II.</li> <li>To equip regional system administrators with skills to support and manage the software.</li> <li>To upgrade PCMS with online questionnaire module.</li> </ul>	-	0	0	1	1	1	2	10	17	6	J, MM
<b>Outputs:</b> <ul style="list-style-type: none"> <li>Enhanced skills on PCMS Version II functionalities skills to 23 users and IT system administrators</li> <li>Designed the prototype module for the online data entry</li> <li>Developed outlay for the data time series</li> </ul>												
<b>8. Workshop of Regional Integration, Monetary and Customs Union</b> Addis Ababa-Ethiopia, 23 to 28, July 2012.	<ul style="list-style-type: none"> <li>To equip participants with theoretical underpinnings of regional integration.</li> <li>To update participants with challenges and experiences from Regional Economic Communities (RECs).</li> </ul>	UNECA	0	4	0	0	0	4	9	16	7	J,MM, Snr
<b>Outputs:</b> <ul style="list-style-type: none"> <li>Enhanced skills on regional integration and customs union including theoretical underpinnings and practical experiences.</li> <li>Exposure to experiences from Regional Economic Communities (RECs).</li> <li>Networked participants from MEFMI region with continental regional integration experts from Northern, Western, Central and Eastern Africa.</li> </ul>												
<b>9. Regional Course on Revenue Policy &amp; Administration,</b> Sept 17 to 21, 2012, Maseru, Lesotho	Provide training for middle to senior level economists in revenue policy and administration from revenue authorities and policy analysis units in ministries of finance and of planning.	-	0	0	2	0	1	3	10	7	16	MM.Snr
<b>Outputs:</b> <ul style="list-style-type: none"> <li>Provided appropriate systems and tools of revenue mobilization and administration.</li> <li>Reviewed and refined revenue policy and frameworks in the context of the prevailing macroeconomic circumstances of member countries.</li> <li>Imparted cutting edge developments and best practices in revenue policy and management at regional and international level.</li> </ul>												
<b>10. Financial Programming and Policies Course</b> 24 September to 5 October 2012 Kigali, Rwanda	<ul style="list-style-type: none"> <li>Sharpen participants' understanding of the sectoral linkages and their impact on policy design;</li> <li>Improve capacity in forecasting and projection and applications to policy formulation; and</li> <li>Improve appreciation of policy trade-offs and linkage for policy consistency.</li> </ul>	IMF Institute	0	3	0	0	0	3	10	17	11	MM.Snr



Activity Date Venue	Objective	TCP	Resource Persons						S			Participants C M F	Target (J, MM, Snr, D)		
			International		Regional		Mefmi Staff	Mefmi Fellows	3	4	12			17	20
			Paid	Gratis	0	1									
<b>Debt Management Programme</b>															
<b>Outputs</b>															
<ul style="list-style-type: none"> <li>Sharpened understanding of the steps taken in model building;</li> <li>Improved appreciation of impulse responses of key economic indicators under an economic shock;</li> <li>Enhanced appreciation of the sequencing issues in policy design; and implementation and the importance of commitment to see policy measures run their course</li> </ul>															
<b>12. Domestic Debt Operations and Management Workshop</b> 5 to 14 March 2012 Kampala, Uganda	To equip participants with domestic debt concepts, developing and managing debt markets; domestic debt instruments, pricing mechanisms of the different instruments and coordination between monetary and fiscal policies	-	0	0	1	2	3	4	12	17	20	MM, Snr			
<b>Outputs</b>															
<ul style="list-style-type: none"> <li>Knowledge of key domestic debt management concepts, definitions and issuance techniques imparted</li> <li>Imparted practical skills for instruments pricing, yields determination and technical analysis and interpretation</li> <li>Identified regional and country-specific capacity building needs</li> </ul>															
<b>13. Joint regional MEFMI/Comsec workshop on Developing a Public Debt Bulletin</b> 23 April to 2 May 2012 Arusha, Tanzania	<ul style="list-style-type: none"> <li>To equip participants with the necessary skills to operate CS-DRMS 2000+ and use it to generate reports necessary for preparing a Public Debt Bulletin;</li> <li>To train participants on statistical reporting requirements and features of a good public debt bulletin;</li> <li>To impart skills on how to use the system more effectively to report to other institutions such as the Bretton Wood Institutions; and</li> <li>To impart skills on how to undertake various sensitivity analyses on a debt portfolio.</li> </ul>	Comsec	0	4	0	2	1	3	8	12	14	MM, Snr			
<b>Outputs</b>															
<ul style="list-style-type: none"> <li>Adapted template for developing an actual public debt bulletin.</li> <li>Skills to develop a public debt bulletin including extraction of relevant CS-DRMS 2000+ report.</li> <li>Knowledge of new relevant debt statistics compilation, analysis and reporting definitions, methodologies and standards.</li> <li>Awareness of relevant experiences from which to tap and learn when developing public debt statistics bulletins.</li> </ul>															
<b>14. Data Validation Using DMFAS 6.0 Workshop</b> 18 to 21 June 2012 Harare, Zimbabwe	<ul style="list-style-type: none"> <li>To provide hands-on training on the use of the new DMFAS 6.0 for debt validation and generation of related reports.</li> <li>To provide training on data validation concepts and methodologies with a view to fostering adoption of validation calendars and best practice by the MEFMI countries.</li> <li>To share country experiences with data validation.</li> </ul>	UNCTA D	0	2	1	0	2	3	5	12	10	MM, Snr			
<b>Outputs</b>															
<ul style="list-style-type: none"> <li>Data validation procedures, which spells out a calendar of actions to be executed by the debt management office to ensure the reliability of data.</li> <li>Improved validation skills that minimize data errors and thus ensuring reliability of debt data.</li> </ul>															

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

Activity Date Venue	Objective	TCP	Resource Persons						S	Participants			Target (J, MM, Snr, D)
			International		Regional		MEFMI Staff			C	M	F	
			Paid	Gratis									
15. <b>Legal, Institutional and Regulatory Framework for Public Debt Management Workshop</b> 2 to 6 July, 2012 Mombasa, Kenya	<ul style="list-style-type: none"> <li>The general objective of the workshop was to enhance the participant's practical understanding of legal, institutional and regulatory framework for public debt management</li> </ul>	0	2	0	0	0	1	3	10	15	12	MM, Snr	
<b>Outputs</b> <ul style="list-style-type: none"> <li>Participants gained knowledge on the appropriate legal and institutional frameworks for public debt management;</li> <li>Participants reviewed their countries' legislations governing public debt management as well as institutional arrangement and prepared proposed amendments to address gaps.</li> </ul>													
16. <b>Quantitative Methods and Analysis for Debt and Reserves Management</b> 3 to 13 September 2012 Lilongwe, Malawi	<ul style="list-style-type: none"> <li>To provide hands-on training to officials in the Ministries of Finance and Central Banks on Asset and Liability Management (ALM) techniques, practices and applications</li> </ul>	-	1	0	1	1	3	4	11	21	13	JM, MM,	
<b>Outputs</b> <ul style="list-style-type: none"> <li>Enhanced knowledge and practical skills for managing the debt and reserves portfolios, including pricing fixed income instruments, calculating risks and overall portfolio management.</li> </ul>													
17. <b>Debt Managers Seminar</b> 22 to 24 October, Maputo, Mozambique	<ul style="list-style-type: none"> <li>To enhance understanding of PPPs, including the related definitions, concepts, policies and principles;</li> <li>To discuss the legal, institutional and policy frameworks appropriate for more effective use and management of PPPs;</li> </ul>	OECD RSA Treasury	1	1	0	0	2	3	10	16	7	Snr, MM, D	
<b>Outputs</b> <ul style="list-style-type: none"> <li>The Seminar came up with specific recommendations to improve PPPs contracting process and management in the region. These transcended legal, institutional and policy frameworks; related negotiations, procurement and budgeting processes; and the relevant feasibility and risk analysis and tools; and,</li> <li>Enhanced knowledge and awareness amongst participants on various aspects of PPPs contracting and management.</li> </ul>													
18. <b>Joint World Bank/MEFMI Debt Management Performance Assessment (DeMPA) Training for Auditors</b> 12 to 16 November 2012; Nairobi, Kenya	<ul style="list-style-type: none"> <li>The general objective of the workshop was to train officials from Supreme Audit Institutions on international standards relating to best practice in sovereign debt management.</li> <li>Specifically, it introduced the auditors to the concepts and requirements for effective debt management and public debt audit as enunciated in the World Bank DeMPA tool</li> </ul>	World Bank	0	3	0	0	2	3	16	23	10	Jnr, MM, Snr	
<b>Outputs</b> <ul style="list-style-type: none"> <li>Participants gained knowledge and practical skills for conducting Debt Management Performance Assessments and designing the associated reform plans.</li> <li>The knowledge and skills gained would enhance their understanding of the subject and thus enable them comprehensively audit performance of public debt management in their countries</li> </ul>													

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C=MEFMI Countries Participating M= Male F=Female J=Junior Manager

Activity Date Venue	Objective	TCP	Resource Persons					S			Participants			Target (J, MM, Snr, D)
			International		Regional	MEFMI Fellows	MEFMI Staff	C	M	F	C	M	F	
			Paid	Gratis										
<b>FINANCIAL SECTOR MANAGEMENT PROGRAMME</b>														
19. Financial Stability and Macro-prudential Supervision 20 to 24 February 2012 Mbabane, Swaziland	To provide participants with a comprehensive view of issues pertaining to financial system stability and macro prudential supervision.	RBS	0	1	1	0	1	0	1	2	10	22	10	MM, Snr
<b>Outputs</b>														
<ul style="list-style-type: none"> <li>Equipped participants with skills of how to develop financial stability frameworks and how to conduct financial stability assessments.</li> <li>Updated participants on the global developments in the area of bank supervision</li> </ul>														
20. Retreat for Heads for Payment and Settlement Systems 24 to 26 April 2012 Maseru, Lesotho	To address methods of devising policies for payment systems development.	0	0	2	0	1	0	4	10	13	12		D	
<b>Outputs</b>														
<ul style="list-style-type: none"> <li>The participants gained knowledge on how to develop policy proposals for AML/CFT and innovative payment systems.</li> <li>At the end of the retreat, participants demonstrated an appreciation and understanding of oversight of financial market infrastructures.</li> <li>Ideas were shared among member countries with draft bills on consumer protection.</li> </ul>														
21. RAMP Workshop on Risk, Performance and Reporting for Africa Region 14 to 18 May 2012 Mombasa, Kenya	To support the implementation of a strong analytical capacity for risk and performance measurement and reporting for fixed income portfolios	World Bank	0	3	0	0	2	15	19	7				
<b>Outputs</b>														
<ul style="list-style-type: none"> <li>Provided solid foundation for a risk management framework that allows participants to measure, monitor, and report portfolio risk and performance</li> </ul>														
22. Risk Based Supervision and Selected Components of Basel III June 4 to 8 2012 Kampala, Uganda	To enhance supervisory skills in risk-based supervision as well as provide an overview of the Basel III framework.	Standard Bank Limited	1	2	2	0	1	3	9	14	8		MM, Snr	
<b>Outputs</b>														
<ul style="list-style-type: none"> <li>Equipped participants with skills and knowledge of the practical aspects of risk based supervision</li> <li>Updated participants on the global markets developments and emerging risks in bank supervision</li> </ul>														
23. RAMP Workshop on Strategic Asset Allocation for Africa Region June 18 to 22 June 2012 Paris, France	To teach quantitative techniques underpinning the strategic asset allocation recommendation.	World Bank	0	3	0	0	0	2	7	11	2		J, MM	
<b>Outputs:</b>														
Familiarized participants with the quantitative methods and modeling techniques that are required to address the asset allocation problems of Central Banks and other official institutions.														

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C=MEFMI Countries Participating    M= Male    F=Female    J=Junior Manager

Activity Date Venue	Objective	TCP	Resource Persons					S	Participants			Target (J, MM, Snr, D)
			International		Regional	MEFMI Fellows	MEFMI Staff		C	M	F	
			Paid	Gratis								
24. RAMP Workshop on External Fund Management August 20 to 24 Port Louis, Mauritius	To provide participants with a governance and operational framework for setting up and managing an external manager program.	World Bank Central Bank of Nigeria	0	5	0	0	0	2	6	6	6	J,MM
<b>Outputs:</b> Participants were equipped with skills for engaging and managing an external fund manager.												
25. Advanced Risk Management and Modelling 27 <sup>th</sup> to 31 <sup>st</sup> August 2012 Windhoek, Namibia	To introduce participants to latest quantitative techniques, optimization templates, and processes for risk management.	BIS	0	1	2	1	1	2	10	18	13	MM,Snr
<b>Outputs:</b> Participants were equipped with quantitative techniques in the identification, measuring, and monitoring of financial risks • Enhanced skills for analytical risk and performance management in line with central bank investment objectives.												
26. RAMP Workshop on Securities Accounting 15 to 19 October 2012 Johannesburg South Africa	To provide participants with a good understanding of accounting valuation and control methodologies for high fixed income securities	World Bank	0	4	1	0	1	2	14	21	14	MM
<b>Outputs:</b> • knowledge on accounting procedures and methodologies for fixed income instruments typically used in reserves management												
27. New Developments in Payments and Settlement Systems 22 to 26, October 2012 Gaborone, Botswana	To enhance knowledge on the upcoming issues, current products, principles and regulations in payment, clearing and settlement systems.	0	0	2	2	1	0	3	13	17	15	L, MM
<b>Outputs:</b> • At the end of the workshop, participants demonstrated an appreciation and understanding of oversight of FMs. • Experiences and challenges were shared among member countries who have implemented a national switch.												
28. Retreat for Heads of Financial Markets 13 to 15 Nov. 2012 Luanda, Angola	Offer a unique opportunity for policy makers, and market participants to share and contribute on critical issues impacting on the development of the domestic markets in the region.	Investe C	2	2	2	0	2	3	8	16	3	Snr
<b>Outputs:</b> • Experiences and challenges were shared among countries going through regulatory reforms in their financial markets • At the end of the workshop, participants demonstrated a deeper understanding on the need for reforms in contractual savings systems, the relevance of diversification of the investor base, benefits of a fair tax regime and the application of benchmark bonds.												

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

Activity Date Venue	Objective	TCP	Resource Persons					S	Participants			Target (J, MM, Snr, D)
			International		Regional	MEFMI Fellows	MEFMI Staff		C	M	F	
			Paid	Gratis								
<b>MULTIDISCIPLINARY ACTIVITIES</b>												
29. Human Resources Workshop 27 February to 2 March 2012 Kigali, Rwanda	To share experiences on the approaches to formulation and implementation of reward management strategies and policies for an organization  To expose participants to and share experiences on job evaluation techniques and applications	-		2	0	1	3	11	14	15	J, MM, Snr	
<b>Output:</b> Enhanced knowledge on approaches and tools on formulation and implementation of rewards management strategies and policies												
30. Fellows Assessment for Graduation 24 to 25 July 2012 Harare, Zimbabwe	To assess candidate fellows for graduation	-	1	5	0	8	3	6	6	2	J, MM, Snr	
<b>Output:</b> Increased availability of fellows for delivery of capacity building activities.												
31. Fellows Assessment for Accreditation 25 July 2012 Harare, Zimbabwe	To assess graduated fellows for accreditation	-	1	0	5	8	3	3	1	2	MM	
<b>Output:</b> Increased availability of fellows for delivery of capacity building activities												
32. 2012 MEFMI Combined Forum 10 October 2012, Tokyo, Japan	To create awareness on the challenges and implications of regional integration following the Euro Debt Crisis: -To provide an appreciation of the role of financial sector policies in economic transformation; and -To explore ways of creating sovereign wealth funds from proceeds of natural resources	Norway	0	4	0	0	7	13	27	5	D	
<b>Output:</b> Increased awareness on global matters.												

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

## Annex II: In-country Workshops Conducted During January to December 2012

Activity Date Venue	Objective	TCP	Resource Persons					S	Participants			Target (J, MM, Snr, D)
			International		Regional	MEFMI Fellows	MEFMI Staff		C	M	F	
			Paid	Gratis								
<b>Macroeconomic Management Programme</b>												
1. Swaziland In-Country Workshop on the Constructed Small Scale Macro Model 5 to 16 March 2012 Piggs Peak Town, Swaziland.	<ul style="list-style-type: none"> <li>To carry out the model simulations, calibration and policy analysis on the basis of the model results.</li> <li>To finalise the "HOW &amp; WHAT TO DO" guide and train the Swaziland team on how to use it.</li> </ul>		1	0	1	1	1	1	1	3	2	J, MM
<b>Outputs</b>												
<ul style="list-style-type: none"> <li>Calibrated and simulated the model and got plausible results on the basis of which a policy analysis was made.</li> <li>Availed the "how and what to do" and trained the team on how to use it.</li> </ul>												
2. Rwanda In-Country Workshop on Quarterly GDP Compilation Methodology. January 23 to 3 February 2012 Kigali, Rwanda	<ul style="list-style-type: none"> <li>To review the current status of quarterly GDP-estimates of GDP by the NBR with a view to improving the methodology, estimates and sources of data</li> <li>To provide training on quarterly national accounts to, more specifically on quarterly estimates of GDP</li> <li>Provide hands-on training by working with actual data compiling illustration flash estimates and forecasts for coming quarters.</li> </ul>	-	0	0	1	2	1	1	6	1		J, MM, Snr
<b>Outputs</b>												
<ul style="list-style-type: none"> <li>Designed a Prototype Quarterly GDP Forecasting Framework for NBR</li> <li>Trained staff on GDP forecasting framework</li> </ul>												
3 Economic Modelling and Forecasting Workshop 2nd to 13th July, 2012, Maputo, Mozambique	<ul style="list-style-type: none"> <li>To improve participants' knowledge and skills on applications of econometric concepts and tools in macroeconomic analysis especially modelling and forecasting.</li> <li>To equip participants with knowledge for simulation and forecasting techniques through practical exercises and demonstrate how particular sectoral models can be built and simulated using EViews software</li> </ul>		0	0	1	1	1	1	17	7		J, MM, Snr
<b>Outputs:</b>												
<ul style="list-style-type: none"> <li>Concepts and practical applications imparted via presentations and hands-on sessions.</li> <li>Participants estimated and presented results of the consumption, export, investment and import functions and forecasted simulations and came up with a workable small scale macro model on which consistent policy packages can be designed to effect desired policy adjustments.</li> </ul>												

Activity Date Venue	Objective	TCP	Resource Persons						S			Participants			Target (J, MM, Snr, D)
			International		Regional	MEFMI Fellows	MEFMI Staff	C	M	F					
			Paid	Gratis											
4. Botswana In-Country Workshop on PCMS. 22 October to 02 November 2012 Bank of Botswana, Gaborone	To facilitate adoption of MEFMI-PCMS Version II and facilitating connectivity of online questionnaire module. To train Botswana System Administrators on how to support and manage the software.	-	0	0	2	0	1	1	1	1	1	3	2	J,M, Snr	
<b>Outputs:</b> <ul style="list-style-type: none"> <li>Updated software users and system administrators on the revised software features, system basic infrastructures, database, internet browsers and linkages of data entry interface and output tables.</li> <li>Facilitated data entry of over seventy questionnaires as per planned target.</li> <li>Undertook data integrity checks and ensured that all entries were placed under the right components/classifications.</li> <li>Customized PCMS online questionnaire module and exposed participants to its application.</li> </ul>															
5. Namibia In-Country Workshop on Research Methodologies and Report Writing and Presentation Skills 05 to 16 November 2012 Bank of Namibia, Windhoek	To equip bank staff with knowledge and skills in research methodologies and report writing and presentation.	-	0	0	2	0	1	0	1	0	1	4	6	J,M, Snr	
<b>Outputs:</b> <ul style="list-style-type: none"> <li>Taken participants through the steps for a scientific research in monetary economics in particular in macroeconomics in general.</li> <li>Helped participants to choose their topics of interest for research purposes as case study during the workshop</li> <li>Undertook research and came up with four well researched papers</li> <li>Equipped participants with knowledge and skills on how to write report and present it on the basis of a well-structured power point</li> <li>Analysed two case studies on real situations of Namibia and wrote reports and made very insightful presentations.</li> </ul>															
<b>DEBT MANAGEMENT PROGRAMME</b>															
6. Debt Sustainability Analysis (DSA) Workshop for Zambia, 23 January to 3 February 2012 Livingstone, Zambia	To conduct Zambia's long-term debt sustainability analysis (DSA)  To consider the risks associated with the current debt portfolio and  To propose financing options.	-	0	0	0	3	1	1	1	1	1	19	4	J,MM, Snr	
<b>Outputs</b> <ul style="list-style-type: none"> <li>Validated the debt database</li> <li>Trained staff in the Debt Sustainability Facility</li> <li>Updated the country debt sustainability indicators</li> </ul>															
7. Debt Management and DMFAS 5.3 Training Workshop for Zimbabwe 13 to 24 February 2012 Kadoma, Zimbabwe	To introduce ZADMO's new staff to public debt management and train them on the use of DMFAS 5.3.	-	0	0	1	0	2	2	1	2	1	6	9	J, MM	

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

Activity Date Venue	Objective	TCP	Resource Persons					S			Participants	Target (J, MM, Snr, D)
			International	Regional		MEFMI Fellows	MEFMI Staff	C	M	F		
				Paid	Gratis							
<b>Outputs</b> Equipped participants with: <ul style="list-style-type: none"> <li>DMFAS 5.3 operational skills,</li> <li>loan interpretation and registration,</li> <li>updating of debt transactions</li> </ul>												
<b>8 Tanzania National Debt Sustainability Analysis Workshop</b> <b>19 to 30 March, 2012</b> <b>Dar Es Salaam, Tanzania</b>	To help the authorities to conduct a Debt Sustainability Analysis (DSA).	0	1	0	0	3	2	2	1	26	7	JM, MM, Snr
<b>Outputs:</b> <ul style="list-style-type: none"> <li>Draft Debt Sustainability Analysis Report</li> <li>Enhanced knowledge of Government officials on the Debt Sustainability Analysis.</li> </ul>												
<b>9 Debt Statistical Bulletin Workshop</b> <b>9 to 27 July, 2012</b> <b>Luanda, Angola</b>	To assist Angola produce debt statistical bulletin and train relevant officials.	1	0	1	0	0	1	1	1	7	10	JM, MM, Snr
<b>Outputs:</b> <ul style="list-style-type: none"> <li>A draft public debt statistics bulletin presented to debt officials from BNA and MOF;</li> <li>Back office staff skills for updating the public debt statistics bulletin regularly in future; and,</li> <li>Identification and discussion of in-country training needs in MEFMI capacity building areas, including on strengthening public debt management in the new MOF debt unit, BNA's monitoring of private sector</li> </ul>												
<b>10 Malawi Debt Sustainability Analysis Workshop</b> <b>7 to 20 July, 2012</b> <b>Lilongwe, Malawi</b>	To help the authorities to conduct a Debt Sustainability Analysis (DSA).	0	0	0	2	1	2	0	1	25	3	JM, MM, Snr
<b>Outputs:</b> <ul style="list-style-type: none"> <li>Draft Debt Sustainability Analysis Report</li> <li>Enhanced knowledge of Government officials on the Debt Sustainability Analysis.</li> <li>Increased awareness among senior Government officials on Malawi's public debt sustainability.</li> </ul>												
<b>11 Domestic Debt Operations and Management Workshop</b> <b>20-28 August, 2012</b> <b>Kampala, Uganda</b>	To train participants and make recommendations for enhancing domestic debt operations and management in Uganda, including for domestic debt markets development	1	0	2	1	2	1	1	1	9	7	JM, MM, Snr
<b>Outputs:</b> <ul style="list-style-type: none"> <li>Awareness raised amongst senior officials through specific recommendations for enhancing institutional, legal and operational dimensions of government securities management in Uganda's MOPED, including debt market development;</li> <li>Knowledge of securities issuance steps and methods, including auction types and processes; and,</li> <li>Skills for instruments pricing and yield calculation, yield curve construction and technical analysis and interpretation of these for issuance effective instrument choices and issuance and trading decisions.</li> </ul>												

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C=MEFMI Countries Participating

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F=Female

J=Junior Manager



Activity Date Venue	Objective	TCP	Resource Persons						S			Participants			Target (J, MM, Snr, D)
			International		Regional	MEFMI Fellows	MEFMI Staff	C	M	F					
			Paid	Gratis											
<b>FINANCIAL SECTOR MANAGEMENT PROGRAMME</b>															
12 In-country workshop on establishing an enterprise-wide risk management for National Bank of Rwanda 24 – 25 July, 2012 Kigali, Rwanda	To provide capacity to staff in risk management department in areas of risk identification, analysis and reporting	-	1	0	0	1	1	2	n/a	13	2			J and MM.	
<b>Outputs</b>															
Trained staff on the role of enterprise-wide risk management, concepts of risk and risk analytics, and the role of Risk Champions in the whole process.															
13 In-country workshop on RBS for Banco de mocambique 29 October – 2 November 2012 Maputo, Mozambique	To raise awareness on risk-based supervision techniques	-	0	0	2	0	1	2	n/a	24	16			J and MM.	
<b>Outputs</b>															
<ul style="list-style-type: none"> <li>Set of recommendations on how to reform the legal and regulatory framework and steps to take to achieve full implementation of RBS</li> <li>Enhanced knowledge for BSD staff's basic understanding of risk-based supervision in preparation for the full implementation ahead.</li> </ul>															
14 In-country workshop on Financial Markets Operations for the Bank of Swaziland 19-30 November 2012 Manzini, Swaziland	To provide capacity to staff in the Financial Markets Department in the areas of fixed income instruments, market risks and interest rate derivatives	-	1	0	0	1	1	2	n/a	6	8			J and MM.	
<b>Outputs</b>															
Staff equipped with skills in: <ul style="list-style-type: none"> <li>Fundamentals of fixed income instruments</li> <li>Market risks: Currency, liquidity and interest rate risks</li> <li>Overview of credit risk</li> <li>Outlines and features of dual currency deposits (DCD) and credit linked notes (CLN)</li> <li>Interest rate derivatives: Forward Rate Agreements</li> </ul>															
15 In-country workshop on Basel II and ICAAP implementation for the Reserve Bank of Zimbabwe 3-7 December 2012 Harare, Zimbabwe		-	3	0	2	0	1	2	n/a	32	14			J and MM.	
<b>Outputs</b>															

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### Annex III: In-Country Mission activities conducted during January to December 2012

Activity Date Venue	Objective	TCP	Resource Persons				S	Participants			Target (J, MM, Snr, D)	
			International	Gratis		Paid		C	M	F		
<b>Macroeconomic Management Programme</b>												
1. Swaziland In-Country Mission on PCMS. 30 January to 10 February 2012 Central Bank of Swaziland (CBS), Mbabane	To download PCMS in the CBS LAN To establish connectivity for the system to be accessed by multiple users at a time. To conduct PCMS refresher course.	-	0	0	2	0	1	2	1	7	2	J, MM, Snr
<b>Outputs</b> <ul style="list-style-type: none"> <li>PCMS was successfully downloaded into the CBS LAN</li> <li>Connectivity between the LAN and system users was established.</li> <li>PCMS refresher training conducted</li> </ul>												
2. In-country Mission on Validating the Financial Programming Framework for Ministry of Finance and Development Planning, Botswana 12 to 23 March 2012 Gaborone, Botswana	To review and validate the Financial Programming Framework used by the Ministry of Finance and Development Planning in Botswana To provide staff with basic training on Financial Programming.	-	0	0	1	1	1	2	1	6	4	J, MM, Snr
<b>Outputs</b> <ul style="list-style-type: none"> <li>Established a basic structure for a Financial Program with the Botswana dataset in an Excel file in a time series format with a forecasting scenario.</li> <li>Trained participants in forecasting techniques and the macroeconomic statistical framework, especially inter-account links.</li> <li>A Note on data inconsistencies and Aide Memoir indicating next steps going forward to complete the financial program for the Ministry's attention were done.</li> </ul>												
3. In-Country Mission on Revamping the Financial Programming Framework for the Reserve Bank of Malawi 23 to 27 April 2012 Lilongwe, Malawi	<ul style="list-style-type: none"> <li>To revamp the Financial Programming Framework used by the Reserve Bank of Malawi</li> <li>To provide basic training to staff on Financial Programming.</li> </ul>	0	0	0	1	1	0	2	1	9	6	J,M, snr
<b>Outputs</b> <ul style="list-style-type: none"> <li>A basic structure for a Financial Program with the Malawian dataset has been established in an Excel file in a time series format. The file contains sheets for all the four main macroeconomic accounts: balance of payments, government account, national accounts and depository corporation survey.</li> <li>Trained participants on macroeconomic statistical framework, especially inter-account links.</li> <li>A Note on data inconsistencies for the Bank attention and Aide Memoire indicating next steps going forward to complete the Financial program has been done.</li> </ul>												
4. In-Country Mission on Foreign Private Capital Data Analysis and Report Writing in Malawi. 28 May to 8 June 2012 Salima and Lilongwe, Malawi	<ul style="list-style-type: none"> <li>To undertake comprehensive diagnosis on data integrity and in-depth analysis of the 2011 FPC survey results</li> <li>To establish data time series for 2011 with previous surveys</li> <li>Imparting report writing skills and assisting to write the report for 2011 FPC survey.</li> </ul>	-	0	0	0	1	1	1	1	6	3	J,M,Snr

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C=MEFMI Countries Participating M= Male F=Female J=Junior Manager

Activity Date Venue	Objective	TCP	Resource Persons					S			Participants	Target (J, MM, Snr, D)
			International	Regional		MEFMI Staff	MEFMI Fellows	C	M	F		
				Paid	Gratis							
<b>Outputs</b> <ul style="list-style-type: none"> <li>Enhanced skills on data validation, analysis and report writing.</li> <li>The 2011 survey results were comprehensively analysed and draft report was prepared.</li> </ul>												
<b>5. In-Country Mission on Assessment of macroeconomic Data for Botswana</b>  <b>2-6 July 2012</b> <b>Gaborone, Botswana</b>	Perform a rigorous and comprehensive assessment of macroeconomic data with a specific focus on the government account; the balance of payments; and the monetary and financial statistics with a view to identifying the source of data inconsistencies observed during the March 2012 MEFMI Financial Programming Mission and providing a detailed plan of action to address the inconsistencies.	-	0	2	0	1	1	1			MM, Snr	
<b>Output:</b> <ul style="list-style-type: none"> <li>Inconsistencies between the depository corporation survey and the statement of government operations have not been resolved.</li> <li>Inconsistencies associated with the SACU related transactions remain and needs to be resolved urgently.</li> </ul>												
<b>6. In-Country Mission on Rebasings and Revisions of Kenya's National Accounts</b>  <b>Aug 14 to Sep 7 2012</b> <b>Nairobi, Kenya</b>	<ul style="list-style-type: none"> <li>Rebasing and Revisions of Kenya's National Accounts</li> <li>Training in NADABAS software for national accounts.</li> </ul>	-	0	1	0	1	2	1	18	2	MM, Snr	
<b>Output:</b> <ul style="list-style-type: none"> <li>Rebased and Revised National Accounts</li> <li>Training in NADABAS software for national accounts.</li> </ul>												
<b>7 FDI Study Mission in Tanzania, Uganda, Lesotho and Mozambique</b>  <b>14 to 23 August 2012 and 5 to 12 September 2012</b>	<ul style="list-style-type: none"> <li>To collect both quantitative and qualitative data to foster the assessment of FDI response to the global economic crises in the MEFMI region</li> <li>To establish the efficacy, effectiveness and robustness of the various policy measures adopted at country and regional level, to mitigate the effects of this GFC.</li> </ul>	-	0	0	2	1	1	4	10	7	J, MM, Snr, D	
<b>Output:</b> <ul style="list-style-type: none"> <li>Qualitative and quantitative data to foster conclusive empirical analysis of the Study on FDI</li> </ul>												
<b>8. Fact Finding Mission on the Development of a Core Model of Inflation</b>  <b>National Bank of Rwanda, Kigali, Rwanda</b>  <b>1 to 5 October, 2012</b>	<ul style="list-style-type: none"> <li>To ascertain the existing data conditions and</li> <li>To carry out Preliminary Data Analysis and Manipulation.</li> </ul>		0	1	0	1	0	1	3	1	J, M, S	
<b>Output:</b> <ul style="list-style-type: none"> <li>Designed equations of the blocs by interfacing economic theory and econometric practice;</li> <li>Configured the variables in the model;</li> </ul>												

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 C=MEFMI Countries Participating    M= Male    F=Female    J=Junior Manager

Activity Date Venue	Objective	TCP	Resource Persons				S	Participants			Target (J, MM, Snr, D)
			International	Gratis	Paid	Regional		MEFMI Fellows	MEFMI Staff	C	
<b>Financial Sector Management Programme</b>											
10.	Mission on Enterprise-wide risk management for Bank of Uganda 5 to 9 March 2012 Kampala, Uganda		1	0	0	1	1	n/a	n/a	n/a	
<b>Outputs</b>											
<ul style="list-style-type: none"> <li>Helped Bank of Uganda to define the roles for financial risk management and compliance department oversight function</li> </ul>											
11.	Mission on Enterprise-wide risk management for Central Bank of Swaziland 26 to 30 March 2012 Mbabane, Swaziland		1	0	0	2	1	n/a	n/a	n/a	
<b>Outputs:</b>											
<ul style="list-style-type: none"> <li>To conduct an assessment and evaluation of CBS' current financial risk management policies and practices with a view to revamping the functions of the Financial Risk Section (FRS) of the Risk Management Department (RMD).</li> </ul>											
Helped the CBS develop and implement a Financial Risk Management Framework and Policy taking into consideration the present Framework and Policy. Facilitated that CBS develop, adopt and implement a financial risk management methodology.											
12.	Mission on Enterprise-wide risk management for National Bank of Rwanda 16 to 20 July 2012 Kigali, Rwanda		1	0	0	2	1	n/a	n/a	n/a	M, S
<b>Outputs:</b>											
A financial risk management, monitoring and oversight framework for National Bank of Rwanda											
13.	Mission on Review of Prudential Returns and Stress Testing for the Central Bank of Swaziland 24 to 28 September 2012 Mbabane, Swaziland		0	0	0	2	1	n/a	n/a	n/a	J, M, S
<b>Outputs:</b>											
Help the Central Bank of Swaziland's bank supervision department develop a stress testing framework as well as incorporate consolidated supervision requirements in their financial returns.											
14.	Mission to review supervisory processes of Banco de Mocambique 25 to 26 October 2012 Maputo, Mozambique		0	0	2	0	1	n/a	n/a	n/a	J, M, S
<b>Outputs:</b>											

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C=MEFMI Countries Participating      M= Male      F=Female      J=Junior Manager

Activity Date Venue	Objective	TCP	Resource Persons					Participants			Target (J, MM, Snr, D)	
			International		Regional	MEFMI Fellows	MEFMI Staff	S	C	M		F
			Paid	Gratis								
15. Phase II Mission on Review of Prudential Returns and Stress Testing for the Central Bank of Swaziland 19 to 28 November 2012 Mbabane, Swaziland	To conduct an assessment of financial returns used by CBS' bank supervision with a view to assist them to develop a stress testing policy framework.	-	0	0	0	2	1	n/a	n/a	n/a	J, M, S	
<b>Outputs:</b> Help the Central Bank of Swaziland's bank supervision department develop a stress testing framework as well as incorporate consolidated supervision requirements in their financial returns.												
16. Phase II Mission on Enterprise-wide risk management for Central Bank of Swaziland 19 to 30 November 2012 Mbabane, Swaziland	To conduct an assessment and evaluation of CBS' current financial risk management policies and practices with a view to revamping the functions of the Financial Risk Section (FRS) of the Risk Management Department (RMD).	-	0	0	1	1	1	n/a	n/a	n/a	J, M, S	
<b>Outputs:</b> A set of recommendations and action plan that will: <ul style="list-style-type: none"> <li>Strengthen the management of financial risks in CBS, and</li> <li>Set in motion a process that will ensure FRS is ready to function as an enterprise-wide financial risk management unit within the shortest time possible</li> </ul>												
<b>Debt Management Programme</b>												
17. Joint World Bank Mission on Reform Plan Mission to Tanzania 23 January to 3 February 2012, Dar es Salaam, Tanzania	To map out necessary public debt management reforms that would address existing weaknesses including those identified by the 2010 DeMPA mission.	World Bank	0	3	0	0	1	n/a	n/a	n/a		
<b>Outputs</b> Developed a debt management reform plan outlining: <ul style="list-style-type: none"> <li>institutional options for creating a centralized DMO with front, middle and back offices;</li> <li>recommendation to transfer key debt management functions, systems and relevant staff from the various departments involved in debt management to the new DMO; and</li> <li>recommendation to document all DMO procedures and operational risk management framework, and to introduce and monitor compliance with these.</li> </ul>												
18. Joint World Bank Public Debt Management Reform Plan Mission to Malawi 30 January to 7 February 2012 Lilongwe, Malawi	To assess progress with implementation of Debt Management Reform Plan developed in January 2011  To update the Reform Plan  To provide any requested technical assistance and have discussions on key conceptual elements of Debt Management reform.	World Bank	3	0	0	1		n/a	n/a	n/a		
<b>Outputs</b> <ul style="list-style-type: none"> <li>Identified recent developments in debt management.</li> <li>Highlighted some challenges and made some recommendations.</li> <li>Discovered some developments in Malawi with an impact on Debt Management that include constrained public revenues due to a slowdown in the economy, suspension of the ECF and consequent absence of other budget support and an increase in the volume and cost of government borrowing since 2006.</li> </ul>												

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Activity Date Venue	Objective	TCP	Resource Persons					S			Participants			Target (J, MM, Snr, D)
			International		Regional	MEFMI Staff	MEFMI Fellows	C	M	F				
			Paid	Gratis										
19. Debt Management Performance Assessment (DeMPA) Mission for Namibia 28 February to 8 March 2012 Windhoek, Namibia	To assess Namibia's debt management performance as a basis for establishing a baseline for future reforms and capacity building in debt management.	World Bank	0	3	0	0	1	1	1	1	25	17	D, Snr, MM	
<b>Outputs</b> Produced a Debt Management Performance Assessment Report														
20 Lesotho Debt Management Performance Assessment Mission 21st to 28th September 2012 Maseru, Lesotho	To assess Lesotho's debt management performance as a basis for establishing a baseline for future reforms and capacity building in debt management.	World Bank	0	3	0	0	1	1	1	1	28	38	D, Snr, MM, JM	
<b>Outputs:</b> <ul style="list-style-type: none"> <li>Debt Management Performance Assessment Report identifying the strengths and weaknesses in debt management</li> <li>Debt Management Reform Plan for Lesotho to address the identified weaknesses</li> </ul>														
21 Ethiopia Joint MEFMI/World Bank Medium Term Debt Management Strategy (MTDS) Mission 9-19 October 2012, Addis Ababa, Ethiopia	<ul style="list-style-type: none"> <li>To impart skills in the development and use of the MTDS analytical tool; and</li> <li>Prepare a Medium Term Debt Management Strategy that is owned by the Ethiopian Authorities</li> </ul>	World Bank	0	5	0	0	1	1	1	1	21	4	Snr, MM, Jnr	
<b>Outputs</b> <ul style="list-style-type: none"> <li>Trained technical staff in using MTDS</li> <li>Draft MTDS for submission to senior officials</li> <li>A Draft Aide Memoire</li> </ul>														
22 Zambia In-Country Training and Debt Reform 11-19 November 2012 Lusaka Zambia	<ul style="list-style-type: none"> <li>To assist Zambia develop debt reform plan and provide training on reform areas</li> </ul>	World Bank UNCTAD	0	3	0	0	1	1	1	1	12	9	Jnr, MM, Snr, D	
<b>Outputs</b> Zambia debt reform awareness among key stakeholders, underpinned by a draft debt management reform plan														
23 Namibia MTDS Training 7-16 November 2012 Windhoek, Namibia	<ul style="list-style-type: none"> <li>To support the authorities in revising the 2005 Sovereign Debt Management Strategy (SDMS) and to build capacity of the joint Ministry of Finance – Bank of Namibia working group that is updating the strategy</li> </ul>	World Bank	0	4	0	0	1	1	1	1	4	10	Snr, MM, Jnr	
<b>Outputs</b> <ul style="list-style-type: none"> <li>provided comments to the 2005 Sovereign Debt Management Strategy in terms of content, organization and improvements;</li> <li>built capacity of the joint Ministry of Finance--Bank of Namibia (BON) working group that is updating the strategy; and</li> <li>A Draft Aide Memoire and the mission's MTDS Report.</li> </ul>														

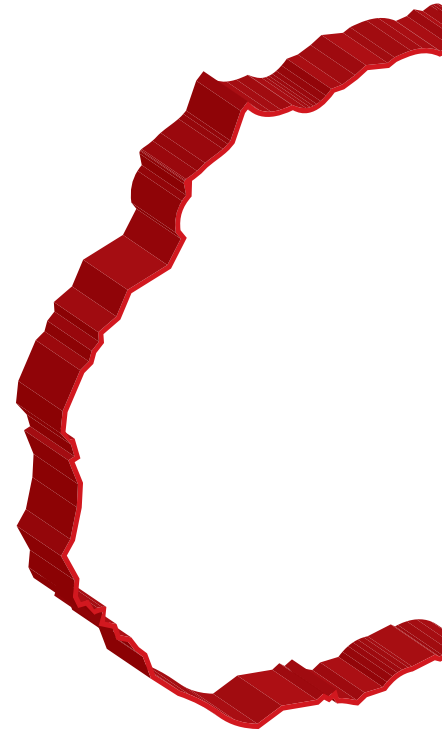
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## Annex IV: Networking & Staff Development January and December 2012

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.

	Date	No. of staff	Institute/Organization	Main Theme
1.	23to24 January 2012	1	SADC	Macroeconomic Statistics Work group meeting
2.	4 May 2012	2	KPMG – Breakfast Meeting	Base II Implementation
3.	March 15-16 2012	6	MEFMI/ Proserve Consulting Group	JPM Training to new staff
4.	23 March 2012	1	ADB/Government of Zimbabwe	Zimbabwe High Level Debt Forum
5.	30 April to 4 May 2012	1	World Bank	Training on DeMPA, Reform Plan and MTDS
6.	17 April 2012	6	MEFMI	Website design and development training for the IT committee
7.	16 to 20 April 2012	1	SADC	Training on FPC Survey
8.	11 June 2012	6	World Bank	DMF Disbursement Procedures
9.	11 to22 June 2012	1	SADC	SADC Monetary and Financial Statistics Course
10.	June 25 to 26, 2012	1	DMF Forum of the World Bank	DMF Stakeholders' Forum 2012 - Does Debt Management Still Matter? Lessons from the Current Financial Crisis for Low Income Countries
11.	25to26 June 2012	1	SADC	Sixth Meeting of the Macroeconomic Statistics Working Group in Pretoria, South Africa
12.	27 to 29 June 2012	1	OECD/South Africa Treasury	Key debt management policy challenges and market infrastructure issues in Africa
13.	27 to 29 June 2012	1	CELSOFT	Advanced Modelling in Excel
14.	29to31 June 2012	1	BIS – FSI Basel, Switzerland	Macro Prudential Tools and Emerging Risks in the Financial System
15.	10 to 14 July 2012	1	AFRITAC South, Mauritius	Inaugural AFRITAC South seminar - Risk Based Supervision
16.	19 to 20 July 2012	1	BNR-IMF-WB -IGC	International Conference on Monetary Policy Frameworks in Developing Countries: Challenges and Perspectives
17.	23 to 28 July 2012	2	MEFMI –UNECA/RITD	Regional Integration, Free Trade Areas, Customs and Monetary Unions
18.	22 to 24 August 2012	1	COMESA-Zambia	Fourth Committee Meeting on Statistical Matters
19.	29 to 30 August 2012	1	Zimbabwe Government &Development Partners	Zimbabwe High-Level Economic Forum
20.	17 to 21 September 2012	2	ACBF	Monitoring and Evaluation Workshop
21.	27to 28 September 2012	4	PASTEL/Chips Computers	Pastel BIC Administrator training
24	26-Oct-12	1	UNDP & Zimbabwe Government	Leveraging debt sustainability as a catalyst for achieving sustainable development in Zimbabwe
25	29 to 31 October 2012	1	World Bank	World Bank Sovereign Debt Management Forum
26	5 to 9 November 2012	1	IMA International	Maximising Value for Money (VfM)
27	5 to 16 November 2012	1	Performance Management Training Inc., Canada	Performance Management Indicators
28	10 to 21 December 2012	1	IMF Institute	Economic Issues on Regional Integration

Accountability  
Teamwork  
Responsiveness  
Integrity  
Professionalism



**MEFMI**

Macroeconomic and Financial Management  
Institute of Eastern and Southern Africa

9 Earls Road, Alexandra Park,  
P. O. Box A1419, Avondale,  
Harare, Zimbabwe  
Tel: +263 4 745 988/9/91-94  
Fax: +263 4 745 547-8  
Email: [capacity@mefmi.org](mailto:capacity@mefmi.org)  
Web: [www.mefmi.org](http://www.mefmi.org)

