



**MEFMI**

Macroeconomic and Financial Management  
Institute of Eastern and Southern Africa



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# 2012 Prospectus

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**2012**

**MEFMI PROSPECTUS**

building sustainable capacity  
fostering best practices  
raising awareness: opportunities and challenges

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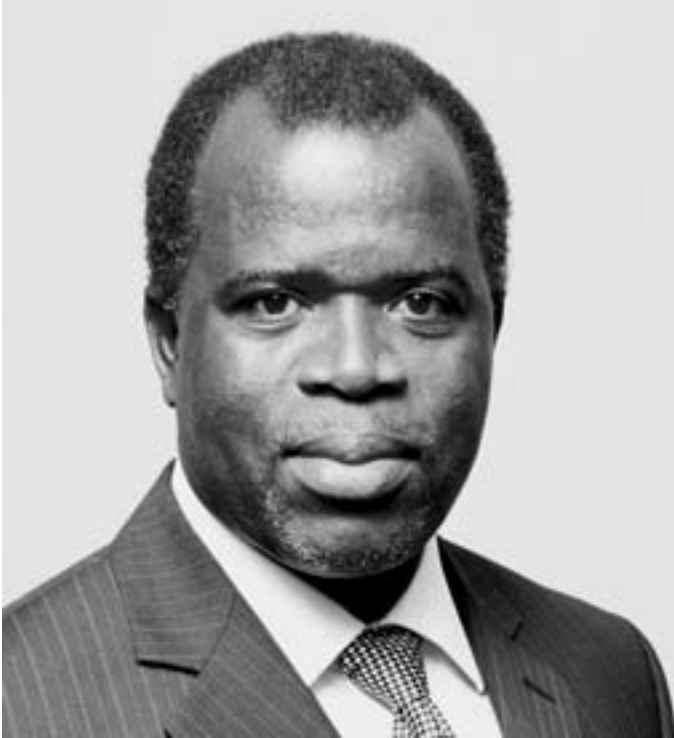
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## ABBREVIATIONS

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

## EXECUTIVE DIRECTOR'S FOREWORD



The 2012 Prospectus chronicles activities and timelines for MEFMI's planned capacity building events during the calendar year. The program of activities in the Prospectus was informed by an impact and needs assessment, a mid-term review and strategic consultations across the region.

This process was enriched by comments, opinions and views obtained from regional and country-specific activities, studies, workshops as well as mission wrap-ups and evaluation sessions.

Overall findings revealed that inadequate capacity remains a major challenge in the development of the region, as evidenced by the low per capita incomes and existence of relatively higher poverty levels.

In line with its vision of building sustainable capacity in the region, MEFMI is reaffirming its commitment to take deliberate actions to bridge these capacity gaps in 2012 through delivery of appropriate courses, seminars, workshops, studies, retreats as well as relevant research.

The program of execution builds on current strengths and consolidation of past gains to efficiently and effectively enhance the implementation. The array of activities planned for 2012 will guide MEFMI's capacity interventions.

MEFMI is geared at effectively developing capacity to accelerate growth in the region and increase traction towards the poverty reduction target. Prominence will be accorded to specific tailor-made in-country interventions complimented by regional activities to share unique country experiences.

The Secretariat will make extensive use of regional experts, supported by MEFMI Fellows, in a cost effective manner. Some of the courses will be undertaken jointly with the support of the Institute's cooperating partners.



The Institute will also continue to raise awareness on emerging risks and opportunities and foster international best practice in the region. The major challenge will be to sustain the capacity building activities and stay the course of the implementation path, in the face of global shocks and attendant financial constraints.

**Ellias E. Ngalande (PhD)**  
**EXECUTIVE DIRECTOR**

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## MEFMI IN BRIEF

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

### Background

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

### Our Vision

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

### Our Mission

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

### Our Values

MEFMI upholds the following values:

- Accountability
- Teamwork
- Responsiveness
- Integrity
- Professionalism

### *The Scope of MEFMI Activities*

MEFMI activities put special focus on:

- **Macroeconomic Management** which deals with analysis of the economy, planning and forecasting.
- **Financial Sector Management** which covers financial markets development, foreign exchange reserves management, regulation and supervision of financial institutions, payment systems and monetary policy implementation.



- **Sovereign Debt Management** which encompasses debt database development and management, institutional and legal aspects, analysis, policy and strategies.
- **Fellows Development Programme** which trains promising young professionals with the view to groom them into specialists / experts available to their countries and to the region.

The MEFMI client institutions are;

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

The MEFMI target groups in all the beneficiary institutions are;

- Junior to senior professionals
- Heads of department / division
- Executives.

### **Mode of Delivery**

MEFMI delivers its products and services through the following;

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

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

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

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

### **Cooperating Partners**

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

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



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

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

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

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

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

### **MEFMI Secretariat**

The MEFMI Secretariat is based in Harare, Zimbabwe. The Secretariat is the principal vehicle for the design, delivery and administration of MEFMI programmes. An Executive Director heads the Secretariat. MEFMI draws its staff mainly from related institutions in member countries on competitive recruitment basis.



# 1. MACROECONOMIC MANAGEMENT PROGRAMME (MMP)

## INTRODUCTION

2012 marks the beginning of MEFMI Phase IV. During the new Phase, MMP will endeavour to consolidate the progress made in Phase III while recognising the different challenges faced by different categories of member states like those structurally adjusting and those in the Southern Africa Development Committee (SADC), the Southern Africa Customs Union (SACU) and the East African Community (EAC).

The increasing demand for tailor-made country capacity building needs is evident in the member states. This is particularly in the modelling and forecasting areas, estimating GDP frameworks and other specific areas of on-the-job training. This is an area that is gaining momentum and MMP will in 2012 provide comprehensive interventions tailored to specific country needs by re-planning in-country activities, first by ring-fencing additional resources to meet the needs of most countries that will make recourse to MMP and second by proactively addressing capacity challenges that are known to exist in the region.

The rolling out and consolidation of current products and programmes that have just been completed or that are under way such as the Private Capital Monitoring System (PCMS) software and the Public Expenditure and Financial Management (PEFM) manual as well as the modelling and forecasting will also be key during the year. The effective roll-out and adoption of these products will require significant support to countries in the interim through in-country activities and other follow up mechanisms to allow for dynamic and self sustaining macroeconomic management in the region.

The dynamic nature of capacity building needs in macroeconomic policy management is necessitated by the need to revise tools, manuals, software and theories. Exogenous shocks such as economic and financial crises, commodity price fluctuations and droughts will be looked into. In addition the rapid regionalisation in the MEFMI region will also be addressed during the year.

MMP will also introduce other complimentary subject areas that were not covered in previous phases. These include expansion in capacity building in trade related issues in view of rapid regionalisation and the role of macroeconomic policy in guiding regional integration.

## A. REGIONAL ACTIVITIES

### 1. *Retreat of Heads of Research and Policy Units with Focus on Needs Assessment and MEFMI Visibility*

**Venue:** Mbabane, Swaziland  
**Dates:** 19 - 24 March 2012  
**Duration:** 6 Days

#### Background

Heads of Research and Policy Units in member institutions play a crucial role in supporting the implementation of capacity building activities in macroeconomic policy management. They are also critical players in the policy design and formulation as it is on the basis of sound research that

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

### **Objective**

The retreat aims at promoting awareness on Programme activities and professional interaction among Heads/Directors of Research and Policy Units.

### **Content**

The Retreat will cover the following issues:

- Overview of macroeconomic challenges in the region
- Macroeconomic convergence in the MEFMI region
- Public Private Partnerships (PPPs)
- The case for accelerated Regional Integration in the context of customs and monetary unions
- Awareness building on key capacity building issues undertaken by the Programme and their roles
- Rolling out current products and programmes that have just been completed or that are under way such as the PCMS software and the PEFM manual as well as the modelling and forecasting

### **Target Group**

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

## **2. Macroeconomic Analysis and Management Course**

**Venue:** Kampala, Uganda  
**Dates:** 2 - 13 April 2012  
**Duration:** 10 Days

### **Background**

The performance of the economy is important to all of us. We analyse the macro economy by primarily looking at national output, unemployment and inflation. Although it is consumers who ultimately determine the direction of the economy, governments also influence it through fiscal and monetary policy. Macroeconomic analysis examines the economic conditions to help consumers, firms and governments make better decisions. In order for MEFMI to cater for the capacity needs at all levels of staff in member states in this area, the traditional course was restructured to include two modules: an introductory module and an advanced module. The introductory module will be conducted this year while the advanced module which looks at the analysis and policy coordination and management and will be delivered in 2013.

### **Content**

The course will focus on key concepts and tools necessary for understanding the economic problems mentioned above. Accordingly, it will look at macroeconomic basics: using graphs in economics, scarce resources and welfare maximisation, production possibilities frontier, gains from trade, markets and prices, supply and demand, price elasticity of demand and applications of elasticity, the circular flow of income, national income accounting, business cycles, the aggregate



macro variables namely: national income, national consumption expenditure, total investment expenditure, total money supply, general price level, and overall aggregate demand and aggregate supply, employment and output levels and will also look at data compilation on those indicators. This first module will look at the macroeconomic policy (monetary policy, fiscal policy, policies for price stability), the economy in the long run, cross country living standards, and economic growth.

### **Objective**

The objective of the course is to equip participants with key conceptual and analytical skills for understanding the economic fundamentals necessary for macroeconomic policy design, analysis, forecasting and implementation.

### **Target**

The retreat targets junior officials from Macroeconomic Analysis Units of Ministries of Finance/Development/Planning and Research Department of Central Banks and National Statistics Bureaus.

## **3. Retreat of Heads of Department/Units Responsible for Monitoring FPC**

**Venue:** Gaborone, Botswana  
**Date:** 14 - 18 May 2012  
**Duration:** 5 days

### **Background**

The retreat of FPC Heads of Departments/Units is increasingly becoming an important platform for developing countries' action plans, exchange of experiences and discussing remedial measures to regional challenges. It is worth to note that despite notable progress in FPC monitoring, MEFMI member states are still encountering challenges associated to inadequate human resources, finance and harmonization of methods for FPC monitoring. The region remains heavily dependent to donor funding and in countries like Kenya, Malawi, Mozambique, Uganda, Lesotho, Swaziland and Tanzania, funding and staff are largely sourced from single institutions. As a result some countries have resorted to outsourcing field enumerators to address staff shortage. Others opted to use electronic surveys and non-survey methods. Though these are effective cost cutting approaches, they are quite involving in terms of supervision to ensure data quality is not compromised. Establishment of independent FPC units within FPC collaborating institutions was agreed to be among the best options as this would guarantee staff and budget allocation.

Further to the traditional objectives of setting up regional action plans and capacity needs' assessment, the 2011 Maputo retreat agreed to use the FPC Heads of Departments/Units platform to discuss policy actions of foreign private capital flows to the MEFMI region. This will involve presentations of empirical studies on topical issues related to FPC and discussing countries' FPC policy action plans/matrix.

### **Objectives**

The 2012 retreat is therefore expected to focus beyond planning, to discuss policies needed to promote, sustain and optimising benefits from FPC flows. In addition, the retreat will agree on a strategy to establish FPC units in FPC collaborating institutions.

### **Content**

- Presentations on countries progress reports
- Needs assessment and setting up action plan for 2013
- Discussion on policy issues; incited by presentation of the study on the Impact of the Global Financial Crisis on FDI: Case of MEFMI region
- Presentation on how to formulate Policy Action Plan/Matrix

### **Target Group**

Participation to this retreat is limited to the Heads of Departments/Units responsible for monitoring of FPC. This includes senior officials heading BOP/FPC departments/units in Central Banks, Statistical Offices and Investment Promotion Authorities.

## **4. Data Requirements for Economic Management, System of National Accounts (SNA 2008)**

**Venue:** Arusha, Tanzania  
**Dates:** 4 - 15 June 2012  
**Duration:** 10 Days

### **Background**

A key area of focus for capacity building activity under the Macroeconomic Management Programme has been on improving the quality of economic and financial data to bring it in line with international best practices set by the International Monetary Fund. The focus hinges on the positive impact of accurate, timely and reliable economic and financial data on economic management in our member states. MEFMI has been conducting a series of capacity building efforts under data requirements for economic management, which has so far included courses in the four accounts namely; Monetary and Financial Statistics, National Accounts, Government Finance Statistics and the Balance of Payments. The focus in 2012 is on the System of National Accounts (SNA 2008).

### **Objective**

The objective of the course is to provide training in national accounts concepts and compilation methodology to statisticians from the MEFMI region. The course will focus on providing training in compiling estimates of annual GDP at current and constant prices based on the structure and recommendations of the System of National Accounts 2008.

During the course, participants will review the implementation of SNA 2008 in their countries and discuss common problems.

### **Target Group**

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



## 5. *Regional Integration, Customs and Monetary Unions*

**Venue:** Lusaka, Zambia  
**Venue:** 25 - 29 June 2012  
**Duration:** 5 Days

### **Background**

Regional integration is a major economic policy focus in the region as countries move towards customs and monetary union. Several countries in the region have begun to assess their trade policy options in a regional context and to weigh up the choices that they will have to make when the RECs to which they belong establish customs unions. For some at least membership of more than one REC is motivated very clearly by economic and broader political and security considerations. Membership choices will have to be considered very carefully, taking into account, amongst other things, regional trade agreements such as the EPAs.

### **Content**

This workshop will review selected issues on the regional integration agenda in East and Southern Africa. It will start with the bigger picture, reviewing the African Paradigm of Regional Integration, as well as the broader AU integration agenda. It will also reflect on the impact of the global economic crisis on Africa. This will be followed by a review of progress on regional integration in EAC, COMESA and SADC. It will then consider country specific issues; including the trade policy choices of several countries, the role of new generation trade issues such as services on the regional integration agenda, and assess the status of protectionism, trade remedies and safeguards in regional trade agreements, both intra- and extra-regional to which countries in this region belong. Finally it will present a review of the developments in the MEFMI region, specifically focusing on concerns raised within the three groups: SADC (SACU & CMA), COMESA and EAC.

### **Target**

This workshop is designed for Economists responsible for regional integration and trade policies, financial integration (Monetary Unions) and customs unions in their respective countries.

## 6. *Advanced Course on PCMS-Version II Functionalities to System Administrators and FPC Data Officers.*

**Venue:** Harare, Zimbabwe  
**Date:** 2 - 7 July 2012  
**Duration:** 6 Days

### **Background**

MEFMI Private Capital Monitoring System (PCMS) is now widely used in the MEFMI region. Seven countries have adopted the software since 2009 namely; Botswana, Kenya, Malawi, Rwanda, Swaziland, Zambia and Tanzania. This achievement in PCMS roll-over is a result of countries' commitment to regional harmonisation of survey methods and adherence to international best practices.

### Objectives

The purpose of the course is to update MEFMI-PCMS users with the PCMS's version II new functionalities which are now BPM 6 and CDIS compliant. The new features include investor relationships in the form of Direct Investors (DI), Direct Investment Enterprises (DIEs) and Fellow Enterprises-(FEs). Other amendments include the augmented direct equity capital with investment fund shares while on the portfolio, financial derivatives were detached from portfolio investment and treated as independent items broken into forwards and swaps. Furthermore, the loan components were broadened to include financial leases and repos. Insurance, Pensions and Credit Guarantees were added to the system as new types of credit between unrelated enterprises. To accommodate CDIS, a new report has been introduced into the system drawing its inputs from the FDI in the standard database of BOP/IIP. Inbuilt filters have been created into the system to remove reverse entries of DIEs with its parent companies and transactions between financial intermediaries, banks in particular.

The course will further equip system administrators with advanced skills to carry out software customisation and database management with minimum support from MEFMI. MEFMI FPC manual (2001 version) will also be updated with the new features in PCMS. Note that MEFMI FPC manual is a simplified handbook developed in 2001 to assist member states grasp complex concepts in BOP manuals. The handbook is crucial for guiding FPC data compilation and when using PCMS.

### Contents

- PCMS walk-through to familiarise with the new Version II functionalities
- Review session on setting up system administration facilities and controls
- Advanced system set-up including static data, country specific codes, parameters and survey questionnaire
- PCMS database management including loading/updating enterprise register, importing and exporting of data into/from the system
- Downloading and uploading PCMS to/from the web to cope with PCMS updates/upgrades
- Updating MEFMI FPC Manual (2001) with the new PCMS features.

### Reference Materials

- PCMS User Guide (downloadable from the [mefmipcis.org](http://mefmipcis.org))
- PCMS Technical Reference Manual
- MEFMI FPC Manual (2001).

## 7. Financial Programming and Policy Course

**Venue:** Kigali, Rwanda

**Dates:** 13 - 24 August 2012

**Duration:** 10 days

### Background

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





MEFMI has over the years conducted a series of capacity building events aimed at strengthening capacity in the area of financial programming. A number of these events have been conducted in collaboration with the IMF Institute. While significant progress has been made in the region and some countries have developed credible capacity to design their own financial programmes to inform their interaction with the IMF and other country specific requirements including the budgeting process, capacity gaps still persist for many member states. It is on this basis that MEFMI will offer a two weeks course using Fellows and regional experts.

### Objective

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

- the principal features of the different accounts used in macroeconomic analysis namely the general government, non financial corporations, financial corporations, households and non profit institutions serving households and the interrelations among these accounts, and forecasting methods for each sector. An advanced course will be delivered in 2013.

### Target group

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

## 8. Revenue Policy and Administration Course

**Venue:** Maseru, Lesotho  
**Dates:** 17 - 21 September 2012  
**Duration:** 5 days

### Background

Experience from the region indicates that most countries are faced with a number of problems including narrow tax base, high dependency on trade taxes, wide untaxed informal sector, ineffective tax exemptions which are not directly proportional to the FDI, inadequate information technology infrastructure, inadequate staff capacity, and limited operational and strategic interaction of tax administration agencies. Revenue policy and administration therefore remains a key area of focus for reform under the purview of public expenditure and financial management.

### Objectives

The objective of this course is to expose participants to effects of revenue policy and administration.

### Content

The course covers revenue sources, tax efficiency, corruption, revenue forecasting and revenue administration and monitoring, both of which are central to effective cash-flow management and challenges emerging from introduction of common market areas and challenges of formalising the characteristically large informal sector without discouraging growth. On revenue forecasting, the course will cover the institutional framework for effective forecasting, the techniques and



approaches to forecasting revenue, country specific experiences, challenges faced and way forward.

On revenue administration and monitoring, the focus will be on effective monitoring of revenue to cash-flow management, which largely depends on capacity to predict the seasonal flows of revenues. The need to develop skills on revenue flow seasonality will be emphasized as well as the use of the monitoring framework to isolate policy from administrative effects. In addition, the institutional aspects of revenue monitoring will be addressed to give an overview of the actual monitoring process and how such monitoring compares with the development in the tax bases, identifying both policy and administrative challenges and how they should be addressed.

### **Target Group**

This course was designed for middle to senior level economists from revenue authorities, tax policy units, revenue forecasting departments and policy analysis units in ministries of finance and of planning.

## **9. Economic Modelling and Forecasting**

**Venue:** Lilongwe, Malawi  
**Dates:** 15 - 20 October 2012  
**Duration:** 6 days

### **Background**

Econometric modelling and forecasting have become one of the most important tools for policy makers of the day in quantifying the impacts of various policies on their economies. To tackle practical problems policy makers and business managers need to build empirical models. In developing countries, however, when applying those models for various analyses they have to overcome various problems that do not exist in developed economies. One of the frequently observed problems is the lack of data. This fact not only restricts the scope of econometric analysis but also requires highly developed skills for extracting meaningful quantitative information from the limited available data.

### **Objectives**

The objectives of the course are to explore various econometric methods that will be useful for policy design, analysis and management. The course will also provide participants with the practical illustration of the above techniques using their country data and will give them a clear understanding of the salient features, challenges and opportunities of their respective economies.

### **Target**

This course is highly recommended for junior and middle staffs of research departments in Central Banks and of macroeconomic policy analysis divisions in Ministries of Finance / Development/Planning and Statistics Offices.



## 10. Public Expenditure Analysis and Management

**Venue:** Windhoek, Namibia  
**Dates:** 5 - 9 November 2012  
**Duration:** 5 days

### Background

Government expenditure policies affect macroeconomic stability, economic growth, equity and poverty levels. The course is aimed at bringing to the fore the role of Public Expenditure Management in the macroeconomic framework, as well as, issues of policy coordination. The course introduces systems in the execution of the government budget and the balancing act between social spending and productive spending. The spending related to economic growth and spending related to poverty reduction. The course stresses the link between medium term economic development programme and the medium term expenditure framework. It also stresses the link between medium term expenditure framework and the annual budget. In addition, the course covers issues related to poverty analysis and diagnostics. As part of monitoring the budget, the course will also consider tools for expenditure management such as Integrated Financial Management Information System (IFMIS), Public Expenditure Review (PER), Public Expenditure Tracking Survey (PETS), Medium Term Expenditure Framework (MTEF) and Poverty and Social Impact Analysis (PSIA). The course will include some specific sessions on the MEFMI handbook on public expenditure and financial management.

### Objectives

The general objective of the workshop is to provide participants with intuitive understanding of the aspects of management and control of the public expenditure and government budgeting functions. This is expected to help bring to the fore the role of Public Expenditure Management in the overall macroeconomic framework, as well as, issues of policy coordination.

### Target Group

The course is designed for middle to senior level officials who are directly involved with public expenditure policy, management and analysis. These are officials from the Ministries of finance and economic planning and research units of the central banks with practical experience in budget formulation, execution and analysis.

## 11. Monetary Policy Operations, Liquidity Forecasting and Modeling

**Venue:** Maputo, Mozambique  
**Dates:** TBA  
**Duration:** 5 days

### Background

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

MEFMI countries have liberalised their economic environment where indirect monetary policy tools are being applied as transmission mechanisms. Central banks are using open market operations to influence money market conditions in order to maintain stability in the financial sector. The recent

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global financial crisis has caused challenges in implementing monetary policy due to liquidity supply constraints in most countries. It is therefore pertinent that effective transmission mechanisms in adverse conditions are fully understood.

### **Objective**

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

### **Target**

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

## **12. Economic Modeling and Forecasting Using E-views Software and Implementation of MEFMI Modeling and Forecasting Manual**

**Duration:** 10 Days on Distance + 5 Days Residential Segment  
**Dates:** TBA  
**Venue:** Harare, Zimbabwe

### **Description**

This course is of an applied nature and focuses on hands-on experience in estimation, interpretation and evaluation of economic relationships using the MEFMI modelling and forecasting manual. The course begins with a long distance segment which includes a basic introduction to the concepts of regression (ordinary least squares estimation) and statistical inference. Various applications of regression analysis, such as forecasting and policy simulation are discussed and applied. The long distance segment also includes the discussion of the practical implications of employing non-stationary data in estimation, the detection of unit roots in the underlying data-generating processes and the econometric techniques of cointegration and error correction models (ECM) with emphasis on their empirical application. The course also covers discussion on Vector Autoregressive models (VAR) and their application to the MEFMI member states economies. All long distance assignments will be assessed and marked and the MEFMI Secretariat will come up with a list of successful participants. There will be a residential segment in Harare for only the successful participants. In this second segment, participants will share their previous assignments and discuss their respective findings and policy implications of their developed models.

**Objective**

The training programme aims to equip participants with a sound knowledge of the key modern econometric techniques commonly employed in the economic literature with applications for MEFMI member states. After completion of this course, candidates should be able to apply regression analysis, use dummy variables, deal with structural breaks, and violations of the basic assumptions of regression analysis. They should also be able to apply techniques of residual-based (Engle-Granger) cointegration and error correction modeling in the case where time-series data contain unit roots. The programme also aims at providing hands-on training in the use of EViews econometric software package.

**Target**

The course is relevant for researchers, analysts, modelers and other individuals dealing with issues related to macroeconomic analysis, modeling and forecasting. The course is also recommended for someone dealing with economic policy design, implementation and management.

### 13. *Retreat on Emerging Economic Issues and Trends*

**Venue:** Luanda, Angola  
**Dates:** TBA  
**Duration:** 3 Days

**Background**

The retreat is intended to help MEFMI member countries to understand what macro forces are currently affecting their respective economies. It is a discussion of a number of macro forces (changes in technology, trade, financial integration and custom unions, the three (3) Fs (Food, Fuel and Finance), and globalisation that currently prevail in the global economy and determine which one of them is currently affecting their respective economies and how these forces will impact the future trends of their economic performances. Participants will work in small groups and in large group dialogue framing the issues facing their economies, articulating strengths, and identifying opportunities and emerging trends to build upon for economic adjustment and stabilisation.

**Objective**

The major objective of the retreat is to provide participants with a platform to list and discuss the major economic issues that are currently affecting their respective economies and determine how these issues will impact the future trend of their economic performances.

**Target**

The retreat targets senior officials dealing with macroeconomic analysis, prospects and forecasting in Ministries of Finance/Development/Planning and Research Department of Central Banks and National Statistics Bureaus.

## B. IN-COUNTRY WORKSHOPS

Eight in-country workshops are planned for 2012. Frameworks for Quarterly GDP projections are expected for Angola and Mozambique while Forecasting is planned for SADC Central Bankers. Training on small macro model will continue for Swaziland. Two in-country workshops are planned on PCMS customisation for Mozambique and Namibia. The objectives of the workshops include rolling over MEFMI Private Capital Monitoring System (PCMS) for effective data capture, processing and regional harmonisation of survey tools. The expected output includes customisation of the software and trained data enumerators, IT staff and system administrators on the application and system support. This is ultimately expected to improve data quality and timeliness. Two in-country workshops are also planned for revenue policy administrations and financial programming respectively.

## C. IN-COUNTRY MISSIONS

During 2012 the Programme plans to conduct seven in-country missions. Three follow-up missions will be on quarterly GDP Frameworks for Kenya, Mozambique and Rwanda while one Demand country mission on remittances statistics is also planned for the year.

Two missions on foreign private capital are planned; namely, a follow up mission in Swaziland and the awareness mission in Zimbabwe. **Swaziland:** The objective of a follow up mission in Swaziland include enhancing formal institutional structures on FPC monitoring to foster domestic resource mobilisation, high survey response rate and dissemination of the FPC survey results to target stakeholders. The expected output of the mission will include Memorandum of Understanding among FPC institutions (Central Bank, Statistical Office and Investment Authority). **Zimbabwe** is yet to start carrying out FPC survey, mainly constrained by weak rapport with foreign investors as result of indigenisation policy which adversely affects reporting. Non-survey remains the only method to monitor foreign investment flows. In the interim Zimbabwe focus will be on strengthening Non-Survey sources of data, to enable the compilation of detailed data which is consistent with BPM5/6, while investor confidence improves. The objective of the mission is to sensitize key stakeholders including relevant government departments, Reserve Bank of Zimbabwe, Central Statistics Office and Zimbabwe Investment Authority; clearly specifying the role to be played by each party.

## D. STUDIES

### i. *PCMS Copyright and Skills Transfer*

#### **Background**

PCMS was officially handed over to MEFMI by the developer in September 2010. The handover process involved submission of the software package (in CD), technical reference manual, user guide, software risk profile, users' acceptance test and sustainability plan. The handover of the software codes/scripts was on hold to ensure adequate capacity is built at the Secretariat. A service agreement with the software developer was proposed by the Institute to facilitate smooth skills transfer at the Institute as well as in the MEFMI region.

Further to skills transfer and complete handover of PCMS, MEFMI needs to have full copyright to guaranteed full ownership of the software and the technology used.



## Objectives

The purpose of PCMS skills transfer and copyright is to facilitate training on codes/scripts to the team from the Secretariat and member states and formalise legal ownership of the software through copyright.

### ii. *Empirical Study on the FDI Trajectory in Pre and Post Global Financial Crisis: Focusing on MEFMI Region*

#### Background

Literature evidently shows that Africa was negatively affected by the Global Financial Crisis (GFC) in mid 2007 to 2009 which derailed Africa's growth to below 2 percent in 2009 and 2010 compared to over 5 percent registered in the past decade of pre-crisis period. MEFMI region was among the victims of GFC with Foreign Private Capital Flows, FDI being one of the major conduits of the crisis in the region. Due to global credit crunch some foreign investors closed down and reduced the size of their investments to the region. Collapse in the global commodity prices resulted in the decline of exports, profitability, returns on equity (ROE), increased arrears and contraction of companies. This disruption in FDI flows ultimately culminated in macroeconomic instability following aggravated budget and current account deficit due to the adverse effect of the crisis on employment, revenue and foreign earnings.

#### Problem Statement of the Study

- Responsiveness of FDI to the ongoing post crisis policy interventions by MEFMI countries is unclear. No study was undertaken in the MEFMI region to assess investors' behaviours following the damage caused by GFC on FDI. In addition it is unclear if the pattern and whether FDI's trajectory is on course or not. Literature portrays that investors in post GFC excessively risk averse, indebted, preferring short-term investments and mainly targets the size of domestic markets. These observations need to be empirically tested with data from the region to appropriately advise on policy response to gain on opportunities associated with the ongoing recovery.
- While a number of similar studies on FDI have compounded the effect of the crisis by including transactions between related financial intermediaries, this study will filter this volatile component to assess the real effect of the crisis on FDI. Note that according to BPM 6 the transactions between banks could be highly volatile as they constitute their normal business operations which may not affect the real economy.

#### Expected Deliverables

- Update on the effect of the GFC on FDI
- Policy implications; specifically on what has been done and is to be done to ensure resilience on FDI performance and optimising gains on the economic recovery.

#### Timeframe for the Study

The study is expected to be completed in the second quarter of 2012. This will involve procurement of the consultant to carry out the study, inception report and country visits. The first draft will be presented in May 2012 during the retreat of the FPC Heads of Departments/Units.

**MACROECONOMIC MANAGEMENT**

Retreat for Heads of Research and Policy Units With Focus on Needs Assessment and MEFMI Visibility	Swaziland	
Macroeconomic Analysis and Management Course	Uganda	
Retreat of Heads of Department/Units Responsible for Monitoring FPC	Botswana	
Data Requirements for Economic Management, System of National Accounts (SNA 2008)	Tanzania	
Regional Integration, Customs and Monetary Unions	Zambia	
Advanced Course on PCMS-Version II Functionalities to System Administrators and FPC Data Officers	Zimbabwe	
Financial Programming and Policy Course	Rwanda	
Revenue Policy and Administration Course	Lesotho	
Economic Modeling and Forecasting	Malawi	
Public Expenditure Analysis and Management	Namibia	
Monetary Policy Operations, Liquidity Forecasting and Modeling	Mozambique	
Economic Modeling and Focusing Using Software and Implementation of MEFMI Modeling and Forecasting Manual	Zimbabwe	
Retreat on Emerging Economic Issues and Trends	Angola	

**DEBT MANAGEMENT**

Domestic Debt Operations and Management	Uganda	
CS-DRMS 2000+ Training Production of Statistical Bulletin	Tanzania	
Data Validation using DMFAS 6.0	Zimbabwe	
Legal, Institutional & Regulatory Framework for Public Debt Management	Kenya	
Quantitative Methods and Analysis for Debt and Reserves Management	Malawi	
Debt Managers Seminar	Mozambique	
Foundations for Debt Management	Swaziland	
Loan Negotiation Skills and Techniques	Namibia	

**FINANCIAL SECTOR MANAGEMENT**

Financial Stability and Macro Prudential Supervision	Swaziland	
Retreat for Heads of Payment and Settlement Systems	Lesotho	
Risk, Performance and Reporting	Kenya	
Risk-Based Supervision and Selected Components of basel III	Uganda	
Asset Allocation - Basic and Workbench	Mozambique/Ghana	
External Fund Management	Mauritius	
Advanced Risk Management	Namibia	
Securities Accounting	Mozambique	
New Developments in Payments and Settlement Systems	Botswana	
Retreat for Heads of Financial Markets	Angola	
Enterprise Wide Risk Management (for Bank Supervisors, Internal Auditors and Risk Officers)	Rwanda	
Supervision of Non Bank Financial Institutions and microfinance Institutions	Zambia	
Capital Market Development ( Including e -learning material)	Zimbabwe	

**MULTI-DISCIPLINARY ACTIVITIES**

Heads of Human Resources workshop	Rwanda	
Executive Committee meeting	Zimbabwe	
Fellows Assessment for Graduation	Zimbabwe	
Fellows Accreditation	Zimbabwe	
Executive Committee meeting	Zimbabwe	
Executive Committee meeting	Zimbabwe	
Combined Executive Forum	TBA	
Fellows Research Methodology, Design & Report Writing skills	Tanzania	
Training of Trainers	TBA	
Candidate Fellows Orientation	Zimbabwe	
Fellows Recruitment	Zimbabwe	

Our Core Values: Accountability Te

2012 Sche





		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
5 days				19 - 24									
10 days					02 - 13								
5 days						14 - 18							
10 days							04 - 15						
5 days							25 - 29						
6 days								02 - 07					
10 days									13 - 24				
5 days										17 - 21			
6 days											15 - 20		
5 days												05 - 09	
5 days	Joint Financial Sector Management / Macroeconomic Management									TBA			
15 days										TBA			
3 days										TBA			

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
8 days				05 - 14									
8 days					23 - 02								
8 days							18 - 27						
5 days								02 - 06					
8 days	Joint Debt Management/ Financial Sector Management								27 - 05				
3 days											22 - 24		
8 days										TBA			
5 days										TBA			

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
5 days			20 - 24										
3 days				05 - 07									
5 days	RAMP Africa/ Financial Sector Management					14 - 18							
5 days							04 - 08						
5 days	RAMP Africa/ Financial Sector Management							16 - 20					
5 days	RAMP Africa/ Financial Sector Management								20 - 24				
5 days									29 - 02				
5 days	RAMP Africa/ Financial Sector Management										15 - 19		
5 days											22 - 26		
3 days												05 - 07	
5 days										TBA			
5 days										TBA			
5 days										TBA			

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
5 days			27 - 02										
2 days				29 - 30									
2 days					23 - 24								
1 day					24								
2 days							28 - 29						
2 days										TBA			
1 day										TBA			
8 days										TBA			
8 days										TBA			
2 days										TBA			
3 days										TBA			

Teamwork Responsiveness Integrity Professionalism

# Schedule of Activities





## 2. FINANCIAL SECTOR MANAGEMENT PROGRAMME (FSM)

### INTRODUCTION

In 2012, the Financial Sector Management Programme seeks to enhance and underpin human and institutional capacity in financial sector management and operations. This goes in tandem with the Institutes' Phase IV programme commencing in 2012. The Programme seeks to address member states' demands in the key areas of risk management, effective financial supervision, new developments in payment, clearing and settlement systems, e-learning and liquidity forecasting to mention but a few. Financial sector management also endeavours to meet clients' demands through specific country missions that are tailor made to address pertinent country needs.

FSM delivery of its capacity building will emphasize a practical hands-on orientation and experience sharing. The focus will be on implementation and application of the knowledge and practical skills acquired during the past periods to lift the operating platform to higher levels. The Programme will continue to build on the progress registered in the client institutions to consolidate their capacity for financial sector management. These will be applied by using a combination of workshops, courses, seminars, country missions and expert task teams identified by the Financial Sector Management Programme.

The Programme will continue to work with the World Bank Treasury on the expanded RAMP-Africa Program in Reserves Management. This will remain an additional program so that non-members of RAMP-Africa are not prejudiced in reserves management skills.

In the interest of continuing to deliver quality institutional and human capacity interventions and to keep up with industry best practice, these activities will be delivered by regional experts from the client institutions, MEFMI Fellows and international experts from technical cooperating partners and private sector practitioners.

### A: REGIONAL WORKSHOPS

#### 1. *Financial System Stability and Macro Prudential Supervision*

**Venue:** Mbabane, Swaziland  
**Date:** 20 - 24 February 2012  
**Duration:** 5 days

#### **Background**

Financial system stability can be defined as the resilience of the financial system to internal and external shocks, be it economic, financial, political or otherwise. The objective of financial system stability is much wider than the objectives of financial sector supervision. Financial sector supervision follows a micro prudential perspective of examining each financial institution's performance and health to safeguard the interests of depositors and to promote the soundness of financial institutions. Financial system stability follows a macroeconomic perspective of examining the overall functioning and stability of the system including all clearing systems.



Following the global financial crisis, many central banks have to look closely at ways of ensuring a stable financial system. One idea of ensuring a more stable financial system is macroprudential supervision. The objective of macroprudential supervision is to develop a supervisory approach that is focused on ensuring the stability of the financial system in its entirety, while limiting system wide financial distress and its effect on the overall economy.

### Objectives

- Enhance supervisory skills in financial stability.
- Enhance understanding of macro prudential supervision.

### Target group

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

## 2. *Retreat for Heads of Payment and Settlement Systems: Policy framework for embracing innovations in Payment Systems*

**Venue:** Maseru, Lesotho  
**Date:** 5 - 7 March 2012  
**Duration:** 3 days

### Background:

Policy frameworks for payment systems are important tools for ensuring safety and efficiency in their operations. In order for countries to achieve optimum utilisation and benefits of the development of payment systems there is need to ensure that policies issued do provide appropriate and feasible direction to the market on the achievement of the objectives of the regulator on the operations of payment systems.

With the dynamics of payment systems, regulators are faced with challenges of setting up policies that will effectively embrace innovations in payment systems. This leads to regulatory gaps that tend to affect efficiency in the market. It is imperative therefore that MEFMI payment systems experts brainstorm on effective ways to issue appropriate policies that embrace innovations in payment systems.

### Objectives:

This retreat will address methods of devising appropriate policies for payment systems development. The specific objectives are;

- To offer a platform for brainstorming among payment systems experts on effective policy frameworks, and
- To enhance knowledge on the current products and regulations in payment and settlement systems.

### Target Group

The primary target for this retreat is heads and deputies of payments systems departments and other departments relevant in the regulation of financial institutions such as bank supervision and financial markets from Central Banks.

### 3. Risk-Based Supervision

**Venue:** Kampala, Uganda  
**Dates:** 4 - 8 June 2012  
**Duration:** 5 Days

#### Background

The main goal of banking supervision is to ensure the safety and soundness of banks and banking groups and to protect the stability of the financial system. A risk-based supervisory approach is intended to result in effective and efficient process for monitoring and assessing risks on an ongoing basis. There is need to build skills and enhance knowledge on good risk management principles which are enshrined in the risk-based framework.

Some MEFMI member countries have not yet fully implemented risk-based supervision. The workshop will provide a platform to obtain clarity on risk-based principles and the implementation process. In line with global developments, the workshop will also provide a comprehensive overview of the Basel III framework.

#### Objectives

The objective of the workshop is to enhance supervisory skills in risk-based supervision as well as provide an overview of the Basel III framework.

#### Target group

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

### 4. Advanced Risk Management

**Venue:** Namibia  
**Dates:** 29 August - 2 September 2012  
**Duration:** 5 Days

#### Background

It is generally accepted that reserve management operations in central banks cannot be effectively run without appropriate and effective risk management processes. The importance of risk management has led to the pervasive use of mathematical techniques and models in managing risk. There is now an array of different types of financial tools and instruments available to risk managers to measure and control risk be it asset-liability management, active reserves management and or hedging strategies. Zero risk is no longer an option for central bank reserve managers, threats must be minimised and opportunities maximised. This workshop will build on the risk management principles and practices drawing on international best practices by introducing participants to latest quantitative techniques, optimisation templates, and processes for immediate use.



### Objectives

- Equip the participants with quantitative techniques in the understanding, management, monitoring and modelling of investment
- Review risk and return profile in a more quantitative approach for decision making process.
- Enhance skills for analytical risk and performance attribution in line with central bank investment objectives.

### Target group

This is a technically demanding course and requires quantitative oriented participants. General understanding of the basic Mathematical Science and or Statistics techniques will be assumed. The main focus will be on analysis, modelling, application and evaluation.

**Primary audience** – Central bank middle to senior level operational staff involved in the management of investment operations and determination of investment risk parameters. Prior training or understanding of portfolio management techniques will be a fundamental factor.

**Secondary audience** – Senior professionals in debt management and other professionals both at Central Banks and the Ministries of Finance and or Economic Development involved in supporting investment management operations for reserves portfolios.

## 5. New Developments in Payments and Settlement Systems

**Venue:** Botswana

**Dates:** 22 - 26 October, 2012

**Duration:** 5 days

### Background

The dynamic nature of payment and settlement systems is an inevitable phenomena. Payment systems provide the infrastructure and process that will ensure the financial markets and the economy at large operate effectively. Thus, payment systems is inclined to the demand side than the supply. New demands from the markets to enhance the payment process or introduction of new financial products to tap into the financial markets will drive new developments in the payment systems. Policy decisions such as regional integration, cross border trades through free trade agreements or bilateral national agreements will also require new developments in the payment and settlement systems. Payment systems stakeholders need to be cognisant of the new developments in payment systems that respond to market changes, be it on the product delivery channels or the regulatory frameworks that are devised to enhance stability in the market.

### Objectives

This workshop will address current developments in payment and settlement systems. The specific objectives are;

- To enhance knowledge on the current products and regulations in payment and settlement systems.
- To offer a platform to enhance understanding of the reform process for payment systems and
- To provide in-depth training in technical skills for selected areas of payment and settlement systems.

### **Target group**

The primary target group is junior and middle to senior level officials from central banks departments dealing with the operations and regulation of payment systems and supervision of banks and non-banking financial institutions; Ministry of Finance officials dealing with payment systems reforms and capital markets authority are also relevant to this course.

## **6. Retreat for Heads and Senior Policy Analysts of Financial Markets**

**Venue:** Luanda, Angola  
**Dates:** 5 - 7 November 2012  
**Duration:** 3 days

### **Background**

A number of the MEFMI member countries are making steady progress in the development of their domestic financial market. Most of them have embarked on the issuance of long term domestic government securities while the new entrants, who have issued their maiden government bonds, are looking at ways of further stimulating the need for more issuances. A lot of awareness programmes have been carried out, but despite the efforts, domestic financial markets are still struggling to develop. Secondary trading is immature, dominated by commercial banks. Institutional investors are still constrained by the existing unfavourable legal and regulatory environment. This retreat is about finding solutions to the creation of an enabling and sustainable environment for the development of the financial market. The retreat will not only offer a platform for key policy makers to share country experiences but they will also brain storm on current market issues and the way forward for the development of the domestic financial markets.

### **Objectives**

- To identify the gaps and missing links for the development of the domestic financial market within the MEFMI member countries.
- To create awareness of new challenges to the development of the domestic financial market and how these challenges can be overcome.
- To enhance the understanding of key principles of monetary policy frameworks and how they relate with financial market development.

### **Target Group**

The primary target is heads of financial market departments at central banks, senior central bank officials responsible for monetary policy implementation, supervisory and legal issues and senior officials from the Ministries of Finance and or Economic Planning responsible for domestic market policy formulation.



## 7. Enterprise Wide Risk Management (for Bank Supervisors, Internal Auditors and Risk Officers)

**Venue:** Kigali, Rwanda  
**Date:** TBA  
**Duration:** 5 days

### Background

Enterprise Wide Risk Management (ERM) is becoming more relevant in Central Banks across the globe. Few of MEFMI countries have embraced ERM despite its apparent important role in ensuring that the Central Bank manages its own operational risks that may affect the overall attainment of its core mandate. It is therefore important that skills are build in the area of ERM for central banks and introduce best practice that will enhance central banks capacity to fulfil its mandate with minimal disruptions from risks susceptible to the institution.

The workshop will provide a platform to obtain practical ERM skills to enable central bankers effectively apply them in implementation of ERM. Participants will discuss and share experiences from their respective countries thereby benefiting from the interaction process.

### Objectives

- To enhance the understanding of key risks in the central bank business operations process
- To enhance understanding of enterprise wide risk management for central banks
- To enhance skills on implementing enterprise wide risk management in a central bank.

### Target group

The primary target group is middle to senior level officers in central banks various department dealing with risk management and operations.

## 8. Supervision of Non-Bank Financial Institutions and Microfinance Institutions

**Venue:** Zambia  
**Dates:** TBA  
**Duration:** 5 days

### Background

Non-bank financial institutions (NBFIs) are a significant component of the financial sector as they constitute a greater proportion of the entire financial sector assets in most countries in the region. As such they are systemically important as they can exacerbate the fragility of the financial system particularly where there is lack of effective regulation.

There is great scope for microfinance institutions (MFIs) to play a critical role in poverty alleviation and economic empowerment of marginalized communities in our region. MFIs started as microcredit programs to supply credit to the poor. However, they have quickly evolved into market-orientated providers of demand-driven financial services including savings, micro-insurance, consumption loans, leasing products, and other services.

While the growth of MFIs and NBFIs in general has been phenomenal in the region, the regulation and supervision framework is not yet fully developed. The objective will be to:

- Discuss the unique features of MFIs, pension funds, collective investments schemes and insurance companies
- Explain some of the risks associated with MFIs, pension funds, collective investment schemes and insurance business
- Examine the influence of modern technology in improving operations of MFIs and NBFIs
- Review the regulation and supervisory frameworks for non-bank financial institutions
- Evaluate other rural financing strategies other than MFIs and their influence on financial stability.

#### **Target Group**

This workshop is designed for junior to middle level professionals who are responsible for the supervision of MFIs and other NBFIs in Central Banks and other regulatory authorities directly involved in the regulation and supervision of NBFIs.

## **9. Capital Market Development (including e-learning)**

**Venue:** Zimbabwe

**Dates:** TBA

**Duration:** 5 Days

#### **Background:**

A number of MEFMI member countries are now involved in the issuance of government securities. During the recovery time of the recent global financial crisis, a number of them experienced pricing and other related challenges caused by the impact of the excessive foreign outflows. As countries strengthen their government security issuance plans, there is need to critically understand how some of these challenges can be overcome. This workshop is about understanding capital market techniques and strategies that can be employed to equip central banks and policy analysts in overcoming pricing and the unexpected challenges that can potentially spill over from the global financial market environment to the domestic financial markets.

#### **Objectives:**

- To enhance participants' understanding of the global financial markets and its relation to the domestic financial markets;
- To enhance the appreciation of financial instruments focusing on fixed income instruments, their pricing and their role in financial market operations;
- To introduce new techniques in dealing with domestic market challenges, such techniques to include; unearthing the hidden information in the markets, the use of swaps and other derivative as alternatives instruments in the management of the domestic market;
- To enhance the participants' knowledge and skills for managing risks inherent in domestic financial market operations;
- To review the primary and secondary market operations in financial markets focusing on government securities;

**Target group:**

The main target group is junior to middle level professionals from central banks and ministries of finance and or economic planning units dealing with financial market operations, formulation of monetary policy and implementation. The secondary target group is middle level professionals in internal audit and financial supervision departments.

**C: IN-COUNTRY ACTIVITIES****1. In-Country Workshop:**

To conduct in country workshops to address issues concerning:-

- Reserves management
- Financial market development,
- Banking supervision
- Payment systems
- Monetary policy implementation

**2. Country Missions:**

To conduct missions on issues related to:-

- Reserves management
- Financial market development,
- Banking supervision
- Payment systems
- Monetary policy implementation

**D: SPECIALISED STUDIES**

Financial Supervision and Regulations area.



## 3. DEBT MANAGEMENT PROGRAMME

### INTRODUCTION

The thrust of the Debt Management Programme in 2012 will be to continue enhancing capacity in debt management through a new curriculum that combines traditional debt management capacity building programmes with new areas such as sovereign debt auditing and more rigorous quantitative analysis in line with the Programme's objectives for Phase IV. The Programme's activities will be underpinned by the schedules set out in the Phase IV Plan, whose implementation begins in 2012. The objective for the year is to impart knowledge and skills to officials involved in debt management and public debt auditing to enable them effectively perform their debt management functions. This is envisaged to enhance the quality and credibility of debt management processes and accountability of borrowed funds.

Delivery of the capacity building activities lined up for 2012 will involve regional training and increased in-country activities as well as use of E-learning which has proved to be very cost effective. The 2012 activities are envisaged to foster implementation of improvements and best practice in the back, middle and front offices of the debt management entities. Specific activities will include training on effective use of computer-based debt management systems, quantitative methods and analysis using latest tools to assist strengthen analytical capacity and risk management, negotiation skills, legal and institutional framework and domestic debt management issues. The planned activities purposefully cover all the functional areas of debt management. The Debt Managers Seminar for 2012, which targets Heads of Debt Management Offices, will address emergent topical issues in the year.

The Programme will continue to increase use of regional experts, including Fellows, trained trainers and Secretariat staff, while further harnessing existing strategic partnerships with the Breton Woods Institutions e.g. through the Debt Management Facility, as well as with Commonwealth Secretariat, United Nations Conference on Trade and Development, Organisation for Economic Cooperation and Development and United Nations Institute for Training and Research. Cost containment will continue to be pursued through competitive sourcing of input and expertise, including use of MEFMI Secretariat premises where feasible.

### A. REGIONAL ACTIVITIES

#### 1. *Domestic Debt Operations and Management*

**Venue:** Uganda  
**Date:** 5 - 14 March 2012  
**Duration:** 8 Days

#### **Background**

The external financing flows to developing countries have reduced in the recent past as the financial landscape changes. As a result many countries including those in the MEFMI region have increased borrowing from domestic sources by issuing Treasury Bonds and Treasury Bills. The operations in the domestic debt market and management of domestic debt itself require a



different set of tools and approaches, as well as better understanding of the supporting institutions and infrastructure.

This course is designed to develop practical skills needed to effectively manage domestic debt and to ensure efficient government securities issuance and secondary trading. It will focus on strategies for meeting government financing needs and developing the securities market. It will also cover the supporting infrastructure that needs to be in place for an efficient and liquid debt market.

### Objectives

- To equip the participants with understanding of domestic debt concepts;
- To equip participants with technical skills on policy issues for developing and managing debt markets;
- To understand why governments borrow domestically;
- To cover the types of instruments the government uses to borrow domestically;
- To understand the difference between marketable and non-marketable debt;
- To explain how the different instruments are issued;
- To address the pricing mechanism of the different instruments; and
- To cover coordination with monetary and fiscal policies

### Target Group

The course is targeted at middle to senior level officials in the area of domestic debt management and operations in Financial Markets (International and Domestic) and Debt Management departments/ in Central Banks and Ministries of Finance.

## 2. CS-DRMS 2000+ Training on Production of Statistical Bulletin

**Venue:** Tanzania

**Date:** 23 April - 02 May 2012

**Duration:** 8 Days

### Background

Debt recording and reporting is an important component of public debt management. There are various software used in the recording of debt data. The Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) is one of the leading software for recording and managing public debt portfolio. The system provides a number of features that are designed not only for debt data capturing but also analysis and generation of debt statistics and reports. The developers, Commonwealth Secretariat, have enhanced the system's capability to undertake some analytical tasks and to generate reports that can be published through a Statistical Bulletin.

MEFMI will therefore partner with COMSEC to offer this course that will train users on the use of the system in developing Statistical Bulletin as well as provide opportunity for regular users to refresh on the new developments in the system.

### Objectives

- To equip participants with the necessary skills to operate the system and use it to generate reports necessary for a Statistical Bulletin;
- To train participants on debt administration using CS-DRMS 2000+;

- To train participants on Statistical Reporting requirement and features of a good statistical bulletin;
- Impart skills on how to use the system to report to other institutions such as the Breton Woods Institutions; and,
- Impart skills on how to undertake various sensitivity analyses on a debt portfolio.

**Target Group:**

The target group are the middle to senior level officials from Ministries of Finance and Central Banks dealing with Public Debt statistical analysis and reporting.

### 3. *Data Validation using DMFAS 6.0*

**Venue:** Zimbabwe  
**Dates:** 18 - 27 June 2012  
**Duration:** 8 Days

**Background**

In a constant effort to ensure the availability of modern, efficient and relevant computer tools for debt management, United Nations on Trade and Development (UNCTAD) has been developing and adapting their Debt Management and Financial Analysis System (DMFAS) to the growing types of users in developing countries, including those of MEFMI DMFAS countries. The latter have been specifically indicating a need for more robust DMFAS capacity to record, analyze and report on sovereign domestic liabilities, including all types of government securities and other forms of domestic debt. UNCTAD have responded by not only enhancing the system's back and middle office functionalities, but have also introduced in the new DMFAS 6.0 a module to handle the auctioning of government securities in a manner that can facilitate a simultaneous and automatic creation of a domestic debt database based on the processing of the auction results in DMFAS.

While these improvements are welcome, they should be accompanied by capacity building in issues that still have capacity gaps such as in Data Validation and Reconciliation.

**Objectives**

- To provide hands-on training on the use of the new DMFAS 6.0 for recording the various categories or instruments used to contract public debt.
- To provide focused training on the use of DMFAS 6.0 for debt data validation and reconciliation with the creditors.
- To discuss and understand the current practices employed by MEFMI DMFAS countries in undertaking debt data validation exercises.

**Target Group**

The workshop is primarily targeted at front and back office staff of debt management departments/units in the ministries of finance and central banks. Some staff providing IT support to DMFAS 6.0 may also attend by special invitation, depending on training needs and overall number of participants from the system user.



#### **4. Legal, Institutional and Regulatory Framework for Public Debt Management**

**Venue:** Kenya  
**Date:** 2 - 6 July 2012  
**Duration:** 5 Days

##### **Background**

The Legal and Institutional framework forms the foundation for effective and efficient public debt management. There are various legal provisions in various legal documents (Primary and Secondary) enactments that guide debt management across developing countries. These legal provisions need to complement international best practice in debt management. The legal framework also provides the key mandates to institutions and organisations involved in debt management in a country and therefore provides the basis for the development of appropriate institutional and organisational structures for debt management.

It is therefore imperative that a course on development of the legal and institutional framework is provided as countries institute measures to enhance debt management according to international best practice. There is need therefore to train debt managers and authorities in the key steps and issues to consider in the development of the legal framework and the organisation structures for debt management. This course will form introduction to appropriate legal provisions for debt management and steps in developing institutional frameworks for debt management.

##### **Objectives**

Equip senior debt managers with knowledge on legal and institutional framework issues for public debt management.

##### **Target**

Middle to Senior staff in Ministry of Finance, Planning and Central Banks

#### **5. Quantitative Methods and Analysis For Debt and Reserves Management**

**Venue:** Malawi  
**Date:** 27 August - 5 September 2012  
**Duration:** 8 Days

##### **Background**

Quantitative Methods and Analysis (QMA) provides intensive hands-on training on Asset and Liability Management (ALM) techniques, practices and advance applications. ALM has become a critical component in debt management. Over the past few decades, financial institutions and public debt management agencies with inadequate or no ALM discipline have been ruthlessly punished by the financial markets, suffered severe losses and experienced several failures as a result of their exposure to changes in interest rates, asset defaults and turbulent equity markets. In many cases these risks were unnecessary and could easily have been avoided with effective ALM.

This course will cover quantitative methods used in Sovereign Assets and Liability Management. Issues such as risk analysis techniques and risk mitigation measures will be covered.

### **Objectives**

- Learn how to implement ALM as a strategic decision-making framework to gain competitive advantage and increase value.
- Ensure appropriate policies and control procedures are in place
- Practice advanced techniques for measuring risk exposure
- Learn the limitations and pitfalls of various risk metrics
- Understand risk exposure and make more effective decisions
- Formulate ALM strategies

### **Target Group**

The target group for the workshop is middle to senior level staff in Financial Markets and Debt Management departments in Central Banks and Ministries of Finance. Officers in Research Departments involved in sovereign debt and reserves analytical functions will also find this course invaluable.

## **6. Debt Managers Seminar**

**Venue:** Mozambique  
**Dates:** 22 - 24 October 2012  
**Duration:** 3 Days

### **Background**

MEFMI strives to keep heads of relevant departments in client institutions in the region abreast with pertinent developments in macroeconomic and financial management. The objective is to raise awareness among senior officials in the member states, with the ultimate goal of fostering adoption of best practices.

In debt management, MEFMI countries have emerged from the external debt crisis that characterized the pre-HIPC/MDRI era with substantially reduced external debt burdens. However, other forms of sovereign liabilities and new financing challenges are emerging. In the face of the huge infrastructural and social investment requirements of many African countries, there has been a tendency for increased new borrowing enabled in part by the fiscal space brought about by international debt relief.

Against this background, the role of sovereign debt managers in assisting governments to strike an optimal balance between meeting their financing requirement and avoiding to revert to another cycle of unsustainable public debt has never been more important. The 2012 Debt Managers Seminar will therefore look at the emerging topical issues of the year. Some of the issues tentatively earmarked for discussion include the role of public private partnership in advancing development agenda and their implications for public debt management.

Furthermore, given that this will be the first year of Phase IV the seminar will be used to undertake a review of each member country's capacity gaps and develop a plan for the necessary institutional reforms to support improved debt management.

### **Objectives**

- To address topical developments, issues and opportunities that are key enablers for the



attainment of best practice in debt management, with a key focus on middle and front office functions.

- Undertake a strategic review and planning of country-specific capacity building targets, to define and plan the nature and pace of institutional reforms necessary for individual countries to pursue, through the capacity building interventions of the Debt Management Programme, and, where necessary, in collaboration with MEFMI's strategic technical cooperating partners in debt management.

### Target Group

The Seminar is targeted at Heads of Debt Management Offices, including those dealing with domestic debt management. Heads of aid management functions and government auditors may also be incorporated by special invitation.

## 7. Foundations for Debt Management

**Venue:** Swaziland  
**Date:** TBA  
**Duration:** 8 days

### Background

Following a review of MEFMI's debt management curriculum undertaken in the aftermath of an internal Impact and Needs Assessment and a Mid-Term Review that were conducted during Phase III of MEFMI, the Debt Management Programme recognized the need to introduce an entry-level training course in sovereign debt management. This foundational course is also important in replenishing basic skills and providing critical refresher training in debt management given the perennially high staff turnover that necessitates regular recruitment of entry level staff in most government debt management offices in the MEFMI region.

The Course will cover issues involved in both domestic and external debt management.

### Objectives

- To introduce participants to the basic tenets of public debt management, by providing a clear understanding of the fundamentals of public debt management.
- To introduce participants to the key concepts and issues public of debt management, such as the loan cycle, debt re-structuring, the debt creation and borrowing processes, as well as sources of debt financing.
- To train participants on key domestic debt management and operational issues, including the role of different players in debt management.

### Target Group

This course is targeted at entry-level or staff from Ministries of Finance and Central Banks that are new to sovereign debt management, including those that require a quick refresher on the key principles and practices of public debt management.

## 8. Loan Negotiation Skills and Techniques

**Venue:** Namibia  
**Date:** TBA  
**Duration:** 5 Days

### Background

A country's loan negotiating capacity has a direct bearing on the terms, conditions and cost of borrowing. Through adequate preparation and appropriate negotiation skills and strategies, countries can effectively influence the outcome of loan agreements. This would require building and putting in place negotiation teams with the necessary competencies according to the kind of negotiation at hand. It is important to have clear roles of the team members involved in all stages of the negotiations.

Developing countries face the challenge of ensuring the appropriate mix of skills to undertake negotiations. From time to time, it is important that officials are trained on loan negotiation techniques and strategies. This course will provide an opportunity for government officials to be exposed to concepts of negotiation, international negotiation practices, practical negotiations skills and key considerations in negotiations.

### Objectives

- To highlight the key aspects of legal and institutional arrangements necessary for effective loan negotiations;
- To enhance understanding of the multi-disciplinary nature of the debt negotiations process;
- To expose participants to the various financial products from multilateral, bilateral and commercial sources;
- To expose participants to analytical framework for negotiations, and
- To demonstrate application of negotiation techniques to enhance negotiation skills.

### Target Group

Middle to senior officials in Ministries of Finance/Planning, Central Banks and Ministries of Justice/Attorney General's Chambers responsible for loan negotiations and drafting or reviewing legal documents for government borrowing.

### IN-COUNTRY ACTIVITIES

- Debt Portfolio Review and Statistical Bulletins using DMFAS
- Debt Portfolio Review and Statistical Bulletin using CS-DRMS
- Debt Sustainability Analysis (DSA) Updates using DSF
- Medium Term Debt Strategy (MTDS)
- Domestic Debt Markets Development and Management

### MISSIONS

- Needs Assessment and Institutional Review missions including DeMPA
- Data Quality Review and Validation using CS-DRMS
- Data Quality Review and Validation using DMFAS
- Debt Management Reform/ Follow-Up
- Debt Strategy Implementation / Follow-Up





## 4. MULTI DISCIPLINARY ACTIVITIES

### INTRODUCTION

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

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

#### 1. Fellows Development Programme

This programme is a unique initiative by MEFMI through which carefully selected high potential professionals in the region can be put through an intensive training and professional exposure to upgrade their competence in key fields. This programme is designed to create a pool of regional experts that can benefit the entire region with regard to capacity building delivery. Fellows are recruited from member states' Ministries of Finance, Economic Planning and Central Banks. Activities planned for 2012 are:

Activity	Dates	Duration	Venue
<b>Assessment for Graduation</b>	23 – 24 April 2012	2 days	Harare, Zimbabwe
<b>Fellows Accreditation</b>	24 April 2012	1 day	Harare, Zimbabwe
<b>Fellows Recruitment</b>	TBA	3 days	Harare, Zimbabwe
<b>Candidate Fellows Orientation</b>	TBA	2 days	Harare, Zimbabwe
<b>Fellows Research Methodology, Design &amp; Report Writing Skills Workshop</b>	TBA	8 days	Dar es Salaam, Tanzania

#### 2. Executive Fora

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

- To keep national economic managers abreast of the trends in key areas pertinent to macroeconomic and financial management, raising awareness about emerging risks and opportunities entailed in international and regional development.
- To afford an opportunity to share experiences, exchange views and test new ideas, among peers and under expert guidance.



building sustainable capacity  
fostering best practices  
raising awareness: opportunities and challenges

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- To develop practical approaches to managing the economy and closely related activities prudently, competently and efficiently.
- To encourage networking among senior chief executives and provide an opportunity to exchange ideas and share experiences.
- To prepare senior policy makers for the introduction of reforms in their institutions.
- To promote teamwork among key national institutions involved in macro-economic and financial management.

In 2012 the Executive Fora series will be as follows:

***Combined Ministers of Finance and or Planning, Treasury/ Finance Secretaries and Central Bank Governors Forum***

**Venue:** TBA  
**Dates:** September / October 2012  
**Duration:** 1 day

### **3. Human Resources Seminars/Workshops**

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

**Venue:** Kigali, Rwanda  
**Dates:** 27 February - 2 March 2012  
**Duration:** 5 days

### **4. Training of Trainers**

As part of a process of accelerating development of expertise in some specialized areas that are not catered for in the Fellows Development Programme, a generic training of trainers workshop will be undertaken. The participation will be by **invitation only** to the potential officials from the client institutions. A workshop will be held on dates to be advised for a duration of 8 days.

Web: [www.mefmi.org](http://www.mefmi.org)

## Our Core Values

Accountability

Teamwork

Responsiveness

Integrity

Professionalism



# Mefmi

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