



# MEFMI

Macroeconomic and Financial Management  
Institute of Eastern and Southern Africa



# 2015

## MEFMI Prospectus



**MEFMI**

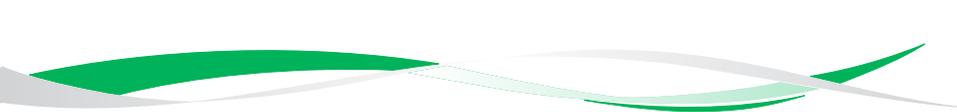
Macroeconomic and Financial Management  
Institute of Eastern and Southern Africa

# 2015 MEFMI Prospectus



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# ACRONYMS

ACBF	Africa Capacity Building Foundation
AERC	Africa Economic Research Consortium
COMSEC	Commonwealth Secretariat
AFRITAC	African Regional Technical Assistance Centre
AfDB	African Development Bank
ALM	Assets and Liabilities Management
CS-DRMS	Commonwealth Secretariat Debt Recording and Management System
DMF	Debt Management Facility for low income countries
DMFAS	Debt Management and Financial Analysis System
DRI	Debt Relief International
ECA	Economic Commission for Africa
ESAIARM	Eastern and Southern Africa Initiative in Debt and Reserves Management
FPC	Foreign Private Capital
FSI	Financial Stability Institute
FSM	Financial Sector Management Programme
IMF	International Monetary Fund
IMFI	International Monetary Fund Institute
MEFMI	Macroeconomic and Financial Management Institute of Eastern and Southern Africa
MTDS	Medium Term Debt Strategy
OECD	Organisation for Economic Co-operation and Development
UNCTAD	United Nations Conference on Trade and Development
WB	World Bank
WBI	World Bank Institute



# MEFMI IN BRIEF

The Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) is a regionally owned institute currently with 14 member countries: Angola, Botswana, Burundi<sup>1</sup>, Kenya, Lesotho, Malawi, Mozambique, Namibia, Rwanda, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe.

The Institute was established in 1994 as the Eastern and Southern Africa Initiative in Debt and Reserves Management (ESAIDARM) with a mandate to address entrenched problems that countries faced in debt and reserves management. This mandate was expanded in 1997 to include macroeconomic management, and broader aspects of financial sector and debt management, resulting in the birth of MEFMI.

MEFMI mandate is to build sustainable capacity in identified key areas in the ministries of finance, planning and central banks, or equivalent technical institutions. The Institute strives to improve human and institutional capacity in the critical areas of macroeconomic and financial management, to foster best practices in related institutions and to bring emerging risks and opportunities to the fore among executive level officials. It also seeks to achieve, within its member states, prudent macroeconomic management, competent and efficient management of public finances, sound, efficient and stable financial sectors and stable economies with strong and sustained growth.

## Vision

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

## Mission

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

## Values

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

<sup>1</sup> Burundi's application for MEFMI membership was accepted by the MEFMI Board of Governors at the 18th Board of Governors Meeting held on 7 October 2014 in Washington DC United States of America.

- 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 comprise:

- Ministries of Finance
- Ministries of Economic Development and Planning or equivalent
- Central Banks or Reserve Banks
- Other public Institutions and organs that interface with these core Institutions.

The MEFMI target groups in all the beneficiary institutions are:

- Junior to Senior professionals
- Heads of Departments/Divisions, Senior officials
- Executives

## MODE OF DELIVERY

MEFMI delivers its products and services through the following:

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

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

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

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

## COOPERATING PARTNERS

MEFMI's cooperating partners comprise of three categories;

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



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

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

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

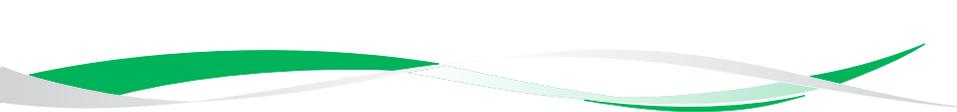
In addition, some of the major international commercial banks such as the Bank of New York, State Street Global Advisors, Barclays Bank plc, the Standard Bank of South Africa, the Reserve Bank of India and South Africa Reserve Bank, have provided gratis expertise.

**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) and United Nations Institute for Training and Research (UNITAR).

## 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 from member countries on a competitive recruitment basis.





# MACROECONOMIC MANAGEMENT PROGRAMME

## INTRODUCTION

In 2015, the Macroeconomic Management Programme will sustain its current capacity building strategy of implementing activities with increased emphasis on tailor-made and country specific needs in line with the MEFMI Phase IV strategic plan.

The areas that have witnessed increased demand for technical assistance include modelling and forecasting tools, financial programming frameworks and data capture methodologies in the four macroeconomic accounts as well as other specific areas of on-the-job training.

The Programme will also continue rolling out software and manuals such as the Private Capital Monitoring System (PCMS) software; the Modelling and Forecasting manual; and Public Expenditure and Financial Management manual to meet capacity needs of the region.

The Programme will also help member countries develop new relevant frameworks for economic analysis such as financial programming frameworks and methodologies for monitoring and analysing remittances.

To address the needs raised by member states at the beginning of Phase IV, two studies will be carried out in 2015.

The Programme will also continue implementing joint activities with its technical cooperating partners as part of cost cutting measures, to allow for synergy and cross pollination of ideas.

## A. REGIONAL EVENTS

### 1. Advanced Course on Macroeconomic Analysis and Management

**Venue:** Victoria Falls, Zimbabwe

**Dates:** 2 - 13 March 2015

**Duration:** 10 Days

#### Background

This course is one of the three (3) training modules in the Macroeconomic Analysis and Management area. The course analyses how long-run economic growth rates are determined and what drives economic fluctuations in the short run. It examines different schools of thought about the sources of growth and fluctuations, and goes on to discuss the implications for the design of economic policy in the MEFMI region. Important questions that will be addressed by the course include: Why do some economies grow faster, and others slower? Why is inflation higher in some economies than others? What are the sources of business cycle fluctuations and what is the optimal monetary policy which can stabilize cycles? In answering these questions, the course will ensure there is clear interface between theory and real life situations by providing hands-on illustrations and examples from the real economic context of economies in the MEFMI region.



## Objective

The major objective of the course is to build on economic theory and the real context of economies in the MEFMI region to explain why some economies grow faster, why inflation is higher in some economies, the sources of business cycles and the optimal monetary policy which stabilizes cycles.

## Course Content

The course will start by developing a basic economic growth model, which serves as a workhorse of modern dynamic macroeconomics. This model will give the participants insights about economic growth. Further, the money variable will be added into the basic model to study the determination of the long-run inflation rate. Using this model, the participants will discuss two issues regarding monetary policy in the long-run: the relationship between fiscal policy, monetary policy and optimal inflation rate. In the third stage, the course will use an overlapping generations model of money to analyse asset price bubbles. In the fourth stage, the course will switch focus to short-run dynamics by adding stochastic shocks to the basic growth model. In the fifth and last stage, the course will look at the New Keynesian models of business cycles to study the effects of monetary policy in the MEFMI region and then go on to study the use of monetary policy in mitigating economic fluctuations.

## Target Group

This course is designed for Middle to Senior Economists of Central Banks and Ministries of Finance, Planning and Economic Development and other related institutions.

## 2. Retreat of Heads of Research and Policy Units

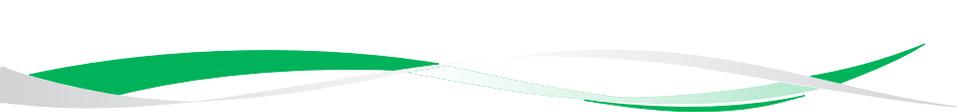
**Venue:** Zanzibar, Tanzania  
**Dates:** 20– 24 April  
**Duration:** 5 Days

## Background

Heads of Research and Policy Units in MEFMI client 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. This is particularly so as MEFMI tries to orient and tailor make its activities to the outcomes of the 2014 Needs and Impact Assessment and Mid-Term Review for Phase IV.

## Objective

Among other things, the retreat aims at promoting awareness on Programme activities and professional interaction among Heads/Directors of Research and Policy Units.



## Course Content

The Retreat will cover the following issues:

1. Overview of macroeconomic challenges in the MEFMI region;
2. Macroeconomic convergence in the EAC region;
3. Public Private Partnerships (PPPs);
4. Fiscal decentralisation;
5. FPC Policy Action Plan;
6. The case for accelerated Regional Integration in the context of customs and monetary unions;
7. Awareness building on key capacity building issues undertaken by the Programme and their roles including on-going studies; and
8. Rolling out current products and programmes that have just been completed or that are underway such as the PCMS software and FPC Handbook; Modelling and Forecasting manual and the PEFM manual.

## 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.

### 3. Training for Trainers on Best Practices in Monitoring and Analysing Foreign Private Capital

**Venue:** Lilongwe, Malawi

**Dates:** 4-15 May

**Duration:** 10 Days

## Background

MEFMI member countries have increasingly become attractive destinations for foreign private capital flows. Realizing and sustaining the full benefits of such foreign investment windfalls requires among other things, effective monitoring with timely and credible data. Much progress has been made in recent years in upgrading the quality, coverage, and timeliness of data on FPC flows and positions. Nevertheless, many gaps still prevail. Moreover, new data gaps have arisen as new financial instruments become available that fall outside the reporting frameworks set up by member countries. Given this backdrop, MEFMI will be conducting a Training for Trainers workshop to strengthen the existing capacity to monitor FPC and to expand the number of regional experts in the area of monitoring and analyzing foreign private capital.

## Objective

The objective of the training is to impart contemporary skills and best practices for recording, analyzing and reporting of FPC data. The format of the training will be hands-on, thus providing participants with practical experience using country data. The training will further provide participants with a platform for exchanging country experiences and international best practice.



## Course Content

The course will cover the following areas:

1. FPC survey organisation;
2. FPC Questionnaire design;
3. Sample design;
4. FPC data quality and reliability analysis;
5. Concepts of book and market value;
6. FPC data validation including the use of company audited financial statements and management accounts;
7. Data updating and development of time series;
8. Non-survey methods; and
9. Refresher training on MEFMI PCMS.

## Target Group

This training is relevant to officials involved in private capital monitoring from ministries of finance and planning, central banks, national statistics offices and investment promotion agencies. The nominees are expected to have practical experience in the field of foreign private capital monitoring and analysis and/or in Balance of Payments and International Investment Position.

### 4. Joint MEFMI/South Afritac Workshop on Public Expenditure Analysis and Management

**Venue:** Windhoek, Namibia

**Dates:** 24 – 28 August

**Duration:** 5 Days



## Background

Government expenditure policies affect macroeconomic stability, economic growth, equity and poverty levels. This joint course in public expenditure analysis and management 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 related to economic growth and 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 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.

## Course Content

The training will cover the following areas:

- The link between medium-term economic development Programme;
- The Medium-Term Expenditure Framework (MTEF);
- Integrated Financial Management Information System (IFMIS);
- Public Expenditure Review (PER) and Public Expenditure Tracking Survey (PETS);
- Poverty and Social Impact Analysis (PSIA); and
- Specific sessions on the MEFMI handbook on public expenditure and financial management.

## Target Group

The course is designed for middle to senior level officials who are directly involved in 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.

### 5. Joint MEFMI/IMF Course on Economic Issues in Regional Integration (EMI)

**Venue:** Uganda  
**Dates:** 14 - 25 September  
**Duration:** 10 Days



## Background

MEFMI countries are working assiduously towards achieving deeper regional integration. This drive is because; (i) economic integration is seen as a veritable path for rapid economic development, and(ii) the wave of globalization and its unintended externalities, has confirmed the reality that no individual country can go it alone. Notwithstanding this, efforts in the implementation of the regional integration agenda are yet to attain the required speed. Inadequate human and institutional capacity to administer and transmit regional policies and arrangements has, among other issues, continued to derail attainment of the desired targets.

## Objectives

The main objective of this two-week course, presented jointly by MEFMI and the IMF's Institute for Capacity Development (ICD), is to broaden participants' understanding of various aspects of economic and monetary integration, drawing on the theory and case study experiences from other regions.

This workshop is designed to deepen the participants' knowledge on specific issues stemming from economic and monetary integration experiences. Participants will make assessments using case studies involving country data and will be required to deliver their conclusions in short presentations.

## Course Content

The course will cover the following areas:

1. The requirements for economic and monetary integration;
2. Trade, financial, and monetary integration;
3. Costs and benefits of the implementation process; and
4. Political economy aspects of integration.

## Target Group

Middle to seniorlevel officials in central banks and ministries of finance of MEFMI countries that take part in a regional integration arrangement, or are exploring or planning the creation of such an arrangement. Participants should have an advanced degree in economics or equivalent experience and be proficient in the use of spreadsheets.

## 6. Joint MEFMI/IMF Training on Methodology for Compilation and Analysis of Monetary and Financial Statistics

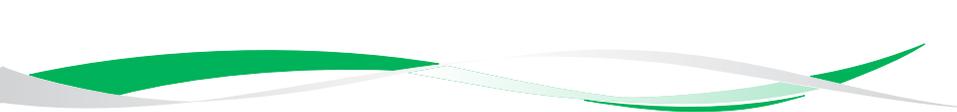
**Venue:** Lusaka, Zambia

**Dates:** 19 – 30 October

**Duration:** 10 Days

## Background

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



and financial macroeconomic analysis while maintaining consistency with the System of National Accounts 2008.

### Objective

The following are the objectives of the course;

1. To familiarize participants with the methodology for compiling monetary and financial statistics based on the Monetary and Financial Statistics Manual and its Compilation Guide.
2. To provide hands-on training on the compilation of monetary statistics.
3. To discuss practical problems in member countries, in particular, the standardized report forms (SRFs) for reporting monetary data to the IMF and the integrated monetary database (IMD).

### Course Content

The course is based on the MFS 2001 IMF Manual and is designed to assist officials in the compilation and analysis of monetary and financial statistics. The course covers the following issues;

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

### Target Group

Officials from Central Banks (or other agencies) responsible for the collection and compilation of monetary and financial statistics.

## B. IN-COUNTRY ACTIVITIES

In 2015, the Macroeconomic Management Programme will continue to proactively address and follow up on capacity challenges emanating from increasing demand for tailor-made country capacity building needs from MEFMI member states. These will cover capacity building in the following areas;

1. Data harmonisation capacity building aspects, where countries will be assisted to adopt the latest standards in the compilation of national accounts, remittances, balance of payments and government financial statistics.
2. Development of tools for economic analysis such as modelling and forecasting, and methodologies for capturing foreign private capital using the MEFMI PCMS.
3. Other frameworks for economic analysis such as development of financial programming frameworks and estimation of economic activity.



Indicative requests from some of the MEFMI member states are summarized below:

### **1. In –Country Workshops**

1. Financial programming workshop for Zimbabwe.
2. Financial programming workshop for Swaziland.
3. National accounts workshop for Zambia.
4. National accounts workshop for Zanzibar.
5. PCMS Training and Customization workshop for Namibia.
6. Training on PCMS and FPC Best Practices (Data updating and Time series) workshop for Angola.
7. Training on PCMS and FPC Best Practices (Data updating and Time series) workshop for Zimbabwe.
8. Modelling and Forecasting Manual Dissemination workshop for Angola.
9. Modelling and Forecasting Manual Dissemination workshop for Lesotho.
10. Small Scale Macro Model Building workshop for Zambia.
11. Small Scale Macro Model Building workshop for Malawi.
12. Any other workshops requested by member countries including Burundi.

### **2. In-Country Missions**

1. PCMS Follow-up (Software Replication to LAN & Synchronization) mission for Mozambique.
2. PCMS Follow-up (Software Replication to LAN & Synchronization) mission for Tanzania.
3. BOP/IIP Mission on Data Migration to BPM6 mission for Malawi.
4. BOP/IIP Mission on Data Migration to BPM6 mission for Mozambique.
5. Follow up on Macroeconomic Model Building mission for Rwanda.
6. Compilation of International Remittances Statistics mission for Lesotho.
7. Follow up Missions-National Accounts mission for Rwanda.
8. Follow up National accounts for Kenya mission for Kenya.
9. Mission on Tax Policy Administration mission for Namibia.
10. Any other mission requested by member countries including Burundi.

### **Networking Activities**

As part of cost cutting initiatives and cross pollination of ideas, in 2015, the Macroeconomic Management Programme will conduct networking activities with the following technical and financial cooperating partners;

1. International Monetary Fund (IMF ICD, Statistics Department, East AFRITAC and AFRITAC South).
2. United Nations Economic Commission for Africa.
3. African Development Bank.
4. African Economic Research Consortium.
5. Crown Agents.

### **Studies and Manuals**

#### **1. MEFMI Framework/Guideline for Early Indicators of GDP and Measuring Informal Sector Activities**

The informal sector constitutes a large proportion of economic activity in the region but data from the sector is not captured comprehensively, which negatively affects the accuracy of national account data. Furthermore, many institutions have no scientific mechanism for estimating GDP in the interim before actual data is released by statistical offices, usually at a considerable lag.

The objectives of this study is to develop guidelines and a framework for early indicators of GDP using a set of leading indicators (e.g.; perception surveys/indices and non-survey methods) and to develop standardized methods for measuring informal activities (GDP). This is expected to improve the timely monitoring of the economy by informing policy decisions before regular statistics are available; and provide more accurate estimation of the GDP from the informal sector and integrate into macroeconomic analysis.

## 2. Inflation and Exchange Rate Management in Resource Rich Countries: Case of the MEFMI Region

Many countries in the developing world, including those in Africa and the MEFMI region in particular, have been blessed with abundant natural resources of all kinds. A large body of research has discussed so much on the relationship between these natural resources and economic development. Natural Resource abundance has also been discussed in the context of macroeconomic models of small open economies aiming to identify the impact of these resources on economic growth and the overall welfare of the nation's citizens. Though this study will use the same macroeconomic model of a small open economy, it will take a different angle of analysis - not to analyse growth patterns of natural resources but - to carry out an integral assessment of what has been the inflation and exchange rate management frameworks over the years in MEFMI natural resource rich economies and propose an optimal country specific framework for management of inflation and exchange rate. The research question is: ***“How does an optimal inflation and exchange rate management framework look like in MEFMI resource rich economies?”***





# DEBT MANAGEMENT PROGRAMME

## INTRODUCTION

The Debt Management Programme work plan for 2015 will continue to build on the activities and lessons from the first three years of the implementation of the MEFMI Phase IV Strategic Plan (2012-2016). This will be done by, among other things, improving course content and delivery methodology as well as introducing new courses to cover emerging issues in debt management. The objectives of the Debt Programme activities during the year will be to impart advanced knowledge and skills to officials involved in debt management and strengthen institutions and systems for effective public debt management.

The activities in 2015 will comprise in-country training, country advisory missions and regional courses. The Programme will include regional training on Assets and Liability Management, which caters for MEFMI member states' evolving needs for advanced techniques and tools for debt management. The Programme will also introduce a course on International Sovereign Bond Issuance given the recent surge for such funding by most developing countries, including those from the MEFMI region. The course will cover strategic considerations, implications and management of such borrowing. In addition, the Programme will offer another new course on Public Debt and Macroeconomic Management, covering inter linkages between macroeconomic accounts and how they relate to public debt management and policies.

Other regional activities during the year will include training on effective use of computer-based debt management systems, namely Debt Management and Financial Analysis System (DMFAS) and the New Version of the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS); Legal and Institutional Framework for Debt Management; Debt Statistics and Reporting; Debt Sustainability Analysis Methodologies; and Formulation of Medium Term Debt Management Strategies. Some of the courses will be delivered through e-learning. For example, an e-learning course on Financial Negotiation Skills and Techniques will be offered during the year.

In-country capacity building activities including training and missions will remain critical as they enable the Institute to support member countries in assessing debt management situations or implementing reforms necessary for improving debt management. These activities will continue to respond to country specific needs and are planned for areas such as installation of new versions of the debt recording and management systems, debt data validation and debt portfolio reviews; preparation of debt statistical bulletins; debt sustainability analysis; debt strategy formulation and implementation; domestic debt markets development and management; and debt Management Performance Assessment and Reforms.

For delivery of these activities, the Debt Programme expects to continue leveraging on the existing fruitful partnerships with technical cooperating partners such as the Bretton Woods Institutions, Commonwealth Secretariat, United Nations Conference on Trade and Development, the African Development Bank, Organisation for Economic Cooperation and Development and the United Nations Institute for Training and Research. The Programme will also heavily rely on regional resource persons and MEFMI Fellows to ensure delivery of services and products at relatively low cost while ensuring high quality.

## A. REGIONAL EVENTS

### 1. Methodologies for Public Debt Sustainability Analysis (DSA) Workshop.

**Date:** 9 - 18 February  
**Venue:** Kenya  
**Duration:** 8 Days

## Background

Excessive public debt is one of the impediments to the growth and development prospects of indebted countries. High debt levels create uncertainties about the future and thus discourage private investors from engaging in long term investments due to the anticipated distortionary taxes. In addition, the cost of servicing public debt can crowd out public investment expenditure, thus reducing total investment directly and indirectly.

It is, therefore, important for countries to conduct regular Debt Sustainability Analyses (DSAs) in order to determine the appropriate levels of debt that are consistent with their development objectives while at the same time ensuring their ability to meet the current and prospective debt service requirements. In this regard, this course aims at exposing participants to the different methodologies for assessing debt sustainability and how to formulate policies and strategies that promote debt sustainability and development in both low and middle income countries.

## Objectives

The major objectives of the course are:

- 1) Impart knowledge on debt sustainability in a macroeconomic context;
- 2) Impart knowledge and develop skills on the use of Debt Sustainability Analysis tools, including the IMF/World Bank Debt Sustainability Framework (DSF) and the MEFMI Domestic Debt Sustainability Analysis, econometric methodology and other approaches; and
- 3) Present country case studies on debt sustainability analyses to enable participants get practical knowledge on undertaking DSAs.

## Course Content

The general course content is as follows:

1. Theoretical foundations of external and public debt sustainability analysis;
2. Tools for Assessing Debt Sustainability, including the IMF/World Bank DSF, the MEFMI's Domestic DSA methodology and other approaches; and
3. Practical application of the DSA approaches.

## Target Group

The target group for this course is middle level officials, in the Ministries of Finance and Economic Planning and Central Banks, who are responsible for middle office functions of debt management. In addition, this course would greatly benefit officials working in the macroeconomic planning and economic policy research departments, especially those involved in macroeconomic forecasting. The participants should be proficient in the use of Microsoft Excel.

The course will start with an e-learning module which commenced October 2014 through the IMF EDX platform followed by the residential segment in February 2015. The residential segment targets the officials who will have completed the e-learning segment.

## 2. Training on CS-DRMS and CS-DRMS IT Support

**Date:** 16 - 25 March  
**Venue:** Swaziland  
**Duration:** 8 Days



## Background

In its efforts to ensure the availability of modern, efficient and relevant computer tools for debt management, the Commonwealth Secretariat (COMSEC) has been developing and/or upgrading their CS-DRMS 2000+ to align the system to the changing debt management landscape. COMSEC, therefore, developed Version 2 of the CS-DRMS 2000+ to address the evolving and more advanced needs of user countries in pursuit of sound debt management. The CS-DRMS Version 2 was rolled out in the second half of 2014, and some countries in the region have already adopted it. The major software enhancements included in the new version are both architectural and functional. Specifically, the Version 2 of CS-DRMS 2000+ is intended to improve debt management practices in the implementation of management operations, new reports, dashboard, consideration of non-business days in the debt cost calculations, and the lending portfolio.

In addition to training and appreciating the new version from the business perspective, the workshop is also intended to address high staff turnover in back offices of debt management departments, through replenishment of skills and training a critical mass of country staff, that can also be regionally available to ensure the smooth provision of the necessary maintenance level support for debt recording and reporting using CS-DRMS. In this regard, this workshop will train CS-DRMS users from the eight MEFMI countries that are CS-DRMS users, on new features of the system.

A parallel training for CS-DRMS Administrators will also be conducted in the first four days of the workshop on technical aspects of the system. This training is intended to equip the IT staff with necessary skills to enable them support the business side of the system.

## Objectives

The following are the objectives of the workshop:

1. To impart knowledge and skills, including hands-on training to participants on the advanced functionalities of the new version of CS-DRMS 2000+;
2. To contribute to the widening of the regional pool of experienced CS-DRMS users;
3. To equip the CS-DRMS IT staff with technical skills to enable them support the business side of the system onsite; and
4. To continue the appreciation of the new version of CS-DRMS from the business perspective as countries continue to adopt it.

## Course Content

The following will be addressed during the training:

1. New features of CS-DRMS;
2. Managing multi-currency, multi-tranche and other loan products in CS-DRMS;
3. CS-DRMS Data Export Facilities;
4. CS-DRMS Securities Module Overview;
5. Managing Bonds in CS-DRMS;
6. Debt Restructuring using CS-DRMS;
7. Debt Reporting using CS-DRMS;
8. Debt and Risk Indicators; and
9. CS-DRMS IT Administration.

## Target Group

The workshop is targeted at CS-DRMS users, especially the back and middle office staff, and CS-DRMS IT Administrators from debt management departments in the Ministries of Finance and Central

Banks. MEFMI Fellows specializing in CS-DRMS user training and IT Administration will also immensely benefit from the training. The participants targeted are from the MEFMI countries that are CS-DRMS users namely Botswana, Kenya, Lesotho, Malawi, Mozambique, Namibia, Swaziland and Tanzania.

### 3. Joint MEFMI/IMF/World Bank Medium Term Debt Management Strategies Workshop

**Date:** 6 - 15 April

**Venue:** Tanzania

**Duration:** 8 Days

#### Background

Sound practice requires that Governments should develop and implement debt management strategies in order to minimize the cost and risks that are associated with their debt portfolios. The experiences of the debt crises illustrate that the absence of a formal public debt strategy can lead to poor choices and thus aggravate the risks associated with public sector borrowing. It is, therefore, important for Governments to actively manage their debt portfolios through formulation and implementation of effective debt management strategies.

There are capacity gaps in this area in most MEFMI member countries. This course has, therefore, been designed to address these gaps and will, among other things, focus on how to develop a debt management strategy, including identifying debt management objectives, the scope of funding sources, and assessing the cost and risks associated with alternative borrowing strategies.

#### Objective

The objective of the workshop is to develop skills on the use of Medium Term Debt Management Strategy (MTDS) tool of the World Bank and IMF and how to develop and implement a national debt management strategy.





## Course Content

The course content includes:

1. Rationale and Role of a quantitative tool in debt management strategy formulation;
2. Steps in developing a debt management strategy;
3. An overview of the MTDS Analytical Tool for debt strategy formulation;
4. Practical application of the MTDS Analytical Tool; and
5. Implementation of the MTDS.

## Target Group

The target group is middle level officials from Ministries of Finance and Economic Planning, as well as from Central Banks responsible for middle and front office functions of debt management. The participants should be computer literate, especially in the use of Microsoft Excel.

## 4. Joint MEFMI / SADC Workshop on Public Debt and Macroeconomic Management

**Date:** 11 - 20 May  
**Venue:** Zimbabwe  
**Duration:** 8 Days

## Background

Public debt and public sector borrowing has implications not only on the current economic situation but also the future economic developments. Current borrowing may imply future additional taxes to repay the borrowed funds. It may also imply future increased borrowing to finance both repayment and interest payments, which may lead to an unsustainable debt burden and thus macroeconomic instability. There is also a reverse relationship whereby changes in key macroeconomic variables such as exchange rate, interest rate, and global and domestic prices of goods and services could adversely impact on debt management through high cost and risks. This calls for appropriate coordination of macroeconomic policies, particularly fiscal and monetary policies with debt management. It is therefore important for debt managers and macroeconomists to understand these inter linkages to ensure effective debt and macroeconomic management.

## Objective

The objective of this course is to equip participants with knowledge on the inter linkages between public debt and macroeconomic management as a basis for developing debt management policies and strategies that are consistent with macroeconomic environment and policies.

## Course Content

The course content will include the following aspects:

1. Macroeconomic interrelationships and how they relate to public debt;
2. The debt creation process and impact of changes in macro-variables on budget and debt;
3. How the size and structure of public debt determines its impact on the economy;
4. Impact of changes in key macroeconomic variables such as exchange rate, interest rate, and prices of goods and services on public debt;
5. Key considerations in assessing public debt sustainability;
6. Risks associated with debt portfolio and their mitigation strategies; and
7. Debt strategy formulation tools, steps, and expected outcomes.

## Target Group

The target group for this course are officials in the middle offices of debt management departments as well as macroeconomists in the Ministries of Finance and of Economic Planning as well as those from Central Banks. The participants should be computer literate, especially in the use of Microsoft Excel.

## 5. Legal and Institutional Framework for Public Debt Management Workshop

**Date:** 22 – 26 June

**Venue:** Angola

**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 Primary and Secondary legislation that guide debt management across developing countries. These legal provisions need to complement international sound practice in debt management. The legal framework also provides the key mandates to institutions and organisations involved in debt management and hence provide the basis for the development of appropriate institutional and organisational structures for debt management. Sound legal frameworks and institutional arrangements are key in ensuring good governance, transparency, accountability as well as effectiveness and efficiency in the management of public debt.

It is therefore imperative that a course on the development of the legal and institutional framework is provided as countries institute measures to enhance debt management according to international sound 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 organisational structures for debt management. This course will impart knowledge on appropriate legal provisions for debt management and the necessary steps in developing institutional framework for public debt management.

## Objective

The objective of the course is to equip senior debt managers with knowledge on appropriate legal and institutional framework for public debt management and challenges involved in developing and implementing such frameworks.

## Course Content

The course content will include the following:

1. Overview of Public Debt Management;
2. Best Practices in Legal and Regulatory Frameworks for Public Debt Management;
3. Sound practice in the institutional arrangement for effective and efficient public debt management; and
4. Debt, Fiscal and Monetary Policy Coordination arrangements.

## Target Group

The target group for this workshop is middle to senior level staff in the Ministries of Finance or Planning

MACROECONOMIC MANAGEMENT			
ACTIVITY	TYPE	DAYS	VENUE
Advanced Course on Macroeconomic Analysis and Management	Course	10	Zimbabwe
Retreat of Heads of Research and Policy Units	Retreat	5	Tanzania
Training of Trainers on Best Practices in Monitoring and Analysing Foreign Private Capital	Workshop	10	Malawi
Joint MEFMI/South AFRITAC Public Expenditure Analysis and Management	Course	5	Namibia
Joint MEFMI/IMF Course on Economic Issues in Regional Integration	Course	10	Uganda
Joint MEFMI/IMF Methodology for Compilation and Analysis of Monetary and Financial Statistics (MFS)	Course	10	Zambia
DEBT MANAGEMENT			
ACTIVITY	TYPE	DAYS	VENUE
Methodologies for Public Debt Sustainability Analysis (DSA) (Joint with World Bank)	Workshop	8	Kenya
Training on CS-DRMS and its IT Administration	Workshop	8	Swaziland
Medium Term Debt Management Strategies (MTDS)	Workshop	8	Tanzania
Public Debt and Macroeconomic Management (Joint with SADC)	Workshop	8	Zimbabwe
Legal and Institutional Framework for Public Debt Management	Workshop	5	Angola
Training in DMFAS 6.0 (Joint with UNCTAD)	Workshop	8	Rwanda
Assets and Liabilities Management	Workshop	5	Botswana
Debt Statistics Compilation and Reporting	Workshop	8	Lesotho
Financial Negotiation Skills and Techniques - e-learning	Workshop	8 weeks	On-line
Sovereign Bond Issuance - Strategic Considerations	Workshop	5	Mozambique
FINANCIAL SECTOR			
ACTIVITY	TYPE	DAYS	VENUE
Joint IMF East AFRITAC/MEFMI Prudential Stress Testing	Workshop	5	Ethiopia
Monetary Policy Implementation	Workshop	8	Botswana
Joint FSI/MEFMI Retreat for Heads of Supervision	Retreat	3	Tanzania
Emerging Issues in Payment Systems	Workshop	5	Swaziland
Financial Markets Development	Workshop	5	Uganda
Problem Bank Resolution	Workshop	5	Kenya
Retreat for Heads of Reserves Management	Retreat	3	Angola
Intermediate Bank Supervision, RBS and Basel III	Workshop	8	Mozambique
Securities Settlement Systems Oversight Policy Frameworks	Workshop	5	Malawi
RAMP - 2 events	Workshop	5	TBA
MULTI-DISCIPLINARY			
ACTIVITY	TYPE	DAYS	VENUE
Technical Cooperating Partners' Meeting	Governance	1	Zimbabwe
Country Visits-re engagements and Dialogue	Networking	14	Various countries
MEFMI Staff Retreat	Staff Development	3	Zimbabwe
Finance and Audit Committee	Governance	1	Zimbabwe
Executive Committee Meeting	Governance	1	Zimbabwe
MEFMI Phase IV Mid Term Review	Monitoring and Evaluation	21	Secretariat & Member States
Governors' Forum	Executive Forum	1	Switzerland
Fellows Recruitment Selection	Fellows Development	2	Zimbabwe
Finance and Audit Committee Meeting	Governance	1	Zimbabwe
Executive Committee Meeting	Governance	1	Zimbabwe
Fellows Accreditation and Graduation	Fellows Development	1	Zimbabwe
Fellows Report Writing and Research Skills Workshop	Fellows Orientation	8	Rwanda
Executive Committee Meeting	Governance	1	Lima, Peru
Board of Governors Meeting	Governance	1	Lima, Peru
Combined Executive Forum	Executive Forum	1	Lima, Peru
Training of Trainers	Workshop	8	Zambia
Deputy Governors' Forum	Executive Forum	2	Lesotho
Cooperating Partners Meeting	Governance	1	Zimbabwe





and Central Banks involved in public debt management. The legal officers involved in supporting debt management offices or drafting legislation on public debt management will greatly benefit from this course.

## 6. Users Training on DMFAS Version 6.0

**Date:** 3 – 12 August

**Venue:** Rwanda

**Duration:** 8 Days

### Background

The United Nations Conference on Trade and Development (UNCTAD) constantly refines the DMFAS in line with new practices in debt management, advances in information technology and the needs of client institutions. In line with this, UNCTAD has introduced various enhancements to the DMFAS version 6 since 2009, such as **Drawing Request, Issuance Authorization, Extended Amendments, new debt service operations** (prepayment, buyback & suspension) and Auditing. This is in addition to new modules that were already embodied in DMFAS 6 when it was launched in 2009, which include Debt Securities module, Auctions module, Debt Reorganization module, Private Non-guaranteed External Debt module, Short-term External Debt module, and the Analysis module. As most countries in the region have already adopted DMFAS 6, MEFMI is once more collaborating with UNCTAD in organising this regional workshop to disseminate and train users on new modules and functionalities in the system. The workshop will enhance the skills of DMFAS users in Ministries of Finance and Central Banks, as well as building a regional pool of trained officials who will be available for use in future capacity building initiatives. A parallel training for DMFAS Administrators will also be conducted to enhance their technical back-stopping skills. The workshop targets DMFAS users from the six (6) DMFAS user countries in the MEFMI region, namely Angola, Burundi, Rwanda, Uganda, Zambia and Zimbabwe.



## Objectives

The major objectives of the workshop are;

1. To disseminate and train users on new modules and functionalities in DMFAS Version 6.0;
2. To train Database/System Administrators on procedures for the installation and maintenance of DMFAS; and
3. To contribute to the widening of the regional pool of qualified DMFAS users.

## Course Content

The course content will include the following:

1. Introduction to analytical tools and mathematical concepts;
2. Debt Portfolio Analysis Module
3. Data Validation Module;
4. Debt Statistics Module; and
5. New Features of DMFAS.

## Target Group

The workshop primarily targets officials with skills in DMFAS, particularly those in the back and middle offices of debt management departments in the Ministries of Finance and Central Banks. This training is targeted at the DMFAS user countries in the MEFMI region, namely, Angola, Burundi, Rwanda, Uganda, Zambia and Zimbabwe.

## 7. Assets and Liabilities Management Workshop

**Date:** 7 - 10 September  
**Venue:** Botswana  
**Duration:** 5 Days

## Background

The integration of developing countries into the global economy and the improved access to external sources of funding has resulted in significant exposure to international financial asset prices and liabilities. Countries are particularly exposed because of their large positions in foreign-currency assets and liabilities (relative to national income) and the relatively risky structure of their debt portfolios (currency composition, interest type and maturity profile). In a dynamic and sometimes volatile, international financial climate, the benefits experienced by countries from prudent macroeconomic management and structural reforms can be severely inhibited by the losses caused by unexpected changes in foreign interest rates and exchange rates. These risks could cause a significant fiscal and financial drain and consequently a fall in the country's domestic absorption and potential output.

This course will cover the Asset and Liability Management Framework as well as the tools and techniques for identifying and managing the above exposures.

## Objectives

The objectives of this course are:

1. To introduce Asset-Liability Management;



2. To train participants on advanced techniques for measuring risk exposure;
3. To train participants on how to implement ALM as a strategic decision-making framework in order to gain competitive advantage and increase value; and
4. To train participants on how to formulate effective ALM strategies.

### Course Content

The content for this course will include:

1. Asset-Liability Models;
2. Optimisation in ALM;
3. Portfolio Management Strategies; and
4. Spread sheet Applications for Portfolio Management.

### Target Group

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.

## 8. Debt Statistics Compilation and Reporting Workshop

**Date:** 19 – 28 October

**Venue:** Lesotho

**Duration:** 8 Days

### Background

This course will review recent developments, including the recently published international Public Sector Debt Guide and the new “Grey Book”. It will provide training on sound practice in debt statistics compilation and reporting, based on the existing international definitions, standards and conventions. It will also examine the role of computer-based debt management systems in debt statistics compilation and reporting in order to comply with international standards.

### Objectives

The objectives of the course are as follows:

1. To impart knowledge and skills in debt statistics compilation and reporting;
2. To train officials on the application of computer-based debt management systems in debt statistics compilation and reporting;
3. To enable participants understand international methodologies for producing debt statistics and reports; and
4. To foster adoption of international best practice in debt statistics compilation that promotes debt information disclosure, transparency and accountability.

### Course Content

This course will cover the following areas:

1. Current Issues in Debt Statistics and Overview of the Integrated Framework of Macroeconomic Statistics;

2. Debt Concepts, Definitions and Accounting Rules;
3. Financial Assets and Liabilities - Identification of Debt Instruments;
4. Debt statistics and Linkages with National Accounts, Government Finance Statistics, Balance of Payments, and International Investment Position;
5. Collecting, Compiling, and Disseminating External and Public Sector Debt Statistics;
6. Data Quality Assessment Framework for External and Public Sector Debt Statistics;
7. Role of Debt Data Validation in Debt Statistics Production;
8. Developing a Public Debt Bulletin; and
9. Use of Tableau in developing a debt dashboard.

### Target Group

The main target group for this workshop is junior to middle level staff responsible for compilation and reporting of debt statistics from Ministries of Finance and Central Banks, including staff from the national statistical offices.

## 9. Sovereign Bond Issuance - Strategic Considerations Workshop

**Date:** 9 - 13 November

**Venue:** Mozambique

**Duration:** 5 Days

### Background

In recent years, most developing countries, including those from the MEFMI region, have issued sovereign bonds on the international capital market to raise resources to finance their development projects. The benefits of such financing are quite enormous if the proceeds are used efficiently and effectively. However, such borrowing is associated with large initial costs (including hidden costs) and future repayment obligations which borrowers need to be adequately prepared for to reduce the risk of falling into debt distress. For those countries that are also considering tapping into such a financing source, there is need for careful advance planning, including evaluating the pre-conditions and strategic considerations for issuance. This course aims at addressing these issues so that member states derive maximum benefits from issuance of international bonds while at the same time minimising the costs and risks of such borrowing.

### Objectives

1. To raise awareness of debt managers on what international capital markets can offer through issuance of sovereign bonds as well as the inherent costs and risks; and
2. To equip participants with key skills required in the preparation, issuance and management of sovereign bonds.

### Course Content

The course content includes the following:

1. Current Developments in Financing Options and their Implications;
2. Introduction to Sovereign bonds;
3. The country rating process and key requirements;
4. Pricing of bonds;
5. Market expectations and investor relations;
6. Preconditions and strategic considerations for first time issuance;



7. Bond Issuance Processes and key players; and
8. Post Issuance Activities.

### Target Group

The workshop targets officials in the front and middle offices of debt management departments in the Ministries of Finance and Economic Planning as well as those in Central Banks.

## 10. Financial Negotiation Skills and Techniques - E-learning Training

**Date:** October & November  
**Venue:** On-line  
**Duration:** 8 weeks

### Background

A country's negotiating capacity has 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 having the necessary competencies according to the kind of negotiation at hand. It is important to have clear roles of the team members and all those involved in different stages of the negotiations for external loans.

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 coached in loan negotiation techniques and strategies. This course will provide an opportunity for officials to be exposed to concepts of negotiation, international negotiation practices, practical negotiations skills and key considerations in negotiating external loan agreements. This course will be in two components: the first part is offered through e-learning, and the second is residential in order to consolidate the material covered through on-line training.

### Objectives

The objectives of the course are:

1. To highlight the key aspects of legal and institutional arrangements necessary for effective loan negotiations;
2. To enhance understanding of the multi-disciplinary nature of the external loan negotiation process;
3. To expose participants to the various financial products from multilateral, Bilateral and Commercial creditors;
4. To expose participants to analytical frameworks for negotiations; and
5. To learn the application of negotiation techniques to enhance negotiation skills.

### Course Content

The course content includes:

1. Overview of Theory of Negotiation;
2. Financial Negotiation: Strategy, Tips and Tactics;
3. Role of Legal Experts in financial negotiations;
4. Overview of debt restructuring options;
5. Negotiating Paris Club rescheduling;
6. Negotiating Non-Paris Club Rescheduling;

7. London Club Rescheduling;
8. Negotiating Bonds and Commercial Loans; and
9. Public Private Partnership (PPP) Issues and Resolutions.

### Target Group

The course is targeted at middle to senior level officials in Central Banks, the Ministries of Finance and Planning as well as Ministries of Justice/Attorney General's Chambers who are responsible for drafting and reviewing legal documents for government borrowing.

## B. IN-COUNTRY ACTIVITIES

In-country activities are critical in addressing the specific capacity building needs of member states in debt management. Country specific issues to be addressed during 2014 include the use of computer based systems for debt recording and management; conducting debt sustainability analysis; formulation of debt management strategies, preparation of debt statistical bulletins; domestic operations and debt market development; and debt data validation, among others.

Indicative activities programmed for 2014 are outlined below:

### a) In-Country workshops

1. Loan Interpretation and Use of DMFAS, workshop for Angola
2. Loan Interpretation and Use of CS-DRMS workshop for Namibia
3. Domestic Debt Operations and Management workshop for Malawi
4. Debt Sustainability Analysis Workshops/Trainings for Tanzania, Zambia, Zimbabwe, and any other country
5. Medium Debt Management Strategies (MTDS) workshops for Tanzania, Malawi, Namibia and any other country





6. CS-DRMS Data Validation workshop for Mozambique
7. Debt Portfolio Review and Statistical Bulletin using DMFAS workshop for Zambia
8. Any other training requested by member countries including Burundi.

#### **b) Country Missions**

1. DMFAS Data Quality Review and Validation including Upgrading of DMFAS Version mission for Angola
2. Debt Statistical Bulletin and Reporting Follow-Up mission for Botswana
3. Needs Assessment missions including DeMPA (Debt Management Performance Assessment)
4. CS-DRMS Data Quality Review and Validation mission for Swaziland
5. Debt Management Reform and Follow-Ups (4 activities) mission for Lesotho, Zimbabwe, Kenya, Angola
6. Debt Strategy Implementation Review mission for Angola, and Zimbabwe

### **C. STUDIES**

#### **1. Annual Research and Policy Seminar**

**Venue: – Zimbabwe**

**Date: - November**

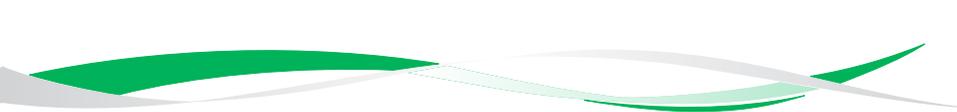
Undertaking research on topical issues that are relevant to the region has been one of the key activities of MEFMI. Through such activities, MEFMI has developed tools that are currently used within and outside the region in the formulation, analysis and implementation of macroeconomic, financial and debt management strategies and policies.

The findings of Impact and Needs Assessment conducted by MEFMI in 2014 highlight the need for MEFMI Secretariat to broaden and regularize research activities by inviting sound research work on topical issues from experts such as academicians, public service experts, central bankers and other practitioners within and outside the region. The papers will culminate in upgrading the current MEFMI Forum publication into a Research Journal. In this regard, MEFMI will invite experts to prepare research papers on diverse topics in macroeconomic, financial and debt management to be presented and discussed during the MEFMI Annual Research and Policy Seminar to be held in Zimbabwe.

### **NETWORKING ACTIVITIES**

Networking with regional and international partners provides MEFMI with opportunities to acquire knowledge that is necessary for effective delivery of debt management services. Indicative networking activities for 2015 are as follows:

1. COMSEC CS-DRMS Networking to be held in the United Kingdom;
2. Two (2) DMF Networking Events one of which will be in the Philippines in June;
3. Four (4) Debt Manager's Network (DMN) Online Meetings;
4. OECD Africa Networking Event to be held in South Africa;
5. UNCTAD/DMFAS Meetings to be held in Switzerland; and
6. OECD International Networking Event to be held in Europe.



# FINANCIAL SECTOR MANAGEMENT PROGRAMME

## INTRODUCTION

In 2015, the Financial Sector Management Programme (FSM) is looking not only to sustain the momentum built since the beginning of Phase IV but also to incorporate in its activities the results of the Impact and Needs Assessment study carried out in 2014. The Impact and Needs Assessment study was an important process that allowed MEFMI to reconcile its offerings as planned in the Phase IV document with feedback from member countries.

In the area of Reserves Management, there will be emphasis on risk management, which is crucial given the rising reserve levels of member countries and the low-return investment climate that exists. Central Banks are thus investing in non-traditional instruments and markets and a clear understanding of the risks involved and the management thereof is crucial for both portfolio managers and the heads of reserves management. As the reserves of countries in the MEFMI region continue to grow, their effective management is crucial to ensure capital preservation and liquidity as well as reasonable return.

Domestic Financial Markets Development will focus on the development of both the primary and secondary markets especially the necessary framework and steps to ensure focused development.

The Programme will continue to address emerging issues and developments in payment systems. In 2015, the focus will be to review and assess on-going payment systems in regional integration projects; examining the challenges faced by countries in implementing and operationalizing these systems and understanding why the use of these regional payment systems is dismal. A workshop on securities clearance and settlement systems oversight will also be conducted. At country level, the Programme will continue to work with central banks to develop and implement payment system oversight frameworks.

A workshop on monetary policy will focus on new developments in the design and modernization of monetary policy frameworks and will also take a closer look at monetary policy transmission mechanisms.

In banking supervision, concentration will be on implementation of best practices at individual country level to address country specific needs. The missions are meant to ensure that no single country is left behind in the implementation of best supervisory practices. In addition to the number of in-country missions planned, the department will still conduct three regional workshops which include the Heads of Supervision retreat that is conducted every two years in collaboration with the BIS' Financial Stability Institute (FSI), an Intermediate Bank Supervision workshop focusing on Risk Based Supervision and Selected Components of Basel III for junior to middle level bank examiners and a workshop on Problem Bank Resolution.

FSM will continue to draw on the expertise and knowledge of international and regional professionals as well as Fellows to ensure that the capacity building products are cost effective, of high quality and relevant to the needs of the region.



## A. REGIONAL EVENTS

### 1. Joint IMF East AFRITAC/MEFMI Prudential Stress Testing Workshop

**Date:** 12 -16 January  
**Venue:** Ethiopia  
**Duration:** 5 Days

#### Background

Since the global financial crisis, a lot of changes have been made in financial sector regulation. The changes require that measures such as stress testing should form an integral part of the overall governance and risk management culture of banks. Stress and scenario testing requires banks to consider the potential impact of certain adverse circumstances on their business operations in order to identify, analyse and manage risks. Banks are encouraged by regulators to develop, implement and action robust and effective stress-testing programmes. These will assess their ability to meet capital and liquidity requirements in stressed conditions. This is a key component of effective risk management following which they can undertake relevant analysis, commensurate with the nature, scale and complexity of their business.

Bank supervisors are also expected to run their own stress tests on a periodic basis for the banks they supervise as and when the need arises. This is done in order to assess their ability to meet minimum specified capital levels through a stress period. System-wide stress testing is also undertaken using a common scenario for financial stability purposes.

To be able to conduct comprehensive stress tests, bank supervisors have to develop a stress testing framework and policy as well as develop their capacity to assess and guide the banks through different stress-testing requirements, stress scenarios and monitoring of test results. Most central banks in the region are looking to incorporate stress testing in their supervisory processes.

#### Objectives

The regional workshop is aimed at building capacity for developing stress testing frameworks, conducting stress tests and interpreting the results thereof.

#### Course Content

The workshop will equip participants with the necessary skills to develop stress testing policy frameworks, templates for the stress testing models and interpretation of stress testing results.

#### Target Group

Junior to middle level personnel in bank supervision and financial stability departments involved in financial analysis, research and policy development and stress testing.

### 2. Monetary Policy Implementation

**Date:** 9 - 17 February  
**Venue:** Botswana  
**Duration:** 8 Days

## Background

Countries in Africa have over the years changed the design and conduct of monetary policy. Globalisation and increased openness in economies has led to greater need to achieve closer convergence of economic performance among trading partners. This has led to a number of developing countries adopting flexible exchange rate regimes and therefore greater scope for monetary policy. Countries have moved from fixed exchange rate to more flexible exchange rate regimes and have also adopted formal or informal inflation targeting regimes. All these changes call for countries to review their existing monetary policy frameworks with the view of modernising them.

## Objectives

The workshop aims to enhance skills on monetary policy aspects including objectives, targets and instruments in light of the current developments in the region.

## Course Content

1. Modernisation of the monetary policy frameworks
2. Policy implementation and operational arrangements
3. Monetary policy transmission mechanisms

## Target Group

This workshop is designed for middle and senior level officials in Central Banks and the Ministries of Finance who are responsible for monetary policy implementation, formulation and analysis.

### 3. Joint FSI/MEFMI Retreat for Heads of Supervision

**Date:** 3-5 March  
**Venue:** Tanzania  
**Duration:** 3 Days

## Background

Since the global financial crisis, a lot of changes have been made in financial sector regulation. The changes include the Basel Committee's issue of the Basel III package in 2010 and the revision of the 25 Core Principles of Effective Banking Supervision. In view of the significant changes to the regulatory framework, topics on these developments will be the focus of the seminar.

## Objectives

The objectives of the workshop are:

1. To raise awareness of the new global regulatory developments post the global financial crisis, euro crisis and their continuing implications for supervisory functions;
2. To enhance participants' understanding of some of the technical developments in the supervisory processes and hone skills for Basel III; and
3. To create an environment where senior supervisors can share ideas on supervisory challenges, policies and developments.



## Target Group

The workshop targets Heads of bank supervision, financial stability, nonbank supervision entities and other senior executives responsible for setting financial sector supervisory policies.

## 4. Emerging Issues in Payment Systems.

**Date:** 4 - 8 May  
**Venue:** Swaziland  
**Duration:** 5 Days

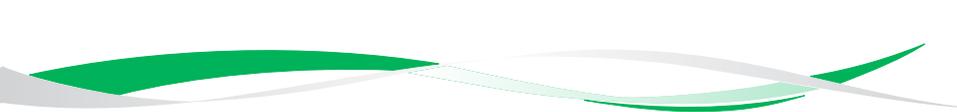
## Background

Going by developments in regional economic blocks on the African continent, there is strong momentum towards regional economic and financial integration. One of the key issues in this regard has been the 'continued' interconnection of payment systems. It is well known that efficient payment systems contribute to the efficiency of financial systems and enhanced financial stability.

Regional payment systems aim to reduce transaction periods and cost in order to help promote cross-border trade and economic and monetary integration. Indeed, the MEFMI region has seen the development and implementation of regional systems like the EAC regional payment system (EAPS), COMESA Regional Payment and Settlement Systems (REPSS) and SADC Integrated Payment System (SIRESS).

However, even with such accelerated efforts, the up-take of these systems is still very low and has in some instances stalled. Consequently, payments systems trade and business within Africa remains cumbersome, underdeveloped, fragmented, costly and inefficient. This, if not promptly addressed





is likely to slow down the on-going efforts by African countries to move towards monetary and financial integration.

### Objectives

The objectives of this workshop are:

1. To review the current state of payment systems in the region and identify constraints to their development and interconnection;
2. To propose ways and means for creating the conditions needed to improve and integrate payment systems; and
3. To contribute in strengthening the capacities of Central Banks and further sensitizing them on their role as operators, Payment System regulators and users.

### Course Content

The course content includes:

1. Regional integration: on-going initiatives and progress;
2. Prerequisites for the modernization and integration of payment system;
3. Legal reforms for integration of payment system; and
4. Payment systems oversight policies for cross-border payments.

### Target Group

The primary target group for this course is middle to senior level staff from the national payments systems departments in Central Banks.

## 5. Financial Markets Development

**Date:** 22 - 26 June

**Venue:** Uganda

**Duration:** 5 Days

### Background

Domestic Financial Markets in the MEFMI region remain at a nascent stage of development and concerted efforts should be made towards their growth. Specifically, initiatives to enhance the depth and breadth of the domestic financial markets are required.

### Objectives

The major objective of the workshop is to provide participants with the relevant knowledge and techniques necessary to ensure the deepening and widening of the domestic financial markets. The workshop will be a platform where participants can share perspectives about financial inclusion initiatives. The workshop will also focus on practical application through presentations, panel discussion, practical exercises and a case study.

### Course Content

The course content will include:



1. State of domestic financial markets in MEFMI region;
2. Requirements for deepening and widening financial markets;
3. Legal and regulatory frameworks; and
4. Sustaining vibrancy of domestic financial markets.

### Target Group

The workshop targets officials in Central Banks who are responsible for domestic financial markets, as well as officials in the Ministries of Finance and Economic Planning, Capital Markets Authority (CMA), Stock Exchanges, Insurance regulators, Pension regulators and other regulated Banks and non-bank financial institutions.

## 6. Problem Bank Resolution

**Date:** 17 – 21 August  
**Venue:** Mombasa, Kenya  
**Duration:** 5 Days

### Background

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

### Objective

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

### Course Content

The workshop will focus on the procedures and processes involved in dealing with problem banks as well as the resolution mechanisms that have been commonly used in other countries such as receiverships, government interventions, deposit insurance, closure and liquidation of troubled banking institutions.

### Target Group

Senior staff in bank supervision with at least more than 5 years in the department, legal counsels, financial stability personnel, deposit insurance practitioners and officials from ministry of finance and/or economic planning dealing with financial sector policy.

## 7. Retreat for Heads of Reserves Management

**Date:** 14 - 16 September

**Venue:** Angola

**Duration:** 3 Days

### Background

Official foreign exchange reserves in MEFMI countries have continued to grow over the years. However, the global financial crisis, the Eurozone crisis and the subsequent interventions to enhance liquidity exemplified the dynamic nature of the reserves management environment. Subsequently, it is important for the heads of reserves management to understand the changing trends in the management of official foreign exchange reserves and the risk/return trade-off in the global market place.

### Objectives

The objective of the retreat is to provide a forum to identify and discuss emerging issues with respect to managing sovereign reserves and the growing attention paid to sovereign wealth funds.

### Course Content

The course content will include:

1. The global investment climate;
2. Current trends in investment management;
3. Non-traditional investment instruments and markets;
4. The risks associated with the non-traditional investment avenues; and
5. Managing new risks.

### Target Group

The workshop targets Heads of Reserves Management and members of the investment committees.





## 8. Intermediate Bank Supervision, RBS and Basel III

**Date:** 19 – 27 October  
**Venue:** Mozambique  
**Duration:** 8 Days

### Background

Bank supervision departments in the MEFMI region are prone to high staff turnover as most well-trained supervisors leave for greener pastures or are seconded to other new areas of focus and hence new recruitments are made regularly. An intermediate workshop on bank supervision aims to equip new bank examiners with the required skills to carry out their day-to-day responsibilities as well as give them the necessary knowledge and tools to assist their seniors in the development of appropriate guidelines.

### Objectives

The objective of the workshop is to formally introduce junior bank examiners to bank supervision principles, supervisory processes and corporate governance as well as provide an overview of best practises and standards for supervision. Topical issues such as risk based supervision and selected components of Basel III will be discussed at the workshop.

The workshop will introduce the participants to the Basel Committee's 25 Core Principles of Effective Banking Supervision, and also provide an overview of best practices and standards for the supervision of banks such as risk-based supervision, off-site analysis and selected components of Basel III.

### Target Group

The course targets new bank supervision staff, junior to middle level bank examiners with less than three years' experience in the department, financial stability staff and relevant staff from the ministries of finance and economic planning.

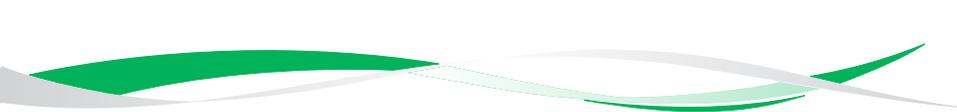
## 9. Securities Settlement Systems Oversight Policy Frameworks

**Date:** 2 - 6 November  
**Venue:** Malawi  
**Duration:** 5 Days

### Background

Securities settlement systems (SSS) play a crucial role in the advancement and modernisation of financial markets. Securities markets continue to provide a conduit in which flow of funds between counterparties is possible and allows for the smooth and efficient implementation of monetary policy. Furthermore, sound and efficient procedures for trading of government securities are an essential element for the development of primary and secondary markets. Government securities markets are also essential in the efficiency of fiscal policy as they reduce the cost of financing for the government.

Countries in the region have made significant headway in establishing efficient and automated securities clearance and settlement systems. In the MEFMI region, most countries have fully operational CSDs for both Government and Equity market securities. Some regional groups are working towards the linking of the different national CSDs across regional bodies following the growth in volume of cross border trade and settlements.



In some MEFMI countries, there is a relatively vibrant interbank OTC market trading in government securities while almost no transaction on the stock exchange where the same securities are listed. There is need to explore the reasons behind that contrast and identify possible solutions as it has direct implications on financial markets development.

It is therefore necessary that authorities responsible for the regulation and oversight of SSS keep abreast with new developments in securities operations. Authorities need a clear understanding of the risk management processes and the interdependencies that exist between linked CSDs or other payment systems.

## Objectives

The objectives of the workshop are:

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

## Course Content

1. New developments in SSS
2. Identifying and understanding of risks in SSS
3. Developing oversight and regulation frameworks for SSS
4. Implementation of cross-border SSS
5. Consumer protection as it relates to SSS

## Target Group

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

## 10. RAMP Events

**Date:** TBA  
**Venue:** TBA  
**Duration:** TBA

## B. IN-COUNTRY ACTIVITIES

### 1. In-Country Workshops

1. Financial Markets Development workshop for Tanzania
2. Reserves Management workshop for Angola
3. Consolidated Supervision workshop for Kenya
4. Basel II Implementation workshop for Zimbabwe
5. Payment systems oversight workshop for Uganda
6. Payment Systems and Securities Settlements workshop for Rwanda



## 2. Country Missions

1. Financial Markets Development mission for Zimbabwe
2. Enterprise Wide Risk Management mission for Rwanda
3. Consolidated Supervision mission for Namibia
4. Risk Based Supervision mission for Angola
5. Payment Systems Oversight mission for Botswana
6. Back Office Operations mission for Angola

## D. STUDIES

Many countries are at various stages of implementing Risk based Supervision principles. FSM will develop a comprehensive manual and guideline for Supervision of Banks following the use of risk based supervision principles.

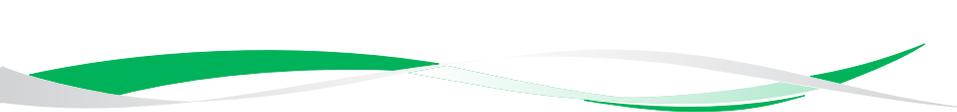
Several Countries are also facing critical need to develop internal credit rating systems to provide robustness to the asset allocation process in their reserves management function. This requires the development of an appropriate internal credit rating tool as part of the investment management and research processes. FSM will also start working on developing internal credit rating system. This is expected to be a multi-year study and will extend beyond 2015.

## NETWORKING ACTIVITIES

The Programme will seek to engage in networking activities with international cooperating partners. Likely events and partners are as follows:

1. African Development Bank (AfDB)
2. Bank for International Settlements (BIS)
3. World Bank
4. Toronto Centre
5. Sovereign Wealth Fund Institute
6. CFA Institute





# MULTI-DISCIPLINARY ACTIVITIES (MDA)

## INTRODUCTION

The Multi-Disciplinary Activities (MDA) covers areas which transcend the three major operational Programmes of MEFMI, namely: Macroeconomic Management, Financial Sector Management and Debt Management.

The strategic focus of MDA during Phase IV is to strengthen the coordination and management of MEFMI's multidisciplinary activities, develop and implement an integrated Monitoring and Evaluation System for MEFMI, develop and maintain sustainable communication and public relations for MEFMI.

The MDA operates through 3 functional areas; Planning, Monitoring and Evaluation, Multidisciplinary Activities, as well as Networking and Public Relations. The MDA conducts its operations by supporting and complementing the three core Programmes through organising Executive Fora, coordinating the Fellows Development Programme, conducting Human Resources Seminars and training of trainer's events.

## 1. EXECUTIVE FORUM SERIES

MEFMI conducts annual Executive Fora for high level officials comprising Central Bank Governors and the Deputy Governors, Ministers of Finance, Planning and or Economic Development as well as their Permanent Secretaries. The Combined Forum specifically targets Central Bank Governors, Ministers of Finance, Planning and or Economic Development and their Permanent Secretaries. The Forum is held back to back with the IMF/World Bank annual meetings. The MEFMI Combined Forum provides a platform for engaging top policy makers on emerging issues, implementation of best practices, and the management of change, in their respective institutions. In addition, the Combined Forum is the only platform created and nurtured by MEFMI where all policy makers dealing with financial and economic matters converge in one room to discuss and strategise on issues of mutual interest, that are paramount to the continued growth of the MEFMI region. The Forum is also helpful in providing networking opportunities with both regional and international peers.

The bi-annual Deputy Governor's and Deputy Principal Secretaries Forum targets Deputy Governors of Central Banks in the MEFMI region as well as Deputy Permanent Secretaries.

The respective themes and topics for the Fora will be determined during the first quarter of the year.

Objectives of the Executive Fora include:

- i. To keep national economic managers abreast of the trends in the spheres of macroeconomic and financial management, raising awareness about emerging risks and opportunities entailed in international and regional development;
- ii. To provide an opportunity to share experiences and exchange views, among peers and with subject area experts;
- iii. To address practical approaches to managing the economy and closely related activities prudently, competently and efficiently; and
- iv. To promote teamwork among the Client Institutions and stakeholders involved in macro-economic and financial management as a conduit for successful regional integration.



**a) Governors' Forum**

**Date:** June  
**Venue:** Switzerland  
**Duration:** 1 Day

**b) Combined Executive Forum**

**Date:** 6<sup>th</sup> October  
**Venue:** Lima, Peru  
**Duration:** 1 Day

**c) Deputy Governors' Forum**

**Date:** 23 - 24 November  
**Venue:** Lesotho  
**Duration:** 2 Days

## **2. FELLOWS DEVELOPMENT PROGRAMME**

The Fellows Development Programme is an accelerated, cost-effective expert formation endeavour which is unique to MEFMI. The initiative aims to grow a cadre of experts, who will ensure sustainability and availability of adequate support in building and maintaining capacity in the region. The carefully selected high potential professionals from client institutions are put through an intensive training and professional exposure to upgrade their competence in the three core Programme areas of MEFMI.

**a) Fellows Recruitment and Selection**

**Date:** 20 - 21 July  
**Venue:** Zimbabwe  
**Duration:** 2 Days

### **Background**

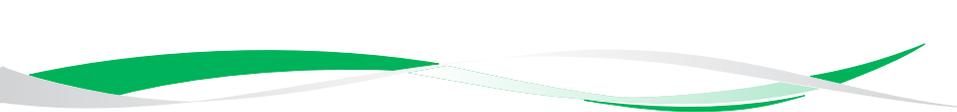
MEFMI envisaged recruiting not less than thirty (30) Fellows during Phase IV. Nineteen (19) Fellows were recruited in April 2013 and seventeen (17) of these are undergoing training and mentorship to develop technical papers for their graduation scheduled for 2015.

### **Objective**

To recruit fifteen (15) Fellows in new and emerging areas or areas where there is a significant deficit of technical expertise under the three (3) core Programmes of MEFMI.

### **Target Group**

All member states will be invited to nominate Candidate Fellows. Female candidates are strongly



encouraged to apply to ensure gender balance during the recruitment. Countries with few Fellows are also encouraged to nominate. These include Botswana, Burundi, Mozambique and Angola.

## **b) Fellows Accreditation and Graduation Ceremonies**

**Date:** 24 July  
**Venue:** Zimbabwe  
**Duration:** 1 Day

### **Background**

Fellows once recruited, undergo a comprehensive training and mentorship programme to upgrade their competency levels and develop their technical papers. They are also attached to exemplary institutions to understudy and experience work processes in their areas of specialisation. Upon successful completion of their training, candidate Fellows are assessed by a panel of experts to gauge their readiness for graduation and admission into the next phase of the Programme - the Apprenticeship phase. During the apprenticeship phase, Graduate Fellows are expected to, among other things participate in MEFMI activities as resource persons for courses, workshops, seminars and in-country missions. They also prepare a discussion paper on their area of speciality. Successful completion of apprenticeship qualifies a Fellow for accreditation. Accredited Fellows are those who have completed their Fellows training fully and are from then onwards available to their own institutions and the region as experts in their respective areas of specialization. They are also available to MEFMI Secretariat to assist in sustaining the capacity building efforts.

### **Target Group:**

The accreditation and graduation ceremony will be attended by successful Candidate and Graduate Fellows.

## **c) Training of Trainers**

**Date:** 2 to 11 November  
**Venue:** Zambia  
**Duration:** 8 Days

### **Background**

To increase the pool of experts that can train other officials in the MEFMI region, the Institute conducts training of trainers workshops. The Secretariat selects officials from client institutions based on their expertise, experience, exposure and performance demonstrated during previous MEFMI activities. Officials deemed to have met the satisfactory level are called upon to undergo the accelerated training of trainers' course.

### **Objectives**

- 1) To impart knowledge and skills in approaches used to design training programmes and modules for adult learning; and
- 2) To equip trainers with knowledge and skills in planning and delivering presentations for training and development purposes.



### Target Group

Experienced regional experts nominated by client institutions.

#### d) Fellows Report Writing and Research Skills Workshop

**Date:** 7 to 14 September

**Venue:** Rwanda

**Duration:** 8 Days

### Background

The workshop is part of the Fellows Development Programme aimed at equipping Fellows with appropriate research and report writing skills to enable them to undertake their technical papers, which is one of the requirements for the fulfilment of the Fellows Development Programme.

### Objective

Equip Candidate Fellows with appropriate research and report writing skills necessary to undertake their technical papers, and to enhance their capacity to translate research findings into usable reports and policy papers.

### Target Group

Candidate Fellows - 2015 intake.





*Our Values:*

*Accountability*

*Teamwork*

*Responsiveness*

*Integrity*

*Professionalism*

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