



MEFMI

Macroeconomic and Financial Management
Institute of Eastern and Southern Africa



2017

ANNUAL REPORT

Macroeconomic
and Financial
Management
Institute of Eastern
and Southern Africa





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ABBREVIATIONS

AACB	Association of African Central Banks
ACBF	African Capacity Building Foundation
BDU	Business Development Unit
BOP	Balance of Payments
CPSS	Committee on Payment and Settlement Systems
CS-DRMS	Commonwealth Secretariat Debt Recording and Management System
CTP	Customised Training Plan
DeMPA	Debt Management Performance Assessment
DMP	Debt Management Programme
DMFAS	Debt Management and Financial Analysis System
EXCOM	Executive Committee
EMDE	Emerging Market and Developing Economies
FDP	Fellows Development Programme
FPC	Foreign Private Capital
FSI	Financial Stability Institute
FSMP	Financial Sector Management Programme
IDEP	African Institute for Economic Development and Planning
IMF	International Monetary Fund
IMIS	Integrated Management Information System
IOSCO	Technical Committee of the International Organization of Securities Commissions
MDA	Multi-Disciplinary Activities
MTDS	Medium Term Debt Management Strategy
MMP	Macroeconomic Management Programme
MEFMI	Macroeconomic and Financial Management Institute of Eastern and Southern Africa
PCMS	Private Capital Monitoring System
RAMP	Reserves Advisory and Management Programme
SSA	Sub-Sahara Africa
UNCTAD	United Nations Conference on Trade and Development
VAT	Value Added Tax
ZIMRA	Zimbabwe Revenue Authority

GOVERNANCE STRUCTURES OF MEFMI IN 2017

Board of Governors

The MEFMI Board of Governors is made up of a Central Bank Governor or a Treasury Secretary / Permanent Secretary of Finance of each of the 14 Member Countries. Where a Governor is a substantive member, the Treasury Secretary/Permanent Secretary is an alternate, and vice-versa. The following were the members of the Board of Governors as at 31 December 2017:

ANGOLA

Mr. Valter Filipe Duarte da Silva, Governor, Banco Nacional de Angola

Mrs. Aia-Eza da Silva, Secretary of State for Budget, Ministry of Finance

BOTSWANA

Mr. Moses Pelaelo, Governor, Bank of Botswana (Board Chairman)

Mr. Solomon M. Sekwakwa, Permanent Secretary, Ministry of Finance and Development Planning

KENYA

Dr. Patrick Njoroge, Governor, Central Bank of Kenya

Dr. Kamau Thugge, Principal Secretary, the National Treasury

LESOTHO

Dr. Adelaide R. Matlanyane, Governor, Central Bank of Lesotho

Mr. Tom Mpetla, Principal Secretary, Ministry of Finance (until August 2017)

Ms Nthoateng Lebona, Principal Secretary, Ministry of Finance (from August 2017)

MALAWI

Mr. Charles Chuka, Governor, Reserve Bank of Malawi (until February 2017)

Dr. Dalitso Kabambe, Governor, Reserve Bank of Malawi (from April 2017)

Mr. Ben Botolo, Secretary to the Treasury, Ministry of Finance, Economic Planning and Development

MOZAMBIQUE

Dr. Rogerio Lucas Zandamela, Governor, Banco de Mozambique

Mr. Domingos Juliao Lambo, Permanent Secretary, Ministry of Economy and Finance

NAMIBIA

Mr. Ipumbu W. Shiimi, Governor, Bank of Namibia

Ms Ericah B. Shafudah, Permanent Secretary, Ministry of Finance

RWANDA

Mr. John Rwangombwa, Governor, National Bank of Rwanda (Vice-Chairman of Board of Governors and EXCOM Chairman)

Mr. Caleb Rwamuganza, Permanent Secretary & Secretary to the Treasury, Ministry of Finance and Economic Planning

SWAZILAND

Mr. Majosi Sithole, Governor, Central Bank of Swaziland

Mr. Bheki Bhembe, Principal Secretary, Ministry of Finance

TANZANIA

Prof. Benno Ndulu, Governor, Bank of Tanzania

Mr. Doto M. James, Permanent Secretary, Ministry of Finance

UGANDA

Prof. E. Tumusiime-Mutebile, Governor, Bank of Uganda

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

ZAMBIA

Dr. Denny Kalyalya, Governor, Bank of Zambia

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

ZIMBABWE

Dr. John Mangudya, Governor, Reserve Bank of Zimbabwe

Mr. Willard L. Manungo, Secretary for Finance and Economic Development, Ministry of Finance & Economic Development

Members of the Executive Committee

The Institute operates under the direction of an Executive Committee, which consists of the Vice Chairman of the Board of Governors and four (4) other voting members nominated by the Board of Governors from the Board. The MEFMI Executive Director and the Governor of the Reserve Bank of Zimbabwe are ex-officio members of the Executive Committee. The Committee is chaired by the Vice-Chairman of the Board of Governors of the Institute and is allowed to elect an Alternate Chairperson, who can preside over meetings in the absence of the Chairperson. Each member of the Executive Committee serves for two years. The following were members of the Executive Committee during 2017:

- **Mr. John Rwangombwa**, Governor, National Bank of Rwanda (Chairman)
- **Dr. Patrick Njoroge, Governor**, Central Bank of Kenya
- **Dr. Rogerio Lucas Zandamela**, Governor, Banco de Mozambique
- **Mr. Majozi Sithole**, Governor, Central Bank of Swaziland
- **Mr. Keith Muhakanizi**, Permanent Secretary / Secretary to the Treasury, Uganda Ministry of Finance, Planning & Economic Development
- **Dr. John Mangudya**, Governor, Reserve Bank of Zimbabwe (Ex-officio member)
- **Dr. Caleb Fundanga**, Executive Director (Secretary & ex-officio member)

MEFMI Management

The Executive Director is responsible for the business of the Institute and ensuring that its policies and programmes are properly developed and implemented. The ED is assisted by a Management team comprising Programme Directors.

As at the end of December 2017, the following Directors were in post:

- **Dr. Caleb M. Fundanga**, Executive Director
- **Dr. Sehliselo Mpofo**, Director Macroeconomic Management Programme
- **Mr. Patrick Mutimba**, Director Financial Sector Management Programme
- **Mr. Raphael O. Otieno**, Director Debt Management Programme (January until 31 May 2017)
- **Mr. Stanislas Nkhata**, Director Debt Management Programme (acting from 1 June to 31 August 2017; substantive from 1 September 2017)
- **Mrs Rose G. K. Malila-Phiri**, Director Finance and Administration



CHAIRMAN'S STATEMENT



Mr. Moses Pelaelo

On behalf of the MEFMI Board of Governors, I present the MEFMI 2017 Annual Report and Audited Financial Statements. From the onset, I would like to express deep gratitude to all MEFMI member countries for the continued confidence, trust and loyalty to the Institute. This is despite the economic challenges that most countries in the MEFMI region faced during the year.

The Board of Governors is well aware of the current combination of macroeconomic and non-macroeconomic shocks that continue to put pressure on domestic budgets of member countries. Nevertheless, member countries continue to honour their financial obligations to MEFMI to ensure continued implementation of planned activities by the Secretariat. The Institute received income amounting to US\$6 277 676 in 2017. Member countries contributed 79 percent of the budget, cooperating partners contributed eleven (11) percent of the budget while the remainder was income from in-kind contributions, interest from investments and other income. On behalf of the Board of Governors, I would like to express our sincere gratitude to the African Capacity Building Foundation and the World Bank for their continued support. I would also like to express my gratitude to the Government of Sweden for its support from the inception of the Institute to July 2017.

I wish to express my sincere gratitude to the MEFMI Management and staff for their commitment and professionalism in the discharge of their duties. Despite the constrained financial resources, the Secretariat implemented all the planned activities for the year. It is also particularly

significant to appreciate the fruitful partnerships and collections with the private sector. MEFMI benefited not only from the financial contributions, but also from the vibrant interactions at Executive Fora as well as technical support to the MEFMI Programmes. Indeed, the partnerships with Crown Agents Investment Management, Investec Asset Management and Ernst & Young for the Executive Fora activities is highly appreciated as it allowed for synergies and leveraging of resources for greater impact.

I take this opportunity to express my sincere gratitude to all Board Members for their unwavering support to me, as Chairman, as well as the wise counsel provided to Management through the Executive Committee (EXCOM). I thank the EXCOM Chairman, Governor Rwangombwa and the Committee members for making time to diligently attend to all administrative issues as well as their active participation in governance meetings and Executive Fora events.

Looking ahead, the year 2018 promises to be a stable year for the MEFMI region. The stabilising international commodity prices together with the projected broad based improvements in global output are likely to have a positive spin off on the MEFMI region. I trust that the Institute will continue delivering services effectively and efficiently for the benefit of all MEFMI member countries.

Mr. Moses Pelaelo

Governor, Bank of Botswana
and Chairman MEFMI Board of
Governors

OVERVIEW BY THE EXECUTIVE DIRECTOR



Dr. Caleb Fundanga

The year 2017 was significant for MEFMI as it allowed the Institute to set a foundation for the implementation of Phase V Strategic Plan (2017-2021). It marked the transition from Phase IV to Phase V Plan, which is based on five (5) key strategic pillars, namely: Programming Relevance and Effectiveness; Diversification of Revenue Sources; Innovation and Technology; Monitoring and Evaluation; and Finance and Administration Effectiveness. The transition occurred in an environment characterised by shifting donor priorities and changes in modalities of engagement, which presented challenges for mobilising adequate resources for financing the Phase V Plan. Nevertheless, the Institute managed to leverage its 24 years' experience and the solid partnerships nurtured over time to effectively deliver its mandate in 2017.

Despite these funding challenges, 2017 turned out to be another successful year for MEFMI, as critical outcomes were achieved in line with objectives defined in the annual work programme. The Institute implemented 75 capacity building activities, benefiting 1,756 officials, with a gender representation of 59 percent male and 41 percent female, compared to 1,768 trained during the same period in 2016. The number of in-country activities designed to address country-specific capacity needs increased to 44 from 42 in 2016. The increase is in line with Phase V thrust of addressing the specific needs of member institutions.

While the gender distribution in MEFMI activities largely reflects staffing patterns in most client institutions, the Institute is taking deliberate measures to increase enrolment and ease access to its courses, particularly for female

participants, through the delivery of online courses that do not require travel, a development welcomed especially by nursing mothers. Building on the successful launch of E-Learning courses in 2014, MEFMI intensified delivery of online courses in 2017 on the MEFMI platform, and its impact has exceeded expectations in terms of outreach and inclusivity. Of the 31 regional courses offered during the period under review, 26 percent (or eight) were offered via e-learning, benefiting a total of 337 officials (or 36 percent of the total officials trained through regional capacity building activities).

As part of efforts to provide relevant knowledge products that support evidence-based policy formulation and implementation, MEFMI commissioned three (3) studies in 2017, namely:

- The Impact of the Chinese Economic Dynamism on the MEFMI Region: This Study focuses on the impact of and the main channels through which developments in the Chinese economy will be transmitted to the region.
- The Study on Innovative Mechanisms for Financing Infrastructure Development seeks to explore how the potential of emerging financing options could be unlocked to finance infrastructure development in the region, while managing the associated risks and challenges.
- The Study on Mortality Tables will culminate in the development of a framework for preparing mortality tables that member countries can adapt as they conduct their own country-specific mortality studies.



MEFMI also embarked on the development of a Debt Sustainability Analysis Manual, which will document the steps and information requirements for assessing debt sustainability. It is envisioned that these studies will contribute to informed policy formulation and implementation in member countries.

MEFMI also used its convening power in 2017 to stimulate researchers to actively participate in policy discussions through well-researched and evidence-based papers on topical issues in the region. In this regard, the Institute conducted its third Annual Research and Policy Seminar, which was adjudged successful by high-profile participants.

The Phase V Plan brought about a strategic shift in MEFMI interventions that not only demands further innovation in approach, but also a deepened focus on the monitoring and evaluation of those interventions. In 2017, the Institute sought to consolidate the gains made in the development of a Results Measurement Framework by integrating bi-annual performance reviews. The reviews are a platform for MEFMI Programmes to share lessons and experiences of implementing capacity building activities and these are expected to enhance design and implementation of future capacity building activities.

Establishing and sustaining strategic partnerships was a key focus in 2017. In this regard, the Institute signed a Memorandum of Understanding with Crown Agents Investment Management for the annual funding of the Permanent Secretaries and Deputy Governors Forum. Looking ahead, MEFMI plans to strengthen its existing partnerships while seeking new potential collaborations in a way that elevates the Institute's ability to deliver effective and sustainable capacity building activities.

All these successes would not have been possible without the support of our technical cooperating partners who have, over the years, continued to provide invaluable technical support. The collaboration allowed for synergies and leveraging of resources for greater impact. They have also been useful in delivering coordinated interventions that contribute to the common goal of poverty reduction and human development in the targeted countries. I, therefore, hope that these excellent partnerships will continue as we contemplate new and wider areas of future collaboration.

With regards to resource mobilisation, the past few years have been challenging, as the resource pool for capacity development dwindled due to shifting donor priorities. Traditional financial cooperating partners such as Norway and the Swedish International Development Cooperation Agency (SIDA), announced that their funding for MEFMI's capacity building projects and programs had come to an end. This notwithstanding, I am pleased to report that member countries continue to support MEFMI and their contributions account for about 79 percent of the total 2017 funding. This clearly attests to member countries' appreciation for and increasing ownership of MEFMI's capacity building and programmes, for which we are grateful. Apart from member countries, the African Capacity Building Foundation (ACBF) availed US\$1.2 million for utilisation in 2017/2018. This continued support by ACBF is greatly appreciated.

Recognizing that the funding landscape is changing, the Board of Governors approved, in 2016, a proposal to establish a Business Development Unit (BDU), to spearhead design of self-sustaining revenue streams to supplement Member Countries' contributions. I am pleased to report that the BDU became fully operational in February 2017, and has engaged with various organisations as part of brand awareness and exploring scope for collaboration. To this end, the BDU is expected to harness resources from non-traditional partners and help the Institute pivot towards new funding mechanisms.

In May 2017, we bid farewell to the Director of the Debt Management Programme, Mr. Raphael Otieno, who returned to the Central Bank of Kenya. We are grateful to Mr Otieno for his service to MEFMI since 2008 and I wish him the best in his endeavours. It also gives me great pleasure to welcome Mr Stanislas Nkhata to the Management Team of the Secretariat as Director of the Debt Management Programme.

In conclusion, I express my gratitude to the Board of Governors and Executive Committee for their stewardship of the Institute as we ushered in Phase V. I also extend my gratitude to the management and staff of the Secretariat for their hard work as well as continuing to steer the Institute forward.

Caleb Fundanga
MEFMI Executive Director

EXECUTIVE SUMMARY

The year 2017 marked the beginning of implementation of the Phase V Strategic Plan (2017 – 2021). In Phase V, the Institute plans to reposition itself to deliver capacity building interventions that are not only relevant, but also cost effective to ensure that the Member Countries and other stakeholders such as technical and financial cooperating partners get utmost value for their money.

In summary, the Institute implemented a total of 144 activities during 2017, including 31 regional activities, 44 in-country workshops and 69 other activities. The subject areas covered in the regional and in-country activities include: Agriculture Producer Pricing Index; Methodologies for Public Debt Sustainability Analysis; Gender-Responsive Economic Policy Management; Monetary and Exchange Rate Policy; Public Finance Management and Gender-Responsive Budgeting; Regional Integration and Trade; Government Finance Statistics; Advanced Macroeconomic Modelling and Forecasting; Debt Data Validation Using The Debt Management and Financial Analysis System (DMFAS); Public Debt Audit; Sovereign Liabilities Risk Analysis and Debt Strategy Formulation; Commonwealth Secretariat Debt Recording and Management System (CS-DRMS); Foundations of Public Debt Management; Development Financing Options, Financial Mathematics and Financial Soundness Indicators; Crisis Management and Bank Resolution; Monetary Policy Implementation; Financial Mathematics and Financial Soundness Indicators; Regulation of Securities; Yield Curve Development; Cross-Border Payment Systems; Financial Risk Management; Fundamentals of Reserves Management; Practical Application of Payment Systems Operation and Oversight; Settlement and Custodian Relation; and Fellows Orientation, Research Methodology and Report Writing Skills.

E-Learning is one of the critical initiatives for cost cutting and

achieving wider coverage in delivering regional activities under Phase V. E-learning has exceeded expectations in terms of outreach in 2017 with a total of 337 officials trained.. Furthermore, implementation of demand-driven, tailor-made country specific capacity building needs initiated in Phase IV has been a significant success story that led to the development of tangible capacity building tools and frameworks across MEFMI client institutions. In 2017, there was a 5 percent increase in the number of in-country capacity building activities, which aim at addressing the specific needs of each member country.

The Phase V plan emphasises enhanced mainstreaming of cross cutting issues such as regional integration, gender responsiveness, anti-corruption and HIV/AIDS. While most regional activities delivered in 2017 were modularised to contain anti-corruption and HIV/AIDS, there were two additional two regional workshops specifically addressing for Gender-Responsive Economic Policy Management. In addition, MEFMI sought to strengthen its collaboration with RECs to assist Member Countries to achieve their regional integration targets. The Phase V plan also introduces capacity building to address identified gaps such as training in Contingent Liabilities, Combating Illicit Financial Flows, Public Private Partnerships, Training for Auditors and Natural Resources Management.

In terms of institutional development, 2017 saw the commencement of operations of the Business Development Unit (BDU) in February, which is an initiative to widen MEFMI's revenue base, as well as supplementing Member Countries' financial contributions. In this regard, the BDU kicked off by hosting a breakfast meeting in May 2017 in Harare to introduce its products and services. The Unit conducted four (4) activities during 2017.





1

Recent Economic Developments in the MEFMI Region and Beyond

1.1. Global Developments

The IMF World Economic Outlook (WEO) of October 2017 indicates that the global economic pickup that started towards the end of 2016 gained momentum in 2017 and has led to strengthening of global economic activity. The WEO projects global real output growth to increase to 3.6 percent in 2017 from 3.2 percent in 2016. This outturn is expected to be driven by growth in different economic groups. For example, real GDP growth in Advanced Economies is estimated to increase by 0.5 percentage points in 2017 from 1.7 percent in 2016.

Emerging Markets and Developing Economies (EMDE) are estimated to grow by 4.6 percent in 2017 compared to 4.3 percent in 2016. The Sub Saharan African (SSA) region is also expected to witness a higher growth of 2.6 percent in 2017, compared to 1.4 percent in 2016.

In the major economies, it is anticipated that growth in the USA will be moderately above potential in the medium term, driven by supportive financial conditions and strong business and consumer confidence. For the Euro Area, growth is expected to be driven by acceleration in exports arising from a pickup in global trade and continued strong domestic demand, supported by accommodative financial conditions, diminished political risk and policy uncertainty.

Growth in the United Kingdom is expected to decrease by 0.1 percentage points from 1.8 percent in 2016. This is mainly due to weaker-than-expected growth outturns in the first two quarters of 2017. This was driven by softer growth in private

consumption as the pound's depreciation weighed on household real income. In Japan, the strengthening of global demand and policy actions aimed at sustaining a supportive fiscal stance was expected to drive growth upwards in 2017.

In the EMDE, China is expected to record a stronger growth of 6.8 percent in 2017 compared to 6.7 percent in 2016. This reflects stronger-than-expected outturn in the first half of 2017, underpinned by policy easing and supply-side reforms. In India, high government spending and data revisions are anticipated to continue impacting the economy positively. In the ASEAN, 5 economies' (Indonesia, Malaysia, Philippines, Thailand, Vietnam), growth is expected to strengthen in 2017 to 5.2 percent, partly because of stronger-than-expected demand from China and Europe.

In Mexico, economic activity is expected to weaken to 2.1 percent in 2017 from 2.3 percent in 2016. This mainly reflects increased uncertainty about USA-Mexico trade relations. In Brazil, a bumper crop and a boost to consumption (including from allowing workers to draw on savings accumulated in their severance accounts) was expected to drive economic activity (from a negative growth of -3.6 percent in 2016 to 0.7 percent in 2017). Argentina is also expected to emerge from recession, mainly due to consumption (arising from higher real wages); public investment; and improved exports arising from stronger external demand.

Table 1 shows the outturns for 2015 and 2016 estimates for 2017 and projections for 2018, respectively.

Table 1: Estimates and Projections of Global Real GDP Growth (%)

Country/Region	Actuals		Estimates	Projections
	2015	2016	2017	2018
	World	3.4	3.2	3.6
Advanced Economies	2.2	1.7	2.2	2.0
United States	2.9	1.5	2.2	2.3
Euro Area	2.0	1.8	2.1	1.9
Japan	1.1	1.0	1.5	0.7
United Kingdom	2.2	1.8	1.7	1.5
Emerging Market and Developing Economies	4.3	4.3	4.6	4.9
Russia	-2.8	-0.2	1.8	1.6
China	6.9	6.7	6.8	6.5
India	8.0	7.1	6.7	7.4
Brazil	-3.8	-3.6	0.7	1.5
Sub-Saharan Africa	3.4	1.4	2.6	3.4
Nigeria	2.7	-1.6	0.8	1.9
South Africa	1.3	0.3	0.7	1.1

Source: IMF's World Economic Outlook, October 2017

Developments in the global commodity market are important for most countries as they affect their balance of payments and fiscal positions, as well as the real sector performance. In this regard, price movements of commodities have an immediate effect on economic conditions, particularly countries in the SSA region.

Chart 1 indicates that commodity prices declined from 2014 until the first half of 2016 when slight increases were recorded. Commodity prices were stable in the third quarter of the 2016, although increases in fuel¹ and metal prices² were

observed during the last quarter through out to 2017. During the same period, food prices³ did not decline at the same rate as fuel prices, but tracked their movement. This indicates the importance of fuel as an essential input in agricultural production and other industries.

Metal prices are expected to stabilize in 2018, following an upward spike in 2017, as a correction in iron ore prices is offset by increased prices in other base metals. Furthermore, it is anticipated that developments in China, particularly in property industry, infrastructure, and manufacturing sectors, will play an important role in the price trajectory for metals.

Chart 1: Global Commodity Price Indices (2005=100)

Source: IMF Commodity Price System, October 2017

¹Includes crude oil, petroleum, natural gas and coal prices.

²Includes copper, aluminium, iron ore, tin, nickel, lead and uranium.

³Includes cereal, vegetable oil, sugar, bananas and oranges.

Table 1: Estimates and Projections of Global Real GDP Growth (%)

Annual Averages			Quarterly Averages					Monthly Averages		
2015	2016	2017	2016	2017			2017			
Jan - Dec	Jan - Dec	Jan - Dec	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Oct	Nov	Dec
50.8	42.8	52.8	49.1	52.9	49.4	50.2	58.7	54.9	59.9	61.2

Source: World Bank Commodities Price Data, January 2018

Following an abrupt decline in prices since mid-2014, international crude oil prices have stabilised, on average between US\$50 and US\$61 a barrel (Table 2). This is primarily due to declining inventories arising from strong global demand, improved compliance among OPEC and non-OPEC producers, and stabilising U.S.A shale oil production. In the outlook, oil prices are forecast at US\$56 a barrel in 2018 as a result of steadily growing demand, implementation of agreed production cuts among oil exporters and continued stabilising U.S.A. shale oil production.

1.2 Sub-Saharan Africa

Although the SSA region was expected to record modest economic recovery in 2017, the underlying situation remained difficult. The WEO expects real GDP growth in in SSA to reach 2.6 percent in 2017 from 1.4 percent in 2016.



This is due to one-off factors, notably a recovery in oil production in Nigeria and the easing of drought conditions in eastern and southern Africa, and a somewhat improved external environment. However, as this growth is expected to be less than that of the population, the benefits of broad based growth will be limited in the region. In 2018, real GDP growth in the region is projected at 3.4 percent. However, ongoing policy uncertainty in Nigeria and South Africa hinders a stronger rebound, and this might reduce growth prospects in 2019.

1.3. MEFMI Region

In line with the SSA region, the MEFMI region is also expected to record improved real GDP growth in 2017. The region was expected to grow by 3.6 percent in 2017 compared to 2.6 percent in 2016. This was expected to be driven by positive external factors like improving global commodity prices combined with favourable domestic policies such as expansionary fiscal policy. Most of the countries in the region were expected to grow by more than 4 percent in 2017, including Botswana (4.5 percent); Kenya (5 percent); Lesotho (4.6 percent); Malawi (4.5 percent); Mozambique (4.7 percent); Rwanda (6.2 percent); Tanzania (6.5 percent); Uganda (4.4 percent) and Zambia (4.0 percent). Growth in these countries is mainly driven by agriculture, manufacturing, mining and tourism. However, these sectors are highly sensitive to external shocks and unfavourable climate conditions, adverse movements in commodity prices and demand by advanced economies and other main emerging markets like China.

Overall, a combination of the macroeconomic and non-macroeconomic shocks is expected to continue putting pressure on domestic budgets and external positions in the MEFMI region. In this regard, the twin current account and fiscal deficits, resulting from reduced export volumes and commodity prices, as well as low productivity, are likely to persist into the medium-term. Table 3 presents real GDP growth rates for MEFMI Member Countries from 2015 to 2018.

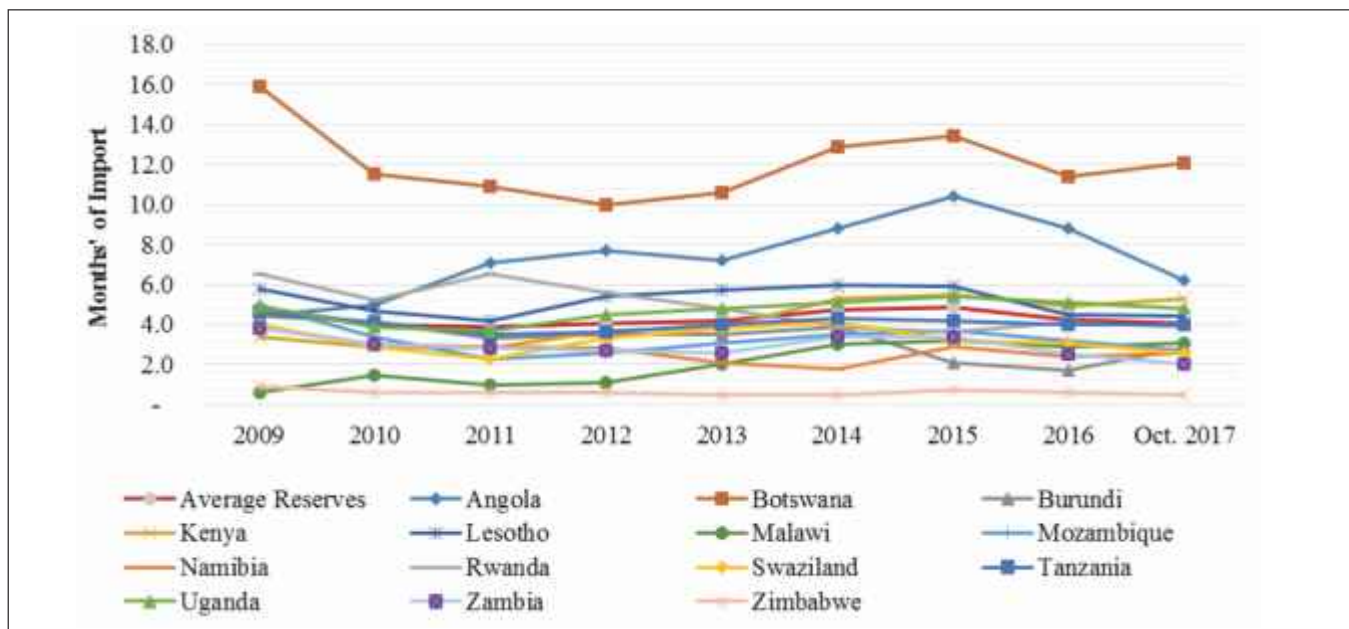
Table 3: Estimates and Projections of Real GDP Growth (%)

Country	Actual	Estimate	Projections	
	2015	2016	2017	2018
Angola	3.0	-0.7	1.5	1.6
Botswana	-1.7	4.3	4.5	4.8
Burundi	-4.0	-1.0	0.0	0.1
Kenya	5.7	5.8	5.0	5.5
Lesotho	2.5	2.4	4.6	3.1
Malawi	3.0	2.3	4.5	5.0
Mozambique	6.6	3.8	4.7	5.3
Namibia	6.0	1.1	0.8	2.5
Rwanda	8.9	5.9	6.2	6.8
Swaziland	1.1	0.0	0.3	-0.9
Tanzania	7.0	7.0	6.5	6.8
Uganda	5.7	2.3	4.4	5.2
Zambia	2.9	3.4	4.0	4.5
Zimbabwe	1.4	0.7	2.8	0.8
MEFMI Average	3.3	2.6	3.5	3.7

Source: IMF's World Economic Outlook October 2017

International foreign reserves, as measured by months of import cover, have been declining since 2015, from 4.8 months 4.2 months in 2016 and 4.1 months in the period January – October 2017. Further, six of the 14 MEFMI member countries hold international reserves below the three-month

import benchmark. In comparison, international reserves in the SSA region were estimated at 4.8 months of imports on average, which is above the bench mark of three-month of imports.⁴

Chart 2: International Foreign Exchange Reserves

Sources: IMF, Common Surveillance database, and IMF, World Economic Outlook database, 29 September,

In the period under review, Botswana, Angola and Kenya had the highest reserve adequacy, at 12.1, 6.2 and 5.3 months of import cover respectively. In terms of growth in reserve

adequacy, Burundi, Namibia and Kenya experienced the highest growth in months of import cover in 2016 at 64.7 percent, 8.3 percent and 8.2 percent respectively. In 2017,

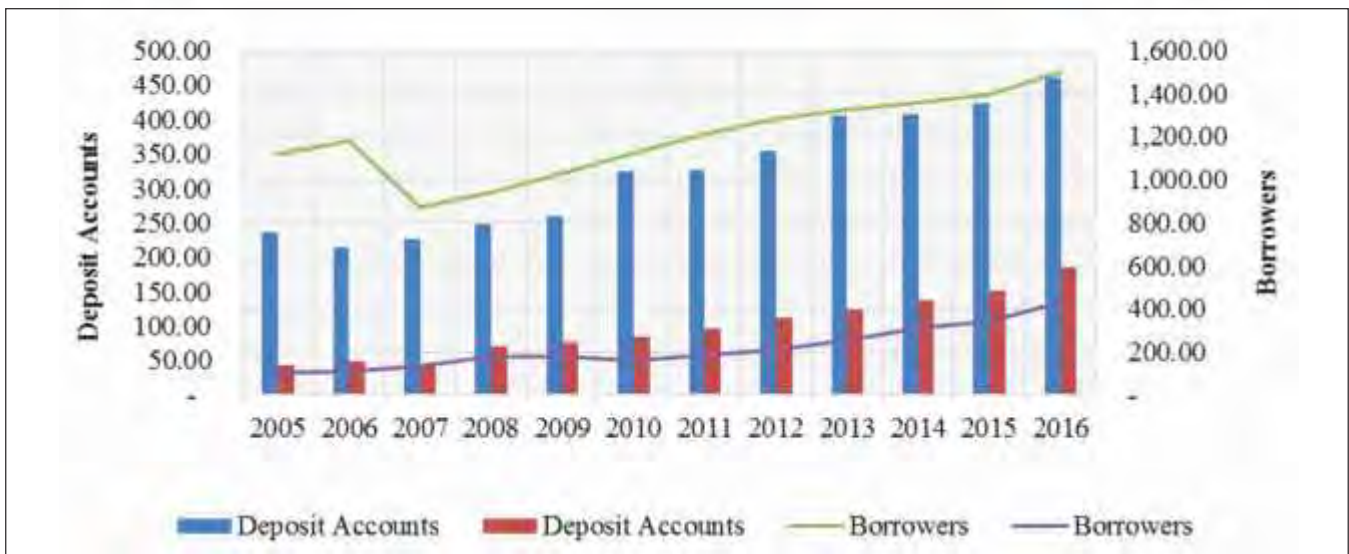
⁴World Economic and Financial Surveys, Regional Economic Outlook, Sub-Saharan Africa, Fiscal Adjustment and Economic Diversification, October 2017.

international foreign exchange reserves of MEFMI member countries were impacted by high external debt service, inflation and commodity prices, especially for resource dependent countries.

steadily as shown by the IMF Financial Access Survey (FAS) 2017 which indicates that the number of deposit accounts and borrowers at commercial banks per 1,000 adults grew by 21.32 percent and 25 percent respectively.

Access to traditional financial services continued to grow

Chart 3: Deposit Accounts and Borrowers at Commercial Banks per 1000 adults

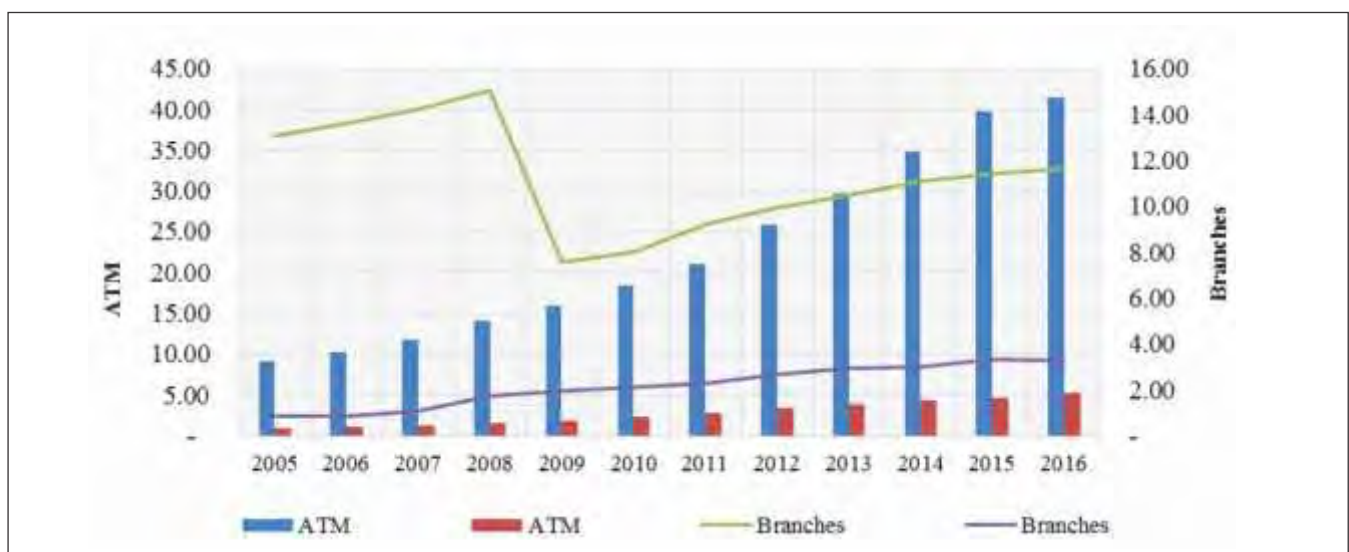


Source: IMF Financial Access Survey: 2017

Despite this impressive growth, access remains low relative to emerging markets (Chart 3). On average, access to savings and credit in the MEFMI region is really low, with just over 591 deposit accounts and 135 borrowers at commercial banks per 1,000 adults compared to 1,475 deposit accounts and 470 borrowers in emerging⁵ economies.

On the supply side, countries in the MEFMI region have, on average, five (5) ATMs and three (3) branches per 1,000Km² compared to 41 ATMs and 11 branches in emerging markets (Chart 4).

Chart 4: Growth of ATM's and Commercial Bank Branches per 1,000 square km



Source: IMF Financial Access Survey: 2017

⁵ Emerging Markets data used is Brazil India, China, South Africa, Mexico, Russia, Indonesia, Turkey and Saudi Arabia

These numbers are even lower for marginalised groups, including the poor, the uneducated and women. The policy debate has emphasised studying the growth implications of closing the gender gap. Disproportionate exclusion of women from access to financial services prevents them from reaching their economic potential and retards inclusive economic growth. International organisation such as the IMF

and the Alliance for Financial Inclusion (AFI) have committed to providing disaggregated data on gender in the coming years. Sex-disaggregated data is essential to address the gaps by informing evidence-based financial inclusion policy making and tracking the effectiveness of efforts to address barriers facing women.





2

Overview of MEFMI Activities in 2017

The year 2017 is important for MEFMI as it allowed the Institute to set a foundation for implementing the Phase V Strategic Plan (2017-2021). All the activities implemented during this period were identified through extensive and continuous consultations with client institutions, as outlined in the Phase V Plan. These were guided by the need to meet the goals of the five (5) strategic pillars, namely: Programming Relevance and Effectiveness; Diversification of Revenue Sources; Monitoring and Evaluation; Innovation and Technology; and Finance and Administrative Effectiveness. In addition, the Institute continued to address cross cutting issues such as regional integration, gender mainstreaming, anti-corruption and HIV/AIDS.

As in the past, partnerships and collaboration with technical cooperating partners remained key modes for delivering capacity building activities, as the Institute endeavours to reduce delivery costs, enhance visibility and exchange ideas. In this regard, the Institute continued to collaborate with its traditional technical partners such as the African Development Bank, United Nations Conference on Trade and Development, the Commonwealth Secretariat, Collaborative Africa Budget Reform Initiative, IMF and its African technical assistance centres, World Bank, Association of African Central Banks and the Financial Stability Institute while also forging new frontiers with private sector partners such as Ernest and Young; Crown Agents Bank; General Electric, Investec group, BlackRock Investment Management Company. Further, the Institute signed an agreement with Crown Agents Investment Management for the annual funding of the Deputy Governors Forum.

E-learning has become a popular platform for delivering regional workshops and it has exceeded expectations in terms of outreach during the period under review. The Business Development Unit (BDU) kicked off its mandate in May 2017 by hosting a breakfast meeting to introduce its products and services in Harare, and has since conducted a regional workshop during the review period. The BDU is an initiative to widen MEFMI's revenue base to supplement Member Countries' contributions.

MEFMI's work is guided by performance targets for each of the technical Programmes as articulated in the Results Measurement Frameworks. The respective programme targets for 2017 are presented below.

2.1. Macroeconomic Management Programme

In 2017, the Macroeconomic Management Programme (MMP) sought to achieve the following targets as articulated in the Programme's RMF:

- Increase the number of countries compiling external sector statistics based on BPM6 from 8 in 2016 to 9 in 2017;
- Produce at least one (1) new and or upgraded manual, guideline, tool and or framework on statistics production by 2017.
- Increase the number of countries producing FPC data using the PCMS Version III from 1 in 2016 to 3 in 2017;
- Increase the number of research papers produced from 0 in 2016 to 1 in 2017;

- Increase the number of activities jointly conducted with RECs from 0 in 2016 to 1 in 2017;
- Increase the number of officials trained by using the e-learning platform from 70 in 2016 to 120 in 2017; and
- Conduct at least 1 capacity building activity on gender responsive economic policy management in 2017, from 0 in 2016.

2.2. Debt Management Programme

The development financing landscape facing developing countries has changed significantly over the last decade, from dominance of concessional borrowing to increased reliance on semi and non-concessional sources such as domestic and international capital markets, emerging creditors, and public-private partnerships, among others. While financing options have been diversified, the shift has created new challenges and risks for managing those flows. In this regard, the work plan of the Debt Management Programme (DMP) in 2017 focused on addressing existing capacity gaps and responding to the emerging issues in sovereign debt management in the following areas: debt sustainability analysis, formulation of debt management strategies, use of computer-based debt management systems, and strengthening legal and institutional frameworks for public debt management, among others.

These interventions aimed at achieving the following targets in 2017, as articulated in the Programme's RMF:

- Increase in the number of countries producing Annual Debt Statistical bulletin that meet the minimum requirements from 2 countries in 2016 to 4 in 2017;
- Increase in the number of countries conducting Annual Debt Sustainability Analysis (DSAs) as an integral part of annual budget formulation from 2 in 2016 to 4 in 2017;
- Increase in the number of countries with approved and annually updated Medium Term Debt Management Strategy (MTDS) from 2 in 2016 to 4 in 2017;
- Increase in the number of countries with stand-alone debt management laws that meet the minimum requirements for effective debt management from 2 in 2016 to 4 in 2017; and,
- Increase in the number of countries with principal debt management offices (debt management offices) organized along the sound practice of Front, Middle and Back Office functions from 2 in 2016 to 4 in 2017.

2.3. Financial Sector Management Programme

In 2017, the Financial Sector Management Programme (FSMP) sought to address the identified capacity gaps in the broad areas of monetary policy implementation, financial sector supervision, official foreign exchange reserves management, financial market infrastructure and domestic financial markets development. These activities aimed at achieving the following targets as articulated in the Programme's RMF:

- Undertake a review of the MEFMI Risk Based Supervision Guidelines; Supervisory Review and Evaluation Process (SREP), and Total Loss Absorbing Capacity (TLAC);
- Increase the number of countries that have set up fully functional Market Conduct, Consumer Protection and Financial Literacy Units from 4 in 2016 to 5 in 2017;
- Increase the number of countries that have adopted and implemented the Principles for Financial Market Infrastructure from 7 in 2016 to 9 in 2017;
- Support countries to implement critical financial inclusion infrastructure;
 - Increase the number of countries that have linked their government securities CSD to their RTGS from 9 in 2016 to 10 in 2017;
 - Increase the number of countries that have linked their government payment system to their RTGS from 5 in 2016 to 8 in 2017;
 - Increase the number of countries that have linked their government securities CSD and equities CSD from 2 in 2016 to 3 in 2017;
- Support countries to develop monetary coordination and communication mechanisms from 3 in 2016 to 5 in 2017;
- Increase the number of countries formulating national financial inclusion strategies from 4 in 2016 to 6 in 2017;
- Increase the percentage of countries adopting policies and practices to deepen and widen financial markets from 24 percent in 2016 to 38 percent in 2017;
- Increase the percentage of countries with strategic asset allocation, portfolio and risk management frameworks from 39 percent in 2016 to 49 percent in 2017.
- Implement the Internal Credit Risk Analysis Tool (ICRAT) in 1 country in 2017 from 0 in 2016;





3

MEFMI Activities in 2017

The Institute implemented 144 activities during the period under review. Table 4 shows the breakdown of these activities.

Table 4: Capacity Building Activities in 2017

ACTIVITIES	2017
Regional Activities	
(a) Residential Workshops	23
(b) E-learning Courses	8
Total Regional Activities	31
In-country capacity building activities	
(a) In-country Workshops	29
(b) Country Missions	15
Total In-Country Activities	44
Other Activities	
Fellows Development Programme Activities	4
Specialised Studies	3
Research & Policy Seminar	1
Executive Fora	3
Governance	5
Networking	42
Staff Development and Internal Policy Seminars	7
BDU Activities	4
Total Other Activities	69
Grand Total - All Activities	144

Source: MEFMI Database 2017

a) Regional Capacity Building Activities

The Secretariat conducted 31 regional activities in 2017. The subject areas covered included: Developing Agriculture Producer Pricing Index; Methodologies for Public Debt Sustainability Analysis; Gender-Responsive Economic Policy Management; Monetary and Exchange Rate Policy; Public Finance Management and Gender-Responsive Budgeting; Regional Integration and Trade; Government Finance Statistics; Advanced Macroeconomic Modelling and Forecasting; Debt Data Validation Using The Debt Management and Financial Analysis System (DMFAS); Public Debt Audit; Sovereign Liabilities Risk Analysis and Debt Strategy Formulation; Commonwealth Secretariat Debt Recording and Management System (CS-DRMS); Foundations of Public Debt Management; Development Financing Options; Financial Mathematics and Financial Soundness Indicators; Crisis Management and Bank Resolution; Monetary Policy Implementation; Financial Mathematics and Financial Soundness Indicators; Regulation of Securities; Yield Curve Development; Cross-Border Payment Systems; Financial Risk Management; Fundamentals of Reserves Management; Practical Application of Payment Systems Operation and Oversight; Settlement and Custodian Relation; and Fellows Orientation, Research Methodology and Report Writing Skills.

Of the 31 regional activities, 23 were delivered through face to face/residential workshops while eight (8) were delivered through E-learning. A total of 895 officials attended the regional activities, with a female to male ratio of 41 percent and 59 percent, respectively. Of the 895 officials, 38 percent (337) were trained through E-learning. Annex 1 provides details of the regional activities conducted during the period under review.

b) In-country Capacity Building Activities

In-country capacity building activities included customised country workshops and missions conducted in response to country specific requests. These are designed to address institution-specific needs through assessments, advisory services, and technical assistance missions aimed at fostering reforms and implementation of sound practices in client institutions. A total of 44 In-country interventions were implemented during the period under review, benefiting 861 officials. Females accounted for 42 percent while male participation was 58 percent.

The in-country activities focused on the following areas:

- (i) Analysis and Forecasting of Value Added Tax for the Ministry of Finance and Economic Development of Zimbabwe;
- (ii) Domestic Debt and Financial Strategy for Zimbabwe;
- (iii) Debt Sustainability Analysis for Zambia and Tanzania;
- (iv) Medium Term Debt Management Strategy for Lesotho, Botswana, Malawi, Tanzania and Zimbabwe;
- (v) Auditing Public Debt Management Systems in Zimbabwe;
- (vi) Construction of Social Accounting Matrix for Rwanda;
- (vii) Development of a Revenue Forecasting Model for the Zimbabwe Revenue Authority;
- (viii) Financial Education and Market Conduct Supervision for Banco de Moçambique;
- (ix) Portfolio Management for Reserve Bank of Malawi;
- (x) Market Validation Mission for Reserve Bank of Malawi;
- (xi) Medium Term Debt Strategy and Annual Borrowing Plan for Zimbabwe;
- (xii) Government Securities Market Development in Tanzania;
- (xiii) PCMS Workshop for Central Bank of Swaziland and Central Bank of Lesotho;
- (xiv) Debt Data Validation for Zimbabwe;
- (xv) Financial Programming and Policy (FPP) for Zimbabwe;

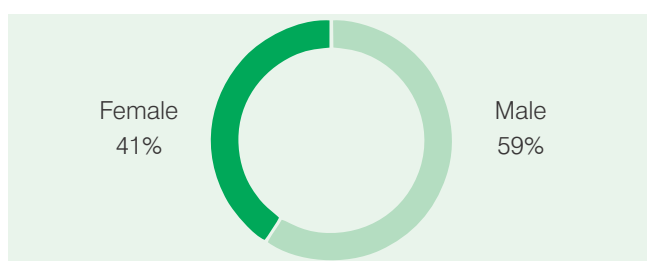


- (xvi) Development of a Revenue Forecasting Model for the Zimbabwe Revenue Authority;
- (xvii) Balance of Payments Workshop for Banco de Moçambique;
- (xviii) System of National Accounts Workshop for Banco de Moçambique and Swaziland Central Statistical Office;
- (xix) Modelling and Forecasting Workshop for Ministry of Finance Zimbabwe;
- (xx) Derivatives and Risk Management Workshop for Bank of Uganda;
- (xxi) Market Validation Mission to Bank of Uganda;
- (xxii) Intermediate Bank Supervision Workshop for Bank of Botswana;
- (xxiii) Basel III workshop for the Reserve Bank of Zimbabwe;
- (xxiv) Strategic Asset Allocation for Reserve Bank of Malawi and Bank of Namibia;
- (xxv) Enterprise Risk Management for the Bank of Botswana;
- (xxvi) Payment Systems Oversight for the Bank of Mozambique;
- (xxvii) Financial Education and Consumer protection for the Reserve Bank of Zimbabwe;
- (xxviii) Basel III and IFRS 9 for the Bank of Mozambique; and
- (xxix) Debt Management Reform Plan Missions to Mozambique and Uganda.

3.1. Participation in Capacity Building Activities

Total enrolment in the regional and in-country capacity building activities conducted during the period under review reached 1,756, with a gender representation of 59 percent males and 41 percent females (Chart 5). This composition largely reflects staffing patterns in most client institutions. MEFMI is taking deliberate measures to encourage female participation in capacity building activities, including E-learning delivery methodology that does not require travelling by nursing mothers.

Chart 5: Participation by gender in Capacity Building Activities



Source: MEFMI Database 2017



3.2. Resource Persons by Category

The Institute engages international and regional experts as well as MEFMI staff and Fellows to deliver its products and services. In 2017, the Institute engaged 321 resource

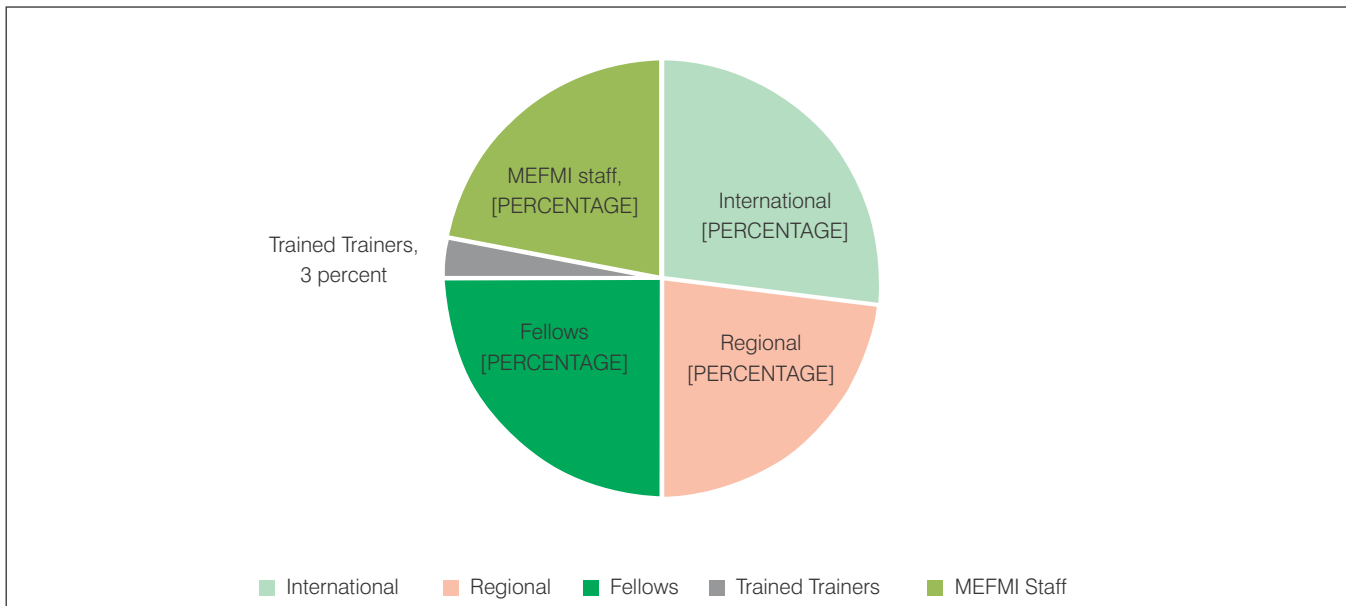
persons, including 90 international experts (68 of whom were on gratis), 80 regional resource persons (with 21 on gratis), 73⁶ MEFMI staff, while 66 Fellows and 12 Trained Trainers were also engaged (Table 5 and Chart 6).

Table 5: Resource Persons' Utilisation in 2017

Programme			Regional		Fellows	Trained Trainers	MEFMI Staff	Total 2017
	Paid	Gratis	Paid	Gratis				
MACRO	0	7	33	3	16	0	22	81
FSM	18	28	19	12	37	6	14	134
DEBT	4	33	3	6	18	6	35	105
MDA	0	0	2	0	11	0	1	14
FA	0	0	0	0	0	0	0	0
BDU	0	0	2	0	1	0	1	4
Total	22	68	59	21	83	12	73	338
% of Total	7	20	17	6	25	3	22	100

Source: MEFMI Database 2017

Chart 6: Resource Persons' Utilisation (%) in 2017



Source: MEFMI Database 2017

3.2.1. Fellows Development Programme

The Fellows Development Programme (FDP) aims at building a sustainable pool of experts in the region to complement MEFMI's capacity building efforts in client institutions. The main focus of the Programme during Phase V is to enhance the quality of the Fellows development activities, including developing and ensuring the implementation of demand-

driven customised training programmes for the Fellows. In this regard, an Academic Board was established to oversee and guide the implementation of the programme. Specifically, the role of the Board is to ensure that Fellows undergo high quality training, produce high quality papers and are fully utilised by MEFMI and the client institutions

⁶Refers to the number of times that MEFMI staff facilitated in capacity building activities.

The target in Phase V is to increase the utilisation of graduate and accredited Fellows from 20 percent in Phase IV to 22 percent. In addition, the Programme plans to improve the representation of countries on the programme by strengthening advocacy and awareness in non-participating

countries.

During the period under review, 56 Fellows attended MEFMI courses and two (2) Fellows went on attachment as part of their Customised Training Plans (CTPs).

Table 6: Fellows Capacity Building and Utilisation: 2017

Programme	Capacity Building Attendance		Fellows Utilisation						General Utilisation			
	Workshops	Attachment	Resource Persons at Workshops			Consultants at Missions			Type of Resource Person			
			Type of Fellow			Type of Fellow						
			Candidate	Graduate	Accredited	Candidate	Graduate	Accredited	International	Regional	Fellows	MEFMI Staff
MACRO	16	0	0	3	8	0	2	3	7	36	16	22
FSM	12	2	0	8	8	0	7	14	46	31	37	14
DEBT	12	0	1	0	3	2	5	7	37	9	18	35
MDA	16	0	0	2	9	0	0	0	0	2	11	1
FAD	0	0	0	0	0	0	0	0	0	0	0	0
BDU	0	0	0	0	1	0	0	0	0	2	1	1
Total	56	2	1	13	29	2	14	24	90	80	83	73

Source: MEFMI Database and Reports

3.2.1. Fellows Development Programme

Utilisation of Fellows increased in the last half of the year compared to the first half, as implementation of the Phase V Strategic Plan gained momentum. Of the 83 Fellows engaged as resource persons, three (3) were Candidate Fellows, 27 were Graduate Fellows and 53 were Accredited Fellows.

3.2.2. Fellows Enrolment

As at end-2017, MEFMI had a total of 149 Fellows, of which 44 (or 30 percent of the total) were females. A total of 36 (or 24 percent of the total) were Candidate Fellows, 60 (40 percent) are Graduate Fellows while 53 (or 36 percent) are Accredited Fellows.

The Institute recruited a total of 15 new Fellows in July 2017 forming its 10th cohort. A total of 50 candidates from 12 countries were shortlisted in various areas of specialisation, and only 15 candidates were selected to join the Programme. Of these, seven (7) or 47 percent were females. The recruitment helped to reduce the gender disparity of Fellows from 30 percent in 2015 to 28 percent in 2017. Four (4) of the newly recruited Fellows are from countries that were under-represented in the Fellows programme, namely Angola, Lesotho, Mozambique, and Namibia and these were recruited on a competitive basis. Table 7 shows the number of MEFMI Fellows by category, programme and country.

Table 7: Fellows by Programme and Country: As at 31 December 2017

COUNTRY	MACROECONOMIC MANAGEMENT			FINANCIAL SECTOR MANAGEMENT			DEBT MANAGEMENT			% of Females	TOTAL
	Candidate	Graduate	Accredited	Candidate	Graduate	Accredited	Candidate	Graduate	Accredited		
Angola	1(0)	0	0	0	0	0	0	1(0)	0	0%	2(0)
Burundi	0(0)	1(0)	0	0	1(0)	0	0	0	0	0%	2(0)
Botswana	0	0	0	0	0	0	0	0	0	0%	0(0)
Kenya	2(0)	2(1)	2(1)	0	3(3)	4(0)	1(1)	4(2)	1(0)	42%	19(8)
Lesotho	1(1)	1(1)	0	0	1(1)	3(2)	1(0)	1(1)	2(0)	60%	10(6)
Malawi	1(0)	0(0)	3(1)	2(1)	3(1)	2(0)	0(0)	3(2)	2(0)	31%	16(5)
Mozambique	2(0)	0	0	1(0)	2(0)	0	1(1)	0	0	17%	6(1)
Namibia	0(0)	2(1)	0	1(1)	1(0)	1(0)	1(1)	2(1)	0	50%	8(4)
Rwanda	1(0)	0	0	0(0)	2(1)	0	0	1(0)	0	25%	4(1)
Swaziland	0	0	1(0)	0	0	0	0	3(0)	0	0%	4(0)
Tanzania	2(0)	3(0)	1(0)	1(0)	2(1)	4(1)	2(0)	3(1)	3(0)	14%	21(3)
Uganda	0(0)	1(0)	1(0)	2(2)	2(2)	4(0)	3(1)	3(0)	3(0)	26%	19(5)
Zambia	0	2(1)	1(0)	1(0)	3(2)	3(0)	1(1)	1(1)	3(0)	33%	15(5)
Zimbabwe	5(0)	1(1)	3(0)	3(2)	0(0)	6(2)	0	4(1)	1(0)	26%	23(6)
% of Females	7%	38%	17%	55%	55%	19%	50%	33%	0%	30%	
Total	15(1)	13(5)	12(2)	11(6)	20(11)	27(5)	10(5)	26(9)	15(0)		149(44)

Note: Figures in brackets denote number of female Fellows

Source: MEFMI Database.

3.2.3. Graduation and Accreditation

The Institute conducted a graduation and accreditation ceremony in July. A total of seven (7) out of 23 (or 30 percent) Candidate Fellows successfully fulfilled the requirements for assessment for graduation, while four (4) out of 15 (or 27 percent) Graduate Fellows fulfilled the requirements for accreditation. The number of graduate and accredited Fellows in 2017 was low compared to 2015 because most papers by Fellows did not meet the minimum requirements for graduation and accreditation. The Secretariat enhanced the assessment process by establishing an Academic Board which scrutinised the technical and discussion papers prepared by Fellows. This followed a recommendation by external reviewers and panellists to improve the quality of papers by Fellows. Hence, some papers did not proceed to the last stage of assessment as they failed to meet the required standards.

For the first time, the Institute conducted interviews for Fellows enrolment and oral assessment for graduation and accreditation on-line using Video Conferencing. This

significantly reduced costs of travel, accommodation and per diem while leveraging on technological innovation, in line with MEFMI's Phase V strategic direction. Furthermore, newly recruited Candidate fellows were oriented and trained on research methodology, report writing as well as etiquette. The Fellows welcomed this training, indicating that they understood research better and the knowledge obtained would help them to improve their technical papers.

The Candidate Fellows were also allocated mentors and they managed to submit revised technical proposals for approval by the end of 2017.

3.3. Trained Trainers Programme

A total of 29 officials from 13 Member States have been trained so far under the Trained Trainers Programme, of which five (5) are female and 24 are male. This excludes the officials that have been trained as trainers in their specific areas of specialisation by MEFMI Programmes. Tables 8 show the number of trained trainers by programme and country, respectively.

Table 8: Status of Trained Trainers by Programme

Programme	1 st General In-take (2010)	2 nd General In-take (2015)	Total
Macroeconomic Management	4 (0)	6 (1)	10 (1)
Financial Sector Management	2 (0)	5 (1)	7 (1)
Debt Management	6 (1)	6 (2)	12 (3)
Total	12 (1)	17 (4)	29 (5)

Note: Figures in brackets denote-number of females.

Source: MEFMI Database 2017

Table 9: Status of Trained Trainers by Country

Country	1 st Intake	2 nd Intake	Total
Angola	0 (0)	1 (0)	1 (0)
Burundi	0 (0)	0 (0)	0 (0)
Botswana	0 (0)	1 (0)	1 (0)
Kenya	1 (0)	2 (1)	3 (1)
Lesotho	1 (1)	1 (1)	2(2)
Malawi	2 (0)	1 (0)	3 (0)
Mozambique	1 (0)	1 (0)	2 (0)
Namibia	0 (0)	1 (0)	1 (0)
Rwanda	1 (0)	1 (0)	2 (0)
Swaziland	0 (0)	2 (0)	2 (0)
Tanzania	1 (0)	2 (1)	3 (1)
Uganda	2 (0)	2 (0)	4 (0)
Zambia	1 (0)	1 (1)	2 (1)
Zimbabwe	2 (0)	1 (0)	3 (0)
% of Females	8%	24%	18%
Total	12 (1)	17 (4)	29 (5)

Note: Figures in brackets denote-number of females.

Source: MEFMI Database 2017

3.3.1. Studies, Analytical Tools and Publications

In June 2017, the Institute conducted the second phase of the study to develop the Internal Credit Risk Analysis Tool (ICRAT) for Central Banks. The tool is expected to assist member countries in the internal assessment of credit risk for financial issuers, management of the official foreign exchange reserves and reduce reliance on credit rating agencies. Development of ICRAT was motivated by the global financial crisis which eroded confidence in credit rating agencies and the subsequent call for central banks to develop internal tools to measure and manage credit risk. The Tool was launched at the MEFMI Retreat for Heads of Reserves Management and

Investment Committee held from 20 to 22 September 2017.

The Institute also began to develop a Debt Sustainability Analysis Workbook aimed at documenting all the steps and information requirements for conducting a debt sustainability analysis. This is expected to enhance the human resource capacities of client institutions as well as preserve institutional memory in debt sustainability analysis. At regional level, the Workbook is expected to promote harmonisation of approaches for debt sustainability analysis and thus enhance member countries' progression towards meeting regional integration criterion on debt sustainability.

The Institute commenced three (3) studies, namely: The Impact of the Chinese Economic Dynamism on the MEFMI Region; Innovative Mechanisms for Financing Infrastructure Development; and Mortality Tables. The Study on the Impact of the Chinese Economic Dynamism on the MEFMI Region focuses on the main transmission channels through which the dynamics in the Chinese economy will impact the region. These include: trade, foreign direct investment and/or technology transfer, aid flows, etc. The second Study on Innovative Financing Mechanisms seeks to explore how the

potential of innovative financing options could be unlocked to finance infrastructure development in the region, while managing risks and challenges arising from such flows. It will unpack the different features and dynamics of the evolving development financing landscape to understand available opportunities, and recommend how countries can adapt their strategies to access such sources. The study on Mortality Tables will culminate into a comprehensive framework that can be used by countries to develop their own mortality tables for use in making policy recommendations.







4

Achievements

4.1. Macroeconomic Management Programme

In 2017, the Macroeconomic Management Programme implemented 11 regional activities and 13 in-country activities. The regional activities were as follows:

- (i) A joint EAST AFRITAC/MEFMI workshop on Developing Agriculture Producer Price Index;
- (ii) Gender-Responsive Economic Policy Management;
- (iii) E-learning on Introduction to Methodology for Compilation and Analysis of Monetary and Financial Analysis (MFS);
- (iv) Monetary and Exchange Rate Policy;
- (v) Retreat for Heads of Statistics Units;
- (vi) E-learning on Introduction to Government Financial Statistics;
- (vii) Retreat for Heads of Foreign Private Capital Statistics (FPC) Departments/Units;
- (viii) Public Finance Management and Gender-Responsive Budgeting;
- (ix) The 2017 Annual Research and Policy Seminar;
- (x) Advanced Macroeconomic Modelling and Forecasting and
- (xi) E-learning course on Regional Integration and Trade.

Of the 13 in-country activities, four (4) were follow-up activities in Zimbabwe and the remainder were new activities in Lesotho, Mozambique, Rwanda and Swaziland. Of the four (4) follow-up activities in Zimbabwe, two (2) aimed at finalising the development of a revenue forecasting model for the Zimbabwe Revenue Authority (ZIMRA), and two were on Value Added Tax (VAT) analysis and forecasting and Financial

Programming and Policy (FPP). The Rwanda mission was on the construction of the Rwandan Social Accounting Matrix and while the PCMS workshop was conducted for the Central Banks of Lesotho and Swaziland. Two workshops were conducted for Mozambique; one on BPM6 and the other on SNA2008.

The outcomes from the above interventions at the end of 2017 are:

- (i) In the regional activity on Agricultural Producer Price Index, participants from 6 MEFMI member countries were equipped with skills and knowledge on constructing an APPI and Elementary Index calculations, amongst others.
- (ii) The mission to ZIMRA enhanced participants' technical skills in developing a revenue forecasting model, leading to the development of a revenue forecasting model.
- (iii) The follow-up workshop for the Ministry of Finance and Economic Development of Zimbabwe equipped participants with knowledge to analyse and forecast VAT. MEFMI expects that the Ministry officials will use this knowledge and skills to formulate sound VAT policies, based on best international practices.
- (iv) The mission to Rwanda enhanced the knowledge and skills of officials of the National Institute of Statistics of Rwanda on constructing the Rwandan

- SAM. The mission also enhanced their knowledge to handle relevant data for the economy and increased capacity to provide sound advice on the inter-relationships between economic agents and checking for consistencies.
- (v) The FPP mission to Zimbabwe enhanced participants' knowledge on using the baseline macroeconomic scenario as a foundation for forecasting macroeconomic variables. It also enhanced their knowledge of forecasting techniques, inter-account links and the macroeconomic statistical framework.
- (vi) The workshop on the MEFMI Private Capital Monitoring System (PCMS) enhanced the knowledge and skills of BoP staff on the use of the latest version of the system.
- (vii) The regional workshop on API enhanced participants' knowledge on developing improved and harmonised methodologies of collecting statistics for agricultural commodity prices and constructing agriculture price index.
- (viii) The gender-responsive economic policy management course enhanced participants' skills and competency in identifying and addressing gender biases in economic sectors and economic policy.
- (ix) The course on Monetary and Exchange Rate Policy enhanced the knowledge of officials on the methodology for compilation and Monetary and Financial Analysis (MFS);
- (x) Participants shared country experiences on compilation of macroeconomic statistics from a managerial perspective and insight of the key priority capacity gaps of each country in the production and management of macroeconomic statistics and related technical assistance requirements.
- (xi) Participants' knowledge on various aspects of GFS was enhanced, particularly, Accounting Rules and Definitions, Structure of the Statement of Government Operations, compilation, Analytical Measures and Fiscal Indicators and Stock Indicators and Sustainability.
- (xii) Enriched participants' knowledge on FPC concepts, comprehensiveness of survey data, and use of financial statements for validation and also imparted skills on the functionalities of the PCMS Version 3; the enhanced new version of the system.
- (xiii) The Retreat for Heads of Foreign Private Capital Statistics (FPC) Department provided an opportunity for sharing of country experiences on compilation of foreign private capital statistics and also gave MEFMI an insight of the regional progress, challenges and the key priority capacity gaps and related technical assistance requirements.
- (xiv) The FPP mission to Lesotho enhanced the knowledge of participants on the structure and conceptual framework of the four macroeconomic accounts namely, the national accounts; the balance of payments; statement of government financial statistics; and money and financial statistics.
- (xv) The System of National Accounts (2008) workshop in Mozambique equipped participants with knowledge of the framework for standards in other domains of economic statistics. The workshop also facilitated the integration of statistical systems to achieve consistency with national accounts.
- (xvi) The Regional activity on Public Finance Management and Gender-Responsive Budgeting enhanced participant's knowledge in accountability through better coherence, predictability, and control in budget execution. The workshop also exposed participants to methods of external budget audits and evaluations.
- (xvii) The modelling and forecasting workshop for the Ministry of Finance and Economic Development of Zimbabwe improved
- (xviii) Participants' knowledge and practical skills on various techniques of modelling and forecasting. The workshop also provided participants with an opportunity to understand various research skills.
- (xix) The Balance of Payments and International Investment Position (BPM6) training for Mozambique enhanced participant's knowledge on the conceptual underpinnings outlined in the 6th edition

of the BoP and IIP Manual (BPM6). In addition, the training equipped participants with the applied aspects of compilation drawing from the IMF Balance of Payments and International Investment Position Compilation Guide.

- (xx) The PCMS testing workshop testing workshop held in Zimbabwe identified and corrected system anomalies. In addition, consistency tests were run on all the reports generated by the system. The workshop also enhanced the system in relation to the formula to capture transactions arising from changes in shareholding; inclusion of a FATS report; inclusion of flexible query report on private sector external debt, and operationalisation of export to excel function to facilitate pivot views.
- (xxi) The regional workshop on advanced macroeconomic modelling and forecasting enhanced participant's knowledge and practical skills on various advanced macroeconomic modelling and forecasting. The workshop was also attended by six (6) MEFMI candidate fellows to enhance their knowledge and skills as a basis for completing their technical papers.
- (xxii) The workshop on the System of National Accounts (2008) for Swaziland exposed participants to principal features of the SNA 2008. The workshop enriched participant's knowledge of the statistical framework that provides a comprehensive, consistent and flexible set of macroeconomic accounts for policymaking, analysis and research purposes.
- (xxiii) The e-learning course on Regional Integration and Trade imparted knowledge on theories and practices of regional integration and trade in line with the learning objectives of the course.

4.2. Debt Management Programme

The DMP conducted seven (7) regional courses and fourteen (14) in-country workshops in 2017. The regional activities are: Joint MEFMI/World Bank/IMF training on debt sustainability analysis; Joint MEFMI/COMSEC training of Users and IT Administrators on CS-DRMS; Public Debt Audit; Sovereign Liabilities Risk Analysis and Debt Strategy Formulation; Joint MEFMI/UNCTAD training on Debt Data Validation and two (2)

E-learning courses on Foundations of Public Debt Management and Development Financing Options.

The training on debt sustainability analysis aimed at imparting knowledge and developing skills of participants on the use of the IMF/World Bank Debt Sustainability Framework for low income and market access countries. The CS-DRMS training aimed at imparting knowledge and practical skills to effectively use the system for maintaining comprehensive and quality public debt databases. The objective of the Public Debt Audit training was to equip participants with knowledge and skills to undertake comprehensive and knowledgeable auditing of public debt operations. The E-Learning course on Foundations of Debt Management aimed at introducing participants to key tenets of public debt management, while enhancing their understanding of fundamentals and emerging issues in public debt management. The Sovereign Liabilities Risk Analysis and Debt Strategy Formulation aimed at imparting practical knowledge and skills on debt strategy formulation and implementation. It also introduced participants to the IMF/World Bank Medium Term Debt Management Strategy analytical tool used for designing debt management strategies. The objective of the training on Debt Data Validation was to enhance participants' capacity to undertake formalized debt data quality assessments. Lastly, the e-learning course on Development Financing Options aimed at equipping participants with knowledge on the various financing mechanisms available for development in the face of the fast evolving financial landscape.

In-country activities conducted during the review period were: Training on designing medium term debt management strategies for Botswana, Lesotho, Malawi, Tanzania and Zimbabwe; workshop on auditing public debt management systems for Zimbabwe; training on domestic debt and financial markets strategy for Zimbabwe; Development of an operational risk management framework for Zimbabwe; Debt Sustainability Analysis workshop for Zambia and Tanzania; Debt Data Validation Mission for Zimbabwe; and Government Securities Market Development Mission to Tanzania. The Programme also conducted Debt Management Reform Plan Missions to Mozambique and Uganda in coordination with the World Bank

The Debt Management Department began conducting a Study on Innovative Financing Mechanism and developing a Workbook on Debt Sustainability Analysis (DSA). In addition,



the Programme also began updating the MEFMI's Public Debt Management Procedures Manual during the last quarter of 2017.

The main achievements and outcomes of the above activities are:

- (i) Increased knowledge and skills for conducting DSAs as a basis for advising policy makers on macro-economically consistent debt management policies and strategies. In this regard, Zambia and Tanzania conducted a DSA as an input into the annual budget formulation and implementation strategies.
- (ii) Following the training on designing medium term debt management strategies, Botswana, Lesotho, Malawi, Tanzania and Zimbabwe are expected to finalise and adopt debt management strategies to guide debt management operations in the medium term. They are also expected to prepare annual borrowing plans to operationalise the medium-term strategies.
- (iii) Zimbabwean officials gained knowledge on techniques and processes for issuing domestic debt instruments, as well as the skills to develop and analyse yield curves. They also developed a reform plan to guide domestic financial market development.
- (iv) The training on auditing public debt management systems in Zimbabwe widened the pool of competent auditors to serve the transparency pillar of the national development programmes.
- (v) The CS-DRMS training equipped participants with practical knowledge and skills to maintain comprehensive and high quality public debt databases.
- (vi) The Public Debt Audit training equipped participants with practical knowledge and skills to undertake comprehensive and knowledgeable auditing of public debt operations.
- (vii) The mission to Tanzania imparted knowledge on government securities market development. A set of recommendations for developing government securities market were prepared and it is expected that these would be converted into an action plan by the Tanzanian authorities.
- (viii) The course on Foundations of Public Debt Management introduced participants to the fundamentals of public debt management, including addressing key emerging issues in public debt management. It helped to replenish skills and created a critical mass of country officials with knowledge of debt management.
- (ix) The training on Debt Data Validation enhanced participants' capacity to undertake formalized debt data quality assessments. Participants also learnt validation concepts, principles and practical use of standard operational reports in the DMFAS to check accuracy and consistency of the information recorded in the system. Country delegations produced a draft validation procedure manual, checklist, calendar and performance criteria which they were expected to present to their authorities for approval and implementation.
- (x) Zimbabwe validated its debt database and several inconsistencies were corrected; and

- (xi) Following the training on Sovereign Liabilities Risk Analysis and Debt Strategy Formulation, participants gained practical knowledge and skills on how to design and implement a debt management strategy. The training also enhanced the capacity of participants to use the IMF/World Bank MTDS analytical tool.
- (xii) The E-learning course on Development Financing Options provided participants with knowledge on the various funding options that Member countries can tap into in order to finance development priorities.
- (xiii) As at end 2017, some chapters of the Study on Innovative Mechanisms of Financing Infrastructure Development had been submitted to MEFMI by Consultants. MEFMI expects to finalise the Study during the first half of 2018.
- (xiv) The updated Debt Management Manual was received from Consultants and submitted to peer reviewers in readiness for finalisation in mid-2018.
- (xv) Most of the chapters of the DSA workbook were drafted and the document will be finalised by mid-2018.

4.3. Financial Sector Management Programme

In 2017, the Financial Sector Management Programme conducted thirteen (13) regional activities (including three e-Learning courses), eleven (11) in-country workshops, six (6) missions and two (2) studies. The Programme conducted regional workshops on Monetary Policy Implementation and Liquidity Forecasting and Financial Mathematics and Financial Soundness Indicators. The Programme conducted a flagship East African community (EAC) sub-regional workshop on Cross-Border Payments Systems, in response to strong momentum towards regional economic and financial integration, evidenced by the growth of Regional Economic communities on the African continent. The Programme conducted a regional workshop on practical application of payment systems oversight aimed to develop practical skills for designing and implementing payment systems oversight benchmarks. Two retreats for heads of Reserves management and Heads of Supervision were also held during the period under review. The Programme also conducted a workshop on Yield Curve Development in

Lesotho. Additionally, the Programme offered three e-Learning courses on regulation of securities markets, monetary policy and reserves management. A joint MEFMI/World Bank RAMP workshop on Settlement and Custodian Relations was also conducted, which provided a platform to examine the strategic changes taking place in the custody industry on a global basis. MEFMI expanded its outreach by conducting a workshop in Nigeria for the Association of African Central Banks (AACB)'s Community of African Bank Supervisors (CABS), focussing on Crisis Management and Bank Resolution.

The in-country workshop on Portfolio Management for the Reserve Bank of Malawi aimed at enhancing participants' knowledge and understanding of the ethical and fiduciary role of pension fund trustees, quantitative aspects of asset allocation, performance evaluation and portfolio rebalancing. The workshops for the Reserve Bank of Zimbabwe and Bank of Mozambique focused on BASEL III, while in-country workshops for the Bank of Botswana focussed on Intermediate Bank Supervision and Enterprise risk management. The Programme also conducted a Derivatives and Risk Management Workshop for the Bank of Uganda, and Strategic Asset Allocation workshops for both Reserve Bank of Malawi and Bank of Namibia.

Other in-country missions include those conducted for the Bank of Mozambique and Reserve Bank of Zimbabwe on financial education and market conduct supervision, and validation missions on the development of the domestic financial markets for the Reserve Bank of Malawi and Bank of Uganda. A training for new staff in the payment systems oversight division of the Bank of Mozambique was also conducted.

The study on ICRAT was validated by an independent consultant, who concluded that ICRAT had been adequately developed. The tool will use market data from Bloomberg to feed into both the Market Implied Ratings (MIR) Model and Probability of Default (PD) Model. The combination of these two models and the Financial Ratios (FR) Model is referred to as ICRAT. The tool will produce a credit alert signal which will demonstrate the ratings assigned by the market to various financial issuers. These market ratings will be assessed in relation to the ratings already assigned by the credit rating agencies to the same financial issuers. ICRAT will highlight any divergence between the two ratings as a credit alert. The alert will be displayed in a 'traffic light' fashion, whereby a red signal highlights a high probability of a possible credit event;

a yellow signal indicates a moderate probability of a possible credit event; while a green signal demonstrates a low probability of a possible credit event.

The study on Mortality Tables will culminate in the Framework for developing conducting mortality tables that can be customised by countries. The study will be conducted over 18 months in three Phases. The first Phase will be a regional awareness seminar to be conducted by MEFMI and attended by the heads of regulatory institutions (insurance and pensions) as well as selected representatives of relevant private sector institutions. In the second Phase, MEFMI will work with consultants to conduct a country sensitization, data compilation, analysis and report writing. The third and final Phase will be a report on the finalised Framework for issue to member countries.

The main achievements and outcomes of the above activities are:

- (i) EAC sub-regional workshop on cross-border payment systems, the first of its kind, helped create a road map on how policymakers, regulators and industry players can join forces to boost cross-border payments in the EAC region.
- (ii) The workshop for the Bank of Botswana, which was also attended by participants from Central Bank of Swaziland, provided a platform for sharing country experiences. It also enhanced the knowledge and skills of participants on key aspects of bank supervision and other important supervisory topics.
- (iii) The Yield Curve Development workshop provided relevant knowledge and techniques to participants on yield curve development and further outlined policy considerations to develop domestic market yield curve in member countries.
- (iv) The workshop on BASEL III for the Reserve Bank of Zimbabwe provided clarity on the revisions to Basel II accord with special focus on the calibration of countercyclical capital buffers, Basel III ratios and stress testing. It also covered the relationship between Basel III and the benefits of total loss absorbing capacity (TLAC).
- (v) The derivatives and risk management workshop for Bank of Uganda equipped participants with knowledge of the key concepts of risk identification and quantitative skills on application of derivatives in the management of specific risks.
- (vi) The Strategic asset allocation (SAA) workshops for Reserve Bank of Malawi and Bank of Namibia assessed the structural and cyclical factors that contribute to, or impede, reserve accumulation. Further, the workshops back-tested and stress-tested the existing SAA and risk budget under several scenarios. They also equipped participants from both the front and middle office with a practical understanding of the tranching of foreign exchange reserves with a view to optimisation of asset class allocation to increase return and still remain within the same risk budget.
- (vii) The Mission to Bank of Mozambique on financial education and market strengthened the existing market conduct supervision and regulation frameworks to assist the Bank streamline its processes in accordance with international best practice.
- (viii) The validation missions to the Reserve Bank of Malawi and Bank of Uganda concluded the three (3) year customised intervention programme developed for both countries in 2014 as a sequenced approach to the development of the domestic financial markets.
- (ix) The missions on reserves management to the Reserve Bank of Malawi and Bank of Namibia reviewed the SAA Policy, Investment Policy and Guidelines of the institutions with a view to inform the annual review of the SAA in line with international best practice with due consideration of the domestic and international economic conditions.
- (x) The E-learning course on Fundamentals of monetary policy introduced participants to the principles of monetary policy operations and different approaches to monetary policy.
- (xi) The regional workshop on practical application of payment systems operation and oversight enhanced knowledge and skills in conducting payment systems oversight and increased capacity to augment existing oversight policy frameworks.

- (xii) The Retreat for Heads of Reserves management and investment committee served as a launch-pad for the ICRAT. It also provided officials with a firm understanding of the structure, technical aspects and functionality of the ICRAT and its use in the management of official foreign exchange reserves.
- (xiii) The E-learning course on fundamentals of Reserves Management provided participants with an understanding of best practice guidelines for managing official foreign exchange reserves.

4.3.1. Business Development Unit

The main objective of the BDU is to create alternative revenue streams for the Institute through provision of capacity building products and services to the private, public and civil society organisations. After its operationalisation on 1 February 2017, the BDU successfully established the necessary systems for smooth operation and established market presence, awareness and visibility initiatives.

The Unit hosted two breakfast meetings, one of which was in partnership with the British Council. In addition, three (3) regional and one in-country workshops were conducted for financial journalists in partnership with the Investment Professionals Association of Zimbabwe. The regional workshops were on Macroeconomic Modelling and Forecasting, Strategies for Hedging Foreign Exchange Risk

and Cyber Financial Crimes: Detection, Prevention, Investigation and Reporting.

The Unit has also had engagements with various organisations as part of brand and product awareness efforts whilst exploring scope for collaboration. In addition, the BDU submitted proposals and expressions of interest on consultancy services.

The main achievements and outcomes of the above activities include:

- i. The breakfast meeting on “*Emerging Global Human Capital Trends in the Financial Services Sector*” raised participants’ awareness of the technological, regulatory and customer needs in the sector. The event also gave MEFMI an opportunity to announce its presence to senior executives in the Zimbabwean financial sector and generate leads.
- ii. The “*Organisational Leadership through Innovation and Creativity*” breakfast meeting co-hosted with the British Council challenged senior leaders in the public, private and civil society to be agents of change and drive socio-economic development.
- iii. Through the Macroeconomic Modelling and Forecasting Regional Workshop, attended by delegates from Zimbabwe, Malawi and Uganda, participants from the private sector and parliament





- acquired skills to analyse and evaluate the macroeconomic and business environment for complex organisational strategic decision making.
- iv. Financial and business journalists and analysts who attended the MEFMI / Investment Professionals Association of Zimbabwe were equipped with knowledge to participate in ongoing debates on public financial literacy and inclusion, and creation of a favourable environment for investment through knowledge based reporting.
- v. The workshop on Strategies for Hedging Foreign Exchange Risks equipped participants from Zambia and Zimbabwe with practical skills for the development and implementation of interventions to manage risks associated with foreign exchange.
- vi. Participants in the workshop on Cyber Financial Crimes: Detection, Prevention, Investigation and Reporting reported that they had attained a better awareness of the subject and realised the vulnerabilities in their organisations. They also received practical tools to help them handle cyber financial crime threats in their businesses.
- vii. Through a combination of direct promotional

interventions as well as relationship building and executed programmes, the BDU has managed to increase market awareness in Zimbabwe.

4.4. Monitoring and Evaluation

The Institute held the inaugural staff bi-annual performance reviews, a platform for MEFMI Programmes to share lessons and experiences of implementing capacity building. The reviews are held half yearly to support knowledge management and increase the use of M&E information.

The Institute also developed the M&E Policy and sensitised staff about it. Further, the end of Phase IV review was conducted while the annual M&E report and cumulative quarterly progress reports were finalised, and shared with member countries and other stakeholders.

To strengthen monitoring and evaluation of activities, MEFMI engaged a firm to revamp the Institute's programme database as well as develop the Integrated Management and Information System (IMIS). The IMIS will improve the quality of information required for reporting, accountability and decision making.





5

Governance Meetings

The following governance meetings were held in 2017:

5.1. Finance and Audit Committee

The 13th and 14th Finance and Audit Committee meetings were held on 23 March 2017 and 20 July 2017, respectively, at the MEFMI Secretariat in Zimbabwe. Following expiry of Malawi's tenure in the Committee and the elevation of Botswana to the position of MEFMI Board Chair, the following EXCOM members were represented at the meeting: Kenya, Swaziland, Rwanda and Zimbabwe as the Ex-officio and Chair of the Committee. The Committee reviewed the 2016 third and fourth Quarter Internal Audit Reports, Management Accounts, Audited Financial Statements and Letter to Management, Risk Management Register, Fourth Quarter 2016 Progress Report and Update on the 2017 activities, among others and recommended them to EXCOM for approval. The Committee also held an Extra Ordinary Meeting on 15 September 2017 at the Secretariat to review the revised 2018 Budget and Work Plan.

5.2. Executive Committee Meetings

The 46th and 47th meetings of the Executive Committee were held on 24 March and 21 July 2017 at the Reserve Bank of Zimbabwe. The meetings were chaired by the Governor of the National Bank of Rwanda and were attended by members from Mozambique, Kenya, Swaziland and Zimbabwe. The Committee received the reports of the Finance and Audit Committee, and approved the Audited Financial Statements of 2016. The Committee also reviewed and discussed reports presented by Management, including the 2016 Quarter 4 Progress Report, 3rd and 4th Quarter 2016 Internal Auditors Report and resource mobilisation report. The Committee also approved the Risk Management Policy, revised Remuneration Policy and the revised Human

Resources Policies and Procedures Manual. The Committee also approved the revised 2018 Budget and the Board pack for the 2017 Board of Governors meeting.

5.3. Board of Governors Meeting

The 21st Board of Governors meeting was held on 9 October 2017 during the IMF/World Bank annual meetings in Washington DC. The Board received a report from the Executive Committee and ratified the decisions made on their behalf during 2017, including approval of the audited financial statements for the year ended 31 December 2016, among others. They also approved the 2018 annual work programme and budget of the Institute.

5.4. Technical Cooperating Partners Meeting

One (1) technical cooperating partners meeting hosted by the Swedish Embassy in Harare was held online. Among other issues, the meeting discussed the Audited Financial Statements for the Year ended 31 December 2015, the 4th Quarter 2016 Progress Report and end of Phase report. The report of the MEFMI End of Phase IV was shared with all cooperating partners.

SIDA informed the Secretariat that they would not continue supporting MEFMI due to the shift in their funding focus going forward. However, the SIDA office in Addis Ababa was ready to partner with MEFMI on areas of mutual interest.

Apart from ACBF which availed US\$1.2 million for utilisation in 2017/2018, there were no other indications that funding would be received from financial cooperating partners. The Secretariat is exploring alternative sources of funding to complement member countries' contributions, which account for 79 percent of MEFMI's annual budget.

5.5. Management Meetings

In accordance with MEFMI corporate governance, Management held 13 monthly meetings during the period under review, which were chaired by the Executive Director, and attended by Directors. The meetings are a strategic platform for Management to appraise each other on the implementation of work plans, as well as to ensure that activities implemented focus on and adhere to the Institute's core business of capacity building. The meetings were also used to prepare for both the Finance and Audit Committee and EXCOM as well as the Board of Governors meetings held during the period under report.

5.6. Deputy Permanent Secretaries and Deputy Governors Forum

On a biennial basis, MEFMI holds an Executive Forum for Deputy Governors and Deputy Principal / Permanent Secretaries from the MEFMI region. The main purpose of the event is to provide a platform for the officials to dialogue and strategize on actions that can assist the region. The theme of the Forum was "Regional Integration" and was selected to stimulate policy dialogue on this topic, which is one of the main components of the AU Agenda 2063. As fiscal and monetary policy custodians, it is expected that central banks and ministries of finance will ensure that the MEFMI region moves in tandem with the rest of the world in eradicating poverty and attaining global development goals. The event was held in Mozambique and was attended by 34 officials. The financial partner was Crown Agents Investment Management (CAIM) who expressed interest to support MEFMI in organising the Forum annually.

5.7. Governors' Forum

The annual Forum for Central Bank Governors from the MEFMI region was held at the Bank for International Settlements (BIS) in Basel, Switzerland. The Forum took place on 23 June 2017, back to back with the BIS annual meetings. The theme was *Responsible Development Financing*. The forum was also attended by delegates from non-Member Countries, including the Governor of the Bank of Mauritius and an official from the Central Bank of Seychelles. The

financial partner for the event was Investec Asset Management, which has supported the Forum since its resuscitation in 2015.

5.8. MEFMI Combined Forum

The 2017 Combined Forum was held on the 9 October 2017 in Washington D.C. United States of America. The theme of the Forum was "**Financing of Infrastructure**" in the Africa region. A report on the discussions and key messages of the Forum is available on the MEFMI website www.mefmi.org.

MEFMI is grateful to EY for the financial and technical support for the event. This is the third event that EY and MEFMI have partnered, and we trust that they will continue to partner and support the Institute in future events.

5.9. Research and Policy Seminar

The 3rd Annual Research and Policy Seminar was held on 9 November 2017 at Rainbow Towers in Harare, Zimbabwe, under the Theme: "**Inclusive Growth for Sustainable Development**". This Seminar is an annual event that was launched in 2015 to foster dialogue and exchange of knowledge between researchers and policy makers in order to contribute to evidence based policy formulation in the region.

The Seminar was opened by the Executive Director of MEFMI, Dr. Caleb Fundanga, and the key note address was delivered by the World Bank Country Manager in Zimbabwe, Mrs. Mukami Kariuki. The participants included researchers, discussants, guests and MEFMI staff. The papers presented during the Seminar will be published in the MEFMI Research and Policy Journal in 2018.

5.10. Networking Activities

MEFMI continued to collaborate with various regional and international organisations in order to increase its visibility, share experiences and enhance partnerships. During this period, the Institute participated in 42 networking activities listed in Annex IV.





6

2017 Financial Performance

The Institute opened the year 2017 with a positive cash and bank balance of US\$ 3,362,989. This amount is broken down as follows:

- Staff gratuity amounting to US\$ 806,253;
- Member countries' contributions for purchase of the Executive Director's house, inclusive of interest earned of US\$213,083;
- Interest income for 2014 to 2016 amounting to US\$765,710, excluding interest from funds for the purchase of the Executive Director's house;
- Member countries' 2017 advance contributions of US\$ 398,973; and
- The balance represents other funds accumulated over the years, which are available for use in MEFMI activities and administration of the Secretariat.

The Secretariat is grateful to member countries for their financial contributions.

The statement of comprehensive income in Table 10 below shows the performance of the institution in 2017.

Table 10: Statement of Comprehensive Income for the Year Ended 31 December 2017

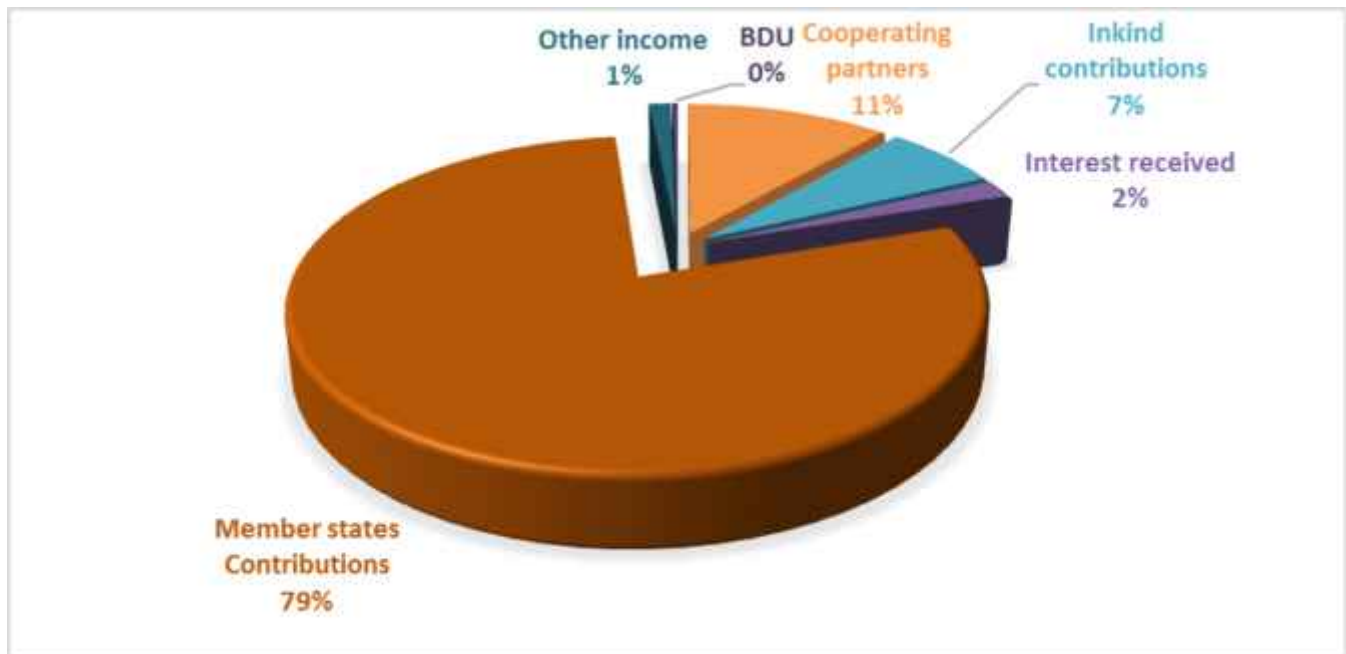
	Dec -2017 Cumulative US\$	Dec-2016 Cumulative US\$	Dec -2017 Budget US\$	Dec - 17 / 2016 Actual Variance %	Dec -2017 Budget Variance %	Note
INCOME:						
Member States Contribution	4,938,415	4,928,414	4,938,415	0%	0%	a
Cooperating Partners In-kind contribution	714,483	1,130,093	251,603	-37%	184%	b
	416,192	531,966	584,136	-22%	-29%	c
Interest Received	113,510	194,640	200,000	-42%	-43%	d
Other income	75,220	162,436	50,000	-53%	50%	e
Total Income from MEFMI	6,257,819	6,957,549	6,024,154	-10%	4%	
Income from BDU	19,857	-	-	-	-	f
Total Income	6,277,676	6,957,549	6,024,154	-10%	4%	6.1
EXPENDITURE:						
Programme Delivery						
Accommodation	670,507	1,211,716	605,167	45%	-11%	g
Per diems	320,072	-	411,087	n/a	22%	h
Professional Fees	665,865	551,900	864,340	-21%	23%	i
Programme Delivery - Staff	2,086,777	2,208,073	2,516,648	5%	17%	j
Travel Expenses	317,429	351,015	633,000	10%	50%	k
Travel Expenses - In-kind	395,295	531,966	584,136	26%	32%	
Facilities Expenses	353,615	449,418	422,370	21%	16%	l
Facilities In-Kind	20,897	-	-	-	-	
	4,830,457	5,304,089	6,036,748	9%	20%	
Secretariat Administration						
Audit Fees	34,622	24,854	30,087	-39%	-15%	m
Bank Charges	45,793	39,707	27,083	-15%	-69%	n
Depreciation	171,905	161,428	-	-6%	-	o
Fund Managers fees	10,366	10,647	8,968	3%	-16%	p
Legal fees	5,339	21	3,843	-100%	-39%	
Office Operating Expenses	401,504	359,132	812,394	-12%	24%	q
Resource Mobilisation	-	653	-	100%	-	
Salaries and Benefits	530,609	539,614	530,609	2%	0%	r
Staff development	37,173	54,264	69,980	31%	46%	s
Staff recruitment	26,877	78,749	142,322	66%	81%	t
Total Secretariat & Administration	1,264,187	1,269,070	1,625,286	0%	22%	
BDU Expenses						
BDU Expenditure	110,643	-	-	-	-	
BDU Depreciation	1,347	-	-	-	-	
Total BDU Expense	111,990	-	-	-	-	
Allowance for impairment	302,127	565,483	-	47%	-	
Total Expenditure	6,508,762	7,138,641	7,662,034	9%	15%	6.2
Surplus for the period	(231,086)	(181,092)	(1,637,880)			
% Secretariat Administration Expenses Over Total Expenses	19%	18%	21%			

Source: MEFMI Reports – 2016 and 2017

6.1. Income

The Institute received a total income of US\$ 6,277,676 during the year 2017 (Table 10). This is 10 percent lower than the same period in 2016 and 4 percent higher than budgeted. The

decline when compared to 2016 is attributed to the decrease in funding from cooperating partners. The distribution of income by source is presented in Chart 7.

Chart 7: Income distribution by source

Source: MEFMI Report, 2017

a) Member Country Contributions

Member states contributed 79 percent of the total income for the period under review. Income from member states is in line with the projection for the year, and did not change from 2016.

b) Cooperating Partners' Contributions

Cooperating Partners contributed eleven (11) percent to the 2017 income, which was 37 percent less than the contribution for 2016 but 184 percent more than budgeted. Funding was received from ACBF and the World Bank in 2017, while the Norwegian and Swedish funding ended with Phase IV in 2016. The ACBF funding, which commenced in July 2017, was not initially budgeted for.

c) In-kind contributions

In-kind contributions accounted for approximately 7 percent of the total income in 2017, and was 22 percent lower than 2016 and 29 percent lower than budgeted. This is due to the difference in the number and nature of activities carried out during both periods. In-kind contributions arise from air ticket purchases for participants and other expenses that the member countries incur on behalf of MEFMI, particularly during regional and in-country activities. In-kind contributions on regional activities conducted in 2017 were 31 percent lower than in 2016, as the Institute replaced some of the regional workshops with e-learning.

d) Interest Income

The approved MEFMI Investment Policy (2017) allows the Secretariat to invest funds that are not immediately required for use in MEFMI activities, in short term investments.

In line with the policy and the comparatively good investment returns that were available in Zimbabwe before 2016, all MEFMI funds were locally invested. However, from 2016, there has been a declining trend in returns on short-term investments on the Zimbabwean market, as the market began self-correction. However, the returns remain marginally higher than those earned in other countries in the MEFMI region.

Interest income from short term investments contributed 2 percent of the total income received during the period under review. This was lower than that of 2016 by 42 percent and below budgeted by 43 percent, partly due to declining interest rates, as well as reclassification of Executive Director's residence funds to equity, as recommended by the External Auditors. There was also an increase in market risk, which led to the investment committee removing some financial institutions from the list of approved institutions for short-term investments. The interest income is net of the income received from investing BDU funds, as this is reflected under BDU income.

e) Other income

Other income comprises sponsorship from private partners and profit on asset disposal. The amount received by 31 December 2017 was 53 percent less than that received in 2016 due to a reduction in the sponsorship from private partners as well as disposal of old assets in 2017 compared to 2016.

f) Income from BDU

In its efforts to improve the financial sustainability of the Institute, MEFMI established a Business Development Unit on 1st February 2017. By the end of 2017, the BDU had generated income of US\$19,857 against expenditure of US\$ 111,990. The income from the Unit contributed less than one percent to the 2017 total income while the expenses amounted to 1.72 percent of the total expenses in the period under review. The Unit carried out few activities during the year, as it made effort to penetrate the market. The situation is expected to improve in 2018 and going forward, driven mostly by brand recognition.

6.2. Expenditure

The total expenditure in 2017 amounted to US\$6,508,762, which is nine (9) percent lower than in 2016 and 15 percent below the 2017 budget.

The expenditure by type is presented in table 10 and the major variances in expenditure are analysed below:

g) Accommodation

The accommodation expenses in the period under review are 45 percent lower than during the same period of 2016 and 11 percent higher than budgeted. The decrease when compared to the previous year is partially attributed to lower number of regional activities that were conducted during the year, as well as the change in presentation. In 2017, accommodation and per diems have been presented separately, whereas per diems and accommodation were consolidated in 2016 and prior years.

The Institute is also moving away from delivery of activities through face to face/residential workshops towards E-learning in order to reduce accommodation costs.

h) Per diems

This is a new item in the statement of income and expenditure, which has been separated from accommodation expenses as explained above.

i) Professional Fees

The expenditure for the period under review is 21 percent higher than in 2016 and 23 percent lower than budgeted. The positive variance relative to the budget is due to Programmes negotiating for gratis resource persons from technical cooperating partners for some activities, whereas the negative variance compared to 2016 is a result of fees paid to consultants for developing the content for E-learning courses. It is expected that these fees will reduce or go forward since most of the initial costs related to development of E-learning content are one-off.

j) Programme delivery staff time

The programme delivery staff time in 2017 was 5 percent less than that of 2016 and 17 percent lower than budgeted. This is due to the following:

- (i) One vacant position was not filled from June 2017 as the Secretariat tried to manage its cash slow owing to delayed contributions by some member countries;
- (ii) The reclassification of the post of Public Relations Manager, from programme delivery staff time to finance and administration; and
- (iii) New staff in the Programmes who are at entry point level of remuneration.

k) Travel Expenses

The expenditure in 2017 is lower than that of 2016 by 10 percent and 50 percent lower than budgeted. The positive variance is largely due to reduced regional activities as a deliberate effort made to undertake some of the regional workshops using E-learning in order to reduce the cost of delivery and to expand outreach. Some in-country activities were also not conducted, as some members were not ready for the activities.

l) Facilities

Expenses on facilities in 2017 are 21 percent lower than in 2016 due to a reduction in the number of regional activities as discussed above. The expenses are 16 percent lower than budgeted partially due to programme staff negotiating for lower conference charges and some activities not being implemented as some member countries were not ready to receive MEFMI missions.

m) Audit fees

Audit fees in 2017 were 15 percent higher than budgeted and 39 percent higher than in 2016. The variances are due to a

special end of project audit that was requested by SIDA in 2017, which was not budgeted.

n) Bank Charges

Bank charges in the period under review are much higher than in 2016 due to the increase in the number of transfers going out of the MEFMI account. Due to a cash crisis and the economic situation that prevailed in Zimbabwe in 2017, staff were authorised to have a maximum of two salary bank accounts. Most foreign staff took up the offer and requested their salaries to be partly paid in their countries of origin and partly in Zimbabwe, for their local expenses. This has significantly increased the bank charges.

o) Depreciation

The depreciation expense in the period under review is 6 percent higher than that of 2016 because of the acquisition of new assets in 2017.

p) Fund Managers Fees

The fund managers fees are similar to 2016 as the level of investments held by Old Mutual Zimbabwe did not change significantly. Old Mutual charges management fees for handling MEFMI investment.

q) Office Operating Expenses

The Office Operating Expenses were 12 percent above that of 2016 due to the following:

- In addition to the usual cyber Roam, Anti-virus, VIP, Pastel, car safe and Office DSTV licences, the Institute paid for new licences in 2017 for E-learning, Quantrix budgeting software and software for the Disaster Recovery replication site.
- Maintenance costs for computer and office equipment include new items i.e. Disaster Recovery Site and office air-conditioning and for the ageing plumbing pipes in the MEFMI premises.

r) Salaries and Benefits

The salary expenditure for 2017 is 2 percent lower than that of 2016 and is within budget.

s) Staff Development

Staff development expenses reduced in 2017 due to cash flow challenges that the Institute experienced during the year.

t) Staff Recruitment

The Staff recruitment expense for 2017 was 66 percent lower than that of 2016 and 81 percent lower than budgeted as there were no major recruitments in 2017. The local positions that fell vacant were filled with temporary staff. In addition, recruitment interviews for the position of Programme Director were conducted via skype and the successful candidate was already a MEFMI employee. Therefore, there were no major costs incurred such as those pertaining to relocation of staff.



MEFMI
Ministry of Finance and Economic Affairs
Republic of Kenya

Our Mission

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

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7

Human Resources and Administration

7.1. Staff Establishment

The Institute had an establishment of 34 posts. Twenty-eight (28) positions were filled as indicated in Table 11, while 4 staff were outsourced from a consulting firm.

Table 11: Staff Composition by end of 2017

Category	Established Posts	Male	Female	Total in Post
Executive Director	1	1	-	1
Programme Director	3	2	1	3
Director Finance and Administration	1	-	1	1
Programme Managers	10	4	5	9
Public Relations Manager	1	-	1	1
IT Manager	1	-	1	1
Finance Manager	1	-	1	1
HR Manager	1	-	1	1
Business Development Unit Manager	1	1	-	1
Receptionist	1	-	-	-
IT Officer	1	1	-	1
Assistant Accountant	1	-	1	1
Finance Officer	1	-	1	1
Programme Assistants	6	-	3	3
Driver	2	1	-	1
Office Assistant	1	1	-	1
Caretaker	1	1	-	1
Total	34	12	16	28

Source: MEFMI Database 2017

7.2. Policies and Procedures

To ensure guidance, consistency and clarity in its day to day operations, the Institute reviews and updates manuals on a regular basis, in line with best practices and other developments. The Human Resources Policies and Procedures Manual and the Remuneration Policy were reviewed and approved by EXCOM in March 2017.

7.3. Recruitment and Selection of Staff

The process of recruitment and selection of staff at MEFMI is competitive and transparent. One position of Director Debt Management Programme, fell vacant on 31 May 2017. It was filled by an in-house candidate who came into office on 1 September 2017. Three positions of Programme Assistants that fell vacant on 31 March 2017 were outsourced to a consulting firm.

7.4. Performance Management

Performance reviews for the Institute are based on Key Performance Areas (KPA) and competencies. The KPAs are captured in individual joint performance contracts that staff sign at the beginning of each year, and all staff are expected to perform according to the outlined key performance areas and as agreed with their supervisors. Performance reviews are conducted twice a year. The end-2016 and 2017 half year performance reviews were completed during 2017.

7.5. Staff Relations

A positive industrial relations environment is critical for productivity and success of an organization. During the period under review, the industrial atmosphere was harmonious.

7.6. Staff Development and Learning

In line with the staff development plan and in an effort to keep staff up to date with emerging issues and to enhance their skills, MEFMI continues to train staff to enable them to enhance their skills in their areas of specialisation. Annex IV presents details of staff development activities.

7.7. HIV/AIDS and Wellness

With respect to MEFMI's contribution to HIV/AIDS prevention and awareness, and wellness in general:

- (i) MEFMI continues to implement a Workplace HIV/AIDS Policy through the provision of free condoms at the Secretariat offices, and there is a clear policy on how to handle employees with HIV/AIDS; Wellness talks are also held periodically.
- (ii) MEFMI HIV/AIDS awareness raising is incorporated in all Programme activities; and
- (iii) In 2016, MEFMI introduced a staff wellness campaign, where all staff are encouraged to undergo annual check-ups, as prevention is seen as the key to good health and improved staff productivity.

7.8. Environmental Sustainability

While undertaking programme activities, MEFMI looks at ways that contribute to environmental sustainability. This was achieved in 2017 as follows:

- a) MEFMI continued to offer introductory courses through e-Learning;
- b) MEFMI continued providing course materials electronically by issuing participants with memory sticks, instead of printing course materials. This has resulted in the reduction of paper usage in the office;
- c) The Secretariat continues to invest in integrated management software that reduce manual applications for leave, overtime, office consumables etc. Within the office, a lot of communication is electronic, and printing is therefore at a minimum;
- d) The Secretariat embarked on a paperless office project in 2016, which was scheduled to be completed by end-2017, but the completion date was extended to 2018. This is due to a delayed commencement of one of the projects that will be financed by a cooperating partner. The paperless office project will significantly reduce the use of paper and printing accessories such as cartridges which are not easily biodegradable; and
- e) The Secretariat procured an additional module to the Human Resources Management software, for online job applications.





8

Information and Communication Technologies

8.1. ICT Infrastructure

All systems were available and continued to perform well in the period under review. In this regard:

- (i) The Institute acquired a Document Management System (DMS), and storage device known as a Storage Area Network, to accommodate the expanding information storage requirements, and a video conferencing solution to allow video and audio communications. The video conferencing solution will facilitate online meetings, seminars and workshops with participants at remote sites, thereby reducing the financial burden associated with these events in the long-term.

Implementation of these systems is part of the Institute's efforts to improve efficiency both in programme delivery and administrative processes, and reduce cost of delivery.

- (ii) A project to migrate human resources from VIP system to People system, and implement a new online human resources recruitment platform was successfully completed.

- (iii) The Internet service was upgraded to 10Mbps to ensure adequate bandwidth to access web based tools such as e-learning, web based videos and Quantrix budgeting system, among other applications.

8.2. ICT Security

The anti-virus system and the gateway scanner were upgraded in order to counter the persistent threat of viruses. Windows system and application updates were installed as they became available. A new anti-ransomware application was installed to detect ransomware activity on all network devices. Security alerts and/or bulletins were sent to all staff at least once a week to increase awareness of the threats that exists. This was coupled with self-paced, on-demand ICT security awareness training and phishing tests to strengthen alertness and the defence capability.

Secure Sockets Layer certificates for secure communication on the new web based services, namely, the People system and the M-Files document management system, were configured.

Subscriptions to the security scanning of the Institute's website and Private Capital Monitoring System were renewed to deal with potential malware on the internet hosted services.

8.3. Disaster Recovery

Automated system backups, scheduled online replication and manual off-site backups were carried out as scheduled to ensure that data is available for restoration in the event of a disaster. Disaster recovery tests were completed successfully. Disaster recovery procedures, and systems and network architecture documentation were completed. The Disaster Recovery test evaluations and debriefs were shared with management.

8.4. E-learning

The MEFMI E-learning platform has been operational since it became live in June 2016.

Online web conferencing and e-certificates for the online courses are now available for e-learning participants. Nine courses were successfully delivered using the MEFMI e-learning platform in 2017. The ICT Security Awareness Training course also runs on the e-learning platform.





9

Public Relations Activities

Public Relations continue to be an integral part of the Institute as it is MEFMI's window to the world. Other than ensuring timely production of all MEFMI literature, great strides have been made in engaging the media and ensuring that MEFMI activities receive positive media coverage. The frequent and positive coverage particularly in Zimbabwe has resulted in the Institute being requested by the media to provide commentary on economic development issues. This has not only enhanced the brand visibility of the Institute, but has made MEFMI a critical resource base for information on macroeconomic issues.

Newsworthy information was uploaded on the MEFMI website throughout the year. The website functionalities were enhanced in 2017 to include a link for the Business Development Unit. The twitter handle has also been a critical tool for real-time content offering particularly for high level

events. Through this social media platform, information on some MEFMI activities reached multiple countries and this has enhanced the Institute's geographic footprint. As at end-2017, the MEFMI twitter handle had 629 followers. With more relevant information, the number of followers is expected to increase in 2018.

At the request of the Central Bank of Swaziland, MEFMI assisted with content development for a workshop for news editors from the print and electronic media in Swaziland. The workshop focused on financial and economic news reporting and the role of the media in an economy. The workshop was an important platform for the bank and the media to dialogue, and provided MEFMI with an opportunity to network with the media in Swaziland.





10

Challenges, Opportunities and Lessons Learnt

10.1. Challenges and Recommendations

- i. Delivery of capacity building activities continues to be affected by the decline in funding from financial cooperating partners. This led to postponement of some activities planned for 2017 to 2018.

Recommendation:

The Institute will continue to intensify efforts towards resource mobilisation to close the funding gap.

- ii. Working with RECs presents many challenges which include the amount of time it takes to conclude Memorandum of Understandings (MOUs) due to long bureaucratic processes.

Recommendation:

The Institute will provide for ample time to initiate and implement collaboration agreements with RECs. Lead time of at least one year of preparation will be provided.

- iii. The application process of the E-learning courses is still highly manual and time consuming. Confirmations are still done using hard copies.

Recommendation:

The Institute is working on putting in place electronic confirmation processes.

- iv. Countries tend to concentrate their capacity building requests in the second half of the year.

Recommendation:

There will be continuous engagement with member countries during the planning stage to capture their capacity needs in order to ensure an even spread of activities throughout the year.

- v. The Institute continues to experience delays by some consultants to deliver outputs according to schedule, particularly during the development of E-Learning materials and studies.

Recommendation:

Going forward, modules will be developed much earlier to ensure smooth implementation of E-learning courses

- vi. Some international experts indicated their unavailability for MEFMI activities after hearing about professional fees

offered by the Institute, which are lower compared to most international organisations.

Recommendation:

A recommendation will be made to EXCOM to review some of the fees.

- vii. Some BDU activities had low subscriptions which resulted in below budget performance. The low subscriptions resulted in postponement or cancellation of the affected activities.

Recommendations:

- a) Concerted effort will be made in 2018 and beyond to promote awareness of the MEFMI brand amongst the target client base. Relationships will also be developed with the target clients.
- b) MEFMI will leverage on existing relationships with its suppliers such as banks, asset managers and insurers for reciprocal business.
- c) Cancellation will be avoided by ensuring the required minimum number of participants. On a case basis,

consideration may be given by Management where the reputational risk may be great.

10.2. Opportunities

BDU will increase coordination with Programmes staff to ensure availability of technical staff for quality control during delivery of its activities.

10.3. Lessons Learnt

- i. In-country activities continue to prove more effective in addressing country-specific needs, with wider outreach.
- ii. Conducting pre-course assessment for E-learning activities helped in assessing the strengths and weakness of the enrolled participants, which helped to inform and structure interventions by the mentors.
- iii. There is need to enhance engagement with authorities in academic institutions in member countries to enhance brand awareness.



11

Conclusion

The year 2017 was successful as the Institute implemented most activities in line with the annual work programme. These interventions contributed significantly to building and strengthening the human and institutional capacity in the member countries. Regional workshops and E-Learning courses helped to increase the number of participants trained in the various areas of the Institute's interventions, including macroeconomic, financial sector and public debt management. In addition, the Institute recruited 15 Candidate Fellows as part of its drive to develop a sustainable pool of regional experts in various areas of specialisation.

The number of in-country activities increased in line with Phase V thrust of addressing the specific needs of member institutions. Through these interventions, MEFMI contributed

significantly to the design and adoption of policies and sound practices in macroeconomic and financial management in the member countries in the following areas, among others: macroeconomic modelling and forecasting, management of private capital flows, balance of payments, national accounts, monetary policy implementation, financial sector supervision, management of foreign reserves, domestic financial markets development; debt sustainability analysis, medium term debt management strategy, and management of debt databases etc.

The Institute developed relevant tools and commissioned studies as part of efforts to provide relevant knowledge products that support evidence-based policy formulation and implementation. For example, the ICRAT tool is expected to assist member countries to assess credit risk of

issuers, management of official foreign exchange reserves and reduce reliance on credit rating agencies.

In addition, the study on the Impact of the Chinese Dynamism on the MEFMI region is anticipated to provide insight on how to accurately anticipate and assess the Chinese agenda in order to approach it cautiously in the long run.

The Secretariat enhanced the assessment process for research papers by establishing an Editorial Board for quality control, and this has improved the quality of research papers

produced by the Institute.

The above activities were implemented successfully with financial contributions by member countries, financial and cooperating partners. However, the funding landscape has changed significantly in recent years as some partners changed to other areas of focus, thereby reducing the resource envelope of the Institute. In this regard, the Secretariat will continue to explore alternative options of financing to supplement the contributions by member countries and cooperating partners.



FINANCIAL STATEMENTS

31 DECEMBER 2017

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

NATURE OF THE BUSINESS

To advise and assist member countries in the Eastern and Southern African region to develop sustainable capacity in macroeconomic and financial management and debt and reserve management; and to foster best practice for prudent macroeconomic and financial management in Central Banks and Ministries of Finance and planning.

INFORMATION ABOUT THE BUSINESS

EXECUTIVE COMMITTEE

Mr John Rwangombwa - Chair
Dr. Patrick Njoroge
Mr. Majozi Sithole
Mr. Keith Muhakanizi
Mr Domingos J Lambo
Dr. John Mangudya (Executing Agency - ex-officio)
Dr. Caleb M. Fundanga (Executive Director - ex-officio)

AUDITOR

PricewaterhouseCoopers Chartered Accountants (Zimbabwe)
Building Number 4
Arundel Office Park
Mount Pleasant
Harare

BANKERS

Stanbic Bank SSC Building Corner Julius Nyerere Way/ Sam Nujoma Street. Harare Zimbabwe	Stanbic Bank Kenya Head Office Westlands Road Nairobi Kenya	Ecobank Zimbabwe Ltd Borrowdale Branch Zimbabwe
Standard Chartered Bank Africa Unity Square Nelson Mandela road Harare Zimbabwe	CABS Head office Borrowdale Road Harare Zimbabwe	FBC Centre Nelson Mandela Avenue Harare Zimbabwe
CBZ Wealth Management Corner Edinburgh and Campbell Road Borrowdale Harare Zimbabwe	African Banking Corporation Mt. Pleasant Business Park Harare Zimbabwe	

REGISTERED OFFICE

9 Earls Road
Alexandra Park
Harare

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The financial statements are presented in United States Dollars ("US\$").

INDEPENDENT AUDITOR'S REPORT

To the members of the Executive Committee

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Macroeconomic and Financial Management Institute of Eastern and Southern Africa, (the "Institute") as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI)'s financial statements set out on pages 58 to 90 comprise:

- the statement of comprehensive income for the year ended 31 December 2017;
- the statement of financial position as at 31 December 2017;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Institute in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Detailed Statement of Income and Expenditure but does not include the financial statements on pages 69 to 94 and our auditor's report thereon on pages 63 to 64.

Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Committee for the financial statements

The Executive Committee is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as the Executive Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Committee is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board, who have delegated responsibility of financial statements to the Executive Committee, either intend to liquidate the Institute or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Responsibilities of the Executive Committee for the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee;
- Conclude on the appropriateness of the Executive Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Executive Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Esther Antonio

Registered Public Auditor

Partner for on behalf of

PricewaterhouseCoopers Chartered Accountants (Zimbabwe)

Public Accountants and Auditors Board, Public Auditor Certificate Number 0661

Institute of Chartered Accountants of Zimbabwe, Public Practice Certificate Number 255940

Harare, Zimbabwe

4 May 2018

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017	2016
		US\$	US\$
INCOME			
Amortisation of capital expenditure reserve - land and building	24	42 279	42 279
Co-operating partner funding	5	714 483	1 130 094
In-kind contributions	6	416 192	531 966
Interest income	7	113 510	194 640
Member state contributions	8	4 938 415	4 938 414
Other income	9	32 941	120 157
Income from Business Development Unit	10	19 857	-
Total income		6 277 677	6 957 550
EXPENDITURE			
Programme Delivery			
Accommodation and subsistence	12	990 580	1 211 716
Facilities and materials	13	374 512	449 418
Professional fees	14	665 864	551 900
Programme delivery - staff	15.1	2 086 776	2 208 073
Travel expenses	16	712 723	882 981
Sub-total		4 830 455	5 304 088
Secretariat Administration			
Audit fees (internal and external)		34 622	24 854
Bank charges		45 793	39 706
Depreciation	18	171 905	161 428
Fund Management fees		10 366	10 647
Office expenses	11	406 846	359 806
Recruitment and relocation expenses		26 877	78 749
Salaries and benefits	15.2	530 609	539 614
Staff development		37 173	54 264
Sub-total		1 264 191	1 269 068
Business Development Unit expenses	10	111 990	-
Allowance for impairment of receivables	20	302 127	565 483
Total expenditure		6 508 764	7 138 639
Loss for the year		(231 086)	(181 089)

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

ASSETS	Notes	2017	2016
		US\$	US\$
Non-current assets			
Property, vehicles and equipment	18	1 266 613	1 367 420
Current assets			
Inventory	19	46 076	46 540
Receivables	20	1 518 849	1 495 338
Cash and cash equivalents	21	4 836 111	3 362 990
		6 401 036	4 904 868
Total assets		7 667 649	6 272 288
FUNDS AND LIABILITIES			
Funds			
Residence Fund	25	65 506	-
Revaluation surplus	26.1	238 752	238 752
Reserve fund	26.2	1 006 665	500 000
Accumulated funds		2 296 966	3 093 558
		3 607 889	3 832 310
Non-current liabilities			
Capital expenditure reserve - land and buildings	24	717 901	910 180
Current liabilities			
Payables	22	2 441 747	537 769
Provisions	23	696 987	949 750
Capital expenditure reserve - land and buildings	24	42 279	42 279
Residence Fund	25	160 846	-
		3 341 859	1 529 798
Total funds and liabilities		7 667 649	6 272 288

John Rwangombwa
Chair - Executive Committee

Caleb M. Fundanga
Executive Director

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Residence Fund US\$	Revaluation surplus US\$	Reserve Fund US\$	Accumulated Funds US\$	Total US\$
Balance at 1 January 2016	-	238 752	-	3 774 647	4 013 399
Appropriation to Reserve Fund	-	-	500 000	(500 000)	-
Loss for the year	-	-	-	(181 089)	(181 089)
Balance at 31 December 2016	-	238 752	500 000	3 093 558	3 832 310
Balance at 1 January 2017	-	238 752	500 000	3 093 558	3 832 310
Appropriation to Reserve Fund	-	-	500 000	(500 000)	-
Interest Earned	65 506	-	6 665	(65 506)	6 665
Loss for the year	-	-	-	(231 086)	(231 086)
Balance at 31 December 2017	65 506	238 752	1 006 665	2 296 966	3 607 889

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

		2017	2016
	Notes	US\$	US\$
Cash flows from operating activities			
Deficit for the year		(231 086)	(181 089)
Adjustment for:			
Depreciation	18	173 252	161 428
Interest income	7	(113 510)	(194 640)
Amortisation of capital expenditure reserve - land and building	24	(42 279)	(42 279)
Profit on disposal of equipment	9	(176)	(17 452)
Cash flow before changes in working capital		(213 799)	(274 032)
Net effect of working capital changes	27	1 628 165	(1 638 140)
Net cash (outflow)/inflow from operating activities		<u>1 414 366</u>	<u>(1 912 172)</u>
Cash flows from investing activities			
Proceeds from disposal of equipment		1 217	20 853
Interest income	7	113 510	194 640
Interest income - Residence funds	25	10 846	-
Interest income - Reserve funds	26.2	6 665	-
Acquisition of property and equipment	18	(73 483)	(128 896)
Net cash inflow from investing activities		<u>58 755</u>	<u>86 597</u>
Net increase / (decrease) in cash and cash equivalents		1 473 121	(1 825 575)
Cash and cash equivalents at the beginning of the year		3 362 990	5 188 566
Cash and cash equivalents at the end of the year	21	<u>4 836 111</u>	<u>3 362 990</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

1 GENERAL INFORMATION

To advise and assist member countries in the Eastern and Southern African region to develop sustainable capacity in macroeconomic and financial management and debt and reserve management; and to foster best practices for prudent macroeconomic and financial management in Central Banks and Ministries of Finance and Planning.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation and presentation

The Institute's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the International Financial Reporting Interpretations Committee ("IFRIC") interpretations. The financial statements are based on records that are maintained under the historical cost convention except for the revaluation of certain property and vehicles.

2.1.1 (a) New and amended standards, and interpretations effective for the first time for 31 December 2017 year-end

There are no new standards and amendments to standards and interpretations effective for the first time for annual periods beginning on 1 January 2016 that have a significant effect on the financial statements of the Institute.

(a) New and amended standards, and interpretations effective for the first time for 31 December 2017 year-end

Topic	Effective Date	Key Requirements
Amendment to IAS 7 Cash flow statements	Annual periods beginning on or after 01/01/2017	In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities.
Statement of cashflows on disclosure initiative	(published Feb 2016)	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1.1. (b) New and amended standards, and interpretations issued but not effective for 31 December 2017

Topic	Effective Date	Key Requirements
<p>IFRS 9 – Financial Instruments (2009 and 2010)</p> <ul style="list-style-type: none"> Financial liabilities Derecognition of financial instruments Financial assets General hedge accounting 	<p>Annual periods beginning on or after 01 January 2018 (published July 2014)</p>	<p>This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.</p>
<p>IFRS 15 – Revenue from contracts with customers.</p>	<p>Annual periods beginning on or after 01 January 2018 (published May 2014)</p>	<p>The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer.</p>
<p>Amendment to IFRS 15 – Revenue from contracts with customers.</p>	<p>Annual periods beginning on or after 01 January 2018 (published May 2014)</p>	<p>The IASB has amended IFRS 15 to clarify the guidance, but there were no major changes to the standard itself. The amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of these areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.</p>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation and presentation (continued)

2.1.1 (b) New and amended standards, and interpretations issued but not effective for 31 December 2017 (continued)

Topic	Effective Date	Key Requirements
IFRS 16 – Leases	Annual periods beginning on or after 1 January 2019 – earlier application permitted if IFRS 15 is also applied (published January 2016)	<p>This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular.</p> <p>Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.</p> <p>For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard.</p> <p>At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.</p> <p>IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.</p>

2.2 Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Institute and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:-

2.2.1 Co-operating partner funding

Co-operating partner funds are recognised in the accounting period to which they relate. The contributions from co-operating partners are pooled together for use by the Institute.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2.2 Member state contributions

Contributions from member states are recognised on an accrual basis. Contributions from member states for a particular period are determined beforehand by the Board of Governors. Income is therefore recognised over the period on an accrual basis.

2.2.3 Interest

Interest income is recognised using the effective interest rate method. When a receivable is impaired, the Institute reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired receivables is recognised using the original effective interest rate.

2.2.4 In-kind contributions

A portion of the Institute's income is derived from in-kind contributions from member countries. In-kind income is recognised in the accounting period to which it relates. It is based on actual cost or value of the goods or services received.

2.3 Taxation

In terms of the Government Notice 428 of 2011 issued under the Income Tax Act (Chapter 23:06), the Institute is exempt from Income Tax. In terms of the headquarters agreement between the Government of Zimbabwe and MEFMI, the Institute was accorded certain privileges, immunities and facilities. MEFMI, its properties, assets, income and operations and transactions were exempted from all forms of direct or indirect taxes. For procurement the Institute remits the tax on the vat-able supplies to the regulatory authorities and claims refunds for the remittances. The Institute also remits payroll and social security taxes on behalf of local employees.

2.4 Employee benefits

Short-term employee benefits include wages, salaries and social security contributions, short-term compensated absences, bonuses and terminal gratuity. Compensation for the short-term absences such as paid annual leave and paid sick leave is due to be settled within twelve months after the end of the period in which the employees render the related employee service. Bonuses are payable within twelve months after the end of the period in which the employees render the related service. Terminal gratuity is payable upon successful completion of the full period contemplated in the contract. The entity recognises the undiscounted amount of short-term employee benefits as an expense in profit and loss during the period in which the services are rendered.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Institute are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in United States Dollars ("US\$"), which is the Institute's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

2.5 Foreign currency translation (continued)

at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

2.6 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.7 Provisions

Provisions are recognised when the Institute has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount can be made. Where the Institute expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

Employee entitlements to annual leave are recognised when they accrue to the employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the year end.

2.8 Retirement benefit cost

The Institute does not have a retirement fund. Instead, provision is made in the financial statements for gratuity payments over the period of employees' employment contract. All employees are paid a gratuity of twenty five (25) percent of their contract period earnings in terms of the Institute's employment policy.

2.9 Property, vehicles and equipment

Property, vehicles and equipment are shown at fair value based on periodic valuations by independent professional valuers less subsequent accumulated depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Computer equipment and office furniture are stated at historical cost. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Institute and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

2.9 Property, vehicles and equipment (continued)

Depreciation on property, vehicles and equipment is calculated using the straight line method so as to allocate their cost over their estimated useful lives as follows:

Computers	4 years
Furniture and fittings	3 years
Buildings	25 years
vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are recognised in the income statement.

2.9.1 Impairment of assets

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

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

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

2.9.2 Valuation

Valuation of property and vehicles is done after every three (3) years and the last valuation was done in 2015 and the next one will be done end of 2018.

2.10 Inventory

Inventory is measured at the lower of cost or net realisable value. Cost is determined on a first in first out basis. The cost of inventory is recognised in the statement of comprehensive income as it is drawn down.

2.11 Financial instruments

Classification

The Institute classifies its assets in the following categories: at fair value through profit or loss, available for sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its assets at initial recognition. The Institute has loans and receivables only.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

2.11 Financial instruments (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for those with a maturity greater than twelve months after the end of the reporting year. These are classified as non-current assets. The Institute's loans and receivables comprise "member state contributions receivable and other receivables", and "cash and cash equivalents".

Recognition and measurement

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment.

Impairment

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet identified. For these receivables the estimated impairment losses are recognised in a separate allowance for impairment account.

The Institute considers that there is evidence of impairment if there is any indication of significant financial difficulties of the debtors.

Receivables for which an impairment allowance was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in profit or loss within operating expenses. Subsequent recoveries of amounts previously written off are credited against other expenses.

2.12 Payables

Accounts payables represent liabilities for goods, services and member state contributions provided to the Institute prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within two months of recognition. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.13 Deferred income

Contributions by member countries in the form of property and equipment are recognised as deferred income in the statement of financial position and amortised over the useful life of the assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Institute's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Institute's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Institute's financial performance.

Risk management is carried out by the Executive Committee which identifies, evaluates and hedges financial risks. The Executive Committee provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

3.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Institute's market risks arise from open market positions in interest bearing assets and, to the extent that these are exposed to general and specific market movements.

(i) Foreign exchange risk

The Institute is not exposed to foreign currency risk because all transactions and balances are denominated in the functional currency, the US\$.

(ii) Price risk

The Institute is not exposed to listed equity securities price risk because it does not hold any investments classified on the statement of financial position as financial assets at fair value through profit or loss or available for sale. At end of the reporting period, the Institute was not exposed to commodity price risk.

(iii) Cash flow and fair value interest rate risk

The Institute is not exposed to interest rate risk as it holds fixed interest money market investments, though it does not have any borrowings.

3.3 Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge a contract. Credit risk arises from cash and cash equivalents, financial instruments and deposits with banks and financial institutions, as well as credit exposures to member countries, including outstanding trade and other receivables.

There is no significant concentration of credit risk with respect to cash and cash equivalents as the Institute holds cash accounts with large financial institutions with sound financial and capital cover. Reassessment of the credit rating of each financial institution is regularly done by the Executive Committee.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

3.3 Credit Risk (continued)

The financial institutions holding cash and cash equivalents have the following external credit ratings:

Financial Institution	Rating	2017	2016
		US\$	US\$
Old Mutual	A+	886 757	1 504 878
FBC	A2	510 773	502 364
CBZ	A1+	86 578	333 335
Stanbic Bank Limited	A1+	2 422 809	1 013 868
African Banking Corporation of Zimbabwe Limited	B	850	910
Standard Chartered Bank Limited	A1+	107 023	6 139
Central African Building Society Limited	A1	300 656	363
Ecobank	A3	301 440	-
Stanbic Kenya	F1+	217 309	-
		4 834 194	3 361 858

Member countries receivables are based on country level contractual agreements and are recoverable.

The fair value of trade and other receivables and cash and cash equivalents at the reporting date approximates the carrying amounts

3.4 Liquidity risk

Liquidity risk arises from a mismatch of asset and liability cash flows and or different maturity profiles. Liquidity obligations arise from requirements to repay loans, advance committed funds, and make interest and other expense payments. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities.

The table below analyses the maturity profile of the Institute's assets and liabilities based on the remaining period as at the reporting date to the contractual maturity date.

31 December 2016

	Up to 1 month US\$	Total US\$
Assets		
Cash and cash equivalents	3 362 989	3 362 989
Receivables	1 159 337	1 159 337
Other receivables (excluding prepayments)	256 383	256 383
Total assets	4 778 709	4 778 709

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

3.4 Liquidity risk (continued)

31 December 2016

Liabilities

	Up to 1 month US\$	Total US\$
Payables	398 973	398 973
Other payables (excluding statutory liabilities)	138 796	138 796
Total liabilities	537 769	537 769
Liquidity position	4 240 940	4 240 940

31 December 2017

Assets

Cash and cash equivalents	4 836 111	4 836 111
Receivables	1 243 133	1 243 133
Other receivables (excluding prepayments)	150 998	150 998
Total assets	6 230 242	6 230 242

Liabilities

Payables	2 159 686	2 159 686
Other payables (excluding statutory liabilities)	282 062	282 062
Total liabilities	2 441 748	2 441 748

Liquidity position	3 788 494	3 788 494
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Cumulative liquidity position

3 788 494	3 788 494
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

3 FINANCIAL RISK MANAGEMENT (continued)

3.5 Financial instruments by category	2017 US\$	2016 US\$
Financial assets at amortised cost		
Receivables (excluding pre-payments)	150 998	1 415 719
Cash and cash equivalents	4 836 111	3 362 989
	4 987 109	4 778 708
Financial liabilities at amortised cost		
Payables (excluding statutory liabilities)	(2 441 747)	(537 769)

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Institute makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Going Concern

The Executive Committee has assessed the ability of the Institute to continue operating as a going concern and have concluded that the preparation of these financial statements on a going concern basis is appropriate.

They believe that under the current economic environment, a continuous assessment of the ability of the Institute to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

(b) Useful lives of property, vehicles and equipment

The Institute's management determines the estimated useful lives and related depreciation charges for its property, vehicles and equipment. This estimate is based on projected lifecycles for these assets. It could change significantly as a result of technological innovations. Management constantly reviews the useful lives of property, equipment and motor vehicles and make adjustments to the depreciation charge accordingly.

(c) Valuation of property, vehicles and equipment

Property, vehicles and equipment are presented at fair value less subsequent accumulated depreciation and impairment losses. A professional valuation is performed every three years to determine the market values, remaining useful lives and residual values of property, vehicles and equipment. These measurements require the use of critical judgement. Property, vehicles and equipment were last valued by a professional valuer as at 31 December 2015 and the last used estimates are still considered relevant.

Revaluations are done making reference to recent market transactions on arms length terms.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

d) Allowance for impairment of Receivables

The Institute reviews its Receivables to assess impairment on a monthly basis. In determining whether an impairment loss should be recorded in the income statement, the Institute makes judgements as to whether there is observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of receivables before the decrease can be identified with an individual receivable in that portfolio.

5	CO-OPERATING PARTNER FUNDING	2017 US\$	2016 US\$
	African Capacity Building Fund ("ACBF")	467 398	83 452
	Norwegian Government	-	160 405
	Other Donors	740	26 563
	Swedish Government	-	672 107
	World Bank	246 345	187 567
		714 483	1 130 094

5.1 ACBF

MEFMI under grant Number 327 signed an agreement of US\$1.2 million with ACBF. The grant period is 12 months from 1 July 2017 and only US\$467 398 had been received by 31 December 2017.

5.2 World Bank

A grant agreement was signed between MEFMI and the World Bank, World Bank Debt Management Facility Phase II ("DMF") Grant No. TFOA2231 (No.072132), amounting to US\$854 706 for the period starting 14 March 2016 to 31 May 2019. Funds are claimed on a reimbursement basis. US\$246 345 recorded as revenue in 2017 is made up of reimbursement of US\$144 531 for FY2016 expenses and US\$101 814 for part of the FY2017 expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

	2017	2016
	US\$	US\$
6 IN-KIND CONTRIBUTIONS		
Member states	416 192	531 966
7 INTEREST INCOME		
Bank accounts	7 271	5 429
Staff loans	8 937	16 413
Short - term deposits	97 303	160 964
Short - term deposit : Residence funds	-	11 834
	<u>113 510</u>	<u>194 640</u>
8 MEMBER STATE CONTRIBUTIONS		
Angola	425 152	426 399
Botswana	325 488	343 891
Burundi	302 127	290 147
Kenya	395 128	384 162
Lesotho	337 451	344 282
Malawi	305 135	345 247
Mozambique	354 363	364 964
Namibia	314 073	326 404
Rwanda	298 933	316 163
Swaziland	307 842	315 809
Tanzania	372 366	400 997
Uganda	398 973	359 690
Zambia	349 236	348 068
Zimbabwe	452 148	372 191
	<u>4 938 415</u>	<u>4 938 414</u>
9 OTHER INCOME		
Non member states contribution	-	2 989
Profit on disposal of assets	176	17 452
Private sector partner contributions	25 000	98 894
Miscellaneous income	7 765	822
	<u>32 941</u>	<u>120 157</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

	2017 US\$	2016 US\$
10 BUSINESS DEVELOPMENT UNIT (BDU)		
10.1 Income		
In its efforts to improve financial sustainability of the Institute, the Board authorised MEFMI to start a Business Development Unit (BDU). The BDU was launched on the 1st February 2017. The funds allocated to BDU also constitute income for the section.		
Income from BDU operations	17 990	-
Income from BDU investments	1 867	-
	<u>19 857</u>	<u>-</u>
10.2 Expenses		
Programme Delivery		
Accommodation and subsistence	1 355	-
Facilities and materials	5 885	-
Professional fees	9 587	-
Programme delivery - staff	85 756	-
Travel expenses	1 294	-
	<u>103 877</u>	<u>-</u>
Sub-total	103 877	-
Secretariat Administration		
Bank charges	631	-
Depreciation	1 347	-
Fund Management fees	173	-
Office expenses	5 183	-
Recruitment and relocation expenses	500	-
Staff development	280	-
	<u>8 113</u>	<u>-</u>
Sub-total	8 113	-
Total BDU expenses	111 990	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

	2017 US\$	2016 US\$
11 OFFICE EXPENSES		
Air courier mail	1 573	710
E-communication charges	49 359	38 443
Equipment and software maintenance	28 666	62 608
General expenses	172 122	90 732
Office maintenance	24 202	25 951
Office security	19 641	19 477
Printing and stationery	13 081	16 661
Publications	61 867	76 487
Telephone and postage	36 335	28 736
	<u>406 846</u>	<u>359 805</u>
12 ACCOMMODATION AND SUBSISTENCE		
Staff	257 711	304 580
Participants	546 256	717 970
Fellows	49 297	39 062
Resource persons	123 494	114 528
Board	13 822	35 575
	<u>990 580</u>	<u>1 211 715</u>
13 FACILITIES AND MATERIALS		
Venue	168 575	238 974
Equipment hire	45 495	41 269
Ground transport	26 838	38 697
Courier	72	-
Representation	41 781	91 466
Printing stationery and photocopying	20 909	29 840
Telephone	2 001	3 163
Email	1 195	2 106
In kind	20 897	-
Refreshments - Governance	632	696
Conference package	45 691	3 209
Other	427	-
	<u>374 512</u>	<u>449 418</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

	2017 US\$	2016 US\$
14 PROFESSIONAL FEES (CONTINUED)		
Macroeconomic management programme		
E Learning	46 900	35 937
In-country workshops	55 925	23 610
Missions	49 535	17 600
Operating expenses	325	5 291
Regional workshops	53 365	33 790
Studies	-	10 450
	206 050	126 678
Financial sector management programme		
E Learning	49 280	37 237
In-country workshops	59 510	23 100
Mission	33 740	14 960
Operating expenses	355	1 586
Regional workshops	28 110	51 525
Studies	-	27 600
	170 995	156 008
Debt management programme		
E Learning	35 800	35 937
In-country workshops	28 400	61 570
Missions	12 590	15 800
Operating expenses	355	1 586
Regional workshops	86 180	73 816
Studies	-	10 850
	163 325	199 559

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

14	PROFESSIONAL FEES (continued)	2017 US\$	2016 US\$
	Multi-disciplinary activities		
	Executive fora	1 000	2 662
	Fellow activities	83 275	13 266
	Monitoring and evaluation	-	7 660
	Operating expenses	2 976	6 815
	Regional workshop	15 800	4 500
		103 051	34 903
	Secretariat capacity building		
	Operating expenses	259	1 109
	Administration		
	Governing bodies	2 800	11 600
	Operating expenses	19 384	13 485
	Regional workshops	-	8 560
		22 184	33 645
	Grand total	665 864	551 902
15	SALARIES AND BENEFITS		
15.1	Programme delivery - staff		
	Salaries	1 376 163	1 446 368
	House rent and maintenance	43 608	45 532
	Housing allowance	127 986	133 198
	Medical aid contribution	72 355	83 053
	Social security (NSSA)	7 733	6 975
	Leave pay	11 866	19 520
	School fees subsidy	72 834	81 572
	Terminal gratuity	342 041	361 592
	Performance pay	4 185	10 344
	Insurance	14 879	16 254
	Other staff benefits	13 126	3 664
		2 086 776	2 208 072

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

15	SALARIES AND BENEFITS (continued)	2017	2016
		US\$	US\$
15.1.1	Terminal gratuity		
	As per the MEFMI Human Resources policies, all employees are entitled to gratuity at a rate of 25% of their monthly basic salary. This amount is provided for at the end of every month and is paid to the employee at the end of their contract or when they are leaving the Institute.		
15.2	Secretariat Administration - Salaries and benefits		
	Salaries	304 724	325 554
	House rent and maintenance	13 404	12 829
	Housing allowance	26 001	30 325
	Medical aid contribution	35 303	43 103
	Social security (NSSA)	3 496	4 926
	Leave pay	(6 914)	(5 376)
	School fees subsidy	33 527	33 416
	Terminal gratuity	83 295	81 389
	Performance pay	23 695	-
	Insurance	4 229	4 584
	Other staff benefits	9 849	5 947
		<u>530 609</u>	<u>536 697</u>
16	TRAVEL EXPENSES		
	Staff	144 288	144 498
	Participants	405 775	534 554
	Fellows	37 970	40 121
	Resource persons	85 623	103 928
	Board	39 067	59 880
		<u>712 723</u>	<u>882 981</u>
17	RELATED PARTY TRANSACTIONS		
	Related party relationship exists between the Institute, key management, Executive Committee, Board of Governors and their immediate family members		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

17	RELATED PARTY TRANSACTIONS (continued)	2017 US\$	2016 US\$
17.1	Compensation to key management personnel (Included in Note 13)		
	Gratuity	141 905	147 856
	National Social security (NSSA)	1 622	1 580
	Salaries and short-term employee benefits	763 161	767 483
		<u>906 688</u>	<u>916 919</u>
17.2	Balances due from key management personnel (Included in Note 20)		
	Staff loans and advances	<u>7 678</u>	<u>31 072</u>

All loans to staff were given out at an interest rate of 5% per annum. In 2017, a decision was made to cease issuing loans to staff and MEFMI now has an arrangement with Stanbic Bank where staff can access loans.

18 PROPERTY, VEHICLES AND EQUIPMENT

Year ended	Land US\$	Buildings US\$	Motor vehicles US\$	Computer equipment US\$	Office furniture US\$	Total US\$
31 December 2016						
Opening carrying amount	200 000	884 349	98 467	104 482	116 055	1 403 353
Additions	-	28 758	32 302	50 758	17 078	128 897
Disposals	-	(3 438)	(59 776)	(1 683)	(4 593)	(69 490)
Depreciation on disposals	-	36	59 776	1 683	4 593	66 088
Depreciation charge	-	(40 598)	(23 092)	(39 671)	(58 067)	(161 428)
Closing carrying amount	<u>200 000</u>	<u>869 107</u>	<u>107 677</u>	<u>115 569</u>	<u>75 066</u>	<u>1 367 420</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

18 PROPERTY, VEHICLES AND EQUIPMENT (continued)

Year ended	Land US\$	Buildings US\$	Motor vehicles US\$	Computer equipment US\$	Office furniture US\$	Total US\$
31 December 2016						
Cost/valuation	200 000	913 044	147 762	359 920	383 577	2 004 303
Accumulated depreciation	-	(43 937)	(40 085)	(244 351)	(308 511)	(636 883)
Carrying amount	<u>200 000</u>	<u>869 107</u>	<u>107 677</u>	<u>115 569</u>	<u>75 066</u>	<u>1 367 420</u>
Year ended 31 December 2017						
Opening carrying amount	200 000	869 107	107 677	115 569	75 066	1 367 420
Additions	-	4 855	-	64 621	4 007	73 483
Disposals	-	-	-	(6 359)	-	(6 359)
Depreciation on disposals	-	-	-	5 320	-	5 320
Depreciation charge	-	(41 697)	(29 552)	(49 343)	(52 659)	(173 252)
Closing carrying amount	<u>200 000</u>	<u>832 265</u>	<u>78 125</u>	<u>129 809</u>	<u>26 415</u>	<u>1 266 613</u>
At 31 December 2017						
Cost/valuation	200 000	917 899	147 762	418 182	387 584	2 071 428
Accumulated depreciation	-	(85 635)	(69 637)	(288 374)	(361 169)	(804 815)
Carrying amount	<u>200 000</u>	<u>832 265</u>	<u>78 125</u>	<u>129 809</u>	<u>26 415</u>	<u>1 266 613</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

	2017 US\$	2016 US\$
19 INVENTORY		
Consumables	2 217	2 192
Computer consumables	30 325	33 785
Publications	8 536	7 042
Stationery	4 998	3 521
	<u>46 076</u>	<u>46 540</u>
20 RECEIVABLES		
Receivables		
Contributions due:		
Rwanda	-	316 163
Kenya	395 128	-
Angola	848 005	422 853
	-	420 321
Burundi	-	565 483
	<u>1 243 133</u>	<u>1 724 820</u>
Less: Allowance for impairment of receivables	-	(565 483)
Net receivables	<u>1 243 133</u>	<u>1 159 337</u>
Other receivables		
Prepayments	124 718	79 618
Staff loans and advances - Other staff	125 862	208 958
Staff loans and advances - key management	7 678	31 072
Value Added Tax claims	17 458	16 353
Total other receivables	<u>275 716</u>	<u>336 001</u>
Total receivables	<u>1 518 849</u>	<u>1 495 338</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

	2017 US\$	2016 US\$
20 RECEIVABLES (CONTINUED)		
As at 31 December 2017, receivables of US\$nil (2016: US\$565 483) were impaired. For 2016, the impaired receivables relate to contributions from the member country Burundi facing political issues. Due to the uncertainty, the amount was provided for. The ageing analysis of these receivables is as follows:		
Over 6 months	-	565 483
During 2017, the full amount due from Burundi of US\$867 610 was written off. As at 31 December 2017, receivables of US\$1 243 133 (2016: US\$1 159 337) were past due but not impaired. These relate to member state contributions for whom there is no recent history of default. It was assessed that these receivables are expected to be recovered. The ageing analysis of these receivables is as follows:		
Over 6 months	1 243 133	1 159 337
Movements in the allowance for impairment of receivables		
As at 1 January	565 483	-
Allowances for impairment of receivables recognised during the year	302 127	565 483
Write off amount due from Burundi	(867 610)	-
As at 31 December	-	565 483

The maximum exposure to credit risk at the reporting date is the carrying value of receivables mentioned above. The fair values of trade and other receivables are as stated above, because of their short tenor.

The carrying amounts of the Institute's trade and other receivables are denominated in US\$.

The other classes of trade and other receivables do not contain impaired assets and are not past due. The Institute does not hold any collateral in relation to these receivables.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

	2017 US\$	2016 US\$		
21 CASH AND CASH EQUIVALENTS				
Cash on hand	1 917	1 131		
Cash at bank	2 685 361	888 815		
Cash at bank - Gratuity account	528 852	424 425		
Short term deposits	619 981	2 048 619		
	<u>836 111</u>	<u>3 362 990</u>		
22 PAYABLES				
Accrued expenses	63 525	26 380		
Audit fees	28 842	21 046		
Unearned revenue - Member states contributions	2 159 686	398 973		
Professional fees	189 694	91 370		
	<u>2 441 747</u>	<u>537 769</u>		
23 PROVISIONS				
Leave pay	84 540	89 258		
Performance bonus	52 514	54 239		
Terminal gratuity	559 933	806 253		
	<u>696 987</u>	<u>949 750</u>		
Reconciliation of provisions				
	Leave pay provision US\$	Performance bonus provision US\$	Terminal gratuity provision US\$	Total provision US\$
As at 1 January 2016	81 944	68 401	506 941	657 286
Charge/ (credit) to the income statement	7 314	(14 162)	299 312	292 464
As at 31 December 2016	89 258	54 239	806 253	949 750
Charge to the income statement	172 493	27 880	438 850	639 222
Utilised during the year	(177 211)	(29 605)	(685 170)	(891 986)
As at 31 December 2017	<u>84 540</u>	<u>52 514</u>	<u>559 933</u>	<u>696 987</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

	2017 US\$	2016 US\$
24 CAPITAL EXPENDITURE RESERVE - LAND AND BUILDINGS		
Balance at beginning of the year	952 458	994 737
Transfer to residence fund (note 25)	150 000	-
Amortisation	(42 279)	(42 279)
Balance at end of year	<u>760 179</u>	<u>952 458</u>
Non-current portion of capital expenditure reserve - land and Building	717 901	910 180
Current portion of capital expenditure reserve - land and Building	42 279	42 279
Balance at end of the year	<u>760 180</u>	<u>952 459</u>
<p>During the 2010 financial year, an amount of US\$957 000 was received as a grant for the purchase and construction of land and buildings. In 2015 an additional US\$99 970 was received from Burundi. US\$42 279 of this grant was recognised as income in the current year while the remainder represents deferred income. The amount is being amortised over a period of 25 years which is the useful life of the buildings.</p>		
25 RESIDENCE FUND		
Balance at the beginning of Year	-	-
Transfer from capital expenditure reserve -land and buildings	150 000	-
Interest Income from the current period	10 846	-
Balance at end of the year	<u>160 846</u>	<u>-</u>
Accumulated interest Income	65 506	-
Total residence Fund as at year end	<u>226 352</u>	<u>-</u>

The residence fund was created for the contributions made by member countries. Member countries made contributions amounting to US\$150 000 towards the building of the Executive Director's residence. This amount was invested in short term money markets from 2010 to date and interest is earned on the investment. As approved by the Board of Governors starting in 2017 the reserve for the residence will be disclosed separately from the capital expenditure reserve - land and buildings

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

	2017 US\$	2016 US\$
26 FUNDS		
26.1 Revaluation reserve		
Balance at the beginning of the year	238 752	238 752
Revaluation surplus /(deficit) for the period	-	-
Balance at the end of the period	<u>238 752</u>	<u>238 752</u>
<p>The revaluation surplus relates to the revaluation of property and vehicles and the last valuation was performed in 2015. The next revaluation is due at the end of 2018.</p>		
26.2 Reserve fund		
Balance at beginning of the year	500 000	-
Transfer from Accumulated funds	500 000	500 000
Interest Income from the current period	6 665	-
Balance at end of year	<u>1 006 665</u>	<u>500 000</u>

The Reserve Fund was created to increase the Institute's ability to absorb or respond to temporary changes in its environment or financial circumstances, such as in the event of unanticipated significant budget increases in expenses and/or losses in revenue. The target amount for the fund is approximately six months' expenditure or 50 percent of the Institute's annual budget. Amounts will be transferred as approved by the Board of Governors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

	2017 US\$	2016 US\$
27 NET EFFECTS OF CHANGES IN WORKING CAPITAL		
Decrease/(increase) in inventory	464	(7 787)
Increase in receivables	(23 512)	(613 863)
Increase/(decrease) in payables	1 903 977	(1 308 954)
(Decrease)/increase in provisions	(252 764)	292 464
	<u>1 628 165</u>	<u>(1 638 140)</u>

28 EVENTS AFTER REPORTING PERIOD

There were no significant subsequent events requiring adjustments to be effected on the financial statements or disclosure in the financial statements.

DETAILED STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 US\$	2016 US\$
INCOME		
Amortisation of capital expenditure reserve - land and building	42 279	42 279
In-kind contributions	416 192	531 966
Interest income	113 510	194 640
Member state contributions	4 938 415	4 938 414
Norwegian Government	-	160 405
African Capacity Building Refund	467 398	83 452
Other income	32 941	120 157
Other donors	740	26 563
Swedish Government	-	672 107
World Bank	246 345	187 567
Income from BDU	19 857	-
	6 277 677	6 957 550
EXPENDITURE		
Macroeconomic Management Programme		
In-country workshops	80 961	69 286
Missions	64 721	38 315
Operating expenses	88 937	80 613
Programme delivery - staff	725 566	629 959
Regional workshops	387 095	245 386
Participants travel -in kind expenses	130 796	177 322
Networking	13 396	19 302
Fellows Development	11 088	-
Studies	61 682	10 450
E learning	46 900	47 187
	1 611 142	1 317 820

DETAILED STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

EXPENDITURE (continued)	2017 US\$	2016 US\$
Financial Sector Management Programme		
In-country workshops	135 242	45 112
Missions	84 718	44 282
Operating expenses	89 340	80 124
Programme delivery - staff	663 161	625 896
Regional workshops	307 689	319 738
Participants travel - in kind expenses	159 997	180 000
Networking	21 593	29 061
Studies	13 168	84 152
E learning	49 280	37 279
	1 524 188	1 445 644
Debt Management Programme		
In- country workshops	107 269	173 532
Missions	14 041	35 855
Operating expenses	82 565	76 082
Programme delivery - staff	584 355	701 958
Regional workshops	339 215	748 206
Participants travel -in kind expenses	104 503	174 644
Networking	8 661	8 510
Studies	83 680	15 271
E Learning	35 800	35 937
	1 360 089	1 969 995
Multi-disciplinary activities		
Executive fora	157 546	155 998
Fellows development programme	160 852	100 171
Monitoring and evaluations	-	12 612
Regional workshops	25 569	101 843
Operating expenses	29 263	54 068
Programme delivery - staff	111 830	247 416
Participants travel -in kind expenses	-	-
Networking	9 409	47 647
	494 469	719 755

DETAILED STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

EXPENDITURE (continued)	2017 US\$	2016 US\$
Secretariat Capacity Building		
Operating expenses	67 647	54 589
Salaries and wages	156 043	219 251
Staff development and retreats	58 544	73 526
Networking	4 238	-
Publications and Library	49 226	75 556
In-house workshops	1 098	-
Staff recruitment and relocation	26 748	78 749
	363 544	501 671
Business Development Unit		
Operating expenses	102 156	-
Depreciation	1 347	-
Open courses	7 987	-
Staff recruitment and relocation	500	-
	111 990	-
Administration		
Governing bodies	77 079	77 922
Depreciation	171 905	161 428
Operating expenses	118 607	49 154
Regional workshops	-	10 352
Salaries, wages and benefits	373 623	319 416
	741 214	618 272
Allowance for impairment of receivables	302 127	565 483
Total expenditure	6 508 763	7 138 640
Deficit for the year	(231 086)	(181 090)

ANNEXURE

Annex I: Regional capacity building activities conducted during January – December 2017 Courses / Retreats / Seminars / Workshops

Activity Date and Venue	Objective(s)	Resource Persons						Participants										Countries represented					
		International		Regional		MEMFI Fellows	MEMFI Trained Trainers	MEMFI Staff	MEMFI Country Officials	Fellows	Trained Trainers	Technical Cooperating Partners	Non-MEFMI Country Officials	MEFMI Staff	Target audience (Senior Managers, Directors, Officers, High level Executives)	MEFMI Countries	Non-MEFMI Countries	MEFMI Secretariat					
		Paid	Gratis	Paid	Gratis																		
MACROECONOMIC MANAGEMENT PROGRAMME																							
1. Developing Agriculture Producer Price Index 20 – 24 February 2017 Mount Meru Hotel, Arusha, Tanzania	- To develop improved and harmonized methodologies of collecting statistics for agricultural commodity prices and constructing Agriculture Price Index.	0	2(0)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	6	0	
Outputs: - Imparted skills and knowledge required to construct APPI; - Enhance skills in price and volume measures in the APPI; - Impart knowledge of concepts and classifications used in the APPI; - Enhance skills in Elementary Index Calculations; - Enhance skills in identifying sources of Weights; and Knowledge in treatment of special products—Goods.																							
2. Regional Course on Gender Responsive Economic Policy Management 3-7 April 2017 A-Zambezi Hotel, Victoria Falls, Zimbabwe	- To improve the competency of participants in identifying and addressing gender biases in economic sectors and in economic policy, to enable the participants to identify strategies which are responsive to gender equality, to facilitate sharing of country experiences amongst participants on implementation of policies using gender lenses and to explore the relevance of gender sensitivity as a criterion for evaluation of economic policy.	0	0	1(0)	0	0	0	0	0	0	0	0	0	1	32	0	0	0	0	0	9	0	3(2)

Activity Date and Venue	Objective(s)	Resource Persons				Participants								Countries represented							
		International		Regional		MFMF Fellows	MFMF Trained Trainers	MFMF Staff	MFMF Country Officials	MFMF Country Partners	Non-MEFMI Country Officials	MFMF Staff	Target audience (Senior Managers, Directors, Officers, High level Executives)	MEFMI Countries	Non-MEFMI Countries	MEFMI Secretariat					
		Paid	Gratis	Paid	Gratis																
MACROECONOMIC MANAGEMENT PROGRAMME																					
Outputs																					
Enhanced knowledge and understanding in identifying and addressing gender biases in economic sectors and in economic policy. Increased capacity to provide to identify strategies which are responsive to gender equality and evaluation of economic policy for relevance of gender sensitivity.																					
3. E-Learning Course - Introduction to Monetary and Financial Statistics 5 June to 14 July 2017 Online	To equip participants with knowledge to: - Understand monetary and financial statistics framework - Describe institutional units & classification of financial assets and liabilities; - Give a detailed account of compilation, source data and dissemination of monetary statistics; - Describe and interpret stocks, flows, and accounting rules, money, liquidity, credit, and debt; and Understand financial Statistics.	0	0	3(1)	0	0	0	1 (0)	26 (11)	0	0	0	0	0	0	0	0	8	0	0	0
Outputs																					
Enhanced knowledge and understanding in identifying and addressing gender biases in economic sectors and in economic policy. Increased capacity to provide to identify strategies which are responsive to gender equality and evaluation of economic policy for relevance of gender sensitivity.																					
4. Regional Workshop on Monetary and Exchange Rate Policy 12 - 16 June 2017 Cresta Lodge, Gaborone, Botswana	- Analyse how monetary policy decisions are taken under various frameworks to deliver price stability; - Discuss how decisions are transmitted to real economy and - Identify how economy and monetary policy	0	0	2(1)	1(0)	1(0)	0	1 (0)	35 (16)	0	0	0	0	0	0	0	0	9	0	0	2(2)

Activity Date and Venue	Objective(s)	Resource Persons				Participants								Countries represented			
		International	Regional	MEMFI Trained Trainers	MEMFI Staff	MEMFI Country Officials	Non-MEFMI Country Officials	Technical Cooperating Partners	Trained Trainers	Fellows	IM	Snr	Target audience (Senior Managers, Directors, Executives)	MEFMI Countries	MEFMI Secretariat		
MACROECONOMIC MANAGEMENT PROGRAMME																	
Outputs Participants gained knowledge and practical skills how monetary policy decisions are taken under various frameworks to deliver price stability and discuss how decisions are transmitted to real economy as well as identifying how economy and monetary policy respond under various monetary policy frameworks																	
5. Retreat for Heads of Statistics Departments 3-5 July 2017 Livingstone-Zambia	- To provide a platform for strategic debate and exchange of views on improving the quality, timeliness and dissemination of macroeconomic statistics.	0	5(1)	1(1)	1(0)	0	0	4(2)	20(6)	0	0	0	0	0	11	0	1(1)
Outputs																	
- Provided an opportunity for sharing of country experiences in compilation of macroeconomic statistics from a managerial perspective - Provided an insight of the key priority capacity gaps of each country in the production and management of macroeconomic statistics and related technical assistance requirements.																	
6. E-Learning Course - Introduction to Government Finance Statistics 17 July – 25 August 2017 Online	To equip participants with knowledge to: - Compile statistics in accordance with international standards; - Understand GFS and its purpose; - Give a detailed account of compilation, source data and dissemination of government statistics; and Understand GFS implications.	0	0	1(1)	0	2(1)	0	1(0)	53(26)	0	0	0	0	0	12	0	0

Activity Date and Venue	Objective(s)	Resource Persons				Participants								Countries represented					
		International		Regional		MEMFI Fellows	MEMFI Trained Trainers	MEMFI Staff	MEFMI Country Officials	Non-MEFMI Country Officials	Technical Cooperating Partners	Trained Trainers	MEFMI Staff	Target audience (Senior Managers, Directors, Executives)	MEFMI Countries	Non-MEFMI Countries	MEFMI Secretariat		
		Paid	Gratis	Paid	Gratis														
MACROECONOMIC MANAGEMENT PROGRAMME																			
Outputs: Imparted knowledge on various aspects of GFS, particularly, Accounting Rules and Definitions, Structure of the Statement of Government Operations, compilation, Analytical Measures and Fiscal Indicators and Stock Indicators and Sustainability																			
7. Retreat for Heads of Foreign Private Capital Statistics (FPC) Departments/Units 4 – 8 September 2017 Kampala, Uganda	- To provide a platform for strategic debate and exchange of views on improving the monitoring of FPC statistics in the region	0	0	1(0)	0	3(0)	0	2 (20)	25 (8)	2(0)	0	0	0	0	0	0	12	0	0
Outputs: - Provided an opportunity for sharing of country experiences in compilation of foreign private capital statistics - Provided MEFMI with an insight of the regional progress, challenges and the key priority capacity gaps and related technical assistance requirements																			
8. Public Finance Management and Gender-Responsive Budgeting 25 September – 6 October 2017 Lugogo Sun, Swaziland	- To provide participants with techniques in effective Public Finance Management and analysis whilst also providing budgetary transparency mechanisms that addresses gender biases in economic sectors. Provide tools for the introduction of equity in budgets formulation and analysis.	0	0	2(0)	0	0(0)	0	1 (1)	28 (20)	1(0)	0	0	0	0	0	0	10	0	0
Outputs: - Improved accountability through better coherence between policies and budgeting. - Improved efficiency, predictability, and control in budget execution. - More reliable external budget audits and evaluations. - More fair allocation of resources and/or more fair outcomes.																			
9. E-Learning Course on Regional Integration and Trade 16 October – 24 November 2017 Online course	To equip participants with knowledge to: - understand and define key terms and various theories of regional integration; - know the background of regional integration in Africa and its underpinning pillars, and understand the challenges and opportunities of the COMESA-EAC-SADC Tripartite	0	0	2(0)	1(0)	0(0)	0(0)	1 (1)	37 (19)	1(0)	0	0	0	0	0	0	10	0	0

Activity Date and Venue	Objective(s)	Resource Persons				Participants								Countries represented								
		International		Regional		MEMFI Staff	MEMFI Trained Trainers	MEMFI Fellows	Grats	Paid	Grats	MEFMI Country Officials	Fellows	Trained Trainers	Technical Cooperating Partners	Non-MEFMI Country Officials	MEFMI Staff	Target audience (Senior Managers, Directors, Executives)	MEFMI Countries	Non-MEFMI Countries	MEFMI Secretariat	
		Paid	Grats	Paid	Grats																	
MACROECONOMIC MANAGEMENT PROGRAMME																						
	<ul style="list-style-type: none"> FTA Agreement; -understand the importance of trade in services for development in Africa; -discuss the state of infrastructure on the African continent and its financing; and -appreciate, discuss, assess and critique the AU's Agenda 2063. 																					
Outputs:		<ul style="list-style-type: none"> Imparted knowledge on theories and practices of regional integration and trade in line with the learning objectives of the course. Trained 38 participants, half of them being female, which resonates with the motive of the MEFMI E-learning programme of training more officials especially women. 																				
10. Annual Research and Policy Seminar	9 November 2017 Harare, Zimbabwe	0	0	14(0)	2(0)	0	0	0	0	0	0	46(14)	1(0)	0	UN DP; World Bank	0	0	Jnr, MM	5	0	30(16)	
Outputs:		<ul style="list-style-type: none"> Research based policy recommendations addressing regional challenges. Research papers contributing to the body of knowledge for member states 																				
11. Regional Workshop on Advanced Macroeconomic Modelling and Forecasting	13 – 24 November 2017 Kigali, Rwanda	0	0	1(0)	0	0	0	2(0)	0	0	1(0)	25(7)	6(1)	0	AC BF	0	0	Jnr, MM	10	0	0	
Outputs:		<ul style="list-style-type: none"> Participants gained knowledge and practical skills on various advanced macroeconomic modelling and forecasting. 																				

Activity Date and Venue	Objective(s)	Resource Persons				Participants								Countries represented			
		Paid	Gratis	Paid	Gratis	MEMFI Fellows	MEMFI Trained Trainers	MEMFI Staff	MFEFI Country Officials	MFEFI Staff	Trained Trainers	Technical Cooperating Partners	Non-MFEFI Country Officials	MFEFI Countries	Non-MFEFI Countries	MFEFI Secretariat	
																	International
DEBT MANAGEMENT PROGRAMME																	
12. Joint MEFMI /World Bank /IMF Regional Workshop on Methodologies for Public Debt Sustainability Analysis 6 - 15 February 2017 Palace Hotel, Arusha Tanzania	- To impart knowledge and develop skills of participants on the use of Debt Sustainability Analysis tools, especially the IMF /World Bank Debt Sustainability Framework (DSF) for Low Countries (LICs) and Market Access Countries (MACs).	0	4(1)	1(0)	0	0	0	2 (0)	27(7)	0	0	0	0	0	8	0	0
Outputs: Participants gained knowledge and practical skills for conducting a debt sustainability analysis using the IMF/World Bank Debt Sustainability Framework for low income and market access countries.																	
13. Joint MEFMI/COMSEC Training of Users and IT Administrators in CS-DRMS 19 - 28 April 2017 Maseru, Lesotho	- To impart knowledge and skills, including hands-on training to participants on advanced functionalities of CS-DRMS; - To equip the CS-DRMS IT staff with technical skills to enable them to support the business side of the system; - To contribute to the widening of the regional pool of experienced CS-DRMS Users.	0	1(1)	1(0)	0	1(0)	0	3 (1)	34 (22)	0	0	0	0	0	7	0	0
Outputs: equipped officials with practical knowledge and capacity to use CS-DRMS enhanced IT administrators technical back-stopping skills participants were introduced to the new system being developed by COMSEC, the Meridian, to replace CS-DRMS																	
14. Regional Workshop on Public Debt Audit 8-12 May 2017 Kigali, Rwanda	- To introduce participants to the key issues and tools in sovereign debt management; - To provide practical knowledge on public debt management processes and procedures; - To impart practical skills needed for effective auditing of public sector debt; and - To introduce participants to evolving international sound practice in auditing public debt, based on the on-going international work to develop the relevant guidelines within the network of supreme audit	0	0	0	1(1)	0	1(1)	3(1)	28(14)	0	0	0	0	0	10	0	0



Activity Date and Venue	Objective(s)	Resource Persons				Participants										Countries represented											
		International		Regional		MEMFI Staff	MEMFI Trained Trainers	MEMFI Fellows	Trained Trainers	Technical Cooperating Partners	Non-MEFMI Country Officials	MEFMI Staff	Target audience (Senior Managers, Directors, Officers, High level Executives)	MEFMI Countries	Non-MEFMI Countries	MEFMI Secretariat											
		Paid	Gratis	Paid	Gratis																						
DEBT MANAGEMENT PROGRAMME																											
	<ul style="list-style-type: none"> - enhance participants' capacity to undertake formalized debt data quality assessments; and - assist country officials to develop and update their debt data validation procedures manuals, checklists and calendars; 																										
<p>Outputs:</p> <ul style="list-style-type: none"> - enhanced participants' understanding of validation concepts, principles and practical use of standard operational reports in DMFAS to check accuracy and consistency of information recorded in the system; - enhanced participants' capacity to undertake formalized debt data quality assessments; and country officials developed and updated their debt data validation procedures manuals, checklists and calendars; 																											
18. E-Learning Course on Development Finance Options 23 October to 8 December 2017 Online		3(0)	0	0	0	0	0	1(0)	0	3	30	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<p>Outputs</p> <ul style="list-style-type: none"> - Enhanced participants' understanding of the magnitude of development financing requirements as well as implications of the Sustainable Development Goals (SDGs) and Agenda 2063 for scaling up development finance; - Enhanced participants' understanding of the opportunities and challenges arising from the evolving development finance landscape; and - Enhanced participants' understanding of the main sources of and trends in development financing options, associated costs and risks as well as highlighting opportunities, challenges and complexities associated with allocating and channelling them to fulfil continental and global goals. 																											
FINANCIAL SECTOR MANAGEMENT PROGRAMME																											
19. MEFMI-AfDB seminar on "Crisis Management and Bank Resolution" 16 -20 January 2017 Abuja, Nigeria	To provide training to AACB members on Crisis Management and Bank Resolution	1 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (0)	0 (0)	0 (0)	0 (0)	9 (7)	0 (0)	0 (0)	1 (0)	32 (3)	0	8	14	1 (1)								
<p>Outputs:</p> <ul style="list-style-type: none"> - Enhanced knowledge in bank crisis resolution and management - Increased awareness of MEFMI's overall capacity building initiatives especially in the area of financial sector management for non MEFMI member states - Development of Troubled Resolution Framework for the CABS countries 																											

Activity Date and Venue	Objective(s)	Resource Persons						Participants								Countries represented				
		International		Regional		MEFMI Fellows	MEFMI Trained Trainers	MEFMI Staff	MEFMI Country Officials	Fellows	Trained Trainers	Technical Cooperating Partners	Non-MEFMI Country Officials	MEFMI Staff	Target audience (Senior Managers, Directors, Executives, High level)	MEFMI Countries	Non-MEFMI Countries	MEFMI Secretariat		
		Paid	Gratis	Paid	Gratis															
FINANCIAL SECTOR MANAGEMENT PROGRAMME																				
20. Regional Workshop on Monetary Policy Implementation: Liquidity Forecasting 20-24 March 2017 Gaborone, Botswana	- The aim of the course was to upgrade the knowledge and analytical skills of participants in the area of liquidity forecasting in order to improve forecasting effectiveness.	0(0)	0(0)	0(0)	0(0)	2(0)	0(0)	0(0)	0(0)	35(15)	0(0)	0(0)	0	0	0	0	0	12	0	2(2)
Outputs:																				
<ul style="list-style-type: none"> Increased knowledge of the theoretical concepts and practice of designing and implementing a Liquidity Forecasting framework. Introduction to forecasting methodologies for liquidity management using exercises and simulations. 																				
21. Regional Workshop on Financial Mathematics and Financial Soundness Indicators 12 – 16 June 2017 Arusha, Tanzania	- To equip supervisors with relevant skills to analyse and interpret financial statements as well as economic data; identify emerging risks and exercise appropriate supervisory judgement in pursuing remedial action.	0(0)	0(0)	1(0)	0(0)	2(0)	0(0)	2(1)	1(0)	29(10)	0(0)	0	0	0	0	0	0	11	0	2(2)
Outputs:																				
The workshop enhanced participants' knowledge of financial soundness indicators, financial modelling, stress testing and Basel III.																				
22. Regional Workshop on Regulation of Securities 1 June – 4 July 2017 Online		0(0)	0(0)	1(1)	0(0)	0(0)	0(0)	1(1)	59(10)	0(0)	0(0)	0	0	0	0	0	0	11	0	0
Outputs:																				
Appreciation of the main objective of the e-learning mode of delivery, which is increasing outreach in a flexible and efficient manner.																				
23. ICRAT Phase II: Testing and Interrogation 14 – 16 June 2017 Harare, Zimbabwe	- To establish completeness, correctness of interpretation of formulas in selected paper; accuracy and consistency of results, robustness of tool, and applicability in use in reserves management.	2(0)	0(0)	0(0)	3(0)	4(1)	2(0)	0(0)	9(1)	0(0)	0	0	0	0	0	0	0	6	0	2(1)

Activity Date and Venue	Objective(s)	Resource Persons						Participants								Countries represented									
		International		Regional		Gratis	Paid	MEMFI Staff	MEMFI Trained Trainers	MEMFI Trained Trainers	MEMFI Country Officials	MEMFI Staff	Target audience (Senior Managers, Directors, Officers, High level Executives)	MEFMI Countries	Non-MEFMI Countries	MEFMI Secretariat									
		Gratis	Paid	Gratis	Paid												MEFMI Country Officials	Grants	MEMFI Fellows	Technical Cooperating Partners	Non-MEFMI Country Officials	MEFMI Staff			
FINANCIAL SECTOR MANAGEMENT PROGRAMME																									
Outputs:																									
- The Internal Credit Risk Analysis Tool (ICRAT) tested and interrogated and approved fit for purpose, subject to improvements; - The technical working group (TWG) with hands-on experience on the Internal Credit Risk Analysis Tool (ICRAT), its functionality and applicability in reserves management;																									
24.	Regional workshop on domestic financial markets development – Yield Curve Development 3 – 7 July 2017 Maseru, Lesotho	0	4(0)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	12	0	0	0	3(2)	
Outputs:																									
- Provided participants with the relevant knowledge and techniques necessary to further develop the yield curves in their domestic financial markets. - Provided participants with an opportunity to chart the way forward, in policy terms, with regard to yield curve development and the necessary changes required in the MEFMI region countries. - Highlighted the status of financial markets in member countries, challenges and opportunities faced in yield curve development																									
25.	EAC Sub-Regional Workshop on cross-border payment systems 31 July – 4 August 2017 Kigali, Rwanda	0	2(1)	1(0)	2(0)	2(1)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3(2)
Outputs:																									
Helped create the road map on how policymakers, regulators and industry players can join forces to boost cross border payments in the EAC region.																									
26.	E-learning course on Fundamentals of Monetary Policy 1 September – 14 October 2017 Online	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Outputs:																									
Helped create the road map on how policymakers, regulators and industry players can join forces to boost cross border payments in the EAC region.																									
- The objective of the course was to introduce participants to the fundamentals of monetary policy operations; different approaches to monetary policy; and the draw backs of each approach.																									

Activity Date and Venue	Objective(s)	Resource Persons						Participants										Countries represented		
		International		Regional		Gratis	Paid	MEMFI Fellows	MEMFI Trained Trainers	MEMFI Staff	MFM Country Officials	MFM Country Officials	Technical Cooperating Partners	Non-MEFMI Country Officials	MFM Staff	Target audience (Senior Managers, Directors, Executives)	MFM Countries	Non-MEFMI Countries	MFM Secretariat	
		Gratis	Paid	Gratis	Paid															
FINANCIAL SECTOR MANAGEMENT PROGRAMME																				
Outputs: Enhanced understanding of what monetary policy is, the role it plays in the economy, and how it is supported by other policies;																				
27. Retreat for Heads of Reserves Management and Investment Committee Theme: "Financial Risk Management" 20 – 22 September 2017 Mombasa, Kenya	To improve the skill of participants in the prudent management of financial risk, oversight and monitoring of official foreign exchange reserves – specifically credit risk management. - To launch the Internal Credit Risk Analysis Tool (ICRAT) which is developed by MEFMI.	0	6(1)	1(0)	0	1(1)	1(0)	2(1)	2(1)	24(5)	0	0	0	0	0	0	0	12	0	3(2)
Outputs: Participants with knowledge and skills on key aspects of prudent risk management, oversight and monitoring of official foreign exchange reserves; Participants with a firm understanding of the structure, technical aspects and functionality of the Internal Credit Risk Analysis Tool (ICRAT) and its use in the management of official foreign exchange reserves.																				
28. E-Learning course on Fundamentals of Reserves Management 2 October – 3 November 2017 Online	Equip participants with an understanding of the best practice guidelines for official foreign exchange reserves management; Equip participants on fundamental quantitative and technical skills on pricing of different instruments in the fixed income markets; Introduce the pillars of reserves management	0	1(0)	1(0)	0	3(1)	2(0)	1(1)	1(1)	30(17)	0	0	0	0	0	0	0	9	0	3(2)
Outputs: Participants with an understanding of best practice guidelines for official foreign exchange reserves management. Participants with knowledge of the reserves management pillars. Participants with demonstrable knowledge of fundamental quantitative and technical skills on pricing of different instruments in the fixed income markets;																				
29. Practical Application of Payment Systems Operation and Oversight 16-24 October 2017 Windhoek, Namibia	- To develop practical skills for overseeing and managing payment systems and to equip participants with essential abilities for designing and implementing payment systems oversight benchmarks.	2(0)	1(0)	0	0	1(0)	0	0	0	28(9)	0	0	0	0	0	0	0	12	0	2(2)

Activity Date and Venue	Objective(s)	Resource Persons						Participants								Countries represented							
		Paid	Grats	Paid	Grats	MEMFI Fellows	MEMFI Trained Trainers	MEMFI Staff	MEFMI Country Officials	Fellows	Trained Trainers	Technical Cooperating Partners	Non-MEFMI Country Officials	MEFMI Staff	Target audience (Senior Managers, Directors, Executives, High level Officers)	MEFMI Countries	Non-MEFMI Countries	MEFMI Secretariat					
FINANCIAL SECTOR MANAGEMENT PROGRAMME																							
Outputs: Enhanced knowledge and skills in conducting payment systems oversight and increased capacity to augment existing oversight policy frameworks.																							
30. Joint FSU-Toronto Centre Retreat for Heads of Supervision 17 – 19 October 2017 Maputo, Mozambique	- To share the Basel standards implementation practices around the world particularly Basel III, receive feedback from participants on their experiences and to raise awareness on the latest addition to the standards.	0	4(3)	0	1(0)	0(0)	0	0	0	0	0	0	0	0	0	24 (6)	0	0	0	0	11	0	3(2)
Outputs: <ul style="list-style-type: none"> Knowledge on treatment of Non Performing Loans; Basel III implementation techniques and how revisions to accounting standards relate to bank supervision Enhanced supervisory skills with respect to international standards. 																							
31. Workshop on Settlement and Custodian Relations 4–8 December 2017 Zanzibar, Tanzania	<ul style="list-style-type: none"> The workshop was designed to cover the operational aspects of settlements process. Demonstrate the security settlement cycle, from decision making of purchasing or selling a security, to actual settlement and safekeeping. Provided a platform to examine the strategic changes taking place in the custody industry on a global basis. 	0	6(4)	0	0	0	0	0	0	0	0	0	0	0	0	12 (6)	0	0	0	0	11	0	2(1)
Outputs: <ul style="list-style-type: none"> Central Bank staff involved in the securities settlement and treasury operations of Central Bank Treasury functions were ON going awareness of issues associated with securities settlement and custodial relationships for Central Bank sovereign Reserves management 																							



Activity Date and Venue	Objective(s)	Resource Persons						Participants								Countries represented			
		International	Paid	Regional	Gratis	MEFMI Fellows	MEFMI Trained Trainers	MEFMI Staff	MEFMI Country Officials	MEFMI Trainers	Technical Cooperating Partners	Non-MEFMI Country Officials	MEFMI Staff	Target audience (Senior Managers, Directors, Officers, High level Executives)	MEFMI Countries	Non-MEFMI Countries	MEFMI Secretariat		
MULTI-DISCIPLINARY ACTIVITIES																			
32. Fellows Orientation research Methodology and Report Writing Skills Workshop 11 – 19 September 2017 Kabira Country Club Hotel Kampala, Uganda.	<ul style="list-style-type: none"> To facilitate Fellows' understanding of the Fellows Programme Policy, procedures and guidelines; To improve the Fellows' competence in conducting effective research; To enable Fellows understand MEFMI's standards for writing a Technical Paper, and to stimulate interaction, networking and sharing of experiences amongst Candidate Fellows 	0	2(0)	0	0	2(0)	0	1(1)	0	0	0	0	0	0	0	0	9	0	3(2)
Outputs:																			
<ul style="list-style-type: none"> 12 out of 15 Fellows indicated that they are able to write and articulate their problem statements. Fellows were sensitised about the governing policies, and procedures of the Fellows programme. Fellows are aware about the research process and common pitfalls in writing technical papers, with reference to MEFMI's guide/standards 																			
33. Recruitment and Assessment of Fellows for graduation Graduation and Accreditation.	<ul style="list-style-type: none"> To recruit Fellows in deficit areas To increase the pool of regional experts 	0	9(0)	0	0	4(0)	0	10(5)	0	0	0	0	0	0	0	0	9	0	3(3)
Outputs:																			
<ul style="list-style-type: none"> Recruited Fellows in deficit areas Increased the pool of regional experts 																			

Annex II: In-country Workshops (seminars/retreats) for the period January- December 2017

Activity Date and Venue	Objective(s)	Resource Persons						Participants										Countries represented											
		International		Regional		MEMFI Fellows	MEMFI Trained Trainers	MEMFI Staff	MEMFI Country Officials	Fellows	Trained Trainers	Technical Cooperating Partners	Non-MEFMI Country Officials	MEFMI Staff	Target audience (Senior Managers, Directors, Officers, High level Executives)	MEFMI Countries	Non-MEFMI Countries	MEFMI Secretariat											
		Paid	Gratis	Paid	Gratis																								
1. Construction of Rwandan Social Accounting Matrix in Kigali, Rwanda 08 – 20 January 2017 Kigali, Rwanda	- To equip participants with knowledge representing data for an economy, recording all transactions between economic agents, establish the inter-relationship between economic agents and check for consistencies using SAM.	0	0	1(1)	0	0	0	0	0	10(2)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Outputs: - Enhanced knowledge and understanding of the construct a Rwandan SAM and knowledge in handling relevant data for the economy. Increased capacity to provide sound advice on how to establish the inter-relationships between economic agents and checking for consistencies.																													
2. Development of a Revenue Forecasting Model for the Zimbabwe Revenue Authority (ZIMRA) 20 -24 February 2017 Harare, -Zimbabwe	- To develop a fully-fledged operational revenue forecasting model for ZIMRA	0	0	2(0)	0	0	0	0	0	9(4)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Outputs: - Equipped participants with the knowledge and technical skills of developing a revenue forecasting model; Produced the first version of the ZIMRA revenue forecasting model																													
3. In-country Mission on Financial Programming and Policy Kadoma, Zimbabwe 5 - 9 June 2017	The objective of this course is to provide an understanding on the structure and conceptual framework of the four macroeconomic accounts namely, the national accounts; the balance of payments; statement of government financial statistics; and money and financial statistics, undertake forecasting of the baseline and policy scenario in a financial programming framework, verify that all data consistency checks were made and finalise the financial programming framework excel data base	0	0	1(0)	0	1(0)	0	0	0	14 (1)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Activity Date and Venue	Objective(s)	Resource Persons						Participants										Countries represented																
		International		Regional		MEMFI Fellows		MEMFI Trained Trainers		MEMFI Staff		MEFMI Country Officials		Technical Cooperating Partners		Trained Trainers		Non-MEFMI Country Officials		MEFMI Staff		Target audience (Senior Managers, Directors, Executives)		MEFMI Countries		Non-MEFMI Countries		MEFMI Secretariat						
		Paid	Gratis	Paid	Gratis																													
Outputs: -Improved accountability through better coherence between policies and existing problem, improved efficiency, predictability, and control of the forecasts, more reliable external forecasts, more fair allocation of resources, more fair outcomes and a Financial Programming Framework																																		
4.	Final In-country Mission on the Development of a Revenue Forecasting Model for the Zimbabwe Revenue Authority Harare/Zimbabwe 17-20 July 2017	0	0	1(1)	0	0	0	0	0	1(0)	11(4)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Outputs: Equipped participants with the knowledge and technical skills of developing a revenue forecasting model; Produced the final version of the ZIMRA revenue forecasting model																																		
5.	In-country Mission on Financial Programming and Policy 4-15 September, 2017 Central Bank of Lesotho	0	0	1(0)	0	0	1(0)	0	0	1(0)	25(15)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Outputs: The objective of this course is to provide an understanding on the structure and conceptual framework of the four macroeconomic accounts namely, the national accounts; the balance of payments; statement of government financial statistics; and money and financial statistics.																																		
Outputs: Enhanced participants understanding on the structure and conceptual framework of the four macroeconomic accounts namely, the national accounts; the balance of payments; statement of government financial statistics																																		
FINANCIAL SECTOR MANAGEMENT PROGRAMME																																		
6.	Mission on Financial Education and Market Conduct 1-9 June 2017 Maputo, Mozambique	1(1)	0	1(0)	0	0	1(0)	0	0	0	19(10)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Outputs: - Build institutional capacity in the development and implementation of effective financial consumer protection frameworks																																		
Outputs: Equipped the Bank of Mozambique officials with the requisite skills needed to design Financial Education programmes and develop tools for market conduct regulation and supervision																																		
7.	Mission on the Validation of the Customised Intervention Programme (CIP) on Domestic Financial Markets Development	0	0	1(0)	1(0)	0	0	0	0	1(1)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Outputs: - Assess the impact of the Country Interventions Programme (CIP) on Uganda's domestic financial markets development by documenting status of key																																		

Activity Date and Venue	Objective(s)	Resource Persons				Participants								Countries represented					
		Internation:		Regional	MEMFI Staff	MEMFI Trained Trainers	MEMFI Fellows	MFM Country Officials	MFM Country Officials	Technical Cooperating Partners	Non-MEFMI Country Officials	MEFMI Staff	Trained Trainers	MEFMI Country Executives	Target audience (Senior Managers, Directors, Officers, High level Executives)	MEFMI Countries	Non-MEFMI Countries	MEFMI Secretariat	
		Paid	Gratis																Paid
12-13 June 2017 Blantyre & Lilongwe, Malawi	milestones between 2014 and 2017. - To identify any existing and emerging gaps and make policy focused recommendations																		
Outputs: Impact Assessment report shared with all financial market regulators including the Ministry of Finance, Planning and Economic Development to form the bedrock for future policy dialogue.																			
8. Mission on the Validation of the Customised Intervention Programme (CIP) on Domestic Financial Markets Development 31 July – 2 August 2017 Kampala, Uganda	- To determine the impact of the financial market geared interventions undertaken from 2014 – 2017 under the CIP. - To identify outstanding and emerging gaps and make appropriate recommendations on the way forward.	0	0	0	0	2(1)	0	1(1)	0	0	0	0	0	0	0	0	0	0	1(1)
Outputs: Impact Assessment report shared with all financial market regulators including the Ministry of Finance, Planning and Economic Development to form the bedrock for future policy dialogue.																			
9. Mission on Foreign Exchange Reserves Management for Reserve Bank of Malawi 21 – 25 August 2017 Lilongwe, Malawi	- To review the Foreign Exchange Reserves Management Frameworks: Strategic Asset Allocation (SAA) Policy, Investment Policy and Investment Guidelines	1(0)	0	0	0	2(1)	0	1(1)	0	0	0	0	0	0	0	0	0	0	1(1)
Outputs: Reviewed Strategic Asset Allocation (SAA) Policy, Investment Policy and Guidelines of Reserve Bank of Malawi in line with international best practice and in due consideration of the domestic and international economic conditions.																			
10. Mission on Foreign Exchange Reserves Management for Bank of Namibia 28 August – 1 September 2017 Windhoek, Namibia	- To review the Foreign Exchange Reserves Management Frameworks: Strategic Asset Allocation (SAA) Policy, Investment Policy and Investment Guidelines	1(0)	0	0	0	2(1)	0	1(1)	0	0	0	0	0	0	0	0	0	0	1(1)



Activity Date and Venue	Objective(s)	Resource Persons						Participants								Countries represented				
		International		Regional		MEMFI Fellows		MEMFI Trained Trainers		MEMFI Staff		MEFMI Country Officials	Trained Trainers	Technical Cooperating Partners	Non-MEFMI Country Officials	MEFMI Staff	Target audience (Senior Managers, Directors, Executives)	MEFMI Countries	Non-MEFMI Countries	MEFMI Secretariat
		Paid	Gratis	Paid	Gratis	M	F	M	T	M	S									
<p>Outputs:</p> <ul style="list-style-type: none"> - Participants gained knowledge on Government Securities Market Development. - A set of recommendations for developing Government Securities Market were prepared. It was expected that these would be converted into an Action Plan by the Tanzanian authority. 																				
14. Debt Data Validation Mission to Zimbabwe 17 – 28 July 2017 Kadoma, Zimbabwe	<ul style="list-style-type: none"> - Build institutional capacity in Validating public debt database in the DMFAS; - Develop the debt database validation calendar and checklist; and - Enhance capacity to undertake formalized data quality assessments using standard reports in DMFAS 	0	1(0)	0	0	1(1)	1(0)	1(0)	1(0)	24 (13)	0	0	0	0	0	0	Jnr, MM, Snr, D	1	0	0
<p>Outputs</p> <ul style="list-style-type: none"> - Validated public and publicly guaranteed debt database - Draft debt database validation calendar and checklist <p>Acquired knowledge of the methodology to perform formalized debt data quality assessments using standard operational reports in the DMFAS and to develop a draft data validation calendar</p>																				
15. Public Debt Management Reform Plan Mission to Mozambique 27 September – 6 October 2017 Maputo, Mozambique	<ul style="list-style-type: none"> - To assist the Ministry of Economy and Finance to design a reform plan for public debt management 	0	5(1)	0	0	0	0	0	1(1)	1 (1)	0	0	0	0	0	0	Jnr, MM, Snr, D	1	0	1(1)
<p>Outputs</p> <ul style="list-style-type: none"> - Draft public debt management reform plan detailing short and medium term actions to enhance debt management in Mozambique 																				
16. Public Debt Management Reform Plan Follow-up Mission to Uganda 2 – 6 October 2017 Kampala, Uganda	<ul style="list-style-type: none"> - Evaluate progress in implementing public debt management reforms - Update the Reform Plan prepared in October 2015 - Identify and recommend follow-up actions and capacity building activities 	0	3(0)	0	1(0)	0	0	0	1(0)	0	0	0	0	0	0	0	Jnr, MM, Snr, D	1	0	0
<p>Outputs:</p> <ul style="list-style-type: none"> - A draft updated debt management reform plan report identified and recommended capacity building activities 																				

Annex IV: 2017 Networking and Staff Development Activities

MEFMI values the benefits of networking and the impact it has on staff exposure and capacity building. In that regard, the Institute participates in relevant networking events, most of which are by invitation from other institutions. Below is a table outlining the networking activities the Institute participated in during 2017.

	Date	No. of Staff	Institute/Organisation	Main Theme
1.	23 – 24 January	2	Central Bank of Swaziland	Central Bank of Swaziland's Economic and Financial News Editors' Conference
2.	26 – 27 January, 2017	1	BIS -FSI	12th BCBS –FSI High level meeting for Africa, Cape Town
3.	10 February	1	ZNCC	Discussion of the Zimbabwe Monetary Policy Statement
4.	15 – 16 February 2017	1	OECD	24 th OECD Global Forum on Public Debt Management
5.	22 – 24 February 2017	1	Sovereign Investor Institute	Africa Government Funds Roundtable, Cape Town
6.	28 February		AERC	National Dissemination Workshop for the AERC Collaborative Research on Revisiting Capital Flight and Inflation in a Natural Resource Rich Country
7.	7 - 9 March 2017	1	CABRI	Managing Budgetary Pressures
8.	16 March		PTA Bank	PTA Bank Re-launch as Trade and Development Bank
9.	21 – 22 March 2017	1	Deposit Protection Board Zimbabwe	Deposit Protection workshop on enhancement of Deposit protection to users of mobile money services.
10.	26 – 27 March		Emerging Markets Forum	5th Africa Emerging Markets Forum
11.	6 – 7 April			Macro Regional Workshop on Gender-Responsive Economic Policy Management
12.	20-21 April	1	Public Accountants and Auditors Board (PAAB)	Strengthening the Profession for a Sustainable Future
13.	26 - 27 April 2017	1	World Bank, RAMP	Bond Market Conference
14.	26 - 27 April 2017		2017 World Bank Government Bond Market Conference	2017 Government Bond Market Conference: "The Changing Landscape of Secondary Markets
15.	26 – 27 April 2017		Executive Forum for Policy Makers and Senior Officials	World Bond Market Conference
16.	2-5 May 2017	1	African Congress of Accountants (ACOA)	Accountancy & accountability: transforming Africa's economies
17.	15 - 26 May 2017	1	Institute for Capacity Development	Training Needs Analysis and Staff Development
18.	22 – 23 May		DMF	8th Debt Management Facility (DMF) Stakeholders' Forum
19.	22 - 26 May 2017		AfDB 2017 Annual Meetings	The 52nd Annual meetings of the African Development Bank Group
20.	30 May			Launch of report on Impacts of Fluctuating Commodity Prices on Government Revenue in the SADC Region – The Case of Platinum in Zimbabwe
21.	8 – 9 June		AERC	AERC Meetings
22.	12 – 16 June			Workshop on Financial Soundness Indicators
23.	24 – 25 June 2017		BCBS-FSI High level meeting for Africa	87th Annual General Meeting
24.	24 June	2	BIS	BIS Annual General Meeting
25.	28 - 30 June 2017	1	ZNCC	ZNCC Annual Congress
26.	28 June – 1 July		Afreximbank	Afreximbank's 24th AGM Meeting of Shareholders

	Date	No. of Staff	Institute/Organisation	Main Theme
27.	3 - 4 July 2017	1	Image Dynamix International	Training for Office Assistants
28.	26 July 2017	5	Alpha Media Awards	Adapting to the New Normal
29.	2 - 3 August 2017	1	Driver Improvement and Training	Defensive Driving
30.	3 August 2017	1	UZ Stakeholders Conference	Zimbabwe's Liquidity Challenges and Possible Solutions
31.	7- 11 August 2017	1	Torque IT	VMware vSphere: Install, Configure & Manage v6.5
32.	21 August - 1 September 2017	1	IMF Institute of Capacity Development	Public Sector Debt Statistics
33.	24 August 2017		ZNCC	Discussion of New Committee ToRs; Work Schedule
34.	28 – 30 August 2017		Inclusive insurance business models for Africa	brings together renowned international and regional micro insurance experts drawn from a variety of institutions including think tanks, regulators and service providers
35.	4 May 2017		Financial Services Sector in Zimbabwe	Emerging Global Human Capital Trends in the Financial Services Sector
36.	August		British Council	Organisational Leadership Through Innovation and Creativity
37.	13-17 November 2017	1	UNCTAD	Debt Management Conference and DMFAS Advisory Group Meeting
38.	22nd – 24th November 2017	1	African Development Bank	The 6th Annual African Financial Markets Initiative of the African Development Bank
39.	27 – 29 November 2017	1	AfricaLics	Emerging Innovation Systems for Sustainable Industrial Development in Africa
40.	30 November- 1December 2017		IMF/World Bank	Dissemination of the Revised Debt Sustainability Framework for Low Income Countries
41.	3- 7 December, 2017	2	AERC	Governance for Development in Africa
42.	7-8 December 2017	2	SADC-DFRC	Financial Inclusion in SADC - the role of DFIs

Annex V: Business Development Unit Activities in 2017

Activity	Objectives	TCP	Resource Persons			S			Participants	Target (MM, Snr, D, J)		
			International Paid	Gratis	Regional	Fellows	MEFMI Staff	C			M	F
1) Macroeconomic Modelling & Forecasting Using EViews 26 - 30 June 2017 MEFMI Boardroom, HARARE	The objective of this course is to develop the capacity of participants to provide timely, reliable forecasts and prompt and constructive policy analysis using appropriate state-of-the-art models and techniques to support decision makers.	0	0	0	0	1(0)	0	0	3	7(2)	0	J, MM
Outputs												
- Improved accountability through better coherence between policies and existing problem, improved efficiency, predictability, and control of the forecasts, more reliable external forecasts, more fair allocation of resources, more fair outcomes and a Financial Programming Framework												
2) Making Sense of the Economy, Finance and Business for Media Practitioners 8 – 9 September 2017 Cresta Oasis Hotel Harare	Broaden the focus of participants, enhance their skills and deepen their understanding of economic, financial and business issues of relevance to investors, market participants, policy makers and the public	0	0	0	0	1(0)	1	2	1	18	3	J, MM

Activity	Objectives	TCP	Resource Persons						S	Participants	Target (MM, Snr, D, J)
			International		Regional	Fellows	MEFMI Staff				
			Paid	Gratis				C			
Output - Improved ability of participants to communicate economic, financial and business issues in a manner that promotes the public's financial literacy, stimulates and informs public debate on important economic, financial and business issues.											
3) Strategies for Hedging Foreign Exchange Risk 18-22 September 2017 MEFMI Boardroom, HARARE	The objective of this course is to equip participants to develop and implement sustainable hedging strategies for their institutions. To examine both the theoretical basis and practical approach to derivatives, risk management and relevant hedging strategies.	0	0	0	1(0)	(0)	0	3	5(1)	0	Snr, MM
Output - Participants were equipped to appreciate the types of foreign exchange hedge programs typically utilised by corporations and skills to design and implement hedging strategies to manage identified financial risks.											
4) Cyber Financial Crimes: Detection, Prevention, Investigation and Reporting 4-8 December 2017 Rainbow Towers, HARARE	The objective of this course is to raise participants' awareness of the motives and methods driving cyber financial crimes and equip them with detection, investigation, reporting and prevention techniques as well as necessary internal and external controls management tools.	0	0	0	1(0)	(0)	0	3	7(1)	0	Snr, MM
Outputs - Participants were equipped with skills to recognize and react to the warning signs of Cyber financial crimes and identify and implement anti-fraud measures and manage fraud risks - The workshop also raised awareness of participants on how to investigate and form a legal case to prosecute suspected fraudsters as well as the detection and prevention of Money Laundering											



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