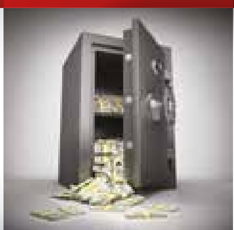
Crown Agents

Investment Management

Report of the Proceedings of the 2018 MEFMI Deputy Permanent /Principal Secretaries and Deputy Governors Forum



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TRENDS IN SOVEREIGN **RESERVES MANAGEMENT**

RAPPORTEUR:
Ms. Vivian Namugambe, Programme Manager, Macroeconomic Management Programme

REVIEWERS:
Mr. Patrick Mutimba, Director, Financial Sector Management Programme
Mrs. Gladys Jadagu, Public Relations Manager

APPROVED BY:
Dr. Caleb M. Fundanga

Editorial comments should be addressed to:
The Public Relations Manager
MEFMI
9 Earls Road, Alexandra Park
Harare, Zimbabwe
Tel: +263-4-745988/9/91-94
E-mail: capacity@mefmi.org
Web: www.mefmi.org
Twitter: @mefmiorg

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ACRONYMS

ADF	African Development Fund
AfDB	African Development Bank
AML	Anti Money Laundering
API	Applied Programming Interface
BIS	Bank for International Settlements
CAIM	Crown Agents Investment Management
COMESA	Common Market for Eastern and Southern Africa
DLT	Distributed Ledger Technologies
EAC	East African Community
EU	European Union
GDP	Gross Domestic Product
IMF	International Monetary Fund
KYC	Know Your Customer
LIBOR	London Interbank Offered Rate
MEFMI	Macroeconomic and Financial Management Institute of Eastern and Southern Africa
PBOC	People's Bank of China
PCG	Partial Credit Guarantees
PPP	Public Private Partnerships
PRG	Partial Risk Guarantees
SDR	Special Drawing Rights

FOREWORD

Over the past decade, China has become the largest contributor to global economic growth contributing about one third of global growth. The inclusion of the Chinese Renminbi in the Special Drawing Rights (SDR) basket in 2016, was reflection of the increasing importance of China's expanding role in global trade. This validated the Renminbi as a 'freely usable' currency to make payments for international transactions and trading in principal exchange markets.

Although China has become Sub Saharan Africa's largest trading partner, the use of the Renminbi as a currency of payment between the two (2) partners remains limited accounting for less than two percent, with the majority of payments being denominated in USDollars (USD). This is in part due to the limited internationalisation of the Chinese Renminbi, which increases transaction costs, exchange risks and possible de-risking related challenges emanating from USD economic sanctions. The region has continued to suffer from the unintended consequences of stricter international financial regulations and related de-risking which is negatively affecting payments, between Africa and its partners, but transiting through United States of America banks. Looking forward, it is timely that African countries have a clear strategy on the internationalisation of the Renminbi and how best to take advantage of this trend.

Under the theme **"Trends in Sovereign Reserves Management"**, the 2018 MEFMI Deputy Permanent/ Principal Secretaries and Deputy Governors Forum discussed arguments for the use of the Renminbi as a reserve currency and tackled challenges affecting its acceptance in the region. The Forum also discussed challenges relating to the increasing risk perceptions of Africa, their implications for capital flows, and the use of technology to mitigate these risks. In particular, blockchain technologies were addressed as an emerging topical issue. Additionally, opportunities for access to cheaper financing options as the region continues to grapple with weakening external positions, were explored.

The MEFMI Deputy Permanent/Principal Secretaries and Deputy Governors Forum is an annual event whose major objective is to provide a platform for key policy makers from the MEFMI region to discuss and exchange ideas, experiences, challenges and opportunities on emerging risks and opportunities in the regional and international arena.

MEFMI is grateful to Crown Agents Investment Management (CAIM) for their support towards the fruitful event as a technical and financial partner, and their commitment to mount it as an annual event until 2020. This continued collaboration with MEFMI will be critical as the region continues to take stock of the changes in the size and composition of official reserve assets, and their management, and the resulting implications for financial stability going forward.

It is my hope that the outcomes of the discussions from this Forum and related recommendations, as captured in this report, will be used to influence policy direction for the benefit of the region.

Caleb M. Fundanga
MEFMI Executive Director

EXECUTIVE SUMMARY

Current trends in reserves management indicate that countries should act on the implications for reserves management and should have clear policy options to take. The magnitude and management of reserves can have profound effect on markets and central bank balance sheets. The bulk of reserves for most countries in the MEFMI region are invested in USD. Their composition though, has not kept pace with the large shifts in the world economy, particularly since China continues to shape global economic trends and remains a major trade partner for the MEFMI region. This is the reason why it is critical for policy makers to strategise on progress that the continent has made to embrace the Chinese Renminbi.

Ascendancy of the Renminbi in the SDR basket of currencies is a symbol of its importance and of its approval by the International Monetary Fund (IMF) as an official reserve currency. With China as the largest trading partner of over 130 countries, the main challenge for African countries is how to benefit from the new pattern of international commerce. With China taking a lead in trade with Africa, the continent cannot afford to lag behind in taking advantage of growth-enhancing opportunities with this leading economy. It has been clear over the last five (5) years that trade with the West continues to be limited. The MEFMI region must participate in, and most importantly, identify economic and financial benefits that can be derived from the new reserves management patterns.

This report summarises the following key points and messages that emerged from the discussions held in the forum:

The Chinese Renminbi is a key development for reserves management
Since the introduction of the Bretton Woods system in 1944, the creation of the SDR in 1969, and the introduction of the Euro in 2009. In this regard, although the asset liability matching principle remains relevant, going forward, MEFMI countries should consider having the Renminbi as part of their reserves portfolio for strategic and tactical reasons. This is especially important because MEFMI countries are increasingly taking on liabilities from China.

China is too big to ignore
There is also need to be futuristic as policy makers. China's role in the global economy cannot be ignored. First, it is governed by strong economic fundamentals which are domestic driven. Secondly, it is in full control of its foreign exchange markets, with manageable volatility. In addition, its bond and fixed income markets are too stable and has low saturation of foreign investment. China also can leverage on its huge stock of reserves to defend its currency. For these reasons, China will continue to play a big role in the global economy going forward, and therefore should not be ignored.

China is not static
It is also changing in its approach with its partners. Case in point is the example of some MEFMI member countries that have already started receiving some invoices in Renminbi. Entering into bilateral currency swap agreements would enable Central Banks to better manage exchange rate pressures in the short term.

Risk Perceptions and Capital Flows

Countries need to take seriously the compliance to anti-money laundering regulations and the associated cost of non-compliance as these play an important role in determining capital flows across borders. De-risking is real, and has already been observed in the region. As countries think about the risks they face, both known and unknown, the key message is that countries should never get into a situation where they are locked out of clearing and settling a reserve currency.

Technology has become a major driver for Capital Flows

Blockchain technology has become a game changer, facilitating more real time processing of information, which is not in one centralised place. Key message is that central banks should understand the blockchain technology, what opportunities it opens up for the banking sector, and what risks it presents. In addition, central banks should not ignore the developments taking place regarding cryptocurrencies. They should approach them with caution, but understand them so as not to get locked out of these developments. Governments should also invest in the intelligent youth who are driving these technology trends.

Financial Products from the African Development Bank

Countries in the region should leverage on the AAA rating of the African Development Bank to get access to cheaper financing with longer maturities. The Bank has a large menu of financial products that are available not only for sovereign clients, but also for the private sector as well as funding of public private partnerships.

1. OPENING SESSION

1.1 Welcome remarks by **Dr. Caleb Fundanga**

Executive Director, MEFMI

The opening session was presided over by MEFMI Executive Director, Dr. Caleb Fundanga. He welcomed delegates to the 2018 MEFMI Region Deputy Principal/Permanent Secretaries and Deputy Governors Forum and introduced the theme -***"Trends in Sovereign Reserves Management".***

He made special recognition of the Deputy Governor of the Reserve Bank of Zimbabwe - Dr. Kupukile Mlambo, who was representing the Governor, Dr. John Mangudya, as the guest of honour. He also noted that Mr. Willard Manungo, the Secretary for Finance & Economic Development of Zimbabwe, would officiate the closing session of the Forum. He thanked the Government of Zimbabwe for the support they had accorded MEFMI in hosting the Forum.

Dr. Fundanga expressed appreciation to Crown Agents Investment Management (CAIM) for their support towards the event as a technical and financial partner. He informed delegates that CAIM had signed a Memorandum of Understanding with MEFMI, where they committed to support the Forum as an annual event rather than hold it biennially as it was over the past years. He welcomed the speakers from CAIM - Mr. Albert Maasland, the Group CEO; Mr. Ritesh Anand, Deputy CEO and Chief Investment Officer; and Mr. Slawomir Soroczynski, Senior Fund Manager. Similarly, Dr. Fundanga expressed thanks to the African Development Bank for accepting to participate in the Forum. He welcomed Mr. Mbaye Gueye, who made a presentation on behalf of the Bank.

Turning to the theme of the Forum, Dr. Fundanga noted with concern that the region was being threatened with weakening external positions following the aftermath of the global economic slowdown. He noted further that as at the end of 2017, official reserves for most of the MEFMI member countries stood barely at or below the traditional three (3) months of import cover benchmark. Moreover, foreign currency denominated public debt had continued to increase with rising interest payments. Furthermore, he indicated that although there had been an increase of foreign portfolio investment flows in the domestic debt markets for some countries, these are volatile in nature and susceptible to reversals. He mentioned that all these developments pointed to increasing external vulnerabilities and the need to act swiftly by implementing much needed policy adjustments to ensure macroeconomic stability and strengthening of external buffers.

Dr Fundanga concluded his remarks by stating that his hope was that the Forum would provide an opportunity for the delegates to reflect upon and discuss the risks to reserves management faced by member countries.

1.2 Official Opening Remarks, **Dr. Kupukile Mlambo**

Deputy Governor Reserve Bank of Zimbabwe

The workshop was officially opened by Dr. Kupukile Mlambo, Deputy Governor Reserve Bank of Zimbabwe. In his opening remarks, Dr. Mlambo thanked CAIM for their financial commitment to ensure that the Forum was held as an annual event.

He applauded the theme for the Forum for its relevance at a time when most MEFMI countries were refining their reserves management systems so as to support the efficient management of reserves in order to meet intended macroeconomic objectives. He noted that the magnitude and management of reserves could have profound effects on markets and central bank balance sheets. In this regard, he pointed out that reserves managers needed to take strategic decisions on their asset allocations, including currency composition and asset classes, to ensure that the reserves meet the key goals of safety, liquidity and return. He also called for relevant systems for reserves management like market information systems for current news and market data, portfolio management systems for analytics and reserves management, as well as accounting systems for accounting purposes.

He reflected on the global discussions on the use of the Renminbi as a reserve currency. However, he made an observation that the composition of reserves for most countries in the MEFMI region had not kept pace with the large shifts in world economic developments. He emphasised that the ascendancy of the Renminbi to the SDR basket of currencies was a symbol of its importance and of its approval by the IMF as an official reserve currency. With China as the largest trading partner of over 130 countries, he noted that the main challenge for African countries would be how to maximise benefits from the new pattern of international commerce.

He indicated that he hoped the Forum discussions would motivate actionable policy recommendations to assist delegates to take stock of their national reserves management practices and developments, so as to review reserves management trends within the region in order to inform policy decisions.

Dr. Mlambo concluded his speech by extending an invitation to delegates for an excursion to Kuimba Shiri Bird Gardens, to enjoy the birding life in Zimbabwe.

1.3 About CAIM, **Mr. Ritesh Anand**

Deputy Chief Executive & Chief Investments Officer, CAIM

Mr. Ritesh Anand, the Deputy Chief Executive and Chief Investments Officer at CAIM spoke about CAIM and their products. He indicated that CAIM was honoured to be affiliated with the high level Forum. He informed delegates that CAIM was going through a new beginning after having been acquired in 2016 by Helios Investment Partners, a private equity fund focused on Africa. He pointed out that CAIM had a long history of training and providing solutions to governments with the aim of increasing prosperity and reducing poverty. He informed delegates that under the new ownership, Helios had implemented a new executive management team led by a group CEO, Mr. Albert Maasland.

Mr. Anand revealed that together with Helios, CAIM's vision is to create a more connected world, particularly connecting Africa with the rest of the world. He noted that CAIM seeks to build long term strategic partnerships and to work with central banks to ensure financial inclusion and prudent reserves management in the region.

Reflecting on the topics for discussion in the Forum, Mr. Anand underscored the growing importance of China in the global economy. He stated that over last two decades, China had become the fastest growing economy in the world, with its share of GDP in world GDP growing from 2 percent in 1995 to over 17 percent to date. He emphasised that these growth developments and the transformation of the Chinese economy presented important lessons for Africa, which constitutes less than 4 percent to global GDP. Mr. Anand also highlighted the key role China was playing in financing large infrastructure projects in Africa. He said that Africa was receiving an average of USD6 billion annually in commercial loans from China. He expressed expectations that going forward, there would also be increased foreign participation in Chinese bonds after the successful implementation of Bond Connect, a platform through which these bonds can be traded.

Mr. Anand concluded his remarks by reiterating CAIM's commitment to continue working with MEFMI to meet the common goal of contributing to poverty reduction and inclusive growth within the region.

2. FORUM PRESENTATIONS AND DISCUSSIONS

2.1 Session 1: The Use Of The Renminbi As A Reserve Currency

Presenter: Mr. Slawomir Soroczynski, Senior Fund Manager, CAIM
Moderator: Dr. Louis Kasekende, Deputy Governor, Bank of Uganda

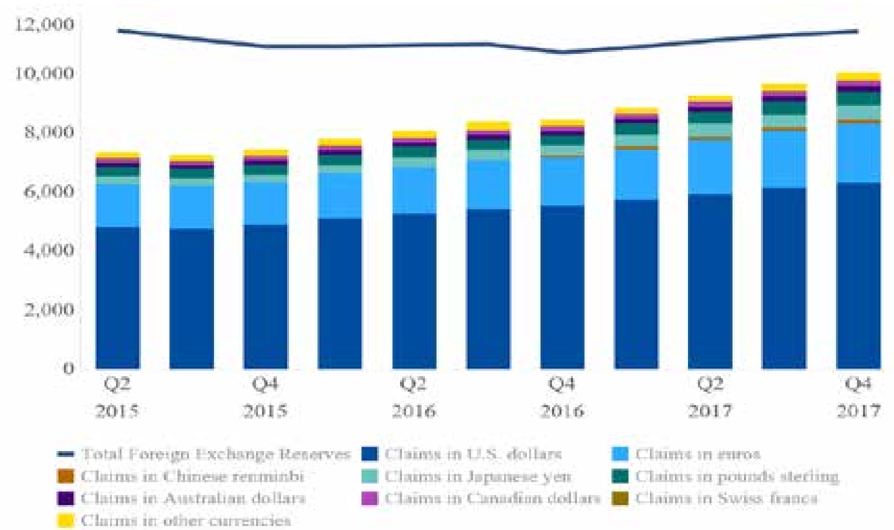
This session aimed to generate debate on why the share of the Renminbi in reserves remains low despite the growing trade and financial relationship with China, and what policy decisions should be considered by central banks to promote the use of Renminbi in reflecting this relationship.

2.1.1 Introduction

The presentation introduced the concept of international reserves as defined in the IMF Balance of Payments and International Position Manual, sixth edition (BPM6). These are defined as external assets that are readily available to and controlled by monetary authorities for meeting balance of payments financing needs, for use in intervention in exchange markets to affect the currency exchange rate, and for other related purposes (such as maintaining confidence in the currency and the economy, and serving as a basis for foreign borrowing). It was emphasised that this concept looks at a gross position, and hence excludes the external liabilities of the monetary authorities.

A depiction of the currency composition of the total global official foreign exchange reserves as at the end of 2017 was given (**Figure 1** below), which are dominated by claims in USD. However, it was highlighted that the share of reserves held in USD to the total reserves has been reducing over the years mainly as a result of introduction of the Euro.

Figure 1: World - Official Foreign Exchange Reserves by Currency (in USD billions)



Source: IMF, March 2018

Important to note also is that although the claims in Renminbi account for a negligible share, this share has been increasing since its acceptance into the Special Drawing Rights (SDR) basket in October 2016. According to the presenter, the claims in Renminbi are expected to grow significantly over the next coming years. He then discussed two arguments to support this expectation: first, the Economic argument, and second, the Market argument.

2.1.2 Economic Argument

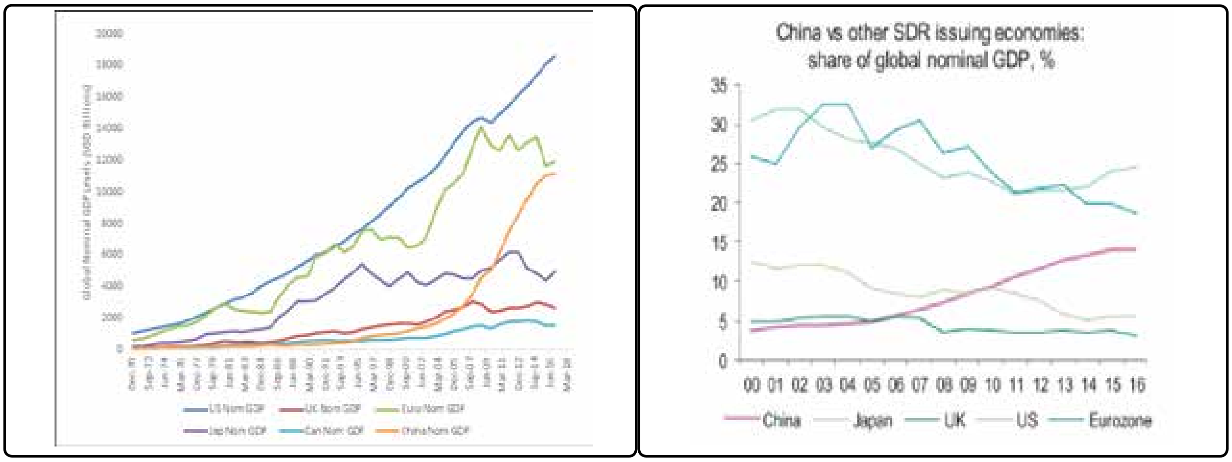
a) Inclusion of the Chinese Renminbi into the SDR Basket

The introduction of the SDR can be traced back to 1969, where it was created as a supplementary international reserve asset in the context of the Bretton Woods fixed exchange rate system. Although the collapse of Bretton Woods system lessened reliance on the SDR as a global reserve asset, SDR allocations still play an important role in providing liquidity and supplementing member countries' official reserves. The SDR basket is reviewed every five (5) years to ensure that the SDR reflects the relative importance of currencies in the world's trading and financial systems. Following the last review, a decision was reached that saw the inclusion of the Chinese Renminbi into the SDR basket, joining the other SDR basket currencies namely the USD, Euro, Japanese Yen, and British Pound Sterling. The Renminbi's inclusion was a clear reflection of its global acceptance as a usable currency to a large extent. By accepting the Renminbi in the SDR basket, the IMF was validating the reforms undertaken by China in its monetary, foreign exchange, and financial systems, as well as the progress made in liberalising and improving the infrastructure of its financial markets.

b) China Economic Growth

China is the only country among those in the SDR basket that has been on a steady upward growth trend (upward sloping trajectory) since 2008 after its growth accelerated dramatically. Following the Lehman crisis, China responded by implementing a stimulus program where it committed as high as 48 percent of GDP to infrastructure projects. This was the impetus for its real economic growth unlike in other countries particularly in USA where the stimulus was focused on the financial markets. **Figures 2 and 3** below show the nominal GDP levels in USD billions of China and its share to global nominal GDP in comparison to other SDR issuing economies.

Figure 2 &3: Nominal GDP of SDR issuing economies and their share as a percentage of global nominal GDP

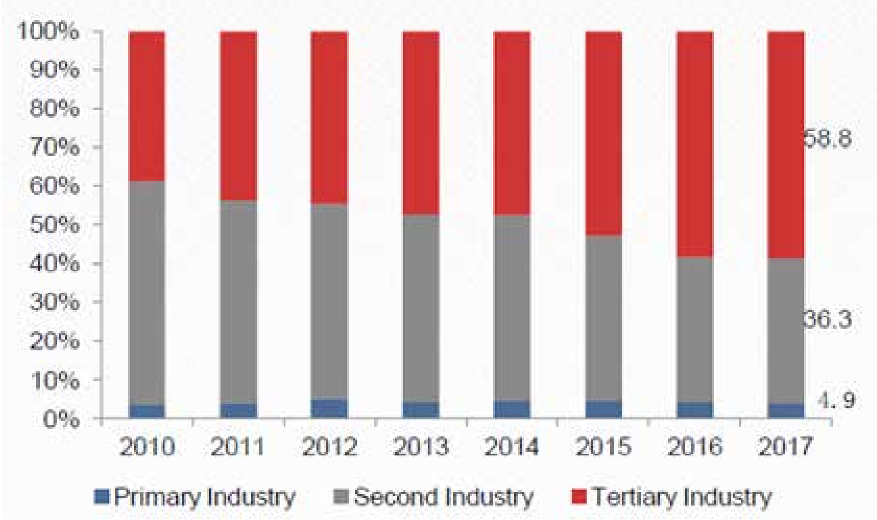


Source: CAIM, 2018

However, in 2016, leading rating agencies downgraded their outlook on China citing rising debt and slowing growth. This questioning of the sustainability of the China model triggered changes that then pushed the country to rebalance its economy to consumption driven growth. Nevertheless, one should be mindful that it was expected for China's growth to slow down because with such a huge base, it would be impossible for the country to keep growing at rates of seven (7) percent and above without overheating the economy and causing imbalances.

Under the rebalancing, China has moved away from the secondary industry, which used to account for over 80 percent of GDP, to the tertiary industry which is predominantly services and now accounts for about 60 percent of GDP. By doing this, China is buying protection for its growth going forward because it is much easier to stimulate growth if its domestic driven where China has, to a large extent, direct impact on consumer trends and spending patterns rather than relying on exports. Going forward, it is envisioned that China tertiary industry will keep growing, given its importance. These sentiments were also echoed at the 19th National Congress of the Communist Party of China that was held at the end of 2017, which committed to leveraging consumption in promoting economic growth, and seeing that interest rates and exchange rates become more market-based. Figure 4 below shows the trends in China of the value addition to GDP by industry over the past eight (8) years.

Figure 4: Value Adding of GDP by Industry in China (%)

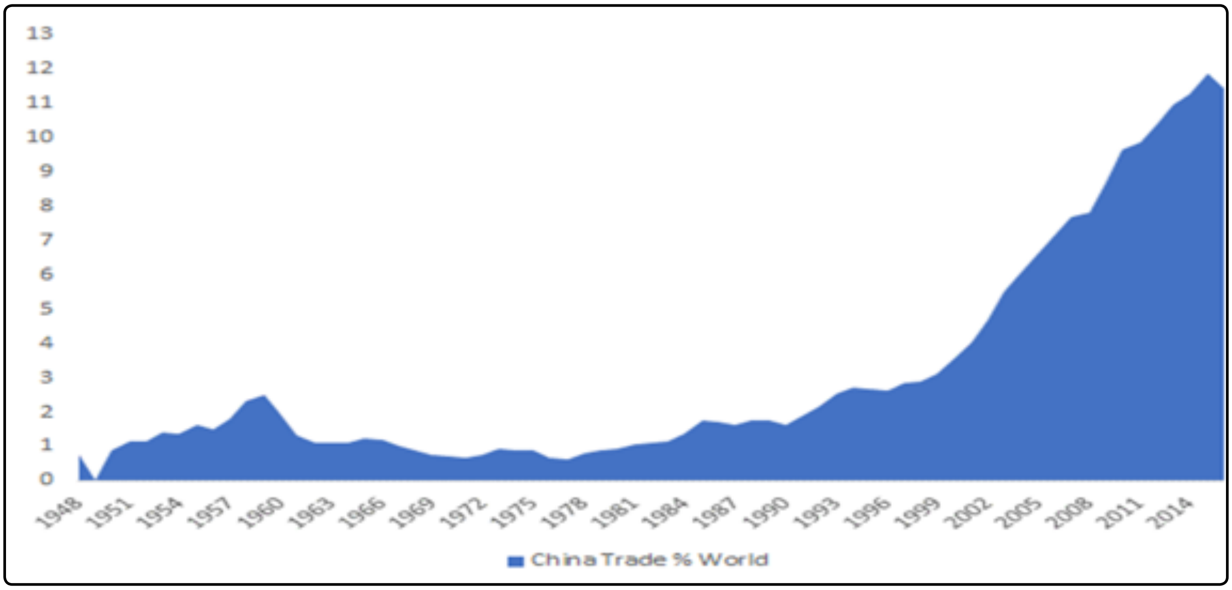


Source: WIND, ICBC. Dec 2017

c) China Trade Developments

China has gone from being a virtually closed economy to one of the most important trading nations in the world. China accounts for about 12 percent of world trade currently, having grown from about one percent in the 1940s. **(Figure 5)**

Figure 5: China Trade as a percentage of World Trade



Source: Bloomberg

However, the Bank for International Settlements (BIS) statistics on foreign exchange markets show that out of the USD5 trillion average daily turnover in the global foreign exchange market, only USD300 billion is driven by trade, while the rest is driven by financial markets. Hence although the figure above on international trade looks spectacular for China, this factor is not large enough to actually justify the argument of accommodation of the Chinese currency as a reserve currency. Related to this argument is the example of Japan which had tremendous trade surpluses in the last 30 years. Yet for different reasons, the Japanese Yen accounts for a very low percentage in the global foreign exchange reserves. Therefore trade alone is not a big factor enough for central banks to actually allow a given currency into their reserves.

d) China Debt

China government measures to maintain high growth rates has led to a significant increase in debt. During the massive stimulus programme that focused on infrastructure projects, China's local governments and state-owned companies borrowed heavily to build cities and roads, invest in businesses and strengthen financial markets. To date, China debt is estimated at over 250 percent of GDP. However, what is most important to focus on is the composition of this debt. There has been growing corporate and household debt. Although the velocity of the household debt is robust, the base was low. Savings were embedded in the Chinese culture, and for decades, the Chinese consumer were deprived as they followed a model of "first earn, save, and then spend".

In this regard, CAIM maintains that despite the huge levels of China debt, the Chinese consumer is extremely healthy and there are no foreseeable risks to these debt levels. A similar comparison can be made with Japan, which too has a high level of debt to GDP ratio averaging 240 percent. Although these debt levels might look unsustainable, for both Japan and China, the majority of this debt is held by domestic investors and is under the control of the central bank. This model makes the debt more sustainable than for other countries whose debt may be mainly owned by external investors.

2.1.3 Market Argument

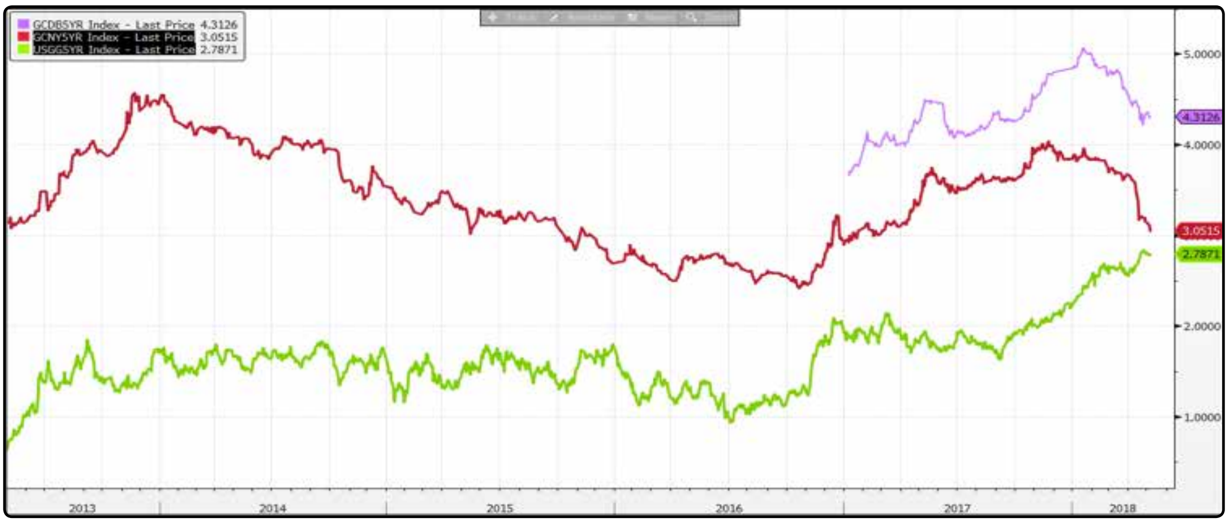
a) Internalisation (convertibility) of Chinese Markets

China has gone through many lessons as well. One of the lessons has been to make their market more open to international investors. It has been trying to achieve this on two levels - on the debt level and on the currency level. However, nine (9) out of ten (10) attempts have failed. It is only the recent attempt, a joint project between the People's Bank of China (PBoC) and the Hong Kong Monetary Authority (HKMA) through the Bond Connect scheme which opened Chinese debt markets to foreign investors in May 2017. Previous projects involved high levels of bureaucracy and were complex to understand and hence China was never regarded as an open market to enter or exit. Through the Bond Connect scheme, investors can now freely enter the market and buy bonds as well as sell them and repatriate their proceeds without any challenges.

b) Fixed Income

The Chinese government bond market has continued to grow. As at the end of April 2018, the Chinese government bond market stood at USD12.6 trillion, becoming the second[1] largest after the USA among the SDR issuing markets. In addition, there is increasing interest from the international community in the Chinese bonds that are traded over the counter as reflected by the trend in **Figure 6** below in the 5 year yield line for the China bonds versus the five (5) year yield line for the US Treasury bonds, with the former being higher than the latter.

Figure 6: CNY yields versus the UST bond (5-year generic bonds)



Source: Bloomberg, 2013-2018

There has also been increasing validation from some key central banks in the Chinese Renminbi bonds; with central banks like the Deutsche Bundesbank, the Bank of France, and Reserve Bank of Australia allocating a proportion of their reserves in Chinese Renminbi bonds. Therefore there is still a lot of room to grow for foreign holding of Chinese bonds.

Another important development that happened was the announcement by Bloomberg in March 2018 to include Chinese Renminbi denominated government and policy bank securities as five (5) percent of the

[1]This is the case when the Eurozone is decomposed into its different countries. The Eurozone holds second place if it is treated as one economy.

Bloomberg Barclays Global Aggregate Index. This will take place over a 20-month phased period starting April 2019. Bloomberg Barclays is followed by investment worth USD 22 trillion, and therefore when the process is finalised, this capital will be pushed to invest in these bonds.

Another strong and important argument is the ownership structure of the China government debt. The current structure is that majority of the debt (67 percent) is owed to the domestic commercial banks, while only 5 percent is owed to foreign investors. This structure is very unusual for an SDR issuing currency. Ordinarily, there is almost an equal split in the ownership of government debt by institutions including pension funds, insurance companies, with the importance of commercial banks being much lower. However, in this case, the commercial banks hold the greater portion of government debt which gives confidence that the central bank is indirectly a key player in this market through the interest rate and reserve ratio requirement policy.

It should not be ignored that in 2017, rating agencies Standard & Poor's and Moody both cut the outlook on China's long-term sovereign credit ratings of the local currency bonds. In response, the PBoC stepped up forex intervention to defend the local currency. With their access to large forex reserves to defend the Renminbi, it is therefore unlikely that these local currency bonds will be subjected to further downgrades.

c) Forex Market

One strong argument in favour of being invested in the Renminbi is that there has been no abnormal volatility of the CNH (the Renminbi that trades in the offshore markets). This, because the PBoC policy is managed float and hence it is a preferred choice for investors who do not want to be faced with issues of abnormal volatility levels. From the forex point of view, this is a very important proposal for reserves management because of the guarantee it presents that there will not be sudden volatile movements for example like the case in 2015, when the value of the Swiss Franc jumped by 12 percent overnight after the Swiss National Bank abandoned the peg.

Another important thing to note is the adoption of liquidity swap lines that was introduced by the Fed after the Lehman crisis. Unlike the case of the Fed where it let the swap lines expire, China has been introducing more and more currency swap lines, which is a smart way to introduce the Renminbi into the markets. These swap lines are very significant because they are bigger than the IMF lending capacity. There has been substantial growth in USD denominated credit to non-banks outside the USA, with Chinese banks and companies extending most of this credit. However everything is supervised by PBoC through quotas, hence it is manageable. This is a strategic move from China and a big part of its story to gain entry into the international markets. With China having extended a lot of USD denominated credit in the international markets and gained their confidence, extension of credit in the Renminbi will be an easy task.

Conclusion

This session presented two (2) main arguments to support the use of the Renminbi as a reserve currency; first from an economic point of view, and second from a market perspective. Under the economic argument, China was too big to ignore. It is governed by strong economic fundamentals which are domestic driven and hence can manage risks. Secondly the market argument can be looked at from two (2) aspects - the volatility of forex is manageable and PBoC is in full control, and bond market and fixed income market is too stable and has low saturation of foreign investment. Furthermore, China has the biggest reserves in the world and can use the reserves where there is need to defend the Renminbi. The session emphasised that the validation of the Chinese Renminbi as an SDR currency was a key development for reserve management since the introduction of the Bretton Woods system in 1944, the creation of the SDR in 1969, and the introduction of the Euro in 2009.

Discussions

Discussions opened with a fact-finding question on how many central banks from the MEFMI region were holding reserve assets in Renminbi and how many had invested in Chinese bonds. It was revealed that only three (3) MEFMI member countries were holding a small proportion of their reserve assets in Renminbi, with one (1) of the three (3) also investing in Chinese bonds. Another country mentioned that although they were not yet holding any portion of their assets in Renminbi, they had recently approved new guidelines that would allow them to invest in emerging markets which could include investing in Chinese bonds. However, some scepticism was expressed and some countries preferred to take a cautious approach until they gain a better understanding of the China economy.

There was a concern that the overall impact of the significance of the Renminbi for Africa was still not very clear and tangible. This is particularly so because in spite of the strong trade and financial relations between China and Africa, most African countries have not adopted the Renminbi into their reserves. However, delegates were reminded that reserve investment benchmarks should not only take into consideration current factors, but they should also be forward looking. It was stressed that the economic developments taking place in China would continue to affect the market. China is also expected to increase its engagements in Africa for example through the One Belt One Road Initiative worth USD8 trillion which seeks to enhance regional connectivity by bridging infrastructure gaps. The East African region has been earmarked to be included in this initiative.

Delegates noted that trade invoicing and loan disbursements from China to the region were done in USD as opposed to the Renminbi, which could explain the relatively limited significance of the Renminbi. In this regard, as per the definition of the international reserve assets - which should be available for meeting BOP financing needs and intervention in exchange markets, there would be a case for MEFMI member countries not to adopt the Renminbi into their reserves, but rather continue holding the majority of their reserves in USD, so as to meet their obligations. In addition, most of the foreign exchange markets in the region have not yet been developed enough to allow the conversion of the yuan.

However, it was brought to the attention of the Forum that one of the MEMFI member countries had started receiving some invoicing in Chinese Renminbi since 2017 and had recently carried out settlement of some obligations in the Renminbi. This points to the fact that China will not remain static in its approach with trading partners. On this basis, countries will need to allocate a certain proportion of their reserves in the Renminbi as they may start to get invoiced in Renminbi.

Regarding the issue of yields on investment, although the returns on the Chinese fixed income and money market holdings seem more attractive than those on the US treasury bonds, investment of reserve assets are still held in USD which implies a fear of the unknown. Delegates noted the need to conduct a risk and return analysis on the Chinese bond market before they could start investing in Chinese bonds.

Over the years, MEFMI training activities on reserve management have focused on the asset liability matching principle to guide the strategic asset allocation of reserves. However there has been no guidance on tactical asset allocation that would include factors that are too big to ignore. Going forward, member countries will need capacity building on how to redesign their benchmarks on the basis of 'too big to ignore'. In addition, it will be critical to build capacity within commercial banks in the region, to have dedicated officers that handle trade and financial transactions with China.

The idea of currency swap agreements between China and African countries is welcome. However, delegates were cautioned that although these would provide liquidity in Renminbi at the start of the swap arrangement; upon maturity of the swap, countries would still need to find the Renminbi to pay back. Hence these swap agreements would only be a source of temporary relief.

Concerns were raised on the lingering speculation of a real estate asset bubble in China compounded by the growing debt to GDP ratio. Such risks could make investment in Chinese bonds unattractive for central banks looking for resilience. CAIM reiterated that although the debt ratio was increasing, the base was low, and the consumer was not leveraged thus making the picture look relatively stable for the foreseeable future.

Comparisons between the Chinese model and the US model were discussed, and if the former would be sustainable. It was emphasised that the Chinese model was robust being characterised by the genuine need for spending by the consumer and hence seemed sustainable.

The above discussions yielded two (2) major recommendations:

- Based on the supporting arguments of the increasing importance of China in global developments and the region, MEFMI member countries should consider having the Renminbi as part of their reserves for strategic and tactical reasons.
- MEFMI should enhance capacity building in reserves management to not only concentrate on the asset liability matching principle in defining strategic asset allocations, but to also include training in tactical asset allocations to capacitate countries to include the Renminbi in their reserves which has become a factor that is too big to ignore.

[8] Climate Brief n°44 - April 2017 – I4CE. Authors : Romain Hubert | Morgane Nicol | Ian Cochran

2.2 Session 2: Risk Perceptions And Capital Flows: The Case Of Africa

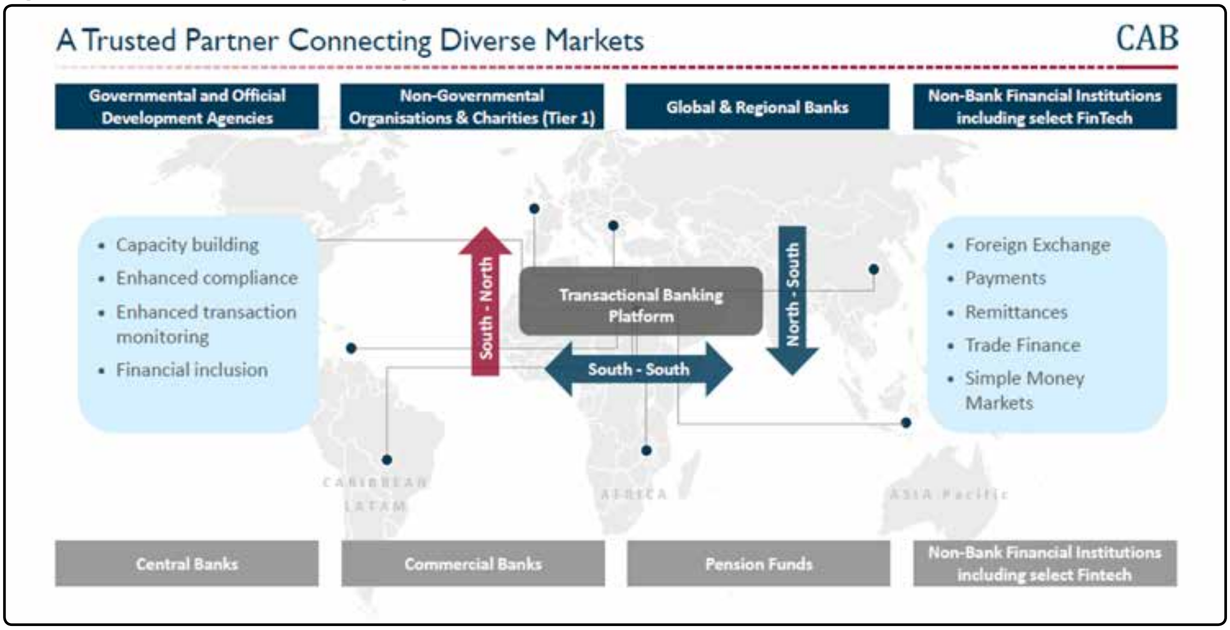
***Presenter*: Mr. Albert Maasland, Group Chief Executive CAIM**
Moderator: **Ms. Elaina Gonsalves, Deputy Secretary Financial Policy, Ministry of Finance and Development Planning, Botswana**

This session sought to address issues revolving around the use of technology to reduce risks and to address the perception that doing business with Africa is risky. Africa is still faced with challenges in the reduction of these perceived or real risks. Some of these include the need to enhance compliance and governance to global standards for financial services; reduce all-in transmission costs of moving money in, out and across Africa and to enhance financial inclusion.

2.2.1 Introduction

The presentation began with an overview of the role of Crown Agents Bank in light of the risk perceptions of doing business with Africa. Crown Agents Bank attempts to bridge the gap by providing essential transaction banking services between developing and more developed markets using practical insights and business realities gained from facilitating cross border money movement and trade finance. It has a unique history and experience as a commercial gateway providing critical capacity building services and transaction facilitation.

Figure 7: The Role of Crown Agents Bank



Source: Crown Agents Bank

The risk or reward for operating cross-border payment services in a rapidly changing regulatory environment has led to greater scrutiny and also resulted in widespread bank, country and regional "de-

[8]UN DESA report, "World Population Prospects: The 2015 Revision

risking" strategies from many international financial institutions. Increasingly the combination of smart adoption of technology and partnerships does mitigate complexities and risks of operating trade finance, remittances, payments and FX services across national boundaries. Therefore Crown Agents Bank has positioned itself as a partner across much of Africa, providing borderless, frictionless services at lower cost, which is critical to opening safer trade corridors and ultimately attract private investment and greatly enhance financial inclusion. The Bank also assists countries to better understand compliance to international standards.

Key Digital Themes in Support of Risk Mitigation
The presentation then highlighted the following as digital themes in support of risk mitigation

Application Programming Interface (API) are the key driver in cross border financial services today. APIs provide connectivity using a standard protocol so that messages can be transmitted across different systems. APIs provide cross platform connectivity and data flows at a lower cost and many commercial banks across Africa have now started to adapt the APIs to build different banking components.

Big Data refers to data that is too diverse, fast-changing or massive for conventional technologies, skills and infrastructure to address efficiently. Big data technologies are now playing a key role in the financial sector. These technologies provide the ability to quickly interrogate large data sets or many small amounts going to one single place hence leading to early detection and prevention of financial crimes.

Standardisation across countries so that there is predictability around banking rules really makes a difference. One reason for perception of risk in investment in Africa is a complete misunderstanding of what Africa is because the rules are different. However, the more Africa can adapt to international standards, the easier it is to improve the capacity of the financial services sector. There should be shared infrastructure, shared rules and shared technology backbone. Denmark, as an example, has two (2) core banking service providers serving approximately 140 banks in the country. The majority of these banks use one of the two common banking back office infrastructure, and this has created efficient market and consistent standards.

The emerging role of **Artificial Intelligence/robotics** in financial services cannot be ignored. Artificial intelligence is having a significant impact in financial services, used in automation to give better understanding of transaction flows and predictive fraud detection.

Distributed Ledger Technology (DLT) is a digital system for recording the transaction of assets in which the transactions and their details are recorded in multiple places at the same time. One common use of the DLT is cryptocurrencies through blockchain technology which has become synonymous with DLT. However, the bigger picture should be to understand how DLT works to improve transaction traceability and transparency, rather than just being fixated with cryptocurrencies only.

Technology is very essential for **Cyber security.** Smaller jurisdictions that are perceived to have weaker supervision and controls have increasingly become potential targets for financial crime through cybersecurity breeches.

2.2.3 Navigating Cross-Border Complexities and Risks

The presentation then highlighted six (6) categories of cross-border complexities and risks, along with proposals on how these risks could be alleviated through technology. These have been summarised in the **Figure 8** below:

Figure 8: Cross-border Complexities and Risks

	Navigating Cross-border Complexities & Risks	Alleviating Complexities & Risks Through Technology
Regional & Country Risk	• Political • Governance • Economic	• Initiatives across Africa to open and enhance source and quality of data (e.g. Open Data for Africa, World Bank and IMF statistics) • Data-driven analytics and subject-matter expertise
Financial Infrastructure	• Financial Market Infrastructure • Regulatory Framework • Domestic Banking Sector • Correspondent Banking Sector • Non Bank Financial Services (FinTech)	• Collaborate and share best practice with Regulator, Central and Commercial Banks • Collaborate with New Infrastructure and Payment System Providers to enhance connectivity • Integrate and connect new market participants (non-bank FIs) to current market and regulatory framework
Compliance	• Financial Crime / AML • Customer Due Diligence • Transaction Fraud	• Digitisation and Automation of KYC Processes • AI-based Fraud Detection and Suspicious Payment Behaviour • Biometric for identification and verification
Currency Exposure	• Currency Volatility • Currency Liquidity • Exchange Controls • Derivatives market	• E-trading Efficiency & price discovery • AI-based Treasury Liquidity Forecasting • Connectivity of marketplaces and business processes
Operations	• Operational Standards • Nostro counterparties / network Mgmt. • Processing and Settlements • Trade Finance processing	• API-enabled technology • Robotic Process Automation • Virtual Multi-currency Accounting • Multi Options Settlement incl. Mobile • AI-based Payment Investigation
Security	• Cyber Crime • Data Management & Protection • Evolving Threat Analysis	• Adoption of Standards • Continuous Process enhancements • Cyber Security tools

Source: Crown Agents Bank

Of special emphasis were the risks associated with non-compliance of anti-money laundering and know your customer (AML/KYC) regulations. International banks have become weary of the disproportionate high fines in the USA. As a result, de-risking is happening because the value of the fines in relation to the cost of unknowingly allowing financial crime to flow through the Dollar system is not worth it. Therefore the number of USD clearing providers are reducing, transaction costs are going up and anyone who is perceived to be risky is now struggling. Standard Chartered Bank and Deutsche Bank were given as examples of the many international banks that have paid such huge fines and why international transaction monitoring has become so important for these banks. Technology is thus key for automation of KYC procedures and for detecting suspicious payment transactions.

Blockchain Technology

The blockchain technology is a digital distributed database system that acts as an "open ledger" to store and manage transactions with identical copies maintained on each of the network's members' computers. Transactions are grouped in blocks, recorded one after the other in a chain of blocks (the 'blockchain'). By design, a blockchain is resistant to modification of the data. The links between blocks and their content are protected by cryptography, so previous transactions cannot be destroyed or forged. This means that the ledger and the transaction network are trusted without a central authority.

Undeniably, some of the areas in which blockchain technology can be used in the financial services sector include: facilitating clearing and settlement of securities; cross-border payments (including remittances); trade finance; and for identity management. The advantage of using the block chain technology for clearing and settlement and cross-border payments is that this technology presents a secured platform with real-time settlement and traceability at relatively lower operational costs. Under trade finance transactions, the blockchain technology facilitates digitised supply chain processes which reduces complexities and the number of intermediaries involved. Therefore credit risks are managed more efficiently as there is reduced settlement, custodian and counterparty risk. When it comes to identity management, blockchain technology facilitates standardised issuing of digital identities and credentials, ensuring compliance with regulations and generally simplifies and reduces the time involved in doing KYC procedures.

However, some weaknesses have been identified with this technology. It can be complex, and makes computation far slower and more expensive than on a traditional single computer. In spite of this, the presenter strongly recommended that central banks should engage early enough in trying to understand blockchain technology, actively embrace it and participate in its developments in the financial services sector so as not to be left out of control. Blockchain technology and generally DLTs will definitely be part of financial services going forward.

Conclusion

In summary, the positive outcomes of technological innovation cannot be underestimated. Effective adoption of technology is critical for lowering real and perceived risks, it simplifies vital capital flows including foreign direct investment, trade finance, remittances and donor aid. It also fosters regional economic integration, both intra-Africa, as well as with the rest of the world, and most importantly it encourages financial inclusion.

Discussions

Delegates sought further clarification on the uses of the API. The speaker elaborated further by giving an example of cross border remittance flows involving two currencies for example a remitter from the Euro area sending funds in Euros to a beneficiary in Zambia receiving the Kwacha equivalent. In order for this transaction to be completed, they would be need for two (2) different systems that would enable the debiting of the remitter's account in Euros, their subsequent conversion into USD, followed by a conversion into Kwacha. This would be the case when there is no easily transactable Euro/kwacha rate. This process would need electronic communication between different systems to facilitate this transaction. The role of the API would be to facilitate this communication between the systems. Another example of the use of the API is facilitating exchange rate conversion on transactions involving credit and debit cards.

Delegates sought to know which countries had national cybersecurity governance structures in place. Among the countries represented, one (1) country mentioned that they had put in place an authority that was responsible for cybersecurity standards. Specifically, the Authority has two (2) main roles, which include promoting the use of e-payments and IT within the country, and secondly, a regulatory role. This includes coming up with regulation like standards for cybersecurity, and approvals for certain IT systems to be used by government agencies including the central bank.

Delegates also echoed concerns raised by the Eastern and Southern Africa Anti-Money Laundering Group that blockchain technology facilitates and encourages illicit financial flows (IFFs), and sought to know how to achieve a balance between its benefits and risks in this regard. The presenter agreed that certain cryptocurrencies had become a preferred mechanism for facilitating IFFs but maintained confidence that with time, standards would be developed that would curb IFFs through cryptocurrencies. He also thought that it might not be a very big challenge since the convertibility of the cryptocurrencies into hard currency is limited. He further clarified that although exchanges had increased that dealt in cryptocurrencies, most of these were concentrated in facilitating the movement between cryptocurrencies but limited in facilitating the movement from cryptocurrencies back into hard currency.

Issues of cryptocurrencies continued to generate debate. An emerging topic is the possibility of countries issuing their own cryptocurrencies. Generally, concerns have been expressed that cryptocurrencies have become a gateway to money laundering, illegal activity proliferation, sponsorship of terrorism, and tax evasion. To this end, most countries have started implementing regulatory actions on cryptocurrency traders, citing anti-money laundering and tax evasion crackdowns. However, it cannot be ruled out completely that countries might start issuing their own cryptocurrencies in the future.

A question was raised on the legality of execution of sanctions in countries outside the United States, which have been placed on certain individuals by the Justice Department of the United States. Concern was expressed that some central banks are being faced with domestic legal battles that the sanctions should only be valid after a domestication vetting process of these individuals and yet, on the other hand, the consequences for non-compliance are grave. In addition, there were concerns that no communication is provided by the Justice Department when individuals are cleared from the list. The presenter responded by arguing that as long as the transactions involved the use of the USD, the United States were entitled to impose extra territoriality on the basis that these payments were to be settled in their currency. He also advised that an updated list of individuals under sanctions could always be accessed electronically and would advise that the payment systems be connected to databases providing this information to give real time updates.

Concerns were also raised on the increasing de-risking in Africa, which could have damaging consequences across the region. International banks are reducing their correspondent banking relationships with a focus on perceived higher-risk jurisdictions, with Africa being included as one of them. This is in spite efforts that the region is making towards compliance of the international regulations and anti-money laundering standards.

A proposed solution to the above concern is for Africa to leverage on technology to facilitate trading of intra-Africa currencies without necessarily having a USD exchange leg in between. An example was given of some existing payment systems within the region like the East Africa Payments system and the COMESA payments system. However, it was noted that due to the unequal economic size of the countries, there is a challenge of having to settle net balances in the currency that is strongest and most tradable.

The above discussions yielded the following major actionable recommendations:

- There is need to build capacity in the area of blockchain technology and cryptocurrencies and to leverage on the existing young IT expertise within the region in this regard. Central Banks need to approach cryptocurrencies with caution, but to understand them so as to be able to monitor them in a regulated framework.
- Countries need to take seriously the compliance to anti-money laundering regulations and the associated costs of non-compliance as this could lead to de-risking, and hence determining the flow of capital across borders.

2.3 Session 3: Financial Products From The African Development Bank

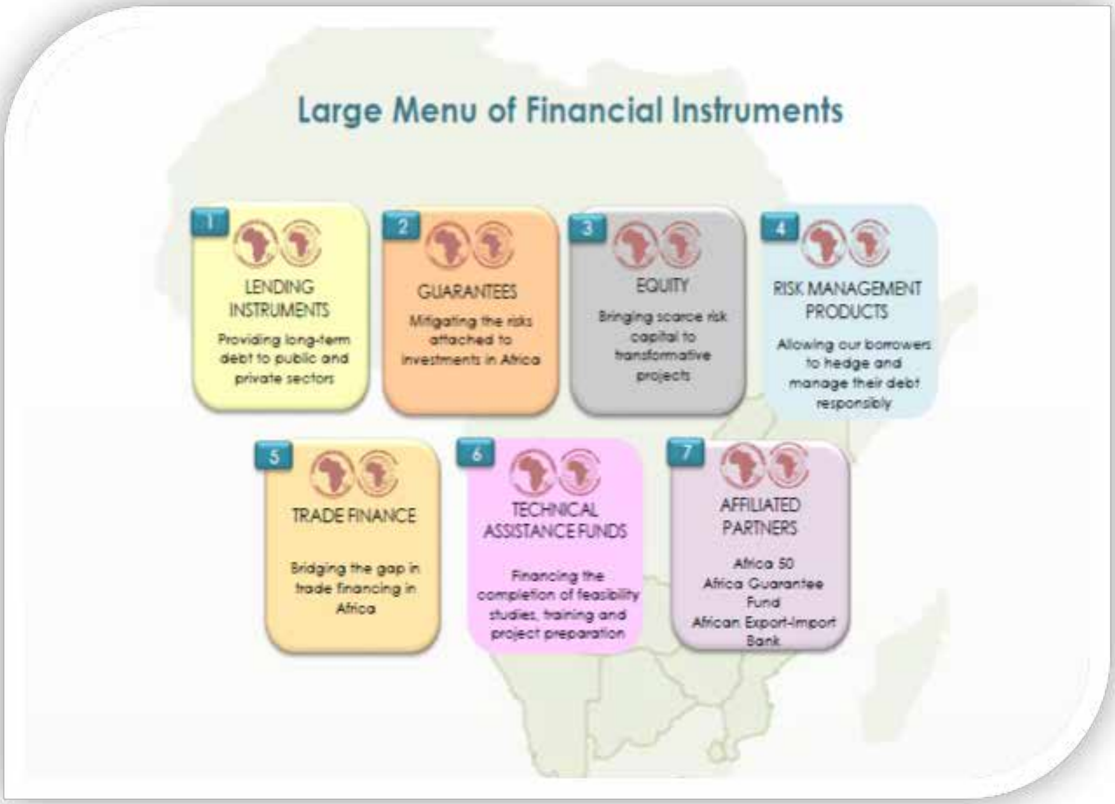
Presenter: Mr. Mbaye Gueye, Senior Financial Analyst, African Development Bank
Moderator: Dr. Jesimen T. Chipika, Deputy Governor, Reserve Bank of Zimbabwe

This session sought to enhance awareness of the financial products from the African Development Bank (AfDB) available to member countries.

Introduction

The AfDB group is made up of three (3) constituent institutions which are legally and financially managed separately, however which all have a common goal of combatting poverty and improving living conditions of people in the African Continent. To attain this objective, the Bank uses the leverage afforded by its AAA rating to on-lend to its borrower countries, at favourable terms, resources raised in international capital markets. Over the years, the Bank has developed a diverse range of financial products which are highlighted in the **Figure 9** below.

Figure 9: Financial Products Offered by AfDB



Source: AfDB

2.3.2 Selected Financial Products

a) Loans

The Bank provides both concessional and non-concessional financing, guided by a credit policy which classifies clients into four categories that determines which financing window they can access. The main criteria used is a country's per capita income, as compared to the IMF operational cut-off of USD1,165 for more than two (2) consecutive years.

For the ADF category, the Bank provides a product known as the "fully flexible loans". These loans have hedging features and embed maturity based pricing (with a maximum maturity of 25 years), to provide more alternatives to borrowers to meet the needs of their projects. These loans enable AfDB sovereign and sovereign-guaranteed borrowers to customise the financial terms of the loans, and to meet their evolving debt and risk management needs. In addition, the borrowers are given the flexibility to choose the lending currency. Since 2014, ADF only countries now have access to the ADB sovereign window if they have:

- Low or moderate risk of debt distress under the IMF Debt Sustainability Analysis (DSA);
- Headroom for non-concessional borrowing;
- Sustainable macroeconomic position;
- Their request approved by the Bank's Credit Risk Committee; and
- Viable projects which can be financed by the AfDB funding.

However, it was pointed out that eligibility does not guarantee access and funding is granted to eligible countries on a case by case basis to finance viable projects.

Another important feature of the loan is that it can be provided in local currency so as to reduce the burden of foreign exchange denominated debt. Currently the Bank can offer loans in ten (10) local currencies from Africa, and is working to increase them. Included in these are five (5) MEFMI country currencies namely; Botswana Pula, Kenya Shilling, Tanzania Shilling, Uganda Shilling, and Zambia Kwacha. Funding methods for a local currency loan would be done through either a domestic bond issue; synthetic local currency loans (non-deliverable forwards); or a cross currency swap.

b) Syndications and Co-financing

This is another method through which sovereign borrowers can access funding from the AfDB. Under this window, the Bank partners with other creditors to crowd in resources available for borrowing by clients. Lending terms are exactly the same like the ones available under the ADF window. The presenter stressed that there were still funds available under this window, which include funds from the Japan International Cooperation Agency (JICA), the People's Bank of China (PBOC), and the European Union (EU).

c) Guarantees

The Bank has two (2) types of guarantees namely, the Partial Risk Guarantee (PRG), and the Partial Credit Guarantee (PCG). A PRG is a financial guarantee which covers commercial debt service defaults, normally for a private sector project, when such defaults are caused by a government or government owned entity's failure to meet its specified contractual obligations to the project. On the other hand, the PCG covers part of the debt service default regardless of the cause of default. The Bank designed these guarantees out of recognition of the increased need and importance to leverage the resources dedicated to each of the member countries. The Bank can structure these guarantees flexibly to meet clients' financing needs for example issuing a local currency guarantee. The guarantees have been established to be advantageous in as far as helping governments to attract private financing for projects in infrastructure and other sectors that were considered as very risky. Guarantees are also effective tools to insure investors against specific risks, enabling optimal allocation of risks to participants that are better equipped to bear them. As an example, ADF provided its maiden Partial Credit Guarantee in 2016 in connection with a EUR55 million loan provided to Madagascar by International Banks. Madagascar could only access the financing at a rate of 13 percent for a 5-year tenor. With the guarantee, Madagascar was able to get a rate of less than 5 percent, which was 60 percent lower than the initial rate and also extend the maturity to 7 years.

d) Direct Equity and Quasi Equity

The Bank also provides capital through equity investment either directly or indirectly through appropriate funds, other investment vehicles or quasi-equity like subordinated, mezzanine or convertible loans. They invest in financially viable private companies, which include both start-ups and established companies, financial intermediaries and public sector companies that are in the process of being privatised. The Bank believes that its involvement helps to promote the emergence of a dynamic private sector in the region and hence plays a catalytic role in attracting other investors and lenders of financially viable projects. However, before it carries out the investment, the Bank seeks board representation in the company it becomes a shareholder in, and ensures that there is a clearly defined exit clause to be exercised upon achievement of objectives.

e) Special Funds

The Bank also runs a 'Special Funds' window through which it provides technical assistance to borrowers with the aim to raise the effectiveness of project preparation; and secondly to foster and sustain efforts in creating enabling business environment to promote private sector investment and growth. The focus under this assistance is capacity building of government officials in project design, preparation and analysis.

Conclusion

The Bank has a large menu of financial products that are available not only for sovereign clients, but also for the private sector as well as for funding of public private partnerships.

Discussion

Clarification was sought on whether the Bank extends credit in the CFA franc market and if there were any challenges in penetrating this market. It was clarified that there were two (2) major challenges affecting this market; first the need for a feasible project in place before approving a portfolio in local currency, and secondly the size of transactions that request funding in the CFA franc had been too low for AfDB to make bond issues. Emphasis was also drawn to the fact there is some considerable risk that cannot be covered by the Bank in local currency markets and hence the reason why the Bank approaches investment in them with caution.

Delegates observed that an AAA rated entity like the AfDB tends to face higher margins (above risk free rate) when raising capital in African markets than when it raises capital from deeper markets. The presenter was asked for a possible explanation. He shared his experience where African institutional investors tend to focus on yields with little regard for the credit quality of the issuer, hence posing a challenge for entities like AfDB.

Concerns were raised on how AfDB would treat its loan portfolio with maturities beyond 2021, after the planned phase out of the LIBOR. It was noted that the Bank was aware of the developments regarding the LIBOR phase out and would base its portfolios on the replacement rate as dictated by the then prevailing market practice.

Delegates sought to know the significance of the Chinese Renminbi in the loan portfolio of the Bank in light of the growing financial involvement of China in Africa. It was noted that the Bank currently has not extended any lending in Chinese Renminbi. However, it was clarified that the clients determine their choice of lending currency. On this basis, the Renminbi, as an SDR basket currency, would be readily available from the Bank as lending currency for clients who would request for it.

Concerns were raised on the low utilisation rates of funding extended to member states. Although no immediate possible solutions were discussed on how to increase the absorption rates, the Bank on its side informed delegates of pending loan approval policy revisions that aim to improve the process and timing of disbursements to clients.

Clarification was sought on whether the Bank could extend a partial risk guarantee in the absence of a government as a party to the transaction. It was noted that this was not possible, and these guarantees were mainly applicable for public-private partnerships. During this discussion, it emerged that the Bank was currently not insuring the risks in the guarantees provided. This was an issue of concern to delegates and they urged the Bank to consider taking on insurance policies to absorb the risks involved, not just for loans but also for guarantees.

Delegates sought to know theproducts AfDB had that were specific to economies in crisis. AfDB emphasised that with its current policy, countries in arrears or high levels of debt distress would not be able to access loans from the Bank. However, the Bank noted that it had a special facility for these countries namely Zimbabwe, Somalia and Sudan and was providing grants to these countries through this window.

The main recommendation from this session is that countries in the region should leverage on the balance sheet of the African Development Bank and its AAA rating to get access to cheaper financing with longer maturities.

SESSION 3: CLOSING SESSION

The Forum was officially closed by Mr. Willard Manungo, the Permanent Secretary of the Ministry of Finance and Economic Development, Zimbabwe.

He commended the speakers for having made presentations that generated interesting debate. He noted that cost/benefit analysis of holding reserves remains critical in the evaluation of alternative reserves management strategies. He pointed out that this was particularly the case where comparatively low-yielding foreign assets were financed with higher-yielding domestic borrowings. He hoped that the discussions had provided better insights on reserves management and the implications for reserve adequacy.

Mr. Manungo thanked CAIM for providing financial support for the event and expressed optimism for their continued collaboration in the years to come. He also expressed gratitude to the Reserve Bank of Zimbabwe for the logistical support provided to delegates. Mr. Manungo congratulated MEFMI for holding yet again another successful Executive forum, and acknowledged the role of the Steering Committee in realisation of the event.

Annex I – Participants List

Forum for Deputy Principal / Permanent Secretaries and Deputy Governors
Harare, Zimbabwe 29 – 30 May 2018

Name	Sex	Position / Department	Contact Address	Telephone / Fax / E-mail
Mr. Andrew Motsomi BOTSWANA	M	Deputy Governor	Bank of Botswana 1863 Khama Crescent Private Bag 154, Gaborone Botswana	Tel: +267 3606379 Email: dilebanyel@bob.bw motsomia@bob.bw
Dr. Masilo Philemon Makhetha LESOTHO	M	First Deputy Governor	Central Bank of Lesotho P O Box 1184 Maseru 100 Lesotho	Tel: 266-22-232079 Fax: 266-22-310679 Email: mpmakhetha@ centralbank.org.ls Personal Assistant , Mrs. Jeanett Mosae at jmosae@ centralbank.org.ls Tel: +266 22232079
Dr. Victor Pedro Gomes MOZAMBIQUE	M	Deputy Governor	Banco de Moçambique Avenida 25 de Setembro n°1695 Caixa Postal 423 Maputo Mozambique	Tel: 258-21-428151/9 / 21-318000 - 9 Email: Victor.gomes@ bancomoc.mz fatima. nota@bancomoc.mz
Mr. Nicholas Mukasa NAMIBIA	M	Director of Financial Markets	Bank of Namibia 71 Robert Mugabe Ave P. O. Box 2882 Windhoek Namibia	Tel:+264 61 283 5257 Email: Nicholas.Mukasa@ bon.com.na PA.-Ms. Juanitha Mosiane Tel: 264 61 2835161 Email: Juanitha.mosinae@ bon.com.na
Dr. Bernard Kibesse TANZANIA	M	Deputy Governor Administration and Internal Controls	Bank of Tanzania 2 Mirambo Street P.O. Box 2939 11884, Dar es Salaam	Shamim Manento – Personal Secretary DL +255 22 2233045 Email: samanento@bot. go.tz
Mr. Emmanuel Akaro TANZANIA	M	Manager Foreign Markets	Bank of Tanzania 2 Mirambo Street P.O. Box 2939 11884, Dar es Salaam	Secretary DL +255 22 2233045 ejakaro@bot.go.tz gmnicholaus@bot.go.tz

Name	Sex	Position / Department	Contact Address	Telephone / Fax / E-mail
Dr. Louis Kasekende UGANDA	M	Deputy Governor	Bank of Uganda Plot 37/45 Kampala Road P O Box 7120 Kampala	Tel: +256 414 341223 +256 414 258 441 Email: lkasekende@bou.or.ug Personal Assistant: Mr Edward Tenywa email address: etenywa@bou.or.ug Administrative Assistant: Juliet Walusimbi
Mr. Edward Tenywa UGANDA	M	Deputy Director/PA to Deputy Governor	Bank of Uganda Plot 37/45 Kampala Road P O Box 7120 Kampala	Tel: +256 414 233 751 Cell:+256 751 608 870 Email: etenywa@bou.or.ug Tenywaedward@gmail.com
Dr. Jonathan Chipili ZAMBIA	M	Director of Financial Markets	Bank of Zambia Bank Square, Cairo Road P. O. Box 30080 Lusaka 10101	Tel: 260-211-223307 Email: jchipili@boz.zm
Dr. Jesimen T. Chipika ZIMBABWE	F	Deputy Governor	Reserve Bank of Zimbabwe 80 Samora Machel Avenue P. O. Box 1283 Harare	Email: Jchipika@rbz.co.zw PA: Email: TChambwera@rbz.co.zw Tel:04-703189
Ms. Elaina Gonsalves BOTSWANA	F	Deputy Secretary - Financial Policy	Ministry of Finance & Economic Development Private Bag 008 Government Enclave Khama Crescent Block 25, State Drive Gaborone Botswana	Tel: +267 3950223 Email: semokete@gov.bw Segametsi Mokete egonsalves@gov.bw
Mr. Domingos Juliao Lambo MOZAMBIQUE	M	Permanent Secretary	Ministry of Economy and Finance Caxia Postal 272 Maputo	Tel: +258 21 491081 -7 Email: Emilia.Sitoe@mef.gov.mz domingoslambo@mof.gov.mz
Ms. Sizakele Phumelele Dlamini SWAZILAND	F	Head of policy and Planning	Ministry of Finance Ministry of Finance Building Mhlambanyatsi Road P. O. Box 443 Mbabane Swaziland	Tel: (268) 76063028 Email: dlaminisiza@gov.sz

Name	Sex	Position / Department	Contact Address	Telephone / Fax / E-mail
Mr. Richard Lungu ZAMBIA	M	Assistant Director	Ministry of National Development Planning Zambia	Tel: (260) 976905412 richardxlungu@gmail.com
Mr. Eria Hamandishe ZIMBABWE	M	Director, Fiscal Policy and Advisory Services	Ministry of Finance & Economic Development Cnr. Samora Machel Avenue / 4th Street, Harare	Tel: 0242(250967) Email: cosmbambe@ gmail.com ehamandishe@icloud.com
Mrs. Judith Rusike ZIMBABWE	F	Director, Financial and Capital Markets	Ministry of Finance & Economic Development Cnr. Samora Machel Avenue / 4th Street, Harare	Tel: 0242(250967) Email: cosmbambe@ gmail.com

RESOURCE PERSONS:

Mr. Ritesh Anand- Deputy CEO & CIO, CAIM. Email: Ritesh.Anand@caiml.com
Mr. Slawomir Soroczynski- Senior Fund Manager, CAIM. Email: Slawomir.Soroczynski@caiml.com Mr. Albert Maasland- Group Chief Executive Officer, CAIM. Email: Albert.Maasland@crownagentsbank.com
Mr. Mbaye Gueye- Senior Financial Analyst, Financial Technical Services Department, AfDB. Email: M.B.GUEYE@AFDB.ORG

MEFMI STAFF: 9 Earls Road, Alexandra Park, Harare, Zimbabwe, Tel: 263-4-745988-94, Email: capacity@mefmi.org ; Website: www.mefmi.org

Dr. Caleb M. Fundanga - Executive Director, Email: Caleb.Fundanga@mefmi.org
Mr. Patrick Mutimba – Director, Financial Sector Management, Email: Patrick.Mutimba@mefmi.org
Ms. Vivian Namugambe – Programme Manager, Macroeconomic Management Programme Email: Vivian.Namugambe@mefmi.org
Ms. Michelle Mutinda – Programme Manager, Financial Sector Management. Email: Michelle.Mutinda@mefmi.org
Ms. Jackie Kitiibwa – Programme Manager, Financial Sector Management. Email Jackie.kitiibwa@mefmi.org
Mrs. Gladys Jadagu– Public Relations Manager, Email: Gladys.Siwela@mefmi.org
Ms. Louisa Chirenda – Executive Assistant, Email: Louisa.Chirenda@mefmi.org

Annex II – Event Programme

2018 MEFMI DEPUTY PRINCIPAL / PERMANENT SECRETARIES
AND DEPUTY GOVERNORS FORUM
29 – 30 MAY 2018.
CRESTA LODGE, HARARE

THEME: TRENDS IN SOVEREIGN RESERVES MANAGEMENT

Time	***Event***	***Speaker/Presenter***	***Moderator***
29th May 2018			
09:00 – 9:30	Registration	Secretariat	
09:30 – 09:40	Welcome Remarks	Dr. Caleb M. Fundanga, MEFMI Executive Director	
9:40-9:45	About CAIM	Mr. Ritesh Anand – Deputy CEO & CIO - CAIM	
09:45 – 09:55	Official Opening Remarks	Dr. John Mangudya , Governor Reserve Bank of Zimbabwe	
10:00 – 10:30	GROUP PHOTOGRAPH AND TEA/COFFEE BREAK		
1st SESSION 10:30 – 11:30 11:40 – 12:40	Use of the Renmimbi as a Reserve Currency. Floor discussion	Slawomir Soroczynski, Senior Fund Manager, CAIM	Dr. Louis Kasekende Deputy Governor, Bank of Uganda
12:40 – 14:15	LUNCH		
2nd SESSION 14:15 – 15:15 15:30 – 16:30	Risk Perceptions and Capital Flows; The Case of Africa Floor discussion	Albert Maasland, Group CEO, CAIM	Ms. Elaina Gonsalves Deputy Secretary Financial Policy, Ministry of Finance and Development Planning, Botswana
15:15– 15:30	TEA/COFFEE BREAK		
18.00 – 20.00	DINNER / COCKTAIL		

30th May 2018			
3rd SESSION 09:00 – 10:00 10:00 – 11:00	Financial Products Available for Use by African Countries Floor discussion	Mr, Mbaye Gueye, Senior Financial Analyst, African Development Bank	Dr. Jasmine Chipika, Deputy Governor, Reserve Bank of Zimbabwe
11:00 – 11:15	TEA/COFFEE BREAK		
11:15 – 11:45	***Forum Evaluation*** *– wrap up & official closing remarks*	**MEFMI Secretariat**	MEFMI Secretariat
11:45 – 11:55	Vote of Thanks	CAIM – Group CEO	
11:55 – 12.20	*Closing remarks*	**Mr. Willard Manungo,** Permanent Secretary, Ministry of Finance, Zimbabwe	
12.30 – 17:00	LUNCH & Excursion at Kuimba Shiri Birds Garden		

MEFMI
Macroeconomic and Financial Management
Institute of Eastern and Southern Africa

9 Earls Road, Alexandra Park,
P. O. Box A1419, Avondale, Harare, Zimbabwe

+263 4 745 988/9/91-94

+263 4 745 547-8

capacity@mefmi.org

www.mefmi.org

@mefmiorg

RD-graphix +263 242 741 513