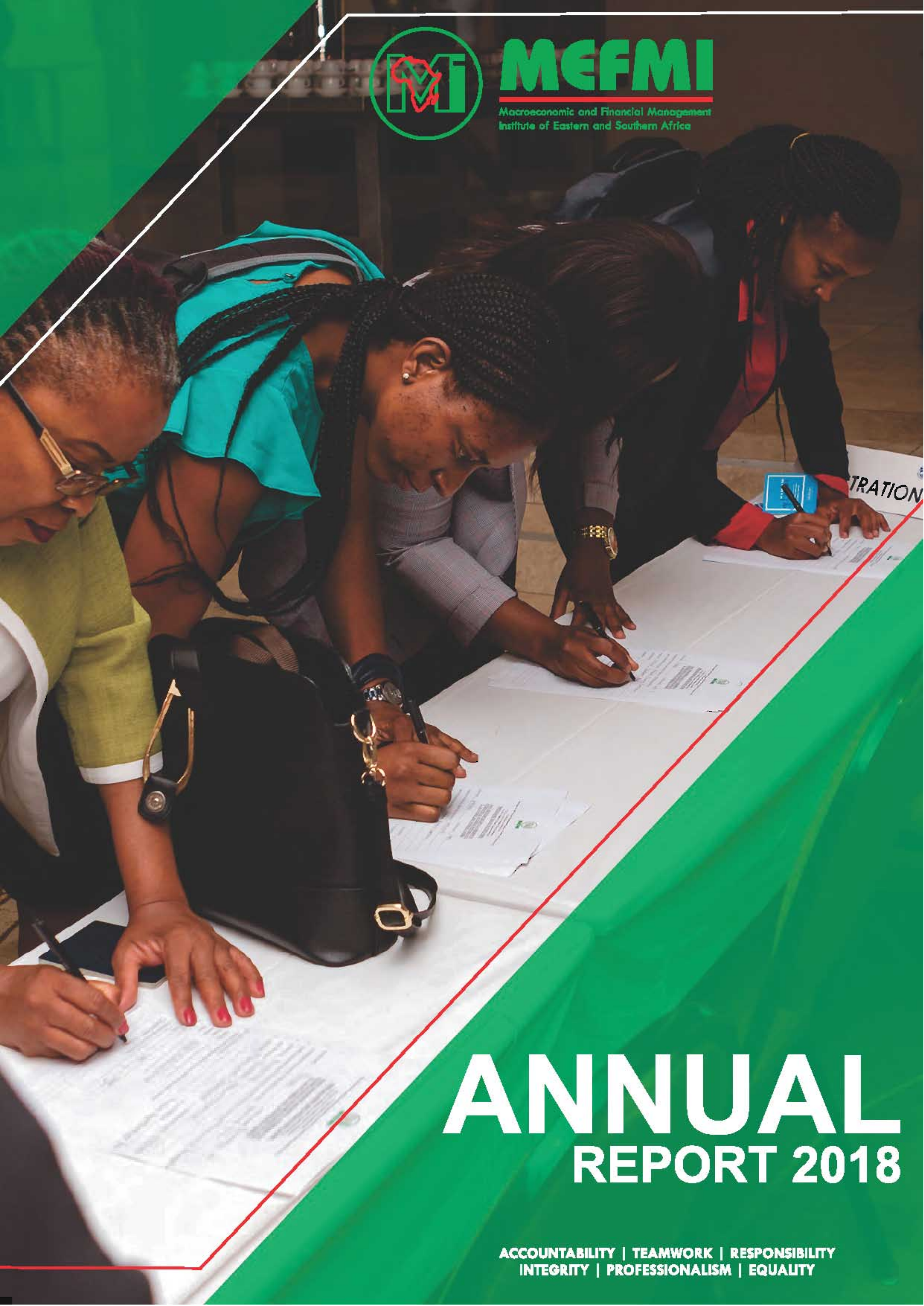

MEFMI

Macroeconomic and Financial Management Institute of Eastern and Southern Africa

ANNUAL REPORT 2018

ACCOUNTABILITY | TEAMWORK | RESPONSIBILITY
INTEGRITY | PROFESSIONALISM | EQUALITY

MEFMI

Macroeconomic and Financial Management Institute of Eastern and Southern Africa

Annual Report 2018

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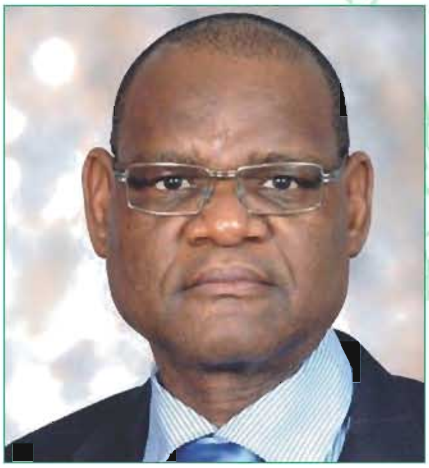
Abbreviations

AfDB	African Development Bank
AFREXIM	The African Export-Import Bank
BDU	Business Development Unit
BIS	Bank for International Settlements
CAIM	Crown Agents Investment Management
COMESA	Common Market for Eastern and Southern Africa
CS-DRMS	Commonwealth Secretariat Debt Recording and Management System
DEMPA	Debt Management Performance Assessment
DMFAS	Debt Management and Financial Analysis System
DMP	Debt Management Programme
DSF	Debt Sustainability Framework
EAC	East African Community
FEMC	Financial Education and Market Conduct
FDP	Fellow Development Programme
FSI	Financial Stability Institute
FSMP	Financial Sector Management Programme
ICRAT	Internal Credit Risk Analysis Tool
IMF	International Monetary Fund
MEFMI	Macroeconomic and Financial Management Institute of Eastern and Southern Africa
MMP	Macroeconomic Management Programme
M&E	Monitoring and Evaluation
MTFF	Medium Term Fiscal Framework
PCMS	Private Capital Monitoring System
RMF	Result Measurement Framework
SSA	Sub Sahara Africa
UNCTAD	United Nations Conference on Trade and Development

Statement By The Chairman



On behalf of the MEFMI Board of Directors, I am pleased to present the annual report for the year ended 31 December 2018. I wish to thank the MEFMI Management and Staff for successful implementation of the 2018 Work Programme as indicated in the narrative of this report. As a regional capacity building Institute, I know MEFMI is effectively serving its client institutions by providing them with appropriate products and services that directly meet their needs and expectations. This report clearly demonstrates that staff together with the pool of regional experts are increasingly being utilised in MEFMI activities. The Board's desire is to see these expertise retained to ensure that client institutions have easily accessible and affordable expert advice locally, consistent with MEFMI's mandate.

With regards to resource mobilisation, the past few years have been challenging, as the resource pool for capacity development activities dwindled with shifting donor priorities. Guided by their regional medium term strategies, traditional financial cooperating partners, ceased direct funding to MEFMI.

This notwithstanding, the commitment by member countries to continue supporting MEFMI is commendable. Following the donor funding withdrawal, member countries' contributions increased to nearly 75 percent of the total annual funding for 2018 albeit based on a smaller resource envelope. Nonetheless, this development clearly attests to member countries' appreciation for and increasing sense of ownership of MEFMI's capacity building projects and programs, for which we all are grateful.

I want to extend great appreciation to financial partners that supported the Institute in 2018; namely, African Capacity Building Foundation (ACBF), World Bank Debt Management Facility (DMF), African Export-Import Bank (AFREXIMBANK), Investec Asset Management and Crown Agents Investment Management (CAIM). I also want to thank all the technical cooperating partners who, over the years, continued to provide invaluable support to the Institute. These include the International Monetary Fund (IMF), Commonwealth Secretariat (COMSEC), United Nations Conference on Trade and Development (UNCTAD), African Institute for Economic Development and Planning (IDEP), East and South AFRITAC, African Forum and Network on Debt and Development (AFRODAD), South African Reserve Bank (SARB) and Financial Stability Institute (FSI) based at the Bank for International Settlements. These collaborations allowed for synergies and leveraging of resources for greater impact. It is my hope that these excellent and symbiotic partnerships will continue in the coming years.

The 2018 Annual Report covers the operations of the Institute and, also, presents the audited financial statements for the year. At the Board meeting held in Bali, Indonesia on 9 October 2018, Ernst and Young (EY) were appointed as the Institute's external auditors for the 2018 financial year; their audit report and opinion is contained in this report. It is my pleasure to report that the Institute has yet again received an unqualified audit report. I want to commend Management and staff for this achievement. The Board, through the Executive Committee (EXCOM) and the Finance and Audit Committee, is continuously working to strengthen the Institute's reporting, compliance, risk management and control functions. I wish to acknowledge the dedication of the MEFMI Board of Governors who, despite their busy schedules, were able to have a quorum for all planned governance meetings held during the year.

I wish to report that the Institute bid farewell to the Executive Director, Dr. Caleb Fundanga whose tour of duty came to an end in August 2018. On behalf of the Board of Governors and on my own behalf, I would like to wish him a fruitful future as he embarks on his new endeavors.

I am pleased to announce the appointment of Mr. Michael Atingi-Ego in September 2018 as the new Executive Director and an ex-officio member of the Board of Governors. Mr. Atingi-Ego brings to MEFMI a wealth of experience from his prior, and valued global assignments. I would like to wish him a successful tour of duty.

As this is my last report after the normal two year rotation, I would like to take this opportunity to thank the Board of Governors for their support during my tenure. As I hand over to the in-coming Chairman of the Board of Governors Mr. John Rwangombwa, Governor National Bank of Rwanda and the in-coming vice-Chairman who will also be the EXCOM Chairman Prof. Florens Luoga, Governor Bank of Tanzania, I would also like to announce the members for the 2019 / 2020 EXCOM – Mr. José de Lima Massano, Governor, Banco Nacional de Angola; Dr. Adelaide Matlanyane, Governor, Central Bank of Lesotho; Mr. Ipumbu Shiimi, Governor, Bank of Namibia; Dr. Denny Kalyalya, Governor, Bank of Zambia; Dr. John Mangudya, Governor, Reserve Bank of Zimbabwe (ex-officio) and Mr. Michael Atingi-Ego, Executive Director (ex-officio, Secretary).

I wish them well in the execution of the Institute's mandate and respective duties and responsibilities. Allow me to reiterate that MEFMI is our own home grown entity that we established 24 years ago. As member countries we saw it fit back then to have an institution that belongs to us, which offers our institutions tailor-made and home grown solutions that address our varied and yet similar macroeconomic challenges. It is our duty as the Board to ensure that the Institute is adequately equipped to meet its mandate by supporting it to ensure its continued existence.

Moses D Pelaelo
Governor, Bank of Botswana

Statement By The Executive Director

I am delighted to report on the activities that were conducted by the Institute in 2018, which was the second year of implementing the Phase V Strategic Plan (2017-2021). I wish to point out that the presentation format of this report is markedly different from the previous reports. This has been done in order for the Institute to clearly articulate its measurable performance in the implementation of the Phase V Strategic Plan. The Plan is built around five (5) key strategic pillars that are articulated in the narrative report and are monitored using a Results Measurement Framework (RMF).

The implementation of Phase V is however, taking place in an environment characterised by a changing landscape in the provision of capacity building activities. The shifting donor priorities have adversely affected funding from these traditional sources while changes in modalities of engagement have presented challenges in mobilising adequate resources for financing the Phase V Plan. In addition, emerging issues in the region such as the rising debt vulnerabilities and the need to upgrade existing tools and systems to meet these challenges is edging up demand for MEFMI activities. Notwithstanding these developments, the Institute managed to leverage its 24 years' of operational experience and the solid partnerships nurtured over time to effectively deliver its mandate during the year.

As a result, the Institute implemented 120 capacity building activities in 2018, up from 83 activities in 2017. These activities benefited 1,824 officials up from 1,763 in 2017, with a gender representation of 57 percent male and 43 percent female compared to 59 percent and 41 percent respectively in 2017. A notable milestone is the increase in the number of in-country activities designed to address country-specific capacity needs, from 44 to 51 in 2017 and 2018 respectively, and more specifically to Lusophone member countries. Evidently, the increase is in line with Phase V thrust of broadening and ring-fencing resources to meet specific needs of client institutions in member countries.

Phase V Plan brought about a strategic shift in MEFMI interventions that not only demands further innovative approaches, but also a deepened focus on the monitoring, evaluation and results of those interventions. In 2018, the Institute sought to consolidate the gains made in the development of a Results Measurement Framework by integrating staff 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. One of the innovations which is visually recognisable this time is a shift from activity to pillars based reporting in our review documents.

Recognising 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. The BDU also became operational in 2018, 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.

Building on the successful launch of e-learning courses in 2014, we continued to intensify delivery of online courses in 2018 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 2018, 8 were offered via e-learning. Importantly, the delivery of online courses has boosted participation in MEFMI activities especially for those who would have otherwise been held back by other reasons such as nursing mothers and the physically handicapped. The use of online recruitment system and the videoconferencing facility were implemented and operationalised; these are now contributing to cost reductions in travel and accommodation for staff and fellows recruitment. This positive impact has been evident on our operational efficiency and in the realisation of value for money within the environment of a tight budget.

Cognisant of the increasing demand for better governance through enhanced compliance and constant update, and reforms to match the International Financial Reporting Standards the Institute is revamping its reporting systems. Consequently, it continues to meet the reporting requirements to its member states and cooperating partners through its financial system. In addition, its Human Resources strategy is focused on attracting and retaining outstanding talent in the region so as to successfully steer the mandate of the organisation

Despite these positive results in 2018, the member countries continue to face some challenges posed by emerging issues - effects of the global financial crisis, the rising debt vulnerabilities, regional infrastructure deficits, and the related need to upgrade existing tools and scale up capacity building interventions to meet these challenges. Cognisant of these developments, MEFMI commissioned three (3) specialised studies that supports evidence based policy formulation and implementation, namely: Mapping the EAC Regional Ports with Complementary Transport Infrastructure to Facilitate Trade, Innovative Mechanisms for Financing Infrastructure Development and Developing Mortality Tables.

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. To Management and staff of the Secretariat, I would like to extend my gratitude for their hard work as well as continuing to steer the Institute forward.

Executive Summary

The year 2018 marks the second year of implementing the Phase V Strategic Plan (2017 – 2021), built around five strategic pillars, namely: Programming Relevance and Effectiveness; Diversification of Revenue Sources; Innovation and Technology; Monitoring and Evaluation; and Finance and Administration Effectiveness. Each pillar has a set of corresponding strategic objectives, expected outcomes and annual targets. The main thrust of the 2018 work plan was to implement activities that contribute to achievement of these objectives, while responding to new capacity gaps emerging from the evolving global economic environment.

This Report provides a detailed progress in the execution of the 2018 work plan under each of the strategic pillar. Key highlights of the achievements are as follows:

Pillar I: Programming relevance and effectiveness - Under this pillar, capacity building interventions focused on improving the quality of financial and macroeconomic statistics; capacity for policy formulation and implementation; developing regional expertise in priority areas; and fostering the adoption of sound practices, tools, standards and principles.

With regards to statistics, member countries were assisted to compile and validate their databases as part of broader efforts to promote best practices and advance better and more consistent data management practices. Interventions in this regard included validation of public debt databases, as well as enhancing capacity and knowledge on the conceptual methodology and compilation frameworks of the 2008 System of National Accounts and Balance of Payments, and International Investment Position Manual. In addition, institutional and human capacity was built to prepare sound analytical and statistical reports to enhance transparency and accountability in the management of public resources.

In terms of policy formulation and implementation, interventions focused on supporting countries to use tools that help them integrate debt management policies and strategies into broader macroeconomic frameworks; support financial system stability; and enhance budget formulation processes. This included dissemination and application of the revised debt sustainability framework as well as development of customised medium term fiscal frameworks. The assistance is expected to inform the respective governments' medium-term strategies as well as their engagement and dialogue with relevant stakeholders to enhance policy efficacy.

The Institute developed and disseminated customised tools and products to support countries in adopting sound practices and policies. In this regard, the Institute finalised a study on some of the topical issues of policy significance to the region, notably, Mapping the EAC Regional Ports with Complementary Transport Infrastructure to Facilitate Trade. Two manuals were also produced in 2018, namely, Manual on Debt Sustainability Analysis and Handbook for compilation of Trade in Services. These are expected to enhance human resource capacities of client institutions as well as preserve institutional memory in these areas. The Institute also finalised two studies on Developing Mortality Tables, and Innovative Mechanisms for Financing Infrastructure Development.

The Institute also continued to develop a critical mass of regional experts through the Fellows Development Programme (FDP). In line with this objective, a survey was commissioned to review the FDP and related policy and procedures so that they are consistent with the evolving global human development practices. Commendable progress was also made in utilising fellows in delivering capacity building activities in the region.

Pillar II: Diversification of Revenue Sources – under this pillar, MEFMI prioritised efforts to diversify funding sources during the year. The Business Development Unit implemented fee-based activities to non-member client institutions, although the uptake is still low. In this regard, the Institute continued with efforts to increase outreach to the target market, and has engaged with various organisations as part of brand awareness and exploring scope for collaboration.

In addition, co-financing arrangements were also explored to crowd in additional funding for programme activities. In this regard, the Institute implemented activities under co-financing arrangements with the Department for International Development (DFID), International Monetary Fund (IMF) and the World Bank country office in Zimbabwe. This increased the flexibility needed to fulfil a growing demand for capacity building by member states.

Pillar III: Monitoring and Evaluation - the Institute continues to implement the Results Management Framework (RMF) to better prioritise and focus activities based on achievable outcomes, not just on inputs. Consolidating the gains achieved in 2017, continued to integrate staff bi-annual performance reviews into the monitoring and evaluation framework. 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. In addition, the Institute commenced the development of an Integrated Management Information System, as part of efforts to enhance the production and management of information generated and received.

Pillar IV: Innovation and Technology – MEFMI continuously leveraged on technological advancements and innovation as part of its drive to enhance impact and relevance to stakeholders. In this regard, interactive online content was added to the MEFMI e-learning platform to enhance participants' learning experience. The year 2018 also saw introduction of tools such as videoconferencing to conduct meetings with external stakeholders instead of the costly face to face. In addition, all systems hosted by MEFMI are now available at the offsite disaster recovery site with daily replication.

Pillar V: Finance and Administrative Effectiveness – MEFMI continued to enhance finance and administrative effectiveness by improving its budgeting system known as Quantrix. This is expected to enhance the Institute's budgeting and reporting to member countries and cooperating partners. In addition, the Institute reviewed Staff contracts with a view to aligning them to the Phase V strategic objectives. . As part of efforts to ensure staff have the right skills set and competencies to deliver on the MEFMI mandate, the Institute integrated the staff development plan into the Integrated Management Information System. This will help the Institute track the plan and be proactive in its approach to keep staff's competencies current and evolving, and ensure consistent performance standards are maintained.

Funding challenges continued to impact on the implementation of Phase V Strategic Plan. Due to these budgetary constraints, the duration of some of the MEFMI funded activities have been reduced to five days, and this posed a challenge in the delivery of content heavy activities. Nevertheless, the Institute leveraged its 24 years of experience and solid partnerships to effectively implement these activities without compromising on quality.

Despite funding challenges, the Institute is currently on track to achieve the cumulative annual targets for 2018 strategic objectives set out in the Phase V largely because of the innovative approaches and cost- reduction measures put in place to increase efficiency in activity delivery. Key lessons learnt during implementation of the 2018 work plan are critical to inform effective delivery of future capacity building activities. For instance, introduction of translation and interpretation services during both regional and in-country activities saw an improvement in the participation of officials from Lusophone. Going forward, the Institute will endeavour to improve the quality of these services to enhance participants' learning experience and hence outcomes. In addition, there are opportunities for collaboration with the private sector to support countries in addressing capacity gaps emerging from the evolving global economic environment.

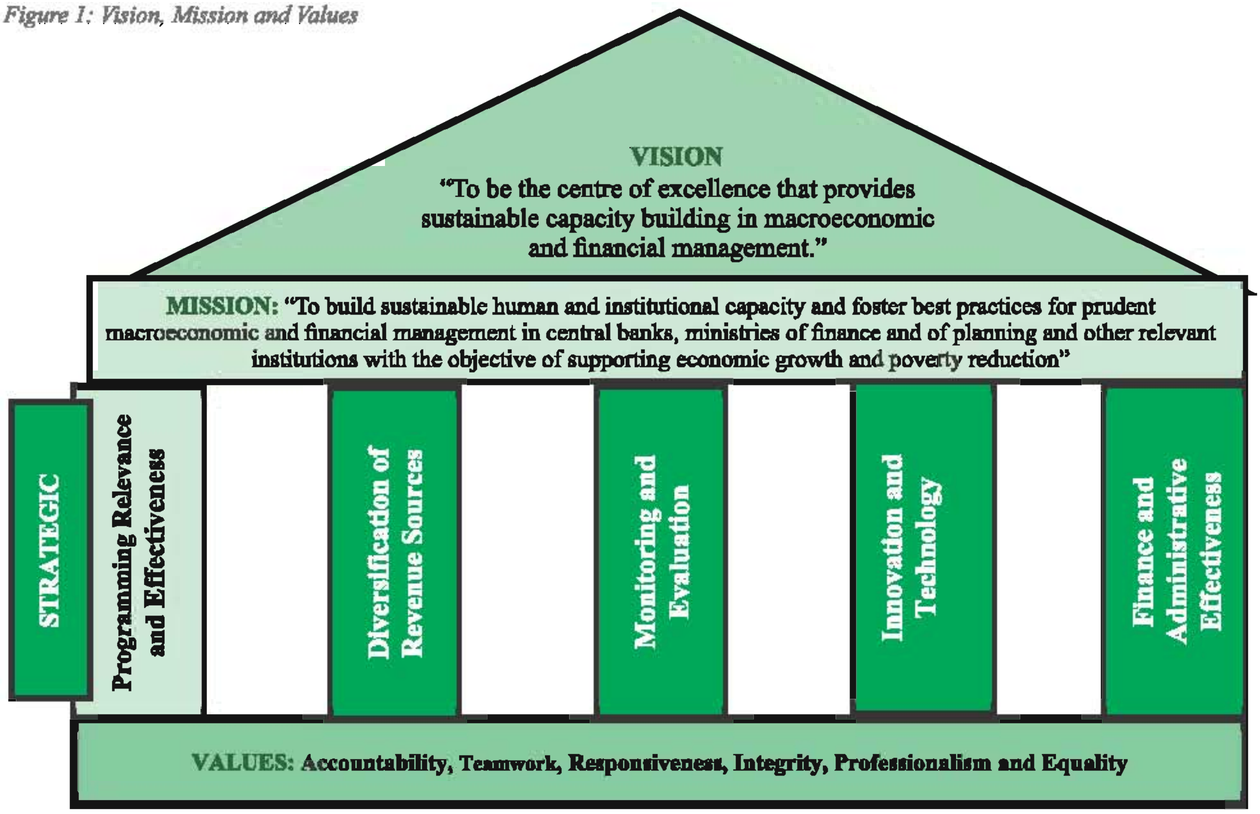

Moses Pelaelo
Botswana

SECTION A
INSTITUTE WIDE SUMMARY

1.1. Introduction

MEFMI is mandated to build sustainable capacity of its member countries in macroeconomic, sovereign debt and financial sector management. To achieve this, the Institute identified five (5) strategic pillars as presented in Figure 1, covering the period 2017 to 2021. This report covers the activities undertaken by the Institute in 2018, in line with the strategic pillars.

Figure 1: Vision, Mission and Values



1.2. Recent Economic Developments In The Mefmi Region And Beyond

The IMF's World Economic Outlook (WEO) report of October 2018 estimates global growth in 2018 to remain at the 2017 growth rate of 3.7 percent. The growth is on the backdrop of various regional growth performances. For instance advanced economies are expected to grow by 0.1 percentage points from 2.3 percent recorded in 2017, mainly on account of strong fiscal stimulus in the United States of America. The Emerging and Developing economies (EMDEs) are estimated to record a stable growth of 4.7 percent during the same period. The growth in the EMDEs reflects amongst others, a mixed performance of resource and non- resource rich countries as well as a slowdown in China growth. The Euro area is estimated to slow down to 2 percent from 2.4 percent in this period particularly due to uncertainties' related to Brexit.

The WEO further estimates growth in sub-Saharan Africa (SSA), to pick up from 2.7 percent in 2017 to 3.1 percent in 2018 largely driven by various factors such as a positive global economic growth and a rebound in commodity prices. Other Institutions like the World Bank and African Development Bank (AfDB) estimate the SSA growth in 2018 at 2.7 percent and 3.5 percent respectively. Both these institutions suggests that this growth will be driven, on the supply side by a recovery in the agriculture sector and oil prices and on the demand side, an increase in consumer spending and public investment. Despite this growth, some downside risks still remain. This includes the inability to translate this economic performance into job enhancing and inclusive growth, persistent current account and fiscal deficits, as well as growing debt vulnerabilities amidst uncertainty in global commodity prices.

With respect to debt dynamics, the stock of gross government debt across the SSA region was estimated to have risen by 3 percentage points, from 45 percent of GDP in 2017 to 48 percent of GDP in 2018, largely reflecting sustained expenditure increases. The proportion of low-income countries (LICs) at high risk of debt distress or in debt distress increased by 6 percent during the period, while for many countries at low or moderate risk of debt distress, safety margins have eroded.

With respect to commodity prices, the World Bank commodity price database of January 2019 highlights that, on average, energy prices were up 28 percent in 2018 compared to 2017, with strong gains recorded in oil, coal and natural gas. In this connection, crude oil prices averaged US$68 per barrel (bbl) in 2018 (up from US$53/bbl in 2017). Furthermore, the US-China trade disputes were anticipated to have a negative effect on the non-energy commodity prices.

MEFMI member states are prone to contagion effects arising from performances in other economic regions. In this regard, growth in 2018 in the MEFMI region is estimated at an average of 3.4 percent up from 2.7 percent recorded in 2017. This growth is expected to benefit commodity exporters more than the non-commodity exporters whose growth is expected to be driven by private sector led investment. A closer look at the region indicates that, with the exception of Botswana and Eswatini, all the other MEFMI member countries recorded current account deficits in 2018, averaging 7.5 as a percentage of Gross Domestic Product (GDP), mainly on account of higher import bills. By the end of 2018, the gross government debt to GDP ratio for the MEFMI region was estimated at 55 percent, although this masks heterogeneity across countries with some facing high risk of debt distress.

The evolution of public debt indicators in the MEFMI region mirrors that of the SSA region, with average debt to GDP ratios increasing from 51 percent of GDP to 56 percent of GDP. By close of 2018, four (4) countries in the MEFMI region were at high risk or already in debt distress, with the remainder either facing low or moderate risk of debt distress. Only Kenya's risk of debt distress worsened with the rating revised from low to moderate. Looking forward, the MEFMI region needs to keep pursuing measures for fiscal consolidation to contain deficits and strengthen financial buffers amidst the growing debt obligations.

1.3. 2018 Activities

The main thrust of the 2018 work plan was to implement activities that contribute to the achievement of objectives of the MEFMI Phase V Strategic Plan (2017-2021), taking into account the emerging issues and identified capacity gaps in macroeconomic, financial sector and public debt management.

The Institute finalised studies on topical issues of policy significance to the region. During the period under review, the Institute finalised a studies on "Mapping the EAC Regional Ports with Complementary Transport Infrastructure to Facilitate Trade", "Developing Mortality Tables", and "Innovative Mechanisms for Financing Infrastructure Development". Furthermore, the Institute produced a Manual on Debt Sustainability Analysis, and the customised Handbook for compilation of Trade in Services

In delivering some of these activities, MEFMI leveraged on existing partnerships with various technical cooperating partners such as the International Monetary Fund (IMF), World Bank, The Bank for International Settlements (BIS), The Financial Stability Institute (FSI), The United Nations Conference on Trade and Development (UNCTAD), Commonwealth Secretariat (COMSEC), Investec Asset management, Crown Agents Investment Management (CAIM), AFREXIMBANK, The African Development Bank (AfDB), The Common Market for Eastern and Southern Africa (COMESA) and the East African Community (EAC), amongst others. MEFMI continued to leverage on innovation in information technology, including delivering E-learning courses and enhanced web-based resources for information exchange.

Table 1 presents a summary of activities conducted by the Secretariat.

Table 1: Summary of activities conducted in 2018

ACTIVITIES	Activities Executed in 2018
Regional Workshops	
(a) Residential	23
(b) E-learning	8
Total Regional Workshops	**31**
In-country capacity building activities	
(a) In-Country Workshops	31
(b) Country Missions	20
Total In-Country Activities	**51**
Other Activities	
Fellows Development Programme Activities	0
Specialised Studies	3
Research & Policy Seminars	0
Executive fora	3
Governance	
Networking	18
Staff Development	14
Total Other Activities	**38**
Grand Total - All Activities	**120**

1.4. 2018 Hallmark Achievements

In 2018 MEFMI implemented a strategic work plan promoting activities that largely produced the annual cumulative targets two years into MEFMI Phase V Strategic Plan (2017-2021). Interventions in financial sector management focused on sovereign foreign reserves management, domestic financial markets and financial sector supervision, as well as financial sector infrastructure produced plausible results. The focus of macroeconomic management activities was on improved provision of data to support the formulation and impact assessment monetary and fiscal policy with activities focusing on macroeconomic modelling and forecasting, macroeconomic statistics compilation and analysis, and private capital flows monitoring and analysis. In the Debt Management Programme, the focus was on building capacity of member countries to sustainably produce debt statistics, conduct debt sustainability analysis and prepare debt management strategies. Table 2 summarises hallmark achievements in macroeconomic and financial management.

Table 2: Summary of Programme Results 2018

Indicators	Target 2018	Outcome - December 2018	Outcome - against 2021
Pillar 1			
Number of countries producing Annual Debt Statistical bulletin that meet the minimum requirements.	6	100% (6)	55% (11)
Number of countries conducting Annual Debt Sustainability Analysis (DSAs) as an integral of annual budget formulation	6	100% (6)	55% (11)
Number of countries with approved and annually updated Medium Term Debt Management Strategy (MTDS)	6	150% (9)	82% (11)
Number of countries that are conducting stress tests as part of their supervision work.	5	80% (4)	67% (6)
Countries producing a Financial Stability report for their markets	5	100% (5)	83% (6)
Number of countries that have developed monetary policy communication strategies	6	83% (5)	50% (10)
Number of countries that have adopted and Implemented the Principles for Financial Market Infrastructures	11	82% (9)	69% (13)
Satisfaction rate recorded from Lusophone on MEFMI activities	55%	84%	100%
Proportion of stakeholders attending MEFMI events when invited.	60%	80%	75%
Percentage ratio of female to male staff at the Secretariat (50:50).	50:50	59:41	50:50
Pillar 2			
Collections before end of activity (Tuition and user fees)	100%	98%	100%
Pillar 3			
Proportion of annual targets achieved	60%	74%	100%
Proportion of clear and measurable targets in the MEFMI Results Measurement Framework (RMF).	90%	>95%	98%
Pillar 4			
Proportion of courses delivered using the LMS/E-learning.	18%	35%	22%
Proportion of participants satisfied with virtual tool sessions	70%	85%	85%
Percentage of services which are available remotely/web-based.	30%	67%	50%
Duration of disaster recovery process	2 hrs.	2 hrs.	2hrs
Pillar 5			
Percentage of the MEFMI budget that is based on expected results/outcomes.	70%	100%	95%
Percentage annual budget variance.	+7%	[1]-7.89%	+/-5%

[1] 2018 results.

SECTION B
PILLAR AREA PROGRESS

2.1. Pillar 1: Programming Relevance And Effectiveness

(i) Improving the quality of financial and macroeconomic statistics in line with international compilation and reporting standards. In so doing, it is anticipated that these statistics would aid the region to better understand economic flows and evidence-based policy formulation as well as support prudent macroeconomic management and guide sustainable development strategies. In this regard, interventions were focused on strengthening the capacities in client institutions in understanding and compiling macroeconomic and financial statistics in line with various latest international manuals. In some cases, the interventions reviewed the application of manual methodologies and assessment of data quality.

Where gaps were found, recommendations for improvement were made. Most interventions involved data validation as part of broader efforts to promote best practices and advance better and more consistent data management, especially on public debt management and monetary and financial statistics. In addition, the in-country activities focused on raising the capacity of a critical mass of officials in client institutions, specifically on their skills and institutional capacity to produce sound statistical reports to ensure transparency and accountability.

Some of the interventions by the Institute included the following activities: System of National Accounts (SNA2008) and Balance of Payments and International Investment Position Manual (BPM6) conceptual methodology and compilation framework. In-country missions included that on trade in services for the National Institute of Statistics of Rwanda and on debt data validation for Eswatini. Furthermore, a joint mission with UNCTAD to Angola resulted in draft debt statistical bulletin and portfolio analysis report which was submitted to senior authorities for approval and publication.

(ii) Strengthening capacity for financial and macroeconomic policy formulation and implementation: The interventions largely focused on strengthening the client institutions capacity to use existing tools to enhance the implementation of financial and economic policies. Such tools include (a) the application of the recently revised IMF/World Bank Debt Sustainability Framework (DSF) for conducting Debt Sustainability Analysis (DSA); (b) use of existing tools in designing debt management strategies (c) Use of forward looking analysis and interventions to support financial system stability (d) Application of macro-fiscal tools to enhance the budget making processes.

In light of the above, the Institute activities included (a) regional training on the use of the IMF/World Bank DSF (b) regional training on designing medium term debt management strategies; (c) pilot training on the use of the Meridian debt management system that has been developed by the Commonwealth Secretariat to replace the CS-DRMS (d) technical assistance to the Government of the United Republic of Tanzania to assess the country's public debt sustainability and build capacity of officials to use the revised IMF/WB DSF. Results of the DSA are expected to inform governments' medium-term strategies as well as engagement and dialogue with development partners. Country officials are also expected to use the new tool to undertake subsequent annual DSAs with minimum external support; (e) technical assistance to the Government of Zimbabwe to explore alternative debt relief options to inform government's efforts to secure comprehensive debt relief that will restore debt sustainability; (f) A retreat for heads of bank supervision, jointly delivered with FSI, focusing on leading indicators and forward looking interventions.

It is expected that this focus on early identification and intervention would help regulators be more effective in upholding financial system stability; (g) a regional event on Financial Market Conduct to enhance skills of the participants with respect to development, implementation and monitoring and evaluation of Financial Education Programmes. It also provided better understanding of global best practice, regulations and tools for Market Conduct Supervision; (h) in-country mission to Angola on Fiscal Policy Analysis and Medium-Term Fiscal Framework (MTFF) for the Ministry of Finance. The mission produced a draft MTFF for Angola and imparted skills to the officials on ascertaining the revenue and expenditure perspectives of the framework, making three (3)-year cost projections (capital and recurrent; program and sub-program costs), and ascertaining the data gaps and measures, going forward.

The Institute further conducted some regional activities with its technical partners to this effect. For Instance, in collaboration with the IMF Institute for Capacity Development (ICD), a workshop on Exchange Rate Policy Analysis strengthened knowledge of participants on key definitions and concepts used in exchange rate analysis; effects of changes in the real exchange rate on external adjustment and growth. Participants also learnt exchange rate regimes and related macroeconomic trade-offs; and the main exchange rate policy challenges in developing and emerging market economies. The workshop also imparted skills to participants on methodologies to estimate the equilibrium real exchange rate, and on analytical tools that can be used to improve, amongst others, current account deficits and support the region towards the attainment sustainable economic growth. In addition, a workshop on Smart Fiscal Policy for Climate Action was jointly conducted with the World Bank. It imparted skills and knowledge required to deal with the risks and disasters that might be caused by climate change and its impact on different sectors and activities. It also enhanced skills on how to absorb and reduce the risks and disasters to be caused by such changes.

(iii) Developing regional expertise in priority areas of sovereign debt, macroeconomic and financial sector management. The Institute supported the development of high quality regional experts in various ways. It commissioned a survey to review the Fellows Development Programme (FDP) and the related policy and procedures. Furthermore, the Institute continued to track progress of Fellows based on the Work Programme of the 10^{th} FDP intake. In particular, the candidate Fellows were supported to complete their technical papers.

The utilisation of the graduate and accredited fellows continues to be monitored to determine their relevance and contribution to their respective institutions and the region. Five of the eleven papers presented during the 2017 Fellows graduation and accreditation events have been uploaded on the web site. Publication of these papers ensures that their research findings are publicly disseminated for possible use by member countries and other regions. In addition, the Institute assessed some candidate and graduate fellows who were on a delayed path. This therefore reduced the backlog of fellows who had not graduated or been accredited in the past due to various reasons.

(iv) Fostering the adoption of sound practices, tools, standards and principles. The activities under this objective focused on adaptation, documentation and rolling-out of sound practices, tools, standards and principles. To the extent possible, the Institute leveraged on its regional knowledge and expertise to emphasize adaptation over simple adoption. To this extent therefore, the following were undertaken.

Development of a DSA Manual; The Institute developed a DSA Manual to document all the steps and information requirements for undertaking a debt sustainability analysis. The Manual is expected to enhance the human resource capacities of client institutions as well as preserve institutional memory in the area of debt sustainability analysis. It will also help to shape policies and enhance operational effectiveness in member countries. At the regional level, this Manual is expected to harmonise approaches to borrowing decision-making and debt sustainability assessment methodologies, thus improving prospects for and accelerating progression towards meeting the regional convergence criteria. While the Institute has over the years made significant progress in building and strengthening capacities of member countries in conducting debt sustainability analyses (DSA) using the IMF/World Bank Debt Sustainability Framework (DSF), the challenge for member countries has been to retain this capacity within debt management offices and hence sustain institutional memory

Tools to strengthen Insurance markets: The development of tools to assist countries strengthen insurance markets was enhanced by the completion of a study on mortality tables. The study was piloted with data from Uganda with the objective of addressing the dearth of data with respect to longevity risk. The longevity risk is a key element in the pricing of products like annuities and life insurance contracts. The slow growth of insurance and pensions sector in the region has been partly attributed to inadequate information on the longevity of clients.

Tools for Risk Assessment: The Institute developed and rolled out an Internal Credit Risk Analysis Tool (ICRAT) to Namibia and Rwanda. The tool seeks to identify inconsistencies in publicly available market information for internal assessment of credit risk in the management of sovereign foreign exchange reserves. Inconsistencies flagged out in this manner are then subjected to deeper scrutiny by the risk management teams.

Private Capital Monitoring System (PCMS) Version3: To help improve the timeliness of FPC data capture and reporting, the Institute continued to roll out the Private Capital Monitoring System (PCMS) Version 3 to support countries in compilation of their foreign investment statistics in line with the Balance of Payments and International Investment Position Manual sixth edition (BPM6). PCMS Missions were conducted in Kenya, Malawi, and Tanzania which imparted skills to officials on the system functionalities and to enable them capture their foreign investment survey data. In addition, a regional workshop for PCMS users was conducted, which provided a platform for evaluation of the PCMS' compliance with country reporting requirements and user needs. The workshop's immediate output were the consolidated user needs from the region that will be used to guide the continued improvement of the PCMS.

Other Regional activities to enhance the Institute relevance and effectiveness were undertaken including the following: A number of studies were undertaken by the Institute to forge policy proposals that address emerging challenges in the region. These include a) the conclusion of a study that assessed how the potential of alternative financing options could be unlocked to finance infrastructure development in the region. The study identified pros and cons associated with each development financing option, and made recommendations on how best these can be managed. Dissemination of the study findings are expected raise awareness on opportunities and challenges associated with alternative options for financing sub-regional infrastructure projects, as well as enhancing capacity of country officials to manage diversified debt portfolios. b) a study on Mapping the EAC Regional Ports with Complementary Transport Infrastructure to Facilitate Trade. The study was motivated by the deficient EAC regional transport system which to some extent did not fulfil its function as a catalyst for the region's integration and trade facilitation. The study findings are expected to inform the formulation of the EAC Regional Ports Development Strategy which will go towards aiding the region to attracting investment, improving competitiveness and promoting trade and successful regional integration.

With respect to cross cutting issues, the Institute conducted activities on regional economic integration and a regional workshop on Gender-Responsive Economic Policy Management. To support regional integration, two in-country workshops were conducted, and one E-learning regional course which was jointly conducted with The African Institute for Economic Development and Planning (IDEP). They enhanced participants' knowledge on regional integration theories and state of play of the regional integration agenda in Africa. The regional workshop on gender-responsive economic policy management increased awareness on the understanding of the relationship between gender and economic policy. It also improved skills for gender sensitive economic policy making and analysis.

2.2. Pillar 2: Diversification Of Revenue Sources

As part of efforts to enhance sustainability of the Institute, the Secretariat has continued with efforts towards mobilisation of funds and other resources during Phase V.

(i) To attract new sources of funding. Initiatives aimed at increasing the proportion of income generated annually by the Business Development Unit (BDU). The secretariat continued to support the operations of the BDU which conducted three successful workshops in March, June and August. With increased market outreach efforts in the Zimbabwe market beginning to bear fruit, the course enrolment figures picked up resulting into improving revenues. However, this was subsequently affected by the broader currency issues that saw its separation into USD Nostro and RTGS $ while retaining parity but complicating the convertibility of the two. The major challenge has been the low uptake from the target MEFMI non-client institutions, perhaps due to low training budgets and a competitive environment.

2.3. Pillar 3: Monitoring And Evaluation

Monitoring and Evaluation (M&E) is a major focus in Phase V, and it is aimed at improving the quality of information used in decision making and improving programme delivery. In addition, M&E provides the necessary information required to make decisions regarding critical areas for improvement, allocation of resources, and prioritising, amongst others. In 2018, the Institute continued developing an Integrated Management Information System (IMIS), as part of efforts to enhance the production and management of information.

(I) Strengthening the monitoring and evaluation of MEFMI Programmes. The MEFMI secretariat continued to support timely data compilation and reporting. In this regard, the RMF is being refined, particularly, indicator definitions, rationale and calculation for selected indicators to support accurate and plausible reporting of the results.

Two Bi-Annual Performance Reviews were conducted to assess the progress of planned activities and results achieved along with the anticipated outcomes. In addition, preparations for the 2019 MEFMI Mid-Term Review commenced.

MEFMI continued to demonstrate quality and timely data compilation and reporting based on the feedback and learning, mainly from the 4th Bi-Annual Performance review. In the review meetings, indicators were upgraded and became focussed and easier to understand as a result of interactive sessions. By the end of the year, the MEFMI RMF had more than 95% of the approved reporting indicators ready to support results reporting.

(ii) Enhancing the production and management of quality M&E information. MEFMI continued to update the Fellows Development Programme database and monitored progress against the Candidate Fellows' Work programme. As part of total quality management process, back to office reports (BTORs) on missions, workshops, training and research were reviewed to validate reported results in the quarter.

In the year, MEFMI began the process of developing the IMIS system in collaboration with United Business Solutions (UBS), the database developers. The IMIS was reviewed by staff at each step of development, which included a comprehensive training for the Database and IMIS Committee. This development comes with a three months warranty period, running from December 2018 to February 2019.

2.4. Pillar 4: Innovation And Technology

Information Technology is a critical support function of the MEFMI business. The evolution of ICT affects the business environment in many significant ways. It changes business practices, reduces costs and alters the ways in which systems should be controlled. MEFMI is continuously adapting to the changing environment and embraces opportunities in ICT as they emerge. In 2018, the following were focused on achieving this objective:

(I) Leveraging on Innovation and technology in programme delivery: The Secretariat continued to leverage on innovations and technology in its program delivery to client institutions. Progress was made through:

Increased outreach of e-learning courses: Interactive online content plugins were added to the E-learning platform to enhance participants' course experience. One major string from the course evaluations is that participants found the e-learning portal easy to navigate, while also indicating a need for more interactive tools. The Institute will continue to strengthen these tools going forward. The E-learning courses conducted in the year are listed under regional courses. The use of technology and innovative ideas is improving programme delivery through the use of E-learning tools although the supporting interactive content such as webinars and online videos is under development. The Institute sees the potential in lowering cost of delivery as travel and accommodation cost are reduced through increased use of technology while maximizing outreach to participants.

Improved information risk management: MEFMI's information resources are critical for the sustained functioning of the Institute. Risk management continues to be carried out through the audit processes. The single risk identified for information management, through the audit process for the year was addressed. This effectively reduced the number of risks with high rating to zero, with the target set at no more than one.

Enhanced virtual work: In addition to E-learning, the human resources self-service systems, videoconferencing facilities, budgeting module, document management systems and web based email access provide tools for staff to work outside the office, thereby increasing their productivity. All documents were migrated to the web based document management system and these were available from any location with internet access.

Where staff members indicated challenges in accessing emails remotely, it has been attributed to bandwidth and/ or device configurations as they were limited to specific geographical locations.

(ii) Improving process workflows through fully automated systems: under this objective, the Institute focused on the following:

Offsite Disaster Recovery Site (DRS) operational: All systems hosted by MEFMI are also available at the disaster recovery site to facilitate disaster recovery.

Robust disaster recovery: MEFMI has continued to maintain an offsite disaster recovery site with replications. These replications are carried out every 2 hours for email, which has high transactions, that is, there are frequent changes in the system due to the high volumes of emails sent and received at any given time. Replications for all the other systems such as the M-Files document management system, Sage People 300 human resource and payroll systems are carried out every 4 hours as the changes made in these systems are not as frequent. This meets the target for replication requirements. Off-site manual backups continue to be carried out as scheduled in the backup schedule to ensure availability of data in disaster recovery.

Improved effectiveness in service delivery: In order to reduce expenditure on travel and accommodation for meetings and interviews with external stakeholders, the Institute introduced videoconferencing facilities. Staff training in the use of the videoconferencing facility was completed. Several online meetings with partners and job interviews have been successfully carried out using the videoconferencing facilities.

The videoconferencing system in conjunction with remote email, E-learning, M-files document management system and Sage People human resources self-service systems make it possible for staff to work remotely. This facilitates effectiveness in both programme delivery and administrative effectiveness.

2.5. Pillar 5: Administrative Effectiveness

The Finance profession is moving towards real time reporting, away from traditional reporting towards being a business advisory service within organisations. This is against the increasing demand for better governance through better compliance and constant update and reforms to match the International Financial Reporting Standards. MEFMI continued to meet its reporting requirements to its member states and cooperating partners through its financial system. In addition, the Human Resources focused on attracting and retaining outstanding talent so as to successfully steer the mandate of the organisation.

Specifically, the organizational culture based on core values was strengthened. Progress was made with the Staff Development Plan to meet the Institute's strategic objectives. The staff development plan is being developed as part of the Integrated Management Information System, which is in the process of implementation. It is anticipated that when the IMIS becomes operational, it will assist to track the staff development plan. In addition, MEFMI engaged one (1) intern in 2018 as part of its activity to develop an internship program.

3. CHALLENGES, OPPORTUNITIES AND LESSONS LEARNT

3.1. Challenges

- Due to budgetary constraints, the duration of most MEFMI funded regional workshops have been reduced to five (5) days, which poses a challenge in delivery for some of the content heavy workshops.
- Although in-country activities in Angola have recorded high participation rates, the country's participation in the regional activities is still low. In some instances, officials have not turned up despite having confirmed attendance, with cost implications for MEFMI on interpretation services..
- The Secretariat witnessed staff turnover which increased work load on some staff.
- Some reporting challenges persist with respect to the outcome indicators of the activities in line with the Institute's RMF. This is because some of the outputs do not immediately translate into anticipated outcomes. In addition, achievement of some of the outcome indicators would be as a result of shared efforts with other capacity building institutions and action by the recipient client institutions themselves, making the case for appropriate attribution.

3.2. Opportunities

- Workshops with technical cooperating partners provide an opportunity to consolidate and enhance working relationship. There are opportunities for collaborations to support countries in emerging issues that created capacity gaps within client institutions, particularly in the following areas:

  - Investor relations, which is key to a stable, sustained and durable access to market-based funding.
  - Liability management operations and risk management.
  - Compilation, monitoring and dissemination of public debt statistics.
  - International sovereign bond issuance (a Guideline could be developed to assist member states) and
  - Financial innovative technologies and cryptocurrencies.

- E-learning courses provide an opportunity to train more participants who may not readily travel for a regional event, for example female participants due to family commitments (such as nursing mothers), the physically challenged ones who cannot easily travel. These were afforded opportunity to participate in MEFMI courses using this mode of delivery.
- Virtual assessment of Fellows through Video Conferencing infrastructure that the Secretariat now has, saved the Institute, a reasonable amount of funds and travel time for both Fellows and panellists.
- Automation of workshop evaluation. This will help to reduce the post activity workload as well as to support the paperless project the Institute is currently implementing.

3.3. Lesson Learnt

- In-country activities conducted for the Lusophone countries have been widely appreciated as shown by the satisfaction rates. The provision of interpretation services to cater for Angola and Mozambique proved to be very useful for participants from these countries. Translation of course materials for regional courses however, remains a challenge but is being prioritized should budgetary resources permit.
- There is need to align capacity building priorities with capacity gaps emerging from increased access to international market-based funding. Years after debut sovereign bond issuances, some countries are still to devise concrete strategies to manage Eurobond bullet maturities.
- Countries are getting unsolicited offers from "potential investors" to fund huge infrastructure projects. There is need for an information sharing platform among debt managers to raise awareness on existence of these phony investors and how they could be managed.
- In undertaking regional workshops that require forecasting and analysis of country data such as DSA and MTDS, participants should be encouraged to bring their country data as this provides realistic results which they can interpret and relate to.
- There was over subscription on the course on exchange rate policies, a trend that has been observed for similar courses that include monetary policy analysis; and monetary and exchange rate policy; offered in the recent past. This shows the continued need to offer courses in monetary policy and exchange rates, as an area of interest from member countries.
- Investment in infrastructure such as video conferencing can be leveraged to save funds and travelling time as well as to mainstream gender in MEFMI capacity building activities.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4. MONITORING AND RESULTS MEASUREMENT

This section provides the detailed status report on the implementation progress for the five pillars. Each pillar has a set of corresponding strategic objectives, expected outcomes and targets stipulated in the Institute's five year strategic plan. The following is the status on achievement of each of the targets by pillar as at the end of 2018 against the targets for the year and expected outcomes for 2021.

4.1. Pillar 1: Programming Relevance And Effectiveness

This pillar is motivated by the need to address inadequate skills and knowledge in the production and management of macroeconomic and financial management country statistics in line with latest regional and international standards. These inadequacies compromise macroeconomic and financial policy formulation and management, fragile adoption and application of sound practices, tools and standards around macroeconomic and financial management.

Other challenges predominant among member countries are emerging issues, including corruption and lack of gender mainstreaming that affect the effectiveness of policies.

To overcome these challenges, MEFMI developed strategic objectives to guide outcomes at individual and institution level in order to enhance macroeconomic and financial management competencies and practices.

1.1: To improve the quality of financial and macroeconomic statistics in line with latest international compilation and reporting standards

Under Strategic Objective 1 MEFMI tracks the performance of outcome indicators around sustainable capabilities of member countries to produce debt management statistics, to adopt and use contemporary debt management software, for example DMFAS Version 7 and CS-DRMS Version 3.

Apart from the debt related performance tracking, the institute tracks performance on internationally agreed standards that measure economic activity of a member country. Anticipated results include increased country competencies to sustainably compile high quality statistics basing on SNA 2008, BPM6, GFSM 2001/2014 and MFSMCG 2016.

In the reporting period the number of countries sustainably compiling and producing Annual Debt Statistical bulletin increased from four (4) to six (6) in 2017 and 2018 respectively. This result was achieved as targeted. While countries were expected to commence to roll out use of DMFAS Version 7 and CS-DRMS Version 3, this was not planned in the year because DFMAS Version 7 will now only be ready in 2020 while the Commonwealth Secretariat developed a new system called Commonwealth-Meridian (CS-Meridian) to be launched in June 2019 now supersedes CS-DRMS Version 3.

Additionally, progress was recorded on other national statistics on macroeconomic management. The Institute attributes this result to ongoing support to member countries.

In the reporting period MEFMI continued to monitor its contribution towards assisting member countries migrate from BPM5 to BPM6. This activity was conducted collaboratively with IMF and other co-operating partners. Table 3 shows details of results in 2018 under this strategic pillar.

Table 3: Performance on quality of macroeconomic statistics 2018

Indicators	*Baseline 2016 (end of Phase IV)*	*Target-December 2018*	*Outcome December 2018*	Outcome against 2021	*2018 MEFMI Footprint*
Number of countries producing Annual Debt Statistical bulletin that meet the minimum requirements.	2	6	6 (100%)	11 (55%)	*Uganda, Kenya, Tanzania, Malawi, Lesotho, Angola*
Number of countries using DMFAS Version 7	0	2	0	6 (33%)	No new data
Number of countries using CS-DRMS Version3	0	2	0	8 (25%)	No new data
Number of countries compiling National Accounts statistics basing on SNA 2008.	8	9	8 (89%)	12 (67%)	Kenya, Lesotho, Rwanda, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe
Number of countries compiling External Sector statistics basing on BPM6.	8	10	12 (120%)	14 (86%)	Angola, Burundi, Kenya, Mozambique, Rwanda, Swaziland, Tanzania, Uganda, Zambia. Lesotho, Namibia, Zimbabwe
Number of countries compiling Government Finance statistics basing on GFSM 2001/2014	10	11	10 (91%)	14 (71%)	Angola, Burundi, Kenya, Lesotho, Mozambique, Namibia, Rwanda, Swaziland, Uganda
Number of countries compiling Monetary statistics basing on MFSMCG 2016.	0	1	0 (0%)	4 (0%)	No new data

1.2: To strengthen capacity for financial and macroeconomic policy formulation and implementation

In this Strategic Objective, three outcomes are anticipated from interventions supported by MEFMI. Member countries were to integrate debt management into macroeconomic policies. Specifically, management of debt will be driven by plausible debt management strategies. Another cluster of results is on enhancing effective policy formulation and implementation towards economic growth and stability. The third outcome focusses on deepening and widening domestic financial markets in member countries. There are five performance indicators to monitor this change.

Table 4 shows performance in the reporting period. Six (6) member countries continued to conduct and integrate DSA in their annual budget planning, an increase from five (6) achieved in 2017. Equally, in 2018 three more member countries adopted the Medium Term Debt Management Strategy (MTDS) bringing the total to nine from six achieved in 2017. When compared to the baseline, this outcome increased fourfold. MEFMI attributes these results to continued capacity building initiatives at regional level supported by tailor-made country missions. Technical Assistance around these areas was on high demand in 2018.

Table 4: Capacity for financial and macroeconomic policy formulation and implementation 2018

Indicators	*Baseline 2016 (end of Phase IV)*	*Target - December 2018*	*Outcome December 2018*	Outcome against 2021	*2018 MEFMI Footprint*
Number of countries conducting Annual Debt Sustainability Analysis (DSAs) as an integral of annual budget formulation	2 Countries (Tanzania, Uganda)	6	6 (100%)	11 (59%)	Tanzania, Uganda, Malawi, Zimbabwe, Zambia; Rwanda
Number of countries with approved and annually updated Medium Term Debt Management Strategy (MTDS)	2 Countries (Zimbabwe, Tanzania)	6	9 (150%)	11 (82%)	Uganda, Kenya, Malawi, Tanzania Botswana, Zambia, Zimbabwe, Tanzania, Rwanda

1.4: To strengthen legislative and institutional frameworks for financial and macroeconomic management

In this reporting period, MEFMI anticipated six (6) countries to adopt modern debt management laws that meet minimum requirements for effectiveness in public debt management. Only three continued from the 2017. Though Zambia, Lesotho and Malawi reviewed their laws, these were not submitted to parliament for approval. This target was therefore not achieved at end-2018.

In the year, it was anticipated that member countries would establish or restructure their debt management offices in in line with sound practices. In the reporting period the target was achieved and seven countries continued to strengthen their offices. Debt management performance assessments conducted jointly by the World Bank and MEFMI indicate that member countries still required capacity building in this regard. Table 5 below shows detailed results for this strategic objective.

Table 5: Performance in strengthening legislative and institutional frameworks for financial and macroeconomic management

Indicators	*Baseline 2016 (end of Phase IV)*	*Target December 2018*	*Outcome December 2018*	Outcome against 2021	*2018 MEFMI Footprint*
Number of countries with debt management laws that meet the minimum requirement for effective debt management	2 Countries (Mozambique, Malawi)	6	3 (50%)	11 (27%)	Zimbabwe, Tanzania, Kenya
Number of countries with Principal Debt Management Entities (debt management offices) organised along the sound practice of Front, Middle and Back Office functions	2 Countries	6	7 (117%)	11 (67%)	Mozambique, Lesotho, Kenya, Malawi, Zimbabwe, Zambia, Angola

1.5: To foster and enable the adoption of sound practices, tools, standards and principles

Regarding this strategic objective, MEFMI anticipates that member countries will adopt and use the manuals, frameworks, guidelines, hand books, statistical and monitoring processes systems to improve their macroeconomic and financial management practices. In the reporting period, MEFMI rolled out significant number of the key documents on deepening and widening of financial services. **Annex 1 indicates that 100% of the 2018 targets were achieved. Equally six (6) countries continued produce FPC data using the PCMS Version III, an increase from four achieved in 2017.**

1.6: To strengthen research that supports policy formulation and implementation

In the reporting period, the Secretariat planned to conduct research studies based on member country needs for new knowledge on emerging issues in macroeconomic and financial management. It was anticipated that a minimum of three research papers on debt, macroeconomic management and financial services management would be completed. The results show that cumulatively three out of four research papers were accomplished. The fourth was not completed due limited resources. Increased collaborative partnerships around other RECs and other regional bodies were recorded. The studies focussed on macroeconomic management issues in the region. Another study on 'Support to Risk Management and Domestic Financial Markets Development (RM & DFMD) was completed by FSMP. Table 6 shows details of the results.

Table 6: Performance - Strengthening research that supports policy formulation and implementation

Indicators	Baseline 2016 (end of Phase IV)	Target-December 2018	Outcome December 2018	Outcome against 2021	2018 MEFMI Footprint
Number of research papers produced annually.	0	3	4	5	Study on Innovative Financing Options; Mortality Tables; Support to [2]RM & DFMD, Determinants of Inclusive Growth in Uganda: Auto-Regressive Distributed Lag Approach

1.7: To enhance programme effectiveness

In this strategic objective, MEFMI projected improved programme effectiveness of its capacity building activities. More collaboration with Lusophone and Francophone member countries were planned in addition to designing courses which were modular to meet client expectations. Similarly MEFMI expected to synergise more across programmes and collaborate cross cutting issues.

MEFMI recorded significant satisfaction of its products and services among the Lusophone countries across the capacity building activities conducted in the year. Overall 84% satisfaction rate was documented compared to the annual target of 55%. This result is attributable to activities conducted in Angola and Mozambique.

In the regional capacity building activities that were held in English, MEFMI availed translation services for the Lusophone country participants. Table 7 shows details of the results attained.

[2] Risk Management and Domestic Financial Markets Development (RM & DFMD)

Table 7: Performance - Enhancing programme effectiveness

Indicators	*Baseline 2016 (end of Phase IV)*	*Target - December 2018*	*Outcome December 2018*	Outcome against 2021	*2018 MEFMI Footprint*
Percentage of participants who have successfully completed the entire module.	0	50%	76%	65%	[3]76%
Satisfaction rate recorded from Lusophone on MEFMI activities	0	55%	84%	70%	[4]84%

1.8: To increase MEFMI's visibility.

Regarding this strategic objective, the institute desired to achieve results around two core areas, namely: (a) To increase visibility of MEFMI activities in the region and globally, and (b) improve partnership strategies with likeminded institutions. In the reporting period, two out of four targeted outcomes were achieved.

About 80% of stakeholders invited to MEFMI meeting and other collaborative initiatives turned up compared to 60% target in the year. Similarly 60% of MEFMI interventions received media coverage compared to 55% target in the year. Some of the reasons for not attaining the other targets are reduced resources where MEFMI opted to spend on other priority interventions. For example some Community Service Initiatives (CSI) that foster MEFMI visibility were not funded in the year. Table 8 indicates details of the results.

Table 8: Performance - Increasing MEFMI's visibility.

Indicators	*Baseline 2016 (end of Phase IV)*	*Target - Decembe r 2018*	*Outcome December 2018*	*Outcome against 2021*	*2018 MEFMI Footprint*
Proportion of stakeholders attending MEFMI events when invited.	No data	60%	80%	75%	[5]2018:
Percentage increase in activities receiving media coverage.	No Data	5%	60%	70%	Regional and Executive Fora events
Number of communities impacted by CSI events annually.	N/A	2	Not implemented	5 (40%)	No new data

[3] *2018: Average of participants who successfully completed the following courses (Foundations of public debt management - 75%; Development Financing options- 80% and Financial negotiations Skills and Techniques- 74%*

[4] *2018: 3 in country activities by MMP: Introduction to Macroeconomic Modelling and Forecasting: Developing a Medium Term Fiscal Forecast; Economic and Monetary Integration, Regional workshop on Monetary and Financial Statistics. 2018: Mozambique and Angola*

[5] *2018: Based on MEFMI wide activities records i.e forum for Deputy Principle Secretaries, Forum for Governors and the Combined Forum*

1.10: Mainstreaming Anti-corruption in MEFMI's capacity building activities

The anticipated outcomes in this strategic objective are that member countries will have increased awareness on corruption in macroeconomic and financial management, including emerging issues like Illicit Financial Flows (IFFs) related to Foreign Private Capital. With increased awareness, member countries can adopt remedial measures such as policies and guidelines on capital inflow management. The training workshop that was conducted on Natural Resource Revenue Policy and Administration covered a session on Illicit Financial Flows (IFFs) in the extractives industry. The focus under this session was tackling of IFFs given their symbiotic relationship with corruption, and their dominance in the mining sector as opposed to other sectors. Discussions centred on the measures governments can take to curb corruption and tax evasion in tracking IFFs from their economies. With increased awareness, member countries can adopt remedial measures such as transfer pricing units and legislations to effectively monitor the movement of financial flows from their economies.

Regarding this result, MEFMI recorded significant satisfaction by course participants on the delivery of the anticorruption module and the aspects of anti-corruption. Partner feedback shows an 84%[6] satisfactory rate was achieved compared to the target of 55% in the year.

Table 9: Mainstreaming Anti-corruption in MEFMI's capacity building activities

Indicators	*Baseline 2016 (end of Phase IV)*	*Target - December 2018*	*Outcome December 2018*	Target Outcome 2021	*2018 MEFMI Footprint*
Satisfaction rate recorded on anti-corruption modules within the activities	0	55	84%	70%	[7]**2018**

1.11: Mainstreaming Gender in MEFMI's capacity building activities

In this strategic objective, MEFMI anticipates that gender will be mainstreamed at the Secretariat level and in the products and services offered by MEFMI. At secretariat level, MEFMI monitored performance on three results: policies that are gender sensitive; individual joint performance contracts have a gender perspective and ratio between female and male staff. In three out of four indicators, the target was achieved while one was not attained due to limited resource allocation. Table 10 shows the results.

[6] Participants complete evaluation forms for each presentation and results are aggregated

[7] **Regional Workshop on** "Revenue Policy and Administration with focus on Taxation of Natural Resources". Discussions centred on corruption, tax evasion, and illegal resource exploitation as sources of IFFs and what measures could be taken to curb these illicit flows.

Table 10: Performance - Mainstreaming Gender in MEFMI's capacity building activities - secretariat

Indicators	*Baseline 2016 (end of Phase IV)*	*Target - December 2018*	*Outcome December 2018*	Outcome against 2021	*2018 MEFMI Footprint*
Number of policies reviewed and new ones developed which qualify to be gender sensitive	Not analysed in 2016	2	4 (50%)	7 (57%)	**2018:** 4
Proportion of Joint Performance Contracts which include Key Performance indicators and assessment on gender mainstreaming. MEFMI to assess participation, course content, gender analysis sections in reports etc.	Not applicable in 2016	100%	100%	100%	**2018:** 100%
Proportion of annual budget allocated to gender activities.	Not analysed	2%	0%	3%	2018: No new data
Percentage ratio of female to male staff at the Secretariat.	57%	50:50 (%)	59:41	50:50	[8]59:41

On the programming side, all reports prepared by staff (i.e. quarterly and annual reports and BTORs) included a gender analysis, including a gender profile of participants. In terms of satisfaction rate on gender modules, MEFMI records 82% achievement compared to the annual target of 55%. Table 11 shows details of the results attained in the year.

Table 11: Performance - Mainstreaming Gender in MEFMI's capacity building activities

Indicators	*Baseline 2016 (end of Phase IV)*	*Target - December 2018*	*Outcome December 2018*	Target Outcome 2021	*2018 MEFMI Footprint*
Satisfaction rate recorded on gender modules within the activities	0	55%	82%	70%	[9]2 Regional Gender courses conducted and 12 countries; 1 regional Gender-Responsive Economic Policy
Number of reports disseminated with gender analysis component	0	[10]80%	100%	100% of all beneficiary reports	All BTORs have gender analysis component.

4.2. Pillar 2: Diversification Of Revenue Sources

In Pillar 2, the core contextual constraint identified at the commencement of Phase V was inadequate funding for the Institute's activities. For some time, MEFMI funding has ebbed as a result of traditional donors scaling down their contributions amid varying priorities. This has been happening at a time of increasing demand for MEFMI products and services by member countries to address their human and institutional capacity constraints. Emerging issues were rising too and required research activities to understand them better.

[8] *More female employees than male. Programme Assistants' skew the figures, as these positions are traditionally female. The secretariat has since dropped the policy of awarding extra marks to female candidates at recruitment time, as females are well represented across all positions*

[9] *2017: Two Regional Gender courses conducted and 12 countries were represented. The first course had 15 Modules and the last one focused on Gender-Responsive Budgeting (GRB).*
2018: One Regional Gender-Responsive Economic Policy Management course was conducted. Participants included. 11 countries were represented.

[10] Indicator target was improved after the February 2019 Bi-Annual review meeting (of 2018 results) to focus on gender analysis in BTORs. On average, each programme produces 20 BTORs annually

To mitigate this, the institutional strategic objectives focuses on attracting new sources of funding and strengthening existing collaborative partners including new ones. Key outcomes anticipated include sustained inflow of alternative of resources, cost sharing through new collaborative business models with partners championed by the Business Development Unit. There are seven (7) outcome Indicators listed against which performance is measured.

2.1: To attract new sources of funding

Table 12 shows the performance on selected indicators in the year around the Business Development Unit. In two out of five indicators, the targets were achieved. In 2017, the BDU was in its formative stage and rolling out its business plan. By the end of 2018, BDU did not raise sufficient awareness in the member countries to stimulate demand for capacity building and thereby generate revenues for the Institute. Similarly few income earning activities were implemented out in the year. For example, initiatives to construct a residential training centre to mobilise more resources was not operationalised as the outcome of the request to the Chinese embassy by the Reserve Bank of Zimbabwe is still awaited. Gross revenues from BDU operations when compared to the existing MEFMI funding was insignificant.

There are however reported achievements on two indicators. BDU collected nearly 100% of the expected revenue, through fees from participating members. In these ventures, though limited, BDU realised a gross profit of 37% compared to planned target of 10%. Gross profit is calculated on basis of user incomes compared to training expense mark-ups.

The secretariat also leveraged partnerships in execution of the Deputy Governors and Deputy Principal Secretaries Forum, the Governors Forum, as well as Combined Forum. These partners provided gratis speakers as well contributing to the events' budgets. Collectively, these Fora attracted USD 80,000 in 2018. Similarly, MEFMI partnered with DFID (Zimbabwe) to deliver an in-country workshop on Debt Reduction Analysis for Zimbabwe in November 2018. More results were recorded when International Monetary Fund fully funded a regional workshop on issuance of international sovereign bonds held in Namibia in October 2018. In addition, IMF provided gratis resource facilitators during the joint MEFMI/IMF regional workshop on Exchange Rate Policy.

Table 12: Performance – Attracting new sources of funding

Indicators	*Baseline 2016 (end of Phase IV)*	*Target-December 2018*	*Outcome December 2018*	*Target Outcome December 2021*
Percentage of budgeted revenue realised	0	80%	8%	80%
Percentage of planned income generating activities carried out	0	80%	20%	80%
Success rate on consultancies proposals and tenders submitted	0	20%	14%	30%
Gross profit percentage	0	>10%	37%	50%
Revenue as a percentage of MEFMI's total revenue	0	8%	0.3%	20%
Collections before end of activity	0	100%	98%	100%

4.3. Pillar 3: Monitoring And Evaluation

Pillar 3 of the MEFMI Strategic Plan is an important part of accountability and transparency, as it aims to demonstrate that results are being achieved while also providing information for decision by the Institute. The identified challenges in this pillar were: inadequate knowledge and skills for monitoring and evaluating (M&E) capacity building programmes and inadequate quality of M&E information.

To address this, there are two strategic objectives namely: To strengthen monitoring and evaluation of MEFMI's programmes and to enhance the production and management of quality M&E information. It is anticipated that MEFMI will have a functional and effective M&E system that increases the culture of learning. Additionally, the institute capability to document and report performance will increase. The institution will standardise collection, documentation and retrieval of results information to make decision making timely.

Whilst enabling the institute's capacities, MEFMI will enhance member countries' M&E functioning. Six outcome indicators have been developed to monitor performance.

3.1: To strengthen Monitoring and Evaluation of MEFMI's Programmes

Among the anticipated outcomes in this strategic objective is that MEFMI will have an effective M&E system that supports data collection, analysis and reporting to demonstrate results and improve performance through timely decision making. Two outcome indicators are listed to measure achievement of the institution. Table 13 shows MEFMI performance in 2018.

Table 13: Performance - Strengthening Monitoring and Evaluation of MEFMI's Programmes

Indicators	*Baseline 2016 (end of Phase IV)*	*Target December 2018*	*Outcome December 2018*	*2018 MEFMI Footprint*
Proportion of annual targets achieved in the departmental RMF (Overall)	45%	**100%**	74%	***MMP*** *(*18 out of 24 indicators 75%); **DMP** (12 out of 16 Indicators – 75%); **FSMP** (25 out of 28 – 89%); **FAD** (19 out of 34 -56%)

Firstly, MMP and DMP achieved 75% their targeted annual outcomes while FSMP reached close to 90%. Though FAD achieved just above half of targeted results, this result is positive too. The main reason for this result was that some interventions were ongoing and not completed during 2018. Others were rescheduled because of limited resources in the year.

As part of these results MEFMI was interested to track success stories documented on the use of M&E results for policy and decision making at the Secretariat. This result will be further fostered in 2019 after a review and adoption of a concrete measurement framework.

3.2: To enhance the production and management of quality M&E information.

In this strategic objective, MEFMI expects to influence outcomes that improve knowledge and skills of staff to compile and report performance accurately and timely. Four likely outcomes are adoption of comprehensive systems, data repository and retrieval and database effectiveness. Table 14 shows the overall institutional achievement.

Table 14: Performance - Enhancing the production and management of quality M&E information.

Indicators	*Baseline 2016 (end of Phase IV)*	*Target December 2018*	*Outcome December 2018*	*Target Outcome 2021*	*2018 MEFMI Footprint*
Proportion of clear and measurable targets in the MEFMI Results Measurement Framework (RMF).	80%	90%	100%	98%	BDU (100%); DMP (96%); MMP (92%); FAD 100%); FSMP (96%)

In the reporting period, MEFMI continued to consolidate database platforms to effortlessly capture, store and retrieve data to timely report and make implementation decisions. The MEFMI IMIS was developed and capacity training completed. In 2019, the Institute will use the IMIS and it is expected be integrated with Quantrix, a budgeting software. The outcome will be accurate reporting on value for money and improved decision making.

4.4. Pillar 4: Innovation And Technology

This pillar aims to address two capacity challenges thus: inadequate use of ICT in programme delivery and workflow process that have long completion cycles. To overcome the challenges, two strategic objectives exist: to leverage on innovation and technology in programme delivery and to improve process workflows through fully automated systems.

High level outcomes anticipated include enhanced business processes on the use of technology, sustained cost reduction and an efficient product and services offering to client member countries. Twelve indicators are listed to measure performance around these outcomes and only relevant ones are reported in the year.

4.1: To leverage on innovation and technology in programme delivery

Table 15 shows the performance of the indicators in the reporting period. All five indicators with targets in the year achieved their respective targets. Overall the number of member countries staff trained continued to be higher than the target. Equally courses conducted through e-learning doubled and satisfaction through virtual tools as delivery model was above 85%.

In 2019, MEFMI will continue to discuss the possibility of an IMIS and Quantrix integration to plausibly measure value for money around e-learning delivery mode. In the reporting period, MEFMI IMIS was finalised but not rolled out. We anticipate to meet the target for online registration in 2019 after IMIS is operational.

Table 15: Performance - Leverage on innovation and technology in programme delivery

Indicators	*Baseline 2016 (end of Phase IV)*	*Target - December 2018*	*Outcome December 2018*	Target Outcome 2021	*2018 MEFMI Footprint*
Number of participants trained	40	120	379	2,400	[11]379
Proportion of courses delivered using the LMS/E-learning.	16%	18%	35%	22%	DMP-38%; MMP-38%; FSMP-50%; FAD-14%
Proportion of participants satisfied with virtual tool sessions	0	70%	85%	80%	DMP-100%; MMP-85%; FSMP-70%
Percentage of activities conducted using the virtual tools	No data	25%	29%	60%	[12]DMP- No new data; MMP-33%; FSMP-25%
Proportion of participants registered using the automated on-line system annually.	0	80%	N/A	100%	No new data

[11] *Foundations of public debt management; Development Financing Option; Financial negotiations Skills and Techniques; Joint MEFMI/IDEP E-learning Course on Regional Integration and Trade; E-learning course on Introduction to Monetary and Policy Formulation and Analysis; Quarterly GDP, Economic Activity Indicators and Unobserved Economy; ELearning across ESMP*

[12] ***2017:** (28 virtual activities) /(5 Regional Workshops+ 2 Networking+14 In-country Missions& Workshops + 27 virtual activities); **2018:** skype calls with implementing partners, resource persons, fellows, eLearning courses **2018:** Fellows Assessment, Conference call meetings with EAC; Conference call with EAC study consultants*

4.2: To improve process workflows through fully automated systems

In the reporting period, MEFMI monitored work processes at the Secretariat. The performance indicators include efficiency of technology and safeguarding of information key to MEFMI administration and results reporting, including accountability. Table 16 shows that all targets for 2018 were achieved.

Table 16: Performance - Improving process workflows through fully automated systems

Indicators	*Baseline 2016 (end of Phase IV)*	*Target December 2018*	Outcome December 2018	*Target Outcome 2021*
Percentage of documented and classified queries with historical reference.	No data	100%	100%	100%
Duration of disaster recovery process	6 hrs	2 hrs	2 hours	2 hrs
Percentage of services which are available remotely/web-based.	0	30%	71%	100%

4.5. Pillar 5: Administrative Effectiveness

In this pillar, the main challenges identified are lack of a MEFMI organisational culture, weak risk and budget management processes and observed reduction in donor support against unlikely proportionate increase in member country contributions going forward. The strategic objectives to mitigate these challenges are three: To strengthen organisational culture based on core values; to strengthen the finance and administration function and thirdly to strengthen the institute's cost saving initiatives.

In turn, MEFMI anticipates to sustain and standardise risk management practices, systematise staff development, and sustain effective resource allocation and management. Likewise MEFMI will have a robust finance and administrative system supported by policy and guidelines. Several indicators have been crafted to monitor achievements of the anticipated outcomes. Below is the institutional performance.

5.1: To strengthen organisational culture based on core values

MEFMI targets to develop the staff capacities through carefully selected capacity building interventions to enable staff perform professionally. Equally the institute recognises that staff must achieve a balanced workload and an enabling environment to produce high quality results. These anticipated outcomes were monitored in the year. Table 17 shows outcomes achieved in the year. All capacity building outcomes were achieved. An intern was recruited for 12 months and a staff development plan was developed. The workload analysis commenced in December 2018 and will be completed in quarter 1, 2019. The findings and recommendations of the review will guide Secretariat to devise means of enhancing administrative effectiveness.

Apart from enhancing M & E of programme activities he Institute will use the IMIS to track staff development needs with a view to designing effective staff development plans. In the reporting period, MEFMI continued to support a high quality culture of performance and learning and relied on the organisational core values – Accountability, Teamwork, Responsibility, Integrity, Professionalism and Equality (ATRIPE) to guide an organisational culture practice.

Table 17: Performance - Strengthening organisational culture based on core values

Indicators	*Baseline 2016 (end of Phase IV)*	*Target - December 2018*	Outcome against 2018	*Outcome December 2021*
Analysis of the status of current workload.	Last analysed in 2007	1	1	N/A
MEFMI-wide Staff Development Plan in place: A Plan outlining gaps identified in different programmes/departments 2. Systematic approach to training	Staff development plan not in place	1	1	1
A documented definition and analysis of MEFMI's culture at a given time.	Culture is not defined yet.	Not planned	Not planned	1
Number of interns recruited annually in compliance with the internship policy	0	1	1 (100%)	5

5.2: To strengthen the finance and administration function

In this strategic objective, results are anticipated on management of risk, efficient and results based budget forecasting and budget variation performance respectively. The outcomes in the year indicate that most of the outcomes are "Work In Progress". An enterprise Risk Management Policy has been developed and a staff training is scheduled for 2019. Risk reporting is currently completed by means of a Risk Register. In 2019, with a functional IMIS, staff will develop and implement risk management frameworks at programme level. Table 18 shows details of the results.

Table 18: Performance - Strengthening the finance and administration function

Indicators	*Baseline 2016 (end of Phase IV)*	*Target- December 2018*	Outcome December 2018	*Outcome against 2021*
Level of maturity basing on "the risk management maturity model" by Risk and Insurance Management Society, Inc. (RIMS) and Logic Manager (2015).	No data	level 3	No new data	level 4
Number of functional departmental risk management plans in place.	0	4	0	4
Percentage of the MEFMI budget that is based on expected results/outcomes.	Results Based Budgeting	70%	100%	95%

5.3 Strengthen the Institute's cost saving initiatives

The results indicate that generally MEFMI is cognizant of cost saving measures. In the reporting period, the performance indicators were tracked satisfactorily and fuel expensing and management was identified for prudent monitoring. In terms of annual budget variance, the 2018 outcome is a 12% positive budget variance on expenditure. However, the net result is a deficit, arising from the cost of the learning curve for the new Business Development Unit, where income was much lower than projected. Table 19 indicates the results.

Table 19: Performance - Strengthening the Institute's cost saving initiatives

Indicators	*Baseline 2016 (end of Phase IV)*	*Target December 2018*	*Outcome December 2018*	*Outcome against 2021*
Percentage annual budget variance.[13]	7% (2015)	+/- 9%	+12%	+/-5%
Number of issues raised in the audit reports regarding non -compliance to existing policies and guidelines.	0	0	3	1

[13] This is percentage change in the annual actual spent against the budgeted amount.

Annex I: Governance Structures of MEFMI for 2018

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 States. Where a Governor is a substantive member, then the Treasury Secretary/Permanent Secretary is an alternate, and vice-versa. The Executive Director is responsible for conducting the business of the Institute and ensuring that its policies and programmes are properly developed and implemented. This is done with the assistance of a Management team comprising four (4) Directors.

The Institute operates under the direction of an Executive Committee (EXCOM), which consists of the Vice- Chairman of the Board of Governors and four other voting members nominated by the Board of Governors. The MEFMI Executive Director and the Head of the Executing Agency of MEFMI – 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 Chairman, who can preside over meetings in the absence of the Chairman. Each member of the Executive Committee serves for two years. The Finance and Audit Committee provides assistance to the Board, through the Executive Committee in fulfilling its fiduciary and legal obligations. The Finance and Audit Committee oversees the audit and financial reporting processes as well as the internal control systems and risk management of the Institute.

Annex II: Performance - Fostering and Enabling Adoption of sound practices, tools, standards and principles

Indicators	Baseline 2016 (end of Phase IV)	Target - December 2018	Outcome December 2018	Target Outcome 2021
Informed financial sector strategies	7	8	7	13
Enhanced financial sector legislature, guidelines and frameworks	5	5	5	8
A review of the MEFMI Risk RBS Guidelines to attend to SREP and TLAC	0	1	1	1
Policies and Procedures	6	6	6	8
Countries with regulatory frameworks for Credit only lending institution (Microfinance & money lenders)	3	4	4	5
Stress testing policies, templates and guidelines	4	5	5	6
Countries producing a Financial Stability report for their markets	4	5	5	6
Percentage enhancement of frameworks on strategic asset allocation, portfolio, and risk management.	39%	59%	69%	89%
Number of countries with implemented internal credit risk analysis tool	0	4	5	14
Number of countries that have set up fully functional Market Conduct, Consumer protection and financial literacy units	4	6	6	11
Number of countries that have adopted and Implemented the Principles for Financial Market Infrastructures	7	11	11	13
Number of countries that have published their national financial inclusion strategies	4	9	9	12
Number of countries that have developed monetary policy communication strategies	3	6	6	9
Number of countries that have linked their government securities CSD to their RTGS	9	11	10	13
Number of countries that have linked their government payment system to their RTGS	5	10	10	13
Number of countries that have linked their government securities CSD and equities CSD	2	4	4	7

FINANCIAL STATEMENTS
31 DECEMBER 2018

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

NATURE OF THE BUSINESS

To advice 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. Adelaide Mahlanyane
Mr. José de Lima Massano
Mr Ipumbu Shilmi
Mr. Rogerio Zandamela
Dr. John Mangudya (Executing Agency - ex-officio)
Mr. Michael Atingi - Ego (Executive Director - ex-officio)

AUDITOR

Ernst & Young
Angwa City, Zimbabwe
Cnr Julius Nyerere Way/ Kwame Nkrumah Avenue
Harare
Zimbabwe

BANKERS

Stanbic Bank
SSC Building
Corner Julius Nyerere Way/
Sam Nujoma Street.
Harare
Zimbabwe

Standard Chartered Bank
Africa Unity Square
Nelson Mandela Avenue
Harare
Zimbabwe

CBZ Wealth Management
Corner Edinburgh and Campbell Road
Borrowdale
Harare
Zimbabwe

Stanbic Bank Kenya Head Office
Westlands Road
Nairobi
Kenya

CABS Head office
Borrowdale Road
Harare
Zimbabwe

African Banking Corporation
Mt. Pleasant Business Park
Harare
Zimbabwe

Ecobank Zimbabwe Ltd
Borrowdale Branch
Zimbabwe

FBC Centre
Nelson Mandela Avenue
Harare
Zimbabwe

REGISTERED OFFICE

9 Earls Road
Alexandra Park
Harare

INDEX TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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

INDEPENDENT AUDITOR'S REPORT

To the members of the Executive Committee

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

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 2018, 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 4 to 25 comprise:

- the statement of comprehensive income for the year ended 31 December 2018;
- the statement of financial position as at 31 December 2018;
- 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 4 to 23 and our auditor's report thereon on pages 2 to 3.

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.

INDEPENDENT AUDITOR'S REPORT (continued)

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

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.

- 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.

……………………
Registered Public Auditor

Partner for on behalf of
………………………………………………………………………
Public Accountants and Auditors Board, Public Auditor Certificate Number ……………………
Institute of Chartered Accountants of Zimbabwe, Public Practice Certificate Number ……………………

Harare, Zimbabwe

……….. 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

INCOME	Notes	2018 US$	2017 US$
Amortisation of capital expenditure reserve - land and building	23	42 279	42 279
Co-operating partner funding	6	980 499	714 483
In-kind contributions	7	343 044	416 192
Interest Income	8	83 677	113 510
Member state contributions	9	4 648 241	4 938 415
Non Member States Income		8 484	-
Other income	10	62 865	32 941
Income from Business Development Unit	10	39 313	19 857
Total income		6 208 402	6 277 677
EXPENDITURE			
Programme Delivery			
Accommodation and subsistence	11	805 915	990 580
Non Member States Expenses		6 843	-
Facilities and materials		310 308	374 512
Professional fees	12	1 046 992	665 864
Programme delivery - staff	13.1	2 182 459	2 086 776
Travel expenses	14	646 307	712 723
Sub-total		4 998 824	4 830 455
Secretariat Administration			
Audit fees (internal and external)		29 561	34 622
Bank charges		47 624	45 793
Depreciation	17	166 275	171 905
Fund Management fees		8 156	10 366
Office expenses	15	339 055	406 846
Recruitment and relocation expenses		138 246	26 877
Salaries and benefits	13.2	391 094	530 609
Staff development		46 176	37 173
Sub-total		1 166 188	1 264 191
Business Development Unit expenses	10	170 940	111 990
Allowance for impairment of receivables	20	-	302 127
Total expenditure		6 335 952	6 508 763
Loss for the year		(127 550)	(231 086)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

ASSETS	Notes	2018 US$	2017 US$
Non-current assets			
Property, vehicles and equipment	17	1 381 553	1 266 613
Current assets			
Inventory	18	47 607	46 076
Receivables	19	182 488	1 518 849
Cash and cash equivalents	20	4 699 074	4 836 111
		4 929 169	6 401 036
Total assets		**6 310 722**	**7 667 649**
FUNDS AND LIABILITIES			
Funds			
Residence Fund	24	65 506	65 506
Revaluation surplus	25.1	448 645	238 752
Reserve Fund	25.2	1 558 236	1 006 665
Accumulated funds		1 669 416	2 296 966
		3 741 804	3 607 889
Non-current liabilities			
Capital expenditure reserve - land and buildings	23	675 621	717 901
Current liabilities			
Payables	21	1 074 667	2 441 747
Provisions	22	607 126	696 987
Capital expenditure reserve - land and buildings	23	42 279	42 279
Residence Fund	24	169 225	160 846
		1 893 297	3 341 859
Total funds and liabilities		**6 310 722**	**7 667 649**

John Rwangombwa
Chair - Executive Committee

Michael Atingi - Ego
Executive Director

STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Residence Fund US$	Revaluation surplus US$	Reserve Fund US$	Accumulated Funds US$	Total US$
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
Balance at 1 January 2018	65,506	238,752	1,006,665	2,296,966	3,607,889
Appropriation to Reserve Fund			500 000	(500 000)	-
Revaluation		209 893	-	-	209 893
Interest Earned		-	51 571	-	51 571
Loss for the year				(127 550)	(127 550)
Balance at 31 December 2018	65 506	448 645	1 558 236	1 669 416	3 741 803

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 US$	2017 US$
Cash flows from operating activities			
Deficit for the year		(127 550)	(231 086)
Adjustment for:			
Depreciation	19	166 275	173 252
Interest income	8	(83 677)	(113 510)
Amortisation of capital expenditure reserve - land and building	23	(42 279)	(42 279)
Profit on disposal of equipment	10	(2 386)	(176)
Cash flow before changes in working capital		(89 617)	(213 799)
Net effect of working capital changes	26	(122 110)	1 628 165
Net cash (outflow)/inflow from operating activities		(211 727)	1 414 366
Cash flows from investing activities			
Proceeds from disposal of equipment		3 331	1 217
Interest income	8	83 677	113 510
Interest income - Residence funds	24	8 379	10 846
Interest income - Reserve funds	25.2	51 571	6 665
Acquisition of property and equipment	17	(72 267)	(73 483)
Net cash inflow from investing activities		74 691	58 755
Net (increase) / decrease in cash and cash equivalents		(137 036)	1 473 121
Cash and cash equivalents at the beginning of the year		4 836 111	3 362 990
Cash and cash equivalents at the end of the year	20	**4 699 074**	**4 836 111**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018 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 2018 that have a significant effect on the financial statements of the Institute.

Topic	Effective date	Key requirements
IFRS 9 – Financial Instruments (2009 and 2010) · Financial liabilities · Derecognition of financial instruments · Financial assets General hedge accounting	Annual periods beginning on or after 01 January 2018 (published July 2014)	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.
IFRS 15 – Revenue from contracts with customers.	Annual periods beginning on or after 01 January 2018 (published May 2014)	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.
Amendment to IFRS 15 – Revenue from contracts with customers.	Annual periods beginning on or after 01 January 2018 (published May 2014)	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.

2.1.1 (b) New and amended standards, and interpretations issued but not effective for 31 December 2018

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)	This standard replaces the current guidance in IAS 17 and is a far-reaching change in 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 and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as theIASB has updated the guidance on the definition of a lease (as well asthe guidance on the combination and separation of contracts), lessorswill also be affected by the new standard.
IFRS 16 – Leases		At the very least, the new accounting model for lessees is expected toimpact negotiations between lessors and lessees. Under IFRS 16, acontract is, or contains, a lease if the contract conveys the right to controlthe use of an identified asset for a period of time in exchange for consideration. IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether anArrangement contains a Lease', SIC 15, 'Operating Leases – Incentives'and SIC 27, 'Evaluating the Substance of Transactions Involving theLegal Form of a Lease'.

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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Income recognition (continued)

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 vatable 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 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.

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 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 category of amortised cost. 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 only has staff loans and receivables in this category.

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

The Institute uses the IFRS 9 General approach to measuring expected losses. 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.

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.

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

Financial institution	Rating	2018 US$	2017 US$
Old Mutual	A+	481 129	886 757
FBC	A2	17 086	510 773
CBZ	A1+	8 460	86 578
Stanbic Bank Zimbabwe Limited	A1+	2 278 529	2 422 809
African Banking Corporation of Zimbabwe Limited	B	790	850
Standard Chartered Bank Limited	A1+	10 778	107 023
Central African Building Society Limited	A1	49	300 656
Ecobank	A3	180	301 440
Reserve Bank of Zimbabwe		1 011 475	-
Stanbic Kenya	F1+	890 387	217 309
		4 698 863	4 834 194

3 FINANCIAL RISK MANAGEMENT (continued)

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 2018	Up to 1 month US$	Total US$
Assets		
Cash and cash equivalents	4 699 074	4 699 074
Receivables	51 568	51 568
Other receivables (excluding prepayments)	76 305	76 305
Total assets	4 826 947	4 826 947

31 December 2018	Up to 1 month US$	Total US$
Liabilities		
Payables	751 674	751 674
Other payables (excluding statutory liabilities)	322 993	322 993
Total liabilities	1 074 667	1 074 667
Liquidity position	3 752 280	3 752 280

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	2 441 749	2 441 749
Liquidity position	3 788 493	3 788 493
Cumulative liquidity position	3 788 493	3 788 493

3.5	Financial instruments by category	2018 US$	2017 US$
	Financial assets at amortised cost		
	Receivables (excluding pre-payments)	150 998	150 998
	Cash and cash equivalents	4 836 111	4 836 111
		4 987 109	4 987 109
	Financial liabilities at amortised cost		
	Payables (excluding statutory liabilities)	(1 382 928)	(2 441 747)

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 2018.

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

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 FUNCTIONAL CURRENCY

Entities in Zimbabwe are operating in a multi-currency regime since adoption of multi-currency by the Government of Zimbabwe in 2009. The British Pound, Euro, United States Dollar, South African Rand, Botswana Pula were adopted as the multi-currency basket in February 2009. The United States Dollar (US$) and the South African Rand (ZAR) were the most used at the beginning, however, the US$ was dominant and was designated as the functional and presentation currency by both business and monetary authorities. The US$ is not specifically adopted as the currency of Zimbabwe, other than being a part of one of the legally allowed multi-currencies.

Zimbabwe witnessed significant monetary and exchange control policy changes between 2016 through to 2018. The challenges were as a result of the shortage of the foreign multi-currencies in Zimbabwe, especially the US$ which had been in wide use. US$ cash and local bank foreign nostro reserves were in very limited supply. The RBZ legally introduced the bond notes in October 2016 and encouraged the increased use of the other multi-currencies. The currency introduced by the RBZ Act included the foreign currencies as per the multi-currency basket and the local currency in form of bond notes and coins and bills of exchange, promissory notes, letters of credit, etc. The bond notes were introduced at fixed rate of 1:1 with the US$ and were both kept and transacted in the same foreign currency bank account. In January 2018 the RBZ instructed the banks to ring fence actual foreign currency deposits from RTGS transfer deposits.

In October 2018, the RBZ bank instructed the separation and official opening of the Foreign Currency Account RTGS account (FCA RTGS for local electronic money transfers) and the FCA Nostro for actual foreign currency deposits or export proceeds, still pegged at 1:1. Zimbabwean economy is a net importer, hence, the acute shortage of the foreign currency in cash and in local bank foreign nostro accounts gave rise to an informal foreign currency market between the local bond note, RTGS bank balance and mobile money.

Management have done an assessment of the impact of the change in functional currency and the use of the RTGS1:USD1 exchange rate and have concluded that there is no material impact on the financial statements of the entity. This conclusion was based on the fact that the entity operates mainly using USD.

6 CO-OPERATING PARTNER FUNDING	2018 US$	2017 US$
African Capacity Building Fund ("ACBF")	627 183	467 398
Other Donors	-	740
World Bank	353 316	246 345
	980 499	714 483

6.1 ACBF
MEFMI under grant Number 327 signed an agreement of US$1.2 million with ACBF.

6.2 World Bank
A grant agreement was signed between MEFMI and the World Bank, Word 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$353 316 was recorded as revenue in 2018.

7 IN-KIND CONTRIBUTIONS

	2018 US$	2017 US$
Member states	343 044	416 192

8 INTEREST INCOME

	2018 US$	2017 US$
Bank accounts	3 805	7 271
Staff loans	2 618	8 937
Short - term deposits	77 254	97 303
	83 677	113 510

		2018 US$	2017 US$
9	**MEMBER STATE CONTRIBUTIONS**		
	Angola	389 395	425 152
	Botswana	322 647	325 488
	Burundi	-	302 127
	Kenya	390 359	395 128
	Lesotho	368 427	337 451
	Malawi	327 560	305 135
	Mozambique	315 880	354 363
	Namibia	300 793	314 073
	Rwanda	305 801	298 933
	Swaziland	308 254	307 842
	Tanzania	386 430	372 366
	Uganda	346 400	398 973
	Zambia	335 845	349 236
	Zimbabwe	540 450	452 148
		4 648 241	4 938 415

10	**OTHER INCOME**		
	Profit on disposal of assets	2 386	176
	Private sector partner contributions	60 000	25 000
	Miscellaneous income	479	7 765
		62 865	32 941

10.1 BUSINESS DEVELOPMENT UNIT (BDU)

10.2 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 I[st] February 2017. The funds allocated to BDU also constitute income for the section.

Income from BDU operations	39 313	17,990
Income from BDU investments	-	1,867
	39 313	19,857

10.3 Expenses

Programme delivery		
Accommodation and subsistence	2 590	1 355
Facilities and materials	9 021	5 885
Professional fees	14 190	9 587
Programme delivery - staff	124 117	85 756
Travel expenses	1 160	1 294
Sub-total	151 078	103,877
Secretariat Administration		
Bank charges	1 107	631
Depreciation	1 876	1 347
Audit fees	1 077	-
Fund management fees	1 527	173
Office expenses	12 925	5 183
Recruitment and relocation expenses	-	500
Publications	1 261	
Staff development	90	280
Sub-total	19 862	8,113
Total BDU expenses	170 940	111,990

		2018 US$	2017 US$
11	**ACCOMMODATION AND SUBSISTENCE**		
	Staff	196 779	257 711
	Participants	432 691	546 256
	Fellows	42 509	49 297
	Resource persons	117 807	123 494
	Board	16 128	13 822
		805 915	990 580
12	**PROFESSIONAL FEES**		
	Macroeconomic management programme		
	E Learning	112 445	46 900
	In-country workshops	16 470	55 925
	Fellows Development	221 140	-
	Missions	71 710	49 535
	Operating expenses	-	325
	Regional workshops	55 190	53 365
	Studies	141,516	-
		618 471	206 050
	Financial sector management programme		
	E Learning	45 520	49 280
	In-country workshops	36 522	59 510
	Mission	53 379	33 740
	Operating expenses	-	355
	Regional workshops	36 380	28 110
	Studies	110,230	-
		282 031	170 995
	Debt management programme		
	E Learning	28 750	35 800
	In-country workshops	51 400	28 400
	Missions	18 200	12 590
	Operating expenses	-	355
	Regional workshops	-	86 180
	Studies	47,840	-
		146 190	163 325
	Multi-disciplinary activities		
	Executive fora	-	1 000
	Fellow activities	-	83 275
	Operating expenses	-	2 976
	Regional workshop	-	15 800
		-	103 051
	Secretariat capacity building		
	Operating expenses	300	259
	Administration		
	Governing bodies	-	2 800
	Operating expenses	-	19 384
		-	22 184
	Grand total	1 046 992	665 864

13 SALARIES AND BENEFITS

		2018 US$	2017 US$
13.1	**Programme delivery - staff**		
	Salaries	1 665 550	1 376 163
	House rent and maintenance	41 824	43 608
	Housing allowance	96 224	127 986
	Medical aid contribution	56 785	72 355
	Social security (NSSA)	7 547	7 733
	Leave pay	(6860)	11 866
	School fees subsidy	63 130	72 834
	Terminal gratuity (Note)	242 980	342 041
	Performance pay	-	4 185
	Insurance	14 896	14 879
	Other staff benefits	384	13 126
		2 182 459	2 086 776

Terminal gratuity

As per Remuneration Policy, all employees are entitled togratuity 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 end of contract or at exit.

		2018 US$	2017 US$
13.2	**Secretariat Administration - Salaries and benefits**		
	Salaries	218 036	304 724
	House rent and maintenance	10 147	13 404
	Housing allowance	49 457	26 001
	Medical aid contribution	55 424	35 303
	Social security (NSSA)	4 601	3 496
	Leave pay	12 620	(6 914)
	School fees subsidy	34 599	33 527
	Terminal gratuity	-	83 295
	Performance pay	-	23 695
	Insurance	1 154	4 229
	Other staff benefits	5 056	9 849
		391 094	530 609

14 TRAVEL EXPENSES

	2018	2017
Staff	101 954	144 288
Participants	362 247	405 775
Fellows	36 879	37 970
Resource persons	95 637	85 623
Board	49 591	39 067
	646 307	712 723

15 OFFICE EXPENSES

	2018	2017
Advertising	1 469	-
Air courier mail	760	1 573
E-communication charges	57 457	49 359
Equipment and software maintenance	35 882	28 666
General expenses	142 736	172 122
Office maintenance	18 139	24 202
Office security	18 060	19 641
Printing and stationery	17 952	13 081
Publications	18 269	61 867
Telephone and postage	28 331	36 335
	339 055	406 846

16 RELATED PARTY TRANSACTIONS

Related party relationship exists between the Institute, key management, Executive Committee, Board of Governors and their immediate family members

16.1 Compensation to key management personnel (included in Note 13)

Gratuity	151 191	141 905
National Social security (NSSA)	1 668	1 622
Salaries and short-term employee benefits	733 219	763 161
	886 079	906 688

16.2 Balances due from key management personnel (included in Note 18)

Staff loans and advances	-	-

All loans to staff were given out at an interest rate of 5% per annum. In 2018, a decision was made to cease issuing loans to staff and MEFMI now has an arrangement with Stanbic Bank where staff can access loans.

17 PROPERTY, VEHICLES AND EQUIPMENT

Year ended 31 December 2017	Land US$	Buildings US$	Motor vehicles US$	Computer equipment US$	Office furniture US$	Total US$
Opening carrying Amount	200,000	869,107	107,677	115,569	75,066	1,367,419
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	-173,251
Closing carrying amount	200,000	832,265	78,125	129,808	26,414	1,266,612
At 31 December 2017						
Cost/Valuation	200,000	917,899	147,762	418,182	387,584	2,071,427
Accumulated depreciation		-85,635	-69,637	-288,374	-361,169	-804,815
Carrying amount	200,000	832,264	78,125	129,808	26,415	1,266,612
Year ended 31 December 2018						
Opening carrying amount	200,000	832,264	78,125	129,808	26,415	1,266,612
Revaluation surplus/Loss	260,000	-154,035	103,928	-		209,893
Additions	-	-	-	48,129	24,138	72,267
Disposals	-	-	-	-1,317	-13,930	-15,247
Depreciation on disposals	-	-	-	543	13,760	14,303
Depreciation charge	-	-40,342	-34,585	-63,385	-27,963	-166,275
Closing carrying amount	460,000	637,888	147,468	113,777	22,420	1,381,553
At 31 December 2018						
Cost/Valuation	460,000	640,000	152,500	464,993	397,792	2,115,286
Accumulated depreciation	-	-2,112	-5,033	-351,216	-375,372	-733,732
Carrying Amount	460,000	637,888	147,468	113,778	22,420	1,381,553

18 INVENTORY

	2018 US$	2017 US$
Consumables	2 717	2 217
Computer consumables	22 237	30 325
Publications	17 826	8 536
Stationery	4 828	4 998
	47 607	46 076

19 RECEIVABLES

	2018 US$	2017 US$
Member countries		
Contributions due:		
Kenya	-	395 128
Angola	-	848 005
Zambia	51 568	-
	51 568	1 243 133
Less: Allowance for impairment of receivables	-	-
Net receivables	51 568	1 243 133
Other receivables		
Prepayments	54 615	124 716
Staff loans and advances - Other staff	68 272	133 542
Value Added Tax claims	8 032	17 458
Total other receivables	130 919	275 716
Total receivables	182 488	1 518 849

As at 31 December 2018, receivables of US$nil (2016: US$Nil) were impaired.

During 2018, there was no write off of receivables (2017 - the full amount due from Burundi of US$867 610 was written off). As at 31 December 2018, receivables of US$ 359,822 (2017: US$1 243 133) 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	51 568	1 243 133
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
Write off amount due from Burundi	-	(867 610)
As at 31 December	-	-

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.

20 CASH AND CASH EQUIVALENTS

	2018 US$	2017 US$
Cash on hand	213	1 917
Cash at bank	3 154 442	2 685 361
Cash at bank - Gratuity Account	35 232	528 852
Short term deposits	1 509 188	1 619 981
	4 699 074	4 836 111

21 PAYABLES

	2018 US$	2017 US$
Accrued expenses	29 793	63 525
Audit fees	35 734	28 842
Unearned revenue - Member states contributions	751 674	2 159 686
Professional fees	257 466	189 694
	1 074 667	2 441 747

22 PROVISIONS

	2018 US$	2017 US$
Leave pay	85 130	84 540
Performance bonus	29 020	52 514
Terminal gratuity	492 976	559 933
	607 126	696 987

Reconciliation of provisions

	Leave pay provision US$	Performance bonus provision US$	Terminal gratuity provision US$	Total provision US$
As at 1 January 2017	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	84 540	52 514	559 933	696 986
As at 1 January 2018	84 540	52 514	559 933	696 986
Charge to the income statement	178 409	-	439 690	618 098
Utilised during the year	(177 819)	(23 495)	(506 645)	(707 959)
As at 31 December 2018	85 130	29 019	492 978	607 126

23 CAPITAL EXPENDITURE RESERVE - LAND AND BUILDINGS

	2018 US$	2017 US$
Balance at beginning of the year	760 179	952 458
Transfer to residence fund (note 23)		(150 000)
Amortisation	(42 279)	(42 279)
Balance at end of year	717 900	760 179
Non-current portion of capital expenditure reserve - land and Building	675 621	717 900
Current portion of capital expenditure reserve - land and Building	42 279	42 279
Balance at end of the year	717 901	760 179

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.

24 RESIDENCE FUND	2018 US$	2017 US$
Balance at the beginning of Year	160 846	-
Transfer from capital expenditure reserve -land and buildings	-	150 000
Interest Income from the current period	8 379	10 846
Balance at end of the year	169 225	160 846
Accumulated interest Income	65 506	65 506
Total residence Fund as at year end	234 731	226 352

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

25 FUNDS	2018 US$	2017 US$
25.1 Revaluation reserve		
Balance at the beginning of the year	238 752	238 752
Revaluation surplus for the period	209,893	-
Balance at the end of the period	448 645	238 752

The revaluation surplus relates to the revaluation of property and vehicles that was carried out in October and November 2018

25.2 Reserve fund		
Balance at beginning of the year	1 006 665	500 000
Transfer from Accumulated funds	500 000	500 000
Interest Income from the current period	51 571	6 665
Balance at end of year	1 558 236	1 006 665

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.

26 NET EFFECTS OF CHANGES IN WORKING CAPITAL

(Increase)/decrease in Inventory	(1 531)	464
Decrease/(increase) in receivables	1 336 361	(23 512)
(Decrease)/increase in payables	(1 367 080)	1 903 977
(Decrease) in provisions	(89 861)	(252 764)
	(122 110)	1 628 165

27 EVENTS AFTER REPORTING PERIOD

ELEMENTS	COMPONENTS OF REPORTED AMOUNTS Monetary Assets/ Liabilities Nostro FCA(USD)	Monetary Assets/ Liabilities RTGS Dollar	Non-Monetary Assets/Liabilities USD	Total USD @1:1	Total RTGS$1:2.5	Total RTGS$1:3	Total RTGS$1:3.5
Non -Current Assets							
Property and equipment	-		1,381,553	1,381,553			
Current Assets							
Inventories	47,607		-	47,607			
Receivables and prepayments	182,488		-	182,488			
Bank and cash balances	4,554,325	144,749	-	4,699,074	4,612,225	4,602,575	4,595,682
Foreign currency translation reserve	-	-	-	-			
Total current assets	4,784,420	144,749		4,929,169			
				-			
Total Assets	4,784,420	144,749	1,381,553	6,310,722			
Reserves and Liabilities							
Capital and Reserves							
Funds							
Residence Funds	65,506		-	65,506			
Revaluation Reserve	448,645		-	448,645			
Capital reserve fund	1,558,236		-	1,558,236			
Accumulated funds	1,669,416		-	1,669,416			
Sub-total	3,741,803			3,741,803			
Capital Expenditure reserve	675,621			675,621			
Total capital and reserves	4,417,424	-		4,417,424			
Current liabilities							
Trade and other payables	1,074,667			1,074,667			
Provisions	607,126			607,126			
Related party payables - Residence funds	169,225			169,225			
Deferred Income - Capital Reserve	42,279			42,279			
Total current liabilities	1,893,297	-	-	1,893,297	-	-	-
Total reserves and liabilities	6,310,722	-	-	6,310,722	-	-	-

27 EVENTS AFTER REPORTING PERIOD (CONTINUED)

On 20 February 2019, the Central Bank Governor announced a new monetary policy statement(MPS) whose highlights were:

a). Denomination of RTGS balances, bond notes and coins collectively as RTGS dollars. RTGS dollars become part of the multi-currency system.

b). RTGS dollars to be used by all entities and individuals in Zimbabwe for purposes of pricing of goods and services, record debts, accounting and settlement of domestic transactions.

c). Establishment of inter-bank foreign exchange market where the exchange rate will be determined by market forces. The interbank market opened trading at a rate of $1 to RTGS$2.5

The monetary policy announcement was followed by the publication of Statutory Instrument 33 of 2019 (SI33) on 22 February 2019. The Statutory Instrument gave effect to the introduction of the RTGS Dollar as legal tender and prescribed that "for accounting and other purposes" certain assets and liabilities on the effective date would be deemed to be RTGS dollars at a rate of 1:1 to the USD and would become opening RTGS Dollar values from the effective date.

Management based on their interpretation of IFRS considered the MPS of 20 February 2019 and the subsequent emergence of an interbank exchange rate to be an adjusting event in terms of International Accounting Standard 10 (IAS 10) "Events after the reporting period" as it was considered to be shaped by underlying conditions as at the reporting date of 31 December 2018. In particular the promulgation of RGTS Dollar as currency, in the opinion of Directors, was a response to market perception which had come to regard RTGS balances and transactions as representing an underlying currency. However, given the accounting restrictions imposed by SI33, these post balance sheet events have not been adjusted for.

The impact on the 2018 balance sheet of applying different exchange rates is shown on the table below. Management performed a sensitivity analysis of the effect of using different exchange rates following the change in functional currency from US$ to RTGS$. The table below illustrates the different scenarios based on RTGS$ exchange rates to the USD of 1:1, 1:2.5, 1:1.3 and 1:3.5.

DETAILED STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2018

INCOME	2018 US$	2017 US$
Amortisation of capital expenditure reserve - land and building	42 279	42 279
In-kind contributions	343 044	416 192
Interest income	83 677	113 510
Member state contributions	4 648 241	4 938 415
African Capacity Building Refund	627 183	467 398
Non Member States income	8 484	
Other Income	62 865	32 941
Other donors	-	740
World Bank	353 316	246 345
Income from BDU	39 313	19,857
	6 208 402	6 277 677
EXPENDITURE		
Macroeconomic Management Programme		
In-country workshops	51 355	80 961
Missions	139 218	64 721
Operating expenses	89 446	88 937
Programme delivery - staff	795 375	725 566
Regional workshops	370 042	387 095
Participants travel -in kind expenses	111 683	130 796
Networking	7 405	13 396
Fellows Development	239 030	11,088
Studies	175 951	61 682
E learning	115 950	46 900
	2 095 455	1 611 142
Financial Sector Management Programme		
In-country workshops	82 687	135 242
Missions	107 610	84 718
Operating expenses	84 160	89 340
Programme delivery - staff	717 301	663 161
Regional workshops	190 170	307 689
Participants travel - in kind expenses	93 685	159 997
Networking	36 208	21 593
Studies	165 418	13 168
E learning	45 577	49 280
	1 522 816	1 524 188
Debt Management Programme		
In- country workshops	109 032	107 269
Missions	55 087	14 041
Operating expenses	82 300	82 565
Programme delivery - staff	669 783	584 355
Regional workshops	273 697	339 215
Participants travel -in kind expenses	137 676	104 503
Networking	10 189	8 661
Studies	83 192	83 680
E Learning	28 750	35 800
	1 449 706	1 360 089

DETAILED STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

EXPENDITURE (continued)	2018 US$	2017 US$
Multi-disciplinary activities		
Executive fora	-	157 546
Fellows development programme	-	160 852
Monitoring and evaluations	-	-
Regional workshops	-	25 569
Operating expenses	-	29 263
Programme delivery - staff	-	111 830
Participants travel -in kind expenses	-	-
Networking	-	9 409
	-	
	-	494 469
Secretariat Capacity Building		
Operating expenses	114 696	67 647
Salaries and wages	-	156 043
Staff development and retreats	46 176	58 544
Executuve For a	90 027	-
Networking	26 459	4,238.00
Publications and Library	-	49 226
In-house workshops	1 050	1,098.00
Staff recruitment and relocation	138 246	26 748
	416 654	363 544
Business Development Unit		
Programme Delivery	124 117	-
Staff Development	90	-
Operating expenses	27 730	102,156
Depreciation	1 876	1,347
Open courses	17 126	7,987
Staff recruitment and relocation	-	500
	170 940	111,990
Administration		
Governing bodies	68 885	77 079
Depreciation	164 399	171 905
Operating expenses	56 003	118 607
Salaries, wages and benefits	391 094	373 623
	680 381	741 214
Allowance for impairment of receivables	-	302 127
Total expenditure	6 335 952	6 508 763
Deficit for the year	(127 550)	(231 086)

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