



This bulletin highlights the activities conducted by the Institute during the first quarter of 2022.

MEFMI is committed to continuously improve its relevance through providing capacity building services in areas which are demanded by client institutions. The Institute is devoted to delivering its services in an effective manner which highly impacts the targeted audience, by,

among others, enhancing its delivery modes to suit the current COVID-19 environment.

With the slow progress in vaccinations and impact of new variants, COVID-19 is still in the region as with other parts of the globe. Hence the reason in 2022, most activities will continue to be delivered virtually.

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The MEFMI Secretariat started implementing the Phase VI Strategic Plan in Q1 2022. The Phase VI strategy seeks to harness the experiences gained from the previous Phases as well as foster implementation of recommendations by client institutions to achieve macroeconomic and financial stability in member countries. The following is a synopsis of the activities that were conducted by the Secretariat Q1 202.

1. Seminar on Strengthening Fiscal Frameworks and Public Financial Management Systems for Managing Natural Resource Wealth

MEFMI conducted a seminar on Strengthening Fiscal Frameworks and Public Financial Management Systems for Managing Natural Resource Wealth. The seminar focused on the policy issues, key principles and good practices to enhance transparency and accountability in the management of natural resource wealth. The volatility, uncertainty, and exhaustibility of natural resources pose challenges for the design of appropriate policy frameworks for the management of their economic proceeds. The lack of strong fiscal frameworks and Public Financial Management (PFM) systems to manage natural resources revenues in an efficient and transparent manner can result in lost opportunities to achieve sustained broad-based economic growth and development. Knowledge gained from this seminar is expected to be used to enhance the availability of appropriate fiscal regimes, as well as

PFM legal and regulatory frameworks in member countries, thus contributing to sound fiscal policy management.

2. Assessing Emerging Issues Forming Future Capacity Development Needs

MEFMI conducted a Retreat for Heads of Statistics Departments in the region in the midst of disruptions. The main aim was to discuss emerging issues forming future capacity development needs. The workshop also looked at good practices with particular focus on the impact of COVID-19 pandemic on compilation and dissemination of statistics. The retreat presented the 49 Heads of Statistics Departments, with an opportunity for a peer learning experience on the current status, key challenges and critical capacity gaps in macroeconomic statistics in the region. It is envisaged that, in the long-term, this collaboration with the Heads of Statistics Departments in the region will assist the monitoring and evaluation (M&E) of MEFMI statistics capacity building activities.

3. Assisting Client Institutions to Build Strong Debt Databases

The Institute continues to support client institutions in building strong debt databases which are comprehensive, up-to-date and provide timely statistics to stakeholders. Together with the developers of debt recording and management systems, the Institute continues to support client institutions in the use of latest systems which incorporate enhancements in line with developments in the debt management landscape. To this end, MEFMI and the Commonwealth Secretariat supported the Ministry of Economy and Finance, Mozambique to validate its public database in preparation of the migration from Commonwealth Secretariat Debt Recording and Management System, (CS-DRMS) to the new system known as Commonwealth Meridian. The next step after this mission would be migration of the database, preceded by the Ministry addressing

internet connectivity issues to support the CS-Meridian.

4. BOP/IIP Compilation Introduced by the BPM6

In view of the changes in Balance of Payments and International Investment Position (BOP/IIP) compilation introduced by the BPM6, MEFMI conducted an e-Learning course on BOP/IIP compilation and analysis. The course enhanced the participants' knowledge and understanding of the linkages between the external sector and other sectors, as well as an analytical interpretation of the developments in the BOP/IIP. It also provided a platform for peer-to-peer learning on how to deal with complex methodological and compilation issues during covid-19. The course was attended by 56 junior to middle level officials involved in BOP/IIP compilation and analysis from Central Banks, Statistics Offices and Ministries of Finance and Planning.

5. MEFMI /CAIM Host Webinar - structure and dynamics of onshore Chinese sovereign bond market

As part of its support to member countries' efforts to achieving their objectives for sovereign asset management, MEFMI hosted a webinar on 31 March 2022 in collaboration with Crown Agents Investment Management (CAIM). The webinar enhanced the knowledge of 194 officials on the structure and dynamics of onshore Chinese sovereign bond market, its relative performance, correlation with global markets as well the nuances for accessing the market. It also created awareness among sovereign asset managers on potential return enhancements opportunities and diversification benefits to be realized from allocating sovereign assets to onshore Chinese government bond market. With the knowledge gained, sovereign asset managers are expected to better able to evaluate onshore Chinese government bond market and inform asset allocation decisions to tap into the potential return enhancement and diversification opportunities that this market presents.

6. MEFMI Prepares to Toll Out More Robust PCSM

MEFMI continued work on the project to revamp the Private Capital flows Monitoring System (PCMS) which involved a redesign of the user interface and enhancement of the system functionalities. The revamping of the system was driven by the need to meet emerging needs of users and to facilitate incorporation of technological advancements with the aim of rolling out a more robust system to MEFMI member countries and beyond. The system is currently used by seven (7) countries namely Botswana, Eswatini, Kenya, Lesotho, Malawi, Rwanda and Tanzania.

7. Countries Urged to Develop More Robust Supervisory & Regulatory Frameworks

The application of technology to financial services (FINTECH) has gained momentum in the MEFMI region due, in part, to the challenges presented by the COVID-19 pandemic. Faced with this transformation, regulators must develop new regulatory and supervisory frameworks that aim to balance the objectives of promoting innovation, on one hand, with the traditional objectives of maintaining financial stability and consumer protection. As part of its effort to support member countries build capacity to effectively regulate and supervise Fintech and digital products, MEFMI organised a regional workshop on Fintech Regulation from 7 to 10 March 2022. The workshop was aimed at introducing participants to the key policy and regulatory considerations in FINTECH regulation. The training which was cast at policy-formulation level targeted mid-level and senior officials of financial regulatory and supervisory authorities in MEFMI member countries. A total of 105 officials from central banks and other non-bank financial institutions regulatory authorities from 10 MEFMI member countries attended the workshop. The officials are expected to use the acquired knowledge to improve the regulatory and supervisory frameworks for FINTECH and DFS in their respective jurisdictions.

8. Building Blocks for Development of Domestic Debt Markets

The Institute remains responsive in addressing emerging issues that affect macroeconomic and financial management in member countries. To this end, the Institute conducted a regional training on Local Currency Bond Markets (LCBM) in collaboration with the IMF and World Bank. The workshop aimed to enhance the knowledge of country officials on the building blocks for development of domestic debt markets as well as sequencing of reforms. In addition, the workshop provided a platform for participants to learn from experiences and good practices of peer countries.

9. MEFMI /IMF Workshop Raises Awareness on Credit Risks Tools and Frameworks

MEFMI, in collaboration with the IMF conducted a regional workshop on Credit Risk Assessment on Loan Guarantees. The workshop was organised against a background of capacity gaps that exist in most client institutions to assess credit risks associated with issuing loan guarantees. In this regard, the joint workshop raised awareness on the available tools and frameworks for assessing credit risks arising from loan guarantees such as the credit scoring model. The training also set a foundation for countries to develop the requisite frameworks for managing loan guarantees such the legal and institutional frameworks arrangements.

10. Course Enhances Participants' Knowledge on Major Facets of AML/CFT

MEFMI organised a course on Anti-Money Laundering and Combating Financing of Terrorism (AML / CFT) during the period 7 – 11 March 2022 as part of its support to countries' efforts to put in place effective AML / CFT frameworks. The course enhanced the knowledge of 101 participants on major facets of AML/CFT and what actions their institutions should implement to reduce the risk of money laundering and financing of terrorism, such as the use of a risk-based approach

to develop appropriate measures to mitigate money laundering and terrorism financing risks, customer due diligence, record keeping, and reporting. It also provided a platform for discussion and sharing of insights on best practices and challenges regulators and / accountable institutions face, and the methodologies that can be used to ensure compliance with international standards. MEFMI intends to offer this course on a regular basis as part of effort to support countries' efforts to safeguard the integrity and stability of their financial system.

11. MEFMI / WORLD BANK / MFS Africa Deliver Workshop on Fintech Regulation

MEFMI collaborated with the World Bank and MFS Africa to deliver the workshop on Fintech Regulation. It was the first collaboration between MEFMI and MFS Africa, a United Kingdom based Fintech company with business interests in the region. MFS Africa expressed interest in partnering MEFMI in future activities. The programme also collaborated with Crown Agents Investment Managers to deliver the webinar on the Rise of Onshore Chinese Debt in the Global Bond Market: Implications for Strategic Asset Allocation.

12. Anti-Plagiarism Software Launched

The Secretariat has been implementing the 11th Cohort of the Fellows Development Programme since December 2020. Thus far, one (1) Candidate Fellow has submitted a complete draft technical paper, four (4) are working on their respective technical papers and seven (7) are still at the technical proposal stage. The Secretariat and mentors have been providing the requisite guidance to the Candidate Fellows to ensure that they are consistent with their respective Customised Training Programme (CTPs).

To ensure that the Candidate Fellows produce credible technical papers, during the period under review the Secretariat commenced the implementation of the Anti-Plagiarism Software that requires Candidate Fellows to submit their papers for plagiarism detection. The updated ICT Policies and Standards was approved by the

Executive Committee during the period. The ICT Policies and Standards seek to guide the use and management of ICTs in order to mitigate risk and realise value from ICT-related investments.

13. Administrative Services and Developments at the Secretariat

The following are some administrative activities and developments that took place at the Secretariat in Q1 2022:

- i. The Institute replaced ICT equipment to comply with the ICT Policies and Standards, and to ensure good performance. To further strengthen the security, Mobile Device Management software was procured for installation on end-user devices.
- ii. In line with good corporate governance, some Policies and Manuals that were due for review were updated and approved by the Executive Committee.
- iii. Nine (9) governance meetings including two (2) EXCOM and Finance and Audit Committee meetings were held to discuss and review operational issues. The risk management committee also met and analysed the risks facing the Institute. Risk profiling and ICT Vulnerability Assessment reports will be part of management and EXCOM reports.
- iv. Efforts continue to be made to increase MEFMI brand visibility through continuously posting relevant and up to date information on the MEFMI website and Twitter handle. The target for 2022 is to have 12,000 organic visitors to the website.
- v. Staff continue to receive training in various areas in order for them to continuously enhance their skills in line with global developments. A MEFMI wide area of training was in results based budgeting, where staff got trained in effective utilisation of Quantrix for budgeting, reporting and monitoring. ICT Security Awareness Training was rolled out during the

period. Training on identifying, mitigating potential threats and secure use of ICT resources was provided to staff. Informational updates to keep all employees alert and up-to-date on ICT security issues were shared regularly for the purpose of safeguarding ICT-related resources.

vi. As a recommended practice MEFMI outsources both internal and external auditors so as to get an independent opinion regarding the effectiveness of its operations. In this regard, MEFMI conducted two (2) audits during the period under review as below:

a. Internal audit:

KPMG conducted the internal audit review for MEFMI for the period 1 July 2021 to 31 December 2021. The review covered, IT Infrastructure / General IT Controls, Accounting, Procurement and Tax, Corporate Governance, People and Operations and Regulatory Compliance. The results of the review indicated that MEFMI has an acceptable control framework in place.

b. External Audit

The Institute's books of accounts for the financial year 2021 were audited by BDO Zimbabwe Chartered Accountants. They gave a clean audit report and indicated that the institute had effective and sound internal controls.

14. Executive Fora Events Receive Financial Support

Financial support has been secured for the three (3) MEFMI Executive Fora events. Crown Agents Investment Management and Ninety One will fully fund the Deputy Principal Secretaries and Deputy Governors Forum and Governors Forum respectively. The events will be held in Q2 2022. Afreximbank will fund the Combined Forum which will be held in Q4 2022.

15. Findings Suggest High Uptake of International Best Practices In the compilation and dissemination of statistics

As part of assessing the effectiveness of MEFMI's capacity development activities, an indicator-based survey tool that was developed in the fourth quarter of 2021 was deployed to client institutions in the MEFMI member countries. During the period under review, a total of 19 responses were received from 13 member countries. Data cleaning and collating has been completed while data analysis and reporting is ongoing. Preliminary findings suggest a high uptake of international best practices in the compilation and dissemination of statistics, as the 13 member countries surveyed have confirmed using SNA 2008, BPM6, GFSM 2014, MFSCG 2016 and PSDSG 2013 as a guide in the compiling and disseminating of national statistics. This revelation resonates with the outcome of the pre and post-event quizzes which suggest that statistics-related capacity building activities recorded a 100% statistically significant improvement in knowledge among the trained officials. Further, the majority (77%) of the client institutions that are responsible for compiling and disseminating statistics in the member countries confirmed that MEFMI's capacity building programmes have enhanced their capacity to compile and disseminate statistics using the latest international standards. While about 33% of the client institutions that took part in the survey attributed their enhanced capacity in the compilation and dissemination of statistics to the interventions they received from other link-mined capacity building institutions such as the International Monetary Fund (IMF).

The Secretariat also employs Bi-Annual Performance Reviews as its flagship mechanism to determine the extent of the capacity development activities are contributing towards the achievement of the desired outcomes, as well as an early warning mechanism for any challenges that may stifle the potential of capacity development activities to yield the desired results. The Bi-Annual Performance

Reviews also provide an opportunity to derive lessons and identify opportunities to enhance the MEFMI's service delivery and product design. It is against this background that the Secretariat convened its 11th Bi-Annual Performance Review meeting on 22nd March 2022. This was the first Bi-Annual Review in Phase VI. Some of the issues that emerged from the Bi-Annual Review are the rise in demand for face-to-face activities (especially in-country activities/workshops), the need to rationalise the number of committees including staff participation in these committees (given the currently high number of committees), an increase in the completion rate of E-learning courses (attributed to the translation course materials to Portuguese), the need to rationalise the ICT Awareness training as they are too repetitive and in some instances too long, workload among staff and the need to consciously monitor and discuss country participation at Management level.

16. Implementing the Integrated Management Information System

Implementation of the Integrated Management Information System (IMIS) is an ongoing or continuous process. As part of this process, during the period under review, the integration of the Phase VI Results Measurement Framework

(RMF) was finalised. This entails that programmes/ departments are now able to report progress on their respective Phase VI key outcome indicators using the IMIS. The integration of the Phase VI RMF in IMIS was preceded by the preparation of the terms of reference for the integration, engagement of the Consultant to undertake the integration assignment, valid and provide quality assurance of the consultancy deliverable by convening weekly meetings with the developer, the conduct of a test-run of the new RMF by MEFMI Secretariat.

17. Undertake End of Phase V Evaluation

Following the conclusion of Phase V on 31 December 2021, the Secretariat has commenced processes leading to the conduct of the end of Phase V evaluation taking into account key evaluation criteria such as relevance, effectiveness, efficiency, sustainability, impact, coordination/coherence, timelines, needs, and stakeholder involvement. To this effect, the evaluation of bids commenced in February 2022. This was preceded by the compilation of the bids, and preparation of the evaluation tool and the evaluation rubric to guide the Bids Evaluation Committee in the conduct of the evaluation of the bids. The end of Phase V evaluation is expected to commence in the second quarter, once the successful bidder is determined.

Meet MEFMI Fellows

**Evelyne Kanini Kilonzo,
Graduate Fellow**



I participated in Cohort 7 of the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) Fellows Development Programme. My area of focus was Non-Banks Supervision under the Financial Sector Management Programme and I graduated as a Graduate Fellow in 2012. When I joined, I was working in the field of Microfinance.

I have worked for the Central Bank of Kenya (CBK) for over 20 years and currently serve as a Senior Manager and Portfolio Lead of the Financial Inclusion and Fintech team of Bank Supervision Department. I also serve as the lead of the interdepartmental Financial Inclusion & Innovation Team (FIIT) of CBK.

I have led, coordinated, facilitated and participated in critical milestone activities with various local, regional and international partners towards fulfilling CBK's mandate of formulating innovative policy solutions to enhance financial inclusion in Kenya. I have worked towards enhancing the policy, legal and regulatory infrastructure relating to financial inclusion, including microfinance, digital finance, agency banking, credit information sharing, financial education, consumer protection and Financial Technology (Fintech).

The MEFMI Fellows Development Program presented me with a great opportunity to acquire comprehensive training in the regulation and

supervision of microfinance institutions. This enabled me to contribute value to the regulatory and supervisory functions of the Central Bank of Kenya, and specifically in the development of the policy, regulatory and supervisory frameworks for the microfinance industry in Kenya.

Recently, I have been able to interact with different Central Banks as a facilitator and participant in learning and sharing of knowledge in the areas of financial inclusion and fintech. The benefits of the learning and sharing sessions are not just in providing and gaining practical insights but also in expanding my understanding of best practices in different jurisdictions.

**Rodney Lwanga T. Samora,
Accredited Fellow**



I joined the MEFMI Fellows Development Programme (FDP) specializing in Foreign Private Capital Monitoring and Analysis under the Macroeconomic Management Programme,

graduating in July 2012, and later becoming an Accredited Fellow in July 2017.

The Fellows Development Programme (FDP) deepened my knowledge of Foreign Private Capital Monitoring and Analysis, improved my research and analytical skills, and provided me with exciting and thrilling experiences in my extensive career. As a result, I have undertaken Regional Research work and a series of consultancies with regional institutions and provided Technical Assistance missions to regional central banks.

I have previously served in the Statistics Department and gathered over 17 years of experience in Foreign Private Capital Monitoring and Analysis and provided leadership to the Capital Statistics Section that compiled Uganda's External Sector Statistics.

Currently, I am the Head of Operational Risk Section in Bank of Uganda responsible for managing the Bank's Risk Operational Risk.

Editorial comments and contributions to MEFMI Update should be directed to: Gladys Siwela
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Our Values: ▶ Accountability ▶ Teamwork ▶ Responsiveness ▶ Integrity Professionalism



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