MEFMI

Macroeconomic and Financial Management Institute of Eastern and Southern Africa

ANNUAL REPORT 2022

CONTENTS

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

ABBREVIATIONS

AACB	Association of African Central Banks
AFS	AFRITAC South
BIS	Bank for International Settlements
BOP	Balance of Payments
BoT	Bank of Tanzania
BoZ	Bank of Zambia
BTOR	Back to Office Report
CAIM	Crown Agents Investment Management
CCTV	Closed Circuit Television
COMSEC	Commonwealth Secretariat
COVID-19	Corona Virus Disease 2019
CS-DRMS	Commonwealth Secretariat Debt Recording and Management System
CS-Meridian	Commonwealth Meridian
DMFAS	Debt Management and Financial Analysis System
ECF	Extended Credit Facility
EXCOM	Executive Committee
FINTECH	Financial Technology
FPP	Financial Programming and Policies
FSI	Financial Stability Institute
GDP	Gross Domestic Product
GIPS	Global Investment Performance Standards DMFAS
IADI	International Association of Deposit Insurers
ICT	Information and Communications Technology
IIP	International Investment Position
IMF	International Monetary Fund
ICD	Institute for Capacity Development
IMIS	Integrated Management Information System
LCBM	Local Currency Bond Market
M&E	Monitoring and Evaluation
MDM	Mobile Device Management
MEFMI	Macroeconomic and Financial Management Institute of Eastern and Southern Africa
MFI	Microfinance Institutions
MoFP	Ministry of Finance and Planning
NADABAS	National Account Data Base System
NBFI	Non-bank Financial Institutions
NBR	National Bank of Rwanda
NISR	National Institute of Statistics of Rwanda
RMF	Results Management Framework
SNA	System of National Accounts
SSA	Sub-Sahara Africa
TDB	Trade and Development Bank
QNA	Quarterly National Accounts
UNCTAD	United Nations Conference on Trade and Development
WAIFEM	West African Institute for Financial and Economic Management
ZIMSTAT	Zimbabwe National Statistics Agency

STATEMENT BY THE CHARMAN OF THE BOARD OF GOVERNORS

Prof. Florens Luoga
Governor, Bank of Tanzania
Chairman, Board of Governors

It is a great honour to present to you the MEFMI 2022 Annual Report. The past year was yet another year when economic conditions were tough across the globe. The positive economic recovery experienced in 2021 was quickly followed by gloomy developments and increased volatility in 2022 as the world grappled with escalating economic and geopolitical concerns.

Despite the harsh economic environment, I am happy to report that MEFMI continued to deliver its mandate through providing relevant capacity development products and services to its member countries. Allow me to express my deepest gratitude to all member countries for the support extended to MEFMI in 2022.

I am proud to announce that the Institute has once again produced unqualified audited financial accounts, a great testimony of the high level of commitment, professionalism, and integrity at MEFMI. I commend Management and Staff for the great work done in fulfilling the Institute's mandate by implementing the Phase VI Strategic Plan and for their hard work in successfully delivering capacity building activities as set out in the 2022 Work Programme.

My deep appreciation goes to the MEFMI Board of Governors, Executive Committee and the Finance and Audit Committee who, despite busy schedules, worked tirelessly throughout the year to ensure the execution of the Institute's mandate. I also appreciate the remarkable collaboration between the Board of Governors, the Executive Committee, and the Secretariat.

I am eternally grateful to all the financial and technical partners who continue to support the Institute. MEFMI secured three (3) financial partners to support the hosting of the Executive Fora events for 2022. Crown Agents Investment Management and Ninety-One funded the Deputy Principal/Permanent Secretaries and Deputy Governors Forum, and Governors Forum, respectively. AFREXIMBANK funded the Combined Forum. I also want to pass my sincere appreciation to partners that supported other MEFMI activities and collaborated with us in the year. These include the World Bank, Crown Agents Investment Management (CAIM), COMESA Monetary Institute (CMI), the International Monetary Fund (IMF), Commonwealth Secretariat (COMSEC), United Nations Conference on Trade and Development (UNCTAD), Financial Sector Deepening Africa (FSD), Financial Stability Institute (FSI) of the Bank for International Settlements (BIS), International Association of Deposit Insurers (IADI), West African Institute for Financial and Economic Management (WAIFEM), Trade and Development Bank (TDB), MFS Africa, Bank of England, South African Reserve

Bank, Single Resolution Board of the European Union and Association of African Central Banks (AACB).

I would like to recognise the contributions of MEFMI Board Members whose tour of duty came to an end during the year. That is, former Board Vice Chairperson, Central Bank of Eswatini Governor, Mr Majozi Sithole and Board Member, former Governor of Bank of Lesotho Dr Adelaide Retselisitsoe Matlanyane, who now serves as the Minister of Finance and Development Planning of the Kingdom of Lesotho. Allow me to offer my gratitude for their dedication and the great contributions accomplished during their tour of duties. I wish them both the very best in their future endeavours and I am certain that our paths will continue to intersect as we work to strengthen MEFMI to fully execute its mandate. In the same breath, I welcome Dr Phil Mnisi, the incoming MEFMI Board Chairman and Governor of the Central Bank of Eswatini as well as Dr Wilson T. Banda, the new MEFMI Board Vice Chairman, MEFMI Executive Committee Chairman, and Governor of the Reserve Bank of Malawi. I also extend a warm welcome to Mr Emmanuel Maluke Letete, the new MEFMI Board of Governors & Executive Committee member, and Governor of the Bank of Lesotho. I am certain their wealth of experiences and global networks will contribute to making MEFMI a world-class capacity development institution in the region and beyond.

I look forward to the continued support of the Board of Governors and all MEFMI stakeholders as MEFMI continues with the implementation of the Phase VI Strategic Plan.

Prof. Florens Luoga
Governor, Bank of Tanzania
Chairman, Board of Governors

STATEMENT BY THE MEFMI EXECUTIVE DIRECTOR

Dr. Louis Kasekende
MEFMI Executive Director

It is with pleasure that I present the major highlights of the 2022 Annual Report. The year was characterised globally, by high levels of debt, rising borrowing costs, and depleted public savings which have shrunk the fiscal space in most countries in the region.

Countries in the MEFMI region have fallen victim to rising inflation, which has soared above central bank targets in most member countries, significantly eroding households' purchasing power, especially for the poorer segments of the population. This is the environment in which MEFMI's capacity-building activities were conducted during the period under review, as presented in this statement.

The Institute addressed client institutions' capacity-building needs, focusing on the priority areas identified in the Phase VI Strategic Plan which commenced in January 2022. The Institute implemented 127 activities in the year, including regional workshops, e-learning courses, seminars, webinars, in-country workshops, missions, executive fora, staff development and networking events. I am happy to report that MEFMI also finalised the integration of the Phase VI Results Measurement Framework (RMF) into the Integrated Management Information System (IMIS) during the period under review. As a result, MEFMI Programmes can now report progress on their respective Phase VI key outcome indicators using the IMIS.

As part of efforts to enhance its sustainability, the Institute has identified resource mobilisation as a key part of its Phase VI Strategy. Efforts will be directed towards engaging potential donors, increasing the Business Development Unit's (BDU) revenue, efficiently managing available resources, and enhancing collaboration with new and existing partners. In that respect, I am pleased to report that the Business Development Unit (BDU) implemented a total of 16 activities in 2022 compared to 12 that were planned for the year. The Unit generated revenues amounting to USD287,400 against a target of USD210,000, achieving a net profit of USD218,058 against a target of USD140,460.

The previous year marked the end of the Phase V (2017 – 2021) Strategic Plan. The Institute engaged ECORYS Consultancy to conduct the End of Phase V

Evaluation. The Evaluation sought to assess the extent of implementation and achievement of Phase V objectives, desired results and the set targets. I am pleased to report that the outcome of the evaluation shows that MEFMI made significant achievements against the desired results and the set targets, despite the challenging operating environment during the previous phase.

It gives me great pleasure to report that the Institute continued to work towards strengthening the capacity of MEFMI member countries. The Institute also conducted several of the capacity development activities in collaboration with a number of cooperating partners such as IMF, WAIFEM, WAIFEM, World Bank, CAIM, Ninety One, AFREXIMBANK and COMSEC, to mention a few.

I am also pleased to report that the Institute successfully hosted three Executive Fora activities (i.e. the Deputy Governors / Deputy Permanent Secretaries Forum; the Governors Forum and the Combined Forum) in 2022. The three events discussed critical issues under the theme Digital Disruptions in Payments and Banking as part of efforts to support member countries in dealing with challenges and opportunities associated with the fourth industrial revolution.

The Institute convened its 11th and 12th Bi-Annual Performance Review meetings. Some of the issues that emerged from the reviews were the rise in demand for face-to-face activities from member countries and the increase in the completion rate of e-learning courses. The Institute will continue to pay attention and respond to the needs of the member countries.

In 2022, we bid farewell to Mr Stanislas Nkata, Director of the Debt Management Programme, Mr Tivinton Makuve, a Programme Manager in the Financial Sector Management Programme and Dr Gladys Jadagu, a Public Relations Manager. I wish to express my sincere appreciation for their unmatched dedication to MEFMI over the years. We also welcomed, Dr Frank Chansa, a Programme Manager in the Macroeconomic Management Programme and Ms Zinhle Mkhari, a Public Relations Manager who joined MEFMI in 2022.

Lastly, I am very grateful to the MEFMI Management and Staff for their hard work and commitment throughout the year. I am also thankful to the Board of Governors, for the great leadership and guidance.

Louis Kasekende (PhD)
MEFMI Executive Director

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

In 2022 many countries around the world were hit by a series of shocks at a time when they were still struggling to shake off pre-existing vulnerabilities induced by the COVID-19 pandemic. Sub-Saharan Africa (SSA) was not spared. It was hit by a multitude of shocks which included the slowing down of the global economy, tightening global financial conditions, high inflation driven by rising food and fuel prices exacerbated by the war in Ukraine, and mounting risk of debt distress.

At the start of the year, there were nascent hopes of a post-pandemic recovery, but this recovery was quickly derailed by weakening demand in the euro area, China, and the United States, which constitute the region's three (3) largest trade partners. Inflation dynamics in the region also worsened during the year on account of elevated international commodity prices following the war in Ukraine. Many countries registered double-digit inflation prompting significant tightening from the monetary authorities. However, despite the aggressive monetary policy stance in several countries, inflation remained high in most of them.

The year 2022 was also characterised by a strong dollar due to the consecutive interest rate hikes by the Federal Reserve Bank. The strong dollar increased the risk of debt distress among countries with significant external debt as debt service costs soared. The IMF estimates that growth in SSA slowed to 3.8 percent in 2022, from 4.7 percent in 2021. They further project that growth will remain moderate at 3.8 percent in 2023, before picking up to 4.1 percent in 2024.

Despite the difficulties in the operating environment, the Institute continued to deliver its mandate to build sustainable human and institutional capacity in macroeconomic and financial management among its membership. This was achieved through the use of innovations in ICT to deliver capacity-building programmes remotely and as well as face-to-face. Collaboration with other capacity-building institutions in the provision of technical assistance was also used to reduce costs of delivery on the Institute.

The year 2022 marked the start of the implementation of the MEFMI Phase VI Strategic Plan which will run from January 2022 to December 2026. The new plan was approved in 2021 by the Institute's Board of Governors.

The sections below provide a summary of achievements for all the MEFMI's strategic pillars. A total of 127 activities were implemented in 2022 against a target of 113 activities. Of these, 43 were regional activities, 36 were in-country workshops/missions with the rest constituting mainly governance, networking and BDU activities.

Pillar 1: Strengthening the Capacity of MEFMI member Countries.

This strategic pillar is key to supporting the strategic trajectory of the Phase VI Strategic Plan (2022-2026). It focuses on strengthening the capacity of the member countries in the collection and compilation of macroeconomic statistics, policy formulation and analysis, development of strong legal and institutional frameworks for macroeconomic, sovereign debt, foreign exchange reserves and financial sector regulation as well as the adoption of sound practices.

In 2022, the Institute continued to provide support to member countries to strengthen their capacity in macroeconomic policy formulation and analysis. In particular, countries were trained through in-country and regional workshops to develop appropriate fiscal regimes and fiscal risk management frameworks that align to respective implementation plans and contribute to sound fiscal policy management. They were also assisted to improve the comprehensiveness and credibility of the budget preparation processes. Further, to better support policy formulation, countries were also trained in macro-economic modelling and forecasting through the use of modern econometric techniques such as nowcasting and the use of high-frequency data. This will allow them to overcome the challenges of delayed availability of key macroeconomic data and help to support real-time policy analysis in the MEFMI region. They were also trained on how to build macroeconomic models that can produce reliable forecasts of relevant macroeconomic variables. These initiatives will help improve policy analysis in the region.

The Institute continued to support member countries to strengthen their capacity in the collection and compilation of macroeconomic statistics in accordance with international best practices. In this regard, MEFMI in collaboration with partners provided training in the compilation of national accounts, balance of payments, government finance and public sector debt statistics. It also assisted some countries in the compilation of quarterly Gross Domestic Product (GDP) and setting up of National Accounts Data Base System (NADABAS). Furthermore, in view of the importance of remittances to developing countries, MEFMI conducted training on remittance statistics. In addition, the Institute held a Retreat for Heads of Statistics Departments to assist them in understanding the good practices on the compilation and dissemination of statistics.

MEFMI also conducted training on Financial Programming and Policies (FPP) framework to help countries build consistent macroeconomic statistics to support policymaking. Furthermore, MEFMI continued work on revamping the Private Capital Monitoring System (PCMS) to meet the emerging needs of users and facilitate the incorporation of technological advancements to make the system more robust.

The Institute also continued to support client institutions in building and using comprehensive debt databases that provide timely statistics to stakeholders. In collaboration with COMSEC, MEFMI continued to rollout the implementation of the new Commonwealth Meridian (CS-Meridian) in the region. It also provided training in the use and functionality of Debt Management and Financial Analysis System (DMFAS), jointly with UNCTAD. The regional trainings not only addressed capacity challenges that users of these systems were facing but also provided a platform for countries to discuss their experiences in the use of these systems.

The Institute continued to support member countries to strengthen the management of sovereign assets. In particular, the institute trained officials in sovereign reserves management, performance measurement and attribution, and strategies for managing foreign exchange reserves in a volatile and inflationary environment. In addition, the Institute continued to implement the Internal Credit Risk Assessment Tool (ICRAT) in the region to strengthen the management of credit risk in the investment of sovereign reserves.

MEFMI also supported member countries to deepen their financial systems and advance financial inclusion by embracing Fintech and Digital Financial Services. In this regard, the Institute provided training on the regulation and supervision of fintech and digital financial services. These interventions highlighted the key issues for regulators and how they may balance the goal of supporting innovation and financial inclusion with the goal of maintaining financial stability and consumer protection.

Effective policy formulation crucially depends on the strength of the institutions mandated to undertake assigned functions. To this end, MEFMI continued to provide support to member countries to develop institutional, legal, and regulatory frameworks, tools, and systems for effective debt and financial sector management. In this regard, the Institute provided training to strengthen regulation and supervision frameworks for financial institutions such as banks, microfinance institutions and insurance companies. It also provided training on crisis management and resolution of problem institutions, macroprudential analysis and stress testing, International Financial Reporting Standard (IFRS), Anti-Money Laundering (AML) and Debt Management Performance Assessment.

In addition, MEFMI conducted in-country interventions to support countries in developing public debt management procedures manual aimed at providing guidance on key debt management processes and operations as well as enhancing operational risk management.

Pillar 2: Enhance Operations and Internal Processes

The effective and efficient delivery of capacity development requires strategic management of operations and internal processes. This calls for the strengthening of key internal capabilities such as operational and management systems, logistics, staffing, IT infrastructure, and organisational work culture. During the year, the Institute undertook several initiatives in

2022 which resulted in the enhancement of operational and internal processes. Specifically, the Institute revised and approved several policies aimed at complying with best practices and addressing emerging issues. These policies included ICT Policies and Standards, Remuneration Policy, Performance Management Procedures Manual, The Investment Policy Statement, Reserves Management Policy, Procurement Policy, Accounting Policies and Procedures Manual and Enterprise-wide Risk Management Policy.

In addition, a number of ICT initiatives were carried out to improve the performance, security, and integrity of the systems. These included the rolling-out of the Mobile Device Management (MDM) software, replacement of obsolete ICT equipment with new equipment, upgrade of internal systems and launch of the ICT Vulnerability Assessment to review and strengthen the integrity and security of the Institute's ICT infrastructure.

Pillar 3: Resource Mobilisation and Financial Sustainability

Adequate and sustainable funding is central to the successful implementation of the strategic plan and running of the Institute at large. To achieve this, MEFMI is continuously working towards increasing revenue by identifying new funding sources to complement member countries' contributions. This involves greater efforts to secure additional funding arrangements, as well as strengthening existing and creating new partnerships to ensure financial sustainability and budgetary stability.

In 2022, the Institute put in place a number of revenue mobilisation measures. These included engaging potential donors, increasing the Business Development Unit's (BDU) revenue, efficiently managing available resources, and enhancing col-laboration with new and existing partners. The Institute continued to search yield enhancements in the management of ex-cess funds while mitigating concentration risk. In this regard, the Institute, through its Investment Committee, developed cri-teria for choosing potential counterparty institutions and countries for its excess and investable funds.

Further, the Institute secured three (3) financial partners to support the hosting of Executive Fora events and conducted all regional activities and governance meetings online or virtually in line with the cost-saving objective. By leveraging its part-nerships in delivering some of the capacity-building activities, the Institute was able to make some savings in 2022.

Pillar 4: Enhancing Monitoring and Evaluation

Monitoring and Evaluation (M&E) plays a key role in measuring and tracking progress registered by the Institute in implementing capacity building programmes and ascertaining the attainment of set goals and results. Further, the information gathered provides the basis for improvement and allocation of resources, among others. A number of M&E activities were undertaken in 2022. These include the deployment of an indicator-based survey tool to assess the effectiveness of MEFMI's capacity development activities and the development of an evaluation form for BDU training activities.

The Institute continued implementing Bi-Annual Performance Reviews, revised the Back-To-Office Report (BTOR) structure to enhance its effectiveness as an internal monitoring and decision-making tool and finalised the integration of the Phase VI Results Measurement Framework (RMF) in the Integrated Management Information System (IMIS). Furthermore, the Institute conducted the end of Phase V evaluation. The evaluation indicated that MEFMI made significant achievements against the desired results and the set targets, despite the challenging operating environment, especially the last two (2) years that were characterised by the COVID-19 pandemic.

2022 ACTIVITIES

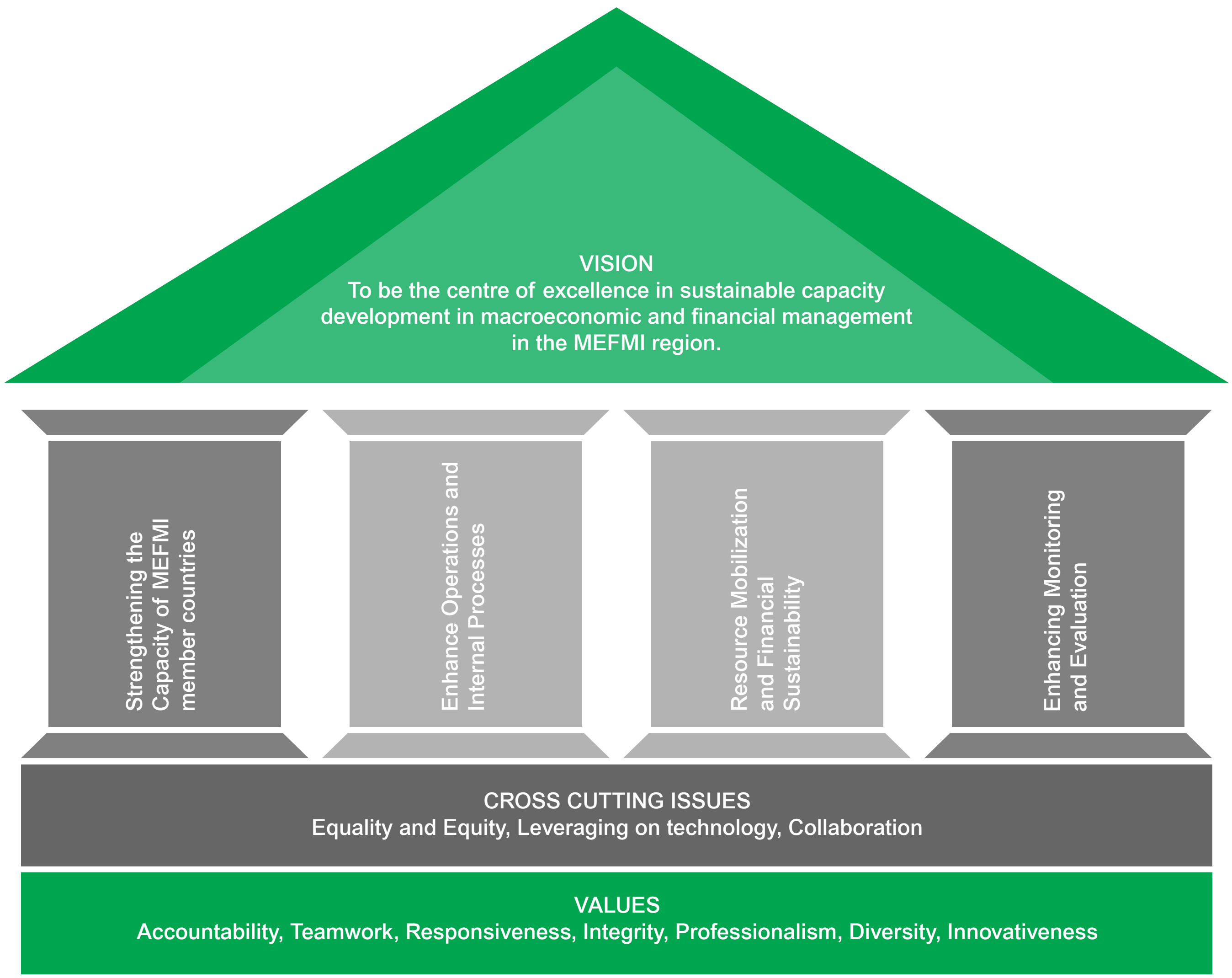
SECTION - 1

1.1 Introduction

The Institute's Phase VI Strategic Plan (2022 – 2026) identifies four (4) strategic pillars, namely: (a) strengthening the capacity of MEFMI member countries; (b) enhancing operations and internal processes; (c) resource mobilisation and financial sustainability; and (d) enhancing monitoring and evaluation. MEFMI is focusing on these pillars to attain its vision of becoming a centre of excellence in sustainable capacity development in macroeconomic and financial management in the region.

The Phase VI Strategic Plan is summarised in Figure 1.

Figure 1: MEFMI Phase VI Strategy Direction at a Glance



The Institute aims to promote macroeconomic and financial stability in its member countries by implementing the Phase VI Strategic Plan. In this regard, the Institute is utilising the resources at its disposal to deliver capacity-building interventions that address gaps in priority areas with the ultimate objective of embedding member countries' macroeconomic and financial stability guided by the Theory of Change. The interventions are designed to enhance the knowledge of officials from Ministries of Finance and Economic Development, Central Banks, and other relevant regulatory and supervisory authorities in the Institute's focal areas of macroeconomic, sovereign debt, and financial sector management.

Figure 2 outlines the Theory of Change guiding the implementation of the Phase VI strategy.

Figure 2: The Theory of Change Guiding the Implementation of the Phase VI Strategy

Inputs	» Member Countries Contributions & funds mobilised through new sources » Staff, fellows, Gratis, Consultants » Support from partners to conduct joint activities
What needs to be done	» Deliver capacity building services in the member countries » Mobilise resources (Human & Financial) to support the delivery of capacity building services » Develop and implement internal mechanisms and processes to support delivery of capacity building services
Immediate Outcomes	» Improved knowledge levels among officials in MEFMI client institutions » Increased awareness on MEFMI capacity building services in the member countries » Enhanced Corporate Governance » Improved financial and risk management processes and systems » Enhanced functionality and utilisation of ICT tools and systems » Enhanced Staff Capacity to perform their duties » Enhanced brand visibility of MEFMI in member countries » Increased new sources of funding besides member countries contributions » Improved efficiency on expenditure and cost management » Enhanced strategic partnerships in capacity development
Intermediate Outcomes	» Efficient macroeconomic and financial management systems » Enhanced capacity of managers of sovereign assets to engage with external services providers » Improved capacity for financial and macroeconomic policy analysis in the member countries » Improved capacity to develop legislative and institutional frameworks for financial and macroeconomic management » Enhanced capacity of Managers of sovereign assets to align risk and portfolio management practices to international best practices » Adoption ofi nternational standards for performance measurement and attribution analysis among the client institutions » Adoption of computer-based systems support the compilation of financial and macroeconomic statistics » Growth of MEFMI Revenue » MEFMI Mandate effectively and efficiently implemented
Impact	» Macro-Economic Stability » Financial Stability

1.2 Economic Developments and Prospects

MEFMI operates in an environment influenced by regional and global economic developments, hence a discussion of the economic developments during the year forms the context within which the activities and outcomes presented in this report are discussed.

Global growth was unexpectedly strong in the third quarter of 2022 in several economies, including the United States, the Euro area, and major emerging markets and developing

experienced in 2022 such as the global tightening of interest rates to fight against inflation, the Ukraine war, and the resurgence of COVID-19 in China which weighed on global economic activity significantly. According to the IMF World Economic Outlook (January 2023), domestic factors are largely responsible for this unexpected growth.

These factors include stronger-than-expected private consumption and investment amid tight labour markets and greater-than-anticipated fiscal support as well as the easing of bottlenecks and declining transportation costs which reduced pressures on input prices and allowed for a rebound in previously constrained sectors. However, except for the US, this uptick in growth was short-lived for many countries as fourth-quarter estimates of high-frequency economic indicators show that growth slowed. For example, economic activity in China slowed in the fourth quarter amid multiple large COVID-19 outbreaks in Beijing and other densely populated localities, causing consumer and business sentiment to remain subdued in late 2022.

The slowdown in China has reduced global trade growth and international commodity prices. There are also signs in many countries that monetary policy tightening undertaken to curb inflation is starting to cool demand and inflation, but the full impact is unlikely to be realised before 2024. The global headline inflation appears to have peaked in the third quarter of 2022. On account of this, the latest IMF estimates show that global growth slowed from 6.0 percent in 2021 to 3.4 percent in 2022. It is forecasted to slow further to 2.9 percent in 2023 before rising to 3.1 percent in 2024.

The rise in central bank rates to fight inflation in advanced countries and the war in Ukraine are largely responsible for the low growth forecast in 2023. As such, growth in advanced economies is projected to decline sharply from 2.7 percent in 2022 to 1.2 percent in 2023 before rising to 1.4 percent in 2024. About 90 percent of advanced economies are projected to see a decline in growth in 2023 while for emerging markets and developing economies, growth is estimated to have bottomed out in 2022, as it is now projected to rise modestly, from 3.9 percent in 2022 to 4.0 percent in 2023 and 4.2 percent in 2024.

Sub-Saharan Africa (SSA), like the rest of the world, has also been hit by a multitude of shocks. These include the slowing down of the global economy, tightening global financial conditions, elevated inflation driven by rising food and fuel prices exacerbated by the war in Ukraine, and mounting risk of debt distress. The expected post-pandemic recovery in the region has been derailed by weakening demand in the Euro area, China, and the United States, which constitute the region's three (3) largest trade partners. For instance, China's weak demand for metals and the widespread fears of a global recession have led to a 22 percent drop in copper prices since March 2022. The prices of other metals have also collapsed, constraining the growth momentum in metal-exporting countries.

Inflation dynamics in the region have worsened in recent months because of high international commodity prices following the Ukraine war. According to a World Bank Report of October 2022, only 4 out of 33 countries in SSA with high-frequency data available registered annual headline inflation below 5 percent in July. The number of countries with double-digit inflation rose to 17 in July 2022 from 10 in January 2022. Despite the aggressive monetary policy in several countries, inflation has generally remained high. SSA relies heavily on food and fuel imports. This has affected inflation and deteriorated the current account balance as the import bill soars. A widening current account deficit puts pressure on the domestic currency to depreciate, which feeds into higher inflation.

Consecutive interest rate hikes by the Federal Reserve Bank have led to a significant strengthening of the dollar against most currencies in the region. This has increased the risk of debt distress among countries with significant external debt as debt service costs soar. Against this background, the IMF estimates that growth in SSA slowed to 3.8 percent in 2022, from 4.7 percent in 2021. They further project that growth will remain moderate at 3.8 percent in 2023, before picking up to 4.1 percent in 2024.

The economic developments in the MEFMI region are expected to follow a trend similar to the rest of the SSA region. High levels of debt, rising borrowing costs, and depleted public savings have shrunk the fiscal space in most countries in the region. During the pandemic, most countries ran huge fiscal deficits as they rolled out support to the economy and vulnerable households, resulting in increased debt levels. Debt is projected to increase to 59.5 percent of GDP in 2022, from 56.6 percent of GDP in 2021 and 50.4 percent of GDP in 2019. Efforts to restructure debt under the G20 Common Framework have been met with little success for most countries in the region. This has magnified the risk of debt distress in some countries.

Countries in the MEFMI region have also not been spared by the rising inflation, which has soared above central bank targets in most member countries, significantly eroding households' purchasing power, especially for the poorer segments of the population. To prevent inflation from being entrenched, central banks have tightened monetary policy, which has slowed private consumption and investment, and diminished growth prospects.

1.3 MEFMI Activities in 2022

During the year under review, the Institute commenced the implementation of the Phase VI Strategic Plan (2022 – 2026). The Institute addressed client institutions' capacity-building needs, focusing more on the priority areas identified in the Phase VI Strategic Plan by conducting regional and in-country courses, workshops, and missions. Webinars were also used to raise awareness and generate debate on topical issues.

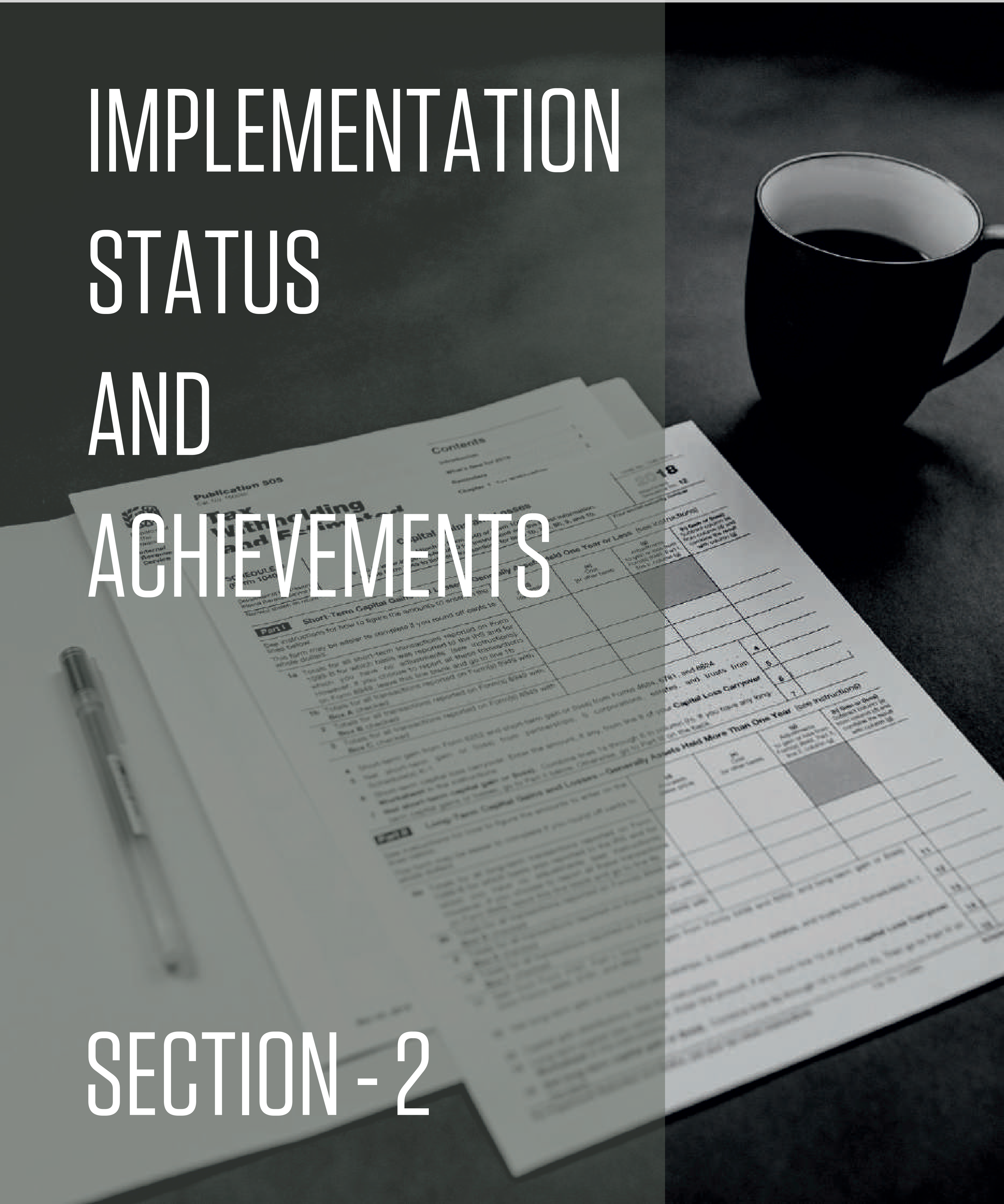
Table 1 presents a summary of the activities implemented in 2021.

Table 1: Activities Implemented in 2022

ACTIVITIES		Planned	Actual	Implementation Status
Regional Workshops				
a)	Residential Workshops	3	3	100%
b)	E-learning Courses	14	9	64%
c)	Virtual Workshops / Seminars	22	25	114%
d)	Webinars	5	6	120%
Total Regional Activities		**44**	**43**	**98%**
In-country capacity building activities				
a)	In-country Workshops	20	25	125%
b)	Country Missions	10	11	110%
Total In-Country Activities		**30**	**36**	**120%**
Other Activities				
a)	Executive fora	3	3	100%
b)	Governance	16	20	125%
c)	Networking	3	3	100%
d)	Staff Development	3	3	100%
e)	Business Development Unit	12	16	133%
f)	Auditing	3	3	100%
Total Other Activities		**40**	**48**	**123%**
Grand Total- All Activities		**114**	**127**	**112%**

Source: MEFMI Database (2022)

Table 1 shows that in total, the Institute implemented 127 activities, against 113 planned activities, representing 112 percent implementation rate. Out of the 127 activities, 20 were governance activities, whilst three (3) were Executive Fora activities. A total of 79 capacity-building activities were successfully implemented during the year (i.e., 43 regional and 36 in-country activities) compared to 74 planned for the year. The implementation rate for virtual workshops and webinars remained high partly reflecting the high levels of collaboration between the Institute and other capacity development institutions during the year. Further, the BDU recorded a high implementation rate after successfully conducting 16 income-generating activities during the year against a target of 12.



IMPLEMENTATION STATUS AND ACHIEVEMENTS

SECTION - 2

IMPLEMENTATION STATUS AND ACHIEVEMENTS

Pillar 1: Strengthening the Capacity of MEFMI Member Countries

Below is a summary of progress made in strengthening the capacity of member countries during the period under review.

i. Strengthen capacity development in macroeconomic analysis and forecasting, with increased emphasis on developing macroeconomic models that can cope with emerging issues.

MEFMI, in collaboration with IMF AFRITAC South (AFS), conducted a seminar on Strengthening Fiscal Frameworks and Public Financial Management (PFM) Systems for Managing Natural Resource Wealth. The seminar focused on policy issues, key principles, and good practices to enhance transparency and accountability in managing natural resource wealth. Large natural resource deposits in several MEFMI member countries allow them to achieve their socio-economic objectives.


MEFMI, Financial Sector Management Team

In some countries, natural resources already account for a significant share of government revenue. Other countries are expected to start recording revenues following discoveries of large oil and gas reserves during the past decade. However, natural resource discoveries also come with risks. Because they are volatility, finite and have uncertain value, natural resources pose challenges to designing appropriate policy frameworks for managing their revenue proceeds. The lack of strong fiscal frameworks and PFM systems to manage natural resource revenues efficiently and transparently can result in lost opportunities to achieve sustained broad-based economic growth and development. Thus, the knowledge gained from this seminar is expected to enhance the development of appropriate fiscal regimes and PFM legal and regulatory frameworks in member countries, contributing to sound fiscal policy management.

MEFMI also conducted a workshop on fiscal risk management tools and assisted the officials at the Ministry of Finance in Zambia in developing a fiscal risk management framework. A fiscal risk management framework is a management tool for identifying, mitigating and monitoring fiscal risks arising from unanticipated expenditure pressures and shocks that may adversely widen the fiscal deficit and impact budget execution over the medium-term. The Ministry also received support in developing a consistent medium-term fiscal framework, which will be used to quantify fiscal risks and draft a fiscal risks statement for Zambia.

MEFMI also collaborated with the IMF AFS to conduct a virtual workshop on Expenditure Reprioritisation for Recovery aimed at imparting knowledge and skills to participants on core practices of public expenditure reprioritisation. As recovery from the COVID-19 shock gathers momentum in many countries in the region, questions are being asked as to how government spending can be re-aligned to create appropriate conditions for robust, resilient, and inclusive economic growth, which will in turn support government finances in the future.

MEFMI countries need to ensure that their fiscal and budget frameworks can support allocating constrained resources to priority areas over the medium-term. As such, expenditure reprioritisation is critical in shifting spending from low-priority to emerging high-priority areas to support post-COVID-19 recovery. It is expected that the knowledge and experience gained from this workshop will help participants to improve the comprehensiveness and credibility of budget preparation processes in their respective countries.

MEFMI also partnered with the IMF Institute for Capacity Development (ICD) to conduct a workshop on Nowcasting GDP. The workshop aimed to impart knowledge on the concepts, methods, and modern approaches to developing and incorporating high-frequency economic indicators for timely assessments of economic activities. The workshop was motivated by challenges Central Banks and Ministries of Finance face in obtaining timely and up-to-date data on GDP, leading to delayed policy analysis, which hampers effective macroeconomic policymaking processes. This has been worsened by the COVID-19 pandemic, which has disrupted the traditional data collection processes, further straining efforts to implement coordinated policy responses. The workshop covered several approaches that help policymakers to exploit the information available in the interim to monitor economic conditions in real time until official figures are published. It is expected that the knowledge and skills gained from this course will help support real-time policy analysis in the MEFMI region.

In addition, MEFMI conducted an in-country workshop on modelling and forecasting for the Ministry of Finance of Eswatini. The workshop's objective was to strengthen participants' skills and knowledge of the various macroeconomic modelling and forecasting techniques to support the Ministry in achieving its mandate. Over the years, macroeconomic modelling and forecasting have become important tools for policymakers in quantifying the impact of policy and its future direction. Participants were taken through the standard econometric techniques, ranging from data collection and management, equation estimation, model building, and forecasting, using various techniques. It is expected that the participants will use the knowledge and skills gained from the workshop to build macroeconomic models that can produce reliable forecasts of relevant macroeconomic variables, and thereby improve policy analysis in Eswatini.


Eswatini, Parliament building

MEFMI also conducted a regional workshop on Gender Responsive Budgeting to support the region's mainstreaming of gender-focused budgeting processes. The COVID-19 pandemic has worsened the existing socio-economic challenges in developing countries. For example, it has, among others, reversed some of the progress achieved towards attaining gender parity and widened the gender income disparities further, which have been of concern over the years. In this regard, fiscal policy remains an important tool that can be used as an entry point to address these challenges. Well-structured fiscal policies that ensure that the collection and allocation of public resources are carried out in ways that effectively contribute to advancing gender equality are of paramount importance. It is expected that the knowledge gained from this workshop will help participants to improve the gender responsiveness of their respective national budgets.

Further, MEFMI conducted a regional workshop on Short-Term Inflation Forecasting aimed at equipping participants with skills to undertake bottom-up inflation forecasting by projecting components of the consumer price index (CPI) basket. Price stability is one of the core objectives of modern central banks. Predicting the future course of inflation precisely is an important element of achieving this objective, especially in an inflation-targeting environment. Accurate forecasts of future inflation are dependent on, among others, precise information regarding current inflation, as well as good forecasts of short-term inflation developments. Therefore, short-term inflation forecasting can help central banks understand current price dynamics and verify other macroeconomic models contributing to monetary policy decisions. It is expected that the knowledge and skills gained from this workshop will help support and strengthen policy analysis and forecasting in the MEFMI region.

Further, to strengthen the forecasting capabilities of the Ministry of Economic Planning and Development of Malawi, MEFMI provided technical assistance to develop two (2) macroeconomic forecasting models. The models will help generate Malawi's near-term GDP projections and support policy design and analysis, among others. The technical assistance was organised into three (3) phases. The first and second phases of the mission involved structured training in GDP forecasting and the development of the two (2) forecasting tools. The third phase aimed to capacitate the participants with the knowledge to operate and use the models. It is expected that the models developed, and the knowledge and skills gained from the mission will help support macroeconomic policy analysis at the Ministry of Economic Planning and Development in Malawi.

In an effort to raise awareness of the role of carbon pricing as an instrument for reducing greenhouse gas emissions, MEFMI conducted a webinar titled Carbon Pricing: Implications for Sub-Saharan Africa. Carbon pricing has dominated climate policy discussions in recent years, and there is increasing consensus among governments and industries on its fundamental role in transitioning to a low-carbon economy. Carbon pricing is a market-based approach to reducing carbon emissions that uses market mechanisms to pass the cost of emitting greenhouse gases to the emitters, i.e., making the polluters pay. Economists world-wide point to carbon pricing as the most effective way to reduce emissions because of its ability to reduce greenhouse gas emissions to the lowest possible cost and address the negative externalities associated with emissions.

Finally, MEFMI conducted an e-learning course on Monetary Policy Analysis to assist policymakers in ensuring that the conduct of policy remains consistent with the gradual changes in the policy environment. The continuously evolving policy landscape provides a challenge for macroeconomic management and stability in developing and emerging countries. This changing environment makes it difficult to effectively conduct sound monetary policy and therefore requires, among others, skills to make informed choices that address emerging issues and support macroeconomic stability. Policymakers in the region also need to be capacitated on how to conduct better analysis to avoid implementing policies that may have unintended consequences. It is expected that the knowledge and skills gained from this workshop will help support and strengthen policy analysis in the MEFMI region.

ii. Support member countries to strengthen their capacity in the collection and compilation of macroeconomic statistics in accordance with international best practices

The Institute continued to support client institutions in building comprehensive and up-to-date debt databases that provide timely statistics to stakeholders. In this regard, , MEFMI conducted a face-to-face workshop on the new Commonwealth Meridian jointly with COMSEC. The workshop aimed to introduce and provide refresher training to participants on the modules, functionalities and features of the CS-Meridian. It also aimed to address some capacity challenges that the current users of the new system are facing.

MEFMI and COMSEC also supported the Ministry of Economy and Finance of Mozambique to validate its public database in readiness for migration from the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) to the new system known as CS-Meridian. In addition, two (2) joint MEFMI/COMSEC fact-finding missions were conducted in Tanzania and Namibia to assist the countries in reviewing the status of CS-DRMS and assessing their readiness for migration to CS-Meridian.

Following the fact-finding mission conducted in Tanzania to assess the country's readiness to migrate to the new CS-Meridian, MEFMI conducted a CS-DRMS data validation mission in Arusha, Tanzania as part of the agreed implementation plan. The mission assisted the Ministry of Finance and Planning (MoFP) in Tanzania to validate its debt data maintained in the CS-DRMS.

In addition, MEFMI collaborated with the COMSEC to train the MoFP, Tanzania and Ministry of Finance, Namibia officials in the use and functionalities of CS-Meridian following the migration of their debt databases from CS-DRMS to CS-Meridian. MEFMI also supported the official of the two (2) countries to undertake preliminary post-migration data validation. Further, the Institute and COMSEC, a similar post-migration validation mission to Lesotho to address outstanding issues within the debt database, following the migration to CS-Meridian. In addition, the Institute also provided training to the Ministry of Finance of Eswatini on using CS-Meridian. The training enhanced the capacity of country officials in the use of the system to manage public debt statistics effectively.

MEFMI continued to collaborate with the UNCTAD's DMFAS Programme to support the management of the public debt database in the respective user countries. The Institute conducted a joint regional workshop on DMFAS for Users and IT Administrators with UNCTAD. The workshop enhanced the users' and IT administrators' capacity to use the updated version of the system. It also offered refresher training on the various modules/functionalities of the system. MEFMI and UNCTAD also supported the Public Debt Management Office (PDMO) in Zimbabwe in developing a customised procedures manual on using DMFAS. It is expected that the manual will help preserve institutional memory as well as guide the new users of the system. Further, the two institutions supported the Ministry of Finance of Zambia in implementing the Debt Service Suspension Initiative (DSSI) terms in DMFAS. MEFMI also trained the Bank of Zambia staff to use DMFAS to record, report, and monitor the external private sector and non-guaranteed debt of state-owned enterprises. It is expected that the Bank of Zambia will maintain a comprehensive private sector external debt database following this training.

The Institute also conducted a Retreat for Heads of Statistics Departments/Units for ministries of finance, central banks and statistical agencies, which aimed to discuss good practices on the compilation and dissemination of statistics, with a particular focus on the impact of the COVID-19 pandemic and emerging issues on future capacity development needs. The retreat presented the Heads of Statistics Departments/Units with a platform to exchange ideas and share experiences on the region's current status, key challenges, and critical capacity gaps in macroeconomic statistics. It is envisaged that, in the long term, this platform will also assist in the monitoring and evaluation (M&E) of MEFMI statistics capacity-building activities.

In view of the changes in the Balance of Payments and International Investment Position (BOP/IIP) compilation introduced by the Sixth Edition of the Balance of Payments Manual (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 the 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.
Further, MEFMI, WAIFEM, and IMF jointly conducted a follow-up workshop on remittance statistics. International remittance flows are important to developing economies, given their impact on financial inclusion and poverty reduction. Despite the prevailing unfavourable global economic environment, remittance flows have shown resilience and registered smaller-than-anticipated declines compared to capital flows.

MEFMI also conducted an e-learning course on introduction to real-sector statistics compilation and reporting. The course's main objective was to enhance the participants' knowledge in real sector statistics compilation and reporting based on the 2008 System of National Accounting (SNA) conceptual framework. The course also provided a platform for participants to indicate existing country-specific capacity gaps in real-sector statistics and related technical assistance requirements.

The Zimbabwe National Statistics Agency (ZIMSTAT) is preparing to undertake benchmark surveys to obtain updated and more comprehensive data for GDP rebasing and develop quarterly GDP estimates for 2023. These two (2) major undertakings require adequate staff skills as outlined in the 2008 SNA and the Quarterly National Accounts (QNA) manual. To close this capacity gap, MEFMI assisted ZIMSTAT in the compilation of quarterly GDP and in setting up the National Accounts Data Base System (NADABAS).

MEFMI also provided practical training on a Financial Programming and Policies (FPP) framework for the Ministry of Finance of Lesotho as part of its ongoing assistance to build consistent macroeconomic statistics to support policymaking in member countries. The objective of the training was to deepen officials' understanding of the compilation and analysis of the four (4) macroeconomic accounts data, the principal features, inter-account linkages, forecasting of the four (4) macroeconomic accounts, and the use of the FPP framework for policy analysis.

In addition, MEFMI, WAIFEM, and the IMF Statistics Department jointly delivered a virtual workshop on Government Finance Statistics (GFS) and Public Sector Debt Statistics (PSDS). The main objective of the workshop was to enhance participants' knowledge of the compilation and dissemination of government finance and public sector debt statistics in line with internationally recognised statistical reporting frameworks. Special emphasis was placed on enhancing participants' understanding of PSDS, principles, and methodologies as the basis for compiling and disseminating public sector debt statistics.

Further, MEFMI conducted a virtual seminar on benchmarking and rebasing national accounts. Some countries in the MEFMI region use the pro rata approach when benchmarking, which produces unacceptable discontinuities from one year to the next (the so-called step problem) and therefore, does not preserve the movements in the indicator from the fourth quarter of one year to the first quarter of the following year. Techniques that introduce breaks in the time series seriously hamper the usefulness of quarterly national accounts (QNA) by distorting economic developments and possible turning points. They also constitute a serious impediment to seasonal adjustment and trend analysis.

In addition, MEFMI delivered a hybrid regional workshop on Foreign Direct Investment (FDI) jointly with the Common Market for Eastern and Southern Africa (COMESA). The training was meant to close the regional capacity gaps identified during a joint COMESA/MEFMI regional training workshop on FDI statistics in the second half of 2021. It was designed for officials employed in the collection and compilation of external sector statistics (ESS), mainly balance of payments and FDI. The workshop improved participants' knowledge of the use of financial statements to generate FDI data, bilateral asymmetries in FDI statistics, and the collection, compilation, and estimation methods. The importance of FDI highlights the compelling need for statisticians to assess the trends and developments of these flows. However, the robustness of these statistics in the COMESA and MEFMI regions is limited by weaknesses in data collection systems. The increasing globalisation of production processes and technological advancement continues to pose complex challenges for compilers.

MEFMI also trained staff of the National Bank of Rwanda (NBR) on the analysis of BOP/IIP statistics. The training came after the realisation that countries need to produce timely and comprehensive external sector statistics (ESS) as the current global external environment remains uncertain. Many countries in the MEFMI region continue to implement adjustment measures to provide external buffers as the aftermath of the international oil prices increase and spillovers from the war in Ukraine are compounding pandemic challenges by weighing down growth.

iii. Support member countries to strengthen the management of sovereign assets for the country's benefit.

As part of its support to member countries to achieve their objectives for sovereign asset management, MEFMI hosted a webinar in collaboration with Crown Agents Investment Management (CAIM). The webinar focused on the structure and dynamics of the onshore Chinese sovereign bond market, its relative performance, its correlation with global markets, and the nuances of accessing the market. It also created awareness among sovereign asset managers on the potential return enhancement opportunities and diversification benefits that may be realised from allocating sovereign assets to the onshore Chinese government bond market. With the knowledge gained, sovereign asset managers are expected to evaluate the onshore Chinese government bond market better and inform asset allocation decisions to tap into the potential return enhancement and diversification opportunities presented by the market.

Further, the Institute organised a virtual workshop on Performance Measurement and Attribution to foster sound investment management practices in sovereign asset management institutions. The workshop aimed at enhancing sovereign asset managers' capacity to apply standard methodologies for measuring and attributing investment performance. The workshop enhanced the officials' understanding of how investment portfolio returns and risks are calculated over a specific time horizon. In addition, the participants learned how to evaluate portfolio performance relative to a benchmark, identify the sources of excess return, and relate them to investment decisions by portfolio managers. This knowledge is expected to result in adopting sound practices for calculating and presenting investment performance results.

As part of its support to member countries' efforts to build and strengthen the capacity to manage their financial assets effectively and in line with sound industry practices, MEFMI also offered an e-learning course on Fundamentals of Reserves Management. The course, which covered a wide range of contemporary and emerging issues in central bank reserves management, was the first in a series of two modular courses whereby the participants who completed the course were enrolled in the second module, another e-learning course on Risks in Reserves Management. The two courses enhanced the participants' understanding of the objectives of foreign exchange reserves management, the institutional framework under which foreign exchange reserves are administered, and the investment policies applied when making decisions, including the selection of external portfolio managers and other service providers. In addition, the participants learnt about the risk management process that is applied to identify, measure and mitigate risks that affect sovereign reserves.

In collaboration with the International Association of Deposit Insurance (IADI), MEFMI organised a virtual workshop on Fund Management for Deposit Insurance Systems to foster sound investment management practices in deposit insurance systems in the region. The workshop enhanced the capacity of participants to design and implement sound investment and risk management policies that comply with IADI Principles for Effective Deposit Protection. Participants also learnt from the experiences of peers in other regions on challenges and opportunities for improving existing practices in managing deposit insurance funds. MEFMI expects that the participants will use the knowledge acquired to strengthen the capacity of deposit insurance systems in their jurisdictions to fulfil the twin public policy objectives of deposit protection and promoting financial sector stability.

MEFMI also collaborated with Ninety One Asset Management to conduct a Virtual Seminar for Heads of Reserves Management. The objectives of the seminar were to provide a platform for delegates to discuss the inflation dynamics playing out in global markets and their impact on sovereign reserves portfolios, and the strategies that may be employed to attain the desired objectives in the current environment. In that vein, the delegates discussed global inflation developments and reserves management strategies to employ in the current environment.

Further, MEFMI provided customised training on Foreign Exchange Reserves Management and Swaps for members of the Board of Directors and Executive Management of the Reserve Bank of Malawi. The objective of the training was to strengthen the governance and controls around foreign reserves operations and align them with sound practices. The training enhanced the senior officials' knowledge of foreign exchange reserves management and the use of swaps in foreign exchange reserves operations.

The Institute also redeployed the Internal Credit Risk Assessment Tool (ICRAT) process at the Bank of Uganda and trained key staff of the Bank on how to use the tool for internal credit risk assessment. At the end of the mission, the Bank of Uganda had a clean functional Dataset, a critical part of the tool; and key staff members were now able to use ICRAT and interpret the credit alerts it generates. The process of updating the Dataset, validating the updated data, and running the tool was driven by the Bank staff, guided by the MEFMI team.

iv. Strengthen capacity in foreign private capital flows monitoring and analysis.

MEFMI continued work on revamping the Private Capital Monitoring System (PCMS). This involved redesigning and enhancing the system functionalities and the user interface. The revamping of the system was driven by the need to meet the emerging needs of users and facilitate the incorporation of technological advancements to make the system more robust. The system is currently used by seven (7) countries, namely Botswana, Eswatini, Kenya, Lesotho, Malawi, Rwanda, and Tanzania. During the review period, the PCMS user countries continued to receive technical support from MEFMI on the current version (version III).

MEFMI also conducted a mission on PCMS at the NBR. The main objective of this training was to provide technical assistance to the bank's officials on the use of the PCMS to facilitate survey data capture and reporting. It also assisted to strengthen the capacity of the staff of the NBR to assess external sector vulnerabilities.

v. Support member countries to deepen their financial systems and advance financial inclusion by embracing Fintech and Digital Financial Services.

The application of technology to financial services has gained momentum in the MEFMI region, partly due 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 the one hand, with the traditional objectives of maintaining financial stability and consumer protection. In this regard, MEFMI conducted a regional workshop on Fintech Regulation as part of its effort to support member countries build the capacity to regulate and supervise Fintech and digital financial products effectively. The workshop targeted mid-level and senior officials of financial regulatory and supervisory authorities in MEFMI member countries. The trained officials are expected to use the knowledge acquired from the workshop to improve the regulatory and supervisory frameworks for Fintech and Digital Financial Services in their respective jurisdictions.

In addition, MEFMI offered an introductory e-learning course on fintech and digital financial services. The course was targeted at junior to mid-level officials from ministries of finance, central banks, and other financial sector regulatory and supervisory agencies. The objective of the course was to introduce participants to the foundational aspects of the technologies spurring innovation in the financial sector and the basics of regulating Fintech and digital financial services. It enhanced the participants' understanding of the innovations in the financial sector such as cloud computing, cryptocurrencies, open finance, and artificial intelligence; and the risks they pose to the financial sector. The course also highlighted the key issues for regulators and how they may balance the goals of supporting innovation and financial inclusion while enforcing appropriate risk management practices and exercising oversight of the financial sector to maintain stability and protect financial consumers.


Bank of Zambua

MEFMI also conducted a workshop on Financial Inclusion to support the Bank of Zambia (BoZ) in its bid to foster financial inclusion in the country. BoZ identified financial inclusion as one of the focus areas in its 2020 – 2023 Strategic Plan. The Bank intends to leverage digital financial services and strategic partnerships to drive its financial inclusion agenda during the period. The training enhanced the participants' understanding of financial inclusion. This is expected to enable them to implement the financial inclusion strategy more effectively.

vi. Support member countries to develop institutional, legal, and regulatory frameworks, tools, and systems for effective debt and financial sector management.

MEFMI delivered an e-learning course on the Fundamentals of Regulating Microfinance Institutions. The course aimed to support member countries' efforts to improve their regulatory frameworks for microfinance institutions. The topics covered included the role of microfinance in fostering sustainable economic development; microfinance risk management frameworks; and the regulation of microfinance institutions. The course also covered recent developments in microfinance such as fintech and anti-money laundering.

To assist insurance supervisors to enhance their capacity to supervise the insurance sector in the wake of the pandemic, MEFMI conducted an e-learning course on Insurance Supervision and Economic Crises. The course aimed to improve participants' knowledge of the supervision and importance of the insurance sector in maintaining financial sector stability, particularly during crises, and how regulators can mitigate systemic risk posed by insurance companies. The course enhanced the participants' understanding of the best practices in the regulation and supervision of insurance, risk management, macroprudential oversight, and solvency regulation, among other topics.

MEFMI also supported the Insurance Regulatory Authority (IRA) of Uganda in its implementation of the International Financial Reporting Standard (IFRS) 17 Insurance Contracts by conducting a mission to assess the impact of the standard on the authority's supervised entities. The mission ended with a Feedback and Validation Workshop where the consultants shared their findings with the IRA and officials from the insurance industry in Uganda.

Further, the Institute conducted a workshop on Anti-Money Laundering (AML) Awareness for staff of the Reserve Bank of Zimbabwe (RBZ). The workshop's objective was to enhance the participants' knowledge of Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT). The workshop enhanced the participants' knowledge of AML/CFT and the actions they may implement to reduce the risk of money laundering and financing of terrorism. These measures include adopting a risk-based approach to AML/CFT and developing appropriate policies and procedures for conducting customer due diligence, monitoring transactions, maintaining records, and reporting suspicious cases.

As part of its programme to support member countries improve their regulatory and supervisory practices, MEFMI conducted an in-country workshop on Introduction to Regulation and Supervision of Financial Institutions for the Reserve Bank of Malawi (RBM). The RBM recruited a cohort of new examiners in its supervisory departments. The workshop's objective was to provide a formal and practical training programme to enhance the new examiners' basic understanding of financial sector regulation and supervision. The training covered topics such as: an overview of regulation and supervision, risk-based supervision, onsite examinations, offsite surveillance, financial statement analysis, and effective report writing. MEFMI expects the participants to use the knowledge acquired from the workshop to improve their effectiveness as examiners.

The Zimbabwe Public Debt Management Office (ZPDMO) received assistance from MEFMI in developing a Public Debt Management Procedures Manual. The output of this intervention was an updated draft Public Debt Management Manual for Zimbabwe and the enhanced capacity of the 42 officials who participated in the exercise. MEFMI expects the Ministry of Finance and Economic Development to use the manual to provide guidance on key debt management processes and operations. In addition, the manual will enhance operational risk management and ensure business continuity in the event of loss of key staff or other disruptions in the work environment.

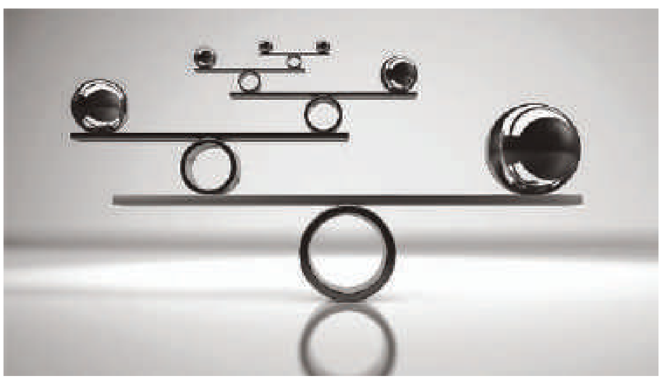
To strengthen debt management operations in low-income countries, the World Bank developed a Debt Management Performance Assessment (DeMPA) tool in 2009, which was subsequently revised in 2015 and 2021. The tool assesses performance through a comprehensive set of performance indicators spanning the full range of government debt management functions, ultimately informing reforms to strengthen debt management operations. In an effort to raise awareness on the use of the tool, and to introduce officials to the latest enhancements, MEFMI conducted a face-to-face regional workshop on Debt Management Performance Assessment jointly with the World Bank.

In addition, the Institute also conducted an in-country workshop on the DEMPA workshop for Kenya. The in-country workshop enhanced knowledge and raised awareness on the DeMPA methodology. Further, it also enhanced the understanding of internal and supreme audit officials on debt management issues. Officials applied the knowledge gained through the training to conduct a self-assessment of the current debt management operations in Kenya against sound practice, using the DeMPA methodology. Based on the findings of the self-assessment, country officials were able to draft a reform plan on debt management.

The low level of pension penetration in the MEFMI region has led to calls for reforming pension sector regulations in recent years. As the debate on reforming the sector continues, one topic that has received a lot of attention is the need to allow early access to pension savings. Proponents of early access argue that granting pension contributors access to their pension savings before their retirement age will help to incentivise employees to contribute to pensions. In addition, they argue that under defined conditions, early access will help to cushion contributors experiencing severe economic difficulties. However, if left open, early access may result in excessive leakage of assets from the pension system. This may compromise the desired pension outcomes such as coverage and adequacy. As part of efforts to raise awareness on the implications of granting early access to pension assets, MEFMI hosted a webinar on Mid-term access to pension assets. The webinar was conducted in English with simultaneous interpretation to Portuguese. The speakers emphasised the need to properly weigh the benefits and disadvantages of early access and design the framework in a manner that is restrictive and does not threaten the primary objectives of pension systems. The webinar enhanced the participants' awareness of the pros and cons of allowing early access to pension assets in their jurisdictions.

vii. Support member countries to undertake macroprudential analysis and financial stability assessments.

The global financial system was put under considerable strain due to the economic challenges brought about by the COVID-19 pandemic. While the COVID-19 pandemic is now waning, it served as a reminder of the need for authorities to implement measures to manage crises and mitigate their impact on the financial sector. Against this background, MEFMI collaborated with the Toronto Centre to deliver a regional virtual workshop on Financial Crisis Management and Bank Resolution. The workshop covered the conceptual and operational issues relating to managing financial crises and resolving distressed banks. It included discussions on past episodes of banking distress to draw lessons for the present and future. Further, the workshop explored the Financial Stability Board Key Attributes of Effective Resolution Regimes and the practicalities of resolving an institution experiencing distress.



MEFMI also conducted a regional workshop titled "Implementing Macroprudential Frameworks: Issues and Challenges" in macroprudential supervision. The workshop's objectives were to improve the participants' understanding of macroprudential tools and approaches. It also aimed to provide a platform to discuss the different challenges and issues faced by MEFMI member countries in implementing macroprudential supervision.

The workshop covered topics such as macroprudential policies, macro-financial interlinkages, identifying and tracking systemic risks, and implementing counter-cyclical buffers and frameworks for systemically important financial institutions. In line with the growing systemic importance of cyber and climate risks, the workshop contained sessions on how financial innovation and climate change affect financial stability. The participants are expected to utilize the knowledge acquired from the workshop to support the implementation of appropriate macroprudential frameworks in their respective jurisdictions.

In addition, the Institute conducted the 2022 Policy Seminar for Heads of Supervision and Financial Stability jointly with the Financial Stability Institute (FSI). The policy seminar is an annual event targeted at heads of supervision and financial stability units and other senior officials. The seminar presents an opportunity for the participants to discuss contemporary issues in bank supervision and financial stability, share experiences, and tap expert advice on how to address challenges affecting the region. The theme for the seminar was Crisis Management, a topic that remains relevant due to the uncertainty in the global macroeconomy as a result of the geopolitical tensions and military conflict in Europe. The conflict has worsened inflationary pressures on food and energy commodities around the globe.

In line with the strategic thrust to foster financial stability in member countries, MEFMI conducted an in-country workshop on Financial Stability for the Bank of Zambia (BoZ). The workshop aimed to support the Bank's efforts to mainstream and enhance the participants' understanding of the foundational elements of financial stability and macroprudential policy in line with its strategic focus on financial stability. The participants were drawn from departments that do not ordinarily deal with financial stability issues. It covered topics on business and financial cycles, macro-financial linkages, systemic risks, and systemically important institutions, macro stress testing, capital planning, and macroprudential policy. Emerging topics, such as the impact of cyber risks and the military conflict in Europe on financial stability, were also covered.

In addition, MEFMI conducted an in-country workshop on macroprudential analysis of non-bank financial institutions (NBFIs) in Rwanda. The workshop aimed to strengthen macroprudential surveillance and analysis and support efforts by the National Bank of Rwanda (NBR) to extend its macroprudential analysis to NBFIs. The workshop equipped the participants with the knowledge and skills necessary to identify systemic risks in these sectors and conduct effective financial stability analysis.

MEFMI also conducted a hybrid workshop on Financial Crisis Preparedness and Management for the Bank of Tanzania. The workshop was aimed at enhancing the participants' knowledge of best practices in financial crisis management and bank resolution and reviewed the draft crisis management framework and contingency and recovery planning guidelines for financial institutions developed by BoT.

Further, MEFMI hosted a webinar titled Macroprudential Stress Testing during Crises: Lessons from the COVID-19 Pandemic. The webinar, which was held in English and Portuguese, aimed to raise awareness of the use of stress testing in macroprudential oversight in the region. Stress testing has become an important supervisory tool to assess the resilience of financial institutions, given a set of predefined risks. At the macro level, stress tests may be conducted for the whole or a part of the financial sector to monitor system-wide risks for financial stability. Since the Global Financial Crisis, macro stress tests have become integral to supervisory authorities' tool kit. In that regard, sophisticated stress tests have been used to identify financial system vulnerabilities and correlations between risks and potential risk exposures.

viii. Support countries to build capacity in public debt policy analysis and strategy formulation.

The Institute continues to build capacity aimed at addressing member countries' emerging macroeconomic and financial management issues. 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 enhanced the knowledge of officials from MEFMI member countries on the building blocks and sequencing of reforms to promote the development of domestic debt markets. In addition, the workshop provided a platform for participants to learn from the experiences and good practices of peers in the region. MEFMI expects the trained officials to develop actionable plans that identify, prioritise, and guide the implementation of reforms in LCBM in their countries.

In addition, MEFMI collaborated with the IMF to conduct a regional workshop on Credit Risk Assessment for Loan Guarantees. The workshop was organised to improve the capacity to assess credit risks associated with issuing loan guarantees in member countries. The workshop raised awareness about 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 legal and institutional frameworks for managing loan guarantees.

Further, MEFMI collaborated with the IMF and World Bank to conduct a regional workshop on Medium Term Debt Management Strategies (MTDS) and Annual Borrowing Plan (ABP) Development. The workshop aimed to enhance the knowledge of officials from member countries on implementing an MTDS through developing an ABP using a domestic debt issuance calendar. The workshop also provided a refresher of the MTDS framework centred around the ABP Analytical Tool jointly developed by the IMF and the World Bank. The participants are expected to use the knowledge gained from the workshop to efficiently implement and translate domestic debt strategies into ABPs through auction calendars.

In addition, the Institute also assisted the Ministries of Finance in Lesotho and Malawi to formulate medium term debt management strategies. The in-country workshops trained officials of the two countries in the use of the IMF/World Bank developed MTDS analytical toolkit. Officials in Malawi were assisted to draft an MTDS report during the workshop and the preliminary MTDS findings were presented to senior Government officials, including the Director of the Budget, and Acting Director of the Debt and Aid Units, and the Accountant General. In Lesotho, preliminary MTDS findings, the MTDS document and ABP were presented to senior Government officials, including the Permanent Secretary of the Ministry of Finance and Development Planning and the Accountant General.

The Institute also conducted an e-learning course on Managing Unsolicited Financing Proposals to support member countries mitigate potential vulnerabilities that arise from unsolicited proposals. The workshop enhanced the participants' understanding and capacity to manage the proposals using consistent and transparent procedures for better outcomes. Participants are expected to assess and analyse unsolicited financing proposals using the knowledge gained from the workshop, thus minimising potential debt vulnerabilities.

MEFMI also held a regional workshop on Public Debt Audit focusing on performance audits to strengthen the oversight role of supreme audit institutions in undertaking this function. The workshop introduced participants to the key tenets and sound practices in public debt management. It provided a platform for peer learning among officials on strengthening public debt audit functions in their respective countries. The trained officials are expected to use the knowledge gained to improve debt management performance audits in their respective countries.

Recognising the importance of public debt transparency, MEFMI, in collaboration with the IMF and the World Bank, conducted a virtual workshop on Fundamentals of Public Debt Reporting and Monitoring. Officials received training on the foundational aspects of debt reporting and monitoring. Participants are expected to utilise the knowledge from the workshop to compile and disseminate public sector debt statistics in line with internationally recognised statistical reporting frameworks and standards, thus enhancing debt transparency and accountability.

In addition, MEFMI supported the Government of Botswana in developing a public debt management bulletin. The assistance was part of efforts to enhance transparency in public debt management amongst member countries. This activity resulted in the development of a draft bulletin by country officials. MEFMI expects the Government of Botswana to publish debt data regularly in the future.


Gaborone, Botswana

New funding options are inevitably emerging as the development financing landscape continues to evolve. Blended finance has emerged as another option for developing countries to access alternative funding. It involves the strategic use of development finance to mobilise additional finance toward sustainable development in developing countries. To impart knowledge and enhance understanding of how governments can use blended finance, MEFMI, in collaboration with the Trade and Development Bank (TDB), conducted a virtual regional training on Blended Finance. The regional workshop enhanced the participants' knowledge and understanding of blended finance theory and practice. The workshop also raised awareness of emerging financing options for developmental programmes beyond traditional sources.

The Institute continued to assist member countries in conducting debt sustainability analyses (DSA). In this regard, MEFMI assisted Lesotho in conducting a DSA to assess the impact of growing fiscal pressures the country is faced with. In addition, MEFMI trained the country's officials on the use of the IMF/World Bank Debt Sustainability Framework (DSF) for Low Income Countries to conduct a DSA. The outcome of this intervention was a draft DSA Report for Lesotho, whose findings were presented to the senior officials in the Ministry of Finance and Economic Development. The trained officials are expected to use the knowledge from the workshop to regularly assess the country's debt sustainability to inform the government's future economic policy and borrowing decisions. Further, the Institute also assisted the Ministry of Finance and Planning in Tanzania to undertake a DSA. Officials were trained on the use of the revised DSF for Low Income Countries. By the end of the workshop, a draft report had been developed and shared with the Ministry's management. Overall, the workshop raised awareness on the country's current debt situation and the need to come up with policy measures to improve the country's performance. The Institute also conducted a virtual regional workshop on DSA for Low Income Countries. The workshop which brought together officials from MEFMI member countries using the DSF Framework for Low Income Countries trained officials on the use of the tool to undertake DSA.

In collaboration with the UNCTAD, MEFMI hosted a webinar to facilitate dialogue for a better understanding of the United Nations' 15 Principles of Sovereign Responsible Lending and Borrowing. The webinar raised awareness on the importance of countries and creditors adopting the UN Principles to ensure responsible lending and borrowing, and to achieve long-term debt sustainability. The webinar also highlighted the need for revising the principles to encompass emerging issues such as debt resolution. The Institute will work closely with UNCTAD to build capacity in member countries in revising the principles.

The Institute also participated in the UNCTAD Debt Management Conference as part of its networking activities. The Conference aimed to provide a platform for to explore current and topical issues for senior decision-makers in debt management and public finance , with a focus on forward-looking policy options to address the emerging challenges, mainly on the debt management front.

In 2021, MEFMI received a Grant from FSD-Africa to support debt management interventions in the region. Part of the project included conducting a study on Managing Sovereign Debt in Times of Crisis: Insights from the COVID-19 Pandemic and Lessons for the Future, as well as developing Guidelines for Managing Contingent Liabilities in the MEFMI Region. The two documents were developed in 2022. A validation workshop was also held to discuss the draft documents which also sought additional input from country officials.

ix. Implement the Trained Trainers and Fellows Development Programmes

The Institute has implemented the 11th Cohort of the Fellows Development Programme since December 2020. The Secretariat and mentors have been providing the requisite guidance to the Candidate Fellows to ensure adherence to their respective Customised Training Programmes (CTPs). However, most Candidate Fellows experienced significant delays in completing their CTPs due to various reasons including the adverse effects of the COVID-19 pandemic. As a result, the Fellows could not submit complete draft technical papers by March 2022. In view of this delay, the Secretariat revised the deadline for submitting technical papers to November 2022 to allow the Fellows to complete their Fellows Development Programme. By the end of the year, one (1) Candidate Fellow had submitted a complete and externally reviewed technical paper, nine (9) submitted draft technical papers for review by the Secretariat, while two (2) candidate fellows failed to fulfil the requirements of the fellowship development programme and had their fellowship terminated. Further, to ensure that the Candidate Fellows produce credible technical papers, the Secretariat implemented the Anti-Plagiarism Software that requires candidate fellows to submit their papers for plagiarism detection.

Pillar 2: MEFMI Enhance Operations and Internal Processes

In line with the principles of good corporate governance, MEFMI operations are governed by a three (3) tier governance structure comprising (i) a Board of Governors, (ii) an Executive Committee with a subcommittee, and (iii) a Secretariat. The Board sets the broad policy and strategic direction of MEFMI, while the Executive Committee oversees the Institute's activities. The Executive Committee operates with the support of a sub-committee, the Finance and Audit Committee. In this structure, Management and Board oversight responsibilities are adequately segregated to allow for effective controls as well as checks and balances. The governance structures continue to meet regularly to review progress and assess the implementation of board policies and decisions.

MEFMI Secretariat

To guide the day-to-day operations of the Secretariat, the Institute has put in place policies and procedures manuals that are supported by a reporting structure with clear segregation of duties and responsibilities. The Institute has also embraced ICT to enhance its operational effectiveness and ensure business continuity despite the ongoing health pandemic.

Below is a summary of the progress made in enhancing the Institute's operations and internal processes during the period under review.

i) Design and implement ICT governance programmes for security, business continuity, and information assurance.

A Mobile Device Management (MDM) software was procured and installed to strengthen ICT security on end-user laptops and mobile phones. The software protects data if the devices are stolen or lost, it also allows for tracking of any lost devices. The MDM will enhance mobile device security and management for devices that use the Institute's resources.

ii) Review Policies and Procedures at least once in the five-year phase to comply with best practices and update for emerging issues.

During 2022, the Executive Committee approved revised ICT Policies and Standards. The new policies and standards seek to guide the use and management of ICT resources, mitigate security-related risks, and realise value from ICT-related investments that the organisation relies on for operational effectiveness. In addition, the following policies were also revised for consistency and alignment to global best practices:

1. Remuneration Policy.
2. Performance Management Procedures Manual.
3. The Investment Policy Statement.
4. Reserves Management Policy.
5. Procurement Policy.
6. ICT Policies and Standards.
7. Accounting Policies and Procedures Manual.
8. Enterprise-wide Risk Management Policy.

iii) Review current infrastructure, user needs, and global best practices, conduct future systems planning, and acquire additional infrastructure as applicable.

The Institute replaced ICT equipment that had become obsolete with newer equipment to ensure good performance of the ICT resources and to comply with the ICT Policies and Standards. Closed Circuit Television (CCTV) and biometric access were installed to strengthen physical security and secure access to ICT-related resources. The IT-related hardware preventive and corrective maintenance was completed to optimise and repair hardware before symptoms of failure and/or actual failure occurred. Additionally, the e-learning platform was upgraded to take advantage of improved usability, content management, and bug fixes that come with the new version.

As part of staff development, two (2) trainings were done for staff. The training covered linking Joint Performance Management (JPM) contracts to the Phase VI Strategy and Results Measurement Framework (RMF) and on how to do performance review in and outside the Human Resources (HR) system.

iv) Implement processes for identifying, managing, and reporting risk in all MEFMI activities and procedures.

As part of the measures to entrench risk assessment in all MEFMI activities and procedures, the Institute established a framework for continuous risk profiling and reporting in all activities. The risk management committee analysed the risks facing the Institute for reporting to Management and EXCOM. In addition, MEFMI continued to monitor and enforce compliance with all the applicable policies and procedures, thus preventing the risks leading to financial losses. Further, all MEFMI new staff and assets were insured to manage the associated risks.

v) Regular assessment and review of the integrity of the ICT Infrastructure for information assurance and business continuity.

During the year, the Secretariat completed drafting the ICT Security Strategic plan. The plan provides guidance on the goals, activities and investments necessary for an effective security programme.

An inaugural ICT Vulnerability Assessment was carried out to review the integrity and security of the Institute's ICT infrastructure.

The Institute continued to implement recommendations made by the auditors, monitoring the threat environment and carry out good security hygiene practices such as configuration changes, system updates, and upgrades to ensure the continued security and integrity of IT-related resources and assets.

Further, the Institute continued to upgrade its systems to ensure continued support, security, and robustness of the infrastructure. This included an upgrade of the internet gateway firmware. Security software upgrades were carried out to ensure continued protection of the Local Area Network (LAN) and to enhance the performance of the integrated security modules. The Institute also upgraded its virtual management infrastructure and application systems for the period and updated subscriptions for the security software, including antivirus and anti-ransomware. An upgrade of the Wi-Fi network was also completed.

Disaster recovery tests for the first half and the second half of the year were completed. The disaster recovery tests provide assurance of business continuity/disaster recovery plan viability in the event of an ICT-related disaster.

vi) Capacitate staff on ICT security and systems.

An ICT Security Awareness Training programme was rolled out during the period under review. The training covered identification and mitigation of potential threats, and secure use of ICT resources. Informational updates were shared regularly to keep all employees alert and up to date on ICT security issues to safeguard ICT-related resources.
Training on the use of Zoom and the videoconferencing facility was also carried out. The use of Zoom and physical videoconferencing facility enables the conduct of virtual or hybrid meetings and workshops.

vii) Promote MEFMI brand visibility by employing advertising and communication approaches.

To promote the visibility of the MEFMI brand, the Secretariat maintained the website, Facebook, LinkedIn, and Twitter pages. The number of website views increased from 3,200 in January to 6,100 in December 2022, totalling 45,459 views for the year. The website had 36,929 visitors at the beginning of 2022, and 48,457 by the end of 2022, with 11,528 new users.

The Twitter page was audited and updated towards the end of 2022, which saw the number of Twitter followers increase organically from 1,118 at the beginning of the year to 1,183 at the end of Q4 2022. The LinkedIn Page was also audited and updated, which saw the page followers increase organically from 214 followers at the beginning of the year, to 569 at the end of Q4 2022. Similarly, the Facebook page was also audited and updated, leading to an increase from 56 likes to 117 organic likes.

viii) Review and enhance financial and risk management systems and processes.

As part of its financial management processes, MEFMI outsources both internal and external audits. This provides the Institute with an independent opinion on the effectiveness of its operating procedures and controls. In this regard, MEFMI conducted two (2) audits during the period under review. KPMG's contract as MEFMI internal Auditors ended with the review of the financial year 2021, and Baker Tilly are the new MEFMI Internal Auditors.

Internal audit

In the first quarter of 2022, KPMG conducted the internal audit for the period July 2021 to December 2021. The review covered IT Infrastructure / General ICT Controls, Accounting, Procurement and Tax, Corporate Governance, People and Operations, and Regulatory Compliance. The review findings indicated that MEFMI has an acceptable control framework. Some process reviews were proposed and will be implemented in the 2022 to 2023 period to enhance the control environment.

Baker Tilly conducted the Internal Audit for the period ended June 2022 with a major focus on Corporate Governance, Procurement, and Member states' contributions. The findings indicated that MEFMI's internal control framework is effective.

Pillar 3: Resource Mobilisation and Financial Sustainability

As part of efforts to enhance its sustainability, the Institute has identified resource mobilisation as a key part of its Phase VI Strategy. In that regard, the effort is being directed towards engaging potential donors, increasing the BDU's revenue, efficiently managing available resources, and enhancing collaboration with new and existing partners. The Institute continues to invest all excess funds to manage available resources. During the year, the Institute, through its Investment Committee, developed criteria for choosing potential counterparty institutions and countries for its excess and investable funds. As a result, the Institute expanded the list of counterparties where MEFMI can invest in diversifying its investment risk.

Below is the progress made on revenue mobilisation during the year.

i. Communicate the Strategic Plan to potential and existing donors.

MEFMI secured three (3) financial partners to support the hosting of Executive Fora events. Crown Agents Investment Management and Ninety-One funded the Deputy Principal/Permanent Secretaries and Deputy Governors Forum, and Governors Forum, respectively. AFREXIMBANK funded the Combined Forum.

ii. Develop a resource mobilisation plan and implement it effectively.

A critical component of the resource mobilisation plan hinges on the performance of the BDU. During the reporting period, the BDU conducted the following activities:

- *Implementation of the Internal Credit Rating Analysis Tool (ICRAT) at the Central Bank of Nigeria.*
- *Regional workshop on Anti-Money Laundering and Combating Financing of Terrorism.*
- *Regional workshop on the Role and Impact of FinTech.*
- *In-house training on Finance for non-Finance Managers for ZIMPLATS.*
- *In-house training on Finance for non-Finance Managers for FBC Bank.*
- *Regional workshop on Structured Trade Finance.*
- *Regional Workshop on Bond Issuance and Trading for Zimbabwe.*
- *Regional workshop on People Management, Coaching, and Mentoring.*
- *Regional Workshop on Effective Customer Relations.*
- *Regional Workshop on Change Management in an Organisation.*
- *Regional Workshop on Enterprise Risk Management.*
- *Regional Workshop on Risk-based Auditing.*
- *Finance for non-Finance Managers Training for Reserve Bank of Malawi.*
- *Regional Workshop on Results-based Monitoring and Evaluation.*
- *Regional workshop Finance for non-Finance Managers.*
- *Regional workshop Corporate Governance*

The workshops were attended by participants from the private and public sector institutions in MEFMI member and non-member countries.

iii. Continue cost reduction initiatives in MEFMI operations.

The Institute implemented measures to hedge against the loss of value of the ZWL revenue from its BDU activities. In addition, the institute continues to monitor the environment to ensure that all purchases are made at the most favourable price and quality and in line with the approved budget.

iv. Leverage IT to reduce the cost of delivery.

MEFMI conducted all regional activities and governance meetings online or virtually in line with the cost-saving objective. This saved the Institute money that would have been spent on travel and accommodation.

v. Collaborate with existing and new partners in delivering activities to reduce the cost of delivery.

During the period, the Institute recorded savings by leveraging its partnerships in delivering some of the capacity-building activities. 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 with MEFMI in future activities.

The Institute further collaborated with Crown Agents Investment Managers to deliver a webinar on the Rise of Onshore Chinese Debt in the Global Bond Market: Implications for Strategic Asset Allocation and the Bank for International Settlements (BIS) to deliver the webinar on Macroprudential Stress Testing during Crises: Lessons from the COVID-19 Pandemic. Further, the Institute partnered with Toronto Centre to deliver the regional workshop on Financial Crisis Management and Bank Resolution. The workshop on performance and attribution was also delivered with the support of the IADI and the Chartered Financial Analyst (CFA) Institute.

MEFMI also collaborated with the World Bank, IMF, TDB, Commonwealth Secretariat, COMESA, FSI, Ninety One and UNCTAD to conduct several regional workshops on debt management, financial sector supervision, sovereign reserves and macroeconomic management. The collaboration lowered the cost of delivery of capacity-building programmes to member countries.

Pillar 4: Enhancing Monitoring and Evaluation

Over the past years, MEFMI has been strengthening its M&E processes. This is evidenced by the adoption of the Theory of Change (TOC), which aims to provide a picture of the impact of MEFMI's interventions in its client institutions.

Progress made during the period under review is detailed below.

i. Assess capacity development activities to determine effectiveness.

As part of a study to assess the effectiveness of MEFMI's capacity development activities, an indicator-based survey tool developed in the fourth quarter of 2021 was deployed to client institutions in the MEFMI member countries. The study was finalised in May 2022. The study findings, among others, suggest a high adoption of international best practices in the compilation and dissemination of statistics. Overall, the study findings indicate the high effectiveness of MEFMI activities undertaken in different priority areas under the previous phase.

To evaluate the extent to which the BDU training programmes enhance the skills and knowledge of the trainees, the Institute developed an evaluation form that will be used to assess the effectiveness of BDU training programmes.

The Secretariat also employs Bi-Annual Performance Reviews as the main mechanism to determine how capacity development activities contribute towards achieving the desired outcomes. Moreover, the reviews provide an early warning system to identify challenges that may stifle the attainment of the desired results. They also provide an opportunity to derive lessons and identify opportunities to enhance MEFMI's service delivery and product design. Against this background, the Secretariat convened its 11th and 12th Bi-Annual Performance Review meetings during the period under review. Some of the issues that emerged from the Bi-Annual Performance Review were the rise in demand for face-to-face activities (especially in-country ones) and the increase in the completion rate of e-learning courses. This is partly attributed to the translation of course materials to Portuguese in the case of participants from Lusophone countries. In addition, the review highlighted the need to monitor and discuss country participation at the Management level.

The Secretariat reviewed the Back-To-Office Report (BTOR) structure to support and enhance internal monitoring and decision-making. It developed a guide for its operationalisation as an internal monitoring and decision-making tool. Following the revision of the BTOR template, an assessment was conducted to determine the extent to which BTORs prepared by programmes and departments conform with the revised template. The findings of the assessment established that conformity with the revised BTOR template is generally good.

ii. Implement the Integrated Management Information System

The implementation of the IMIS is a continuous process. As part of the implementation journey, MEFMI finalised the integration of the Phase VI Results Measurement Framework (RMF) during the period under review. As a result, MEFMI Programmes can now report progress on their respective Phase VI key outcome indicators using the IMIS.

iii. Undertake end of Phase V evaluation

Following the conclusion of Phase V on 31 December 2021, the Secretariat commenced preparations for the end of Phase V evaluation, considering key evaluation criteria such as relevance, effectiveness, efficiency, sustainability, impact, coordination/coherence, timelines, and stakeholder needs and involvement. To this effect, the evaluation of bids commenced in February 2022.

Following a competitive bidding process, ECORYS, a consultancy firm was awarded the contract to conduct the end of Phase V evaluation. The assignment commenced with the inception phase from 18 to 22 July 2022. The outcome of the evaluation suggests that MEFMI made significant achievements against the desired results and the set targets, despite the challenging operating environment, especially during the last two (2) years that were characterised by the COVID-19 pandemic.

iv. Enhance the Capacity of Staff and Management in Monitoring and Evaluation

To enhance the capacity of staff and management in monitoring and evaluation, two (2) trainings were conducted. The training targeting staff was conducted to enhance staff capacity in M&E within the context of implementing for results. The one for management was meant to enhance MEFMI senior management's capacity in M&E in managing for results.

MONITORING AND RESULTS MEASUREMENTS

SECTION - 3

MONITORING AND RESULTS MEASUREMENT

This section presents the progress made in achieving set targets for each outcome indicator aggregated by pillar as at 31 December 2022.

Pillar 1: Strengthening the Capacity of MEFMI member countries

Pillar 1 which focuses on strengthening the capacity of MEFMI member countries is at the core of the MEFMI mandate to build human and institutional capacity in the areas of macroeconomic and financial management in the member countries. All capacity-building activities are anchored on this pillar which reflects the main reason for MEFMI's existence. The delivery of targeted and impactful interventions that respond to evolving needs of member countries, including emerging issues, is critical in ensuring that, in the medium to long term, the desired macroeconomic and financial stability is realised in the region. Efforts towards the realisation of this aspiration are guided by MEFMI's key strategic objectives/outcomes as outlined below.

Efficient macroeconomic and financial management systems

Attaining efficient macroeconomic and financial management systems is critical because it is a precursor to the attainment of MEFMI's ultimate objective of macroeconomic and financial stability. Capacity-building activities play a critical role in realising client institutions' ability to use internationally accepted/certified standards for macroeconomic and financial management statistics outlined in Table 2. In this regard, the first port of call is the improvement in knowledge among the trained officials, which has a consequential effect on the officials' behaviours, practices, and skills. Organisational learning, which, among others, includes embracing and adopting best practices among the client institutions, draws significantly from any positive change among the trained officials. The anticipated institutional change is outlined in Table 2 below, as measured by comparing actuals against the targets for each outcome indicator. For instance, the subsequent effect of the improvement in knowledge among the trained officials is reflected in an increase in the number of member countries adopting best practices in the compilation and dissemination of statistics, based on the intermediate international statistics standards (GFS, BPM6, MFS & SNA)[1], and frameworks (DSF, MTDS, ICRAT, BASEL, & IAIS) see Table 2.

Table 2: Efficient macroeconomic and financial management systems

Indicators	Baseline 2021 (end of Phase V)	Target December 2022	Outcome December 2022	Outcome against 2022 Target	Observations/Comments
Number of member countries using internationally accepted/certified standard for macroeconomic & financial management statistics (MFS, GFS, BPM6, PSDS, SNA)					
MFS	3	4	0	0%	Non achievement of the desired target is attributed to the fact that no activity was conducted on MFS2016 during the review period.
GFS	0	2	3	150%	3 countries (Zambia, Uganda and Lesotho) have adopted intermediate standards for compilation of statistics according to GFS2014. This follows the conduct of two activities on GFS2014, and a regional workshop with IMF and an in-country for Lesotho during the period under review.
BPM6	0	2	2	100%	2 countries (Rwanda and Zimbabwe) have adopted intermediate standards for compilation of statistics according to BPM6. This follows the conduct of two activities on BPM6, a regional workshop on BPM6 and an in-country for Rwanda during the review under period.

[1] *In phase V MEFMI laid down minimum requirements for a member country to qualify to have migrated to the use of GFS2014, BPM6, SNA 2008 and MFS 2006. All member countries were able to migrate to these standards by achieving the minimum requirements. In Phase IV, MEFMI increased the requirements to intermediate by putting additional requirements as laid down in GFS2014, BPM6, SNA 2008 and MFS 2006.*

Indicators	Baseline 2021 (end of Phase V)	Target December 2022	Outcome December 2022	Outcome against 2022 Target	Observations/Comments
PSDS	10	11	No data	N/A	Awaits the conduct of a survey.
SNA	0	2	3	150%	3 countries (Uganda, Namibia and Tanzania) have adopted intermediate standards for compilation of statistics according to SNA2008. This follows the conduct of a training on SNA during the review under period.
Number of member countries using internationally accepted/certified macroeconomic & financial management frameworks (DSF, MTDS, ICRAT, BASEL Framework, Core-principles from BIS, IAIS, IOSCO, IADI)					
DSF	9	10	12	120%	2 countries (Lesotho and Tanzania) were assisted to conduct DSA. The other countries have been conducting DSA on their own.
MTDS	10	11	11	100%	In 2022 the Institute assisted Lesotho and Malawi to develop the MTDS. The other countries have been developing MTDS on their own.
ICRAT	6	7	8	114%	Redeployment of ICRAT in Uganda implemented during the year and support to other countries already using ICRAT was done during the year.
BASEL Framework	5	6	7	117%	Tanzania and Rwanda were supported in developing macroprudential framework and crisis management framework aligned to the Key Attributes for effective resolution regimes.
IAIS	0	2	2	100%	Insurance regulators in Uganda & Zimbabwe received support on IFRS 17 and in developing mortality tables. An e-learning course on insurance supervision was also conducted during the year which raised awareness on the IAIS Core Principles
IOSCO	0	2	0	0%	No activities were conducted
IADI	0	2	0	0%	The entry point was holding 2 regional activities in 2022. In 2023 and beyond, country specific support will be rolled out.

Enhanced capacity of managers of sovereign assets to engage with external services providers

The enhancement of the capacity of managers of sovereign assets to engage with external services providers is measured by the number of client institutions that regularly update contracts with service providers. In this respect, one out of the two targeted client institutions managed to meet this requirement following the support MEFMI provided during the period under review (see Table 3 below).

Table 3: Enhanced capacity of managers of sovereign assets to engage with external services providers

Indicators	Baseline 2021 (end of Phase V)	Target December 2022	Outcome December 2022	Outcome against 2022 Target[2]	Observations/Comments
Number of client institutions that regularly update contracts with service providers	0	2	1	50%	Regional workshops and courses on fundamentals of reserves management, performance measurement and attribution as well as risk management were conducted. Malawi was supported on the use of Swaps in reserves management.

Enhanced capacity of Managers of sovereign assets to align risk and portfolio management practices to international best practices

The efforts to enhance the capacity of Managers of sovereign assets to align risk and portfolio management practices to international best practices is measured by the number of client institutions aligning risk and portfolio management practices to international best practices. In this respect, two client institutions met this requirement, surpassing the target by 200% (see Table 4 below). This follows the support MEFMI provided to client institutions in Malawi and Uganda.

[2] *2021 is the last year of the MEFMI Phase V Strategic Plan.*

Table 4: Enhanced capacity of Managers of sovereign assets to align risk and portfolio management practices to international best practices

Indicators	Baseline 2021 (end of Phase V)	Target December 2022	Outcome December 2022	Outcome against 2022 Target	Observation/Comment
Number of client institution aligning risk and portfolio management practices to international best practices	0	1	2	200%	Regional activities conducted included a webinar on the Chinese bond market and a seminar of strategies for an inflationary environment. Two countries received support i.e. Malawi on the use of swaps in portfolio management and Uganda on implementing ICRAT

Adoption of international standards for performance measurement and attribution analysis among the client institutions

To influence the adoption of international standards for performance measurement and attribution analysis among client institutions, MEFMI undertakes awareness activities in targeting client institutions in the member countries. During the period under review, MEFMI conducted a regional workshop to raise awareness and impart knowledge on Global Investment Performance Standards (GIPS). However, as explained in Table 5, there is no data yet to determine the number of client institutions that have adopted GIPS as the survey is yet to be conducted.

Table 5: Adoption of international standards for performance measurement and attribution analysis among the client institutions

Indicators	Baseline 2021 (end of Phase V)	Target December 2022	Outcome December 2022	Outcome against 2022 target	Observation/Comment
Number of client institutions that have adopted GIPS	0	1	No data	N/A	One regional workshop was conducted to raise awareness and impart knowledge on GIPS. How this requires that a survey is conducted to determine the number of client institutions that have adopted GIPS. This survey will be conducted between the end of the first quarter and the beginning of the second quarter.

Improved capacity for financial and macroeconomic policy analysis in the member countries

Improved capacity for financial and macroeconomic policy analysis in the member countries plays a critical and precursory role in the realisation of macroeconomic and financial stability. The attainment of this role is measured by the number of member countries using at least one of the macroeconomic and financial management analytical tools in policy analysis as well as the number of member countries taking steps to develop the local currency bond markets (LCBMs). A 100 percent achievement was recorded in the former while the latter registered non-movement mainly because no member country received support in LCBM development in 2022 (see Table 6).

Table 6: Improved capacity for financial and macroeconomic policy analysis in the member countries

Indicators	Baseline 2021 (end of Phase V)	Target December 2022	Outcome December 2022	Outcome against 2022 Target	Observation/Comment
Number of member countries using at least one of macroeconomic and financial management analytical tools in policy analysis*	13	13	13	100%	
Number of member countries taking steps to develop the local currency bond markets (LCBMs)	0	1	0	0%	No country was assisted on LCBM development in 2022.

** The aim is to maintain the status quo (sound practices) throughout Phase VI.*

Improved capacity to develop legislative and institutional frameworks for financial and macroeconomic management

The improvement in the capacity to develop legislative and institutional frameworks for financial and macroeconomic management in the member countries is critical, given that, it provides the requisite institutional capability to realise macroeconomic and financial stability. This institutional capability is measured by the number of member countries taking steps to review their legal and institutional frameworks for macroeconomic and financial management.

In this regard, positive results have been registered in all the three aspects of this indicator except the macroeconomic management area as no target was set for 2022. The overachievement in the financial sector management area is because two member countries, Zimbabwe and Uganda, received support in to reviewing and upgrading their institutional frameworks against the 2022 target of one member country (see Table 7).

Table 7: Improved capacity to develop legislative and institutional frameworks for financial and macroeconomic management

Indicators	Baseline 2021 (end of Phase V)	Target December 2022	Outcome December 2022	Outcome against 2022 Target	Comments/Observations
Number of member countries taking steps to review their legal and institutional frameworks for macroeconomic and financial management (Debt Management, Macroeconomic Management & Financial Sector Management)					
Debt Management	0	1	1	100%	The Institute assisted Zimbabwe update its Public Debt Management Procedures Manual including procedures for the use of DMFAS to record and manage debt statistics
Macroeconomic Management	0	0	0	N/A	No target was set for 2022.
Financial Sector Management	0	1	2	200%	The Institute is supporting Zimbabwe in developing mortality tables; and Uganda received support in IFRS 17 implementation.

Adoption of computer-based systems support the compilation of financial and macroeconomic statistics

To ensure efficiency and effectiveness in the compilation of financial and macroeconomic statistics, MEFMI supports member states with the requisite capacity to use the latest versions of computer-based systems to compile financial and macroeconomic statistics. Subsequently, these member countries are expected to adopt computer-based systems in the compilation of financial and macroeconomic statistics. Change in this respect is measured by the number of countries using the latest versions of computer-based systems to compile financial and macroeconomic statistics. Overall, positive change has been registered, given the rise in the number of member countries using CS-Meridian and version 3 of the PCMS from 1 in 2021 to 4 in 2022 and 0 in 2021 to 7 in 2022 respectively (see Table 8). There was no movement regarding the adoption of DMFAS as the latest version was not yet released during the period under review.

Table 8: Adoption of computer-based systems support the compilation of financial and macroeconomic statistics

Indicators	Baseline 2021 (end of Phase V)	Target December 2022	Outcome December 2022	Outcome against 2022 target	Comments/Observations
Number of countries using latest versions of computer-based systems to compile financial and macroeconomics statistics (DMFAS, CS-Meridian, PCMS)					
DMFAS	0	1	0	0%	UNCTAD was scheduled to release DMFAS 7 in 2022, however, the new version was not released
CS-Meridian	1	2	4	200%	The Institute jointly with the COMSEC assisted Tanzania and Namibia to migrate its debt database from CS-DRMS to CS-Meridian. MEFMI trained Ministry of Finance Eswatini in the use of CS-Meridian. The Institute also assisted Mozambique to validate its debt database in readiness for migration. Lesotho was assisted in post migration validation.

Indicators	Baseline 2021 (end of Phase V)	Target December 2022	Outcome December 2022	Outcome against 2022 target	Comments/Observations
PCMS	0	7	7	100%	Lesotho, Eswatini, Botswana, Malawi, Kenya, Rwanda, & Tanzania are using the latest version (version 3) of the PCMS. The version 4 - At the same time countries are being prepared to implement version 4 upon completion its development.

Improved knowledge levels among officials in MEFMI client institutions

In discharging its mandate of building capacity in the member countries, MEFMI takes cognisance of the fact that delivering capacity-building activities is one thing, and registering significant improvement in knowledge among the trained officials is another. In this regard, MEFMI has taken a keen interest in understanding the significance of the dischargedcapacity-building activities in improving the knowledge of targeted officials in the client institutions. During the period under review, as highlighted in Table 9, all training conducted recorded statistically significant improvement in knowledge among the trained officials.

Table 9: Improved knowledge levels among officials in MEFMI client institutions

Indicators	Baseline 2021 (end of Phase V)	Target December 2022	Outcome December 2022	Outcome against 2022 target	Observations/Comments
Percentage of trainings recording statistically significant improvement in knowledge among the trained officials*	100	100	100	100%	All trainings on conducted during the period indicated significant improvement in knowledge among the participants

**The aim is to maintain the status quo for all capacity development activities delivered throughout Phase VI.*

Increased awareness on MEFMI capacity building services in the member countries

MEFMI positions itself as a centre of excellence for capacity building in macroeconomic and financial management in the region. Increased awareness on MEFMI capacity-building services in the member countries is a proxy outcome that helps to determine how the institute is doing in this area. This is tracked by ascertaining the percentage of surveyed officials in the member countries expressing awareness of MEFMI capacity-building services. The target for 2022 was to attain 100 percent awareness levels. However, this is yet to be determined as the data is not yet available (see Table 10). The requisite data will be sourced through the institution-wide annual outcome-based survey which is meant to assess the effectiveness of the capacity-building services delivered each calendar year of Phase VI.

Table 10: Increased awareness on MEFMI capacity building services in the member countries

Indicators	Baseline 2021 (end of Phase V)	Target December 2022	Outcome December 2022	Outcome against 2022 target	Observations/Comments
Percentage of surveyed officials in the member countries expressing awareness of MEFMI capacity building services		100	No data.	N/A	Await institution wide survey.

Pillar 2: Enhance Operations and Internal Processes

The management of operations and internal processes is of strategic importance to the effective and efficient delivery of capacity development and ultimately to the realisation of the outcomes and results set out in the change pathway contained in the phase VI strategy.

MEFMI Mandate effectively implemented

Effective implementation of the MEFMI mandate depends on the successful delivery of capacity-building services and the attainment of desired outcomes. It is for reason, in phase VI, MEFMI has continued to pay particular attention to ensuring that its mandate of capacity-building in the member countries is effectively implemented. Progress in this respect is tracked on an annual basis by ascertaining the number of MEFMI staff achieving their annual targets. Positive change was registered in this regard as all programme staff met their annual targets (see Table 11).

Table 11: MEFMI Mandate effectively implemented

Indicators	Baseline 2021 (end of Phase V)	Target December 2021	Outcome December 2021	Comment / Observation
Number of MEFMI staff achieving their set annual targets	All	All	100%	

Enhanced Corporate Governance

Corporate governance is directly linked to the effective implementation of the MEFMI mandate because it creates a system of procedures and practices that determines how MEFMI operates and how the interests of its client institutions and key stakeholders are addressed through the delivery of need-based capacity-building activities. Further, good corporate governance also sets out and ensures the implementation of ethical business practices, which leads to the effective implementation of capacity-building services and financial prudence. This in turn leads to ensuring value for money. As outlined in Table 12, positive change was registered in the area of corporate governance as all the annual targets relating to the conduct of bi-annual internal audits, and regular meetings of the Finance and Audit Committee, EXCOM, and Board of Governors were met.

Table 12: Enhanced Corporate Governance

Indicators	Baseline 2021 (end of Phase V)	Target December 2021	Outcome December 2021	Outcome against 2022 Target	Comment / Observation
Bi-Annual Internal Audits	2	2	2	100%	
Regular meetings (EXCOM & Board of Governors)					
Finance & Audit	2	2	2	100%	
EXCOM	2	2	2	100%	
Board of Governors	1	1	1	100%	

Improved financial and risk management processes and systems

MEFMI recognises the importance of managing risks either financial or operational. This is closely related to the good governance discussed above. In this regard, the importance of attaining improved financial and risk management processes and systems cannot be overemphasised. This is measured by the existence of unqualified annual audits and the existence of an updated risk register with actions and strategies on how to either avoid risk or mitigate its impact to an acceptable level. As outlined in Table 13, positive change was registered in both measures associated with the desired outcome of improved financial and risk management processes and systems.

Table 13: Improved financial and risk management processes and systems

Indicators	Baseline 2021 (end of Phase V)	Target December 2022	Outcome December 2022	Outcome against 2022 Target	Comment / Observation
Existence of unqualified annual audits		Yes	Yes	100%	
Existence of an updated risk register		Yes	Yes	100%	

Enhanced functionality and utilisation of ICT tools and systems

MEFMI recognises the importance of the application of ICT tools and systems, especially in the digital age where virtual delivery of services has become a necessity and inevitable. The advent of the COVID-19 pandemic in 2020 has to a greater extent reemphasised the importance of ICT tools and systems. It is against this backdrop that the IT Unit in MEFMI is always ensuring the delivery of quality ICT services and tools to enable staff to deliver the MEFMI mandate. This is measured by the percentage of staff indicating satisfaction with ICT functionality and utilisation. As outlined in Table 14, positive change was registered in this regard as the 2022 target was met.

Table 14: Enhanced functionality and utilisation of ICT tools and systems

Indicators	Baseline 2021 (end of Phase V)	Target December 2022	Outcome December 2022	Outcome against 2022 Target	Comment / Observation
% of staff indicating satisfaction of ICT functionality and utilisation (ICT devices, laptops and internet connectivity)	80	100	100	100%	

Enhanced Staff Capacity to perform their duties

MEFMI recognises the importance of its staff and places high value on employees as a critical asset of the organisation. It is for this reason that MEFMI has devised deliberate strategies and efforts to enhance the capacity of staff to perform their duties. This is measured by the percentage of staff expressing satisfaction with the support received to perform their duties. The 2022 target was 100 percent. As stated in Table 15, the actual outcome is below the target and the baseline value by 40 percent and 11.4 percent respectively, suggesting a negative outcome on staff's satisfaction with the support they received to perform their duties.

Table 15: Enhanced Staff Capacity to perform their duties

Indicators	Baseline 2021 (end of Phase V)	Target December 2022	Outcome December 2022	Outcome against 2022 Target	Comment/Observation
% of staff expressing satisfaction of support received to perform their duties	71.4	100	60%.	60%	The analysis of the outcome versus the target shows that the actual is below the target by 40%. Further, the actual for 2022 is also below the baseline value of 71.4.

Enhanced brand visibility of MEFMI in member countries

As MEFMI positions itself as a centre of excellence in capacity building in the areas of macroeconomic and financial management, it is of paramount importance to devise deliberate efforts to enhance the brand visibility of MEFMI in member countries. This is measured by the percentage increase of staff in client institutions that are aware of MEFMI compared to previous periods. The 2022 target was 80 percent. However, as outlined in Table 16, this is yet to be determined as the requisite data is yet to be collected through an institution-wide survey.

Table 16: Enhanced brand visibility of MEFMI in member countries

Indicators	Baseline 2021 (end of Phase V)	Target December 2022	Outcome December 2022	Outcome against 2022 Target	Comment / Observation
Percentage increase of staff in client institutions that are aware of MEFMI compared to previous periods	70	80	No data	N/A	Awaits the institution wide survey.

Pillar 3: Resource Mobilisation and Financial Sustainability

Over and above the financial contributions MEFMI receives from member countries, it is of strategic importance to mobilise resources through partnerships and commercial activities under the BDU. The ultimate objective is to ensure financial sustainability. Financial sustainability is critical, given that, adequate and sustainable funding is central to the successful implementation of the strategic plan and running of the organisation at large. It is in view of this, that MEFMI is working towards increasing revenue by identifying new funding sources to complement member countries' contributions. This will involve greater efforts to secure additional funding arrangements, as well as strengthening existing and creating new partnerships in order to ensure financial sustainability and budgetary stability. This in turn is expected to enhance the Institute's capacity to respond to the needs of client institutions without having to compromise the quality of services due to financial limitations.

Growth of MEFMI Revenue Streams

MEFMI's strategy to expand its revenue streams places the Institute on the right trajectory toward financial sustainability. Besides the low but steady growth in the BDU revenue contribution to MEFMI total revenue, the positive change in the MEFMI Total Revenue recorded in the period under review confirms the foregoing statement (see Table 17).

Table 17: Growth of MEFMI Revenue Streams

Indicators	Baseline 2021 (end of Phase V)	Target December 2022	Outcome December 2022	Outcome against 2022 Target	Comment / Observation
% Growth in Total Revenue		5%	9.17%	183%	
Revenue contribution to MEFMI total revenue	30%	31%	5.5%	18%	Need to revise the targets.

Increased new sources of funding besides member countries' contributions

The importance of securing new sources of funding besides member countries' countries cannot be overemphasised as this contributes to growth in revenue and financial sustainability in the short and long term respectively. Good progress has been registered in this area, given that the 2022 target was met (see Table 18).

Table 18: Increased new sources of funding besides member countries' contributions

Indicators	Baseline 2021 (end of Phase V)	Target December 2022	Outcome December 2022	Outcome against 2022 Target	Comment / Observation
Number of new sources of funding	2	1	1	100%	

Improved efficiency in Expenditure and Cost Management

Efficiency in the delivery of capacity-building activities is of great importance, given the critical role it plays in realising the value for money. Hence MEFMI places a lot of significance on ensuring improved efficiency in expenditure and cost management. This is measured by the actual output as a percentage of potential or planned output within the planned budget. Positive change was recorded in this regard, given the actual annual outcome of 117% against a target of 90 percent. This has resulted in the overachievement which is attributed to the additional activities undertaken by DMP and FSMP (see Table 19).

Table 19: Improved efficiency on Expenditure and Cost Management

Indicators	Baseline 2021 (end of Phase V)	Target December 2022	Outcome December 2022	Outcome against 2022 Target	Comment/Observation
Actual output as percentage of potential or planned output.	80	90	117%	129%	DMP and FSMP undertook more activities than planned, hence overachievement.

Enhanced Strategic Partnerships in Capacity Development

Strategic partnerships occupy a strategic space in MEFMI's quest for financial sustainability. As such, MEFMI continues with efforts to enhance strategic partnerships in the delivery of capacity development activities. Positive change was registered in this regard, given that during the period under review MEFMI partnered with MFS Africa in capacity development activities for the regulation and supervision of DFS. MFS Africa is the largest mobile money hub in Africa which connects mobile money users and service providers (see Table 20).

Table 20: Enhanced Strategic Partnerships in Capacity Development

Indicators	Baseline 2021 (end of Phase V)	Target December 2022	Outcome December 2022	Outcome against 2022 Target	Comment/Observation
Number of new strategic partnerships MEFMI is collaborating with		1	1	100%	During the period under review MEFMI partnered with MFS Africa in capacity development activities for the regulation and supervision of DFS. MFS Africa the largest mobile money hub in Africa which connects mobile money users and service providers.

Pillar 4: Enhancing Monitoring and Evaluation

Being a results-oriented organisation, MEFMI places great importance on M&E given the critical role it plays in ensuring the successful implementation of the strategic plan. It is for this reason that M&E forms an integral part of MEFMI's strategic pillars for the phase VI Strategic plan. M&E ensures that systems and mechanisms to track the implementation of the strategy and its outcomes are in place. This requires that an effective evidence-based M&E system is put in place.

Effective Evidence-Based M&E System

To sustain an effective evidence-based M&E system, MEFMI has first invested in the capacity of its staff in M&E, including inculcating an M&E culture among its staff. Second, data collection, progress tracking, and organisational learning mechanisms have been put in place. This is evidenced by the results-based reporting system, bi-annual performance reviews, evaluations, and special studies that are meant to ensure that the organisation links its actions with the desired results and draws lessons to inform improvements and future programming. The availability of clear and defined targets has been identified as a measure to determine the extent to which the M&E System is effective and evidence-based. A positive outcome has been registered in this regard, given the availability of clear and defined targets (see Table 21).

Table 21: Effective Evidence Based-M&E System

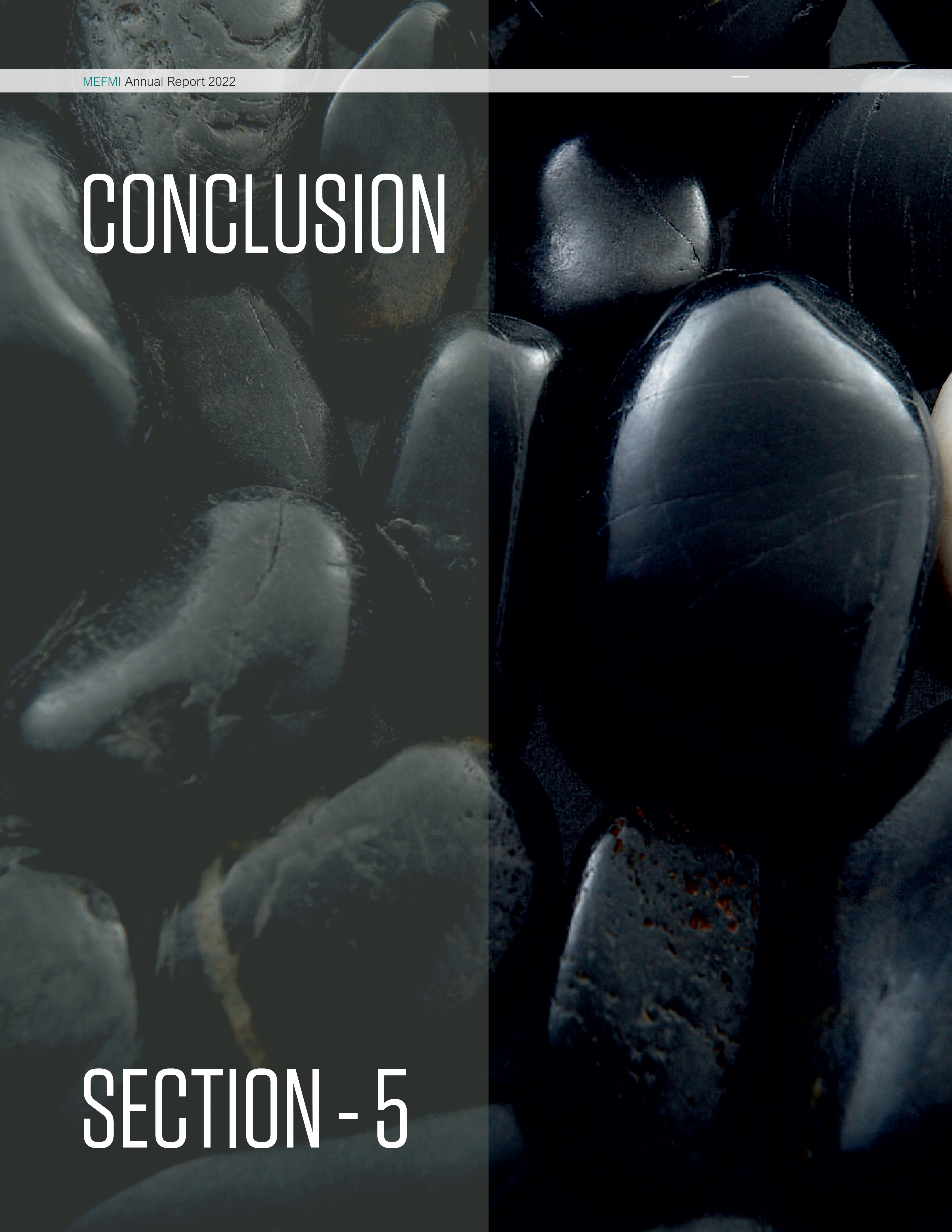
Indicators	Baseline 2021 (end of Phase V)	Target December 2022	Outcome December 2022	Outcome against 2022 Target	Comment / Observation
Availability of clear and defined targets	Yes	Yes	Yes	100%	

M&E Strengthened

A robust M&E system informs decision making and continuous learning. MEFMI decision-making structures benefit from this, from Management through to the Board of Governors. This is evidenced by the availability of information required for decision-making drawn from activity completion reports (BTORs), progress reports, outcome-based surveys, and medium-term and end-line evaluations. The year 2022 marked the inception of the outcome-based survey which is aimed at assessing the effectiveness of MEFMI capacity-building activities delivered in each calendar year. Besides the routine monitoring mechanisms, the Institute draws significantly from the outcome-based survey and end-ofphase evaluation in gathering the requisite information for decision-making and learning. As outlined in Table 22, the target on the availability of information required for decision-making was met.

Table 22: M&E Strengthened

Indicators	Baseline 2021 (end of Phase V)	Target December 2022	Outcome December 2022	Outcome against 2022 Target	Comment / Observation
Availability of information required for decision making	Yes	Yes	Yes	100%	



CONCLUSION

SECTION - 5

CONCLUSION

The Institute commenced implementation of the Phase VI strategy under a very dynamic environment characterised by a challenging macroeconomic situation in the region. This notwithstanding, many successes were recorded. It is gratifying and encouraging to note that year one of implementing the new strategy has been a success. While there were some challenges experienced during this year, the Institute, as is always the case, has drawn lessons from these challenges in a manner that will allow it to be on an even firmer footing to deliver capacity building to the region, going forward.

GOVERNANCE STRUCTURES OF MEFMI FOR 2022

ANEX - 1

MEFMI GOVERNANCE STRUCTURES - 2022

The MEFMI Board of Governors comprises a Central Bank Governor or a Treasury Secretary / Permanent Secretary of Finance of each of the 14 Member Countries. Where a Governor is a substantive member, the Treasury Secretary/Permanent Secretary is an alternate, and vice-versa. The Executive Director is responsible for conducting the business of MEFMI 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.

MEFMI operates under the direction of an Executive Committee, which consists of the Vice-Chairman of the Board of Governors and four (4) other voting members nominated by the Board of Governors from the Board. The MEFMI Executive Director and the 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 MEFMI 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 (2) years. The Finance and Audit Committee aids 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 MEFMI.

FINANCIAL STATEMENTS 31 DECEMBER 2022

ANEX - 2

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

NATURE OF THE BUSINESS

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

INFORMATION ABOUT THE BUSINESS

EXECUTIVE COMMITTEE

Dr. Phil Mnisi - Chair - 1 July 2022
Mr. Majozi Sithole - Chair up to end of June 2022
Mr. José de Lima Massano
Mr. Domingos Juliao Lambo
Mr. Titus Ndove
Mr. John Rwangombwa
Dr. John Mangudya (Executing Agency - ex-officio)
Dr. Louis Kasekende (Executive Director - ex-officio)

AUDITORS

BDO Zimbabwe Chartered Accountants
Kudenga House, 3 Baines Avenue, Cnr Prince Edward Street P O Box 334, Harare
ZIMBABWE
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BANKERS

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

Stanbic Bank Kenya Head Office
Westlands Road
Nairobi
Kenya

EXECUTIVE COMMITTEE'S RESPONSIBILITY STATEMENT

The Executive Committee is required to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is its responsibility to ensure that the financial statements fairly present the state of affairs of the Institute as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards.

The Executive Committee acknowledges that it is ultimately responsible for the system of internal financial control established by the Institute and places considerable importance on maintaining a strong control environment. To enable it to meet these responsibilities, the Executive Committee sets standards for internal control aimed at reducing the risk of fraud or error in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Institute and all employees are required to maintain the highest ethical standards in ensuring the Institute's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Institute is on identifying, assessing, managing and monitoring all known forms of risk across the Institute. While operating risk cannot be fully eliminated, the Institute endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Executive Committee is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, but not absolute, assurance against material misstatement or loss.

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 it either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so. The Executive Committee has assessed the ability of the Institute to continue operating as a going concern and believes that the preparation of the financial statements on a going concern basis is appropriate as disclosed in **Note 4a** to the financial statements.

The external auditors are responsible for independently auditing and reporting on the Institute's financial statements. The financial statements and related notes have been audited by the Institute's external auditors and their report is presented on pages 3 to 4.

The audited annual financial statements set out on pages 5 to 26 were approved by the Executive Committee on 24 March 2023 and were signed on its behalf by:

Dr Phil Mnisi
CHAIR PERSON

Dr Louis Kasekende
EXECUTIVE DIRECTOR

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MACROECONOMIC AND FINANCIAL MANAGEMENT INSTITUTE OF EASTERN AND SOUTHERN AFRICA (MEFMI)

REPORT ON THE AUDITED FINANCIAL STATEMENTS

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Zimbabwe

Opinion

We have audited the financial statements of MACROECONOMIC AND FINANCIAL MANAGEMENT INSTITUTE OF EASTERN AND SOUTHERN AFRICA set out on pages 56 to 76, which comprise the statement of financial position as at 31 December 2022, statement of income and expenditure, statement of changes in funds and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

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 as at 31 December 2022, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 are independent of the Institute in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B), together with other ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Executive Committee is responsible for assessing the Institute's ability to continue operating as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Committee either intends to liquidate the Institute or to cease operations, or has 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 judgment and maintain professional skepticism 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 management.

- 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 auditors' 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.

We also provide the Executive Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Gladman Sabarauta.

BDO Zimbabwe Chartered Accountants
3 Baines Avenue, Harare

Gladman Sabarauta CA(Z)
Partner
Registered Public Auditor
24 March 2023

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2022

INCOME	Notes	2022 US$	2021 US$
Co-operating partner funding	6	324 766	70 132
Interest Income - MEFMI	7	147 869	125 786
Member State Contributions	8	4 648 240	4 648 240
Other Income	9	9 138	-
Interest income - BDU	10	8 168	2 987
Business Development Unit	10	257 042	279 979
Amortisation of capital grant - land and building	23	50 178	42 279
Total income		5 445 401	5 169 403

EXPENDITURE

Programme Delivery			
Accommodation and subsistence	11	167 224	11 224
Perdiems		89 975	-
Facilities and materials		93 093	14 878
Professional fees	12	769 133	409 457
Programme delivery - staff	13.1	1 617 723	1 856 203
Travel expenses	14	141 801	1 483
Sub-total		2 878 949	2 293 245
Secretariat Administration			
Audit fees (internal and external)		18 893	29 669
Bank charges		31 133	20 506
Depreciation	17	87 636	96 375
Office expenses	15	420 706	352 375
Recruitment and relocation expenses		48 046	58 427
Salaries and benefits	13.2	771 846	651 771
Staff development		9 103	5 714
Exchange Loss		54 284	4 359
Loss on disposal of assets		4 507	-
Sub-total		1 446 154	1 219 196
Business Development Unit expenses	10.1	123 580	57 731
Total expenditure		**4 448 683**	**3 570 172**
Surplus for the year		**996 718**	**1 599 231**

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

ASSETS	Notes	2022	2021
		US$	US$
Non-current assets			
Property, vehicles and equipment	19	2 001 675	1 578 136
Current assets			
Inventory	17	17 711	21 145
Receivables	18	107 840	206 387
Cash and cash equivalents	20	9 465 350	7 688 853
		9 590 901	7 916 385
Total assets		**11 592 576**	**9 494 521**

FUNDS AND LIABILITIES

Funds			
Revaluation surplus	25.1	839 022	839 022
Reserve Fund	25.2	2 723 402	2 665 404
Accumulated funds		5 166 399	4 229 153
Residence Fund		-	251 836
		8 728 823	**7 985 415**
Non-current liabilities			
Capital expenditure grant - land and buildings	23	741 788	548 788
Current liabilities			
Payables	21	1 477 002	594 414
Provisions	22	592 551	323 625
Capital expenditure grant - land and buildings	23	52 412	42 279
		2 121 965	**960 318**
Total funds and liabilities		**11 592 576**	**9 494 521**

Dr Phil Mnisi
CHAIR PERSON

Dr Louis Kasekende
EXECUTIVE DIRECTOR

STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 31 DECEMBER 2022

	Residence Fund US$	Revaluation surplus US$	Reserve Fund US$	Accumulated Funds US$	Total US$
Balance at 1 January 2021	245 521	448 645	2 376 136	2 643 642	5 713 943
Member Countries Contributions	-	-	232 411	-	232 411
Residual Value reinstatement	-	-	-	49 451	49 451
Interest Earned	6 315	-	56 857	(63 171)	-
Revaluation	-	390 377	-	-	390 377
Surplus for the year	-	-	-	1 599 231	1 599 231
Balance at 31 December 2021	**251 836**	**839 022**	**2 665 404**	**4 229 153**	**7 985 414**
Interest Earned	1 475	-	57 999	-	59 474
Purchase of EDs residence	(253 311)	-	-	(59 472)	(312 783)
Surplus for the year	-	-	-	996 718	996 718
Balance at 31 December 2022	**-**	**839 022**	**2 723 402**	**5 166 399**	**8 728 823**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		US$	US$
Cash flows from operating activities			
Surplus for the year		996 718	1 599 231
Adjustment for:			
Depreciation	19	87 636	96 375
Interest income	7 & 9	(156 038)	(128 773)
Amortisation of capital expenditure grant - land and building	23	(50 178)	(42 279)
Loss on disposal of equipment		4 507	-
Cash flow before changes in working capital		882 646	1 524 554
Net effects for changes in working capital			
Decrease in inventory		3 434	19 857
Decrease in receivables		98 547	(126 617)
Increase in payables		882 588	(688 781)
Decrease in provisions		268 926	(215 119)
Net effect of working capital changes		1 253 495	1 010 000
Net cash inflow from operating activities		2 136 141	513 894
Cash flows from investing activities			
Proceeds from disposal of equipment		9 970	-
Interest income Operations funds		96 565	65 602
Interest income - Residence funds		1 475	6 314
Interest income - Reserve funds		57 998	56 857
Acquisition of property and equipment		(525 652)	(8 641)
Net cash inflow from investing activities		(359 644)	120 132
Cashflows from financing activities			
Member countries contributions to Reserve Fund		-	232 411
Net Cash inflows from financing activities		-	232 411
Net increase in cash and cash equivalents		1 776 497	866,437
Cash and cash equivalents at the beginning of the year		7 688 853	6 822 417
Cash and cash equivalents at the end of the year	20	**9 465 350**	**7 688 854**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 GENERAL INFORMATION

Objectives of the entity

To advise and assist member countries in the Eastern and Southern African region to build sustainable capacity in prudent macroeconomic and financial management; and to foster best practices for prudent macroeconomic and financial management in Central Banks and Ministries of Finance and Planning with the objective of supporting macro-economic and financial stability.

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.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Institute's financial statements are disclosed below. The Institute intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Topic	Effective date	Key requirements
IAS 1: Presentation of Financial Statements Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	Annual periods beginning 1 January 2024	The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.
Amendments to IAS 1: Classification of Liabilities as Current or Non-current - Deferral of Effective Date (Amendment to IAS 1).	Annual beginning on or after 1 January 2023	In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. - What is meant by a right to defer settlement - That a right to defer must exist at the end of the reporting period - That classification is unaffected by the likelihood that an entity will exercise its - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its cla ssification. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendments are not expected to have a material impact on the Institute.
Amendments to IAS 8: Definition of Accounting Estimates	For annual reporting periods beginning on or after 1 January 2023	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

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 recognised over the period on an accrual basis.

2.2.3 Interest

Interest income is recognised using the effective interest rate method. Interest from savings account was recognised overtime in line with IFRS 15.

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.

2.2.5 BDU Revenue

The department recognises revenue from workshops and trainings. The revenue is measured based on the consideration to which the Institute expects to be intitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Institute recognises revenue when it transfers control of a service to a customer being at the point the services are delivered to the customer. Delivery occurs when the services have been rendered/provided to the customer when they attend the workshop/training.

2.3 Employee benefits

Employee benefits are all forms of consideration given in exchange for services rendered by employees or for the termination of employment. The classification, recognition and measurement of these employee benefits is as follows;

(a) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. The Institute's short-term employee benefits comprise remuneration in the form of salaries, wages, bonuses, employee entitlement to leave pay and medical aid. The undiscounted amount of all short-term employee benefits expected to be paid in exchange for service rendered are recognised as an expense or as part of the cost of an asset during the period in which the employee renders the related service. The Institute recognizes the expected cost of bonuses only when the Institute has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

(b) Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the exipiration of contract of employment. Post-employment benefits comprise of gratuity being paid by the Institute at the end of the of the contract. Gratuity is being accrued on a monthly basis as an expense and being provided for as a liability in the financial statements.

Moreso, post-employment benefits comprise retirement benefits that are provided for Institute's employees by the National Social Security Authority (NSSA), which is a defined contribution fund. Payments to these pension schemes are recognised as an expense when they fall due, which is when the employee renders the service.

2.4 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 income and expenditure.

2.5 Cash and cash equivalents

Cash and cash equivalents include 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.

2.6 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.

2.7 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.

2.8 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 income and expenditure 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:

Buildings	25 years	Computers	4 years
Vehicles	5 years	Furniture and fittings	3 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 statement of income and expenditure.

2.9 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 income and expenditure.

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.

2.9.1 Valuation

Valuation of property and vehicles is done after every three (3) years and the last valuation was done in 2021.

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 income and expenditure 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 of financial assets

The Institute uses the IFRS 9 simplified approach to measure expected credit 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 income and expenditure within operating expenses. Subsequent recoveries of amounts previously written off are recognised as other income.

2.12 Payables

Accounts payables represent liabilities for goods, services which are unpaid and member state contributions provided to the Institute prior to the end of the financial year. 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.

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.

Financial Institution	2022 US$	2021 US$
Cash on hand	1 432	1 233
Stanbic Bank Zimbabwe	639 337	7 277 694
Stanbic Kenya	5 805 830	409 926
RBZ	2 000 000	-
Afrixembank	1 018 750	-
	9 465 350	7 688 853
Trade and other receivables	107 840	206 387
	9 573 190	7 895 240

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 2022	2022 US$	2021 US$
Assets		
Cash and cash equivalents	9 465 350	9 465 350
Receivables	107 840	107 840
Total assets	9 573 190	9 573 190
Liabilities		
Payables	1 477 002	1 477 002
Total liabilities	1 477 002	1 477 002
Liquidity position	8 096 188	8 096 188

31 December 2021		
Assets		
Cash and cash equivalents	7 688 853	7 688 853
Receivables	-	-
Total assets	7 688 853	7 688 853
Liabilities	Up to 1 mounth - US$	Total - US$
Payables	594 414	594 414
Total liabilities	594 414	594 414
Liquidity position	7 094 439	7 094 439

3.5 Financial instruments by category

	2022 US$	2021 US$
Financial assets at amortised cost		
Receivables (excluding pre-payments)	107 840	-
Cash and cash equivalents	9 465 350	7 688 853
	9 573 190	7 688 853
Financial liabilities at amortised cost		
Payables (excluding statutory liabilities)		(594 414)

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The management 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

Management used forecasted cashflow to determine the Institute as a going concern. There was a lot of judgement and assumptions used in preparing forecasted cashflows that were used in assessing going.

(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 30 September 2021. Revaluations are done making reference to recent market transactions on arms length.

d) Allowance for Expected Credit Losses

The management reviews its receivables to assess impairment on a monthly basis. In determining whether an impairment loss should be recorded in the statement of income and expenditure, 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 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.

6 CO-OPERATING PARTNER FUNDING

	2022 US$	2021 US$
World Bank	41 849	-
FSD Project	253 276	64 395
Other donors (Ninty one and Trade and Development Bank)	29 641	5 737
	324 766	70 132

6.1 FSD Project

In March 2022, FSD - Africa extended a GBP 250,000 grant to MEFMI to support technical assistance in public debt management in member countries.

7 INTEREST INCOME

Staff loans	-	3
Reserve Fund and Residence Funds bank Accounts	59 472	63 170
Short - term deposits	88 397	62 613
	147 869	125 786

8 MEMBER STATE CONTRIBUTIONS

Angola	436 670	469 034
Botswana	359 526	359 041
Eswatini	303 162	309 989
Kenya	446 869	406 654
Lesotho	306 331	302 673
Malawi	323 895	329 103
Mozambique	372 605	336 760
Namibia	314 555	314 586
Rwanda	315 551	313 446
Tanzania	394 155	438 641
Uganda	355 897	347 528
Zambia	360 367	354 023
Zimbabwe	358 657	366 764
	4 648 240	4 648 240

9 OTHER INCOME

Private sector partner contributions	5 000	-
Miscellaneous income	4 138	-
	9 138	-

10 BUSINESS DEVELOPMENT UNIT (BDU)

	2022 US$	2021 US$
Income		
Interest	8 168	2 987
Income from BDU operations	257 042	279 979
	265 210	282 966

10.1 Expenses

Programme delivery

	2022 US$	2021 US$
Accommodation and subsistence	2 213	-
Facilities and materials	396	-
Professional fees	77 700	47 973
Travel expenses	1 481	-
	29 059	-
Sub-total	850	47 973

Secretariat Administration

	2022 US$	2021 US$
Bank charges	1 876	2 695
Audit fees	584	939
Office expenses	10 270	6 124
Sub-total	12 730	9 758
Total	123 580	57 731

11 ACCOMMODATION AND SUBSISTENCE

Staff	51 441	300
Participants	53 853	4 174
Resource persons	61 929	6 750
	167 224	11 224

12 PROFESSIONAL FEES

Macroeconomic Management Programme	246 528	155 390
Financial Sector Management Programme	214 107	56 000
Debt Management Programme	301 157	171 812
Secretariat CAPACITY Building	502	9 882
Administration and legal	6 840	16 373
	769 133	409 457

13 SALARIES AND BENEFITS

13.1 Programme delivery - staff

	2022 US$	2021 US$
Salaries	952 769	1 236 753
House rent and maintenance	103 540	28 896
Housing allowance	83 337	89 854
Medical aid contribution	42 680	41 350
Social security (NSSA)	6 009	4 599
Leave pay	52 478	83 281
School fees subsidy	82 951	83 483
Terminal gratuity (Note)	238 147	224 661
Insurance	11 462	8 716
Other staff benefits	44 350	54 610
	1 617 723	1 856 203

Terminal gratuity

As per Remuneration Policy, all employees are paid gratuity at a rate of 25% of their monthly basic salary. This amount is provided for at the end of every month and is paid to the employee at the end of the contract or at exit.

13.2 Secretariat Administration - Salaries and Benefits

Salaries	496 336	313 173
House rent and maintenance	-	8 023
Housing allowance	44 430	52 858
Medical aid contribution	46 993	49 389
Social security (NSSA)	6 472	5 681
Leave pay	22 262	13 773
School fees subsidy	8 644	16 734
Terminal gratuity	124 084	162 257
Insurance	5 783	6 167
Other staff benefits	16 841	23 716
	771 846	651 771

14 TRAVEL EXPENSES

Staff	28 651	335
Participants	-	-
Fellows	-	-
Resource persons	75 079	1 148
Board	38 070	-
	141 801	1 483

15 OFFICE EXPENSES

	2022 US$	2021 US$
Air courier mail	304	162
E-communication charges	57 584	58 183
Equipment and software maintenance	56 306	68 815
General expenses	250 480	153 856
Office maintenance	20 464	29 431
Office security	17 710	17 654
Printing and stationery	1 800	1 787
Publications	6 450	13 160
Telephone and postage	9 609	9 328
	420 706	352 376

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	151 835	141 218
National Social security (NSSA)	7 873	2 529
Salaries and short-term employee benefits	1 000 370	789 965
	1 160 078	933 712

17 INVENTORY

Consumables	1 189	1 335
Computer consumables	8 652	10 322
Publications	5 511	6 437
Stationery	2 359	3 051
	17 711	21 145

18 RECEIVABLES

Prepayments	71 645	93 826
Staff loans and advances - Other staff	587	-
BDU Receivables	14 819	71 900
Value Added Tax claims	20 789	31 321
Intercompany with FSD account	-	9 340
	107 840	206 387

The fair values of trade and other receivables are as stated above because of their short tenor.

19 PROPERTY, VEHICLES AND EQUIPMENT

Year ended	Land	Buildings	Motor vehicles	Computer equipment	Office furniture	Total
	US$	US$	US$	US$	US$	US$
31 December 2021						
Opening carrying Amount	460 000	587 200	87 077	72 689	19,076	1 226 042
Revaluation	135 909	260 899	(6 431)		-	390 377
Disposals	-	-	-	-	-	-
Additions	-	-	-	8 091	550	8 641
Depreciation on disposals	-	-	-	-	-	
Residual value reinstatement - Current Year effect				4 659	44 792	49 451
Depreciation charge	-	(27 216)	(25 517)	(35 035)	(8 607)	(96 375)
Closing carrying amount	**595 909**	**820 883**	**55 129**	**50 404**	**55 811**	**1 578 136**
At 31 December 2021						
Cost/Valuation	460 000	587 200	152 500	474 089	383 177	2 056 966
Revaluation/Reinstatement	135 909	260 899	(6 431)	4 659	44 792	439 828
Accumulated Depreciation	-	(27 216)	(90 940)	(428 344)	(372 158)	(918 658)
Carrying Amount	**595 909**	**820 883**	**55 129**	**50 404**	**55 811**	**1 578 136**
31 December 2022						
Opening carrying Amount	595 909	820 883	55 129	50 404	55 811	1 578 136
Disposals	-	-	-	(44 737)	(19 278)	(64 015)
Additions	61 490	392 860	-	53 512	17 790	525 652
Depreciation on disposals	-	-	-	40 810	8 728	49 538
Depreciation charge	-	(44 500)	(11 484)	(25 201)	(6 451)	(87 636)
Closing carrying amount	**657 399**	**1 169 243**	**43 645**	**74 788**	**56 600**	**2 001 675**
At 31 December 2022						
Cost/Valuation	657 399	1 240 959	146 069	487 523	426 481	2 958 431
Accumulated Depreciation	-	(71 716)	(102 424)	(412 735)	(369 881)	(956 756)
Carrying Amount	**657 399**	**1 169 243**	**43 645**	**74 788**	**56 600**	**2 001 675**

20 CASH AND CASH EQUIVALENTS

Cash on hand	1 432	1 233
Cash at bank	1 021 645	1 502 476
Short term deposits	8 442 273	6 185 144
	9 465 350	7 688 853

21 PAYABLES

	2022 US$	2021 US$
Accrued expenses	7 506	100 394
Audit fees	14 045	16 105
Member countries annual contributions	1 143 441	355 897
Unearned Revenue - Co-operating partner funding	172 405	112 820
Professional fees	139 605	9 198
	1 477 002	594 414

22 PROVISIONS

Leave pay	120 017	76 267
Performance bonus	33 373	30 039
Terminal gratuity	439 161	217 320
	592 551	323 625

Reconciliation of provisions	Leave pay provision US$	Performance bonus provision US$	Terminal gratuity provision US$	Total provision US$
As at 1 January 2021	88 076	26 668	424 000	538 744
Charge to the income statement	151 809	38 591	386 918	577 318
Utilised during the year	-163 613	-35 220	-593 603	-792 436
As at 31 December 2021	76 272	30 039	217 314	323 625
As at 1 January 2022	76 272	30 039	217 314	323 625
Charge to the income statement	75 606	39 169	366 992	481 767
Utilised during the year	-31 861	-35 835	-145 145	-212 841
As at 31 December 2022	120 017	33 373	439 161	592 551

23 CAPITAL EXPENDITURE GRANT - LAND AND BUILDINGS

	2022 US$	2021 US$
Balance at beginning of the year	591 067	633 346
Purchase of Executive Director's house	253 311	
Amortisation	(50 178)	(42 279)
Balance at end of year	794 200	591 067
Non-current portion of capital expenditure reserve - land and Building	741 788	548 788
Current portion of capital expenditure reserve - land and Building	52 412	42 279
Balance at end of the year	794 200	591 067

During the 2010 financial year, an amount of US$957 000 was received as a grant for the purchase of land and construction of buildings. In 2015 an additional US$99 970 was received from Burundi. US$50 178 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

Balance at the beginning of Year	251 836	245 522
Interest Income from the current period	1 475	6 314
Balance at end of the year	**253 311**	**251 836**
Purchase of Executive Director' house	(253 311)	
Total residence Fund as at year end	-	**251 836**

The residence fund was created from the contributions made by member countries of US$150 000 towards the building of the Executive Director's residence.

In 2022, the Board approved the purchase of the residence of the Executive Director and the full amount was used as shown above. In future periods, the amount will be combined with the Capital fund and amortised over a 25 year period.

25 FUNDS

25.1 Revaluation reserve

Balance at the beginning of the year	839 022	448 645
Revaluation surplus for the period	-	390 377
Balance at the end of the period	839 022	839 022

The revaluation surplus relates to the revaluation of property and vehicles that was carried out as at 30 September 2021.

25.2 Reserve fund

	2022 US$	2021 US$
Balance at beginning of the year	2 665 404	2 376 136
Member countries contributions to Reserve Fund	-	232 411
Interest Income from the current period	57 998	56 857
Balance at end of year	2 723 402	2 665 404

The Reserve Fund was created to increase the Institute's ability to absorb correspond 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.Amounts will be transferred as approved by the Board of Governors to the operational account.

These reserve funds are banked in, Stanbic Kenya.

26 EVENTS AFTER REPORTING PERIOD

There are no events after the reporting date.

26.1 Approval of the financial statements

The financial statements were approved by the Executive Committe for issue on 24 March 2023.

END OF NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

DETAILED STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2022

INCOME

	2022 US$	2021 US$
Amortisation of capital expenditure reserve - land and building	50 178	42 279
Interest income	156 038	128 773
Member state contributions	4 648 240	4 648 241
Other income	9 138	-
Other donors	29 640	70 131
FSD	253 277	
World Bank (DMFIII)	41 849	-
Income from BDU	257 042	279 979
	5 445 401	5 169 403

EXPENDITURE

Macroeconomic Management Programme

In-country workshops	5 967	32 150
Missions	33 774	3 560
Operating expenses	120 816	132 131
Programme delivery - staff	411 387	634 219
Regional workshops	124 664	33 000
Fellows Development		1 592
E learning	55 750	52 170
Monitoring and evaluation	-	33 910
	752 358	922 732

Financial Sector Management Programme

In-country workshops	65 389	
Missions	114 595	22 250
Operating expenses	96 133	112 270
Programme delivery - staff	351 159	354 511
Regional workshops	26 330	
Networking	450	
E learning	62 630	33 750
	716 685	522 781

Debt Management Programme

In- country workshops	109 248	102 846
Missions	109 143	
Operating expenses	100 057	100 064
Programme delivery - staff	470 558	530 049
Regional workshops	109 353	6 535
Networking	28 168	2 890
Studies and Manuals	133 875	
E Learning	-	64 646
	1 060 403	807 030

	2022	2021
	US$	US$
Executive Director's Office		
Operating expenses	6 450	29 537
Staff development and retreats	9 103	5 714
Executive Fora	157 512	11 115
Networking	8 284	775
Publications		13 080
In-house workshops	2 169	
Fellows Dev elopment Programme	4 200	
Monitoring & Evaluation	95 738	
Office expenses	2 539	
Programme Delivery - Staff	384 619	
Staff recruitment and relocation	48 284	59 011
	718 898	119 232
Business Development Unit		
Operating expenses	10 485	7 546
Programme Delivery staff	29 058	
Open courses	84 035	39 843
	123 579	47 389
Administration		
Governing bodies	109 095	10 601
Depreciation	87 636	96 375
Exchange Loss	54 284	
Loss on disposal	4 507	
Operating expenses	49 392	53 665
Salaries, wages and benefits	771 846	990 368
	1 076 761	1 151 009
Allowance for impairment of receivables	-	-
Total expenditure	4 448 683	3 570 172
Surplus for the year	996 718	1 599 231

END OF DETAILED STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2022

MEFMI

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