



# WAIFEM *News*

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## WAIFEM ORGANIZES MAIDEN REGIONAL CONFERENCE

The West African Institute for Financial and Economic Management (WAIFEM), in collaboration with the ECOWAS Commission, organized a two day Regional Conference on Post-Crisis Economic Reforms: Implications for sustained Economic Development in the Economic Community of

West African States at NICON Luxury Hotel, Abuja, Nigeria from October 10–11, 2011.

The conference was organized against the backdrop of increasing uncertainty and the threat of double dip depression facing the world economy. It was also aimed at contributing to the debate on how the ECOWAS region could address potential challenges that may arise.

The conference was attended by a

## WAIFEM Honors Former Employees

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CBN Governor, Mallam Sanusi Lamido Sanusi (C), Vice Governor of the Central Bank of Guinea, Mr. Goumou Gnanga Komata (L) and Deputy Governor of Bank of Ghana, Dr. H. A. K. Wampah (R)

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## WAIFEM HOLDS REGIONAL CONFERENCE...Cont.

wide range of key officials from across the sub region and beyond.

This included Governors of Central Banks, representatives of Ministers of Finance and Economic Planning, senior officials from ECOWAS countries involved in macroeconomic policy formulation and implementation, Central Banks, Ministries of Trade and Development, etc. Others included the academia, regional institutions namely, GIABA, WAMA, WAMI and ECOWAS Commission.

Also in attendance were representatives of the World Trade Organization, Brookings Institutions and advocacy groups such as the Third World Network.

The theme of the Conference was "Post-Crisis Economic Reforms: Implications for sustained Economic Development in the Economic Community of West African States". This was further broken into sub-themes on the Macro economy, Banking and Financial sector reforms, Regional integration, Trade and economic growth, Sectoral issues, specialized

banking services, and the new international financial architecture.

The objective of the two-day conference was to discuss policy lessons of the recent global economic crisis as well as the emerging crises in Europe and its implications for the development of the West African sub-region.

The Conference was declared open by the Hon. Governor, Central Bank of

**global economic  
uncertainty across  
the world**

Nigeria, and Chairman, Board of Governors of WAIFEM, Mallam Sanusi Lamido Sanusi (CON). In his keynote address, he thanked WAIFEM for organizing the conference and for providing the platform for regulators, policy makers, market operators, academia, and other professionals to share

ideas and experiences on challenges and opportunities of the post-crisis reform programmes.

He commended the choice of theme for the conference and said that it could not have come at a more appropriate time when many countries in the region have continued to consolidate on the gains of the various reform programmes launched to tackle the challenges posed by the global financial crisis.

The Conference observed that a good forum was provided for dialogue among the public, private, international institutions and the academia on the global financial crisis and its policy lessons.

The event was also appropriately timed, in the context of increasing global economic uncertainty across the world as nations grapple with the lingering impacts of the recent global economic and financial crisis, while new crises particularly from Europe continue to pose new risks to the global economy.

The following recommendations emanated from the

## WAIFEM HOLDS REGIONAL CONFERENCE...Cont.

deliberations during the conference:

- Progress has been made in the sub region notwithstanding the lingering impacts of the global financial crisis; however fiscal discipline must be taken seriously if convergence and economic union must take place.

other words, monitoring of public debt accumulation should be included among the ECOWAS economic convergence criteria.

- The framework within the integration process should be put in place to forestall future financial contagion effects, and that the ECOWAS convergence criteria should be factored

- Good structural reforms should be put in place to enhance the sub-region's competitiveness, maintain low inflation rate, and hence, macroeconomic stability.

- The employment crisis in the sub-region can be ameliorated by ensuring that unemployment is targeted in a macroeconomic framework, using a generic approach. An unemployment benchmark should be included in the criteria for convergence.

- The banking sector should be strengthened and domestic resource mobilization enhanced using alternative vehicles for providing financial services such as non-interest banking, to promote growth-based domestic investment.

- Increased domestic resource mobilization has been suggested as one of the coping strategies of the crisis, and hence the need to consider alternative forms of financial services including non-interest banking.



- It is important to redefine the benchmark for the capital component of expenditures especially in post-conflict economies that require rebuilding of infrastructure.

- There is the need to monitor debt policies and indicators of debt and fiscal sustainability to long term debt sustainability. In

in the design of national economic policies for speedy realization of the ECOWAS single currency objective.

- The experiences of the EU should be adapted for a sustained convergence process, and that member states should endeavour to maintain and consolidate stable macroeconomic conditions.

## WAIFEM HOLDS REGIONAL CONFERENCE...Cont.

These could provide depositors another choice of where to invest their wealth and in the process deepen our financial sector. This notwithstanding, the shift in paradigm with reference to non interest banking must not be hasty and clumsy in its processes and implementation.

- Countries should take advantage of the flexibilities in international standards to design their AML/CFT regimes that facilitate effective regulation and supervision based on context-sensitive approach. Besides, the design of any AML/CFT regime should involve different actors across the various sectors of the economy to enhance ownership and guarantee completeness.

- Understand the causes and impact of financial exclusion and to identify the groups affected in terms of their demographic and psychographic characteristics.

- Assess the capacity of financial service providers and financial sector regulators, as well as the coverage and integrity of the countries' infrastructure especially the ID system.

Careful analysis can help a country to design regulatory controls around the existing capacity of the relevant government agencies and service providers.

- Due to limited resources, countries should sequence their regulatory programmes in phases using the risk-based approach. For the unregulated providers, the implementation could be through the following four increasing levels of responsibility and control measures: the basic non-prudential registration requirement of financial service providers; ensure traceability of clients and transactions; increase requirements for client profiling; and enhanced verification and interdiction.

- There is the need to achieve maximum scale through leverage of private capital and initiative. Hence, policies and interventions should be designed to increase access to financial services without stifling private sector driven innovations. Also, AML/CFT controls should be designed to minimize compliance cost without undermining effectiveness.

- There is the need to upscale the technical skills of

regulators that will promote cross-agency harmonization of policies so as to avoid regulatory arbitrage and uncertainty that undermine sustainable access to financial services.

- On trade, the EU should among others, agree to the proposal in the Paper by the African Union Commission-Regional Economic Communities for a goods-only agreement that importantly adds African non-LDCs to those which receive duty-free-quota-free market access for their exports to the EU, without requiring Africa to lower its tariffs on EU products.

- The EU should in the meantime continue the existing market access provided to ACP countries, rather than agreeing to the European Commission's proposal to cut this off in 2014.

- The ECOWAS Commission and African Union Commission should work together and with other regional economic communities along the above lines and in accordance with their Paper and the Kigali 2010 African Union Ministers of Trade Declaration.



## WAIFEM ATTENDS REGIONAL MEETINGS AND WORKSHOPS

### **WAIFEM ATTENDS WORKSHOP ON THE ECOWAS SINGLE CURRENCY PROJECT**

The Director General of WAIFEM, Prof. Akpan H. Ekpo represented the Institute at a regional workshop on the single currency project on harmonization of monetary policy frameworks in ECOWAS held from 21-23 November, 2011 in Accra, Ghana.

The Director General also presented a paper on 'Structural Challenges and Monetary Policy Effectiveness: The case of Developing Countries at the workshop. The workshop was organized by the West African Monetary Agency WAMA.

### **WAIFEM PARTICIPATES IN HIGH-LEVEL ROUNDTABLE ON THE ECONOMIC TRANSFORMATION AGENDA OF THE FEDERAL GOVERNMENT**

The Director General of WAIFEM participated in a high-level roundtable on the economic transformation agenda of the Federal Government on 27 October, 2011 in Abuja.

The roundtable was organized by the African Institute for Applied Economics (AIAE) in collaboration with the Office of the Special Adviser to the President on Performance and Monitoring.

The objective of the roundtable was to promote evidence-backed options for the management of the Nigerian economy.

The discussions centered on three key pillars of Nigeria's economic transformation, namely fiscal consolidation, business environment and service delivery.

### **DIRECTOR GENERAL - WAIFEM SPEAKS AT THE CHARTERED INSTITUTE OF BANKERS 2011 INVESTITURE OF SENIOR HONORARY MEMBERS**

The Director General of WAIFEM was a guest speaker at the 2011 investiture of Honorary Senior Members of the Chartered Institute of Bankers of Nigeria (CIBN).

As the guest speaker, the Director General spoke on the topic: The Banking Industry in Nigeria's Economic Transformation: The role of professional Bankers.

The event took place at Bankers House, Victoria Island, Lagos on November 30, 2011.



## DEPUTY GOVERNOR OF THE BANK OF GHANA VISITS WAIFEM

Dr. H. A. K. Wampah, Deputy Governor, Bank of Ghana was guest of the Institute as he paid a one day working visit on August 26, 2011.

The Deputy Governor who was accompanied by the Director, Human Resources Department, Mr. Arthur Ankrah, was welcomed by the Director General of WAIFEM, Prof. Akpan H. Ekpo.

The Director General thanked the Bank of Ghana for the numerous assistance rendered to the Institute over the years.

He particularly thanked the Bank for recognizing the quality of training being offered by the Institute and proposing the establishment of a Business Development Unit (BDU) within the Institute which will assist in diversifying its income stream.

In his response, the Deputy Governor expressed gratitude to WAIFEM for the warm reception accorded to

him and his team.

He applauded the positive impact of the training programmes of WAIFEM on member countries especially Ghana, noting that staff performance has continue to improve as a direct result of the courses offered by the Institute.

He commended the Director General and his team of competent staff for the strong leadership demonstrated since assuming duties.

Dr. Wampah also revealed that the Ghanaian economy currently faces numerous challenges, adding that exposing staff of the Bank and other core economic institutions in the country to WAIFEM training programmes remains a key priority of the Ghanaian Authorities.

With trained staff, he said, these economic challenges would be surmounted.

Following a presentation on

WAIFEM's activities by Mr. Baba Y. Musa, Director, Debt Management Department of WAIFEM, the visit was climaxed with a tour of the refurbished WAIFEM facilities - Administrative Block, Hostel, Computer Library and Classrooms - courtesy of the Central Bank of Nigeria.

### *ALighterNote*

#### **"Men ARE Occasionally Of Use"**

Men are like animals messy, insensitive and potentially violent, but occasionally make great pets


#### **"The Way To A Man's Heart"**

What the quickest way to a man's heart? Through the chest with a sharp knife.

#### **"Men And Housework"**

What's a mans idea of helping with the housework? Sitting in front of the T.V gathering dust!





## SIERRA LEONE NATIONAL DEBT SUSTAINABILITY ANALYSIS (DSA) WORKSHOP

The Government of Sierra Leone in collaboration with WAIFEM conducted the country's 2011 National Debt Sustainability Analysis (DSA) from July 25 – 29, 2011.

The DSA, which incorporated recent changes in global environment and Sierra Leone macroeconomic developments, updated the 2010 debt Sustainability analysis that was conducted in August 2010.

It also made use of the revised world bank/IMF DSA template released in March 2011.

Maintenance of debt at sustainable level while achieving growth is one of the most critical issues of overarching importance to public financial management in developing countries.

In recent times, debt management has grown in complexity, as the scarcity of concessionary financing has caused many developing countries to increasingly turn

to commercial sources of credit following the borrowing spaces created by HIPC and Multilateral Debt Relief.

This scenario has been compounded by the emergence of new creditors who are willing to lend at less stringent conditionalities.

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### debt management has grown in complexity

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While the recent financial crisis may have limited some of those financing sources, nevertheless, they are increasingly becoming a more general feature of financing for Low Income Countries (LICs).

There are risks and challenges associated with these opportunities.

Consequently, the 2011 Sierra Leone National DSA was conducted to help the country avoid expensive mistakes. The DSA evaluated the country's cost-risk trade-off associated with existing and future debt.

The Workshop has exposed the country's officials to the new DSA template including methodology of risk analysis in DSA.

In the conduct of the DSA exercise, key macroeconomic variables and new financing assumptions were made.

Those variables were projected over 20 year horizon based on baseline and optimistic scenarios.

The baseline assumes continuing with current government policies agreed with the IMF while the optimistic assumes enhanced infrastructural development and expansion

## SIERRA LEONE NATIONAL DEBT...Cont.

of the mining industry; hence, more revenue.

The outcome of the DSA, as in 2010, indicated that Sierra Leone is a country of moderate risk debt distress under the baseline scenario; the country's external debt is sustainable with all debt burden indicators falling below recommended thresholds with temporary breach under extreme shock scenario.

This position was based on the assumption that real GDP will continue to recover to 5.1 percent in 2011 and increase further to 6.0 percent in 2012 through

2016 and thereafter return to the long run growth rate of 5.0 percent per annum. Economic growth in the medium to long term is underpinned by continued investment in agriculture, infrastructure and ongoing efforts to improve the business environment and to stabilize the macro-economy.

Under the alternative scenario which assumes increased flow of domestic resources, particularly from the mining sector, to accelerate spending in infrastructure, the outcome of the DSA showed that Sierra Leone's external debt

would increase in the medium term before beginning to decline in the long term as a result of increase in funding public infrastructure.

The DSA was conducted by twenty-seven (27) senior and executive level officials from the Bank of Sierra Leone, Ministry of Finance and Economic Development, Accountant General Department, IMF country office, University of Sierra Leone and Sierra Leone Stock Exchange. WAIFEM officials superintended the exercise and gave useful guide.

### ALighterNote

Four men were bragging about how smart their dogs are. The first man was an engineer, the second man was an accountant, the third man was a chemist, and the fourth was a government worker. To show off, the engineer called to his dog. "T-Square, do your stuff." T-Square trotted over to a desk, took out some paper and a pen and promptly drew a circle, a square and a triangle. Everyone agreed that was pretty smart. But the accountant said his dog could do better. He called to his dog and said "Spreadsheet, do your stuff." Spreadsheet went out to the kitchen and returned with a dozen cookies. He divided them into four equal piles of three cookies each. Everyone agreed that was good. But the chemist said his dog could do better.

### Dog Competition

He called to his dog and said "Measure, do your stuff". Measure got up, walked over to the fridge, took out a pint of milk, got a 10 ounce glass from the cupboard, and poured exactly 8 ounces without spilling a drop. Everyone agreed that was good. Then the three men turned to the government worker and said "what can your dog do?" The government worker called to his dog and said "Coffee Break, do your stuff." Coffee Break jumped to his feet, ate the cookies, drank the milk, shat on the paper, screwed the other three dogs and claimed he injured his back while doing so, filed a grievance report for unsafe working conditions, put in for Workers Compensation and went home the rest of the day on sick leave.







## STRENGTHENING SPECIALIZED REPORT WRITING SKILLS AND PRESENTATION TECHNIQUES

A Regional Course on Technical Report Writing Skills and Presentation Techniques was organized by the West African Institute for Financial and Economic Management (WAIFEM) in Monrovia, Liberia from July 18–26, 2011.

The course was designed to produce competent and confident communicators with the ability to structure, write and present effective economic, financial and other technical reports.

Specifically, the course was aimed at enhancing participants' competences in the use of correct grammatical structures in concise manner; organize information in logical forms; writing and presentation techniques; and effective use of dictionaries.

The course was declared open by Mr. Richard Dorley, Director of Research who represented the Chairman of the occasion, Hon. Joseph Mills Jones, Executive Governor, Central Bank of Liberia.

In his keynote address, Hon. Jones welcomed the participants and the course organizers stating that communication is not only

central to the life of an individual, corporate organisation and community but also a basic necessity for the growth and development of any organization.

In his welcoming remark, the Director General of WAIFEM, Prof Akpan Ekpo, mentioned that the maiden edition of the course on report writing took place in Accra, Ghana in 2002 and had since earned increased recognition and approval.

He noted that it is WAIFEM's desire to have sustainable improvements in writing skills and presentation techniques in the workplace in its constituent countries.

The course was attended by forty-three (43) officials made up of eleven (11) from The Gambia, ten (10) from Liberia, eight (8) from Nigeria, seven (7) from Sierra Leone, six (6) from Ghana, and one (1) from Senegal.

Participants were drawn from institutes such as central banks, core ministries, deposit money banks, and other related public and private organizations.

the following broad themes

were covered:

- The communication process;
- Grammar in writing;
- Writing styles;
- Features of proposals;
- Technical report writing;
- Legal issues in communication;
- Presentation techniques and skills;
- Computer applications in report writing; and
- Report writing practical.

**designed to  
produce  
competent and  
confident  
communicators**



## WAIFEM HOLDS DEMAND-DRIVEN WORKSHOP ON ANALYSIS AND MANAGEMENT OF EXTERNAL SECTOR POLICY FOR NATIONAL COORDINATING COMMITTEES OF THE ECOWAS MULTILATERAL SURVEILLANCE MECHANISM

The West African Institute for Financial and Economic Management (WAIFEM), in collaboration with the ECOWAS Commission, organized a workshop on Analysis and Management of the External Sector Policy for the National Coordinating Committees NCCs of the ECOWAS Multilateral Surveillance in Lagos, Nigeria from August 1 - 5, 2011.

The Director General of WAIFEM, Prof. Akpan H. Ekpo, presided over the opening ceremony of the workshop, and in attendance were Dr. Nelson Magbagbeola, who deputized for Mr. Lassane Kabore, Director of Multilateral Surveillance of the ECOWAS Commission, Directors of WAIFEM, and some facilitators at the workshop.

The main objective of this course was to equip staff of the National Coordinating Committees (NCCs) and Joint Secretariat within the framework of the ECOWAS

Multilateral Surveillance Mechanism with a comprehensive overview of the analysis and management of the external sector.

The broad themes covered include: introduction to the balance of payments accounts: current account

**policy implications that target the nominal exchange rate**

items - treatment of goods and services in the BOP and national accounts, current account sustainability, capital and financial account items and recording; analysis and significance of trade balance, current account balance, and the overall balance; analyses and competitiveness of a country's goods and services; analyze the level of

gross reserves: implication on the economy; objectives and analysis of exchange rate policy, various concepts (including nominal, real and effective); exchange rate management: policy implications that target the nominal exchange rate as well as the real exchange rate; review of exchange rate regimes: explain the main differences between fixed and flexible exchange rate systems, merits and demerits; models of exchange rate determination; analysis of the external debt burden; and balance of payments analysis and forecasting.

The workshop was attended by thirty-four (34) participants drawn from the ECOWAS Commission, central banks, ministries of finance and economic planning, national statistics offices from Benin, Burkina Faso, Cote d'Ivoire, The Gambia, Ghana, Guinea Conakry, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo.

## DEMAND-DRIVEN WORKSHOP...Cont.

The workshop was facilitated by a team of experienced practitioners drawn from the sub-region and WAIFEM faculty.

An analysis of participants' evaluation of the workshop in respect of its content, usefulness to work, presentation, time allotment and the general organization of the workshop revealed that the workshop met its overall objective of upgrading the analytical competencies of officials and the respective macroeconomists of the NCC's involved in the formulation and implementation of macroeconomic and structural policies. During the wrap up session, participants commended WAIFEM and the ECOWAS Commission for their

unflinching support to build capacity for National Coordinating Committees of the ECOWAS Multilateral Surveillance Mechanism in financial programming and policies. They however suggested a need for further training on the practical aspects of financial programming.

In a communiqué issued at the end of the workshop, participants recommended that Member Countries devote adequate resources in the compilation and dissemination of timely and reliable data, with the goal of attaining international best practices and standards set under the general data dissemination system (GDDS). They also suggested that Member Countries use financial programming as a tool for macroeconomic

management, and that the ECOWAS convergence criteria be the fulcrum in the design of national economic policies in order to help achieve the ECOWAS single currency objective. Finally, it was suggested that the ECOWAC database, which is based on the concept of interrelationships of macroeconomic accounts, be used by all ECOWAS member states for the production of quarterly economic reports; and that member states should endeavour to maintain and consolidate on stable macroeconomic conditions.

### *ALighterNote*

Always aim higher than you believe you can reach. So often, you'll discover that when your talents are set free by your imagination, you can achieve any goal. If people offer their help or wisdom as you go through life, accept it gratefully. You can learn much from those who have gone before you. But never be afraid or hesitant to step off the accepted path and head off in your own direction if your heart tells you that it's the right way for you.

### ***Always Aim Higher***

Always believe that you will ultimately succeed at whatever you do, and never forget the value of persistence, discipline, and determination.





## JOINT WAIFEM/ComSec REGIONAL COURSE ON MONITORING PRIVATE SECTOR EXTERNAL DEBT

The West African Institute for Financial and Economic Management (WAIFEM) in collaboration with the Commonwealth Secretariat (ComSec) organized a regional course on Monitoring Private Sector External Debt for Anglophone West Africa from August 8 – 17, 2011 in Monrovia, Liberia.

The Course was designed to provide participants with the requisite skills for developing a comprehensive mechanism for Monitoring Private Sector External Debt and strengthening capacities in the techniques of compiling and monitoring private sector external flows.

It addressed the policy and regulatory framework for

monitoring private capital flows; institutional arrangements for effective monitoring and analysis of private capital flows and short-term debt; and data requirements. The course further deliberated on generic templates and methodology for capturing data on Private Sector External Debt (PSED).

Experiences from Malaysia, The Gambia, Ghana and Tanzania were shared during the course. It allowed participants to exchange ideas on best practices on how to monitor and analyze foreign private capital flows from an international, regional and country perspective.

The course was facilitated by experts from Bank Negara Malaysia, Central Bank of

Tanzania, Commonwealth Secretariat, Central Bank of The Gambia and Bank of Ghana.

It was attended by Twenty-seven (27) senior and executive officials from central banks, ministries of finance and economic planning, comptroller and accountant generals department and the academia from The Gambia (3), Ghana (6), Liberia (11), Nigeria (4) and Sierra-Leone (3).

Participants evaluated the course very positively and called for another course to be organized in 2012 by WAIFEM to focus on management of private sector flows.

### ALighterNote

#### RIDDLE

Can you answer all seven of the following questions with the same word?

1. The word has seven letters....
2. Preceded God...
3. Greater than God...

4. More Evil than the devil...
5. All poor people have it...
6. Wealthy people need it...
7. If you eat it, you will die.





## ADAPTING CURRENT BEST PRACTICES IN MICROFINANCE OPERATIONS AND REGULATION

The Institute conducted a regional course on Microfinance Operations and Regulation in Freetown, Sierra Leone from August 22 – 26, 2011.

The course aimed at enabling participants to learn innovative strategies in leadership and management of microfinance institutions; upscale their skills in microfinance programming; develop a critical analysis of the broader issues and environment in which microfinance initiatives are based; and analyse and adapt current best practices from varied experiences to their own situations.

The course was declared open by the Chairman of the occasion and Governor, Bank of Sierra Leone, Mr. Sheku S. Sesay, represented by Mr. I. K. Lamin, Director, Financial Market Department, Bank of Sierra Leone. The Governor warmly welcomed the Director General of WAIFEM, Prof. Akpan H. Ekpo,

participants, facilitators and others present at the opening ceremony.

He noted that research has shown a positive relationship between microfinance and poverty alleviation. He stated that despite efforts at national, regional and global levels, poverty remains a major obstacle to economic growth and development especially in the West African sub-region.

He however, averred that microfinance is an effective global channel and instrument to tackle poverty by providing financial services to the poor who are not served by conventional formal institutions through innovative delivery channels and methodologies.

The Government of Sierra Leone, according to the Governor, places increasing access to finance as one of the four pillars of its Financial Sector Development Plan (FSDP) geared towards poverty

reduction under its Agenda for Change, led by the Bank of Sierra Leone.

The aim is to create a vibrant finance sub-sector that would be adequately integrated into the main stream of the national system and provide the stimulus for growth and development.

The Governor advised that microfinance banks and institutions build their organizations on fundamental principles of growth and sustainability using unique approaches and markets of microfinance, rather than performing like conventional banks, to serve the needs of customers.

In his welcoming remarks, the Director General of WAIFEM, Prof. Akpan H. Ekpo, identified poverty as the state of human beings who are poor.

He recognised microfinance as an effective development intervention aimed at

## ADAPTING CURRENT BEST PRACTICES...Cont

improving the livelihoods and reducing the vulnerability of poor and low-income people. Prof. Ekpo identified low capacity as a major constraint in operating sustainable microfinance institutions, thereby justifying the organization of the course by WAIFEM.

The course was attended by twenty-four (24) executive/senior officials from central banks, core economic ministries, deposit money banks, and other related public and private organizations from The Gambia, Ghana, Liberia, Nigeria and Sierra Leone.

The thematic issues covered at the course include the following:

- the role of microfinance in economic development and poverty alleviation in West Africa;
- types, characteristics and development of microfinance institutions;
- integrating financial services into the poverty reduction strategy;
- risk management in microfinance institutions;
- operational risk in microfinance institutions;
- establishing and managing microfinance institutions: the prospects and challenges;
- credit appraisal and

- recovery techniques in microfinance institutions;
- corporate governance in microfinance institutions;
- the role of regulators in accelerating growth and wealth creation: The Gambian experience;
- supervisory and operational challenges in microfinance business;
- developing a legal and regulatory framework for an effective supervision of microfinance;
- microfinance failure: causes, prevention and resolution: the Nigerian experience; and
- interface between microfinance and commercial banking institutions.

### ALighterNote

#### **Some Meaningful Statements Worth Noting**

1] Prayer is not a "spare wheel" that you pull out when in trouble; it is a "steering wheel" that directs us in the right path throughout life.

2] Do you know why a car's WINDSHIELD is so large & the rear view mirror is so small? Because our PAST is not as important as our FUTURE. So, look ahead and move on.

3] Friendship is like a BOOK. It takes few seconds to burn, but it takes years to write.

4] All things in life are temporary. If going well enjoy it, they will not last forever. If going wrong don't worry, they can't last long either.

5] Old friends are like Gold! New friends are Diamonds! If you get a Diamond, don't forget the Gold! Because to hold a Diamond, you always need a base of Gold!

6] Often when we lose hope and think this is the end, GOD smiles from above and says, "Relax, sweetheart, it's just a bend, not the end!"

7] When GOD solves your problems, you have faith in HIS abilities; when GOD doesn't solve your problems HE has faith in your abilities.

8] A blind person asked St. Anthony: "Can there be anything worse than losing eye sight?" He replied: "Yes, losing your vision."

9] When you pray for others, God listens to you and blesses them; and sometimes, when you are safe and happy, remember that someone has prayed for you.

10] WORRYING does not take away tomorrow's TROUBLES; it takes away today's PEACE.





## WAIFEM ORGANISES DEMAND-DRIVEN WORKSHOP ON DESIGN AND MANAGEMENT OF MONETARY POLICY IN A DYNAMIC ENVIRONMENT FOR STAFF OF THE CENTRAL BANK OF NIGERIA

The West African Institute for Financial and Economic Management (WAIFEM) organised a national course on Design and Management of Monetary Policy in a Dynamic Environment for Staff of the Central Bank of Nigeria in Kaduna, Nigeria from October, 17–21, 2011.

The course was attended by twenty nine (29) senior officials including deputy directors from the Central Bank of Nigeria.

The opening ceremony was presided over by the Branch Controller, Kaduna Branch of the Central Bank of Nigeria, Mr. Mohammed Ibrahim Gusau. Also present were Dr. Johnson P. Asiama, who represented the Director General of WAIFEM; Mr. A. Bamidele, who also represented the Acting Director, MPD; and Professor Festus Egwaikhide of the University of Ibadan, Nigeria, a representative of the facilitators.

In his welcome address, the

Branch Controller welcomed participants to Kaduna. He enjoined them to make use of the available facilities and also visit places of interest.

The Director General of WAIFEM on his part, expressed his appreciation to the Management of the CBN for giving the Institute the opportunity to design and deliver the course.

He noted that the acquisition of basic knowledge on the “Design and Management of Monetary Policy in a Dynamic Environment” was critical and important for the effective and efficient functioning of staff of the Economic Policy Directorate in formulating policies for the financial system and the wider economy.

The objectives of the course were to help participants understand monetary policy and economic management in an open economy; assess alternative monetary policy frameworks such as

monetary targeting, exchange rate targeting, inflation targeting, interest rate targeting and output targeting; simulate models of monetary policy and the transmission mechanism; understand money markets and monetary operations of the central bank ; analyse the central bank’s balance sheet, including currency in circulation, government balances and net foreign assets; and the role of liquidity management in monetary policy implementation.

The main themes covered during the course included: global financial crises and monetary policy; targets of monetary policy; the design and tools of monetary policy; monetary policy and liquidity management : forecasting cash in circulation, the float and government cash flows; forecasting foreign exchange flows and interbank market liquidity; case studies: liquidity forecasting exercises; transmission mechanism of

## WAIFEM ORGANISES DEMAND-DRIVEN...Cont

monetary policy; models of monetary policy and transmission mechanism; monetary policy process in Nigeria: from monetary programming to the MPC; monetary policy in Ghana – experiences and challenges.

The course was facilitated by a team of experienced experts drawn from the WAIFEM faculty, the Central Bank of Nigeria, Bank of Ghana, and from the University of Ibadan, Nigeria. It was attended by twenty-nine (29) participants from the Economic Policy Directorate of the Central Bank of Nigeria (CBN) including deputy directors and other senior officials.

At the end of the course, participants rated the content as relevance to their day-to-day work, and that the overall objectives were met. They affirmed that the course had enhanced their knowledge and competences on issues related to the general design and management of monetary policy, and also that the mix of lectures and hands-on exercises used in the delivery of the course had enhanced their understanding of monetary policy.

They also recommended that the session on monetary policy transmission mechanism and modelling should be

organized as a separate course for the Directorate, and that a two-week course on the modelling and forecasting aspects should be organized for the participants to make up for the inadequate time allotted and ensure adequate understanding of the subject matter.

simulate  
models of  
monetary  
policy

### ALighterNote

#### How About This For A Good Laugh

A young doctor had moved out to a small community to replace a doctor who was retiring. The older gent suggested the young one accompany him on his rounds so the community could become used to the new doctor.

At the first house a woman complained, "I've been a little sick to my stomach." The older doctor said, "Well, you've probably been overdoing the fresh fruit. Why not cut back on the amount you've been eating and see if that does the trick?"

As they left the younger man said, "You didn't even examine that woman. How'd you come to your diagnosis so quickly?"

"I didn't have to. You noticed I dropped my stethoscope on the floor in there? When I bent

over to pick it up, I noticed a half dozen banana peels in the trash. That was what was probably making her sick."

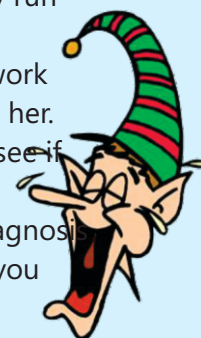
"Huh," the younger doctor said, "pretty sneaky. I think I'll try that at the next house."

Arriving at the next house, they spent several minutes talking with another woman. She complained that she just didn't have the energy she once did, "I'm feeling terribly run down lately."

You've probably been doing too much work for the church," the younger doctor told her.

"Perhaps you should cut back a bit and see if that helps."

As they left, the elder doc said, "Your diagnosis is almost certainly correct, but how did you arrive at it?"







## WAIFEM AND COMSEC ORGANIZE REGIONAL DEBT MANAGERS SEMINAR CS-DRMS USER GROUP MEETING

The West African Institute for Financial and Economic Management (WAIFEM) in collaboration with the Commonwealth Secretariat (ComSec) organized a regional Debt Managers Seminar and CS-DRMS User Group Meeting from September 14 – 16, 2011 in Lagos, Nigeria.

In the last quinquennium, we have seen the global economic crisis unfold and the impact it has had on the fiscal balance of many countries.

The failure of many advanced countries to manage sovereign debt and correctly assess risks fuelled the crisis, underscoring the need for effective public debt management.

Furthermore, the global financial crisis led to burgeoning deficit, ballooning of debt followed by downgrades of governments and financial institutions and finally threats of potential defaults.

It has therefore become absolutely necessary to beef-up capacity to develop domestic bond markets and the investor base to meet increased government financing requirements.

The Seminar provided

**the global economic crises unfolded**

country debt managers and CS-DRMS users a platform to discuss the recent enhancement of the analytical tool of the CSDRMS software designed to meet the user countries need especially in risk analysis; discussed their country's medium term debt management strategies in

the aftermath of the global financial crisis; and updated each country's debt situation profile and evaluation of capacity assessment.

The course was facilitated by resource persons from The Commonwealth Secretariat, Debt Management Office, Nigeria and WAIFEM faculty.

The seminar was attended by Thirteen (13) executive level debt managers and CS-DRMS users from central banks, ministries of finance and economic planning, Debt Management Offices (DMOs) and Comptroller and Accountant Generals Department from The Gambia (3), Ghana (5), Liberia (1), Nigeria (2) and Sierra-Leone (2).



## RAISING AND ENHANCING THE CAPACITY OF BANKING SUPERVISION

A Regional Course on Banking Supervision (Intermediate Level) was organized by the West African Institute for Financial and Economic Management in collaboration with the College of Supervisors of WAMZ in Lagos, Nigeria from September 5 – 9, 2011.

The course was designed to update the capacity of staff in banking supervision at intermediate level, providing participants with in-depth knowledge of the techniques of supervision, bank licensing and preventive measures needed to avoid bank failures.

The course was declared open by the Chairman of the occasion, Prof. Akpan H. Ekpo, Director General of WAIFEM. The Director General indicated that the recent global financial crisis calls into question the effectiveness of regulation or deregulation.

He averred that prior to the crisis, the capitalist

economies strongly believed that the activities of financial markets were steadily liberalized.

Prof. Ekpo however, noted that the near collapse of the world's banking system prompted the need for a reassessment of the industry under the liberalized approach. In his opinion, despite the sophistication of the markets, the system should not be left to its own devices.

According to him 'the lessons learnt precipitated the waves of reforms and tighter regulation or better still 'reregulation' in the case of rich / developed countries".

The Director General maintained that banks are regulated because a badly run banking system have far reaching implications when they fail.

Because of the high contagion effect, a distress bank could undermine confidence in the entire

banking system and cause runs on the healthy ones with adverse effects on the wider economy.

The course was attended by twenty-seven (27) middle level staff of central banks and deposit insurance institutions from The Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone.

The following broad themes were covered:

- An Overview of Banking supervision;
- Supervisory Standards: Basel Core Principles;
- Bank Licensing Process;
- Bank failures: Causes, Prevention and Resolution;
- Bank Accounting (Interpretation of Financial Statement);
- Risk Management Process;
- Consolidated Supervision;
- Corporate Governance Principles;
- Prompt Corrective action Framework;
- Supervisory Techniques: Risk Based Supervision; and
- Capital Accord (Basel II & III).



## WAIFEM HOLDS REGIONAL WORKSHOP ON MACROECONOMIC MODELLING AND FORECASTING FOR MONETARY POLICY FOR DIRECTORS OF RESEARCH AND SENIOR ECONOMISTS

The West African Institute for Financial and Economic Management (WAIFEM) organized a regional course on Macroeconomic Modelling and Forecasting for Directors of Research and Senior Economists for Anglophone West African Countries at its headquarters in Lagos, Nigeria from July 25 - 29, 2011.

The opening ceremony was chaired by the Director General of WAIFEM, Prof. Akpan H. Ekpo and present were Dr. Patrick Osakwe from United Nations Conference on Trade and Development (UNCTAD), Professor Fabio Canova from the Universitat Pompeu Fabra, Barcelona, Spain and the departmental Directors of the Institute.

In his welcoming remarks, Professor Akpan H. Ekpo, on behalf of the Institute, welcomed participants to the course. He also welcomed them to the launch of the 2011 report of UNCTAD on the theme

'Fostering Industrial Development in Africa in the New Global Environment'. The report, he noted, examined current economic trends and major policy issues of global concern and provided ways of tackling these issues at various levels. Prof. Ekpo thanked UNCTAD through Dr. Patrick Osakwe for choosing the Institute as a platform to launch this important policy document.

The overall objective of the course was to provide participants with the knowledge and skills needed to formulate and analyze macroeconomic models for sound monetary policy and effective macroeconomic management.

In this regard, the course was designed to build competencies of participants in the areas of dynamic stochastic general equilibrium (DSGE) models for monetary policy analysis and for strengthening their forecasting potential.

The broad themes covered included: Basic DSGE models, calibration of DSGE models and stochastic simulation, evaluation of DSGE models, conditional forecasting, among others.

In addition to the main themes, topics on empirical time series methods such as vector autoregressive models (VARs), Bayesian VARs and Factor model and hands-on-computer exercises, were covered during the programme.

The course was mainly facilitated by Professor Fabio Canova, ICREA Research Professor, Universitat Fabra, Barcelona, Spain.

A total of twenty-three (23) participants including Directors of Research, Senior Economists and other executive officials attended the course from The Gambia, Ghana, Liberia, Nigeria and Sierra Leone. The institutions represented were central banks, ministry of finance and economic

## WAIFEM HOLDS REGIONAL WORKSHOP...Cont

planning, ministry of trade and commerce, West African Monetary Institute (WAMI), among others.

An analysis of participants' evaluation of the course in terms of its content, usefulness to work, presentation, time allotment and the general organization of the course, revealed that the content was very beneficial and that the course was useful to their day-to-day work. Participants also affirmed that the overall objective of helping them to understand the framework of general equilibrium modelling and its application in the analysis of monetary policy was met.

In a communiqué issued at the end of the course, the participants recommended that the course should be extended to a minimum of two weeks; or in the alternative, design the programme into modular form to start from the very basics.

They also recommended that countries and institutions should be encouraged to purchase basic software for the course (e.g. MATLAB) which is a prerequisite for running dynare, IRIS or Yada codes. Participants also called on WAIFEM to consider organizing in-country training on the use of these software for relevant

officials, and that there should be a follow-up on the course by WAIFEM to ensure total knowledge transfer.

Further, participants suggested that universities in the sub-region should restructure their curriculum with emphasis on econometric modelling and policy analysis in the relevant departments so as to increase the supply of experts on macroeconomic modelling and policy analysis, and that policy makers in the sub-region should be encouraged to embrace econometric modelling as an effective tool for sound economic policy making.

### ALighterNote

#### **Why the Sea is Salty (a Phillipino myth)**

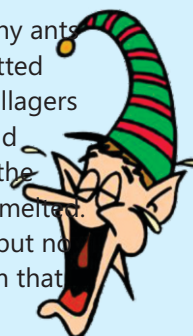
Many years ago, the sea tasted like ordinary rainwater. It was bland and tasteless. Fortunately, the people living in the Phillipino Islands knew about a friendly giant who kept mounds of salt in his cave. The people would cross the ocean on their boats to reach the gentle giant's island, and that is how they were able to bring salt back to their villages, in order to prepare tastier meals. One time, however, the ocean was quite rough and they could not sail out to gather salt. They eventually ran out of salt and the villagers no longer enjoyed their tasteless meals. They wondered how they could get salt again, when a child suggested they ask the giant to stretch out his legs over the ocean so that they could walk to his island instead. The kind giant agreed, and villagers with empty salt sacks walked along the giant's leg. Unfortunately, the giant's foot landed on an anthill, and the ferocious red ants started biting the enormous leg. "Hurry!" pleaded the giant, who

strained to keep his itchy legs still.

As soon as the people reached the giant's island, he immediately withdrew his foot and scratched the itchy bites. The villagers just smiled at how a giant could be bothered by tiny ants.

Anyway, the people got their salt and the giant again stretched his leg over the ocean. Immediately, the ants began biting his swollen foot. Once again, the giant asked the people to hurry up, but the heavy salt sacks slowed them down.

Besides, the people didn't believe that the tiny ants could really affect the giant, so they idly chatted away, and walked rather slowly. Before the villagers could cross the ocean, the giant cried out and thrust his ant-bitten foot into the ocean. All the packed salt fell into the plain-water sea and melted. The giant saved the people from drowning, but no one was able to recover the spilled salt. From that day onwards, the sea became salty



# DEPUTY GOVERNOR OF THE BANK OF GHANA VISITS WAIFEM



DG of WAIFEM Prof. Ekpo (R) welcomes Dr. Wampah, Deputy Governor, Bank of Ghana (L) to WAIFEM.



Mr. Baba Musa (front L) makes a presentation during the meeting



Dr. Wampah (R) makes a point during the meeting



Visiting delegation pays courtesy call to Mr. Job Olorunshola, Head of CBN Learning Center(L)



The visiting delegation and WAIFEM staff



Mrs. Josephine Roberts presents a gift to Dr. Wampah on behalf of the Institute

# WAIFEM / ECOWAS CONFERENCE IN ABUJA



CBN Governor Mallam Sanusi Lamido Sanusi (R) with Dr. Wampah, Deputy Governor of the Bank of Ghana (L)



Dr. Wampah (R) congratulates Dr. Itsede (L) for his outstanding services rendered the Institute during his tenure as Director General of WAIFEM



CBN Governor (L) in a handshake with Prof. Melvin Ayogu (R) while Prof. Ekpo (C) looks on



Mr. Baba Y. Musa, Prof. Ekpo, and Prof. Ibi Ajayi at the conference (L-R)



Group photo of conference participants



Back: CBN Governor in chat with Dr. Temitope W. Oshikoya, DG of WAMI. Front: Prof. Ajayi (L) and Mr. Sam Omoruyi (R)

# WAIFEM / ECOWAS CONFERENCE IN ABUJA



DG of WAIFEM, Prof. Ekpo (R) and DG of WAMA, Prof. Mohamed B. O. Ndiaye (L) in a warm handshake while Prof. Umoh looks on



CBN Governor Mallam Sanusi Lamido Sanusi (L) and Prof. Ekpo in a chat



Ms. Sanya Reid-Smith (L) from the Third World Network and Dr. Oshikoya (R)



Prof. Ekpo, Mr. Goumou Gnanga Komata, and CBN Governor at opening ceremony (R-L)



Prof. Ajayi, Dr. Itsede, Prof. Umoh, Dr. Oshikoya and Prof. Ndiaye at the conference (R-L)



Dr. Asiamah of WAIFEM, Mr. Charles Mordi of CBN, Mr. Onwioduokit of WAMI and others at the conference

# WAIFEM / ECOWAS CONFERENCE IN ABUJA



Front: Mr. Mordji, Director of Research and other CBN staff at the conference Back: Mr. Bakary Jammeh of the Central Bank of The Gambia and Mr. Omoruyi of WAIFEM



Mr. Dainkeh, former Director of Admin. and Finance, Mr. Ankrah, former Director of Financial Sector Management and Mr. Amara, former Director of Admin. and Finance



Prof. Ajayi (L) in handshake with Prof. Ayogu (C) and Prof. Ndiaye (R)



Panelists and discussants at the high table during one of the presentations



WAIFEM Staff: Mr. Musa, Mr. Sepha, Mr. Jawara and Dr. Adamu (L-R)



WAFEM Staff: Mr. Asante, Mr. Sowe, and Mr. Sepha (L-R)





## JOINT WAIFEM/WORLD BANK REGIONAL TRAINING ON DEBT MANAGEMENT PERFORMANCE ASSESSMENT (DeMPA) TOOL

WAIFEM in collaboration with the World Bank organized a regional training on Debt Management Performance Assessment (DeMPA) Tool for Anglophone West Africa from October 24 – 28, 2011 in Accra, Ghana.

The opening ceremony was presided over by the Honourable Governor, Mr. K. B. Amisshah-Arthur, who was represented by the Director of Research, Bank of Ghana, Mr. Francis Kumah.

Among the dignitaries present were the Director General of WAIFEM, Prof. Epo, and course facilitators from the Economic Policy and Debt Department (PRMED of the World Bank).

The workshop was aimed at providing WAIFEM country participants (Anglophone West Africa) comprehensive training in the DeMPA Tool. It was also designed to enhance the capacity of officials of WIFEM member countries in DeMPA Tool, networking and sharing of

experiences among the debt managers in the region.

The DeMPA tool comprises a set of 15 Debt Management Performance Indicators (DPIs), which encompass the complete spectrum of government debt management operations, as well as the overall environment in which these operations are conducted.

**It was also designed to enhance networking**

While the DeMPA does not specify recommendations on reforms and/or capacity and institution building, the performance indicators do stipulate a minimum level that should be met. Consequently, if the assessment shows that the minimum requirements are not met, this clearly

indicates an area requiring attention and a priority for reform.

The training sessions combined lectures and hands-on exercises, using the DeMPA Tool and the Guide to illustrate how each DPI is assessed and scored.

The course was facilitated by a team of experienced practitioners namely: Abha Prasad, Elizerbeth Currie and Eduardo Ley - all from the Economic Policy & Debt Department, Poverty Reduction and Economic Management Network of the World Bank; and Baba Musa and Karamo Jawara of the WAIFEM faculty.

The training was attended by twenty-nine (29) executive/senior/middle level officials drawn from central banks, ministries of finance and economic planning, and debt management offices from The Gambia (6), Ghana (9), Liberia (5), Nigeria (6) and Sierra-Leone (3).



## BROADENING THE UNDERSTANDING OF INTEREST FREE (ISLAMIC) BANKING

The West African Institute for Financial and Economic Management (WAIFEM) organized a one-week Regional Course on Rudiments of Interest Free (Islamic) Banking in Banjul, The Gambia from October 17–21, 2011.

Both private and public sector institutions continue to show great deal of interest in Islamic banking over the past two decades, particularly the Muslim-dominated countries in the middle and Far East, and a good number of the conventional banks in the Western World which operate Islamic banking windows.

Islamic banking is being practiced in some West African countries at the minimal level and thus the need to publicize its rudiments in the sub-region.

The objective of the course was to provide a broad understanding on rudiments of Islamic banking to participants as

well as provide clarity on the Sharia requirements and the avoidance of “RIBA” (Interest) in modern day banking business.

The course was declared open by the Governor, Central Bank of The Gambia, Hon. Amadou Colley. According to him, Islamic banking is a variant of interest free banking bound by Sharia (Islamic Law) that prohibits the taking or payment of interest.

The Governor noted that between 2007 and 2009, Islamic banks’ assets grew, on an average, twice as fast as conventional banks’ assets in major markets. He stated that about 400 – 500 Islamic banks worldwide manage close to \$1 trillion worth of assets, which is estimated to rise to \$4 trillion by 2020.

He noted that although there were differences between Islamic and conventional banking, some fundamental principles such as strong corporate

governance, rigorous risk management and sound capital adequacy, etc., apply equally to both. Hon. Colley underscored that Islamic Banking has evolved as a viable and competitive component of the overall financial system aimed at driving growth and development throughout the world, particularly, the Middle East and Asia Pacific regions.

The Governor noted that the Government of The Gambia engaged the Islamic Development Bank for partnership to develop the necessary infrastructure to accommodate Islamic Banking.

The partnership, he stated, facilitated the creation of a legal framework for the establishment of Islamic banking in the country. Consequently, in 1997, the first Islamic institution, ‘the Arab Gambia Islamic Bank’ was established.

In his welcoming remarks, the Director General of

## BROADENING THE UNDERSTANDING...Cont.

WAIFEM, Prof. Akpan Ekpo, reiterated that Islamic Banking is a banking model based on profit and loss sharing system, noting that Islamic banker sees the business of his client as his own, and ensures the success of the client.

He stated that the Islamic banking has the potential to bridge the gap between the deposit and lending rates.

The course was attended by twenty-five (25) senior officers and middle level executives from the Central Banks, Ministries of Trade and Industry, Ministries of Finance and Economic Planning, Deposit Money Banks, Comptroller and Accountant General's Departments and Competition Commission drawn from The Gambia, Ghana, Liberia, Nigeria, and Sierra Leone.

The broad themes covered at the course included:

- Fundamentals of Islam and Introduction to Islamic thought;
- Concept and overview of Islamic Finance: the Prohibition of RIBA; Principles of Islamic Finance; Trade; and Law;
- Legal and Institutional Framework: Islamic Legal System; Regulatory Regime for Islamic Banks; and Sharia Boards;
- Operation of Islamic Banking (AAOIFI standards): Structure of Islamic Banks; Income Generation; Accounting Procedures; Profit Distribution; Reserve Management; and Financial Contracts;
- Development and Challenges in Islamic Banking;
- Risk Management in Islamic Finance;
- Islamic Banking versus

Conventional Banking: Differences; Advantages; and Accommodating Islamic Banking in Conventional Banking Institutions;

• Islamic Financial Products: Mudaraba; Musharat; Murabaha; Ijara; Salam; Mutual Fund, etc;

• Sharia Compliant Investible Instruments – Sukuk; Ijara, etc;

• Islamic Finance in a Secular Environment - The Opportunities and Challenges;

• Islamic Insurance: Concept and Operation; Conventional Insurance Vs Islamic Insurance; and

• Operators Perspective of Islamic Insurance: Instruments; Products; Pricing; Profit Sharing, etc.

### ALighterNote

#### **Did you figure it out?**

The Answer is: NOTHING!

NOTHING has 7 letters.

NOTHING preceded God.

NOTHING is greater than God.

NOTHING is more Evil than the devil.

All poor people have NOTHING.

Wealthy people need NOTHING.

If you eat NOTHING, you will die.

#### **Try saying these 10 times fast...**

Caution Golfers Crossing

Sun Shine City

Toy Boat

Unique New York

Mixed Biscuits

Red Leather, Yellow Leather





## WAIFEM AND THE IMF HOLD A JOINT REGIONAL COURSE ON MACROECONOMIC MANAGEMENT AND FINANCIAL SECTOR ISSUES

The West African Institute for Financial and Economic Management (WAIFEM) in collaboration with the International Monetary Fund (IMF) organized a regional course on Macroeconomic Management and Financial Sector Issues in Accra, Ghana, from September 12 - 23, 2011.

The opening ceremony was presided over by Dr. Kofi Wampah, First Deputy Governor, who represented Hon. Kwesi Amissah-Arthur, Governor of the Bank of Ghana. Also present were the Director General of WAIFEM, Prof. Akpan Ekpo, the course facilitators from the IMF, Messrs. Mico Loretan, Mr. Fabio Comelli and Ms. Jennifer Moyo.

The course was designed to examine the policy dilemmas confronting authorities and the policy options available to them, with special attention on how financial sector issues interact with

macroeconomic management.

The sub-themes covered in the course included: macroeconomic management; monetary policy frameworks; exchange rate regimes; managing international capital flows; fiscal policy; debt sustainability; management of aid flows; financial sector development and economic growth; financial crises: the global financial crisis of 2007-2010 and the impact on Africa; the development of global financial markets (including in sub-Saharan Africa); management of aid flows, remittances and natural resources revenues; international financial architecture; monetary policy and the impact of the global financial crisis in Africa and the WAMZ countries in particular; and formulation and presentation of group work on key macroeconomic challenges using the IMF Article IV country report for

Ghana and Liberian economies in 2010 as a case study.

The course was attended by a total of twenty five (25) senior and mid-level officials from the central banks, ministries of finance and economic planning, statistics offices, policy analysis units and other public sector agencies from The Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone.

At the end of the training programme, participants were of the view that the course had upgraded their knowledge in how financial issues interact with macroeconomic management, and that the objectives of the course were achieved.

In terms of the workshop content and its relevance to their day-to-day work, over 97.4 percent of the participants agreed that their job performance would be enhanced; and

## WAIFEM AND THE IMF...Cont.

## WAIFEM, ECOWAS COMMISSION...Cont.

that the quality of training materials and documentation was very good. The presentations were also adjudged to be very good and the substantive impact of the resource persons as a team was rated 'very good' by 93.3 percent of the participants.

In their recommendation, participants called on WAIFEM and the IMF Institute to accelerate their training programmes in countries of the sub-region to develop the critical mass of officials with the requisite technical capacity needed for the implementation of prudent and effective macroeconomic management and financial sector supervision.

They also called on donors to assist the IMF Institute in funding WAIFEM to internally sustain the design and delivery of the course to benefit more officials in the sub-region.

errant member states.

It was further noted that the West African sub region had not taken full advantage of the existing special and differential treatment provisions in the WTO rules, to expand trade in the sub region.

They also observed with concern the numerous barriers to trade and in particular, intra community trade within the sub region.

The constraints at the borders, the prohibitive costs of transportation and the problems of indiscriminate closure of community borders were particularly identified. Finally, participants were dismayed about the length of time being taken to conclude the Doha rounds of negotiations and noted that the delays were particularly centered on subjects like agricultural subsidies that were of concern to the sub region.

The participants recommended that Parliaments should be involved during all steps of negotiations that require the eventual ratification by a parliament. This should

particularly be applicable in relation to WTO negotiations.

They also recommended that provisions establishing the WTO secretariat should be reviewed to strengthen and empower the secretariat to play a more effective role in monitoring the implementation of its rules.

They also called for the provisions on special and differential treatment of developing countries at the WTO to be fully exploited by the sub region.

Finally, they emphasized the need for ECOWAS to strengthen its mechanisms for the implementation and monitoring of community protocols and international agreements, and that mechanisms should be put in place at the regional level to promote the continuity of national policies in member states. In conclusion, the attendees called for a speedy conclusion of the ongoing WTO and Doha negotiations.



## NIGERIA CONDUCTS ITS SECOND MEDIUM TERM DEBT MANAGEMENT STRATEGY

The Government of Nigeria through the Debt Management Office in collaboration with WAIFEMI conducted a workshop to develop the Medium Term Debt Management Strategy (MTDS) from November 14–20, 2011.

The objective of the workshop was to develop the MTDS for the country. The workshop brought together participants from key institutions responsible for managing the Federal debt (MTDS National Team); namely the Debt Management Office (DMO), Budget Office of Nigeria, National Bureau of Statistics and Central Bank of Nigeria (CBN).

The MTDS tool was used to evaluate the cost and risks of alternative debt management strategies, given a set of assumptions on the macroeconomic and market environment.

The exercise, consisting of training sessions on the strategy development

based on quantitative analysis of cost and risk for the alternative debt management strategies, benefited 19 participants.

The objectives (primary and Secondary) of The Nigeria's debt strategy were to meet the Government financing requirements at the lowest possible cost with a prudent degree of risk, and the development of the domestic financial markets.

The primary objectives were to:

- (I) ensure that the financing needs of the Government are met and
- (ii) minimize borrowing costs for the Government.

The secondary objectives included to:

- (I) support development of domestic financial markets
- (ii) ensure sustainability of debt burden and
- (iii) minimize debt related risks.

The results of the MTDS showed that Nigeria's debt stock is not exposed to

interest rate risk as most of the external debt (80%) is highly concessional with fixed interest rate.

The domestic debt is also mostly issued at fixed interest rate as such all the four strategies exhibit similar risk.

However, there are obvious differences in cost associated with each strategy.

Overall the Nigeria's debt stock remains sustainable in the medium term.

### *A Lighter Note*

The Pastor, a Young Boy and his Crippled Neighbour  
 Pastor: Turn to your left & say to your neighbor 'it shall be permanent in your life'. A young boy turned to his left & saw a cripple.  
 Apparently confused, he stared at the cripple for some minutes & said to him "Don't mind the pastor".  
 The cripple replied, "na God save u, like today I go take slap kill u"





## DEVELOPING AND CONSOLIDATING REQUISITE SKILLS IN BANKING SUPERVISION

The West African Institute for Financial and Economic Management (WAIFEM) organized a seven-day course on Advanced Banking Supervision and Financial Stability at its Headquarters in Lagos, Nigeria from November 10–18, 2011.

The course was the final of three-course module put together by WAIFEM in collaboration with the College of Supervisors in the WAMZ as recommended by the Board of Governors of WAIFEM.

The banking industry in the sub-region is witnessing several reforms, and banks are growing organically beyond their traditional frontiers.

Concurrent with the dynamic development in the global financial system, this calls for significant change in the perspective of banking supervision.

The new supervisory regime encourages improvements

in banks' systems for managing risks, thereby closely monitoring the financial system in their jurisdictions to ensure financial stability.

This underscores the need for capacity building of operators and supervisors in the vital areas of risk management, corporate governance and other supervisory tools.

The course was designed to assist participants to develop the required skills in effective banking supervision. In addition, the course provided participants the opportunity to relate the Basel Core Principles for effective banking supervision to the current supervisory environment and issues of financial stability in the sub-region.

The course was declared open by the Director General of WAIFEM, who was represented by the Director, Administration and Finance, Mr. Euracklyn

Williams. In his keynote address, the Director General maintained that financial systems stability plays a crucial role in the survival of any economy as the current crisis had shown.

He added that with increasing number of active financial institutions on the continent, global financial intermediaries, markets and market infrastructure would facilitate and promote growth in economic activities.

Conversely, he noted, financial instability is a material disruption to this intermediation process with the potential damaging implications for the real economy.

He further explained that safe-guarding financial stability must be a forward looking task, one that seeks to identify vulnerabilities within the financial system and where possible, take mitigation actions.

The Director General

## DEVELOPING AND CONSOLIDATING...Cont.

pointed out that “in fulfilling its mandate of promoting financial stability, supervisory authorities have a dual role to play in mitigating the risk of financial disturbances with its potential systemic consequences, and responding effectively when a system disturbance occurs”. Supervisory authorities can reduce financial instability through macro-prudential supervision and regulation.

The Director General opined that a fundamental conclusion drawn from the financial crisis was that the supervision and regulation of financial firms in isolation, using purely micro-prudential approaches, was not sufficient to maintain financial stability.

Rather, a macro-prudential approach, which evaluates and responds to financial system as a whole is necessary.

The course was attended by forty-one (42) participants made up of six (6) from The Gambia, seven (7) from Liberia, nine (9) from Nigeria, four (4) from Sierra Leone, six (6) from Guinea and ten (10) from Ghana.

Participants were drawn from institutions such as Central Banks, Ministries of Finance and Economic Planning, Nigeria Deposit Insurance Corporation, West African Monetary Agency (WAMA), and other financial institutions in the sub-region.

The broad themes covered at the course included:

- Contemporary regulatory issues; corporate governance
- Tools for assessing financial sector vulnerability

### safe-guarding financial stability must be a forward looking task

including stress testing;

- Risk-based supervisory approach: costs, benefits, and implementation challenges;
- Basel II and III;
- Cross-border supervision;
- Bank failure-causes, lessons for regulators, etc;

- Bank financial statement analysis including ratio analysis;
- Bank internal control measures;
- Operational risks for banks;
- Electronic banking and electronic/IT based examination;
- Analyzing bank deposits;
- Credit risk and credit examination procedure;
- Contingency planning: framework for managing systemic banking crisis;
- Safety nets: the case of deposit insurance schemes; assets management companies, etc;
- Report writing techniques;
- Financial systems and importance of financial stability: lessons for west Africa;
- Financial stability: towards a macro-prudential approach to banking supervision; and
- Managing and monitoring systemic risks for financial stability: the experience of Ghana.



## WAIFEM, ECOWAS COMMISSION AND THE WORLD TRADE ORGANIZATION (WTO) HOLD MAIDEN WORKSHOP ON THE WTO AND THE DOHA ROUND OF NEGOTIATIONS FOR PARLIAMENTARIANS AND OTHER POLICYMAKERS FROM WEST AFRICA



The West African Institute for Financial and Economic Management (WAIFEM) in collaboration with the Economic Community of West African States (ECOWAS) and the World Trade Organisation (WTO) organised a three day regional seminar on the WTO and Doha Round for Parliamentarians and other Policymakers from West Africa in Lagos, Nigeria from October 26 – 28, 2011.

The opening ceremony was chaired by Honourable Francis Yaw Osei-Sarfo, a member of the ECOWAS parliament.

Also present were the Director General of WAIFEM who was ably represented by the Director of Macroeconomic Management Department, Dr. Johnson P. Asiam; and counsellors from the WTO, Edwini K. Kessie and Annet Blank (Ms) who facilitated the seminar.

In his welcome address, the Director General re-emphasised the increasing need to scale up the contribution of trade in our economies, and indicated that countries that had succeeded trading in goods

and attracting foreign direct investment and labour had been growing faster than those that fail to integrate in the global economy.

Trade can therefore be a powerful source of growth and development through its impact on markets competition, knowledge dissemination, productivity increases, and exposure to new technologies.

He concluded that the benefits notwithstanding, the contribution of trade in our sub region continued to lag behind other developing regions, hence to reverse these trends required effort on many fronts including the need to engineer flexibility and policy space in multilateral trade rules.

Honourable Francis Yaw Osei-Sarfo, on his part, indicated that trade has become more sophisticated in line with the evolution of complex societies. He added that in the midst of limited resources, free trade agreements and

## WAIFEM, ECOWAS COMMISSION...Cont.

negotiations are cogs in the efforts of world governments to rationalize the depletory impact of modern societies on world resources by adopting the most efficient means of allocating these scarce resources.

Touching on the Economic Partnership Agreements (EPA), the chairman indicated that ECOWAS had been negotiating on behalf of West Africa countries with the European Union (EU).

The EPA's are understood in West Africa to mean the scheme to create a free trade area (FTA) between the European Union (EU) acting through the European Commission (EC) and the group of African, Caribbean and Pacific (ACP) countries. However, he stressed that the path to negotiating an enduring EPA for West Africa has been rocky, and that has been as a result of the perception in West Africa that the EPA is an agreement between two unequal partners.

On their part, the counsellors from the WTO extended the appreciation of their organisation to the participants for attending

the seminar.

The objective of the seminar was to enhance the understanding of members of parliament and senior policymakers of the fundamental principles underpinning the WTO agreements including the key issues being negotiated by WTO members in the context of the current Doha round so as to facilitate their quick adoption in the sub-region.

The main themes covered during the seminar included: introduction to the WTO; parliamentary dimension of the WTO; development issues in the DDA negotiations; agriculture negotiations; tariff barriers and NAMA negotiations; services; trade facilitation; and overview of WTO rules relating to regional trade agreements.

The seminar was facilitated by the Counsellors from the WTO, Mr. Edwini K. Kessie and Annet Blank (Ms), and was attended by twenty seven (27) participants including members of parliament and senior policymakers from Nigeria, Ghana, Niger, Mali, the Gambia, Guinea Bissau,

Sierra Leone and Ivory Coast.

An analysis of participants' evaluation of the seminar in terms of its content, usefulness to work, presentation, time allotment and the general organization, revealed that the seminar content and its relevance to day-to-day work was very good.

Participants also indicated that the seminar had enhanced their knowledge and competences on pertinent issues relating to the general fundamental principles underpinning the WTO agreements.

Participants also observed among others that, Parliaments were often not involved during the negotiating process of international agreements even where such agreements are subsequently required to be sent for parliamentary ratification.

They also noted with concern that the Secretariat of the WTO did not have the ability to render proposals to its member states and additionally was not empowered to sanction



## WAIFEM MEETS WITH THE WORLD BANK AND THE IMF INSTITUTE

During the September 2011 annual meetings of the IMF/World Bank in Washington D.C., bilateral meetings were held between WAIFEM and the Economic Policy and Debt Department Poverty Reduction and Economic Management Network (PRMED), the World Bank Group on September 21, 2011 and the IMF Institute on September 22, 2011.

The meeting with the World Bank focused on strengthening the technical cooperation between the Bank and the Institute. WAIFEM was represented by the Director General, Prof. Akpan Ekpo and Baba Yusuf Musa, Director, Debt Management Department, while the World Bank was represented by Jeffrey D. Lewis, Director, Economic Policy and Debt Department Poverty Reduction and Economic Management Network (PRMED), Mr. Sudarshan Gooptu:ujhn, Sector Manager, Ms. Eriko Togo, DMF Program Manager, Ms Abha Prasad

Senior, Debt Specialist, and Pascaline Etanda Maseko.

At the end of the meeting, the World Bank agreed to conduct joint debt management capacity building program for West African Countries in 2012 and to sign a grant agreement under the Debt Management Facility (DMF).

The programmes to be implemented under the grant agreement include: Medium Term Debt Strategy, Debt Management Performance Assessment, (DEMPA), Sub-national DeMPPA, Design of Debt Management Reform Plans, Promotion of learning and knowledge generation via an extensive program of training and outreach (such as the Debt Management Practitioners Program (DMPP) and the DMF Stakeholders' Forum), and research and development.

The World Bank expressed satisfaction with level of cooperation and collaboration between the

two Institutions.

The meeting with the IMF Institute represented by Leslie Lipchitz, Director, IMF Institute, Eric Clifton, Deputy Director, Dr. Donogh McDonald, Advisor and Dr Fabio Comeli, Advisor was conducted on September 22, 2011.

During the meeting, the Director General thanked the IMF Institute for the technical assistance it continues to provide WAIFEM over the years and reiterated his confidence and continuing commitment to the growing bilateral relationship, especially the need for further assistance to WAIFEM on training programmes on macroeconomic management in 2012.

The Institute and IMF agreed to conduct three joint programmes including Financial Programme and Policies in 2012.



## WAIFEM HONORS FORMER EMPLOYEES

The Management and Staff of WAIFEM on October 10, 2011 rolled out the red carpet to honour its former employees for their contributions to the development of the Institute at NICON Luxury hotel in Abuja, Nigeria.

“These awards are not so much for long service, but as acknowledgment of the role the former employees played in serving the Institute and contributing to its development to the prominence it currently enjoys as a centre of excellence in capacity building” according to the Director General, Professor Akpan Ekpo. Prof. Ekpo further congratulated the recipients for demonstrating faith in the Institute, and standing by it through thick and thin and reminded them that they remain an integral part of WAIFEM.

The Recipient of the honour included Dr. Osi Chris Itsede, pioneer Director General of the Institute who served

WAIFEM from its inception in July 1996 to 2009; Mr. Joseph A. Yamoah, former Director of Studies from Ghana, served WAIFEM from 1997 to 2000; Mr. M. L. Kamara-Kolleh, former Director of Administration and Finance Department from Sierra Leone, served WAIFEM from 1997 to 2000; Mr. Musa Sillah, former Program Officer from The Gambia, served WAIFEM from 1998 to 1999; Mr. Momodou Foon, former Director of Macroeconomic Management Department from The Gambia, served WAIFEM from 1999 to 2009; Mr. Ira Nyake-Amara, former Director of Administration and Finance Department from Sierra Leone, served WAIFEM from 2000 to 2004; Mr. Stephen Ameyaw, former Director of Macroeconomic Management Department from Ghana, served WAIFEM from 2000 to 2003; Dr. Nduka Buno from Nigeria served WAIFEM from 2000 to 2009 as former Senior Programme Officer of Financial Sector

Management Department; Mr. Tapsiru L. Dainkeh, former Director of Administration and Finance Department from Sierra Leone, served WAIFEM from 2004 to 2009; Mr. J. E. Buadu, former Director of Financial Sector Management Department from Ghana, served WAIFEM from 2004 to 2005; Mr. Arthur Ankrah, former Director of Financial Sector Management Department from Ghana, served WAIFEM from 2005 to 2009; Mr. Mod. K. Ceesay, former Programme Officer of Debt Management Department from The Gambia, served WAIFEM from 2006 to 2009; and Mr. Steve Nortey, former Programme Officer of Macroeconomic Management Department from Ghana, served WAIFEM from 2006 to 2009.

The ceremony gave credence to the long held belief that loyalty and dedication to service are the keys to the success of any organisation.

[cont. on page 39](#)



## WAIFEM AND ACBF SIGN US\$3M GRANT AGREEMENT FOR THE IMPLEMENTATION OF WAIFEM PHASE III PROJECT

As a direct result of the effective implementation of WAIFEM I and II which has resulted in improved debt, financial sector and macroeconomic management in the sub-region, the Executive Board of the African Capacity Building Foundation (ACBF) approved a grant of US\$3 million to support Phase III of the West African Institute for Financial and Economic Management capacity building project (WAIFEM III) in April 2011.

The Board considered the extension of the project due

to emerging new challenges faced by these countries in the aftermath of the global financial crisis which requires sustained capacity development in WAIFEM's core functions in order to reposition member countries in restoring economic growth and prepare for possible future shocks such as those emanating from the Euro Zone crisis.

The negotiation and signing ceremony took place at the premises of the Institute on December 9, 2011.

In his welcoming remarks, the Director General of WAIFEM, Prof. Akpan H. Ekpo recounted the excellent working relationship that has subsisted between WAIFEM and the ACBF.

He stressed the uniqueness of WAIFEM III in that it addresses specific recommendations deriving from WAIFEM I and II relative to gender participation in training programmes, up-scaling skills in post-conflict countries, and the conduct of macroeconomic research in the region.

He particularly thanked the ACBF for its support which was cardinal for the successful conclusion of the maiden regional conference on post-crisis economic reforms held in Abuja, Nigeria.

He reiterated WAIFEM's commitment to maintaining the excellent standards demonstrated over the years relative to building



## WAIFEM AND ACBF SIGN US\$3M GRANT Cont.



capacity in financial and macroeconomic management of WAIFEM member countries.

For her part, the ACBF's Executive Secretary, Dr. Frannie Leautier congratulated WAIFEM for bearing the touch of capacity development in debt, financial sector and macroeconomic

management so effectively over the past 15 years. "Your display of excellence through delivery of timely and relevant context specific programs has earned you an enviable reputation in the West African sub region and beyond" she declared.

She noted that the current phase of support to the Institute had components

that would devise programs to respond to emerging issues in the global economy and their impact on sub-regional member countries.

She further indicated that ACBF's grant support was motivated by key factors such as WAIFEM's modus operandi which fits within the category envisaged by the ACBF's strategic plan; WAIFEM's core competency of building capacities in debt, financial sector and macroeconomic management which is consistent with ACBF's mandate and program selection; and WAIFEM's decision to collaborate with ACBF in its ongoing work in financial governance and the African Capacity Indicators.

The overall objective of the project is to improve financial and macroeconomic management in member countries of WAIFEM.

The project would among others

(i) improve the skills and competencies of public sector officials in debt, financial sector and macroeconomic



## WAIFEM HONORS FORMER EMPLOYEES Cont.

## WAIFEM AND ACBF SIGN US\$3M GRANT Cont.



management;

- (ii) strengthen the institutional capacity of WAIFEM to effectively perform its functions; and
- (iii) enhance networking and experience sharing among member countries by creating a platform for peer learning

The project has four main components which includes debt management, financial sector management, macroeconomic management (which are the core competencies of WAIFEM) and an innovative component (E-learning and research).

The project provides funding for the following specific activities as discussed during the negotiation:

Gender Targeting - ACBF funding would be used to support increased women capacity building in the

region and would take two forms:

1. Specific country level programs with flexible attendance schedules; and

2. Increased number of women participation from post conflict countries of Liberia

and Sierra Leone in WAIFEM regional training courses

E-learning and Video Conferencing – ACBF funding would be allocated for the procurement of equipment and furniture to facilitate e-learning and video conferencing at the Institute with the view of building capacity for a wider audience than is possible under a regular face to face workshop.

Funding would also be allocated for the procurement of a vehicle to support WAIFEM protocol and other administrative errands.

Sub-national Training Programs -WAIFEM's case for the extension of training to sub-national levels was considered; however, the details of its implementation are to be addressed through a comprehensive workplan.

Each of the former staff received a commemoration plaque and a Samsung Galaxy tab 10.1 from the Deputy Governor of Bank of Ghana Dr. H. A. K. Wampah who chaired the occasion.

The Institute also honoured Professor Ibi Ajayi, Professor of Economics at the Department of Economics, University of Ibadan, Nigeria as the first indigenous West African resource Person to WAIFEM.

The former Director General, Dr. Chris Itsede, thanked the Management and Staff of WAIFEM for honouring the former employees and acknowledging their contribution to the development of WAIFEM. He urged the existing staff to keep the flag flying.

On behalf of other awardees, Mr. Stephen Ameyaw also thanked the Director General and the Management and Staff of WAIFEM for recognizing their contribution to the development of the Institute and encouraged the awardees to continue to be good ambassadors of WAIFEM.



## WAIFEM LIBRARY PARTICIPATES IN THE PROCEEDINGS OF THE 49th NATIONAL CONFERENCE AND ANNUAL GENERAL MEETING OF THE NIGERIAN LIBRARY ASSOCIATION

In line with WAIFEM's commendable policy of staff development through continuing education, the Institute provided financial resources to facilitate participation of the Library and Publications Officer, Mr Samuel J Sepha, at the 49th National Conference and Annual General Meeting of the Nigerian Library Association, which took place from July 10 – 15, 2011, at the Emmaus House Complex, Awka, Anambra State, Nigeria.

The broad theme of the conference was: Information for All: Strategies for National Development.

Sub-themes included:

•Current and global trends in library and information

services

- Community based library and information services
- Resource sharing for effective access and utilization of information
- Generation, management and dissemination of local content
- Reading culture and readership promotion
- Knowledge and skills sets for Librarians in the digital environment
- Continuing education and professional development
- Information literacy for effective information services delivery
- Information and good governance
- Repositioning library and information science education for national development

Participation in these discussions has constituted an invaluable addition to Mr Sepha's knowledge about current library and information management issues and practices, and has impacted positively on his overall work performance in the Institute.

### **NEW MEMBER OF STAFF**

The newly recruited member of the Institute assumed duty as follows:



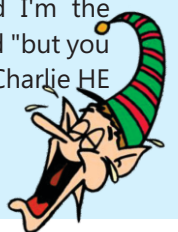
Alvin G. Johnson  
Research Manager  
Research Unit  
Assumed duty – October 6, 2011

## *ALighterNote*

The president of a national bank and his wife attend a big charity gala. On stepping out of the limousine the wife recognises the doorman and gasps "Oh my god charlie I can't believe it's you, It's so good to see you!" The president and his wife then proceed into the hotel for the Gala. Curious the husband asked how his wife knew the doorman. "Oh Charlie was an old boyfriend of mine in fact at one point we were engaged." The

### ***"Behind Every Successful Man.."***

husband replied "but I bet your glad you married me instead of him." "Why do you say that dear?" Asked the wife. "Well he's just a lowly doorman and I'm the president of a national bank." The wife replied "but you are forgetting one thing dear, had I married Charlie HE would be president of the bank!"







## YOU'VE GOT TO FIND WHAT YOU LOVE - STEVE JOBS

This is a prepared text of the Commencement address delivered by Steve Jobs, CEO of Apple Computer and of Pixar Animation Studios, on June 12, 2005.

I am honored to be with you today at your commencement from one of the finest universities in the world. I never graduated from college. Truth be told, this is the closest I've ever gotten to a college graduation. Today I want to tell you three stories from my life. That's it. No big deal. Just three stories.

The first story is about connecting the dots.

I dropped out of Reed College after the first 6 months, but then stayed around as a drop-in for another 18 months or so before I really quit. So why did I drop out?

It started before I was born. My biological mother was a young, unwed college graduate student, and she decided to put me up for adoption. She felt very strongly that I should be adopted by college graduates, so everything was all set for me to be adopted at birth by a lawyer and his wife. Except that when I popped out they decided at the last minute that they really wanted a girl. So my parents, who were on a waiting list, got a call in the middle of the night asking: "We have an unexpected baby boy; do you

want him?" They said: "Of course." My biological mother later found out that my mother had never graduated from college and that my father had never graduated from high school. She refused to sign the final adoption papers. She only relented a few months later when my parents promised that I would someday go to college.

And 17 years later I did go to college. But I naively chose a college that was almost as expensive as Stanford, and all of my working-class parents' savings were being spent on my college tuition. After six months, I couldn't see the value in it. I had no idea what I wanted to do with my life and no idea how college was going to help me figure it out. And here I was spending all of the money my parents had saved their entire life. So I decided to drop out and trust that it would all work out OK. It was pretty scary at the time, but looking back it was one of the best decisions I ever made. The minute I dropped out I could stop taking the required classes that didn't interest me, and begin dropping in on the ones that looked interesting.

It wasn't all romantic. I didn't have a dorm room, so I slept on the floor in friends' rooms, I returned coke bottles for the 5¢ deposits to buy food with, and I would walk the 7 miles across town every Sunday night to get

one good meal a week at the Hare Krishna temple. I loved it. And much of what I stumbled into by following my curiosity and intuition turned out to be priceless later on. Let me give you one example:

Reed College at that time offered perhaps the best calligraphy instruction in the country. Throughout the campus every poster, every label on every drawer, was beautifully hand calligraphed. Because I had dropped out and didn't have to take the normal classes, I decided to take a calligraphy class to learn how to do this. I learned about serif and sanserif typefaces, about varying the amount of space between different letter combinations, about what makes great typography great. It was beautiful, historical, artistically subtle in a way that science can't capture, and I found it fascinating.

None of this had even a hope of any practical application in my life. But ten years later, when we were designing the first Macintosh computer, it all came back to me. And we designed it all into the Mac. It was the first computer with beautiful typography. If I had never dropped in on that single course in college, the Mac would have never had multiple typefaces or proportionally spaced fonts. And since Windows just copied the Mac,



## YOU'VE GOT TO FIND... Cont.

it's likely that no personal computer would have them. If I had never dropped out, I would have never dropped in on this calligraphy class, and personal computers might not have the wonderful typography that they do. Of course it was impossible to connect the dots looking forward when I was in college. But it was very, very clear looking backwards ten years later.

Again, you can't connect the dots looking forward; you can only connect them looking backwards. So you have to trust that the dots will somehow connect in your future. You have to trust in something — your gut, destiny, life, karma, whatever. This approach has never let me down, and it has made all the difference in my life.

My second story is about love and loss.

I was lucky — I found what I loved to do early in life. Woz and I started Apple in my parents garage when I was 20. We worked hard, and in 10 years Apple had grown from just the two of us in a garage into a \$2 billion company with over 4000 employees. We had just released our finest creation — the Macintosh — a year earlier, and I had just turned 30. And then I got fired. How can you get fired from a company you started? Well, as Apple grew we hired someone who I thought was very talented to run the company with me, and for the first year or so things went well. But then our visions of the future began to diverge and eventually we had a falling out. When we did, our Board of Directors sided with him. So at

30 I was out. And very publicly out. What had been the focus of my entire adult life was gone, and it was devastating.

I really didn't know what to do for a few months. I felt that I had let the previous generation of entrepreneurs down — that I had dropped the baton as it was being passed to me. I met with David Packard and Bob Noyce and tried to apologize for screwing up so badly. I was a very public failure, and I even thought about running away from the valley. But something slowly began to dawn on me — I still loved what I did. The turn of events at Apple had not changed that one bit. I had been rejected, but I was still in love. And so I decided to start over.

I didn't see it then, but it turned out that getting fired from Apple was the best thing that could have ever happened to me. The heaviness of being successful was replaced by the lightness of being a beginner again, less sure about everything. It freed me to enter one of the most creative periods of my life.

During the next five years, I started a company named NeXT, another company named Pixar, and fell in love with an amazing woman who would become my wife. Pixar went on to create the world's first computer animated feature film, Toy Story, and is now the most successful animation studio in the world. In a remarkable turn of events, Apple bought NeXT, I returned to Apple, and the technology we developed at NeXT is at the heart of Apple's current renaissance. And Laurene and I

have a wonderful family together.

I'm pretty sure none of this would have happened if I hadn't been fired from Apple. It was awful tasting medicine, but I guess the patient needed it. Sometimes life hits you in the head with a brick. Don't lose faith. I'm convinced that the only thing that kept me going was that I loved what I did. You've got to find what you love. And that is as true for your work as it is for your lovers. Your work is going to fill a large part of your life, and the only way to be truly satisfied is to do what you believe is great work. And the only way to do great work is to love what you do. If you haven't found it yet, keep looking. Don't settle. As with all matters of the heart, you'll know when you find it. And, like any great relationship, it just gets better and better as the years roll on. So keep looking until you find it. Don't settle.

My third story is about death.

When I was 17, I read a quote that went something like: "If you live each day as if it was your last, someday you'll most certainly be right." It made an impression on me, and since then, for the past 33 years, I have looked in the mirror every morning and asked myself: "If today were the last day of my life, would I want to do what I am about to do today?" And whenever the answer has been "No" for too many days in a row, I know I need to change something.

Remembering that I'll be dead soon is the most important tool I've ever encountered to help me make the big choices in life.



## YOU'VE GOT TO FIND... Cont.

Because almost everything — all external expectations, all pride, all fear of embarrassment or failure - these things just fall away in the face of death, leaving only what is truly important. Remembering that you are going to die is the best way I know to avoid the trap of thinking you have something to lose. You are already naked. There is no reason not to follow your heart.

About a year ago I was diagnosed with cancer. I had a scan at 7:30 in the morning, and it clearly showed a tumor on my pancreas. I didn't even know what a pancreas was. The doctors told me this was almost certainly a type of cancer that is incurable, and that I should expect to live no longer than three to six months. My doctor advised me to go home and get my affairs in order, which is doctor's code for prepare to die. It means to try to tell your kids everything you thought you'd have the next 10 years to tell them in just a few months. It means to make sure everything is buttoned up so that it will be as easy as possible for your family. It means to say your goodbyes.

I lived with that diagnosis all day. Later that evening I had a biopsy, where they stuck an endoscope down my throat, through my stomach and into my intestines, put a needle into my pancreas and got a few cells from the tumor. I was sedated, but my wife, who was there, told me that when they viewed the cells under a microscope the doctors started crying because it turned out to be a very rare form of pancreatic cancer that is curable with surgery. I had the surgery and I'm fine now.

This was the closest I've been to facing death, and I hope it's the closest I get for a few more decades. Having lived through it, I can now say this to you with a bit more certainty than when death was a useful but purely intellectual concept:

No one wants to die. Even people who want to go to heaven don't want to die to get there. And yet death is the destination we all share. No one has ever escaped it. And that is as it should be, because Death is very likely the single best invention of Life. It is Life's change agent. It clears out the old to make way for the new. Right now the new is you, but someday not too long from now, you will gradually become the old and be cleared away. Sorry to be so dramatic, but it is quite true.

Your time is limited, so don't waste it living someone else's life. Don't be trapped by dogma — which is living with the results of other people's thinking. Don't let the noise of others' opinions drown out your own inner voice. And most important, have the courage to follow your heart and intuition. They somehow already know what you truly want to become. Everything else is secondary.

When I was young, there was an amazing publication called The Whole Earth Catalog, which was one of the bibles of my generation. It was created by a fellow named Stewart Brand not far from here in Menlo Park, and he brought it to life with his poetic touch. This was in the late 1960's, before personal computers and desktop publishing, so it was all made with typewriters, scissors, and

polaroid cameras. It was sort of like Google in paperback form, 35 years before Google came along: it was idealistic, and overflowing with neat tools and great notions.

Stewart and his team put out several issues of The Whole Earth Catalog, and then when it had run its course, they put out a final issue. It was the mid-1970s, and I was your age. On the back cover of their final issue was a photograph of an early morning country road, the kind you might find yourself hitchhiking on if you were so adventurous. Beneath it were the words: "Stay Hungry. Stay Foolish." It was their farewell message as they signed off. Stay Hungry. Stay Foolish. And I have always wished that for myself. And now, as you graduate to begin anew, I wish that for you.

Stay Hungry. Stay Foolish.

Thank you all very much.



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