2018 ANNUAL REPORT

WAIFEM

WEST AFRICAN INSTITUTE FOR FINANCIAL AND ECONOMIC MANAGEMENT

CONTENTS

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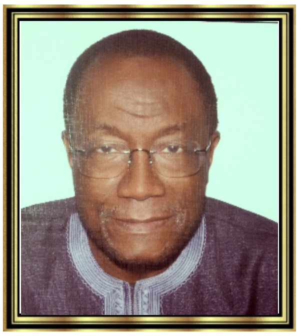

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Dr. Ernest Y. K. Addison
Governor, Bank of Ghana

Prof. Akpan H. Ekpo
Director General, WAIFEM
& Secretary, Board of Governors

Message from the Chairman of the Board of Governors

I have the honor of presenting this 2018 Annual Report of the West African Institute for Financial and Economic Management (WAIFEM) and the Audited Financial Statement of the Institute for the period January 1 - December 31, 2018. WAIFEM being a regional capacity building platform is effectively catering for the training needs of its clients in the West African subregion through the delivery courses, workshops, seminars and missions, among others geared toward improving macroeconomic and financial management. WAIFEM also ensures that the relevant experts in the region are used to facilitate these capacity building tasks. The goal is to derive a pool of experts and skilled manpower in the member countries that are readily available to provide appropriate policy advice in tackling the macroeconomic challenges in the subregion.

We are grateful to both central banks of WAIFEM member countries for meeting their financial commitments and international partners, namely World Bank, International Monetary Fund (IMF), African Capacity Building Foundation (ACBF), among others who provided grants and technical support that facilitated the execution of the planned programmes for 2018. In the midst of resource mobilisation constraints, coupled with shift in donor priorities, funding for capacity building activities still remains a challenge.

The 2018 Annual Report encompasses the activities undertaken by the Institute during the year as well as the audited financial statements and developments in the economic performance of WAIFEM member countries, West Africa and Africa. The Board of Governors of WAIFEM continued their unwavering support morally and financially towards the realisation of the Institute's mission.

In 2018, the Institute executed 57 training programmes in the form of workshops, seminars, missions, etc. which benefited 1,317 participants from West Africa and beyond. The partnership with the African Capacity Building Foundation (ACBF), the International Monetary Fund (IMF) and the World Bank, among others have remained mutually beneficial. These institutions continued their financial and technical support to WAIFEM during the period to ensure that WAIFEM delivers high quality programmes for the benefit of its clients.

I would particularly like to appreciate the Director General of WAIFEM, Prof. Akpan H. Ekpo for his outstanding service to the Institute for nearly 10 years. Prof. Ekpo ended his tenure at the Institute in December 2018, and we wish him well in his future undertakings. In the same vein, I am pleased to formally announce the appointment of Dr. Baba Yusuf Musa as the new Director General of WAIFEM. Dr. Musa brings to the office a vast wealth of experience and hard work, having served in senior management capacity as Director for Debt Management at the Institute for over ten years. Dr. Musa assumes office in January 2019. I wish him a successful tour of duty.

I would like to thank members of the Board for their dedication and commitment to capacity building and training in the sub-region. During the course of the year, the Board welcomed me and Prof. Kelfala M. Kallon to its membership. In June 2018, I took over as Executive Governor of the Central Bank of Liberia from Mr. Milton A. Weeks. Prof. Kallon was appointed Governor of the Bank of Sierra Leone in August 2018, replacing Dr. Patrick S. Conteh.

This year marks the end of tenure of the Central Bank of Liberia as Chairman of the Board of Governors of WAIFEM. It is my singular honor to express gratitude to the Board most sincerely for the opportunity provided the Central Bank of Liberia to serve as the Board Chair since 2016.

Hon. Nathaniel R. Patray III

Executive Governor, Central Bank of Liberia &

Chairman, Board of Governors of WAIFEM.

December, 2018

PREFACE

The year 2018 was significant for WAIFEM in its efforts towards building sustained capacity for macroeconomic, debt and financial management in its constituent member countries in West Africa. The Institute has responded positively to capacity building priorities of member countries and institutions by adopting programmatic approach to meet the member countries needs which have resulted in a focused, efficient and better training programmes that were results-oriented and more sustainable.

This Annual Report comprises of the following sections. Section one contains the programmes delivered by the training departments (Debt, Financial Sector Management and Macroeconomic Management) and the Business Development and Consultancy Unit (BDCU). The second section reports on the administrative developments at the Institute over the period. Section three deals with economic developments in WAIFEM member countries covering economic growth, inflation, as well as monetary and fiscal developments. Sections four and five provide overview of economic developments in West Africa and Africa at large. The final section contains the Audited Financial Statement and Accounts of the Institute.

In 2018, the Institute implemented 57 training and capacity building activities covering debt management (12), financial sector management (16), macroeconomic management (12) and demand driven courses (mainly for private sector participants). These programmes benefitted 1,317 participants from private and public section institutions mainly from the sub-region. The debt management programmes executed covered capacity building in medium term debt management strategies, in-country technical support and coaching, debt management reform plans, and managing contingent liabilities, among others. The financial sector management department conducted courses in banking supervision, human resource management, combating money laundering, and monetary policy and macroprudential analysis, among others. The macroeconomic management department improved skills in modeling and forecasting, international trade, taxes and policies, public financial management and balance of payments and international investment position, among others.

The Business Development and Consultancy Unit which is the spearheading the generation of self-sustaining revenue streams in line with the strategic plan, continued the delivery of high-end demand driven programmes to private sector participants and other non-traditional partners. The Unit organised 17 programmes in 2018, the same amount of programmes compared to 2017. The Research Department, with support from the African Capacity Building Foundation conducted 6 research studies during the period.

During the period under review, the Institute bid farewell to the Director of the Macroeconomic Management Department, Mr. Christian Kedze whose tour of duty came to end in July 2018. Mr. Kedze was seconded to the Institute by the Bank of Ghana and served for 3 years. We wish him a productive future as he embarks on new endeavors. He has been replaced by Mr. Emmanuel Owuso-Afrieye from the Bank of Ghana.

A lot was achieved in 2018 in spite of the challenging macroeconomic environment experienced by the member countries of WAIFEM. The lingering effects of the 2014/15 Ebola Virus Disease outbreak and the 2016 recession in Liberia and Nigeria respectively continue to affect growth potential in these countries. Almost all the WAIFEM countries are experiencing rising debt vulnerabilities, growth inhibiting challenges and infrastructure deficits in the face of dwindling revenue mobilization. These required the continuous upgrading of tools and techniques to scale up the requisite skills needed to confront these challenges to which WAIFEM remains committed.

As I end my tenure in December 2018, let me extend my thanks and appreciation to the Board of Governors for providing me the opportunity to serve the Institute. With their immense support over the years, we worked and recorded considerable achievements and it is my ardent belief that my successor will take the Institute to a new level in capacity building. I am also grateful to the management and staff of WAIFEM for their cooperation throughout my stay at the Institute.

We are hopeful of a successful training and capacity building plan for 2019 that would help further reduce the skill and capacity gap in the sub-region.

Prof. Akpan H. Ekpo, FNES

Director General, West African Institute for Financial and

Economic Management (WAIFEM) and Secretary, Board of Governors

December, 2018

PRINCIPAL OFFICERS OF THE INSTITUTE

Prof. Akpan H. Ekpo
Director General

Dr. Baba Y. Musa
Director, Debt Management Department

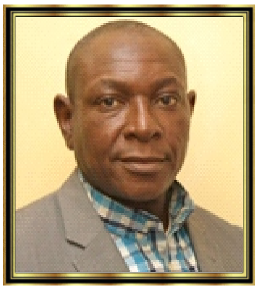
Mr. Euracklyn V. Williams
Director, Administration and Finance Department

Mr. Paul J. Mendy
Director, Financial Sector Mgt. Dept.

Mr. Emmanuel Owusu-Afriyie
Director, Macroeconomic Mgt. Dept.

Mr. Alvin G. Johnson
Director, Research Department

Dr. Patricia A. Adamu
Senior Programme Manager,
Financial Sector Mgt. Dept.



Prof. Douglason G. Omotor
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Dr. Okon J. Umoh
Senior Programme Manager,
Macroeconomic Mgt. Dept.

Mr. Ogbonnaya Agu
Prog. Manager,
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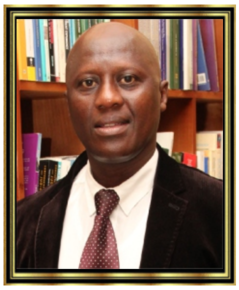
Mr. Gabriel Y. Asante
Prog. Manager, Macroeconomic Mgt. Dept.

Mr Momodou L. Jarjue
Prog. Manager, Debt Mgt. Dept.

Mr. Linus Gimoh
Principal Accountant



Mr. Samuel J. Sepha
Library and Publications Manager

OPERATIONS OF WAIFEM

1.1 OVERVIEW OF PROGRAMME OF ACTIVITIES

In 2018, the West African Institute for Financial and Economic Management (WAIFEM) executed a total of 57 programmes which benefitted 1,317 participants. The number of courses offered in 2018 was 7.5 percent higher than those executed in the previous year. The increase in the number of programmes was sustained due to the continued patronage of the Business Development and Consultancy Unit (BDCU) by both private and public sector institutions from member countries.

Nigeria and Ghana recorded the highest number of participants during the year with 26.7 percent and 24.4 percent respectively, followed by Liberia (17.2 percent), The Gambia (16.5 percent), and Sierra Leone (13.5 percent). In terms of institutional representation, ministries of finance accounted for 34.2 percent, followed by central banks (33.7 percent), other public agencies (23.9 percent) and private sector agencies (8.1 percent). The member central banks staff attended a number of courses offered by the BDCU in addition to private sector participants.

An analysis of programmes by departments reveals that the Debt Management Department executed a total of 12 programmes that benefitted 400 participants in 2018. The number of programmes compared to the previous year increased by two and the number of participants by 29.4 percent. Joint missions with the World Bank and the IMF, regional courses and workshops, and e-learning French language programmes, etc. were executed by the Debt Management Department. The Financial Sector Management Department implemented a total of 16 programmes during the period which benefitted 368 participants. The department executed programmes including banking supervision, micro-finance, and combating money laundering, among others. Compared to 2017, the number of programmes increased by three and the participants marginally by 3.3 percent. The Macroeconomic Management Department executed a total of 12 training programmes that benefitted 254 participants while the Business Development Unit organised 17 private sector driven courses which attracted 295 participants. Participants at the BDU seminars and short-term courses were mainly from institutions in WAIFEM member countries including central banks, commercial banks, and MDAs, among others.

The details of the capacity building programmes in 2018 are provided in the next section of this annual report.

1.2 DEBT MANAGEMENT DEPARTMENT

1.2.0 INTRODUCTION

The Debt Management Department executed a total of 12 capacity building programmes which benefitted 400 public sector officials from WAIFEM member countries. In terms of country breakdown, the majority of the participants attending the debt management programmes came from Nigeria (39 percent), followed by Ghana (20.3 percent); The Gambia (15.8 percent); Liberia (13.8 percent); Sierra Leone (9 percent); and others (2.3 percent). The Federal Republic of Nigeria registered the highest number of participation due to the conduct of a number of debt management missions in the country both at federal and state levels.

Considering gender participation, the number of males and females who attended the debt management courses was 77 percent and 23 percent respectively. In terms of user institutions, 64 percent of the participants attending the debt management programmes were from the ministry of finance which is the government arm that deals with public debt issues. Other public sector agencies accounted for 18 percent of the total attendees at the debt management programmes 11 percent from the central banks and private sector accounted for 7 percent.

Details of the debt management programmes executed in 2018 are provided as follows:

1.2.1 WAIFEM/WORLD BANK/IMF GHANA NATIONAL MEDIUM-TERM DEBT MANAGEMENT STRATEGY (MTDS). ACCRA, GHANA, FEBRUARY 16 – FEBRUARY 26, 2018

A joint World Bank/IMF/WAIFEM mission, at the invitation of the Ministry of Finance, Ghana, conducted the Country's MTDS, Finance

Training, and Annual Borrowing Plan from February 16 – February 26, 2018 in Accra, Ghana. During the mission, a debt management training was conducted at the Ministry of Finance under the auspices of the World Bank Treasury GDRM program that was attended by 20 staff from six departments.

The mission met with Mr. Ken Ofori-Atta, Minister of Finance, Mr. Charles Adu Boahene, Deputy Minister of Finance and Mr. Samuel Arkhurst, Director of Debt Management. Results of the MTDS analysis were presented by Ms. Doris Dzidzomu, Mr. Zakaria Issahaku, and Mr. Samuel Arkhurst in a meeting chaired by the Minister of Finance and attended by the Deputy Minister of Finance.

The mission team worked with the Authorities to develop a template of the Annual Borrowing Plan (ABP) that could be populated with data for 2018 taken from the new MTDS. Training was provided on the development of an ABP for Ghana, with discussion on its core content, considering the 2016 PFMA.

The Authorities recognized that they are not currently compliant with Section 60 of the 2016 PFMA. In the future, the ABP will need to be prepared alongside the Budget and MTDS. Given the timing of the Budget each November, and the requirement to update the MTDS on an annual basis with Ministerial approval no later than December, the ABP will be best prepared simultaneously with the Budget and MTDS.

In the context of its Annual Borrowing Plan, the Government is considering the potential for active management of its debt portfolio through Liability Management Operations (LMOs). The authorities circulated questionnaires to the Primary Dealers on LMOs. Responses to the questionnaire indicated support by the Primary Dealers for the use of LMOs, with a general preference for debt exchanges. Nearly all the respondents suggested that there would be market interest in such operations. However, the Government will need to gather further feedback from the market, including whether and how to use buy backs and exchanges and their potential penetration with the investor base.

The Ministry of Finance organized a Townhall meeting with its Primary Dealers which was used to gather feedback on the overall debt management strategy, plans for the publication of an ABP and potential strategy for active LMOs. The Townhall meeting was attended by all the Primary Dealers. They were supportive of the Government's strategy to continue to extend the average maturity of the debt portfolio but noted the potential impact on the mix of domestic and overseas investors in Ghanaian Government debt.

During the mission, the Ghanaian Authorities requested comments on the draft Public Financial Management Regulations (PFMR). Preliminary comments were provided, noting the need to clarify the role of the regulations relative to existing operational procedures and potential inconsistences in the treatment of specific issues in the PFM Act versus the PFMR.

The mission team was composed of Abha Prasad, Fang Guo, Sebastian Essl (all World Bank), Irakli Katcharava (Debt management practitioner, World Bank), James Knight (IMF), Joanne Perez (IMF expert), Fritz Bachmair (GDRM) and Baba Musa from WAIFEM.

1.2.2 GAMBIA NATIONAL DEBT SUSTAINABILITY ANALYSIS (DSA)/MEDIUM-TERM DEBT MANAGEMENT STRATEGY (MTDS). BANJUL, THE GAMBIA, MARCH 5 – 9, 2018

WAIFEM, at the invitation of the Ministry of Finance and Economic Affairs of The Gambia, conducted the Country's DSA and MTDS from March 5 – 9, 2018 in Banjul, The Gambia. The training was attended by twenty-six (26) senior level officials drawn from the Central Banks, Ministries of Finance, Debt Management and Economic Development, Accountant General's Departments, Gambia Bureau of Statistical (GBoS) and Gambia Revenue Authority.

The objective and methodology of the training was to strengthen government of The Gambia's capacity to conduct a formal DSA / MTDS in order for the country to:

- Have clear framework for making informed and appropriate choices;
- Reduced opportunity for short-term fiscal expediency, at cost of increased risk in future;
- Ensure consistency in borrowing strategies;
- Avoid conflicting sub-strategies for different components of the debt portfolio;
- Improve coordination in particular with fiscal and monetary policy – ensures debt

management not dominated by monetary policy;

- Identify constrains (e.g. market development); and
- Provide coherence for domestic debt market development which would reduce costs (by reducing market uncertainty)

The MTDS framework involves key steps to develop a debt management strategy that is consistent with the Authorities stated debt management objectives, their macroeconomic framework, and identified constraints. It specifically involves: defining the objectives and scope of the MTDS; analyzing the cost and risk profile of existing debt to monitor its characteristics, highlighting where they should be altered if necessary; reviewing the fiscal/monetary/market environment that impact strategy formulation; reviewing structural and risk factors that will impact country debt strategy preferences; identifying potential sources of financing, available instruments and their cost/risk characteristics; and assessing the cost/risk performance of various strategies and their implications for debt sustainability, monetary and fiscal policy, and market development. Constraints to effective debt management were also identified.

1.2.3 WAIFEM/WORLD BANK SUB-NATIONAL KANO DEMPA MISSION. KANO STATE, NIGERIA, MARCH 12 – 26, 2018

At the request of the Kano State Government (KSG), Nigeria, a World Bank/WAIFEM team undertook a comprehensive assessment of current debt management (DeM) functions and practices in the State from March 12-16, 2018. The World Bank's Subnational Debt Management Performance Assessment (SN-DeMPA) tool was applied to help understand how debt management functions are carried out at the state level, and in turn these were contrasted with good international practices. The DeMPA team was comprised of of Mr. Jaime Andres Garron Bozo (World Bank Team Lead), Mr. Juan Carlos Vilanova Consultant (World Bank), Mr. Baba Y. Musa (WAIFEM), and Mr. Lamin Jarjue (WAIFEM). As part of the assessment process, the team held meetings with relevant officials associated with public debt management and closely related areas.

The mission found that there is room for improvement across all the core debt management areas evaluated. For example, the legal framework for undertaking borrowing and related debt management activities in Nigeria is given by legislation at state and federal levels. Yet, as opposed to other states that have enacted several state laws related to debt management activities (e.g., State Fiscal Responsibility Laws, Financial Management Laws, Laws on Issuance of Debt and other Securities Debt, among others), the Kano State Government (KSG) has only enacted one Law on the subject, dated five decades ago. The mission, however, highlighted the efforts of the current administration of KSG to further improve its legal framework on DeM, as a draft law (Organic Financial Law) is being discussed and is to be sent for approval to the Executive Council and House of Assembly.

Some of the key challenges identified regarding debt management function in Kano sate are as follows:

- Kano State does not have a clear state-level legislation regarding borrowing purposes, debt management objectives or any other requirement to undertake borrowing transactions on behalf of the State.
- Lack of mechanisms for regular exchange of information and communication between all the units and departments involved in debt management activities within the Ministry of Finance.
- Due to the lack of reliable information, the Treasury Department does not produce cash flow forecasts, and as a result when confronted with negative balances, it is current practice to enter into cash rationing (i.e., arrears with contractors).
- The domestic debt database of Kano State is currently in Microsoft Excel and managed by the DMU. The database is updated on a monthly basis after receiving the statement of account from the Federation Account Allocation Committee.
- The DMU currently does not conduct any front or middle-office functions as its only de-facto debt management function is domestic debt recording.
- There is no consolidated debt database, containing all data on external and domestic debt and loan guarantees of Kano State.

1.2.4 WAIFEM/WORLD BANK/IMF REGIONAL MEDIUM-TERM DEBT MANAGEMENT STRATEGY (MTDS) FOR ANGLOPHONE WEST AFRICAN COUNTRIES. ACCRA, GHANA, MARCH 19 – 23, 2018

A joint World Bank/IMF/WAIFEM regional training on Medium-term Debt Management Strategy (MTDS) for Anglophone West Africa was conducted in Accra, Ghana from March 19 – 23, 2018. The regional MTDS training was attended by thirty (31) senior level government officials drawn from the Central Banks, Ministries of Finance, Debt Management and Economic Development, Accountant General's Departments, Statistical Departments and Planning Commissions from The Gambia (9), Ghana (8), Liberia (2), Nigeria (5), Sierra Leone (4), Sudan (2), and from the World Bank voice secondment programme (1).

The objective and methodology of the training was to provide hands-on training on the methodology of Medium-Term Debt Strategy (MTDS). The training involved coaching participants on the framework in identifying key necessary steps to develop a debt management strategy that is consistent with a country's debt management objectives, including their macroeconomic framework, and the related constraints. Participants specifically acquired skilled in the following:

- defining the objectives and scope of the MTDS;
- analyzing the cost and risk profile of existing debt to monitor its characteristics,
- highlighting where they should be altered if necessary; reviewing the fiscal / monetary / market environment that impact strategy formulation;
- reviewing structural and risk factors that will impact country debt strategy preferences; identifying potential sources of financing, available instruments, and their cost/risk characteristics; and
- Assessing the cost/risk performance of various strategies and their implications for debt sustainability, monetary and fiscal policy, and market development. Constraints to effective debt management were also identified.

The training was facilitated by resource persons drawn from the World Bank, the IMF and WAIFEM faculty namely Miriam Tamene, Joanne Perez (IMF consultant), Emre Balibek (World Bank), Kanematsu Yuto (World Bank) and Baba Musa (WAIFEM). At the end of training, the participants indicated their appreciation of the training especially the methodology of the delivery. However, they made the following recommendations for consideration of the organisers and stakeholders:

- The conduct of MTDS is a multi-agency activity. There is need for coordination of all agencies involved in macroeconomic policy formulation and countries should have MTDS teams;
- That more time was needed to internalise the MTDS framework as participating countries would now be expected to conduct their country specific MTDS using the template;
- Member countries of WAIFEM should continue to adopt best practices in all aspects of debt management;
- There is need for ECOWAS to establish standard benchmarks for debt management practices in the region in line with international standards; and
- That participating countries are urged to collaborate with one another in sharing information and best practices, among others.

1.2.5 WAIFEM/WORLD BANK SUB-NATIONAL DEMPA MISSION TO ABUJA, FEDERAL CAPITAL TERITORY (FCT). ABUJA, NIGERIA, MARCH 19 – 23, 2018

At the request of the Abuja Federal Capital Territory (FCT) Government, Nigeria, a World Bank /WAIFEM team undertook an assessment of debt management (DeM) capacity and institutions in the Federal Capital Territory (FCT) Abuja, during March 19-23, 2018, at the request of the Federal Capital Territory Administration (FCTA). The objective of the mission was to assess the DeM strengths and areas in need of reform through the application of the Subnational Debt Management Performance Assessment (SN DeMPA) methodology.

The mission team included Mr. Jaime A. Garron Bozo (World Bank, Team Lead), Mr. Juan Carlos Vilanova Pardo (World Bank Consultant), Mr. Momodou Lamin Jarjue (WAIFEM) and Mr. Aliyu

Yakubu (WAIFEM Consultant).

As part of the assessment process, the team held meetings with relevant officials associated with public debt and closely related areas as well as commercial banks. The assessment revealed several challenges to carry out debt management functions in the FCTA. The main findings and areas of improvement are the following:

- Preparation of a Medium-Term Debt Management Strategy.
- Formal channels for regular exchange of information and communication between all units and departments involved in debt management and related activities at its different stages.
- Public disclosure of debt data (e.g., statistical reports), as the information on public debt is currently submitted only to the Federal DMO, which publishes aggregate data.
- Reporting on Debt Management operations.
- Performance and compliance audits are still to be performed, etc.

1.2.6 WAIFEM/WORLD BANK REGIONAL WORKSHOP ON THE REVISED DEBT SUSTAINABILITY ANALYSIS FRAMEWORK FOR LOW INCOME COUNTRIES (DSF-LIC). ABUJA, NIGERIA, MAY 14 – 18, 2018

Under the DMF II, the West African Institute for Financial and Economic Management (WAIFEM), the World Bank (WB) and the International Monetary Fund (IMF) organised a regional course on the revised Debt Sustainability Analysis Framework for Low-Income Countries (LIC-DSF) in Abuja, Nigeria from May 14 – 18, 2018.

The LIC-DSF framework helps inform LICs' fiscal policy and borrowing decisions. LICs require sizeable public investment to address infrastructure gaps, strengthen potential output growth, and reduce poverty. With ambitious targets, reflected in the Sustainable Development Goals (SDGs), and limits to official aid, LICs are relying increasingly on domestic and non-concessional external borrowing to finance investment. The framework helps to make judgments about possible financing strategies, and their risks.

The training workshop was attended by thirty three (33) senior level government officials drawn from the Central Banks, Ministries of Finance, Debt Management and Economic Development, Accountant General's Departments, Statistical Departments and Planning Commissions; from The Gambia (4), Ghana (5), Liberia (4), Nigeria (10), Sierra Leone (4), Afghanistan (1), Ethiopia (2), Sao Tome & Principe (1), and South Sudan (2).

The overall objective of the training was to provide hands-on training on the revised Debt Sustainability Framework for Low Income Countries (LIC-DSF) including providing the attendees greater insight into the nexus underpinning debt sustainability framework, as well as the procedure for consistency checks using the LIC-DSF template. The broad areas covered during the training include the following:

- Introduction to DSA in Low-Income Countries and New Features of the DSF;
- Input: Definitions and Coverage of Public Sector and Public Debt, Macroeconomic Projections;
- Inputs: Financing Assumptions;
- Macroeconomic Linkages and Debt dynamics; and
- Realism Tools: Drivers of Debt Dynamics, Realism of Planned Fiscal Adjustment, Fiscal Adjustment and Growth, and Public Investment and Growth, among others

The training was facilitated by resource persons drawn from the World Bank (Riordan Elliot Joseph – Mick and Sedlo Stucka Zeljka) and the IMF (Nakatani, Keiichi).

1.2.7 WAIFEM/ACBF IN-COUNTRY TECHNICAL SUPPORT AND COACHING ON DEBT SUSTAINABILITY ANALYSIS FOR LIBERIA. MONROVIA, LIBERIA, MAY 28 – JUNE 15, 2018

WAIFEM at the invitation of the Ministry of Finance and Development Planning of Liberia and with support from the African Capacity Building Foundation (ACBF), conducted the Country's DSA and CS-DRMS training from May 28 – June 15, 2018 in Monrovia, Liberia. The Training was attended by thirty (16) senior level officials drawn from Ministries of Finance and development planning.

The objective and methodology of the training was to strengthen Government of Liberia's capacity to conduct a DSA and Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) in order for the country to:

- Have clear framework for making informed and appropriate choices;
- Reduce opportunity for short-term fiscal expediency, at cost of increased risk in future;
- Ensure consistency in borrowing strategies;
- Avoid conflicting sub-strategies for different components of the debt portfolio; and
- Improve coordination in particular with fiscal and monetary policy – ensures debt management not dominated by monetary policy, among others.

The broad themes covered include the following: Overview of the CS-DRMS External Loan Recording Module; Standard Loan Cycle; Interpreting Standard Loan Agreements; Extracting Data from sample Standard Loan Agreements; and Introduction to CS-DRMS, Data Entry Sheet (DES), Entering Loan Details in DES, among others.

Liberia's Debt Management Unit comprises of fairly new staffs with a new director who have little or no training on CS-DRMS, and for these reasons the CS-DRMS has not been updated since January 2017 because of limited capacity in using the CS-DRMS data base. The database is full of errors and warnings. The CS-DRMS is installed at the Liberian Ministry of Finance and Development Planning and the staff received training in the operations of CS-DRMS in the followings: Overview of the CS-DRMS External Loan Recording Module; Standard Loan Cycle; Interpreting Standard Loan Agreements; Extracting Data from sample Standard Loan Agreements; and Introduction to CS-DRMS, Data Entry Sheet (DES), Entering Loan Details in DES, among others.

The training was conducted by the following resources persons: Mrs. Hanatu Suleiman, Consultant (Nigeria), Mrs. Jummai Sa'id-Ahmed Consultant (Nigeria), Mr. Adam Aikuta, Consultant (Nigeria), Mr. Ralph Jacob Amartey Ayiku, consultant (Ghana).

1.2.8 JOINT WORLD BANK/WAIFEM LIBERIA DEBT MANAGEMENT REFORM PLAN MISSION, MAY 28 – JUNE 15, 2018

At the invitation of the Ministry of Finance and Development Planning of Liberia, a Joint World Bank / WAIFEM Debt Management Reform Plan Mission was conducted in Monrovia, Liberia, from May 14 – June 15, 2018. The mission was conducted by a team drawn from the World and WAIFEM led by Signe Zeikate, Senior Debt Specialist (World Bank), Per-Olof Jönsson (World Bank Consultant), Baba Musa, Director, Debt Management Department (WAIFEM) and Momodou Lamin Jarjue, Programme Manager, Debt Management Department (WAIFEM).

The mission was undertaken against the background of the following:

- Liberia experienced high staff turnover in the Debt Management Unit (DMU) which has resulted in weak technical capacity to conduct core DeM functions-debt records and reporting;
- The new elected government of Liberia had ambitious investment programme which calls for careful and prudent borrowing practice; and
- Recent restructuring of the DMU indicates government's commitment to strengthen DeM process in Liberia.

The debt management reform plan was structured to cover four critical pillars that required urgent improvements namely:

1. Debt Records in CS-DRMS and Debt Reporting.
2. Debt Management Strategy.
3. Borrowing and Guarantee Issuing and Procedures Manual.
4. Domestic payment arrears.

The mission highlighted key issues in each pillar and proposed short- and medium-term solutions as follows:

1.2.9 WAIFEM/IMF REGIONAL COURSE ON PUBLIC SECTOR DEBT STATISTICS: GUIDE FOR COMPILERS AND USERS. BANJUL, THE GAMBIA, JUNE 2 – 11, 2018

A regional course on Public Sector Debt Statistics: Guide for Compilers and Users, jointly organised by the West African Institute for Financial and Economic Management (WAIFEM) and the International Monetary Fund (IMF), was held at Paradise Suites Hotel, Banjul, The Gambia, from July 2 – 11, 2018. The course was attended by Twenty-Four (24) senior and middle level officials drawn from Central Banks, Ministries of Finance, Controller and Accountant General's Department and National Statistics Office from The Gambia (12), Ghana (7), Liberia (2), Nigeria (1) and Sierra Leone (2).

The course was designed to provide a comprehensive conceptual framework for a consistent measurement of gross and net debt of the public sector and all of its components. It was also aimed at providing standards (based on sound practice) for compiling and analysing debt data capable of highlighting an economy's potential vulnerabilities to solvency and liquidity problems arising from both its domestic and external debt position.

The specific objectives of the course include:

- To improve the methodology of compilation of public sector debt statistics in WAIFEM member countries while ensuring methodological soundness, transparency, timeliness, and availability of public debt data in the countries;
- To strengthen capacity for public debt analysis and management through facilitating a comprehensive assessment of the economic impact of a public sector unit's activities and the sustainability of its policies;
- To discuss ways of improving on the existing practices of reporting on domestic and international debt statistics by the respective WAIFEM member countries.

The broad themes covered include the following: Overview of the course and the GFSM 2014 system; Coverage and sectorization of the public sector; Public sector debt: definitions and accounting principles; Guided Exercise on the accrual of interest; and Identification of debt instruments and institutional sectors of the counterparties, among others.

A team of seasoned and experienced professionals from the International Monetary Fund (IMF) facilitated the course. They are Mr. Noriaki Kinoshita, Senior Economist, Statistics Department of IMF and Dr. Mike Seiferlings, GFS Expert. The participants made the following recommendations for consideration of the organisers and stakeholders:

- That member countries should consider expanding the sectoral coverage of public debt in order to inform a sound debt sustainability analysis for a better macroeconomic policy decision making and debt management;
- Member countries of WAIFEM should request for 5 working day technical assistance mission from the IMF to work with respective countries' debt management offices to improve on statistics compilation and reporting and also to have a one-day dissemination seminar with SOEs or MDAs;
- With regards to the knowledge acquired during the period of the course, participants were encouraged to translate the knowledge acquired to reflect constructively in the work they do in their various offices;
- Management of member countries should encourage an in-house training for course participants when they return from the training; and
- That the course on public sector debt statistics should be an annual capacity development programme by WAIFEM;

1.2.10 REGIONAL COURSE ON PLANNING, MEASURING AND MANAGING CONTINGENT LIABILITIES AND GOVERNMENT FISCAL RISKS IN PROJECTS. BANJUL, THE GAMBIA, JUNE 16 – 25, 2018

A regional course on "Planning, Measuring and Managing Contingent Liabilities and Government Fiscal Risks in Projects" was organised by the West African Institute for Financial and Economic Management (WAIFEM) and held at Paradise Suites Hotel, Banjul, The Gambia, from July 16 – 25, 2018. The course was attended by Twenty (20) senior and middle level officials drawn from Central Banks, Ministries of Finance, and Public Corporations, from The Gambia (12), Ghana (4), Liberia (2), and Sierra Leone (2).

The objective of the course is to provide comprehensive training that develop and strengthen the skills of participants in the methodologies of monitoring and managing contingent liabilities to ensure that their potential impact on government fiscal risks is minimized. The course was structured around the following eight aspects of contingent liability management: (i) the reasons why governments have contingent liabilities, (ii) approaches in managing the contingent liabilities, (iii) understanding the costs; (iv) establishing a robust regulatory and policy framework; and (v) building an enabling institutional environment; among others.

The broad themes covered include the following: Fiscal Risks: sources, Disclosure, and management; Fiscal Risks and Contingent Liabilities (CL); Framework for the management of Fiscal commitments & Contingent liabilities in PPPs in Kenya, Nigeria and Ghana; The Challenge of Dealing with Contingent Liabilities; and Fiscal Risks and Performance Monitoring of State-Owned Enterprises (SOEs), among others.

At the end of the course, participants made the following recommendations for consideration by the organisers and stakeholders:

- That member countries should consider expanding the sectoral coverage of public debt to inform a sound debt sustainability analysis for a better macroeconomic policy decision making and debt management;
- With regards to the knowledge acquired, participants were encouraged to translate the knowledge acquired to reflect constructively in the work they do in their various offices;
- Management of member countries should encourage an in-house training by course participants when they return from the training.
- That the course on Planning, Measuring and Managing CL and Government Fiscal Risk should be an annual capacity development programme by WAIFEM; and
- That there is need to have in place, appropriate legal and regulatory framework that foster vibrant and sound fiscal risk management; among others.

1.2.11 WAIFEM/WORLD BANK KADUNA DeMPA MISSION. KADUNA STATE, NIGERIA, OCTOBER 2 – 9, 2018

At the request of the Kaduna State Government (KSG), Nigeria, a World Bank/WAIFEM team undertook a comprehensive assessment of current debt management (DeM) functions and practices in the State during October 3-9, 2018. The World Bank's Subnational Debt Management Performance Assessment (SN-DeMPA) tool was applied to help understand how debt management functions are carried out at the state level, and in turn these were contrasted with good international practices. The DeMPA team was comprised of Mr. Jaime A. Garron (World Bank, Team Lead), Mr. Per-Olof Jönsson and Ms. Ying Li (World Bank Consultants), as well as Mr. Baba Musa and Mr. Momodou Lamin Jarjue (WAIFEM).

As part of the assessment process, the team held meetings with relevant officials associated with public debt management and closely related areas as well as commercial banks. The team benefitted from excellent cooperation and hospitality from the Ministry of Finance (MoF).

The mission found that there is room for improvement across all the core debt management areas evaluated. The assessment revealed several challenges to carry out debt management functions in Kaduna State. The main findings and areas of improvements are the following:

- Borrowing purposes, debt management objectives and reporting requirements (i.e. House of Assembly) should also be included in KDSG legislation.
- Once the DMD is fully staffed, the office should be organized based on front, middle and back-office functions.
- Loan guarantees should be issued with clear policies and procedures.
- Prepare and publish a Debt Management Strategy.
- Public disclosure of government debt data (e.g., statistical reports)
- Reporting on Debt Management operations (i.e., House of Assembly).
- Observations from the Audit Report should be appropriately addressed, among others.

1.2.12 WORLD BANK/IMF/WAIFEM SIERRA LEONE NATIONAL MEDIUM-TERM DEBT MANAGEMENT STRATEGY (MTDS) TRAINING. FREETOWN, SIERRA LEONE, DECEMBER 5- 14, 2018

A joint World Bank/IMF/WAIFEM, at the invitation of the Ministry of Finance, Sierra Leone conducted the Country's MTDS Training, from December 5 – 14, 2018 in Freetown, Sierra. During the mission, a debt management training was conducted at the country World Bank office in Freetown for the Country's Debt Sustainability Analysis (DSA). Officials from the Ministry of Finance, Central Bank, Bureau of Statistics, Revenue Authority and all stakeholders attended the training that also included the 2018 MTDS for the country. Twenty-four (24) staff members from stakeholders' institutions attended the training and the exercise.

Ms. Signe Zeikate of the World Bank led the team. Other team members were: Mr Jaime Andres Garron Bozo, Mr. Michel Vaugeus (World Bank Expert), Mr Greg Horman (IMF expert) and Mr. Momodou Lamin Jarjue (WAIFEM) facilitated the training. Results of the MTDS analysis were presented by Dr. Joseph A. Thullah, Acting Deputy Director of Debt Management Division Ministry of Finance to the Secretary of Finance, Mr. Jusu of the World Bank Country Head. The presentations highlighted the followings:

- ✓ Existing portfolio of public debt in Sierra Leone indicated huge costs and risks:
- ✓ High costs and risks (interest and refinancing) on the domestic debt side.
- ✓ High exchange rate risk is mitigated by the term structure of external debt
- ✓ The high cost of the short-term debt is an issue that is difficult to solve in the short term as it is a reflection of the current macroeconomic environment and market expectations
- ✓ The Financing Option that best addresses the issues highlighted before (Refinancing and Rollover Risks) is best addressed by lengthening the term structure of the domestic debt i.e. gradually introducing medium term market-based instruments.

The report recommended the following:

1. Finalise, approve and publish the MTDS regarding strategy implementation;
2. Strengthen dialogue and engagements with market participants;
3. Regular portfolio analysis;
4. Preparation and publication of annual borrowing plan;
5. Preparation and publication of 2018 Public Debt Bulletin;
6. Reduce reliance on non-marketable instruments in the domestic market; and
7. On the external front, keep prioritizing concessional borrowing.

1.3 FINANCIAL SECTOR MANAGEMENT PROGRAMMES

1.3.0 INTRODUCTION

During the year 2018, the Financial Sector Management Department organised a total of 16 regional capacity building programmes and seminars. The total number of participants to these programmes amounted to 368 from central banks, ministries of finance, and other relevant public and private sector agencies primarily from WAIFEM member countries.

A country-wise distribution of the total number of participants revealed that Ghana accounted for 24.2 percent, followed by Liberia (21.5 percent); The Gambia (20.1 percent); Sierra Leone (16.6 percent); Nigeria (15.5 percent); and Others (2.2 percent).

A breakdown of participation according to institutions showed that central banks accounted for 227 participants (61.7 percent); other public sector agencies had 73 participants (19.8 percent); ministries of finance recorded 34 participants (9.2 percent); and the private sector had 34 participants (9.2 percent). In terms of gender participation, the female participation rate continues to be impressive recording 147 participants, representing (40 percent).

The details of the courses conducted by the Financial Sector Management Departments are as follows:

1.3.1 REGIONAL COURSE ON BANKING SUPERVISION (FOUNDATION). LAGOS, NIGERIA, FEBRUARY 5 – 16, 2018

A regional course on Banking Supervision (Foundation Level) was organized by the West African Institute for Financial and Economic Management (WAIFEM) in collaboration with the College of Supervisors of the West African Monetary Zone (WAMZ) from February 5 – 16, 2018 in Lagos, Nigeria. The course was organised to introduce participants to the basic knowledge in bank supervision and update their knowledge on developmental issues and challenges in the banking and financial sector as a whole. The training was also meant to enlighten participants' thoughts on specific skills and critical techniques that are to be used in examining the banking system.

The course was aimed at providing participants with the basic knowledge in banking supervision in order to enable them to effectively and efficiently perform their duties as bank supervisors.

The following broad themes were covered: An overview of the West African Monetary Zone financial system; The functions of Central Banks and the role of financial institutions; The impact of bank failures and the need to supervise banks; Concept of bank examination; and Fundamentals of bank operations, among others.

Following the lectures and interactive discussions, the participants made the following recommendations:

(I) That the primary objective of central banks in the WAMZ should be expanded to include financial stability such that price stability and financial stability are factored into the monetary policy mix;

(ii) In order to maximise the benefits and minimise the adverse consequences of financial and economic integration of WAMZ economies, there is a need to strengthen the regulatory framework, start the implementation of consolidated supervision, and develop framework for cross-border supervision;

(iii) That in recognition of the difficulties posed by the myriad of regulatory and legislative frameworks in different countries, the college of supervisors should continue to promote harmonization of banking supervision practices.

(iv) Course materials should be sent to participants prior to the commencement of the program, via email upon confirmation of enrolment; and

(v) A module on Deposit Insurance, financial inclusion or micro finance should be included as it is increasingly becoming a major part of the quasi functions of central banks to promote growth and development, among others.

1.3.2 REGIONAL COURSE ON MANAGING HUMAN RESOURCES FOR ORGANISATIONAL EFFECTIVENESS. ACCRA, GHANA, FEBRUARY 26 – MARCH 7, 2018

The West African Institute for Financial and Economic Management (WAIFEM) organised a regional course on Managing Human Resource for Organizational Effectiveness in Accra, Ghana from February 26 – March 7, 2018.

The opening ceremony was presided over by the representative of the Hon. Governor, Bank of Ghana, Mrs. Pearl Nanfuri, Assistant Director, Governor's Office, Bank of Ghana. Also present were Prof. Akpan H. Ekpo, Director General of WAIFEM, Mr. Paul Mendy, Director, Financial Sector Management Department, and some of the resource persons for the course; Mr. Emmanuel Quao and Dr. Charles Ugwu.

The course was designed to examine the role efficient human resource management play in organizational effectiveness and economic development. Specifically, the course was to prepare participants to appreciate the need for change management; understand organisational culture and gender issues at the workplace; develop strategic and policy issues in human resource management (HRM),and be able to comprehend their linkages to national/regional economic development.

The broad themes covered included: evolution and overview of HRM; strategic and policy issues in HRM (what it is and the difference from regular HR practice); the role of IT in HRM; organisational ethics: issues and challenges; emerging issues in HRM; and gaining and maintaining strategic relevance: the human resource agenda, among others.

A communiqué was issued by the participants at the end of the course with the following recommendations:

i. All facilitators should incorporate class activities during the sessions to create an avenue for all the participants to be fully engaged and integrated in the program.

ii. The program should be made fully residential for all the participants to facilitate group assignments and avoid lateness and absenteeism.

iii. WAIFEM should consider the possibility of having different levels of the Human Resources Management training programs in the year.

iv. WAIFEM should consider the possibility of offering courses on retirement preparations to prepare employees for the challenges and expectations in retirement, and

v. There should be a media presence during the opening of the course in order to give the program the necessary publicity, among others

1.3.3 REGIONAL COURSE ON MICROFINANCE REGULATION AND SUPERVISION (LEVEL 1) LAGOS, NIGERIA, MARCH 12 – 22, 2018

A regional course on Microfinance Regulation and Supervision (Level 1) was organised by the West African Institute for Financial and Economic Management from March 12 – 22, 2018 in Lagos, Nigeria. The course enabled participants to learn innovative strategies in the operations and supervision of microfinance institutions. In particular, the course upscaled participants' skills in microfinance operations and supervision. Participants developed skills on the critical analysis of broader issues and environment in which microfinance initiatives are based.

The course was designed to enable participants learn innovative strategies in the operations and supervision of microfinance institutions. In particular, the course enhanced participants' skills in microfinance operations, supervision, and critical analysis of the broader issues and environment in which microfinance initiatives are based.

The following broad themes were covered: Introduction to microfinance banking (concepts and principles); Credit and marketing in microfinance banks; Organizational, operational and staffing issues; Structure for microfinance banks (Governance Issues); and Risk management system in microfinance banks (part 1), among others.

Following the lectures and interactive discussions, the participants made the following recommendations:

i. Total transformation of National financial systems through closer and stronger handshake between respective fiscal and monetary authorities;

ii. Proper alignment of MFIs operations to their individual strategies;

iii. Government and donor agencies to make wholesome funding available,

iv. affordable and accessible to the MFIs; and

v. The course should be conducted in three levels (i.e. Foundation, Intermediate and Advanced levels

1.3.4 REGIONAL COURSE ON PRODUCTIVITY ENHANCEMENT FOR EXECUTIVE ASSISTANTS AND PERSONAL SECRETARIES TO CEOs. BANJUL, THE GAMBIA, APRIL 9 - 13, 2018

The Regional Course on Productivity Enhancement for Executive Assistants (EAs) and Personal Secretaries (PSs) of Chief Executive Officers was organised by the West African Institute for Financial and Economic Management (WAIFEM) from April 9 – 13, 2018, in Banjul, The Gambia. The opening ceremony was presided over by the representative of the Governor, Central Bank of The Gambia, Dr. Seeku Jaabi, First Deputy Governor of the Central Bank of The Gambia. Also present were the Director General of WAIFEM, Prof. Akpan H. Ekpo, Mr. Paul Mendy, Director, Financial Sector Management Department, WAIFEM, and one of the resource persons at the course, Mrs. Elizabeth Abiola.

The course was aimed at providing executive assistants, and personal secretaries of CEOs with the critical knowledge and skills necessary for effective and enhanced job performance. Specifically, the course enabled participants to: Learn and understand the roles, duties and responsibilities of the executive assistant / secretary, personal assistant and senior secretary; Acquire the knowledge and skills in office administration and management essential for the effective discharge of their responsibilities; Develop and upgrade interpersonal skills for office management; Update their knowledge of the latest office technologies; and Understand and appreciate the importance of effective communication, among others.

The broad themes covered included: Personal/Administrative assistantship; roles, duties and responsibilities; Office administration: issues and challenges; Microsoft applications: Word; Powerpoint and Excel; Personal effectiveness: influencing and personal skills, identifying task that add value; and Office technologies, records and data management, among others.

In a communiqué issued at the end of the course, the participants made the following recommendations:

i. More participants should be given the opportunity to attend the course;

ii. A follow up course should be organised on grammar, report writing, minute writing, public speaking and microsoft application sessions, to enable participants fully appreciate the worth and importance of the course;

iii. More EA's should be exposed to cutting edge information technology for job effectiveness; and

iv. A research into the success stories of EAs in the sub-region in terms of technology should be conducted and adopted by other members who may be lagging behind to enhance their performance.

1.3.5 WAIFEM/UNITAR E-LEARNING DIPLOMA COURSE IN BANKING SUPERVISION, LAGOS, NIGERIA, FEBRUARY 26 – APRIL 13, 2018

The West African Institute for Financial and Economic Management (WAIFEM) in collaboration with the United Nations Institute for Training and Research (UNITAR), jointly organised the maiden examinable e-learning course in Banking Supervision from February 26 to April 13, 2018. As the first of two levels, successful completion of this course by participants will qualify them to proceed to the next level, which is scheduled to take place in the last quarter of 2018.

Although the title of the course is biased towards matters of banking supervision, participation was widened to include commercial bankers, given the inclusion of generic modules such as elements of banking, banking ethics and professionalism, among others.

In addition to the collaborative partnership with UNITAR, WAIFEM also recruited the services of four Mentors as listed below. The Mentors assisted with the development of course materials and setting of the examination questions. Their efforts were complemented by the WAIFEM staff who served as internal Mentors from within the Institute.

1.3.6 REGIONAL COURSE ON COMBATING MONEY LAUNDERING AND OTHER FINANCIAL CRIMES, APRIL 30 – MAY 4, 2018, FREETOWN, SIERRA LEONE.

The West African Institute for Financial and Economic Management (WAIFEM) organised a Regional Course on Combating Money Laundering and Other Financial Crimes in Freetown, Sierra Leone from Monday, April 30th – Friday, May 4th, 2018.

The Director General highlighted the issues posed by money laundering and financial crimes and the new challenges thereof, which have a big impact on the integrity of the financial system. This is mainly due to the globalised economy that is characterised by huge mobility of funds and rapid development of new technologies. There is cogent need that officials of the relevant agencies are adequately armed with competences to combat this menace.

The course objective was to assist participants develop critical skills in tracking money laundering and financial crimes often perpetrated through the financial system in the sub-region.

The following were the specific objectives:

- To enable participants understand the concept and techniques of money laundering and its effects on the financial system;
- To expose participants to the tools for tackling the menace in the sub-region; and
- To enable participants become familiar with the revised FATF Standards and the implication of a robust Anti Money Laundering and Combating Financial Terrorism (AML/CFT) regime in West Africa.

The following were the broad themes covered during the course:

- Overview of money laundering, economic and other financial crimes;
- Effects of money laundering on the financial system;
- Enhancing the role of FIU's and other structures for effective AML/CFT regimes;
- Procedures, monitoring tools and investigative techniques for combating money laundering; and
- Combating advanced fee fraud (a.k.a. 419): Lessons of Nigeria, among others.

Based on the lectures and the interactive discussions between participants and the faculty, participants made the following recommendations:

i. Level of compliance officers in some countries within the sub-region are too low for independent decision making on AML/CFT issues;

ii. Lack of a central database in each country, to assist with verification and information sharing among agencies;

iii. Limited awareness and sensitization among the staff of the institutions, and in-adequate budget allocation to AML/CFT;

iv. Limited collaboration and co-operation among agencies within the sub-region, with regards to terrorism; and

v. In-adequate whistle-blowing laws and protection for the whistle blowers, among others.

1.3.7 REGIONAL COURSE ON BANKING SUPERVISION (INTERMEDIATE LEVEL). LAGOS, NIGERIA, MAY 21 – JUNE 1, 2018

The West African Institute for Financial and Economic Management (WAIFEM), in collaboration with the College of Supervisors of West Africa Monetary Zone (WAMZ), organized a Regional Course on Banking Supervision (Intermediate Level), in Lagos, from May 21 – June 1, 2018.

The course was organised against the backdrop of the complexities in the banking sector in particular, and the financial system in general, due to globalisation and consolidation in the financial system in recent times. These developments have created regulatory gaps and high risks for the financial system, causing occasional pockets of financial crises. Consequently, soundness and stability of the financial system as a whole has become a major challenge to bank regulators and supervisors globally. As a result, there is the need to continuously train proactive supervisors and equip them with the appropriate knowledge and tools to ensure the soundness and stability of the financial system.

The course was designed to upgrade the capacity of officials in the banking supervision departments of WAIFEM member Central Banks. In particular, the course sought to provide participants with in-depth knowledge of the emerging techniques of supervision, bank licensing, preventive and prompt corrective actions (PCAs) that need to be taken to avoid bank failures.,

The following broad thematic areas were covered during the two-week course: Banking Licensing Process; Bank Failure: Causes, Prevention and Resolution; Capital and Capital Verification; Foreign Exchange Operation and Examination Process; and Consolidated Supervision, among others.

All the participants met the minimum pass requirement for the course and are eligible to participate in the advanced level course. The management of the various central banks have been notified of the performance of their officials.

Following the lectures and interactive discussions, the participants made the following recommendations:

i. A module on Financial inclusion and cyber security should be included as it is increasingly becoming a major aspect of the quasi activities of central banks to promote growth and development;

ii. The time allotted to some of the lectures should be reassessed to ensure efficient delivery; and

iii. The assessment should be changed from exam focused to a more practical assessment such as group work, case study to simulate on-site and offsite examinations as demonstration of the knowledge acquired from the training.

1.3.8 REGIONAL COURSE ON CYBER SECURITY AND STRATEGIES IN THE FINANCIAL SERVICES INDUSTRY. ACCRA, GHANA JUNE 4 – 8, 2018

The West African Institute for Financial and Economic Management (WAIFEM) organized a regional course on Cyber Security and Strategies in the Financial Services Industry in Accra, Ghana, from June 4 - 8, 2018. The opening ceremony was presided over by the Governor, Bank of Ghana (BOG), who was ably represented by Mr. Clarence Blay. Also present were the representative of the Director General of WAIFEM, Mr. Paul Mendy, and the facilitators from Deloitte and Touché, Nigeria, namely Mrs. Funmilola Odumuboni and Mrs. Sireesha Dandu.

The overall objective of the course was to expose the participants to the recent technological transformation in the financial services industry, the threats posed by cybercrimes to financial and other institutions, measures and mitigants to such treats. Specifically, the objectives were as follows:

- Discuss concepts and drivers in the financial services industry, exposure to cyber-security concepts, themes, etc., and explain the typical objectives cyber-security programmes seek to address.
- Introduction to Digital Financial solutions (Fintech, Insurtech, etc.), Cryptocurrencies / Blockchain and evaluate the impact in the financial service industry.
- Discuss cybercrime investigations and ways for combating emerging cyber threats and cyber security issues in the provision of new generation banking (bank 3.0). The security policy framework/strategy, and the accountability/corporate leadership.

The broad themes covered included the following: Concepts and drivers in the financial service industry; Exposure to security risk in providing digital finance solutions (Fintech, Insurtech etc.); Understanding Cryptocurrencies/Blockchain and its impact on the financial industry; Regulatory implications of Cryptocurrencies; and The role of the regulator in relation to cybersecurity in the financial industry, among others.

A communiqué was issued by the participants at the end of the course with the following recommendations:

➢ Policymakers and other stakeholders should be sensitized on threats of cyber-attacks and crimes and its implications to the financial service industry;

➢ Regulators should ensure they have good understanding of cyber security and the threats they pose in order to be able to proffer robust solutions to insulate the regional financial service industry from cyber-attacks;

- Banks and other financial services institutions in our sub-region should sensitize their senior management on issues of cybercrimes;
- Required Legislation and other regulations should be enacted in all of the countries in the sub region that deals with cyber security crimes and its perpetrators; and
- Composition of Boards of Director should include experts in ICT, among others.

1.3.9 REGIONAL COURSE ON MONETARY POLICY AND MACROPRUDENTIAL ANALYSIS, ABUJA, NIGERIA, JUNE 25 - 29, 2018

The West African Institute for Financial and Economic Management (WAIFEM) organised a regional course on Monetary Policy and Macro-Prudential Analysis in Abuja, Nigeria from June 25 to June 29, 2018. The main objective of the course was to upgrade the knowledge and skills of participants to effectively analyze monetary and macro-prudential policies for price and financial stability. Specifically, the course was aimed at enhancing participants' competence in: formulating monetary policies and conducting monetary operations in the stages of market development; and analyzing various macro-prudential measures that would limit the risks and costs of systemic crises.

The broad themes covered included the following: The framework of Monetary policy; Monetary policy and financial stability; Fiscal policy analysis; Detecting financial vulnerability from macro-prudential indicators; and Modelling monetary policy and macro-prudential indicators, among others.

- Following the presentations and discussions during the course, participants recommended the following:
- Creating separate Debt Management Agencies away from the Ministry of Finance should be discouraged to minimize duplication of responsibilities;
- There is need for early warning systems for the detection of crisis prior to its manifestation;
- There should be coordination between monetary and fiscal authorities in the implementation of both monetary and fiscal policies, and macro-prudential policy;
- Efforts should be directed at financial deepening to improve the sophistication of financial systems; and
- Macro-prudential policies should not focus too narrowly on insulating the larger financial institutions, while paying insufficient attention to potential vulnerabilities in the rest of the financial system, among others.

1.3.10 REGIONAL COURSE ON ECONOMIC AND FINANCIAL REPORT WRITING SKILLS AND PRESENTATION TECHNIQUES. MONROVIA, LIBERIA, JULY 16 - 20, 2018

The West African Institute for Financial and Economic Management (WAIFEM) organized a regional course on Economic and Financial Report Writing Skills and Presentation Techniques in Monrovia, Liberia from July 16 - 20, 2018.

The main objective of the course was to empower participants with the capacity to use communication as a powerful tool for job effectiveness and to enhance their competencies to structure, write and present more effective economic, financial and other reports, as well as sharpen their presentation techniques.

The following broad themes were covered during the course: Communication process; Grammar in writing; Writing skills; Spoken English practical; and Features of technical reports, among others.

A communiqué was issued by the participants at the end of the course with the following recommendations:

i. The course should continue to be offered, to keep officials of the sub-region abreast with evolving techniques and skills in technical report writing and presentation techniques.

ii. The course should be extended to other non-economists and non-financial employees in the central banks and other core economic ministries and related agencies and so on.

1.3.11 REGIONAL COURSE ON MICROFINANCE OPERATIONS AND REGULATION (FINANCIAL INCLUSION), LAGOS, NIGERIA, AUGUST 6 – 10, 2018.

The West African Institute for Financial and Economic Management (WAIFEM) organized a Regional Course on Microfinance Operations and Regulations (Financial Inclusion) in Lagos, Nigeria, from August 6 – 10, 2018.

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

The broad themes covered during the course were as follows: Development and Management of Micro Enterprises; An overview of Financial Inclusion Vehicles; Management Information System and Risk Management in MFIs; Accounting and Financial Analysis for MFIs; and Governance Issues in MFIs, among others.

The Opening Ceremony was chaired by the Director General of WAIFEM, Prof. Akpan H. Ekpo, who was ably represented by the Director of Debt Management Department, Dr. Baba Musa. In his keynote address, the Director General warmly welcomed participants and facilitators to the Institute and enjoined them to have an interactive course and an enjoyable stay at the Institute.

He stressed the importance of financial inclusion as a strategic tool to alleviate poverty and meet the goal of inclusive economic growth. Prof Ekpo said poor families would benefit by providing them with access to saving vehicles, credit and investment services, and low-cost payment mechanisms. These, in turn, allow them start and expand small-scale businesses and finally achieve financial self-reliance. He commented on the positive impact of financial inclusion on the economic wellbeing of women and noted the increase in public spending and improvement of the income generation potential among the poorest segments of the economy as part of the benefits of financial inclusion.

Following the lectures and interactive discussions, the participants made the following recommendations:

i. The time allotted to the topics should be increased to ensure efficient delivery.

ii. The course should include microfinance operators as facilitators who would further intimate regulators on the constraints and challenges faced in the course of their operations for better interactions between operators and regulators.

iii. Countries within the sub-region should come out with a highly subsidised uniform management information system platform that would be used exclusively for microfinance operations.

iv. Strategic plans in line with microfinance business should be developed and where it is not the case, sanctions should be imposed by the Regulators.

1.3.12 REGIONAL COURSE ON ADVANCED BANKING SUPERVISION AND FINANCIAL STABILITY. BANJUL, THE GAMBIA. SEPTEMBER 3 - 12, 2018

A Regional Course on Advanced Banking Supervision and Financial Stability was organized by the West African Institute for Financial and Economic Management (WAIFEM), at the Paradise Suite Hotel, Kololi, Banjul, The Gambia from September 3 to 12, 2018.

The course was designed to assist participants to appreciate the need for financial stability and enhance their ability to limit the risk of systemic failure through various reform measures. In addition, the course was also aimed at enabling participants to understand contingency planning, risk-based supervision and the mechanics of assessing financial sector vulnerability.

The following broad themes were covered during the course: Core principles in banking supervision - self assessment process and procedures: The Ghanaian experience; Basel II and Basel III: Issues and challenges; Non-bank financial institutions: The regulatory challenges; Banking and electronic/IT based examination; and Cross-border supervision, among others.

In a communiqué issued at the end of the course, the participants made the following recommendations:

i. Expose more financial sector regulators in the non-banking sector and staff of the entire financial system to the training in view of the relevance of the course;

ii. More time be allotted to plenary sessions for more discussions and exchange of country experiences;

iii. Attention should be geared towards the effective functioning of the credit bureau system;

iv. Member countries without Bank Verification Number (BVN) for their customers should do so in order to curtail money laundering and other financial crimes in the sub-region; and

v. At the wrap-up session, the participants suggested that the Level three (3) of the course should not involve written examination, rather, it should be practical with case studies of effective bank supervision processes, and presentation of reports.

1.3.13 REGIONAL COURSE ON INVESTMENT ANALYSIS, CAPITAL MARKET OPERATION AND REGULATION, ACCRA, GHANA SEPTEMBER 24 - 28, 2018

The West African Institute for Financial and Economic Management (WAIFEM) organised a regional course on Investment Analysis, Capital Market Operation and Regulation in Accra, Ghana from September 24 - 28, 2018.

The course was designed to expose participants to relevant knowledge and skills required for the smooth operation of a capital market in their various countries. Specifically, the goal was to strengthen functional approach to managing capital market operations, build capacity for managing financial market operations and enhance the regulatory skills of staff in the capital market.

The broad themes covered included: Evolution and overview of HRM; Overview of Financial Markets & Development of Stock Exchange; Capital Market Instruments and Participants; Anti- Money Laundering Measure of Capital Markets; and Legal and Regulatory Framework of Capital Markets: Ghanaian Experience; among others.

A communiqué was issued by the participants at the end of the course with the following recommendations:

i. Regulatory bodies should strengthen regulations to checkmate the unconventional ways of raising capital to discourage unfair advantages in our financial markets;

ii. The WAMZ secretariat should play a lead role in facilitating the collaboration of all sub regional countries to ensure that countries with non-existent or less developed capital markets are on the same level with countries that are ahead;

iii. The course duration should be extended to at least two (2) weeks, to enable facilitators to fully exhaust their course materials;

iv. Governments in our sub-region should create the appropriate investment climate to attract Foreign Direct Investment; and

v. Government should encourage local mobilization of savings and investments through the encouragement of capital markets.

1.3.14 WAIFEM CONDUCTS REGIONAL COURSE ON MICROFINANCE REGULATION AND SUPERVISION (LEVEL 2), OCTOBER 8 – 18, 2018

A Regional Course on Microfinance Regulation and Supervision (Level 2) was organized by the West African Institute for Financial and Economic Management (WAIFEM) on October 8 – 18, 2018 in Lagos, Nigeria. The course was designed to enable participants learn innovative strategies in the leadership and management of microfinance institutions. Specifically, the course enhanced participants' skills to analyse and adapt current best practices from varied experiences to their own situations.

The following broad themes were covered: The role of regulators and supervisors in microfinance banks; Development role of central banks through SMEs, policy analysis: case example of CBN and other central banks; Legal, regulatory and institutional framework for microfinance institutions; AML/CFT requirement in MFIs, NPO and SMEs; and Basel Core Principle for effective supervision of MFIs, among others.

The opening ceremony was chaired by Prof. Akpan H. Ekpo, the Director General of WAIFEM who stated that poverty is arguably the most challenging economic problem of our time and noted that an estimated two billion of the world's population are living under conditions of extreme poverty. Prof. Ekpo further stated that faster and sustained economic growth requires access to financial services including microfinance.

The Director General underscored the importance of microfinance in an economy and noted that failure of microfinance institutions could cause systemic failure of the financial system. He reminded participants that microfinance institutions failure could occur if a robust supervision framework to curtail excessive risk taking is not put in place. He went on to stress the importance of equipping supervisors with the tools and knowledge to confront modern challenges.

Following the lectures and interactive discussions, the participants made the following recommendations:

i. Countries who are yet to develop the National Financial Literacy Strategy should do so;

ii. There should be proper alignment of MFIs regulations to national strategies;

iii. The course should be conducted in three levels (i.e. Foundation; Intermediate and Advanced level). Such approach would further avail both the participants and facilitators sufficient time for necessary intellectual and professional interaction;

iv. The resource persons for the course should include more regulators from the sub-region; and

v. Governance of MFIs should be largely devoid of political interferences, among others.

1.3.15 WAIFEM/UNITAR E-LEARNING ADVANCED DIPLOMA COURSE IN BANKING SUPERVISION, LAGOS, NIGERIA. OCTOBER – NOVEMBER, 2018

With the increasing demand and outreach of WAIFEM's capacity building programmes, and in line with its strategic plan, the Institute in collaboration with United Nations Institute for Training and Research (UNITAR), organised an e-learning advanced diploma course in Banking Supervision. The course, which comprised five (5) modules was designed for middle - to senior level bank supervisors and officials whose duties involve risk and credit analysis as well as ensuring compliance with international financial supervision standards. It also provided an overview of how central banks and other regulatory institutions carry out supervisory responsibilities, emphasizing risk-based supervision and Basel II issues.

This was a follow-up course on banking supervision that was successfully conducted in February to April 2018. The advanced diploma helps candidates aspiring to secure academic/professional qualification in banking supervision. Admission was open to not only those who successfully completed the earlier module, but other candidates with the requisite qualifications. Experience working in relevant departments within banking institutions also served as an added advantage.

Nineteen (19) participants underwent the training in the Advanced Diploma programme. Course delivery was extremely interactive online, and materials provided on the UNITAR platform. On successful completion of the course, participants were awarded Advanced Diploma in Banking Supervision, certified and accredited by the Chartered Institute of Bankers of Nigeria (CIBN). Some benefits of the e-learning programme in banking supervision were:

- Course certified and accredited by the Chartered Institute of Bankers of Nigeria;
- Reduction in time spent away from the office to attend courses;
- Travel costs are saved and training tailored to suit participants' schedule;
- Participants can have lessons anytime, anywhere via the on-line platform; and
- Participants can control and sequence their learning, among others.

The course was delivered online with weekly discussion forum and assignments, plus weekly quiz. The course was internet-based, moderated by international/regional experts, asynchronous, and laid emphasis on online discussions, peer-to-peer review and self-paced learning. Participants were primarily responsible for their own learning over the span of the course, consisting of the following components: Compulsory and optional reading material; External links to additional books, articles, documents, and websites related to the modules; A glossary of terms and acronyms; A Quiz at the end of each module; and a Community Discussion Board available for participants to post questions or comments visible to the instructor and other participants. This discussion board was moderated by the course mentors.

1.3.16 HIGH LEVEL SEMINAR ON OPERATIONS AND SUPERVISORY CHALLENGES OF CRYPTO CURRENCY AND ITS IMPACT ON THE SUB-REGION FOR COLLEGE OF SUPERVISORS OF THE WEST AFRICAN MONETARY ZONE (CSWAMZ)

The thirty-first (31st) meeting of the College of Supervisors of the West African Monetary Zone (CSWAMZ) took place at the Akosombo (Volta) Hotel, Akosombo, Ghana, from November 19-23, 2018. Core members of the College attended the meeting. Other institutions in attendance were the Secretariat of the Commission Bancaire de l'union Monetaire Quest, the West African Institute for Financial and Economic Management (WAIFEM), The West African Monetary Agency (WAMA) and the West African Monetary Institute (WAMI).

Member States reported on joint examination exercises with the Central Bank of Nigeria in the first half of 2018 and reaffirmed the importance of the exercise in strengthening cross border banking supervision in the Zone. Discussions on the status of correspondent banking relationships in the sub-region revealed that the reduction in CBRs in the Zone has abated. The report submitted by member central banks were not materially different from the position reported during the 30th Meeting. Member States reported on the status of implementation of automated banking supervision processes - V-RegCoSS, upgrade of eFASS, IRS and other software solutions.

Following the presentations, the Chairman noted with satisfaction the efforts made by Member States to automate banking supervision processes in line with global standards. While acknowledging that Member States were at different stages and moving onward, he observed that what should be of paramount importance in the various submissions is whether or not supervisors were comfortable with the applications in terms of timeliness, robustness, data analysis and accuracy vis-a-vis carrying out various supervisory processes such as offsite examinations.

The following issues were observed from the developments in the banking sector in the region:

- Improvement in macroeconomic conditions and bright economic outlook in most countries of the Zone;
- Capital adequacy ratios that were above national benchmarks in most member countries, albeit instances of capital deficiency on the part of some banks;
- Strong post-tax profits in most countries;
- High Non-performing loans in most Member States, although banks were making strong efforts at reducing NPLs through loan loss provisioning; and
- High levels of liquidity in Member States, which were well above prudential minimum, among others.

1.4 MACROECONOMIC MANAGEMENT DEPARTMENT

1.4.0 INTRODUCTION

The Macroeconomic Management Department organized a total of 12 programmes during the period under review. The programmes benefitted 254 officials from central banks, ministries of finance, and other relevant public sector agencies. A country-wise distribution of the participants revealed that 72 participants were from Ghana (28.3 percent) followed by The Gambia 56 participants (22 percent) and Nigeria with 44 participants (17.3 percent). Liberia and Sierra Leone recorded 43 participants (16.9 percent) and 34 participants (13.4 percent) respectively, while others recorded 5 participants (2 percent).

A breakdown of participation according to institutions shows that central banks accounted for 109 participants (42.9 percent); ministries of finance and economic planning recorded 135 participants (53.1 percent); and other public sector agencies had 10 participants (3.9 percent). In terms of gender distribution, there were 189 males (74 percent) and 65 females (26 percent).

The details of the courses conducted by the Macroeconomic Management Departments are as follows:

1.4.1 WAIFEM/ATI BUILT CAPACITY ON MODELLING AND FORECASTING FOR POLICY ANALYSIS FOR SENIOR ECONOMISTS AND OTHER PROFEESIONALS (DSGE MODEL). LAGOS, NIGERIA, JANUARY 29 – FEBRUARY 2, 2018

The West African Institute for Financial and Economic Management (WAIFEM) in partnership with the African Training Institute (ATI) organised a five (5) day Regional Course on Modelling and Forecasting for Policy Analysis for Senior Economists and Other Professionals (DSGE Model) in Lagos, Nigeria, from January 29 – February 2, 2018. The course was attended by twelve (12) officials from Ghana, Nigeria, Sierra Leone, Liberia and the West African Monetary Institute (WAMI).

During the Opening ceremony, the Director General highlighted the importance of the course and indicated that it was designed to equip participants with the relevant tools for the formulation and implementation of macroeconomic and financial policies that are needed to ensure growth, stability and poverty reduction in the sub-region especially given the fact that the aftermath of the global economic crisis left the economies of many countries fragile and volatile. He entreated the participants to use the relevant tools and skills acquired during the course for the formulation and implementation of macroeconomic and financial policies that are needed to ensure growth, stability and poverty reduction in the sub-region.

The course was intended to upgrade the analytical skills of participants entrusted with the operational responsibility for preparing policy papers, statistical data, forecasts and other inputs into the policy making process. It was also expected that the knowledge gained from the course would enable participants developed techniques and procedures for monitoring periodically, movement of key economic variables and tracking the effects on macroeconomic aggregates.

The main themes covered during the course included: Introduction to a small new Keynesian model for policy analysis; CPI components and their relative prices; consistency of policy objectives and macro trends; alternative exchange rate regime; estimating long-run trends and gaps; methods in model parameterisation and assessment of model properties; and baseline and alternative forecast scenarios including risk analysis under uncertainties. There were workshops on introduction to the software and model codes; data transformation, interpretation and model calibration; model properties under different regimes; analysis of trends and model calibration; model calibration; and scenario formulation and policy analysis.

The following recommendations were made in the communiqué presented by the participants at the end of the course.

- That the course duration should be extended to at least two weeks;
- They recommended that the course modules be restructured into three parts; Theoretical Background, Practical Exercises and Policy Application; and
- Finally, they were of the view that apart from

the Ghana case study, more West African case studies should be developed to enhance participants' understanding and application of the models to their respective countries.

1.4.2 WAIFEM REGIONAL COURSE ON INTRODUCTION TO ECONOMETRIC SOFTWARE FOR POLICY ANALYSIS. LAGOS, NIGERIA. FEBRUARY 26 – MARCH - 9, 2018

The West African Institute for Financial and Economic Management (WAIFEM) organised a ten (10) day Regional Course on Introduction to Econometric Software for Policy Analysis in Lagos, Nigeria from February 26 – March 9, 2018.

The course was intended to augment the skills of participants in the use of key econometric software packages and their applications for economic analysis. Furthermore, it was aimed at building better foundation in economic research and policy analysis for managing the economies in the region by equipping participants with sound knowledge and skills on relevant econometric software. Accordingly, the course covered key areas in software packages such as; Microsoft excel (basic operations, data storage, interpretations, formulas, sorting, grouping, filtering, statistical functions, data importation and application); E-Views (basic commands, regression analysis, panel data analysis and application); STATA (basic operations, data analysis, regression analysis, interpretation and application); and SPSS (basic operations, coding primary data, data analysis, regression analysis and application). There were hands-on exercises (workshops) as well as group presentations.

- Based on the lectures, case study and the brainstorming sessions, the participants, made the following recommendations:
- To give participants more in-depth exposure to the formidable tools of the software, the participants recommended extending the duration of the course to at least four (4) weeks, or consider selecting at most two econometric software for the two (2) weeks period;
- They were of the opinion that facilitators invited for courses like this be supported by at least one (1) other facilitator who would assist participants during the practical or workshop sessions.

1.4.3 WAIFEM CONDUCTS REGIONAL SEMINAR ON INTERNATIONAL TRADE, TAXES AND POLICIES. BANJUL, THE GAMBIA, MARCH 19-23, 2018

The West African Institute for Financial and Economic Management (WAIFEM) organised a regional seminar on International Trade, Taxes and Policies in Banjul, The Gambia from March 19 – 23, 2018. The participants were drawn from The Gambia, Ghana, The Gambia and Nigeria.

The opening ceremony was chaired by the Governor of the Central Bank of The Gambia who asserted that trade and its impact on economic development in a globalised village has remained controversial especially within the realm of developing countries whose major resources are primary commodities. There have been tremendous efforts to scale up the contribution of trade to the economies within the sub-region.

He therefore stressed the need for countries in the sub-region to embrace the multilateral trading system and also improve on their participation in negotiations given the potential gains of international trade. He added the necessity for countries in our sub-region to focus attention on areas such as transportation, currencies and policy harmonization, challenges at borders, trade openness, and economic growth. He expressed the hope that at the end of the training, the participants would be in a better position to ensure good and effective formulation of trade policies that would yield optimal benefits to the countries within the sub-region.

The main objective of the seminar was to equip participants with understanding relevant issues relating to international trade, taxes and negotiations. It was also intended to upgrade the analytical skills and knowledge of participants in the formulation and implementation of good and effective external trade policies and evaluate different economic issues.

The seminar covered key areas such as; international trade theory and policy; promoting a regional common market and investment climate; fostering effective custom union and its challenges; ECOWAS and the economic partnership agreement (implications for economic and social development); and international trade negotiations and relations, among others.

The following recommendations were made in the communiqué presented by the participants at the end of the seminar.

- The participants recommended that, in future, the seminar should be divided into two levels; international level and modelling level. They advanced that whilst the first level should focus on the literature and findings on international trade and agreements, the second level should deal in depth with modelling using live sample of a country's international trade relations;
- They proposed the need to engage policy-makers (including the three arms of government) on trade negotiation capacity building programmes in order to improve on the levels of understanding of international trade protocols. If possible, negotiation teams at all levels should include experts drawn from relevant research and governmental institutions;
- They were of the opinion that National attitudinal and cultural preference changes should be introduced as a subject in the educational curriculum by each member country at all levels and in addition, basic International trade principles should be introduced as a seminar at secondary and tertiary levels;
- ECOWAS should initiate and facilitate mobilization of funds from member countries for the establishment of manufacturing plants in the region and create backward relationships between industries and economies that depend largely on primary product supplies; and
- ECOWAS should endeavour to bring civil society organizations together as a block to avoid conflict of interest with national governments in a bid to mutually promote national interest in international trade negotiations and agreements, among others.

1.4.4 WAIFEM BUILDS CAPACITY ON MONETARY OPERATIONS, LIQUIDITY MANAGEMENT AND FORECASTING. FREETOWN, SIERRA LEONE, APRIL 16 - 20 2018

The West African Institute for Financial and Economic Management (WAIFEM) organised a regional course on Monetary Operations, Liquidity Management and Forecasting in Freetown, Sierra Leone from April 16 - 20, 2018. The participants were drawn from The Gambia, Ghana, Sierra Leone and Nigeria.

In his keynote address, the Governor, explained how central banks implement monetary policy through the control of the level of liquidity that is consistent with a non-inflationary output growth. He maintained that liquidity management entails the management of central bank's balance sheet through monetary operations to steer monetary and liquidity conditions towards the attainment of the target for inflation.

The Governor reiterated that monetary and fiscal policies are important short-term demand management tools utilized by policy makers of modern market economies to drive their economies on desired path of economic growth. He added that liquidity management could help to avoid expenditure over-runs and escalating domestic debt. In his conclusion, the Governor highlighted the relevance of the topics outlined in the programme and encouraged participants to make maximum use of the opportunity and resources provided.

The objective of the course was firstly to expose participants to liquidity management and the associated risks; how to mitigate liquidity management risks and liquidity forecasting. Furthermore, it was intended to expose participants to liquidity management and forecasting techniques that will enable them to improve on their liquidity management skills for safe and sound banking operations in the member countries.

The course was designed to cover key topics such as: Framework for Liquidity Management; Money Markets and Monetary Policy instruments and Regulatory framework; Monetary Policy and Central Bank Liquidity-Sierra: Leone Case; Measurement and Management of Liquidity Risks; and Bank Investment and Liquidity management, among others.

The following recommendations were made in the communiqué presented by the participants at the end of the course.

- Internet service quality and availability need to be improved; and
- There should be gender considerations in the choice of facilitators.

1.4.5 WAIFEM CONDUCTS REGIONAL COURSE ON ECONOMETRIC METHODS FOR POLICY ANALYSIS. LAGOS, NIGERIA, MAY 7 – 18, 2018,

The West African Institute for Financial and Economic Management (WAIFEM) organised a ten (10) day regional course on Econometric Methods for Policy Analysis in Lagos, Nigeria, from May 7 - 18, 2018. The principal objective of the course was to prepare participants on the use of theoretical and applied econometrics tools to formulate, analyse and inform policies.

The opening ceremony was chaired by the Director General of WAIFEM, Prof. Akpan H. Ekpo, who was ably represented by the Director, Debt Management Department, Mr. Baba Y. Musa. Dr. Kwasi Osei-Yeboah, Head, Financial Market and Financial Stability Faculty, Bank of Ghana (BoG), represented the facilitators.

The course covered the following themes:

- Univariate time series modelling and forecasting;
- Multivariate models: Vector Auto-Regressive (VAR) model;
- Multivariate models: Simultaneous equation model;
- Modelling long-run relationship: Co-integration and equilibrium correction; and
- Survey research methodology, among others.

Based on the lectures, workshops and the discussion sessions, the participants made the following recommendations:

- Either the duration of the program is extended by one week or the content reduced;
- That facilitators are encouraged to simplify some of the technical issues in the course content because the pre-requisite to participate is that you do not require any prior knowledge in econometrics;
- That facilitators should be given an addition support staff to assist participants with hands on assignments, among others.

1.4.6 WAIFEM BUILT CAPACITY ON PUBLIC FINANCIAL MANAGEMENT: BUDGETING, PLANNING AND PERFORMANCE. MONROVIA, LIBERIA, JUNE 11 – 20, 2018

The West African Institute for Financial and Economic Management (WAIFEM) organised an eight (8) day regional course on Macroeconomic and Public Financial Management: Debt, Budgeting, Planning and Performance from June 11 – 20, 2018. The venue for the course was at the Auditorium of the Central Bank of Liberia.

The opening ceremony was chaired by the Executive Governor of the Central Bank of Liberia, Hon. Milton A. Weeks who was ably represented by Dr, Mounir Siaplay, the Deputy Governor for Economic Policy. The Chairman welcomed the participants to the course and stressed the need for proper and sound macroeconomic management so as to engender poverty reduction and sustain social equity within the sub region. He noted that in the past, poor macroeconomic management had impaired investment and further disrupted development programmes.

He, further, noted that the current challenges confronting modern budgeting and planning system in Ministries, Departments and Agencies (MDAs) are enormous. Notably among them are lack of information to facilitate budget; poor integration of the public sector policy making; budget overruns; non-involvement of communities or stakeholders in budget preparations and poor budget implementation as well as inadequate monitoring of programmes after implementation. He, therefore, enjoined the participants to design effective ways of addressing these challenges.

The course was designed to provide participants with an understanding of how Public Financial Management fits into the macroeconomic framework by exposing the participants to how public financial management require different forms of public accounting, learning the techniques of budget formulation and the budget process, understanding costs and the different ways of measuring them and how costs are used in budgets and applying ideas about accounting to the production of various forms of account for public services and public funds.

The main topics discussed during the course included the following: Planning, budgeting and financial management in public sector; planning, budgeting and expenditure control in the public sector – case study of Nigeria; managing expenditure: Cash planning and management; programme and performance management; and the role of fiscal policy; among others.

The following recommendations were made in the communiqué presented by the participants at the end of the course.

i. That there is the need for greater policy coordination between the monetary and fiscal authorities so as to achieve the major macroeconomic policy objectives of non-inflationary stable growth by both authorities;

ii. That for the Central Bank to strengthen the efficacy of monetary policy implementation, it must strive to contain the perennial liquidity surfeit in the financial system;

iii. That the top executive management of both the monetary and fiscal authorities should introduce and institutionalize a quarterly forum for executive Coordination of monetary and fiscal policies. A half-yearly forum of Directors from relevant monetary and fiscal agencies was also advocated;

iv. That those national governments should fast track the process of embracing inclusive growth in their budgetary framework in order to avert occurrence of shadow economy, among others; and

v. That of all the modes of financing budget deficit, member countries should preferably adopt the use of bond instrument because it is less inflationary, among others.

1.4.7 WAIFEM COLLABORATES WITH THE IMF TO ORGANISED A REGIONAL COURSE ON BALANCE OF PAYMENTS AND INTERNATIONAL INVESTMENTS POSITION (IIP) STATISTICS. BANJUL, THE GAMBIA, JULY 2 - 13, 2018

The West African Institute for Financial and Economic Management (WAIFEM) in collaboration with the Statistics Department of the International Monetary Fund (IMF) organised a two-week regional course on Balance of Payments and International Investments (IIP) Statistics in Banjul, The Gambia, from July 2 - 13, 2018. The objective of the course was to strengthen the balance of payments unit in member countries in the West African region.

In his keynote address, the Governor of the Central Bank of The Gambia, on behalf of the President and the people of The Gambia, welcomed the participants and the resource persons from the IMF to The Gambia. The Governor also used the occasion to express his profound appreciation to the IMF and WAIFEM for organizing the training. He stressed the importance of the course stating that policymakers, public institutions and private sector analysts rely on these statistics to make decisions that affect both the domestic and international economies. He opined that external sector statistics, which consist of the balance of payments and other statistics, are among the primary statistics on which policy-making bodies and markets rely for their decisions in the global economy. BOP records the value of a country's transaction with the rest of the world in goods, services, income and transfers as well as changes in claims on and liabilities. He indicated that a deficit in the current account implies that the value of its imports is in excess of the value of its exports which results to financing to maintain balance in the balance of payments.

On behalf of the IMF, the lead resource person, Mr. Antonio Galacia-Escotto extended his gratitude to the Government and the good people of The Gambia for hosting the course. He also commended WAIFEM for the level of support in developing capacity of member countries. He provided a brief history of the Statistics Department of the IMF and the importance of technical assistance and capacity development the Department has provided. Mr. Antonio informed the participants that the selected topics for the course are relevant for the region and that the course will prepare participants for better understanding of BOP statistics and other published data. He quoted that "data has gained prominence as a vital building block for making sound policy". He concluded that without reliable and timely economic data, the world would be wandering in the dark; making decisions on the basis of anecdotes, gut feelings, or worse.

Central to the objectives for the ten-day course was to acquaint participants with the revised Balance of Payments Manual (BPM6). The course was intended to upgrade the knowledge and skills of participants in the compilation of balance of payments and the systems of national accounts and the inter-linkages between sectoral accounts. The basic concepts, accounting principles and methods of compilation/classification were examined within the context of the new Balance of Payments and International Investment Position Manual, Sixth edition (BPM6).

Accordingly, the course was designed to cover a number of key topics such as: Conceptual Framework and Core Accounting Principles; Financial Instruments and Functional Categories in BPM6; Goods Account; Service Account; Primary Income Account, and Secondary Income and Capital Accounts, among others.

Based on the lectures and the discussion sessions, the participants made the following recommendations:

- More time should be devoted to lecturing the BOP using basic concept and application and more examples and practice in compiling and analyzing BOP data;
- They suggested more time to be allocated to the workshops to allow participants to have a better understanding of the course content.
- The recurring challenges with the use of internet facilities should be addressed in both the classrooms and hostels to ensure participants take full access to enhance their knowledge and competence during the course.

1.4.8 WAIFEM REGIONAL COURSE ON PROJECT APPRAISAL FOR ECONOMIC MANAGEMENT. ABUJA, NIGERIA AUGUST 6-10, 2018

The West African Institute for Financial and Economic Management (WAIFEM), organised a Regional Course on Project Appraisal for Economic Management in Abuja, Nigeria, from August 6-10, 2018. The course was attended by participants from The Gambia, Nigeria, Sierra Leone, Liberia and Ghana.

The opening ceremony was chaired by Dr. Okon J. Umoh, Senior Programme Manager, Macroeconomic Management Department, who represented the Director General, WAIFEM. Other dignitaries present at the ceremony were Dr. (Mrs.) UduakObong Inam (facilitator) and Mrs. Uzoma Akudo, Programme Coordinator, Capacity Development Department, International Training Institute, Central Bank of Nigeria as well as members of the press.

The objective of the course was to enhance the skills and capacities of participants in the sub-region to effectively appraise projects for economic policy analysis and management. The following topics were covered during the training program: Overview of Project Appraisal; Stages in Development of Feasibility Studies and project cycles; Project valuation and Investment Criteria; Development of Cash Flow Statements; and Economic and Financial Appraisal including Social Cost-Benefit Analysis, among others.

The following recommendations were proposed by participants:

i. Ensure that the content of future courses follows similar direction;

ii. Encourage facilitators to introduce end of topic quizzes to assess the level of concentration of participants, where applicable;

iii. Encourage facilitators to sustain class interactions and experience sharing during lectures;

iv. Governments in ECOWAS should ensure that projects are properly designed, appraised, implemented, monitored and evaluated to derive optimal benefits; and

v. Government should design socially oriented programmes and projects specifically aimed at reducing poverty.

1.4.9 WAIFEM/ATI REGIONAL COURSE ON MODELLING AND FORECASTING FOR POLICY ANALYSIS FOR SENIOR ECONOMISTS AND OTHER PROFEESIONALS (DSGE MODEL). LAGOS, NIGERIA. SEPTEMBER 3 - 14, 2018

The West African Institute for Financial and Economic Management (WAIFEM) in partnership with the African Training Institute organised a ten-day Regional Course on Modelling and Forecasting for Policy Analysis for Senior Economists and Other Professionals (DSGE Model) in Lagos, Nigeria, from September 3 -

14, 2018. The course was attended by thirteen (13) officials from The Gambia, Ghana, Nigeria, Sierra Leone, Liberia and the West African Monetary Institute (WAMI).

On the importance of the course, the Director General indicated that the course was designed to equip participants with the relevant tools for the formulation and implementation of macroeconomic and financial policies that are needed to ensure growth, stability and poverty reduction in the sub-region, especially given the fact that the aftermath of the global economic crisis left the economies of many countries fragile and volatile. He entreated the participants to use the relevant tools and skills acquired during the course for the formulation and implementation of macroeconomic and financial policies that are needed to ensure growth, stability and poverty reduction in the sub-region.

The course was intended to upgrade the analytical skills of participants entrusted with the operational responsibility for preparing policy papers, statistical data, forecasts and other inputs into the policy making process. It was also expected that the knowledge gained from the course would enable participants developed techniques and procedures for monitoring periodically, movement of key economic variables and tracking the effects on macroeconomic aggregates.

The key areas covered in the course included: Introduction to Dynamic General Equilibrium Models (DSGE); Primer on Economic Modelling and Winsolve; Simple General Equilibrium Model: Applications in Winsolve; Micro-foundations of the New Keynesian Model for Monetary Policy; and Modelling for Monetary Policy: Applications in Winsolve; Introduction to Matlab and Dynare, among others.

At the end of the course, the participants recommended that a separate course on econometric software coding and programming should be introduced by WIAFEM, as this would further expose researchers to the advantages of programming during policy simulation and analysis.

1.4.10 WAIFEM CONDUCTS REGIONAL COURSE ON MONETARY POLICY. ACCRA, GHANA. SEPTEMBER 24 – OCTOBER 5, 2018

The West African Institute for Financial and Economic Management (WAIFEM) organised a Regional Course on Monetary Policy in Accra, Ghana, from September 24 – October 5, 2018. The course was attended by participants from The Gambia, Nigeria, Sierra Leone, Liberia, Ghana, West African Monetary Institute (WAMI) and West African Fiscal Institute (WAFI).

The main aim of the course was to enable participants to understand how Monetary Policy decisions are implemented under various regimes to attain price stability, identify how these decisions are transmitted to the real sector, as well as evaluate how monetary policy and the economy respond to macroeconomic shocks under various monetary policy frameworks. It was also intended to enable participants design sound monetary policy framework and prescribe appropriate policies consistent with the chosen framework.

The following topics were covered during the training program: Introductory Lecture on the Role of Monetary Policy in Macroeconomic Stabilization; Institutional Frameworks, Goals and links with other Policies; Main Concepts and Measurements used in Monetary Policy Analysis; Monetary Policy Transmission Mechanism (MTM); and Operational Framework Of Monetary Policy, among others.

The Workshop sessions were centred on: Monetary Policy in Reserve Money and Flexible Money Targeting and Evolving Regimes and Monetary Policy in Inflation Targeting (IT) Regimes. The case Studies focused on: Monetary Policy in Managed Exchange Rate Regimes and Monetary Policy, Financial Stability and Macro-prudential Policy.

Participants proffered the following recommendations:

i. Participants should be given access to all relevant course materials prior to the commencement of courses so that they can be adequately prepared and actively participate in class discussions.

ii. In the light of (i) above, they pleaded with WAIFEM to consider the cloud-based approach to storage of course materials that all participants could tap into. This will be in synch with the IMF's approach to reaching participants.

iii. Participants were of the view that accommodation should be provided by WAIFEM for all participants of host countries in subsequent programmes in order to avoid early morning hassles in traffic. This will not only encourage regularity and punctuality; it would also encourage strong interaction among participants.

iv. WAIFEM should consider the inclusion of fiscal policy content in subsequent Monetary Policy courses.

v. In order to fully appreciate the linkage between the theoretical presentation and the practical work, there should be hands-on demonstration of theoretical presentations. This can be done by analysing data using case studies and statistical software applications.

1.4.11 WAIFEM/IMF REGIONAL COURSE ON FINANCIAL PROGRAMMING AND POLICIES. ACCRA, GHANA. OCTOBER 8 – 19, 2018

The West African Institute for Financial and Economic Management (WAIFEM) in partnership the International Monetary Fund (IMF) Institute for Capacity Development (ICD) organised a two-week regional course on Financial Programming and Policies held at the ERATA Hotel in Accra, Ghana from October 8 - 19, 2018. The course was attended by 24 participants from central banks, ministries of finance, revenue authorities, the West Africa Fiscal Institute and the West African Monetary Institute. The member countries represented at the course were Ghana, The Gambia, Liberia, Nigeria and Sierra-Leone.

The main themes covered during the course included: Introduction to financial programming; interrelations among macroeconomic accounts; overview of macroeconomic adjustment and structural reforms; output, expenditure, and price analysis and forecasting; and sources of economic growth, among others.

The following recommendations were made in the communiqué presented by the participants at the end of the course.

a) Pro-cyclical and discretionary fiscal policies within the context of unconditional policy rule, should be discouraged to propel a buoyant macroeconomic environment conducive enough to help cushion any shock emanating from the external centre.

b) Addressing these imbalances requires a comprehensive set of coordinated policy measures, aimed at achieving specified economic objectives over a targeted period of time.

c) There is the need to re-think a set of coherent policies that cut across the four sectors; demand and supply management policies as well as expenditure switching and macro-prudential policies. Structural reforms are also needed to improve resource allocation and increase productivity.

d) Authorities should ensure that deeper understanding of the direction of the current policy, planning, prioritization, budgeting, implementation and monitoring processes are consistent with national development outcomes.

e) The course should be divided into two sessions namely: basic introduction to the compilation and analysis of the macroeconomic accounts. Secondly, synchronization of the macroeconomic accounts, in the main, to ensure the inter-linkages of the various accounts, among others.

1.4.12 REGIONAL COURSE ON DOMESTIC RESOURCE MOBILIZATION AND ECONOMIC MANAGEMENT. BANJUL, THE GAMBIA. NOVEMBER 19 - 23, 2018

The West African Institute for Financial and Economic Management (WAIFEM) organised a one-week regional course on Domestic Resource Mobilization and Economic Management in Banjul, The Gambia, from November 19 - 23, 2018. The course was intended to strengthen the formulation of policy reforms aim at enhancing domestic resource mobilization among the member countries in the West African region.

The opening ceremony was chaired by Honourable Bakary Jammeh, Governor, Central Bank of The Gambia, who was ably represented by Mr. Essa Drammeh, the 2nd Deputy Governor, Central Bank of The Gambia. Other dignitaries were Mr. Emmanuel Owusu-Afriyie, Director, Macroeconomic Management Department, WAIFEM; Mr. Bai Sengha, Director Microfinance Department, Central Bank of The Gambia; Mrs. Fatou Deen Touray, 2nd Director, Microfinance Department, Central Bank of The Gambia; and

Mr. Karamo Jawara, Director, Banking Department, Central Bank of The Gambia.

In his keynote address, the Governor of the Central Bank of The Gambia, on behalf of the President and the people of The Gambia, welcomed the participants and the resource persons to The Gambia. The Governor used the occasion to express his profound appreciation to WAIFEM for organizing the training in The Gambia. He stressed that macroeconomic management involves the formulation and monitoring of macroeconomic policy analyses and the projections of the key sectors of an economy, namely the real, fiscal, monetary and external sectors. He further indicated that to achieve a balanced macroeconomic management requires prudent public expenditures and robust domestic revenue mobilization; making the course very timely for all participatory countries.

The main objective of the course was to equip participants with the required skills and knowledge to enable them formulate effective policy reforms aimed at enhancing domestic resource mobilization for financing projects and programmes for sustainable economic development. It was intended to expose participants to first-hand knowledge of the challenges associated with mobilization of resources to finance key infrastructure projects. The course was also intended to enhance and deepen participants' techniques needed to identify tax revenue potentials and revenue forecasting.

Accordingly, the course covered key topics: overview of domestic resource mobilization and economic management; financial market (capital and money markets); domestic resource mobilization (domestic savings, sovereign wealth funds, remittances, diaspora bonds (Public and Private Partnership); domestic resource mobilization and sustainable development (government debt, insurance, etc.); tax policy and administration; types of taxes in West Africa (direct, indirect, etc. trend); and gender and domestic resource mobilization, among others.

The course was facilitated by the WAIFEM faculty, academicians, tax consultants and practitioners from Central Banks in the sub-region. A total of twenty (20) participants of middle / senior / executive status from The Gambia, Ghana, Liberia and Sierra Leone attended the course. The Institutions represented were Central Banks, Ministries of Finance, Revenue Authorities, Gambia Bureau of Statistics and ECOWAS commission.

Based on the lectures and the discussion sessions, the participants made the following recommendations:

- The need to increase the duration of the course to accommodate the coverage of the lecture materials and enhance better understanding of the concepts of the subject matters; and
- Give participants enough time to work through the practical exercises to allow better understanding of the course content.

1.5 BUSINESS DEVELOPMENT AND CONSULTANCY UNIT

1.5.0 INTRODUCTION

The Business Development Unit organized a total of 17 programmes in 2018. The programmes benefitted 295 officials from central banks, commercial banks, ministries of finance and other relevant public and private sector agencies. A country-wise distribution of participants revealed that 94 participants were from Nigeria (31.9 percent) followed by Ghana with 79 participants (26.8 percent) and Liberia with 49 participants (16.6 percent). The others included Sierra Leone with 49 participants (15.9 percent); The Gambia with 24 participants (8.1 percent) while others, 2 participants (0.7 percent).

A breakdown of participation according to institutions shows that other public sector agencies recorded 161 participants (54.6 percent) followed by central banks with 63 participants (21.4 percent); private sector with 45 participants (15.3 percent) and ministries of finance with 26 participants (8.8 percent). In terms of gender distribution, there were 168 males (56.9 percent) and 127 females (43.1 percent). The details of the courses conducted by the Business Development Unit are as follows:

1.5.1 COURSE ON LOAN SELECTION TECHNIQUES, BILL COSTING AND PUBLIC DEBT MANAGEMENT. LAGOS, NIGERIA. FEBRUARY 5 – 15, 2018

The Business Development and Consultancy Unit of the West African Institute for Financial and Economic Management (WAIFEM) organised a Course on Loan Selection Techniques, Bill Costing and Public Debt Management, Lagos, Nigeria for Parliamentarians of Ghana from February 5 – 15, 2018. The course took place at the Central Bank of Nigeria Learning Centre, Lagos.

The course was designed among others, to help officials of the budget office to sharpen their skills and help the Ghanaian Parliament in achieving its financial mandates prudently. The course upgraded the analytical skills of participants to: Thoroughly analyze loan proposals that are put before Parliament; Able to scrutinize the terms of loans and advice on its suitability and recommend modification(s) where necessary; Cost bills which are tabled in the Parliament and how to identify money bills; Relate Fiscal policies to the macro- economic analysis outputs; and Provide a guideline of ensuring that most borrowing contracted for projects will yield high rate of return while maintaining the Ghana's debt sustainability.

The themes covered during the course include the following: Examining Public Spending-Estimates Review: A Guide for Parliamentarians and the Legislative Budget Officers; Project Evaluation; Methods of Loan Valuation and Accounting; Debt Dynamics and Development Finance; and Key Elements of Sound PDM Legal Frameworks, among others.

Following the five-day intensive and interactive discussions, the following recommendations were made:

- There should be opportunity for employees from other relevant departments in Parliament of Ghana to have more gainful knowledge about current developments in MTDS, DSA, DPA, external debt statistics, fiscal policy, monetary policy, and macroeconomic management analysis.
- It is also imperative that capacities of legislators and staff be built to understand the technicalities involved in loan acquisition.
- There should be a special training of trainer's course for participants.
- There should be a special advanced training course for the future practitioners.
- The WAIFEM staff should extend their wealth of experience to non-member countries both Anglophone and francophone, mainly African countries faced with economic instability.

1.5.2 WAIFEM BUILT CAPACITY ON BITCOIN, CRYPTOCURRENCIES AND DATA SECURITY. DUBAI, UNITED ARAB EMIRATES. FEBRUARY 7 – 10, 2018

The Business Development and Consultancy Unit of the West African Institute for Financial and Economic Management (WAIFEM) organised a High-Level Workshop on Bitcoin, Cryptocurrencies and Data Security, at the Grand Excelsior Hotel, Dubai, United Arab Emirates from February 7 – 10, 2018.

The objective of the three-day seminar was to

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bring together participants from within the West African Anglophone region to understand and articulate a way forward on the issue of Cryptocurrencies. The broad themes covered during the course include:

- The anatomy of Crypto Currency and the emergence of Bitcoin;
- The Blockchain technology in finance: prospects, challenges and opportunities;
- Central Banking and Cryptocurrencies: the real threats, prospects and future technology;
- Payments channels that go faster than lightening: the world of FinTechs and why Central Banks must be involved; and
- Current and emerging threats in data security in the Financial service industry: prevention and detection, among others.

At the end of the course, the participants made recommendations as follows:

1) Central Banks and other Regulatory agencies in the financial sector need to take a position on a way forward as a matter of urgency. Since the Cryptocurrencies and Bitcoin phenomenon has implications for AML and other regulatory matters such as consumer protection, prudential safety, taxation, IT security, etc., central banks should work with a clear definition of the Cryptocurrency and come up with an appropriate workable framework; and

2) It is imperative to put in place effective mechanism for monitoring by Central Banks.

1.5.3 WAIFEM CONDUCTS COURSE ON WORKS ORGANISATION AND EFFECTIVE MANAGEMENT SKILLS. LAGOS, NIGERIA. FEBRUARY 20 – 22, 2018

The West African Institute for Financial and Economic Management (WAIFEM) organised a course on Work Organisation and Effective Management Skills from February 20 - 22, 2018 at the Central Bank of Nigeria Learning Centre, Lagos.

The objective of the course was to expose participants to new tools with high productivity task systems and templates and techniques for work organization in the office, while building capacity in areas critical to developing effective management skills such as basic ideas to cut workload, streamline stress, and manage resources effectively.

The themes covered during the course include the following:

- Defining the terms productivity,
- Being organized, effectiveness in today's workplace;
- Debunking myths and getting rid of antiquated tools;
- The power of systemizing work: thinking it through once and working the work;
- Distressing to eliminate productivity loss;

The participants made the following recommendations at the end of the course:

- WAIFEM should organise the course bi-annually for PAs, EAs and Administrative assistances.
- WAIFEM should consider increasing the learning period or days.
- Participants will appreciate a day set aside for excursion.

1.5.4 WAIFEM CONDUCTS COURSE ON OPERATIONAL RISK MANAGEMENT AND ADVANCED RISK-BASED AUDITING. MONROVIA, LIBERIA. APRIL 10 – 13, 2018

The Business Development and Consultancy Unit of the West African Institute for Financial and Economic Management (WAIFEM) organized a Course on Operational Risk Management and Advanced Risk-Based Auditing in Monrovia, Liberia from April 10 – 13, 2018.

The objectives of the course were to upscale participants understanding of operational risk management within an organisation and produce competent auditors with good knowledge of risk-based auditing; increase participants' acquaintances in accomplishing the internal audit objectives of their organisations, save resources, and make audit planning easier. The broad themes covered during the course includes: Risk Based Supervision and Risk Management Processes; Operational Risk and Measuring Risk Inherent; Early Warning Indicators as They Relate to Organization: The Case Of Conventional Banks; Risk And

Governance; and Business Risk Management Principles, Tools And Methodologies.

Following the four-day intensive and interactive discussions, the following recommendations were made:

- Participant should be conveyed from the airport to locations if possible.
- WAIFEM through the various central bank should make sure that the importance of operational risk management and risk based audit is escalated at the respective countries' institutions at board level
- WAIFEM should recommend participants who have attended the operational risk course to continue with the follow-up advance course to further enhance knowledge in risk management

1.5.5 COURSE ON ADVANCED RISK MANAGEMENT AND RISK-BASED AUDITING. MONROVIA, LIBERIA, APRIL 17 – 20, 2018

The Business Development and Consultancy Unit of the West African Institute for Financial and Economic Management (WAIFEM) organised a course on Advanced Risk-Based Auditing and Management in Monrovia, Liberia from April 17 – 20, 2018.

During the opening ceremony ,the Director General, Prof. Akpan Ekpo indicated that advanced risk management in an organisation engenders audit functions that are able to focus efforts towards the most significant risk in the organisation in order to concentrate limited resources on issues which drive business goals and aspirations with sound system of internal control. He further maintained that advanced risk-based management exposes auditors and other professionals in the field of risk management to broader understanding of the dynamics of risk-based services in organisations as they evolve in strategies, systems, processes and methodologies to manage and respond to the ever changing business environment and auditing challenges.

The course main objective was to upscale the competencies of participants with good knowledge of advanced management and risk-based auditing, while also upgrading their skills in entrenching effective control measures prudently.

The broad themes covered during the course include: Overview of Risk and Need for Advanced Risk Techniques; Techniques of Measuring Risk and Returns of Portfolios; Evolution of Risk Management: Basel I, II, and III and Impact on Financial Services; Operational Risk Capital Allocation; and Liquidity Risk and Liquidity Contingency Planning

It is therefore recommended that:

- There should be opportunity provided to employees from other institutions within the sector to have more gainful knowledge about current developments in Risk management, internal control and corporate governance.
- It is also imperative that capacities of public and private sector staff be built to enable them understand the technicalities involved in risk management and internal control.
- There should be a special training of trainer's course for participants.
- There should be a special advanced training course for the future practitioners.
- WAIFEM should extend their wealth of experience to non-member countries, mainly African countries faced with economic instability as the result of lack of proper planning and lack of proper risk management and internal control structure.

1.5.6 WAIFEM CONDUCTS COURSE ON NEW FRONTIERS IN RISK MODELING AND ANALYSIS, MONROVIA, LIBERIA, APRIL 24 – 27, 2018

The West African Institute for Financial and Economic Management (WAIFEM) organized a course on New Frontiers in Risk Modeling and Analysis from April 24 - 27, 2018 in Monrovia, Liberia.

In a brief comment on the importance of the course, Prof. Akpan Ekpo, noted that Risk management has undergone a refocusing in recent times in trying to make its techniques and processes more adaptable to the dynamism of business and the economy, and for the processes to be more responsive to risk modeling and analysis. He, however, described risk analysis as the process of defining and analyzing the dangers to individuals, business and government agencies posed by potential natural and human-related adverse events. The Director General of WAIFEM, Prof. Ekpo also added that risk models are applicable to many types of risk, whether to understand the risk to achieving broad strategic objectives or provide answers to specific questions. He concluded that Risk Modeling would help organizations determine their level of risk tolerance and evaluate how to build resilience into their systems to be able to withstand various impacts.

The course was designed among others, to bring participants up to speed with the frontiers in risk modelling and analysis with full attention on how Monte Carlo simulation spreadsheet soft-ware and Ms-Excel can be applied in banking risk management.

The themes covered during the course were in two parts and these included the following: Introduction to Key Risk; Uncertainty and the Use of Monte Carlo Simulation; Application of Monte Carlo Simulation in Risk Management; Building and Running Simulation of Credit Risk Models; and Building and Running Simulation of Credit Risk (Var) Models

1.5.7 COURSE ON INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS). ABUJA, NIGERIA. JUNE 11 – 16, 2018

The West African Institute for Financial and Economic Management (WAIFEM) organised a course on Course on International Financial Reporting Standards and International Public Sector Accounting Standards (IFRS & IPSAS) in Abuja, Nigeria. The course was held at the Central Bank of Nigeria International Training Centre – Abuja from June 11 – 16, 2018. .

The broad themes covered during the course included: The need for international/uniform reporting standard; overview of current accounting standards – its application, strength and weaknesses; introduction of IFRS, concepts, roadmaps and challenges; framework for the preparation of financial statements; the merits of IFRS over current accounting standards; presentation of financial statements;

IPSAS technical topics offered during the training included: First Time Adoption, Transition and Implementation; The Role of the IPSASB; Overview of Accruals Basis of IPSAS; IPSAS Technical Update; and IPSAS vs. IFRS Comparison; IPSAS – Financial Instruments, among others.

Following the six-day intensive and interactive sessions, the following recommendations were made, that:

- There should be proper time allocation for the training or selection of topical issues and or standards for discussions for IFRS and IPSAS.
- There should be a mixture of Academia and Industry players to ensure a richer discussion in respect of IFRS presentations in particular.
- Soft copies of training materials and presentations should be given to participants after the first day of training.
- A separate area should be allocated for resource person who may not be presenting in order to reduce movements and whispering, phone calls etc.

1.5.8 WAIFEM IN COLLABORATION WITH CONDUCTS REGIONAL COURSE ON MONEY MARKET REPORTING FOR FINANCIAL ANALYSTS. ABUJA, NIGERIA. JUNE 11 – 16, 2018

The West African Institute for Financial and Economic Management (WAIFEM) in collaboration with Centre for Financial Journalism and sponsored by African Capacity Building Foundation (ACBF) jointly organised a Regional Course on Money Market Reporting for Financial Analysts in June, Nigeria from June 11 – 16, 2018. The course was attended by participants from The Gambia, Ghana, Togo, Liberia, Nigeria, Senegal, Sierra Leone, and the academia.

Reporting the money market has become a herculean task not only for experienced financial analysts, no thanks to the sophistication of the market. Financial analysts who have the constitutional responsibility to analyse and report the money market activities for policy making and financial inclusion learnt recent and trending developments in the sector and the use of new jargons. Overcoming such challenges require that capacity is not only built to bridge the gap, but that financial analysts in the sub-region required to be trained and retrained to keep pace with developments in the markets regionally and internationally.

The course was designed to help financial analysts improve their knowledge and understanding of developments in the money market and how it functions, and to sharpen their analytical and reporting skills. Further, the course was also to help bridge the gaps among financial analysts in the sub-region and share knowledge of country experiences of money market development.

The broad themes covered included the following: The Macroeconomy; Economic Terms and their meaning; The Money Market; Regulators of the Money Market; and Operators in the Money Market. Following the presentations and discussions during the course, participants recommended that:

- The economic growth reportedly achieved by member-nations of the West African sub-region over the years have not been inclusive as it has not translated to poverty reduction, increases in employment opportunities and incomes.
- Corruption has eaten deep into the very fabrics of the society. It has permeated every sector of the economy. The rate of corrupt practices in government ministries, departments and agencies is gaining alarming heights. This is an inhibiting factor to sustainable growth and development in the region.
- The subregion is characterized by very weak and highly undeveloped institutions. This is has hampered the growth and development.
- The apparent lack of synergy, cooperation and coordination of government ministries, departments and agencies is a threat to the successful implementation of government plans and projects.
- Despite the lofty growth and development plans of successive governments in the region, government officials and the political class lack the political will and sincerity to drive government plans and projects to full implementation for the benefit of the citizenry.

1.5.9 WAIFEM STRATEGIC WORKSHOP ON GENDER, NATIONAL ACCOUNTS AND THE ECONOMY. ACCRA, GHANA. JUNE 26 – JULY 2, 2018

The West African Institute for Financial and Economic Management (WAIFEM) held a strategic workshop on Gender, National Accounts and the Economy at the Erata Hotel, Accra, Ghana, from June 26 – July 2, 2018). The workshop was sponsored by the African Capacity Building Foundation (ACBF).

The representative of the Executive Secretary of the ACBF, Mr. Dickson Antwi, also gave his remarks. He touched on the role and activities of ACBF, partners funded by ACBF including WAIFEM, outcome and output expected from the workshop, the need for a joint Anglophone and Francophone workshop by WAIFEM and creation of a WhatsApp group for effective post workshop networking by the participants, the facilitators, and the organisers.

The main objective of the course was generally to build capacities of national accountants, policy analysts, and development advocates in the collection, analysis and integration of time-series data and statistics in National accounts and National Budgets. The training was also to provide participants the context, methodologies and tools for generating and utilizing time-use gender disaggregated data and information on NMW.

Some of the themes covered during the course include the following: Concepts and Management of the Economy; Gender Issues in National Income Accounting; Concepts and guide on practices in "Time-use Studies" as an important tool for capturing NMW; Market and Non-market Output; and Methods for Monetary Valuation of Non-Market Work and Construction.

Twenty-eight topics were presented by renowned and experienced facilitators throughout the seven days of the workshop, as well as country experiences by participants. Following the presentations and discussions during the course, participants recommended that:

- Gender-responsive budgeting (GRB) initiative remains an ambitious element of any PFM reform and its support by governments and other stakeholders with long-term perspective and commitment can help overcome challenges (lack of sex disaggregated data, low level of awareness, etc.).
- Estimates on the values of Non-market work (NMW) could be best approached in a satellite account framework.
- WAIFEM should advocate for governments of WAMI constituent countries to:

(a) Create standard measuring tools and framework to analyse unpaid work.

(b) Ensure consistent promotion of Non-market Work (NMW).

(c) Integrate gender activities into the System of National Accounts (SNA).

- WAIFEM should ensure that the articulated Communiqués of its programmes and workshops are made available to Governments and relevant Agencies in the ECOWAS sub-region as inputs to aid in planning for sustainable growth and development.

- There is the need for a follow-up joint Anglophone and Francophone workshop by WAIFEM.

1.5.10 WAIFEM CONDUCTS COURSE ON PUBLIC AND INSTITUTIONAL STATISTICS: FROM DATA DELIVERY TO ANALYTICAL VALUE-ADD. ABUJA, NIGERIA. JULY 23 – 27, 2018

The West African Institute for Financial and Economic Management (WAIFEM) organized a course on Course on Public and Institutional Statistics in Abuja, Nigeria. The course was held at the Central Bank of Nigeria International Training Centre – Abuja from July 23 – 27, 2018.

Prof. Douglason who represented the Director General of WAIFEM at the occasion noted that the recent financial crisis has underscored the necessity for more detailed and globally comparable statistics. According to him, the financial crisis was not due to a lack of comprehensive financial data, but the aftermath of the crisis shows that better policy would require data in a cleaner manner and in better ways to mitigate or avert future crisis.

Professor Douglason continuing noted further that, Public and Institutional statistics help organizations whether public or private, harness their data and use same to identify new opportunities which translates to more efficient operations and better policy options. He disclosed that Public and Institutional Statistics includes examining large and varied data sets, which involves using big data to uncover hidden patterns such as unknown correlations, market trends, customer preferences; and other useful information that can help organizations make more informed decisions.

The course is designed to upgrade the analytical skills of researchers, statisticians and analysts with operational responsibility for preparing policy papers, statistical data, forecasts and other inputs into the policy making process through intensive training in techniques employed in public and institutional statistics; from data delivery to analytical value-add.

The broad themes covered during the course included: Public and Institutional Statistics; New Demands and Challenges in Data Collection; Data Sourcing Approach-Methodology (Primary Vs Secondary); X and Y questionnaire Development and Tabulation; and Observation Data Tabulation, among others.

Following the four-day intensive and interactive sessions, the participants recommended that Courses such as Public and Institutional Statistics should be organised yearly by WAIFEM for people to have deeper insight into latest development on the course.

1.5.11 COURSE ON EFFECTIVE REPORT WRITING FOR INTERNAL AUDITORS. LAGOS, NIGERIA. JULY 25 – 26, 2018

The Business Development and Consultancy Unit (BDCU) of the West African Institute for Financial and Economic Management (WAIFEM) in collaboration with Platinum Edge Consulting, organized a course on Effective Report Writing for Internal Auditors from July 25 - 26, 2018 at the Central Bank of Nigeria Learning Centre, Lagos.

The introduction was anchored by Sally Ogwo, Executive Director and key resource person from the Platinum Edge Consulting. She welcomed the participants and gave a brief about Platinum Edge Consulting. Also present at the kick-off of the training was Mrs. Julie Idada also from Platinum Edge and other staff of WAIFEM. Sally Ogwo seized the opportunity to find out the participants expectations, after self-introduction while enjoining them to seize the opportunity and ask questions to make the training more robust.

The course is designed to help participants write and speak with a purpose, develop and reinforce their understanding with the many important areas of Business English and Report Writing skills required to develop reports and presentation for different levels of audience, primarily – Senior Management, Board Committees effectively and efficiently.

The themes covered during the course included: Internal Audit Capability Maturity Assessment; Root Causes Analysis Techniques and

Applications in Audit Engagement Reviews; Root Causes Analysis Techniques and Applications in Audit Engagement Reviews, Investigating and Reporting II; Corporate Governance and the Role of Audit Committee and Internal Audit Functions to make it work; and Audit Working Papers Documentation and Presentation, among others.

1.5.12 WAIFEM CONDUCTS COURSE ON MONITORING AND EVALUATION. LAGOS, NIGERIA. SEPTEMBER 17– 21, 2018

The Business Development and Consultancy Unit (BDCU) of the West African Institute for Financial and Economic Management (WAIFEM) organized a course on Monitoring and Evaluation in Lagos, Nigeria. The course was held at the Central Bank of Nigeria Learning Centre – Lagos from September 17 – 21, 2018.

The main objective of the course was to provide participants with the theoretical and practical basis for the application of M&E policies, program and projects. The training programme was also designed to identify common constraints in M&E and ways in which these constraints can be addressed.

The course covered the following thematic areas: Introduction and Workshop Review; Introduction to Monitoring and Evaluation; Conducting a "Readiness Assessment"; Case study: Cameroon – Competitiveness and Economic Growth Support Programme (PACCE); and Agreeing on outcomes to Monitor and Evaluate, among others.

At the end of the five-day intensive and interactive course, participants made the following recommendations:

- Programme duration should be increased to about 10 days to enable participants cover more;
- The Advisor, Business Development and Consultancy Unit should recommend to our various Institutions to sponsor our participation in the Advance M&E programme slated for March 2019 in Accra, Ghana so that we can have a full package of M&E;
- Data analysis techniques for M&E module should be incorporated in the Course.

1.5.13 COURSE ON EFFECTIVE REPORT WRITING FOR ACCOUNTANTS AND INTERNAL AUDITORS. SEPTEMBER 19– 21, 2018 LAGOS, NIGERIA

The Business Development and Consultancy Unit (BDCU) of the West African Institute for Financial and Economic Management (WAIFEM) organised a course on Effective Report Writing for Accountants and Internal Auditors from September 19 - 21, 2018 at the Central Bank of Nigeria Learning Centre, Lagos.

In his remarks during the opening ceremony, Prof. Akpan H. Ekpo indicated that organisations rely heavily on good communication and reporting skills to define internal controls. Good writing and reporting skills are also crucial for internal auditors and accountants which form vital deliverables of their job functions. He further stressed that internal auditors and accountants need to create reports that are clear, logical and convincing. At the end of the course, participants stand a great chance among others to:

- Understand the structure, contents and roles of accounts and internal audit report writing in contemporary business environment.
- Upgrade their skills in modern and fundamental principles of organizing and report writing for modern customs.
- The ease of professional data integration and report writing for management, and
- Understand how to tailor reports to the needs of stakeholders and specific audience.

The course was designed to help participants write with purpose, develop and reinforce their understanding of Business Communication required to develop reports and presentation for different levels of audience, primarily – Senior Management, Board and Board Committees effectively and efficiently.

The themes covered during the course include the following: Internal Audit Capability Maturity Assessment- A self-assessment Review; Root Causes Analysis Techniques and Applications in Audit Engagement Reviews; Investigation and Reporting; Analyze the uses and readers of the audit report and other types of engagement reports; and Corporate Governance and the Role of Audit Committee and Internal Audit Functions to make it work, among others.

At the end of the course, the participants made the following recommendations:

- Courses such as report writing and other training programmes should be organised periodically to expose the accountants, internal auditors and other such professional staff to upgrade their capacity in carrying out their job functions.
- Programme duration should be increased for more days to enable participants to cover more areas.
- Field trips should be added to the program for participants to explore the country and add flavour to the programme.

1.5.14 WAIFEM COURSE ON BLOCKCHAIN MINING TECHNOLOGY, MONETARY SOVEREIGNTY AND FISCAL ISSUES. DUBAI, UNITED ARAB EMIRATES, OCTOBER 24–26, 2018

The Business Development and Consultancy Unit of the West African Institute for Financial and Economic Management (WAIFEM) organized a High-Level Workshop on Blockchain Mining Technology, Monetary Sovereignty and Fiscal Issues, at the Grand Excelsior Hotel, Dubai, United Arab Emirates from October 24 – 26, 2018.

The opening ceremony was chaired by the Director General, Prof. Akpan H. Ekpo. Also present was Prof. Douglason Omotor, Advisor, Business Development and Consultancy Unit (BDCU). The Director General welcomed all participants to the high-level workshop and expressed appreciation to their organisations for sponsorship; and enjoined them to feel at home at the UAE. In his speech, the Director General noted that the High-Level workshop was the third in the series and a follow up to two previous ones. He recalled that the Institute organised the first workshop: 1) Bitcoin, Cryptocurrencies and Data Security, November 22 – 24, 2017 and 2) Digital Coin, Blockchain Technologies, Cryptocurrencies and the ECOWAS ECO. March 7 – 10, 2018 respectively.

Prof. Ekpo noted that Cryptocurrency is a digital currency that runs on block chain technology. This he said, involves encoding and decoding which allows peer to peer financial ledger used as a transaction currency in a network. According to the Director General, this may hold the key to the common currency the ECOWAS is agitating. Continuing, he mentioned that the blockchains are searchable ledgers where all transactions are confirmed within minutes by network computers working to perform complex algorithms. And the system allows for new transactions to be recorded with no intermediation as the process progresses. Professor Akpan Ekpo added that, anyone or country can join the blockchain network. He also stressed that even though Cryptocurrencies have no regulation, government, or asset backing, each country can have its own ledger and a private key. Each member country then maintains a copy of the ledger, while creation of new groups/countries in network is allowed.

The objective of the three-day seminar was to bring together participants from the previous meetings and fresh attendees to explain the process and significance of cryptocurrency, as well as teach participants how they can mine or write their own codes. The high-level workshop was also to meet and discuss with experts, the implication of these developments for ECOWAS ECO and the integration of the sub-region.

1.5.15 COURSE ADVANCED EXECUTIVE OFFICE ADMINISTRATION AND SECRETARIAL SKILLS. ABUJA, NIGERIA. NOVEMBER 19– 23, 2018

The Business Development and Consultancy Unit (BDCU) of the West African Institute for Financial and Economic Management (WAIFEM) organized a course on Advanced Executive Office Administration and Secretarial Skills from November 19 - 23, 2018 at the Central Bank of Nigeria International Training Institute (ITI), Abuja, Nigeria.

In his remarks during the opening ceremony, the Director General, WAIFEM, reiterated the importance of the training on Advanced Executive Office Administration and Secretarial Skills. Prof. Ekpo noted that it is basically to provide participants with the theoretical, practical and the ability to take control of their work habits and develop the concrete skills and personal strength needed to be professional office managers.

Prof. Ekpo added that, it is important to groom employees to enhance their performance, broaden their role and develop the managerial aspects of their position. He further stressed that professional office administrators thrive on uncommon skills rarely found on pages of textbooks, such as problem solving, time management and work habits and various other skills needed to assist in the smooth operation of a business environment.

The course was designed to help participants of public and private sectors upgrade their knowledge and skills in modern office practices and management of an executive office. The themes covered during the course include the following: Setting Personal Objectives, conducive office environment management; Reporting to Management; Identifying common issues and challenges; Preparing and delivering a speech in public; and Delegation and Motivation.

At the end of the three-day intensive and interactive deliberations, participants made the following recommendations:

i. There should be opportunity provided to employees from other institutions within the sector to have more gainful knowledge about current developments in Executive Office Administration and Secretarial Skills.

ii. It is also imperative that capacities of public and private sector staff be built to understand the changing trends in administration and secretarial practices.

iii. There should be a special training of trainer's course for participants so as to impart knowledge to their colleagues at the work place.

iv. The WAIFEM staff should extend their wealth of experience to non-member countries both Anglophone and, mainly African countries faced with economic instability to enhance their personal development in terms of conflict resolution and building team and so on

1.5.16 COURSE ON TREASURY AND COMPLIANCE MANAGEMENT. ABUJA, NIGERIA. NOVEMBER 19– 23, 2018

The Business Development and Consultancy Unit (BDCU) of the West African Institute for Financial and Economic Management (WAIFEM) organised a course on Treasury and Compliance Management from November 19 - 23, 2018 at the Central Bank of Nigeria International Training Institute (ITI), Abuja.

The Director General of WAIFEM, Prof. Akpan H. Ekpo, was represented by the Advisor, Prof. Douglason G. Omotor. In a brief opening remark, Prof. Akpan H. Ekpo. Welcomed participants to the training and expressed appreciation to their respective institutions and agencies for the sponsorship of their staff to attend the course. He enjoined them to feel at home and take some time off their busy schedule to explore some attractions of the city of Abuja. On the importance of the course, Prof. Ekpo remarked is to get deep exposure in financial management, sources of finance, and the development/application of compliance risk management (CRMP). He noted that, treasury management is often seen as an organisations collection, disbursement, concentration, and investment; and funding activities which includes dealing in shares, bonds, currencies; and also financial derivatives and other related financial risk management issues.

He further pointed out that the course will equip the participants with the ability to demonstrate effective management of financial exposures encountered by Corporate Treasurers and Fund Managers; develop compliance policies and charters; assess and prioritize compliance risks; manage compliance risk; use a CRMP as a tool for identifying, assessing, and managing compliance risks, and review the effective implementation and application of a compliance framework, policy and processes.

The course was designed to help participants of public and private sectors upgrade their knowledge and skills in Treasury and Compliance Management. The themes covered during the course include the following: General Management Principles; Financial Statement Analysis; Treasury Management Fundamentals; Risk Management in Treasury; and Asset-Liability Management.

At the end of the five-day intensive and interactive deliberations, participants made the following recommendations:

1. There should be opportunity provided to employees from other institutions within the public and private sector to have more gainful knowledge about current developments in treasury and compliance management.

2. It is also imperative that capacities of public and private sector staff be built to understand the changing trends in Treasury and Compliance Management.

3. There should be a special training of trainer's course in treasury and compliance management for participants to impart knowledge to their colleagues at the workplace.

4. WAIFEM staff should extend their wealth of experience to non-member countries faced with economic instability to enhance their personnel development.

5. WAIFEM should also consider tapping into the experience of participants as ad hoc or part-time trainees for those who are interested as a means of capacity building.

1.5.17 COURSE ON AUDIT JUDGEMENTS AND COMPLIANCE MANAGEMENT. ABUJA, NIGERIA. NOVEMBER 19– 23, 2018

The Business Development and Consultancy Unit (BDCU) of the West African Institute for Financial and Economic Management (WAIFEM) organised a course on Audit Judgements and Compliance Management from November 19 - 23, 2018 at the Central Bank of Nigeria International Training Institute (ITI), Abuja.

In a brief opening remark, the Advisor of the Business Development and Consultancy Unit, Prof. Douglason G. Omotor, who represented The Director General of WAIFEM, welcomed the participants and facilitators to the training. He thanked the facilitators for finding time despite their busy schedule to share their wealth of knowledge on the subject matter.

The course was designed to help participants of public and private sectors upgrade their knowledge and skills in Audit Judgements and Compliance Management. The themes covered during the course include the following: General Management Principles; Audit Judgements Principles; Financial Statement Analysis; Treasury Management Fundamentals; and Risk Management in Treasury.

At the end of the five-day intensive and interactive deliberations, participants made the following recommendations:

- Courses such as audit judgement and compliance is very key and important, and as such should be organized periodically to expose the officials charge with such responsibilities to upgrade their capacity in carrying out their job functions.
- Programme duration should be increased for more days to enable participants to cover more areas.
- Field trips should be added to the program for participants to explore the country and add flavour to the programme.

ADMINISTRATION AND FINANCE DEPARTMENT

2.0 ADMINISTRATION AND FINANCE DEPARTMENT

2.1 ADMINISTRATION

2.1.1 Staff Development

In line with the Institute's efforts to build capacity of its staff, with a bid to maintain a skilful and competent human resource, following staff development activities took place during the period under review:

- A member of staff attended a Regional Course on Productivity Enhancement for Executive Assistants and Personal Secretaries to CEOs in Banjul, The Gambia from April 6 – 14, 2018.
- Three Staff members attended the training on Attitudinal Change, Work Ethics and Productivity Improvement Course for Drivers at Human Capital Associates, Ikeja, Lagos from April 21 to 22, 2018.
- Two members of staff benefited from Training on Attitudinal Change, Work Ethics and Productivity Improvement Course for Drivers held in Lagos, Nigeria from August 18 to 19, 2018.
- A member of staff attended the 48th Annual Accountants Conference held in Abuja, Nigeria from October 1 to 5, 2018.

2.1.2 Staff Recruitment

During the period under review, the following recruitments took place:

i. Advisor, Business Development & Consultancy Unit- Following approval that the position of Advisor, Business Development and Consultancy Unit be made permanent at the 33rd Board of Governors Meeting, the position was advertised and an interview conducted on March 15, 2018. A total of nine (9) candidates applied and two (2) out of the three (3) shortlisted candidates were interviewed. At the end of the interview, Prof. Douglason Omotor emerged as the most suitable candidate and was appointed Advisor, BD/CU effective April 1, 2018.

ii. IT/E-Learning Officers/Driver - Three (3) new Staff for the Information Technology (IT)/E-Learning Unit and one (1) Driver/Logistics Assistant were interviewed and appointed Staff of the Institute effective March 1, 2018.

iii. Director, Macroeconomic Management Department - The interview for the position of Director, Macroeconomic Management Department, took place on August 2, 2018 at The Onomo Hotel in Lome, Togo. Three (3) candidates were shortlisted from the initial four (4) that applied for the position and two (2) candidates eventually attended the interview. The successful candidate, Mr. Emmanuel Owusu-Afriyie, was recruited as Director, Macroeconomic Management Department, as recommended by the panel.

2.1.3 Staff Retreat

The Institute had Staff Retreats for both Management and Staff as follows:

Management Staff Retreat – The Management of the Institute had a Retreat at the Training and Conference Centre (TCC), KM 67, Lagos – Ibadan Express Way, Ogere Remo, Ogun State from June 16 to 19, 2018, to review the status of implementation of the Institute's Strategic Plan. The Retreat was financed by the African Capacity Building Foundation (ACBF) as part of its Institutional support under the African Development Bank (AfDB) Grant 330.

The general Staff Retreat and Training was held at the Patron Hotel and Conference Centre, KM 20 Lekki-Epe Expressway, Sangotedo, Lekki, Lagos State from June 20 to 23, 2018. The objective of the retreat was to review the present state of the Institute and chart the way forward.

2.1.4 Regional and International Relations

2.1.4.1 World Bank /IMF Spring and Annual Meetings

During the Spring meetings, the Institute secured two more courses – Public Debt Statistics Computation and National Accounts from the Statistics Department of the International Monetary Fund (IMF). The course on Balance of Payments and International Investment Position as well as the Financial Programming and Policies would still be offered this year by the

Fund under its technical support programme.

During the 2018 Annual Meetings of the IMF/World Bank in Bali Indonesia, in October 2018, the Institute held successful discussions with different officials leading to securing of new contracts and consolidating old ones. The Institute of Capacity Development of the IMF agreed to run the Financial Programming and Policies course. The Joint courses with the IMF Statistics Department remains on a cost sharing basis. WAIFEM was also advised to maintain close contact with AFRITAC West 2.

Additionally, WAIFEM attended the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) meeting and met with the representatives of Crown Agents.

2.1.4.2 African Development Bank Group Annual Meetings

The Institute was invited to the African Development Bank Group Annual Meetings held in Busan, South Korea from May 19 – 27, 2018. The Director General was accompanied by the Director, Admin & Finance to the Meeting. The aim was to discuss possible direct funding from the AfDB.

2.1.4.3 ACBF Audit Mission

The African Capacity Building Foundation (ACBF) conducted an audit mission from September 17 to 21, 2018. The Audit covered project activities under Grant 330, which provided funding for the improvement of financial and economic management in WAIFEM member countries. The audit assessed the Institute's compliance with the requirements contained in the Grant Agreement. At the end of the mission, key issues were raised and the Institute responded satisfactorily. The Director General also commended the ACBF for their continuous support.

2.1.5 Visiting Scholar Scheme

As a continuous process to build capacity within and beyond the sub-region, Mr. Elijah S. Nah, a Visiting Scholar to the Institute from Liberia commenced his participation in the Scheme on October 15, 2017. During his stay at the Institute, Mr. Nah will undertake some Research work in conjunction with the Research Department and present seminar papers in line with the requirements of the Visiting Scholars Scheme. His tenure ended on May 28, 2018, after a period of six (6) months.

Mr. Ekpeno Effiong, a PhD student also qualified for the Doctoral Student fellowship Scheme and assumed duties on December 7, 2018. During his stay at the Institute, Mr. Effiong would undertake some Research work in conjunction with the Research Department and will also present seminar papers in line with the requirements of the Doctoral Fellowship Scheme. The duration of the programme will be for a period of three (3) months.

2.1.6 Status of the WAIFEM Strategic Plan (2015 – 2019)

The formation of the WAIFEM Alumni Association is underway and member banks have established a WAIFEM desk in their respective banks as approved by the Board.

The process of establishing the E-Learning Unit to replace the E-Learning Committee and merged with the IT Unit is on. The search for a Senior Manager to head the E-Learning Unit was still ongoing. Nonetheless, the e-learning diploma programme on Public Sector Debt Management as well as the Certificate/Diploma programmes continued in 2018.

2.1.7 Farewell Ceremony for The Director General

The Institute organised a farewell ceremony in honour of Prof. Akpan H. Ekpo on December 12, 2018, to mark the end of his tenure as Director General, WAIFEM and in recognition of his successful service to the Institute. Prof. Ekpo's tenure as Director General ended on December 31, 2018.

2.1.8 Bereavement

During the period under review, the Institute lost one (1) of its staff to the cold hands of death. Mr. Samuel E. Omoruyi died on Tuesday, April 19, 2018, in the United States of America and was buried in Ikoyi, Lagos, on May 8, 2018. Until his death, Mr. Omoruyi was the Debt Advisor of the Institute. He has since been buried. May their souls Rest in Perfect Peace, Amen.

WAIFEM COUNTRIES ECONOMIC REPORTS

WAIFEM COUNTRIES ECONOMIC REPORTS

3.1 THE GAMBIA

3.1.0 Overview

The macroeconomic environment has improved significantly over the past two years underpinned by resurgence of business confidence on the back of improved political environment and macroeconomic management and strong external support. Indicators show that private investment picked-up significantly as well as public sector infrastructure developments. The economy expanded at a robust pace of over 6.5 percent in 2018 compared to 4.8 percent in 2017. The main drivers of growth are the increased activity in construction, and services sector, including telecommunication, tourism and distributive trade. Financial intermediation has also recovered strongly after several years of contraction due to fiscal dominance. Enhanced transparency and the accommodative monetary policy stance coupled

The domestic inflationary dynamics remained benign, reflecting the combined influence of moderate prices of imported goods and stable exchange rate as well as prudent monetary policy stance. Headline inflation, measured by National Consumer Price Index (NCPI) declined to 6.4 percent in December, 2018, relative to 6.9 percent in the same period in 2017, largely reflecting prudent monetary, stable exchange rate and moderate global food prices.

The external sector has also improved during the year, thanks to increased inflows related to official transfers, private remittances and tourism. Foreign direct investment has also registered remarkable increase during the year. The current account deficit of the balance of payments narrowed in 2018 relative to 2017, thanks to the marked increase in private remittances and travel income reflecting strong tourist arrivals. The goods account balance, on the other hand, worsened due to the marked increase in imports to support the rise in economic activity. Gross international reserves remains at comfortable level and it is projected at over 4 months of next year's imports of goods and services. The improvement in the external sector coupled with the return of market confidence and the improved transparency in the foreign exchange market were major contributing factors to the stability of the exchange rate of the dalasi.

With regards to fiscal policy, the execution of the 2018 budget was affected by the marked decline in disbursement of grants. The expenditure pressures mounted during the year, the budget deficit (including grants) widened and borrowing increased. The overall deficit (including grants) increased to D3.9 billion (4.9 percent of GDP) in 2018 compared to a deficit of D3.7 billion (7.7 percent of GDP) in 2017.The budget deficit (excluding grants), on the other hand, narrowed to D5.8 billion (7.3 percent of GDP) in 2018 compared to a deficit of D9.3billion (19.5 percent of GDP) in 2017.

The Gambia public debt remains high and debt services continues to consume significant proportion of public sector revenues and export earnings. The recent GDP rebasing improved the debt sustainability standing by reducing the public debt-to-GDP ratio from 130 percent of GDP to 88 percent at end-2017. However, vulnerabilities remain especially with regards to servicing of the debt. In this regard, the government has begun negotiations for debt relief from external creditors and has renewed commitment to limit external financing to highly concessional external loans for the purpose of financing essential projects. Reforms are also ongoing to place fiscal policy on a sustainable path, including strengthening public finance management and improving the cost efficiency in state-owned enterprises (SOEs) to minimize incurrence of contingent liabilities. Furthermore, efforts are continuing to enhance domestic revenue mobilization by improving efficiency in tax collection and administration so as to reduce dependence on borrowing.

The Gambia's financial sector remains well-capitalized, profitable and highly liquid. The asset quality has improved remarkably with the non-performing loan ratio of 3.3 percent as at end-December 2018. In addition, financial intermediation continues to increase with strong private credit growth. The CBG is committed to strengthening banking supervision to ensure the sector remains safe and sound.

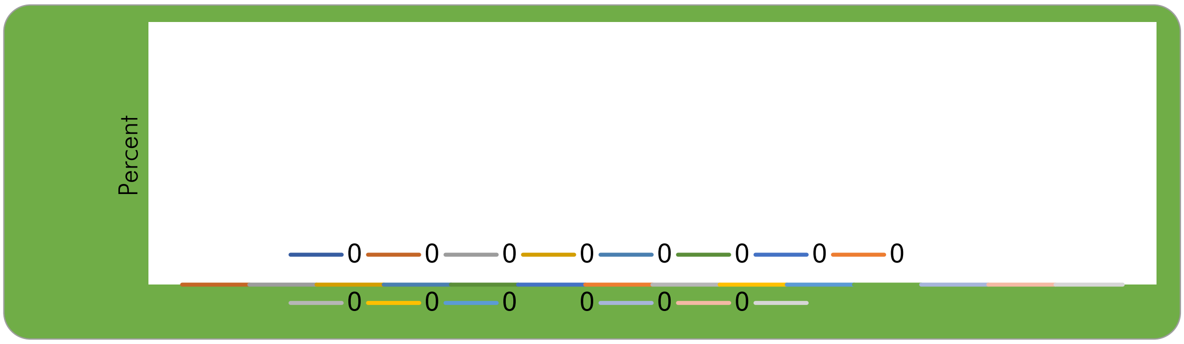
The Gambia is undergoing major economic transformation following years of mismanagement. The outlook remains positive, supported by strong business optimism and improved macroeconomic management.

3.1.1 Real GDP Growth

The growth momentum that started in 2017 continued in 2018 and the near-term outlook is positive. The stability of the political environment and the improvement in macroeconomic management restored confidence and business optimism.

Preliminary estimates from the Gambia Bureau of Statistics (GBoS) show that real GDP grew by a robust 6.5 percent in 2018 compared to 4.8 percent in 2017. The high growth was supported by increased activities in construction and services, including tourism, trade, telecommunication and financial intermediation. The medium term outlook is promising, predicated on continued improvement in macroeconomic management, increased investment in agriculture and public infrastructure as enshrined in the National Development Plan (NDP). The gains registered in the energy sector are expected to be consolidated with more investment and reforms. In addition, stronger business and investor confidence associated with the outcome of the reform agenda and political stability will continue to attract foreign direct investment. However, there are risks to the outlook, including the effect of higher frequency of draughts on agriculture and the high level of public debt.

Figure 1: Real GDP growth



Source: GBOS

3.1.2 National Consumer Price Index (NCPI)

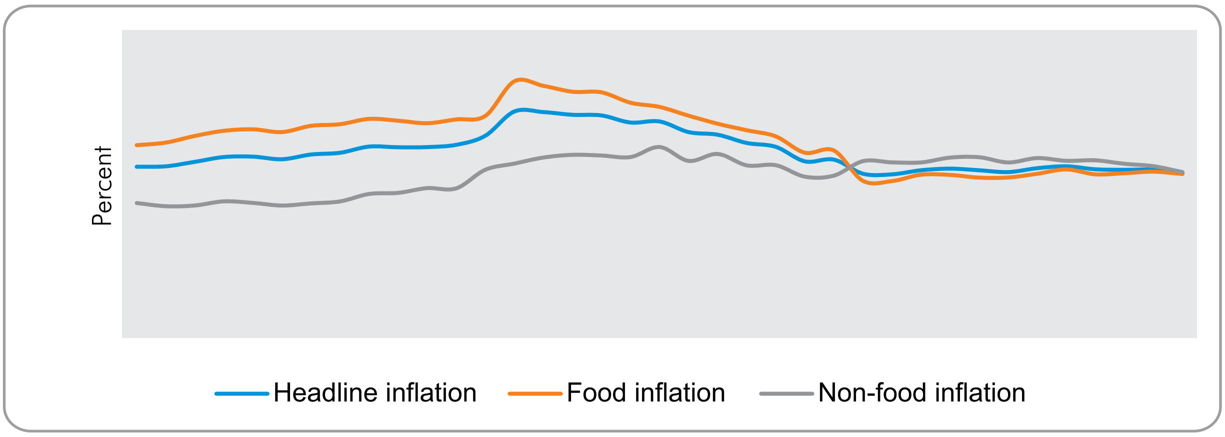
Price Developments

Inflation is projected to remain stable predicated on moderate prices of imported goods, and the stability of the exchange rate, supported by positive business and consumer sentiments, and well-anchored inflation expectations. The medium term outlook points to a further deceleration towards the 5.0 percent medium term target of the Bank. However, the potential risks to inflation outlook include domestic food supply conditions and the uncertainty surrounding the direction of fiscal policy. External factors that represent upward risks to inflation include the uncertainty in commodity prices, especially oil, and the effect of stronger U.S. dollar and monetary policy normalization in advanced economies on the exchange rate of the dalasi.

Headline Inflation

Data from the Gambia Bureau of Statistics (GBoS) shows that headline inflation, measured as the year-on-year change in the National Consumer Price Index (NCPI) decelerated from 6.9 percent in December 2017 to 6.4 percent in December 2018. This level of inflation is still higher than the Central Bank's medium-term target of 5 percent. The outlook for 2019, however, is a further deceleration closer to the target, predicated on the continued pursuit of prudent monetary policy, supported by fiscal policy.

Consumer price inflation



Source: GBoS and CBG staff estimates

3.1.3 Monetary Policy Stance

Money Supply

In the year to end-December 2018 broad money grew by 20.0 percent compared to 20.9percent during the same period in 2017.The growth in broad money was driven largely by the increase in net foreign assets of the banking system.

Narrow money (M1), which comprises of demand deposits and currency outside banks grew by 24.2 percent to D17.9 billion as at end-December 2018, slightly higher than the 17.2 percent a year earlier. Currency outside banks rose to D6.6 billion or by 15.8 percent at end-December 2018, while demand deposits grew by 29.7 percent to D11.3 billion in December, 2018.

Quasi money grew by 15.6 percent in December 2018, well below the 25.0 percent growth during the same period last year. Of the components of quasi money, savings deposits increased to D12.4 billion or by 17.6 percent in 2018 compared to 35.4 percent in 2017. Time deposits also increased to D3.5 billion or by 9.1 percent in 2018from a contraction of 0.3 percent a year ago.

Reserve Money

Reserve money growth slowed in 2018 in line with expectations following the decision of CBG to institute a policy of zero direct lending to government with the objective of suppressing inflationary pressures and creating room for greater financial intermediation. Reserve money grew by 16.5 percent as at end-December, 2018, lower than 22.6percent recorded in the previous year. Net foreign assets of the bank was the main driver of reserve money growth due to large foreign capital inflows related to budget support and Central Bank intervention to build external reserve.

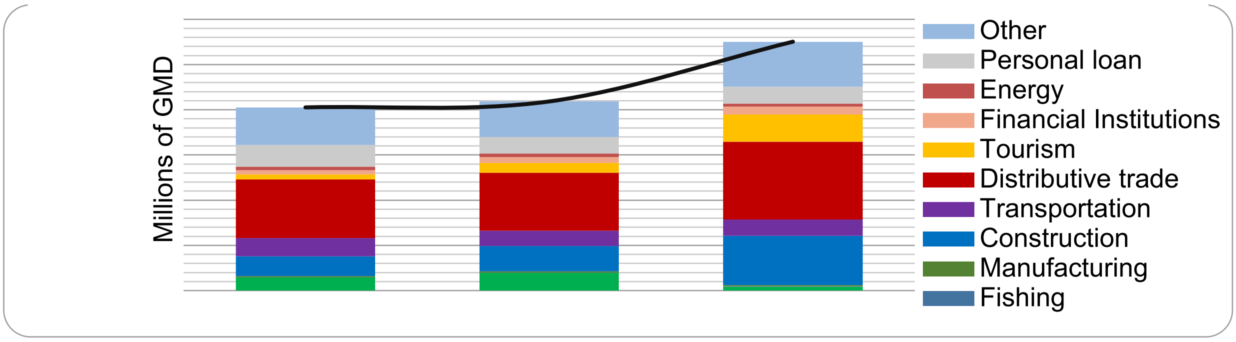
The NFA of the Central Bank rose to D4.5 billion or by 62.0 percent at end-December 2018.The net domestic assets (NDA) of the Bank contracted to D7.3 billion or by 0.6 percent from a year ago. The Bank's net claims on government, on the other hand, grew by 6.8 percent from a year ago, attributed to the decline in government deposits.

Of the components of reserve money, currency in circulation rose by 18.1 percent as at December 2018, lower than 21.6 percent in December 2017.Reserves of commercial banks similarly grew by 14.2 percent from a year ago.

Distribution of Commercial Bank Credit to the Private Sector

Financial intermediation picked up significantly in 2018 supported by the accommodative monetary policy stance of the Bank. In the face of low money market interest rates, commercial banks significantly increased lending to the private sector including increased appetite for real estate lending. Outstanding credit by commercial banks to sectors of the economy stood at D5.5 billion as at end December 2018, indicating a significant growth of 31.6 percent from a year ago. Credit to all sectors increased with the exception of agriculture, manufacturing, and energy which accounted for 1.6 percent, 0.1 percent and 1.2 percent respectively of total credit.

Distribution of commercial banks credits to various sectors of the economy (in percent)

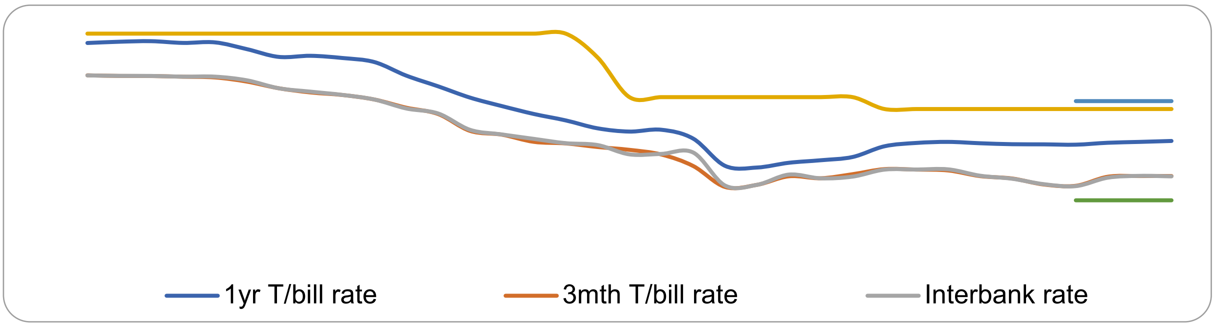


Source: CBG

3.1.4 Interest Rates Developments

The money market interest rates increased in 2018 but remained well below the long term average. The increase in new borrowings by the government to fill the financing gap created by the shortfall in the anticipated grant disbursement, accounted for the increase in interest rates on short-term government securities above the 2017 levels. The weighted average interest rates on the 91-day, 182-day, and 364-day Treasury bills, which stood at 5.03 percent, 5.52 percent and 6.73 percent respectively at end-December, 2017increased to 5.06 percent, 7.04 percent and 9.48 percent in the corresponding period in 2018.Similarly, interest on Sukuk Al Salam bills increased on average across all profiles from 5.95in December 2017 to 7.15 percent at end-December 2018. The interbank lending rate also increased as banks lend to one another at the 3 months Treasury bills rate (see Chart 17)

Development in selected interest rates



Source: CBG

The minimum and maximum interest rates on savings deposits remained unchanged at 0.5 percent and 8.0 percent respectively, from December, 2018. However, the minimum rate on 3- month time deposits declined from 5.0 percent at end-December 2017 to 2 percent at end-December 2018. The maximum rate on the same deposit type decreased from 16.0 percent in December 2017 to 9.0 percent in December 2018. A 6-month time deposit attracted a maximum rate of 12.0 percent in December 2017 compared to 16.1 percent in December 2016. Time deposit for a duration of 12 months attracted maximum interest rates of 16.0 percent, lower than 18.4 percent a year earlier.

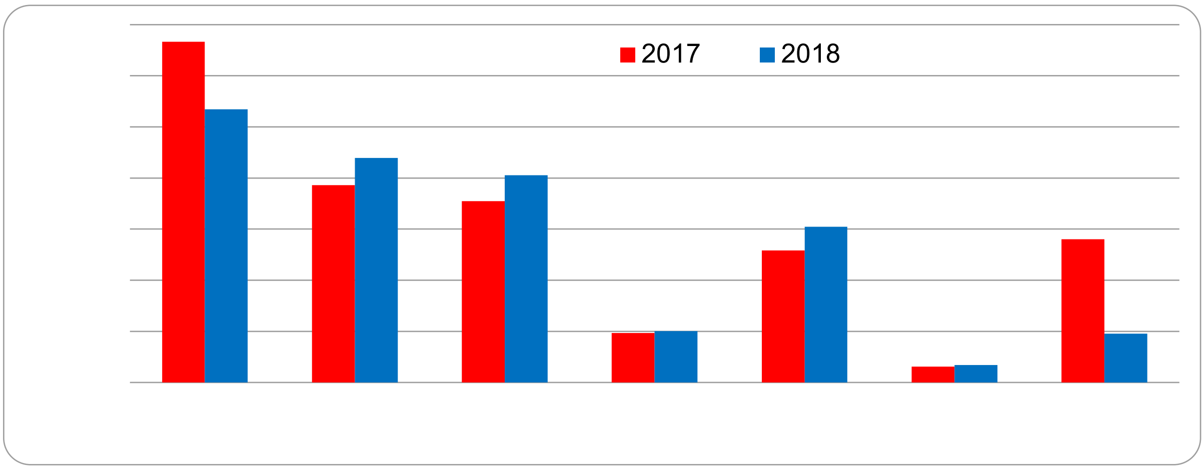
As at end-December 2018, commercial banks were lending at a minimum interest rate of 12.0 percent, lower than a minimum rate of 15.0 percent a year ago. Similarly, the maximum lending rate declined from 30.0 percent to 28.0 percent during the review period.

3.1.5 State of Government Fiscal Operations

Revenue Performance

Total revenue and grants mobilized in 2018 amounted to D10.7 billion (13.4 percent of GDP), against a projection of D19.8 billion or a decline of 19.5 percent compared to the outturn of D13.3 billion (19.0 percent of GDP) in the 2017 fiscal year, due largely to the significant drop in grants by 66.0 percent.

Figure 2: Government receipts (in millions of GMD)



Source: MOFEA and CBG staff estimates

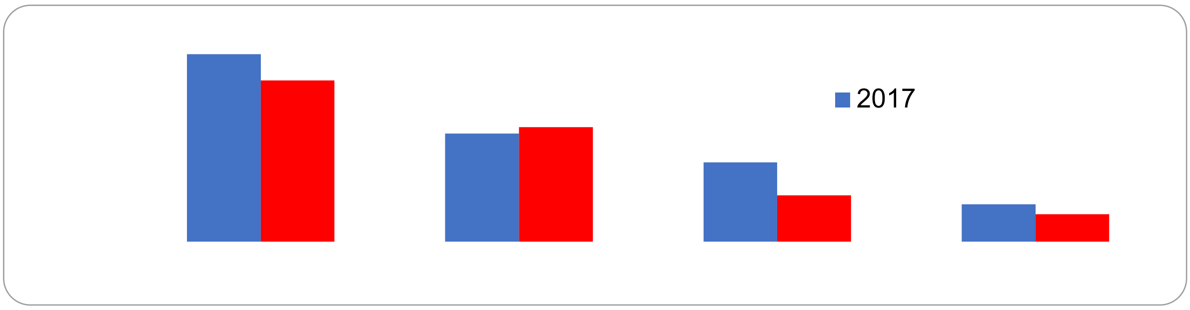
Expenditure and Net Lending

Expenditure and net lending for the year ended 2018declined to D14.6 billion (18.6 percent of GDP) or by 14.0 percent, compared to D17.0 billion (24.2 percent of GDP) in 2017. The decline in expenditure and net lending was due to the marked drop in capital expenditure which is largely financed from external sources.

Capital expenditure declined significantly to D4.2 billion (5.3 percent of GDP) or by 41.6 percent in 2018, from D7.2 billion (15.2 percent of GDP) in 2017. The decline in development expenditure was mainly attributed to the 45.4 percent decline in grants. Public infrastructure development in The Gambia depends largely on external financing.

Recurrent expenditure, on the other hand, increased by 6.1 percent to D10.4 billion (13.2 percent of GDP) in 2018 compared to D9.8 billion (14.0 percent of GDP) registered a year ago. The increase was on account of the increase in other charges (goods and services, and subsidies and transfers) by 21.9 percent.

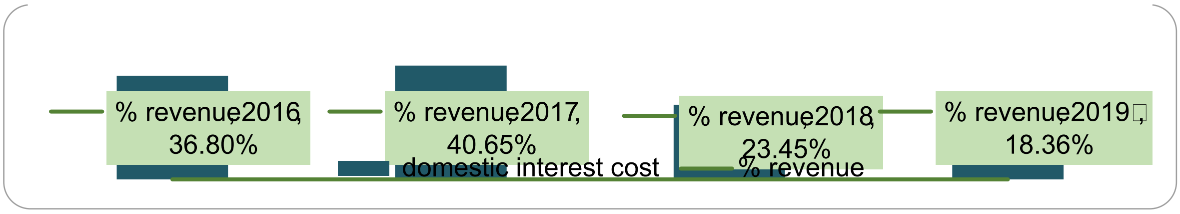
Figure 3: Annual expenditure and net lending (millions of GMD)



Source: MOFEA and CBG staff estimates

Overall interest payments decreased by 26.7 percent due mainly to the 34.5 percent decline in domestic interest payments. Domestic interest expense for 2018 was D2.06 billion (23.45 percent of domestic revenue) relative to D3.14 billion (40.65 percent of revenue) in 2017. The decline in interest payments is attributed to the lower interest rates in domestic money market. Chart 28 illustrates the marked decline in domestic interest payments in 2018 and the projected increase in 2019. External interest payments, on the other hand, increased marked 73.9 percent to D419.6 million in 2018 from D241.2 million in 2017.

Domestic interest payments in millions of GMD and percent of revenue



Source: MoFEA and CBG staff estimates

Budget Balance

The overall deficit (including grants) widened to D3.9 billion (5.0 percent of GDP) compared to a deficit of D3.7 billion (7.7 percent of GDP) in 2017. The increase in the deficit was partly due to a 19.8 percent decline in revenue and grants. However, government expenditure and net lending also dropped by 14 percent from D17.0 billion (24.2 percent of GDP) in 2017 to D14.6 billion (18.3) percent of GDP) in 2018.

Similarly, the primary balance worsened from a surplus of D0.5 billion (1.1 percent of GDP) in 2017, to a surplus of D0.1 billion (0.2 percent of GDP) during the period under review. The sharp decline in the primary balance is explained by the significant drop in external financing by 45.4 percent.

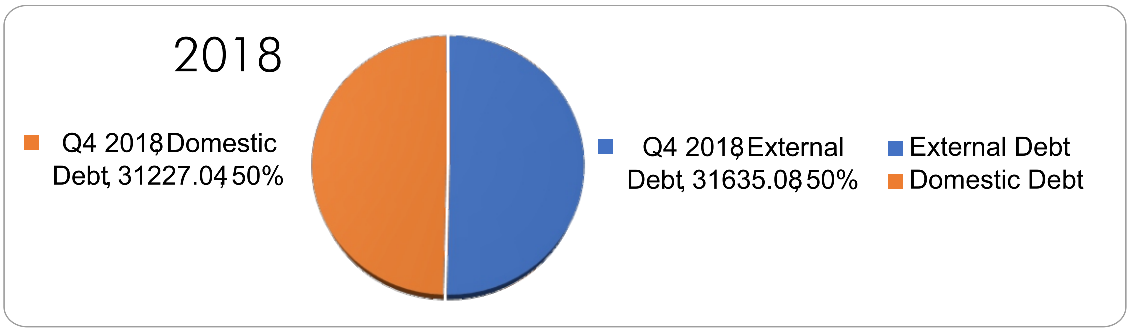
The deficit in the basic balance, on the other hand, improved from a deficit of D2.9 billion (6.1 percent of GDP) in 2017, to a deficit D2.3 billion (2.9 percent of GDP) in 2018. This was mainly attributed to an increase in domestic revenue by 13.7 percent.

Public Debt

The lower-than-expected grant disbursement and the shortfall in domestic revenue affected the execution of the 2018 budget. This created a financing gap which was sourced from the domestic money market. As a result outstanding, public debt rose from D60.0 billion (86.4 of GDP) in 2017 to D 62.9 billion (82.3 percent of GDP) in 2018, representing an increase of 4.8 percent from a year ago. The increase in public debt was also fueled by the increase in contingent liabilities related to State Owned Enterprises (SoEs) debt. Although the rebasing of the GDP significantly improved the debt -to-GDP ratio from 130 percent of GDP to 82.3percent at end-2018, vulnerabilities remain as debt service still accounts for a significant proportion of revenue and exports.

To reduce debt vulnerabilities, the government is updating its medium-term debt strategy (MTDS) to include; minimizing domestic borrowing, lengthening the maturity of domestic debt and negotiating with our external creditors for possible debt rescheduling. The strategy also encompasses limiting external financing by sticking to highly concessional external loans only, for the sole purpose of financing essential projects. Reforms are also ongoing to place fiscal policy on a sustainable path, including strengthening public finance management and improving the efficiency of state-owned enterprises (SOEs) to minimize incurrence of contingent liabilities. Furthermore, efforts are continuing to enhance domestic revenue mobilization by improving efficiency in tax collection and administration so as to reduce dependence on borrowing.

Annual Domestic and external debt in GMD



External debt

Outstanding public external debt of The Gambia increased to D31.6 billion, equivalent to 41.4 percent of GDP in 2018 compared to D31.1 billion or 40.7 percent of GDP in 2017. Public external debt constituted 50.3 percent of public debt in 2018 compared to 50.6 percent in 2017.

Domestic debt

The stock of outstanding domestic debt rose to D31.2 billion (40.5 percent of GDP) in 2018 from D29.7 billion (42.7 percent of GDP) in 2017, representing a growth of 5.2 percent. Treasury bills and Sukuk- Al Salaam, accounting for 53.0 percent and 2.7 percent respectively of the domestic debt stock in 2018. Treasury bills grew by 13.2 percent while Sukuk-Al Salaam fell by 0.7 percent during the period under review from D0.9 billion in 2017.

3.1.6 External Sector Developments

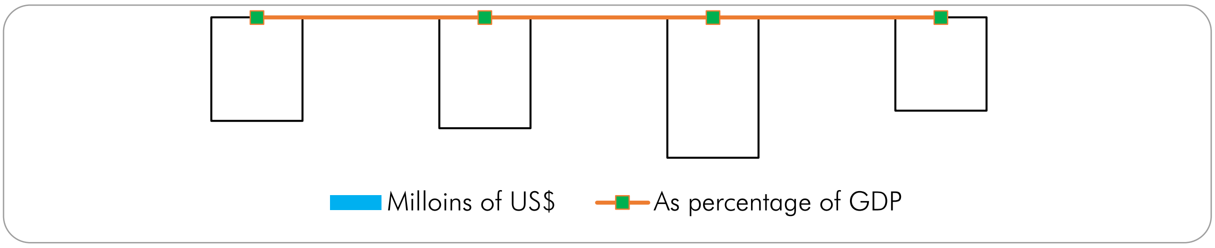
The external position of the Gambian economy has improved in the past year, thanks to the rebound in confidence and support of development partners. The overall balance of payments remained in surplus supported by rebound in tourism, official transfers related to donor disbursements for project and budget support, and increases in private remittances and foreign direct investment. These positive developments supported a continued expansion in gross official reserves.

Balance of payments

Preliminary balance of payments estimates for the year ended 2018, indicated an overall balance of payments surplus of US$16.4 million, lower than US$90.3 million in 2017, due mainly to the higher receipts of project grants and budget support in 2017 relative to 2018.

The current account balance improved despite the marked increase in imports in response to higher economic activity. The deficit in the current account balance narrowed to a deficit of US$69.7 million (4.3 percent of GDP) in the review period from a deficit of US$98.81 million (7.2 percent of GDP) in the corresponding period of 2017 due to improvement in the services account. However, the goods account balance deteriorated to a deficit of US$354.4 million (22.0 percent of GDP)in 2018 compared to a deficit of US$331.2 million (21.5 percent of GDP) in 2017. Imports (FOB) rose to US$519.4 million or by 11.9 percent in 2018 from US$464.1 million in 2017. Major imported items during the year include oil and petroleum products, cement products and other construction related materials. Exports (FOB) also increased to US$135.3 million or by 15.5 percent

Figure 4: The current account balance



Source: CBG

The services account balance surged to US$106.9 million or by 73.7 percent in the twelve months of 2018 from US$61.6 million in the same period a year ago, on the back of an increase in personal travel, which rose to US$ 150.2 million or by 14.2 percent relative to US$131.5 million in 2017. This reflects 14.6 percent growth in air-chattered tourist arrivals during the year.

Current transfers, mainly workers' remittances (net) over the review period amounted to US$210.4 million compared to a net inflow of US$206.2 million in the same period of 2017, representing an increase of 18.8 percent.

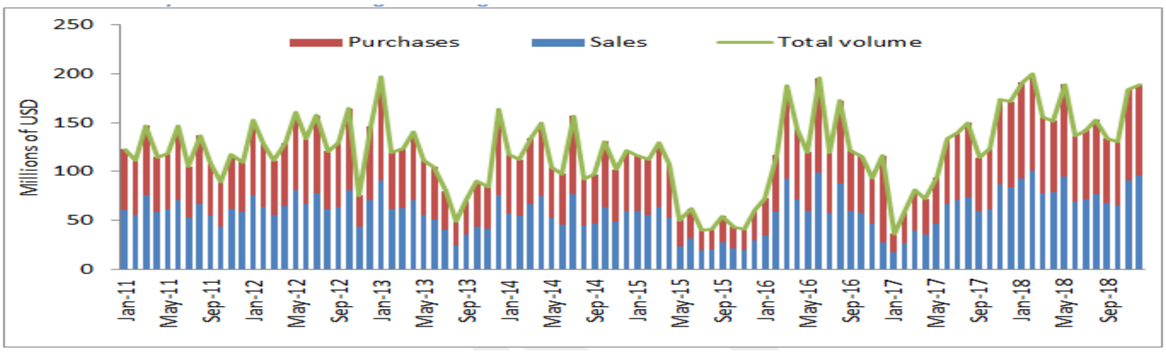
The capital and financial account balance improved markedly to a surplus of US$53.3 million in 2018 from a surplus of US$8.5 million a year ago, mainly on account of improvements in the financial account. The financial account improved to a surplus of US$31.2 million and was driven mainly by the increase in foreign direct investment which rose to US$28.8 million from a surplus of US$17.7 million a year ago. Other investments and change in reserve assets, which are components of financial account registered lower surpluses of US$20.9 million and US$18.5 million in from US$35.1 million and US$90.7 million respectively a year ago.

3.1.7 Foreign Exchange Developments

The domestic foreign exchange market has stabilized supported by improved foreign exchange liquidity conditions and confidence in the economy. The improvement in the external sector coupled with the return of market confidence and the improved transparency in the foreign exchange rate policy were major contributing factors to the stability of the exchange rate of the dalasi. Volume of transactions in the foreign exchange market measured by aggregate purchases and sales of foreign currency in the year to end- December 2018 increased to US$1.96 billion from US$1.35 billion in the corresponding period a year earlier.

Purchase of foreign currency, indicating supply, increased from US$679.6 million in 2017 to US$975.7 million in 2018, representing an increase of 43.6 percent. This was on the back of improved private remittance inflows, rebound in tourism, increased foreign direct investment flows and project grant disbursements.

Activity volume in the foreign exchange market

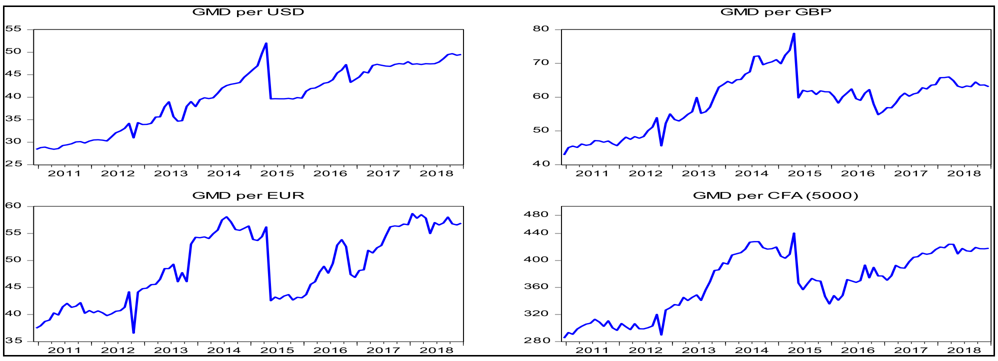


Source: CBG

During the year under review, demand pressures emanated mainly from the energy sector, import of basic commodities, government external debt repayments and maintenance of embassies abroad. As a result, sales of foreign currency, indicating demand, rose to D975.7 million or by 46.7 percent in the year to end-December 2018 compared to D669.1 million in the corresponding period a year ago.

The exchange rate of the dalasi remained broadly stable and the volatility in the market have eased. From January to December 2018, the dalasi depreciated against the U.S. dollar by 4.6 percent but appreciated against the British pound sterling by 4.0 percent, CFA by 0.4 percent and euro by 3.0 percent. The relative stability of the dalasi during the period under review signifies the improvement in the overall macroeconomic management, political stability and return of confidence

Exchange rate of the dalasi per unit of foreign currency



Source: CBG

3.2 GHANA

3.2.0 Global Development

The global economy witnessed continued expansion albeit at a slower pace and diversified across countries and regions. For instance, growth remained robust in the United States but weakened in the Eurozone and in Emerging Market and Developing Economies (EMDEs). The moderation of growth in the Eurozone and EMDEs was broadly on account of uncertainties surrounding the Brexit negotiations, US-China trade tensions, and weakening financial market sentiments. In Sub-Saharan Africa, growth picked up marginally on account of rising commodity prices and strong household consumption.

3.2.1 Ghana's Macroeconomic Performance: An Overview

The pace of domestic economic activity slowed in 2018 on the back of slower growth in the oil economy which was partly offset by a pickup in non-oil growth. Real GDP growth was estimated at 6.3 per cent of re-based GDP down from 8.1 per cent in 2017. Non-oil GDP grew by 6.5 per cent in 2018 compared to growth of 4.6 per cent in 2017.

During the review year, the domestic currency traded relatively weak against the US dollar, largely as a result of domestic demand pressures and external financing obligations. Cumulatively, the Ghana Cedi depreciated by 8.4 per cent as against 4.9 per cent in 2017.

The Government's budgetary operations for 2018 recorded a deficit of 3.9 per cent of GDP, compared to 4.8 per cent in 2017. The deficit was financed from both domestic and foreign sources. The government's debt management strategy to re-profile domestic debt from the short-term to medium and long-term remained largely on track. Consequently, the share of short-term debt in domestic debt declined to 12.7 per cent from 18.0 per cent, while medium- and long-term debt shares rose to 46.8 and 40.5 per cent in 2018 from 44.0 and 38.0 per cent in 2017, respectively.

The external sector also witnessed strong performance in the year under review. The trade balance recorded a surplus of US$1.8 billion, compared to a surplus of US$1.2 billion in 2017. The improvement resulted from increased crude oil and non-traditional export earnings. However, higher net outflows outweighed the trade surplus leading to an overall Balance of Payments (BOP) deficit of US$672.0 million in 2018, against a surplus of US$1.1billion in 2017.

These developments led to a drawdown of US$530 million in Gross International Reserves (GIR) to US$7.0 billion at end-December 2018. This was sufficient to provide import cover of 3.6 months compared to 4.3 months at end-December 2017.

3. 2.2 The Real Sector

Real economic growth in the domestic economy for 2018 was estimated at 6.3 per cent from 8.1 per cent in 2017. Non-oil GDP grew by 6.5per cent in 2018 compared to 4.6 per cent in 2017. In terms of the sector contribution to GDP growth in 2018, Services remains the largest contributing 46.3 per cent (46.0% in 2017) and supported mainly by the information and communications and health and social works sub sectors. This was followed by Industry with 34.0 per cent (32.7% in 2017) and Agricultural sector with 19.7 per cent (21.2% in 2017).

3.2.3 Domestic Debt

The stock of domestic debt was GH¢86.78 billion (28.9% of GDP) at end-December 2018, compared to GH¢66.54 billion (25.9% of GDP) at end-December 2017. The rise in the debt stock for the review period resulted from increases of GH¢11.28 billion and GH¢9.92 billion in the medium- and long-term securities respectively to GH¢40.47 billion and GH¢35.18 billion. The increases in medium- to long-term securities was however moderated by a decline in the short-term instruments by almost GH¢1.0 billion. The government's policy of re-profiling domestic debt from the short-term to medium and long-term remained largely on track. The share of short-term debt declined to 12.7 per cent from 18.0 per cent, while those of medium- and long-term debt increased to 46.8 and 40.5 per cent in 2018 from 44.0 and 38.0 per cent in 2017, respectively.

Table 1: Ghana-Key Economic Indicators

Selected Economic Indicators

Indicators	2013	2014	2015	2016	2017	2018
(Annual percentage change; unless otherwise indicated)						
National Income and Prices						
Agriculture	5.7	0.9	2.3	2.9	6.1	4.8
Industry	6.6	1.1	1.1	4.5	15.7	10.6
Services	10.0	5.4	3.0	2.8	3.3	2.7
Real GDP Growth (incl. Oil)	7.3	2.9	2.2	3.4	8.1	6.3
Real GDP Growth (excl. Oil)	6.7	2.7	2.2	4.6	4.6	6.5
Nominal GDP (Gh[illegible]	123,650	155,433	180,399	215,077	256,671	300,596
Consumer price index (end period)						
Year-on-Year	13.5	17.0	17.7	15.4	11.8	9.4
Food	7.2	6.8	8.0	9.7	8.0	8.7
Non-food	18.1	23.9	23.3	18.2	13.6	9.8
Exchange Rates (End of period)						
GH	2.2000	3.2001	3.7944	4.2002	4.4157	4.820
GH	3.6715	4.9791	5.6265	5.1965	5.9669	6.171
GH9	3.0982	3.8959	4.1514	4.4367	5.2964	5.513
Monetary Aggregates Annual Growth Rates (%)						
Reserve Money	15.1	30.2	24.2	29.6	13.2	4.6
Broad Money Supply (M2)	18.2	33.0	26.6	24.6	19.8	16.1
Broad Money Supply (M2+)	19.1	36.8	26.1	22.0	16.7	15.7
Private Sector Credit	28.6	42.6	24.5	14.4	13.4	10.6
Real Credit to the private sector	13.3	21.9	5.8	-0.8	0.9	1.1
Interest Rates (%)						
Monetary Policy rate	16.0	21.0	26.0	25.5	20.0	17.0
Interbank rate	16.3	23.9	25.3	25.2	19.3	16.1
91-Day treasury bill rate	18.8	23.9	23.1	16.8	13.3	14.6
182-day treasury bill rate	18.8	26.4	24.4	18.5	13.8	15.0
1-year treasury note rate	17.0	22.5	22.8	21.5	15.0	15.0
2-year treasury note rate	16.5	23.0	23.3	22.5	17.5	19.5
Average lending rate	25.6	29.0	27.5	31.2	29.3	26.9
3-month average deposit rate	12.5	13.9	13.0	13.0	13.0	11.5
lending-deposit rate spread	13.1	15.1	14.5	18.2	16.3	15.4
External Sector (Cummulative)						
Exports of Goods and Services (US$ m)	13,751.9	13,216.8	10,321.1	11,138.3	13,835.0	14,942.72
Imports of Goods and Services (US$ m)	17,600.2	14,600.2	13,465.1	12,920.1	12,647.3	13,134.07
Trade balance (US$ m)	-3,848.3	-1,383.4	-3,144.0	-1,781.8	1,187.7	1,808.65
Current Accout Balance (US$ m)	-5,704.0	-3,694.5	-2,823.8	-2,840.5	-2,003.1	-2,043.90
per cent of GDP	-11.9	-9.2	-7.5	-6.5	-4.6	-4.0
Overall Balance of Payments (US$ m)	-699.2	-86.1	-15.9	247.4	1,091.4	-671.52
Commodity Prices (International)						
Cocoa ($/tonne)	2,779.0	2,914.0	3,301.0	2,268.4	1,904.6	2,256.25
Gold ($/ounce)	1,223.0	1,199.0	1,069.0	1,151.2	1,266.6	1,251.11
Crude Oil ($/barrel)	110.6	64.8	38.9	54.9	64.3	57.67
Gross International Reserves	5,632.2	5,461.0	5,884.7	6,161.8	7,554.8	7,024.8
months of imports cover	3.6	3.8	3.5	3.5	4.3	3.6
Gross International Reserves (excl Oil Funds,Encumbered Assets) (US$' m)	5,550.0	4,350.0	4,403.1	4,862.1	5,491.0	5,317.2
months of imports cover	3.0	2.5	2.6	2.8	3.1	2.7
Net International Reserves (US$' m)	3,286.0	3,199.0	3,094.0	3,431.0	4,522.5	3,851.0
External Debt (US$ m)	11,902.0	13,871.8	15,781.9	16,461.0	17,157.0	17,895.3
Government Budget (% of GDP)						
Domestic Revenue	15.2	15.4	16.3	15.1	15.6	15.5
Grant	0.6	1.0	0.5	0.6	0.4	0.4
Total Expenditure	22.1	20.6	20.7	23.8	20.3	19.4
Overall Balance (Including Divestiture)	-7.5	-7.4	-5.2	-6.1	-4.8	-3.9
Domestic Primary Balance	-0.4	2.3	3.1	0.4	2.7	2.3

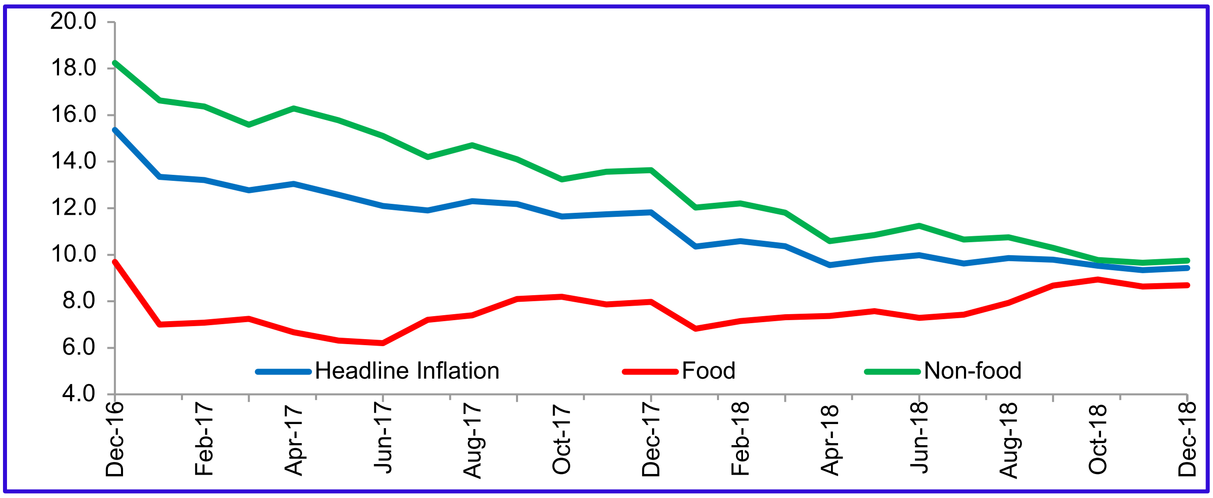
**Provisional*

3.2.4 Inflation

Year-on-year headline inflation eased to 9.4 per cent in December 2018 from 11.8 per cent in December 2017, supported by the relatively tight monetary policy stance maintained throughout the year and exchange rate stability. The decline was driven mainly by non-food inflation which fell to 9.8 per cent in December 2018 from 13.6 per cent in December 2017. In contrast, food inflation moved up to 8.7 per cent from 8.0 per cent.

The Bank's main measure of core inflation, which excludes energy and utility, fell to 10.4 per cent in December 2018 from 12.6 per cent a year earlier, reflecting dampening underlying inflation pressures.

Chart 3.2.1: Headline Inflation



The Bank's main measure of core inflation, which excludes energy and utility, fell to 10.4 per cent in December 2018 from 12.6 per cent a year earlier, reflecting dampening underlying inflation pressures.

3.2.5 Monetary and Financial Developments

The growth in M2+ (including foreign currency deposits) decreased from 16.7 per cent in year-on-year terms in 2017 to 15.7 per cent (GH¢10,380.3 million) in the same period in 2018. Broad money supply (M2+) stood at GH¢76,552.3 million at the end of 2018 compared with GH¢66,172.0 million realised at the end of 2017.

In terms of components, the decrease in year-on-year growth of M2+ was mainly due to a decrease in savings and time deposits from an annual growth of 27.9 per cent in 2017 compared to 15.3 per cent in 2018. On the other hand, M1 (which consists of currency outside banks and demand deposits) grew by 14.5 per cent in 2017 compared to 16.7 per cent in 2018.

The decrease in the growth of M2+ was mainly as a result of a decrease in Net Foreign Assets (NFA) which was moderated by an increase in Net Domestic Assets (NDA). NFA recorded a year-on-year growth of 38.4 per cent in 2017 compared to a contraction by 31.1 per cent in 2018, whereas NDA grew by 9.0 per cent compared to 37.0 per cent over the same comparative periods.

3.2.6 Banks' Outstanding Credit

The pace of growth in banks' outstanding credit to the public and private institutions increased in 2018 compared with 2017. Banks' outstanding credit recorded a 12.9 per cent annual growth at the end of 2018 compared with 6.8 per cent in 2017. . At the end of 2018, total outstanding credit stood at GH¢42,724.4 million compared with GH¢37,829.5 million recorded in 2017.

In real terms, private sector credit grew by 1.1 per cent in 2018 against a 0.9 per cent at end of 2017. . The share of total outstanding credit to the private sector however decreased to 88.0 per cent in 2018 from 89.8 per cent in 2017.

3.2.7 Interest Rate Developments

Interest rates developments in 2018 indicate a mixed performance. Rates on government securities generally trended upwards while average lending rates of the commercial banks generally declined. The Monetary Policy Rate was reduced by 300 basis points during the year from 19.00 per cent at the end of December 2017.

On the treasury market, the 91-day and 182-day T-bills' rates increased by 123.1bps and 124.1bps to settle at 14.56 per cent and 15.02 per cent at the end of 2018 from 13.33 per cent and 13.78 per cent respectively in 2017 whereas the 1-year note remained unchanged at 15.00 per cent. The rate on the 2 year and the 3-year bonds increased by 200bps and 125bps to 19.50 per cent each, however, the rates on 5-year and 7-year bonds lost 110bps and 350bps to 16.50 per cent and 16.25 per cent respectively at the end of 2018.

The interbank weighted average rate settled at 16.12 per cent at the end of 2018, a decline of

322 bps from 19.34 in December 2017.

3.2.8 The Stock Market

Activities on the Ghana Stock Exchange were affected by the financial sector challenges and unfavourable global events such as international trade tensions and Fed rate hikes. The GSE Composite Index (GSE-CI) contracted by 0.3 per cent in year-on-year terms compared to a growth of 52.7 per cent in 2017.

The total market capitalization of the GSE in 2018 grew by 4.0 per cent compared to a growth of 11.6 per cent recorded at the end of 2017. At the end of 2018, total market capitalization stood at GH¢61,136.5 million. The growth in market capitalization was attributed to the listing of tech giant, MTN Ghana in September 2018. This was supported by a significant increase in capitalization of ETFunds as a result of share price appreciation of GLD. The Food & Brewery, Agriculture and Oil sectors however, recorded some losses to moderate the increase in market capitalization.

3.2.9 Exchange Rate Developments

The foreign exchange market experienced some volatility during the year under review due to both internal and external factors. For the first-four months of the year, the Ghana cedi performed strongly against the major trading currencies. It appreciated by 0.2 per cent against the US dollar and depreciated against the pound sterling and the euro when compared to the preceding year. However, by September 2018, the Ghana cedi had lost 7.6 per cent of its value largely due to a stronger US dollar and rising yields, following the normalization of US monetary policy. Also, there was increased foreign exchange demand by the corporate sector to meet external financing obligations. In the fourth quarter, however, the pace of depreciation against the US dollar slowed down mainly as a result of improved inflows.

On the back of these developments, the Ghana Cedi depreciated cumulatively by 8.4 per cent in 2018 against the US dollar compared to depreciation of 4.9 per cent in 2017. Against the Pound Sterling and Euro, the Cedi depreciated by 3.3 per cent and 3.9 per cent respectively. These compare with a depreciation of 12.9 per cent and 16.2 per cent against the British pound against the Euro in 2017.

On the forex bureau market, the local currency depreciated cumulatively by 7.7 per cent against the US dollar, 2.7 per cent against the Euro and 2.0 per cent against the Pound Sterling. In 2017, the Cedi depreciated by 6.9 per cent, 15.1 per cent and 18.3 per cent against the US Dollar, the Pound Sterling and the Euro respectively.

3.2.10 International Trade and Finance

The value of merchandise exports for the year was estimated at US$14.9 billion, an increase of 7.5 per cent over the value recorded in 2017.

Gold Exports

Gold export earnings in 2018 amounted to US$5.4 billion compared to US$5.8 billion in 2017. The decline was largely driven by a shortfall in volumes. The volume of gold exported decreased by 7.6 per cent to 4,264,664 fine ounces, while the average realised price increased by 2.1 per cent to US$1,280.61 per fine ounce.

Crude Oil Exports

The value of crude oil exported was estimated at US$4.6 billion in 2018 compared to US$3.1 billion in 2017. The average realised price of oil increased by 31.1 per cent to US$71.64 per barrel in 2018. Volume exported also improved by 12.0 per cent to 63,838,138 barrels in 2018.

Export of Cocoa Beans and Products

Exports of cocoa beans and products amounted to US$2.1 billion compared to US$2.7 billion in 2017, representing a decrease of 21.4 per cent. Cocoa beans exported amounted to US$1.3 billion, a decrease of 30.8 per cent compared to the value in 2017. Prices of cocoa beans dropped significantly by 20.7 per cent to US$2,156.36 per tonne, and export volume also decreased by 12.7 per cent to 611,231 tonnes. Earnings from the export of cocoa products, however, increased by 2.1 per cent to US$773.53 million.

Timber Exports

Timber products export increased by 3.0 per cent to US$221.4 million. The average realized price of timber increased by 5.6 per cent to US$670.73 per cubic metre in 2018 from US$634.92 per cubic metre in 2017. The volumes exported, however, decreased to 330,010 cubic metres from the 2017 level of 338,581 cubic metres.

Other Exports

The value of "other exports" made up of non-traditional exports and other minerals (aluminium alloys, bauxite, diamond and manganese) was estimated at US$2.5 billion, 22.5 per cent higher than the outturn in 2017.

Total merchandised imports for 2018 was estimated at US$13.1 billion, an increase of 3.5 per cent compared to the outturn in 2017.

Oil and Non-Oil Imports

The value of oil imports (comprising crude, gas and finished products) increased to US$2.6 billion in 2018 from US$1.99 billion in 2017, driven by higher oil prices on the international market and increased demand. Non-oil imports for 2018 were US$10.6 billion, a decrease of 1.0 per cent from the 2017 position.

Services, Income and Current Transfers

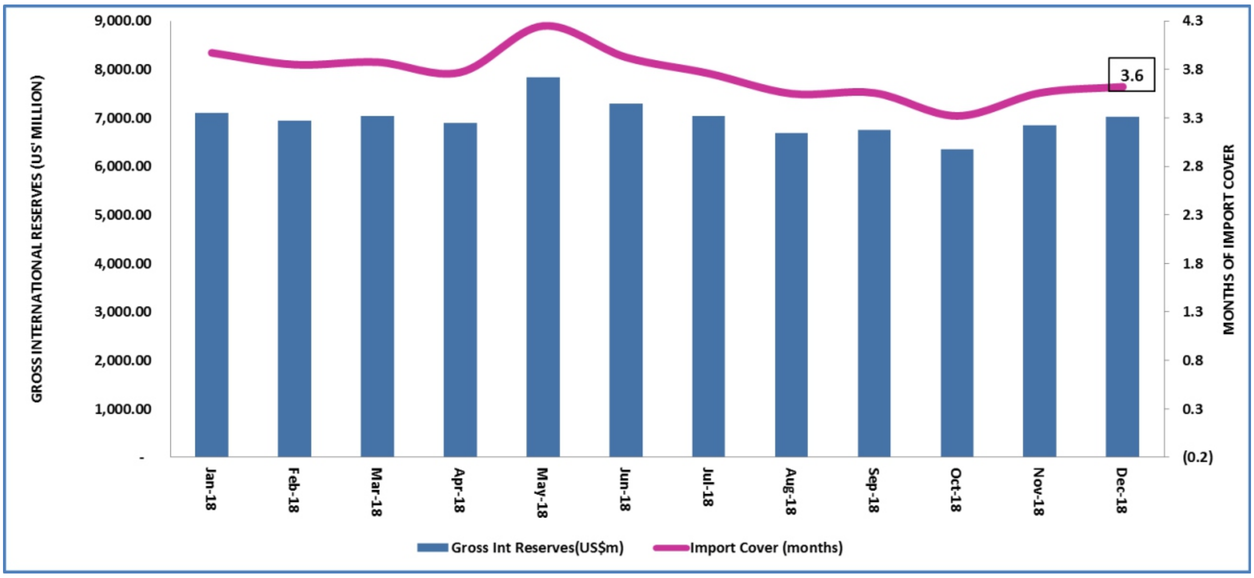
The services, income and transfers account recorded a deficit of US$3.9 billion, a deterioration of US$660.91 million compared to the deficit recorded in the preceding year. The services and income account recorded net outflows (payments) of US$6.4 billion in 2018 compared to US$5.6 billion in 2017. Net inflows into the current transfers account improved to US$2.6 billion in 2018 from US$2.4 billion in 2017.

3.2.11 International Reserves

The stock of Net International Reserves (NIR) at end-December 2018 was estimated at US$3.9 billion, from a stock position of US$4.5 billion at end-December 2017.

Gross International Reserves (GIR) decreased by US$530 million to US$7.0 billion at enenough 2018. This was sufficient to provide cover for 3.6 months of imports compared to 4.3 months at end-December 2017.

Chart 3.2.2: Gross International Reserves (US$ million)



3.3 LIBERIA

3.3.1 Real Sector and Price Developments

Real GDP growth is revised to 1.2 percent from an earlier projection of 3.0 percent in 2018 from 2.5 percent recorded in 2017. The estimated growth in real GDP was mainly led by the primary sector (agriculture, mining and panning, and forestry) which grew at 7.0 percent, up from the 4.1 percent recorded in 2017. The secondary sector (manufacturing) marginally grew at a projected 0.1 percent from an estimated 1.4 percent in 2017; while the tertiary sector (service sector) contracted by an estimated 0.5 percent from 1.0 percent in 2017.

Growth outlook for the economy in 2019 remains dampened as real GDP is projected to decline to 0.4 percent, from the estimated 1.2 percent in 2018. The expected growth in 2019 will be largely underpinned by projected performances of all sectors of the economy, even though the mining and panning sector is expected to grow at a decreasing rate.

Although projected growth for 2019 remains positive, it is not without risks. The potential declines in the prices of the country's key export commodities (rubber and iron ore), infrastructural challenges and delayed policy implementations are major risks to the growth outlook.

Inflation in the Liberian economy increased in 2018, with average headline inflation for the year increasing to an estimated 23.4 percent from 12.4 percent in 2017. End-of-year inflation was projected at 28.7 percent for 2018. The estimated 11.0 percentage points increase in average inflation was generally explained by the deterioration in the country's trade balance; low foreign exchange inflows; depreciation of the Liberian dollar; and Government policy on the prices of petroleum products on the local market which included a ¢30 road user fee in addition to the ¢45 and ¢40 sales levy taxes on Premium Motor Spirit (PMS) and Automotive Gas Oil (AGO), respectively.

Core inflation, which is measured by the Bank as the overall Consumer Price Index (CPI) less food and transport rose to a projected 26.2 percent, from 19.2 percent for the corresponding period a year ago.

3.3.2 Monetary Developments

The stock of Liberian dollar in circulation at end-November 2018, stood at L$18,889.6 million, reflecting an expansion of 18.7 percent, from L$15,919.70 million at end-December 2017. The expansion was occasioned by 29.8 percent and 18.0 percent rise in both currency in banks and currency outside banks, respectively. Of the total currency in circulation, currency outside banks accounted for 93.6 percent, down from 94.1 percent recorded at end-December 2017.

Narrow money supply (M1) at end-November 2018, stood at L$74,931.2 million, reflecting an increase of 39.3 percent, from L$53,784.2 million recorded at end-December 2017. The increase in the stock of narrow money was occasioned by 18.0 percent and 47.6 percent increases in both currency outside banks and demand deposits, respectively. Quasi money expanded by 32.1 percent to L$34,618.8 million as a result of a 32.0 percent increase in time and savings deposits.

Broad money (M2) grew by 36.9 percent to L$109,549.96 million at end-November 2018, from L$79,999.9 million recorded at end-December 2017 primarily on account of 82.3 percent rise in net domestic assets (NDA) which offset the 26.8 percent slowdown in net foreign assets (NFA). The expansion in NDA for the period under consideration was occasioned by 47.8 percent and 28.5 percent increases in net claims on Government and credit to the private sector, respectively.

Reserve money grew by 20.0 percent to L$38,956.7 million, mainly driven by a 23.2 percent growth in commercial banks' reserve deposits at the CBL, and an 18.0 percent increase in currency outside of the banking system. The US dollar contribution to broad money at end-November 2018 accounted for 69.1 percent (L$75,701.36 million8), up from 65.4 percent (L$52,328.1 million) recorded at end-December 2017. The Liberian dollar contribution constituted 30.9 percent. This reflects the high degree of dollarization of the economy.

3.3.3 Commercial Banks' Credits to the Economy

Total stock of credits to the various sectors of the economy at end-November 2018 stood at

L$72,745.6 million, reflecting a 33.0 percent expansion compared with end-December 2017. The key sectors that contributed to credit growth were trade (13.9 percentage points), construction (5.6 percentage points), oil & gas (3.4 percentage points), agriculture (2.9 percentage points), etc.

The growth in sectoral credits was mainly triggered by the gradual pick-up in economic activities, primarily in the private sector, on the back of gradual improvement in the energy sector coupled with stable political environment following the last general and presidential elections. Credit to the private sector as a percent of GDP increased to 16.4 percent, from 14.6 percent recorded in 2017. This reflects the gradual improvement in the contribution of the financial sector to the economy. The private sector's share of total credits at end-November 2018 accounted for 96.9 percent.

3.3.4 Banking Sector Developments

The banking sector showed strong performance in 2018 in terms of key balance sheet indicators despite challenges in the economy. As at December 31, 2018, the sector recorded growth in key balance sheet items relative to the preceding year. Total assets, total loans & advances, total deposit and capital increased by 40.27 percent, 34.65 percent, 36.8 percent and 48.4 percent, respectively. At the same time, the industry profitability increased by 2.5 percent. However, the sector experienced decline in liquidity ratio by 2.12 percentage points.

The industry's gross operational income as at December 31, 2018 amounted to L$13.66 billion, 26.6 percent points less than the L$18.63 billion reported in the corresponding period in 2017. In terms of cumulative capital, the banking industry showed significant improvement. At end-December 2018, the industry's total capital increased to L$26.17 billion, reflecting a 48.4 percent increase compared with L$17.63 billion reported in 2017. Eight (8) of the nine (9) commercial banks reported capital in excess of the minimum regulatory requirement of US$10.00 million. In terms of Capital Adequacy Ratio (CAR), all nine (9) banks were in excess of the minimum regulatory requirement of 10.0 percent. The industry's CAR reported at end-December 2018 stood at 27.2 percent, 11.7 percentage points lower than the amount recorded at end-December 2017.

The industry reported an increase in total loans and advances to L$73.62 billion, 34.6 percent higher than the L$54.6 billion recorded in December 2017; while non-performing loans (NPL) recorded a 26.5 percent increase to L$10.3 billion compared with 2017. As a percentage of total loans, NPLs stood at 13.8 percent, representing a slight decrease of 0.86 percentage point compared with the 14.66 percent recorded in 2017.

In 2018, eleven (11) of the fifteen (15) counties had at least one bank branch. The growth in branch network is evident of the growing confidence in the banking sector. The number of Rural Community Finance Institutions (RCFIs) remained at twelve (12) with presence in eight (8) of the fifteen (15) counties. All the RCFIs are involved in the payments of civil servants' salaries and provision of salary-based credits, thereby filling the gaps of commercial banks in those locations and alleviating the burdens previously faced by many teachers and health workers to access their salaries in rural areas. The RCFIs are also involved in providing money transfer services including remittances as well as mobile money services.

3.3.5 Non-bank Financial Sector

Insurance Sector

The insurance sector witnessed a 51.97 percent growth in total assets in 2018, largely due to fresh injection of capital through real properties and cash. However, the industry's profitability remained challenged partly due to high operating expenses and the small insurable market with 19 insurance companies. During the year, the insurance sector experienced a significant increase of 70.68 percent in capitalization. The increase is mostly attributed to a fresh capital injection of properties, cash, and profits made into the companies to meet minimum regulatory capital requirement. This level of development was due mainly to success of the enforcement exercise of the new minimum capital requirement during the period.

The insurance sector also recorded a 40.6 percent increase in gross premium, on account of a significant increase in underwriting results of 26.65 percent. There was a significant rise of 77.9 percent in net income, although there was a marked increase in claims of 32.95 percent.

3.3.6 External Sector Developments

Exchange Rate Developments

The Liberian dollar depreciated against the US dollar in 2018, driven largely by the limited supply of foreign exchange in the economy as a result of the weak external performance of the economy. The Liberian dollar experienced a depreciation of 25.5 percent at end-December 2018 to L$157.50/US$1.00, from L$125.50/US$1.00 at end-December 2017.Similarly, the average exchange rate during 2018 recorded a depreciation of 27.8 percent to L$144.10/US$1.00 from L$112.61/US$1.00 in 2017.

Balance of Payments

Provisional estimates show that Liberia's overall balance of payments (BOP) position was US$147.5 million, from US$63.8 million in 2017, reflecting a significant drawdown in gross external reserves.

Current Account

The current account deficit reduced to US$467.6 million in 2018, from a revised deficit of US$555.8 million recorded in 2017. This was mainly as a result of fall in payments for foreign goods and services and a decline in primary income deficit.

Merchandise Trade Balance

Liberia's merchandise trade balance continued to be in deficit in 2018. However, the deficit reduced by 18.8 percent to US$519.2 million, from US$639.7 million recorded in 2017. Increased earnings from merchandise exports explained the improvement in trade balance.

Merchandise Exports

Merchandise export earnings in 2018 increased by 36.8 percent to an estimated US$490.3 million, from US$358.2 million recorded in 2017. This increase was mainly on account of a rise in receipts from mineral and iron ore exports. Receipts from mineral exports, which constituted about 52.5 percent of total export earnings in 2018, increased by 28.8 percent to US$257.3 million, from US$199.7 million recorded in 2017. Earnings from gold exports accounted for 87.1 percent of total mineral exports. Iron ore export receipts, which constituted 21.8 percent of total export earnings in 2018, surged to US$106.7 million from US$48.7 million in 2017.

Destinations of Exports

In 2018, Europe (mainly Switzerland which buys gold) was the leading trading partner of Liberia, followed by North America & the Caribbean (mainly the United States of America) and Asia (especially Middle Eastern Countries). Europe received about 68.4 percent of Liberia's total exports, while North America & the Caribbean and Asia received 13.6 percent and 9.1 percent, respectively.

Merchandise Imports

Liberia's merchandise import payments in 2018 increased to US$1,009.5 million, from a revised US&997.9 million recorded in 2017. The rise in import payments in 2018 was mainly driven by increase in payments for commodities, including beverages and tobacco, crude materials and inedible, and machinery & transport equipment.

Sources of Imports

Statistics on the sources of Liberia's imports showed mixed trends in 2018, with some regions benefitting from increased import payments and others experiencing declines in payments. Increased import payments to Asia and Europe outweighed the decline in payments to Africa, North America & the Caribbean, driving the rise in import payments during the year. Asia (especially China), Europe (mainly the United Kingdom) and Africa (mainly the ECOWAS countries) were the top three (3) regions that benefitted from Liberia's import payments during 2018, receiving 55.0 percent, 18.0 percent and 17.0 percent of payments, respectively.

3.3 NIGERIA

3.4.1 Overview

The 2018 macroeconomic policy thrust was to consolidate and sustain the gains of the economic recovery process through economic diversification and inclusive growth hinged on the Economic Recovery and Growth Plan (ERGP), the medium-term plan for 2017 to 2020. The ERGP focuses on achieving macroeconomic stability, increased investment in social infrastructure, enhancing competitiveness, improved governance and non-oil revenue collection and savings through expenditure rationalisation. Furthermore, it was designed to expand partnership between the public and private sectors to mobilize development capital necessary for growth.

3.4.2 Sectorial Developments

3.4.2.1 Domestic Output

The supportive external environment including higher commodity prices and improved access to capital, coupled with domestic recovery in oil production and the enhanced contribution of the non-oil sector impacted positively on Nigeria's output in 2018. Consequently, provisional data by the National Bureau of Statistics (NBS) showed that real output grew by 1.9 per cent, compared to the growth of 0.8 per cent recorded in 2017, implying sustenance of the economic recovery that commenced in the second quarter of 2017. The growth recovery was further supported by the continued stability in the foreign exchange market, improvement in the flow of financial resources to the real sector through the various interventions by the CBN in the agricultural sector, the micro, small and medium enterprises (MSMEs), as well as improved performance of the manufacturing, telecommunications and other key sectors of the economy.

3.4.2.2 Domestic Prices

The inflation rate moderated to 11.4 per cent at end-December 2018, from 15.37 per cent in the corresponding period of 2017. Similarly, core and food inflation rates decreased to 9.8 and 13.6 per cent in 2018, from 12.1 and 19.4 per cent, respectively, in the corresponding period of 2017. The decline in inflation was partly attributed to the relative stability in the foreign exchange market, tight monetary policy stance of the CBN, waning base effect as well as fall in the aggregate demand of goods and services on account of non-payment of salaries and pensions by some States and subnational governments.

3.4.4 Monetary Sector

Monetary policy stance remained tight to contain inflationary pressures, sustain capital inflows and support growth in 2018. The monetary policy rate (MPR) was maintained at 14.0 per cent, which had been the rate since it was raised from 12.0 percent in July 2016 and the asymmetric corridor remained at +2.0/-5.0 percent around the MPR to encourage interbank lending. Cash reserve requirement (CRR) and the minimum liquidity ratio (LR) remained unchanged at 22.5 percent and 30.0 percent, respectively.

Broad money supply (M2) grew by 12.2 per cent in 2018 compared with the 2.3 per cent growth recorded in 2017, mainly underpinned by net foreign assets (NFA). Net foreign assets (NFA) increased by 18.5 per cent in 2018 compared to the growth of 69.6 per cent recorded in 2017; attributable mainly to the improved external position of the Central Bank. Similarly, domestic assets (NDA) grew by 14.3 percent at end-December 2018, compared to the contraction of 32.1 per cent recorded in the corresponding period of 2017. Reserve money expanded at a slower pace by 10.2 per cent in 2018 compared to the growth of 10.8 per cent in 2017.

3.4.5 Deposit and Lending Rates

Interest rates in the domestic money market trended downwards, except the average maximum lending rate that increased slightly in the review period. The movement in interest rates was influenced by the combined effects of the CBN quasi-fiscal operations, OMO auctions, servicing of maturing CBN bills, foreign exchange interventions and statutory allocations to state and local governments. The average interbank rate (IBR) decreased from 22.95 per cent in 2017 to 13.29 per cent in 2018. The prime lending rates also declined to 16.91 percent in 2018 from 17.58 per cent in 2017. In addition, the average 91-day Treasury-bills rate trended downwards from 13.46 percent in 2017 to 11.0 percent in 2018. The average maximum lending rate, however, increased slightly to 31.09 per cent in 2018 from 30.68 per cent in 2017. The average saving rate declined slightly to 4.07 per cent in 2018 from 4.13 per cent in 2017.

3.4.6 External Sector

Performance of the external sector improved following increases in both the price and production of crude oil, and capital flows to the country. The balance of payments (BOP) recorded a surplus of US$3.28 billion (0.8 percent of GDP), from US$12.24 billion (3.3 percent of GDP) in 2017, explained by the surpluses recorded in both the current and the financial accounts. The current account, recorded a surplus of US$5.33 billion (1.3 percent of GDP) compared to US$10.39 billion or 2.8 percent of GDP in 2017. The performance of the current account was attributable mainly to the surplus recorded in trade balance and growth in current transfers (net) on account of the surge in remittances.

The Capital and Financial Account recorded a net incurrence of liabilities of US$0.90 billion compared to the net acquisition of assets of US$3.99 billion in 2017. Portfolio investment (net) increased by to US$12.55, from US$8.53 billion in 2017. Other investments flows decreased to US$7.31 billion, from US$8.49 in 2017. The surge in portfolio flows and other investments was a reflection of improved investor confidence of the international community in the economy and the consequent stability in the foreign exchange market. However, direct investment (net) contracted by 75.37 per cent significantly to US$1.99 billion, from US$3.50 billion in 2017.

Gross external reserves increased by 8.23 percent to US$42.59 billion at end-December 2018, from US$39.35 billion at end-December 2017. The accretion to gross external reserves was attributed mainly to increase in oil receipts and capital inflows.

3.4.7 Exchange Rate Developments

The CBN continued to implement a flexible exchange rate policy framework to improve liquidity to stabilize the foreign exchange market. The increased foreign exchange receipts, high level of activities at the Investors' and Exporters' (I&E) window, the implementation of the Bilateral Currency Swap Agreement (BCSA) with China and the inflow of US$2.8 billion Euro bond coupled with proactive exchange rate management policy measures employed by the monetary authority, helped to curtail speculative demand, improve liquidity and brought stability to the foreign exchange market.

The exchange rate premium between the BDC segment and the Investors' and Exporters' window of the foreign exchange market narrowed. The exchange rate at the interbank market segment was stable, as it marginally depreciated by 0.1 per cent to ₦306.0/US$ at end-December 2018, against ₦305.7/US$ in the corresponding period of 2017. However, the naira appreciated at the Bureau-de-Change (BDC) by 9.46 percent to ₦361.5/US$ at end-December 2018, from ₦395.7/US$ in the corresponding period of 2017.

3.3 SIERRA LEONE

3.5.1 Overview

Economic growth in Sierra Leone moderated to 3.5 percent in 2018 from 3.8 percent in 2017, driven mainly by the cessation of iron ore production; associated with lower prices and high operational cost, and slow growth in the agriculture, services and industrial sub-sectors.

On an annual basis, headline inflation increased to 17.46 percent in December 2018 from 15.33 percent at end December 2017, but was within the end year target of 18 percent. The increase in domestic price pressures reflected developments in non-food prices.

The conduct of monetary policy in 2018 was focused on achieving an end year inflation target of 18 percent, preserve the value of the Leone through robust market-based instruments, as well as maintaining external balance through foreign exchange accumulation. On this note, monetary policy for the most part of 2018 was tight as the monetary policy rate was raised from 15.0 percent in May 2018 to 16.5 percent in June and the same maintained in December 2018. However, monetary policy was challenged by heightened inflationary pressures and exchange rate depreciation.

The objective of fiscal policy in 2018 was the pursuance of fiscal consolidation, with a special focus on enhancing domestic revenue mobilization and expenditure rationalization, in order to provide the thrust for the achievement of the government's flagship program on education.

In 2018, Sierra Leone's external trade deteriorated in line with the slowdown in global growth, signaling weak export performance, which resulted in an expansion of the trade deficit. The current account also worsened, largely due to a deteriorating trade balance coupled with poor performance in the income account. Consequently, the current account deteriorated as a percentage of GDP. The capital and financial account also worsened in 2018 largely due to a drop in net inflows. Reflecting developments in the external sector, the foreign exchange market was challenged as the exchange rate of the Leone vis-à-vis the US dollar continued to depreciate in all market segments. However, when compared to the preceding period, it was relatively stable, led by the BSL's intervention in the foreign exchange market to smoothen volatility. Consequently, the gross foreign exchange reserves of the Bank of Sierra Leone declined as outflows outpaced inflows during the year under review.

The banking sector remained stable and sound, as banks continued to be well capitalized, liquid and profitable. The growth in profit was largely supported by a significant increase in revenues from interest income. The ratio of non-performing loans declined but remained slightly above the prudential limit. In addition, banks continued to pursue financial inclusion initiatives, aimed at broadening access to financial services and products.

On the supervisory front, the BSL migrated fully to the risk-based supervision framework, which is expected to enhance the supervisory oversight of the Bank and ensure financial stability.

3.5.2 Real Sector Developments

Output

Performance in the real sector of the economy of Sierra Leone slowed to 3.5 percent in 2018 from 3.8 percent in 2017, largely driven by a slowdown in the agriculture, services and industrial sub-sectors. In terms of sectoral growth rates in 2018, agriculture, forestry & fishing grew by 3.91 percent compared to 4.48 percent in 2017, services sector grew by 4.10 percent compared to 5.29 percent in 2017, while the industrial sector contracted by 2.51 percent compared to a contraction of 5.31 percent in 2017. The slow growth in the agriculture, forestry & fishing sectors was explained by low activities in crops and livestock production. The industrial sector contracted due to the drop in production in the mining & quarrying and construction sub-sectors, while the slow growth in the services sector reflected slow performance in trade & tourism, transport, storage & communication, finance, insurance & real estate.

The main objective of the agricultural sector was to increase rice production aimed at reducing the country's high dependence on food imports and subsequently increasing food self-sufficiency and security. The manufacturing sector recovered slightly in 2018. All beverages, except Maltina, recorded an increase in production explained by demand and supply fundamentals. The mining sector recorded strong performance in 2018 despite the shutting down of iron ore mining, with diamond, gold, ilmenite and rutile recording increased outputs, while bauxite declined. In the energy sector, government renegotiated the contract with the Turkish "Karadeniz Powership Kaya Bey Company Limited" ("Karpowership") in order to provide reliable and affordable supply of electricity across the country. This is part of government's policy to boost the energy sector. Electricity Generation and Transmission Company (EGTC) in 2018 registered a total electricity generation of 309.73Gw/hr, reflecting a 0.24 percent increase. This amount constituted 28 percent of thermal plant generation and 72 percent of hydro power generation.

Prices

Headline inflation increased for the most part of the year, starting from 14.69 percent in January 2018 and reaching a peak of 19.29 percent in October 2018 before slowing down to 18.14 percent in November 2018, and further to 17.46 percent in December 2018. This was an increase of 2.13 percentage points when compared to the 15.33 percent recorded in December 2017. The increase in domestic price pressures was mainly on account of an increase in non-food prices. Non-food inflation increased to 19.65 percent in December 2018 from 10.56 percent in December 2017. However, food inflation declined to 16.22 percent in December 2018 from 17.93 percent in December 2017. In terms of analysis by source, housing & utilities, health, and transportation were the main components that exerted immense pressures on inflation.

3.5.3 Fiscal Policy

The objective of fiscal policy in 2018 was the pursuance of fiscal consolidation, with a special focus on enhancing domestic revenue mobilization and expenditure rationalization, in order to provide the thrust for the achievement of the government's flagship program on education.

Government Budgetary Operations

Government budgetary operations resulted in an overall deficit (including grants) of Le1, 745.80bn (5.40 percent of GDP) in 2018, which was lower than the budgeted deficit of Le2, 038.01bn (6.60 percent of GDP) and the actual deficit of Le2, 455.60bn (9.2 percent of GDP) in 2017. Also, overall deficit (excluding grants) amounted to Le2, 430.61bn (7.5 percent of GDP) in 2018 and was within the budgeted deficit of Le2, 927.73bn (9.4 percent of GDP).

Government Revenue

Total government revenues including grants increased to Le5, 192.53bn (16.03 percent of GDP) in 2018 from Le4, 023.07bn (15.12 percent of GDP) in 2017, but was below the budgeted target of Le5, 473.33bn. The growth in total revenues was largely explained by improved domestic revenue mobilization and increased grants disbursement during the year. Of the total revenues, tax revenue accounted for 67.8 percent, non-tax revenue (16.2 percent) and grants (16.0 percent).

Tax revenues (Income tax, Customs and Excise, and Goods and Services Tax (GST)) increased by to Le3, 521.17bn (11.3 percent of GDP) in 2018 from Le2, 812.33bn in 2017, and exceeded the budgeted target of Le3, 478.75bn. This was driven by the increase in revenue collection from Income tax, Customs and Excise and Goods and Services Tax (GST).

Customs and Excise receipts increased to Le946.35bn (2.98 percent of GDP) in 2018 from Le909.77bn in 2017 but was below the budgeted target of Le951.71bn. The increase was due to the 33.15 percent expansion in receipts from import taxes of Le602.19bn and excise duties by 8.85 percent to Le26.67bn.

Income Tax revenue increased to Le1, 673.45bn (5.28 percent of GDP) in 2018 from Le1, 188.59bn in 2017 and exceeded the budgeted target of Le1, 626.81bn. This growth was driven by the increase in company and personal income taxes. Revenue from company tax surged by 30.80 percent to Le377.90bn, personal income tax grew by 12.37 percent to Le1, 271.28bn.

Goods and Services Tax (GST) increased to Le901.38bn (2.9 percent of GDP) in 2018 from Le713.97bn in 2017, and was marginally higher than the target of Le900.23bn. The increase in GST was on account of the increase in import related GST by 29.52 percent to Le519.90bn and domestic GST by 0.26 percent to Le381.48bn.

Non-tax revenues increased to Le841.64bn (2.65 percent of GDP), but was 13.84 percent lower than the target of Le976.89bn. The growth in non-tax revenues was on account of the increase in receipts from Mines by 7.31 percent to Le220.36bn as well as the increased receipts from other departments by 241.89 percent to Le540.21bn. However, road user charges contracted by 44.87 percent to Le81.07bn and was 37.11 percent below the target of Le128.90bn.

External grants disbursed in 2018 increased by 76.91 percent to Le847.22bn (2.67 percent of GDP) in 2018 from Le527.59mn in 2017, and was lower than the targeted amount of Le1, 011.13bn. This amount comprised of programmed grants to the tune of Le461.22bn, and development projects amounting to Le386.00bn.

Government Expenditure

Government expenditure and net lending increased to Le6,793.42 (21.9 percent of GDP) in 2018 from Le6,405.64bn (24.1 percent of GDP) in 2017, but was lower than the budgeted ceiling of Le7, 383.37bn (23.8 percent of GDP). Recurrent expenditures increased to Le4, 686.18bn, from Le4, 120.68bn in 2017, but was less than the projected target of Le5, 035.52bn (15.87 percent of GDP). Recurrent expenditures accounted for 68.98 percent of total payments in 2018 compared to 71.67 percent in 2017, mainly on account of the expansion in the wage bill and total interest payments. However, capital expenditures declined to Le2, 107.24bn in 2018 from 2, 308.04bn in 2017, and was below the budgeted target of Le2, 209.68bn. Capital expenditures accounted for 31.02 percent of total expenditures.

Budget Financing

The overall deficit (including grants) of Le1, 745.80bn (5.40 percent of GDP) was financed from both domestic and external sources. Total domestic financing amounted to Le 1, 078.27bn (3.84 percent of GDP) and external financing of the deficit stood at Le667.53bn.

3.5.4 Monetary Developments

Conduct of monetary policy

The conduct of monetary policy in 2018 was focused on achieving an end year inflation target of 18 percent, preserving the value of the Leone through robust market-based instruments, as well as maintaining external balance through foreign exchange accumulation.

Based on the assessment of the risks to inflation outlook, the MPC maintained a tight policy stance during 2018, in an effort to address the inflationary pressures that emerged in March 2018. The MPC raised the monetary policy rate cumulatively by 200 basis points from 14.5 percent in December 2017 to 16.5 percent in June 2018. Despite the tight monetary policy stance in the first half of 2018, inflationary pressures remained elevated in the second half of the year, with headline inflation increasing from 16.59 percent in June 2018 to 19.29 percent in October 2018. This development was in part explained by the hikes in food prices, prolonged exchange rate depreciation and upward adjustment in the domestic pump price of fuel. In its Q4 2018 meeting, the MPC noted that although inflation rate remains high, there are signs of inflationary pressures easing in the next few months ahead. Consequently, The MPC decided to keep the monetary policy rate unchanged at 16.5 percent in December 2018.

During the year, monetary policy implementation was challenged by tight liquidity conditions in the interbank market, reflecting low revenue outturn, delayed disbursement of donor inflows, and accumulation of arrears

Monetary Aggregates

Broad Money (M2) supply expanded by 14.25 percent in December 2018 from 6.99 percent recorded in December 2017, mainly on account of a 26.67 percent increase in Net Domestic Assets (NDA) of the banking system. However, Net Foreign Assets (NFA) of the banking system contracted by 10.51 percent in the review period. The growth in NDA was due to a 21.12 percent increase in net claims on central government by the banking system and the 31.49 percent growth in private sector credit relative to the 4.29 percent growth recorded in December 2017. The NFA of the banking system decreased by 10.51 percent in December 2018, relative to a contraction of 10.72 percent in December 2017. This was mainly due to a 67.42

percent decrease in NFA of the BSL, due to the increased payments made in respect of official foreign commitment including infrastructure projects, SWAP transactions, Foreign Exchange Auctions, Foreign embassy bills and foreign debt services. The growth in M2 was also reflected in the increase of both the Narrow Money (M1) and the Quasi Money. The M1 expanded by 12.00 percent as at December 2018, relative to 10.83 percent as at December 2017, reflecting an increase in both the currency outside banks (13.18 percent) and the demand deposits (10.82 percent). The Quasi Money expanded by 16.15 percent in December 2018, relative to a growth of 3.84 percent in December 2017, due to the increase in both the foreign currency deposits (17.49 percent) and the time and saving deposits (14.80 percent).

The Reserve Money (RM) expanded by 6.52 percent as at December 2018. But, the increase was lower than the 9.00 percent growth in 2017, thus reflecting moderate growth of currency in circulation compared to previous year. The growth in RM was mainly due to a 12.42 percent growth in Currency issued, as banks' reserves contracted by 13.98 percent during the review period. Currency issued in December 2018, was however lower when compared to the 20.27 percent growth recorded in December 2017. Also, the 13.98 percent contraction of Banks' reserves in 2018 was lower than the 17.33 percent contraction recorded in December 2017.

3.5.5 Interest Rates Developments

The Monetary Policy Rate (MPR) was raised successively from 14.50 percent as at December 2017, to 15 percent in May 2018, and further to 16.50 percent in June 2018, and remained unchanged at end December 2018. Accordingly, the Standing Lending Facility (SLF) and the Standing Deposit Facility (SDF) rates were raised from 19.00 percent and 12.00 percent to 20.50 percent and 13.50 percent respectively. Consequently, the interbank rate moved from 13.22 percent in December 2017, to 16.62 percent in December 2018, but remained within the interest rate policy corridor, indicating improvement in monetary transmission on the wholesale market front

3.5.6 External Sector Developments

Balance of Payments

The overall balance of payment deficit increased to US$387.76mn (9.49 percent of GDP) in 2018 from US$330.80mn (9.18 percent of GDP) in 2017. The deterioration in the current, capital and financial accounts accounted for the expansion of the overall balance of payment deficit.

The current account worsened in 2018, recording a deficit of US$695.6mn from a deficit of US$606.1mn in 2017, largely due to a deteriorating trade balance coupled with poor performance in the income account. As a percentage of GDP the current account deficit deteriorated to 17.02 percent of GDP in 2018 from 16.82 percent in 2017. The trade deficit expanded to US$629.2mn (15.40 percent of GDP) in 2018 from US$618.4mn (17.16 percent of GDP) in 2017, underpinned by weak export performance. The services account recorded a marginal decrease in net outflows to US$296.4mn in 2018 from US$330.1mn in 2017, following increases in payments for transportation, insurance and other business services to non-residents. In addition, the deficit in the income account widened to US$200.0mn in 2018 from US$90.9mn in 2017, largely on account of an increase in payments of investment income, particularly other investment incomes. The net inflow in the current transfers account increased marginally to US$366.2mn in 2018 from US$366.06mn in 2017 mainly on account of a marginal increase in private inflows during the year.

The net inflow in the capital & financial account in 2018 decline to US$713.6mn from US$1,060.9mn in 2017, largely attributed to drop in net inflows in the capital account

3.5.7 Exchange Rate Developments

The exchange rate of the Leone relative to the US dollar continued to depreciate in all segments of the foreign exchange market in 2018. However, when compared to the preceding period, it was relatively stable, supported by the BSL's weekly foreign exchange auctions aimed to contain heightened speculative behavior by market participants and smoothen volatility in the exchange rate. Consequently, the parallel market rate averaged Le8,186.67/US$1, depreciating by 7.65 percent in 2018 compared to 12.65 percent in 2017. The commercial banks rate averaged Le8,039.91/US$1, depreciating by 7.35 percent in 2018 against 16.49 percent in 2017. The exchange bureaux market rate averaged Le7,901.67/US$1, depreciating by 7.21 percent compared to 18.51 percent in 2017. The official market rate averaged Le7,931.87/US$1, depreciating by 7.16 percent compared to 17.37 in 2017. Finally, the auction rate averaged Le8,177.15/US$1, depreciating by 10.78 percent in 2018.

The premium between the official and parallel exchange rates widened by 3.21 percent to Le254.80/US$1 in 2018 from Le203.55/US$1 in 2017.

3.5.8 Gross Foreign Reserves

The stock of gross foreign exchange reserves of the Bank of Sierra Leone declined by 5.81 percent to US$502.78mn in 2018 from US$533.80mn in 2017, reflecting a net outflow of US$22.28mn. However, the level of reserves was sufficient to cover 4.3 months of imports.

Inflows

The total foreign exchange inflows decreased by 22.29 percent to US$181.21mn in 2018 from US$233.19 in 2017, led mainly by the significant decline in aid disbursement, i.e. the BOP support. Significant foreign exchange inflows during the period comprised aid disbursements (BOP support), amounting to US$55.19mn and export receipts amounting to US$40.99mn.

Outflow

Total foreign exchange outflows declined by 8.21 percent to US$204.20mn in 2018 from US$222.47mn in 2017 driven mainly by the decline in payments for goods and services. Significant foreign exchange outflows comprised US$143.54mn being payments for goods and debt service payments amounting to US$60.66mn.

3.5.9 External Debt Management

Sierra Leone's total stock of external debt as at end 2018 stood at US$1,638.37mn, increasing by 8.7 percent from US$1,507.78mn at end 2017. Debts owed to multilateral creditors continued to dominate the debt portfolio, comprising 73.2 percent of the total, followed by commercial creditors (16.8 percent) and bilateral creditors (11.1 percent). Outstanding debts to the IMF and the World Bank were the main drivers of the high multilateral debt, constituting 22.1 percent (US$362.70mn) and 17.4 percent (US$284.32mn) respectively.

4.0 OVERVIEW OF ECONOMIC DEVELOPMENTS IN WEST AFRICA

4.1. Introduction

Real GDP growth in West Africa was phenomenal up to 2014 when the region was struck with multiple shocks including the outbreak of the Ebola Virus Disease (EVD) which saw Liberia, Guinea and Sierra Leone being the hardest hit countries and collapse of commodity prices on the international market. These two developments (Ebola crisis and drop in commodity prices) led to economic slowdown in the region exacerbated by Nigeria (Africa's largest economy and largest oil exporter) falling into recession in 2016. Nigeria has gradually recovered from the recession in 2017 and 2018 as oil prices rebound, thus restoring growth in the region. On the positive side, Benin, Burkina Faso, Côte d'Ivoire, Ghana, Guinea, and Senegal have all recorded growth in excess of 5 percent in the past two years and are projected to maintain these rates in 2019 and2020.

Growth rate in the CFA zone was largely remained upward trending compared to 2017 with the exception of Guinea Bissau, Mali and Senegal. However, from the CFA zone, Benin, Burkina Faso, Côte d'Ivoire, Senegal and Niger recorded strong growth rates in 2018 and helped in restoring growth in the sub-region. The Non-CFA zone recorded The Gambia, Ghana and Guinea as the strong growth performers in the region.

In the medium term, average real GDP growth for the West African sub-region is projected to improve in the face of rebound of commodity prices on the international market. Growth rate in Nigeria is expected to strengthen further compared to those recorded in 2017 and 2018. Sustaining the gains recorded in 2017 and 2018 remains key as the projected recovery in GDP growth would depend on stable commodity prices on the global market as well as the surge in the performance of the Nigerian economy.

Most countries in the region are commodity exporters and are therefore highly dependent on how commodity prices on the global market fare. The decline in commodity prices often pressure the fiscal space leading to squeeze in government expenditure which affects the provision of social services and infrastructure development. However, many governments in the region are undertaking reforms aimed at diversifying the economies and at the same time strengthening regional integration. In Nigeria in particular, the authorities have also instituted wide-ranging measures to deal with the fiscal gap created by the decline in oil revenues and, to consolidate recent improvements in non-oil sectors.

Inflationary pressure in West Africa remains upward trend between 2017 and 2018. The average inflation rate in the region rose from 6 percent to 6.4 percent. In 2018, the CFA zone sustained the low inflow under 1.5 percent on average due to CFA Franc being linked to the euro. On the other hand, the Non-CFA zone continue to record substantial inflation rates overall but inflationary pressures have abated and exchange rates have stabilized in some of the countries including Ghana, The Gambia and Cabo Verde.

4.2 CFA Countries

Compare to 2017, the average growth rate of the countries of the CFA zone remained unchanged at 5.9 percent in 2018. The countries which recorded increase in GDP in 2018 over and above the 2017 growth rates included Benin (5.7 percent to 6.7 percent); Burkina Faso (6.3 percent to 6.8 percent); Niger (4.9 percent to 6.5 percent); and Togo (4.4 percent to 4.9 percent). Guinea Bissau, Senegal, Mali and Cote d'Ivoire all recorded growth rates lower than the previous year with Guinea Bissau recording the most reduction.

Generally, growth performance in the CFA region remained strong in 2018. Growth has been sustained due to increase in economic activities in the face of commodity price recovery on the global market. In the medium term, growth rate is expected to be maintained at an average of around 6 percent in 2019 and 2020. Benin, Burkina Faso, Cote d'Ivoire, Niger and Senegal are expected to sustain the growth path in the CFA zone.

In terms of inflationary pressure, the CFA countries continue to record very low inflation rates in 2018 with an average inflation rate of 1.3 percent from less than 1.0 percent in 2017.

Inflation rate reduced in all the countries in the CFA zone in 2018 except in Niger, Burkina Faso, Guinea Bissau and Togo when compared to the levels recorded in the previous year. No country recorded negative inflation rates (deflation) in 2018. The inflation rate increased in Burkina Faso from 0.4 percent to 2.0 percent, Guinea Bissau from 1.1 percent to 1.4 percent, Niger from 0.2 percent to 2.7 percent and Togo from -0.2 percent to 0.9 percent over the two periods. In the medium term, average inflation is expected to surge from 0.1 percent to 1.6 percent between 2019 and 2020.

4.3 Non-CFA Countries

Real GDP growth improved in the non-CFA zone from 4.3 percent recorded in 2017 to about 4.8 percent in 2018. Nigeria recovered from the recession in 2016, thereby recording growth rates of 0.8 percent and 1.9 percent in 2017 and 2018 respectively. Liberia also rallied for -1.6 percent and recorded a growth of 2.5 percent in 2017 and 1.2 percent in 2018. Economic activities improved in Cabo Verde (from 3.7 percent to 5.1 percent) and The Gambia (from 4.8 percent to 6.5 percent) while growth rate reduced in Guinea (10 percent to 5.8 percent); Ghana (8.1 percent to 6.3 percent); Liberia (2.5 percent to 1.2 percent); and Sierra Leone (3.8 percent to 3.5 percent).

Sierra Leone and Guinea continued their strong growth resurgence following the aftermath of the Ebola crisis as economic activities stabilize in 2017 and 2018. However, Liberia, one of the three countries hardest hit by the virus is yet to fully recover as its low growth rates continue to fluctuate between 2017 and 2018.

In the medium term, average growth rate of the non-CFA zone is expected to moderate from 4.7 percent to 4.5 percent between 2019 and 2020. This improvement would be largely dependent on continuous improvement in economic activities in Nigeria as oil price rebound on the global market with growth stabilizing at 2.5 percent in 2.5 percent. Ghana is also expected to record stable and moderate growth rate at 5.6 percent by 2020 on account of recovery of commodity prices. Growth rates in Cabo Verde, The Gambia, Guinea and Sierra Leone are expected to be stable between 4.7 and 6.4 percent in 2020.

Average inflationary pressure increased slightly from 11 percent in 2017 to 11.4 percent in 2018 in the Non-CFA zone. In terms of individual country performance, inflation increased in Cabo Verde (0.8 percent to 1.3 percent); Guinea (8.9 percent to 9.8 percent); and Liberia (12.4 percent to 23.5 percent). However, inflation reduced in The Gambia (0.8 percent to 1.3 percent); Ghana (12.4 percent to 9.8 percent); Nigeria (16.5 percent to 12.1 percent); and Sierra Leone (18.2 percent to 16.9 percent). Inflation in Liberia has spiraled out of continue due to sharp depreciation in the exchange rate in the country. Overall, inflation in the non-CFA zone has been primarily due to structural factors and exchange rate depreciation experienced for the greater part between 2017 and 2018.

In the medium term, inflation in the non-CFA zone is generally expected to be stable at the individual country's previous year levels. Average inflation in the zone is expected to moderate from 10.8 percent to 10.1 percent between 2019 and 2020. Inflation is expected to cool in a number of countries in the medium term including The Gambia, Ghana, Liberia and Sierra Leone. Inflation rates in Liberia, Sierra Leone and Nigeria are expected to remain in double digit in the medium term.

Real GDP Growth in West Africa (Annual percent change)											
CFA	2001-10	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Benin	3.9	3.0	4.8	7.2	6.4	1.8	3.3	5.7	6.7	6.6	6.7
Burkina Faso	5.9	6.6	6.5	5.8	4.3	3.9	5.9	6.3	6.8	6.0	6.0
Coted'Ivoire	1.1	-4.9	10.9	9.3	8.8	8.8	8.0	7.7	7.4	7.5	7.3
Guinea Bissau	2.5	8.1	-1.7	3.3	1.0	6.1	6.3	5.9	3.8	4.6	4.9
Mali	5.8	3.2	-0.8	2.3	7.1	6.2	5.8	5.4	4.7	5.0	5.0
Niger	5.4	2.2	11.8	5.3	7.5	4.3	4.9	4.9	6.5	6.3	6.0
Senegal	4.0	1.5	5.1	2.8	6.6	6.4	6.4	7.1	6.7	6.0	6.8
Togo	2.2	6.4	6.5	6.1	5.9	5.7	5.6	4.4	4.9	5.1	5.3
Non-CFA											
Cabo Verde	5.4	4.0	1.1	0.8	0.6	1.0	4.7	3.7	5.1	5.0	5.0
The Gambia	3.5	-8.1	5.2	2.9	-1.4	4.1	1.9	4.8	6.5	6.5	6.4
Ghana	5.8	17.4	9.0	7.9	2.9	2.2	3.4	8.1	6.3	7.5	5.6
Guinea	3.1	5.6	5.9	3.9	3.7	3.8	10.8	10.0	5.8	5.9	6.0
Liberia	2.0	7.7	8.4	8.8	0.7	0.0	-1.6	2.5	1.2	0.4	1.6
Nigeria	8.9	4.9	4.3	5.4	6.3	2.7	-1.6	0.8	1.9	2.3	2.5
Sierra Leone	8.9	6.3	15.2	20.7	4.6	-20.5	6.4	3.8	3.5	5.0	4.7
Consumer Prices (Annual percent change)										5.1	
CFA	2001-10	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Benin	3.1	2.7	6.7	1.0	-1.1	0.2	-0.8	1.8	0.8	-0.3	1.0
Burkina Faso	2.8	2.8	3.8	0.5	-0.3	0.9	-0.2	0.4	2.0	1.1	1.4
Cote d'Ivoire	2.9	4.9	1.3	2.6	0.4	1.2	0.7	0.7	0.4	1.0	2.0
Guinea Bissau	2.3	5.1	2.1	0.8	-1.0	1.5	1.5	1.1	1.4	-2.6	1.3
Mali	2.7	3.1	5.3	-2.4	2.7	1.4	-1.8	1.8	1.7	0.2	1.3
Niger	2.5	2.9	0.5	2.3	-0.9	1.0	0.2	0.2	2.7	-1.3	2.2
Senegal	2.1	3.4	1.4	0.7	-1.1	0.1	0.8	1.3	0.5	1.0	1.5
Togo	2.6	3.6	2.6	1.8	0.2	1.8	0.9	-0.2	0.9	1.4	2.0
Non-CFA											
Cabo Verde	2.4	4.5	2.5	1.5	-0.2	0.1	-1.4	0.8	1.3	1.2	1.6
The Gambia	7.0	4.8	4.6	5.2	6.3	6.8	7.2	8.0	6.5	6.9	6.5
Ghana	15.9	7.7	7.1	11.7	15.5	17.2	17.5	12.4	9.8	9.3	9.2
Guinea	16.0	21.4	15.2	11.9	9.7	8.2	8.2	8.9	9.8	8.9	8.3
Liberia	10.0	8.5	6.8	7.6	9.9	7.7	8.8	12.4	23.5	22.2	20.5
Nigeria	12.9	10.8	12.2	8.5	8.0	9.0	15.7	16.5	12.1	11.3	11.7
Sierra Leone	8.3	6.8	6.6	5.5	4.6	6.7	10.9	18.2	16.9	15.7	13.0

Source: Regional Economic Outlook, October 2019

5.0 OVERVIEW OF ECONOMIC DEVELOPMENTS IN AFRICA

5.1 Introduction

Real GDP growth in Africa recovered from a lackluster 2.1 percent in 2016 to 3.6 percent and 3.5 percent in 2017 and 2018 respectively. This development was due to recovery in commodity following weak global growth resulting from low commodity prices, dwindling investments, among others. In the medium term, growth is projected to further accelerate to 4 percent and 4.2 percent in 2019 and 2020 respectively. The growth performance of countries is expected to be sustained as 40 percent of the countries in Africa are projected to record a growth of 5 percent or more. The major challenge remains achieving a growth path that is inclusive and pro-employment. The risks to Africa's ,medium term growth include climate change, security and migration concerns, increasing vulnerability to debt distress in some countries, and political uncertainties.

Inflationary pressures in most African countries have subsided generally. Where these exist, exchange rate depreciation and central banks are tightening monetary policy are the drivers. Many countries embraced fiscal consolidation as a way of restraining fiscal deficits. The average current account deficit improved in 2018. In the medium terms, countries would tend to apportion higher shares of their export earnings to import intermediate and capital goods.

5.2 Macroeconomic Outcomes in 2018

The resurgence of commodity price which began in 2016 have been largely responsible for the economic recovery of commodity-exporting countries in 2018. Brent crude oil price, for example, increase by about 177 percent (from a 10-year low), thereby boosting growth in oil exporting countries (notably Algeria, Angola, Chad, Congo, Gabon, Libya, and Nigeria) but also pushed up inflation in oil-importing countries. As a result, real GDP growth of Africa increased from 2.1 percent recorded in 2017 to 3.6 percent in 2018. Fiscal deficit as a percent of GDP declined to 4.5 percent from 5.8 percent during the same period. The narrowing of the fiscal deficit mirrors the rise in revenues resulting from commodity price recovery on the global market. The external current account position reflects the trend in the fiscal position over the period.

GDP growth

Growth across the different regions on the continent was not uniform. As commodity prices pick up on the global market, commodity-exporting countries experienced better growth outcomes. Also, non-resource rich countries maintained their impressive growth in 2018. In summary, Africa's economic performance in 2018 can be best described as adequate. To maintain this growth trajectory, countries need to continue economic reforms and build more resilient economies that would withstand external shocks.

North Africa led the growth recovery in Africa in 2018, but East Africa remains the most resilient region. Average real GDP growth in North Africa remains volatile because of political instability in Libya. Libya's GDP increased in 2017 and 2018 after experiencing decline for three consecutive years prior. However, real GDP growth remains about 15 percent below its pre-revolution level. The economies in Tunisia, Algeria, Egypt and Morocco are also improving resulting from agricultural production and rise in investors' confidence. The outlook for the region would largely depend on political stability in Libya.

East Africa, the fastest growing region, recorded average growth rate of 5 percent between 2010 and 2018, with Djibouti, Ethiopia, Rwanda, and Tanzania recording above-average rates. But in several countries, notably Burundi and Comoros, growth remains weak due to political uncertainty. In South Sudan, GDP continues to fall due to political and military conflicts.

West Africa saw high growth until 2014, but an economic slowdown followed due to the sharp drop in commodity prices and the Ebola crisis. Nigeria, Africa's largest economy and largest oil exporter, fell into recession in 2016 but the country's gradual recovery in 2017 and 2018 helped by the rebound of oil prices, is restoring growth in the region. Countries of the CFA zone have seen fast growth in recent years and growth is projected to remain strong in the medium term.

Growth in Central Africa is gradually recovering but remains below the average for Africa as a whole, supported by commodity price recovery and higher agricultural output. Several countries in the region have reduced public spending, including on investment, to restore debt sustainability. Following rapid expansion in economic activities, Equatorial Guinea's economy has slowed as oil production declines and the nonoil sector has been too weak to compensate.

Growth in Southern Africa is expected to remain moderate in 2019 and 2020 after a modest recovery in 2017 and 2018. Growth in the region is influenced by weak growth in South Africa which reflects in the neighbouring countries. Growth in Botswana and Mauritius accelerated due to improved diamond trade, services, and investment as well as strong consumption and higher exports, among others.

Table 5.1: Real GDP Growth in Africa (2010-2020)

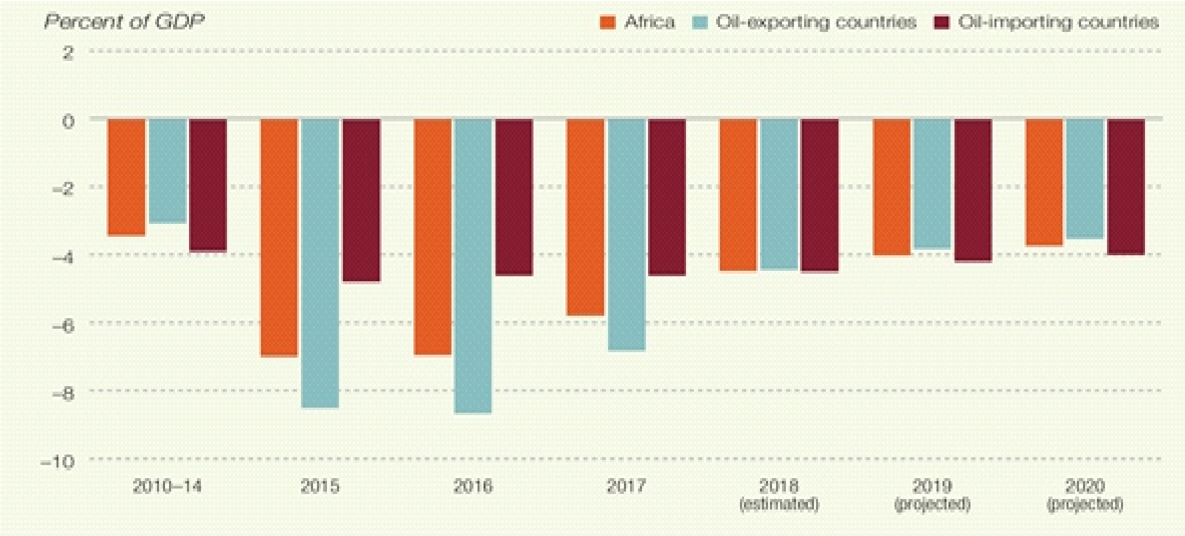
Region	2010–14	2015	2016	2017	2018 (estimated)	2019 (projected)	2020 (projected)
Central Africa	5.0	3.3	0.2	1.1	2.2	3.6	3.5
East Africa	5.9	6.5	5.1	5.9	5.7	5.9	6.1
North Africa	3.7	3.7	3.2	4.9	4.3	4.4	4.3
Southern Africa	3.8	1.6	0.7	1.6	1.2	2.2	2.8
West Africa	6.2	3.2	0.5	2.7	3.3	3.6	3.6
Oil-exporting countries	4.7	3.3	1.5	3.2	3.4	3.8	3.7
Oil-importing countries	4.6	3.7	3.1	4.2	3.8	4.3	4.5
Africa	4.7	3.5	2.1	3.6	3.5	4.0	4.1
Excluding Libya	4.4	3.6	2.2	3.0	3.5	3.9	4.1
GDP per capita	2.1	0.9	–0.4	1.1	1.1	1.5	1.6

Source: African Development Bank statistics.

Fiscal and current account balances

Fiscal positions gradually improved in Africa between 2017 and 2018. As a result of fiscal consolidation and massive investment in infrastructure, the macroeconomic fundamentals in most African countries improved. The average fiscal deficit improved to 4.5 percent in 2018 compared to 5.8 percent recorded in 2017. It is projected to further improve to an estimated 4 percent in 2019 and 3.7 percent in 2020. The average fiscal deficit remains lower in oil-importing countries than oil-exporting countries.

Figure 5.1: Average Fiscal Balance by Group of Countries (2010-2020)



Source: African Development Bank statistics.

Fiscal consolidation has also helped in curtailing rising debt in Africa, particularly through reduction in recurrent expenditure. Governments are however careful so that such reduction does not affect growth-enhancing spending. Investment in core infrastructure ought to continue so that that poverty-reducing social sectors and key infrastructure investments are adequately protected.

Inflationary Pressure

Africa's average inflation fell from 12.6 percent in 2017 to 10.9 percent in 2018 and is projected to further decline to 8.1 percent in 2020. Double-digit inflation occurs mostly in conflict-affected countries and countries that are not members of a currency union. The country with the highest inflation was South Sudan, at 188 percent, due to the lingering economic crisis. Inflation is lowest, at 2 percent or less, in members of the Central African Economic and Monetary Community and the West African Economic and Monetary Union and particularly in members of the CFA zone because of its link to the euro.

Where inflationary pressures have abated and exchange rates have stabilized - Ghana, Morocco, South Africa, Tanzania, and Uganda - central banks have gradually eased monetary policy. But in several countries - Egypt and Tunisia - monetary policy remains tight or has become more restrictive to contain inflation.

5.3 Outlook for 2019

The macroeconomic forecast for Africa described above is clouded by several risks. First, a further escalation of trade tensions between the United States and its main trading partners would reduce world economic growth, with repercussions for Africa. These tensions, together with the strengthening of the US dollar, have increased the volatility of some commodity prices and pressured the currencies of emerging countries. If global demand slows, commodity prices could drop, reducing GDP growth and adversely affecting trade and fiscal balances for Africa's commodity exporters.

Second, costs of external financing could further increase if interest rates in advanced countries rise faster than assumed. Third, if African countries are again affected by extreme weather conditions due to climate change, as they have been in recent years, agricultural production and GDP growth could be lower than projected.

Finally, political instability and security problems in some areas could weaken economies. Countries that have improved their fiscal and external positions and that have low or moderate debt will probably be resilient to new external shocks. But those that have not rebuilt their fiscal buffer are unprepared for significant downside risks.

ANNEX 1.1

TABLE A1.1 Macroeconomic developments in Africa, 2010–20

Indicator and country group	2010–14	2015	2016	2017	2018 (estimated)	2019 (projected)	2020 (projected)
Real GDP growth (%)							
Central Africa	5.0	3.3	0.2	1.1	2.2	3.6	3.5
East Africa	5.9	6.5	5.1	5.9	5.7	5.9	6.1
North Africa	3.7	3.7	3.2	4.9	4.3	4.4	4.3
Including Sudan	3.6	3.7	3.2	4.8	4.3	4.4	4.3
Southern Africa	3.8	1.6	0.7	1.6	1.2	2.2	2.8
West Africa	6.2	3.2	0.5	2.7	3.3	3.6	3.6
Africa	*4.7*	*3.5*	*2.1*	*3.6*	*3.5*	*4.0*	*4.1*
Excluding Libya	4.4	3.6	2.2	3.0	3.5	3.9	4.1
Sub-Saharan Africa	5.2	3.4	1.5	2.9	3.1	3.7	3.9
Excluding South Africa	5.9	3.9	1.8	3.3	3.6	4.2	4.3
Oil-exporting countries	4.7	3.3	1.5	3.2	3.4	3.8	3.7
Oil-importing countries	4.6	3.7	3.1	4.2	3.8	4.3	4.5
Consumer price inflation (%)							
Central Africa	3.6	2.3	1.6	9.3	7.3	4.7	4.1
East Africa	13.8	10.1	12.7	14.0	14.5	12.5	11.4
North Africa	5.8	7.5	7.8	14.2	12.8	9.2	7.4
Including Sudan	7.3	8.2	8.5	15.4	14.6	10.6	8.8
Southern Africa	6.5	5.7	11.0	9.3	7.4	7.1	6.6
West Africa	9.2	8.2	12.7	13.0	9.5	9.7	9.1
Africa	*7.6*	*7.4*	*10.0*	*12.6*	*10.9*	*9.2*	*8.1*
Excluding Libya	7.7	7.4	9.9	12.5	10.9	9.1	8.1
Sub-Saharan Africa	9.2	7.3	11.3	11.7	9.8	9.1	8.5
Excluding South Africa	8.0	6.4	9.9	10.6	8.8	8.1	7.4
Oil-exporting countries	8.6	8.9	12.8	17.9	14.9	11.9	10.2
Oil-importing countries	6.1	5.2	6.1	5.4	5.4	5.3	5.2
Overall fiscal balance, including grants (% of GDP)							
Central Africa	–0.2	–4.7	–4.0	–3.0	–1.4	–1.0	–0.3
East Africa	–2.8	–4.5	–3.8	–3.8	–4.1	–3.7	–3.5
North Africa	–5.9	–14.0	–13.9	–9.6	–6.0	–4.8	–4.1
Including Sudan	–5.4	–12.4	–12.0	–8.2	–5.5	–4.4	–3.8
Southern Africa	–2.8	–4.4	–4.1	–4.5	–4.1	–4.2	–4.1
West Africa	–2.5	–3.8	–4.4	–5.0	–4.2	–3.9	–3.9
Africa	*–3.4*	*–7.0*	*–7.0*	*–5.8*	*–4.5*	*–4.0*	*–3.7*
Excluding Libya	–3.6	–6.1	–6.0	–5.3	–4.5	–4.1	–3.8
Sub-Saharan Africa	–2.5	–4.2	–4.1	–4.4	–3.9	–3.7	–3.6
Excluding South Africa	–1.9	–4.1	–4.2	–4.5	–3.9	–3.6	–3.4
Oil-exporting countries	–3.1	–8.5	–8.7	–6.8	–4.5	–3.8	–3.5
Oil-importing countries	–3.9	–4.8	–4.6	–4.6	–4.5	–4.2	–4.0

(continued)

TABLE A1.1 Macroeconomic developments in Africa, 2010–20 *(continued)*

Indicator and country group	2010–14	2015	2016	2017	2018 (estimated)	2019 (projected)	2020 (projected)
External current account, including grants (% of GDP)							
Central Africa	–2.0	–9.0	–9.3	–4.3	–2.0	–1.0	–1.3
East Africa	–6.7	–7.9	–5.9	–5.0	–4.9	–4.6	–4.6
North Africa	–0.8	–8.4	–9.4	–7.4	–5.7	–5.0	–5.0
Including Sudan	–1.3	–8.2	–8.7	–6.5	–5.3	–4.6	–4.6
Southern Africa	–2.6	–6.5	–3.4	–2.1	–2.9	–3.0	–3.3
West Africa	0.5	–4.1	–1.5	0.2	0.4	0.1	–0.2
Africa	*–1.7*	*–6.7*	*–5.4*	*–3.6*	*–3.0*	*–2.8*	*–3.0*
Excluding Libya	–1.9	–6.3	–5.2	–3.7	–3.1	–2.9	–2.9
Sub-Saharan Africa	–2.1	–6.1	–3.8	–2.2	–2.2	–2.1	–2.3
Excluding South Africa	–1.5	–6.4	–4.0	–2.2	–1.9	–1.9	–2.0
Oil-exporting countries	1.8	–6.7	–5.3	–2.8	–1.3	–0.8	–1.0
Oil-importing countries	–6.4	–6.6	–5.5	–4.5	–5.0	–5.0	–5.2

Source: African Development Bank statistics

FINANCIAL STATEMENT & ACCOUNTS

West African Institute for Financial and Economic Management

Annual Reports and Financial Statements
For the year ended 31 December 2018

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West African Institute for Financial and Economic Management

Annual Reports and Financial Statements
For the year ended 31 December 2018

Statement of the Board of Governors' Responsibilities
For the preparation and approval of the Financial Statements

The Board of Governors of West African Institute for Financial and Economic Management are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Institute as at 31 December 2018, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS").

In preparing the financial statements, the Board of Governors are responsible for:

- Properly selecting and applying accounting policies
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Institute's financial position and financial performance, and
- Making an assessment of the Institute's ability to continue as a going concern.

The Board of Governors are responsible for

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Institute;
- Maintaining adequate accounting records that are sufficient to show and explain the Institute's transactions and disclose with reasonable accuracy at any time the financial position of the Institute, and which enable them to ensure that the financial statements of the Institute comply with IFRS;
- Maintaining statutory accounting records in compliance with IFRS;
- Taking steps that are reasonably available to them to safeguard the assets of the Institute; and
- Preventing and detecting fraud and other irregularities

Going Concern:

The Board of Governors have made an assessment of the Institute's ability to continue as a going concern and have no reason to believe the Institute will not remain a going concern in the year ahead.

The financial statements of the Institute for the year ended 31 December 2018 were approved by the Board of Governors on 22 August, 2019.

On behalf of the Board of Governors of the Institute

Godwin Emefiele
Chairman of the Board of Governors

Baba Y. Musa
Director General

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Independent Auditor's Report
To the Board of Governors of West African Institute for Financial and Economic Management (WAIFEM)

Opinion

We have audited the accompanying financial statements of **West African Institute for Financial and Economic Management** which comprise the statement of financial position as at 31 December 2018, the statement of income and expenditure, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present a true and fair view of the financial position of **West African Institute for Financial and Economic Management** as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS),

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Institute in accordance with the International Ethics Standard Board for Accountants code of Ethics for Professional Accountants (IESBA code), together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code and other independence requirements applicable to performing audits of financial statements in Nigeria. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Institute or to cease operations, or have no realistic alternative but to do so.

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Auditors' Responsibilities for the Audit of the Entity's Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the Institute's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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Report on Other Legal and Regulatory Requirements

We expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Institute has kept proper books of account, so far as appears from our examination of those books.

iii) The Institute's statements of financial position and its statements of profit or loss and other comprehensive income are in agreement with the books of account.

No evidence of non-compliance with laws and regulations (NOCLAR) was brought to our notice during the year.

The engagement partner on the audit resulting in this independent auditor's report is Yetunde Odetayo, FCA

For: Deloitte & Touché
Chartered Accountants
Lagos, Nigeria
October 2019

Signing Partner: Joshua Ojo
FRC/2013/ICAN/00000000849

West African Institute for Financial and Economic Management

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STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME

	Note	2018 US$	2017 US$
Income			
Subscription	4	4,925,930	4,679,814
Other income	5	65,712	82,676
Other operating income	6	1,061,586	1,213,758
Total operating income		**6,053,228**	**5,976,248**
Expenditure			
Personnel expenses	7	2,429,414	2,118,159
Training expenses	8	2,400,255	2,375,798
Depreciation	10	137,618	113,682
Amortisation	11	2,732	6,885
Operating expenses	9	1,157,141	1,002,755
Total expenses		**6,127,160**	**5,617,279**
(Deficit)/Surplus for the year		**(73,932)**	**358,969**
Items that will not be reclassified to profit or loss in subsequent years		-	-
Items that may be reclassified to profit or loss in subsequent years when specific conditions are met:		-	-
Total comprehensive (loss)/income for the year		**(73,932)**	**358,969**

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STATEMENT OF FINANCIAL POSITION

	Note	2018 US$	2017 US$
Non-current assets			
Property, plant and equipment	10	268,090	316,882
Intangible assets	11	1,428	3,045
		269,518	319,927
Current assets			
Inventories	12	18,519	16,406
Trade and other receivables	13	61,806	580,297
Cash and cash equivalents	14	1,185,483	977,621
Cash held for Staff Provident Fund (SPF)	15	1,468,087	1,516,925
		2,733,895	3,091,249
Total assets		**3,003,413**	**3,411,176**
Equity and liabilities			
Equity			
Accumulated Fund	19	**1,400,614**	**1,474,546**
Non-current liabilities			
Staff Provident fund	17	1,468,098	1,516,929
Other liabilities	18	41,406	71,579
		1,509,504	**1,588,508**
Current liabilities			
Trade and other payables	16	93,295	348,122
Total liabilities		**1,602,799**	**1,936,630**
Total equity and liabilities		**3,003,413**	**3,411,176**

The financial statements were approved by the Board of Governors on 22 August 2019 and signed on its behalf by:

Godwin Emiefele
Chairman of the Board of Governors

Baba Y Musa
Director General

The accompanying notes to the financial statements form an integral part of these financial statements.

West African Institute for Financial and Economic Management

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STATEMENT OF CHANGES IN EQUITY

	Accumulated funds US$
As at 1 January 2018	1,474,546
(Deficit) for the year	(73,932)
At 31 December 2018	**1,400,614**
As at 1 January 2017	1,115,577
Surplus for the year	358,969
At 31 December 2017	**1,474,546**

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STATEMENT OF CASHFLOW

	Note	2018 US$	2017 US$
Cash flow from operating activities			
(Deficit)/Surplus for the year		(73,932)	358,969
Adjustment for non- cash items:			
Depreciation of property, plant & equipment	10	137,618	113,682
Amortization of intangible asset	11	2,732	6,885
Changes in assets and liabilities			
(Decrease) /Increase in trade & other receivables		567,329	(502,000)
Increase in inventory		(2,113)	(4,078)
(Decrease)/Increase in trade and other payables		(254,827)	249,345
Decrease in Other liabilities		(79,004)	(30,173)
Net cash provided from operating activities		**297,803**	**192,630**
Cash flow from investing activities			
Purchase of property, plant & equipment	10	(88,827)	(179,530)
Purchase of intangible assets	11	(1,114)	(1,072)
Net cash used in investing activities		**(89,941)**	**(180,602)**
Net increase in cash and cash equivalents		207,862	12,028
Cash and cash equivalents at the beginning of the year		977,621	965,593
Cash and cash equivalents at the end of the year	14	**1,185,483**	**977,621**

The accompanying notes to the financial statements form an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

The Institute

1.1 Corporate Information

The West African Institute for Financial and Economic Management (WAIFEM) was established in 1996 by the Central Banks of Nigeria, The Gambia, Sierra Leone, Ghana and Liberia. The Institute commenced operations in January 1997.

1.2 Principal activities

The principal activities of the Institute continued to be strengthening capacity building for macro-economic management in the West African sub-region by offering short-term customized courses to professional staff of Central banks, Ministries of Finance and Economic Planning and other agencies involved in the formulation and implementation of macro-economic policies in the West African sub-region.

2 Accounting policies

2.1 Statement of compliance

The financial statements of the Institute have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Basis of measurement

The financial statements have been prepared on an historical cost basis. The financial statements values are presented in United States Dollars ($) unless otherwise indicated.

2.2 Summary of significant accounting policies

The following are the summary of the significant accounting policies applied by the Institute in the preparation of its financial statements:

a) Income recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Institute and the income can be reliably measured. Income is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognized:

Subscription

This relates to contributions from participating central banks. The income is recognized on accrual basis.

Grants

These represent grants received from donor organizations towards specific training programs.

Grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods

NOTES TO THE FINANCIAL STATEMENTS

that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Institute receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

The spending of these grants is usually monitored by the donors

Other income

This represents income from consultancy, course executions and business development programs. These are recognized on an accrual basis.

b) Expenses

This comprised of personnel expenses, training expenses and other operating expenses. These are recognized on an accrual basis, as services are received.

c) Property, plant and equipment

Property, plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Replacement or major inspection costs are capitalized when incurred and if it is probable that future economic benefits associated with the item will flow to the Institute and the cost of the item can be measured reliably.

An item of plant and equipment is de-recognized upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Depreciation is provided on a straight line basis so as to allocate the cost less their residual values over the estimated useful lives of the following classes of assets at the following annual rates:

	Years
Motor vehicles	3
Office furniture	5
Office equipment	5
Household furniture	5
Household equipment	4

d) Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses

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The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortized.

The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable.

If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

The Institute's intangible assets are Computer software. Computer software is amortized on a straight line basis over 2 years. Cost associated with maintaining the software programs are recognized as an expense when incurred.

e) Inventories

Stocks are valued at the lower of cost and net realizable value. Cost includes purchase cost and other cost incurred in bringing the stocks to present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

f) Financial assets and Liabilities

All financial assets and liabilities – which include derivative financial instruments – have to be recognized in the statement of financial position and measured in accordance with their assigned category.

a) Initial recognition and measurement
Financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial Instruments.

b) Subsequent measurement
Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost depending on their classification.

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c) Classification and related measurement
Subsequent to initial measurement, financial instruments are measured either at amortized cost or fair value depending on their classification category.

Financial assets
Subsequent to initial recognition, all financial assets within the Institute are measured at

Amortized cost
Fair value through comprehensive income (FVOCI); or
Fair value through profit or loss (FVTPL)

Debt instruments at amortised cost or at FVTOCI
The Institute assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Institute's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Institute determines the business models at a level that reflects how group of financial assets are managed together to achieve a particular business objective. The Institute's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.
The Institute has more than one business model for managing its financial instruments which reflect how the Institute manages its financial assets in order to generate cash flows. The Institute's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Institute considers all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that the Institute does not reasonably expect to occur, such as so-called

NOTES TO THE FINANCIAL STATEMENTS

'worst case' or 'stress case' scenarios. The Institute takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Institute determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Institute reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Institute has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

As at 31 December 2018, the Institute does not hold any debt instrument measured at fair value through other comprehensive income (FVOCI).

Debt instruments Fair value through profit or loss
Financial assets at FVTPL are:

Assets with contractual cashflows that are not SPPI; or/and assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised on profit or loss.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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Impairment
The Institute recognises loss allowances for expected credit losses (ECLs) on the following financial instruments measured at amortized cost:

Debt investment securities;
Other receivables;

ECLs are required to be measured through a loss allowance at an amount equal to:

12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Institute under the contract and the cash flows that the Institute expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

The Institute measures ECL on an individual basis, or on a collective basis for debt instruments that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Significant increase in credit risk
The Institute monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Institute will measure the loss allowance based on lifetime rather than 12-month ECL. The Institute's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Institute monitors all financial assets that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Institute compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Institute considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Institute's historical experience and expert

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credit assessment including forward-looking

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

As a back-stop when an asset becomes 30 days past due, the Institute considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

Modification and derecognition of financial assets
A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

When a financial asset is modified the Institute assesses whether this modification results in derecognition. In accordance with the Institute's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Institute considers the following:

Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then;

A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised paramount because there remains a high risk of default which has not been reduced by the modification. The Institute monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

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When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Institute determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

The Institute derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Institute neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Institute recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Institute retains substantially all the risks and rewards of ownership of a transferred financial asset, the Institute continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Institute retains an option to repurchase part of a transferred asset), the Institute allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

Write-off

Debt securities and other receivables are written off when the Institute has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Institute determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Institute may apply enforcement activities to financial assets written off.

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Recoveries resulting from the Institute's enforcement activities will result in impairment gains.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

- for debt instruments measured at FVTOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve;

Financial liabilities and equity
Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Institute or a contract that will or may be settled in the Institute's own equity instruments and is a non-derivative contract for which the Institute is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Institute's own equity instruments.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Institute are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Institute's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Institute's own equity instruments.
Financial liabilities
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

(i) Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.
A financial liability is classified as held for trading if:

It has been incurred principally for the purpose of repurchasing it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Institute manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument.

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A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if: such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Institute's documented risk management or investment strategy, and information about the accompanying is provided internally on that basis; or it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire hybrid (combined) contract to be designated as at FVTPL.
Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'net income from other financial instruments at FVTPL' line item in the profit or loss account.

The Institute does not have any financial liabilities at fair value through profit or loss at the reporting date."

(ii) Other financial liabilities
Other financial liabilities, including borrowings, is initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(iii) Derecognition of financial liabilities
The Institute derecognises financial liabilities when, and only when, the Institute's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.
When the Institute exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Institute accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

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g) Employee benefits

Staff provident fund (SPF)

The Institute operates a defined contribution pension scheme. The scheme is fully funded and is managed in-house.

The SPF is a contributory fund where all employees of the Institute make a contribution of 10% of their basic salary and the Institute contributes 20% of the employee's basic salary. Management administers this Fund in accordance with the approved Regulations of the Staff Provident Fund. Employees can make withdrawals of up to 60% of their total contributions from the fund as long as certain conditions are met. This withdrawal can be made after the employee has worked for the Institute for more than 3 years.

Employees are entitled to the full balance of their total contribution, less any withdrawals, upon termination or resignation or retirement from employment with the Institute. There is no requirement for interest to be paid on these contributions except the money is invested. The fund is currently held in a US dollar domiciliary account with The Central Bank of Nigeria where it generates little or no interest.

h) Foreign currency translations

Transactions denominated in currencies other than the United States Dollar are recorded at the rate of exchange ruling at the date of transaction.

Monetary assets and liabilities in foreign currencies are converted to USD at the rate of exchange ruling at the balance sheet date.

Gains and losses arising therefrom are included in the income and expenditure account.

i) Taxation

According to Article vii (1) of The Headquarters agreement between WAIFEM and the Government of the Federal Republic of Nigeria, West African Institute for Financial and Economic Management (WAIFEM) is exempted from taxes and duties of any kind whether State, Provincial, Local and any other authority and whether such taxes and duties are now in existence or are to be imposed or issued in the future.

j) Current versus non-current classification

The Institute presents assets and liabilities in a statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading

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- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- All other assets are classified as non-current. A liability is current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Institute classifies all other liabilities as non-current.

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the Institute's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimated uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Institute based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Institute. Such changes are reflected in the assumptions when they occur.

Useful lives and carrying value of plant and equipment, and intangibles

The estimation of the useful lives of assets is based on management's judgment. The useful lives are determined based on the expected period over which the asset will be used and benefits received by the Institute from the use of the asset. Residual values are determined by obtaining observable market prices for the asset with the same age that the asset would be at the end of its useful life. Any material adjustment to the estimated useful lives of items of plant and equipment will have an impact on the carrying value of these items.

Determination of impairment of plant and equipment, and intangible assets

Management is required to make judgments concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists.

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The Institute applies the impairment assessment to its separate cash generating units. This requires management to make significant judgments and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realizable values. Management's judgment is also required when assessing whether a previously recognized impairment loss should be reversed.

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Institute uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

3 Changes in accounting policies and disclosures

West African Institute for Financial and Economic Management has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. **West African Institute for Financial and Economic Management** did not early adopt any of IFRS 9 in previous periods.

As permitted by the transitional provisions of IFRS 9, **West African Institute for Financial and Economic Management** elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current year. **West African Institute for Financial and Economic Management** does not currently apply hedge accounting.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on **West African Institute for Financial and Economic Management**. Further details of the specific IFRS 9 accounting policies applied in the current period are described in the accounting policies section.

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Reconciliation of statement of financial position balances from IAS 39 to IFRS 9 at 1 January 2018

Measurement category	(i) IAS 39 Carrying Amount 1/1/2018 N'000	(ii) Re-classifications N'000	(iii) Remeasurement N'000	Expected credit losses N'000	(iv) = (i)+(ii)+(iii) IFRS 9 Carrying amount 1/1/2018 N'000	Retained earnings effect on 1/1/2018 N'000
Property, plant and equipment	316,882	-	-	-	316,882	-
			-			
Intangible assets	3,045	-		-	3,045	
Inventories	16,406	-	-	-	16,406	
Trade and other receivables	580,297	-	-	-	580,297	
Cash and cash equivalents	977,621				977,621	
Cash held for Staff Provident Fund (SPF)	1,516,925	-	-	-	1,516,925	
Total assets	**3,411,176**	**-**	**-**	**-**	**3,411,176**	
Accumulated Fund	1,474,546	-	-	-	1,474,546	
Staff Provident Fund	1,516,929	-	-	-	1,516,929	
Other Liabilities	71,579	-	-	-	71,579	
	3,063,054	**-**	**-**	**-**	**3,063,054**	
Current Liabilities						
Trade and other payables	348,122	-	-	-	348,122	
Total equity and liabilities	**3,411,176**	**-**	**-**	**-**	**3,411,176**	

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3.1 As of 1 January 2018, the Institute's analysis highlighted the components of its cash and cash equivalents as including short term deposit, bank accounts balances held with banks and cash in hand. The balances meet the SPPI criterion and these were classified as financial assets carried at amortised cost. The balances were assessed for impairment and the ECL impairment recognised amounted to NIL.

3.2 The Institute also assessed its Trade and other receivables and concluded that the balances meet the SPPI criterion and based on the Institute's business model for holding the balances, concluded that they remain valued at amortised cost as was the case under IAS 39. The balances were assessed for impairment and the ECL impairment recognised amounted to NIL.

3.3 IFRS 15

IFRS 15 was issued in May 2014 and applies to an annual reporting period beginning on or after 1 January 2018.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

Identify the contract(s) with a customer
Identify the performance obligations in the contract
Determine the transaction price
Allocate the transaction price to the performance obligations in the contract
Recognise revenue when (or as) the entity satisfies a performance obligation.

The adoption of IFRS 15 did not impact the timing or amount of Subscription and other income of the Institute and the related assets and liabilities recognised by the Institute.

Therefore, adoption of this standard does not have any significant impact on the Institute.

3.4 (a) New and amended standards and interpretations not yet adopted by the Institute

A number of new standards, interpretations and amendments are effective for annual period beginning after 1 January 2018 and earlier application is permitted; however, the Institute has not early adopted the following new or amended standards in preparing these financial statements:

IFRS 16 Leases
IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC- 15 Operating leases- Incentives and SIC -27 Evaluating the substance of Transactions involving the legal form of a lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

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IFRS 16 introduces a single, on balance sheet accounting model for leases. A leasee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases.

The Institute has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions.

No impact is expected on the Institute's finance leases as the Institute does not have any operating leases.

New or amended standards and effective date	**Summary of the requirements**	**Possible impact on financial statements**
Amendments to IFRS 10 and IAS 28 (Sept 2014) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The IAS 28 was amended so that a. The current requirements regarding the partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations	The entity does not have any subsidiary or associate and not also involved in any form of joint venture agreement. Hence, this amendment is not applicable to the entity.
IFRIC 23 Uncertainty over Income Tax Treatments	IFRIC 23 clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. IFRIC 23 is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. 'IFRIC 23 clarifies the accounting for uncertainties	

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	in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. IFRIC 23 is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.	
Amendments to IFRS 9 (Oct 2017) Prepayment Features with Negative Compensation	The amendments in Prepayment Features with Negative Compensation (Amendments to IFRS 9) are: 1. Changes regarding symmetric prepayment options Under the current IFRS 9 requirements, the SPPI condition is not met if the lender has to make a settlement payment in the event of termination by the borrower (also referred to as early repayment gain).	
	Prepayment Features with Negative Compensation amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. '2. Clarification regarding the modification of financial liabilities The final amendments also contain (in the Basis for Conclusions) a clarification regarding the accounting for	

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	a modification or exchange of a financial liability measured at amortised cost that does not result in the de-recognition of the financial liability. The IASB clarifies that an entity recognises any adjustment to the amortised cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange. A retrospective change of the accounting treatment may therefore become necessary if in the past the effective interest rate was adjusted and not the amortised cost amount.	
Amendments to IAS 28 (Oct 2017) Long-term Interests in Associates and Joint Ventures	The amendments in Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) are: • Paragraph 14A has been added to clarify that an entity applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. • Paragraph 41 has been deleted because the Board felt that it merely reiterated requirements in IFRS 9 and had created confusion about the accounting for long-term interests. The amendments are accompanied by an illustrative example. The amendments are effective for periods beginning on or after 1 January 2019. Earlier application is permitted	The entity does not have any subsidiary or associate and not also involved in any form of joint venture agreement. Hence, this amendment is not applicable to the entity.

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Annual Improvements to IFRS Standards 2015–2017 Cycle (Dec 2017) IFRS 3, IFRS 11, IAS 12 and IAS 23 Amendments	In December 2017, the IASB published Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRSs: • IFRS 3 Business Combinations and IFRS 11 Joint Arrangements — The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. • IAS 12 Income Taxes — The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits. • IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when	

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	calculating the capitalisation rate on general borrowings.	
Amendments to IAS 19) (February 2018) Plan Amendment, Curtailment or Settlement	On 7 February 2018, the IASB published Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) to harmonise accounting practices and to provide more relevant information for decision-making. An entity applies the amendments to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019.	
Amendments to References to the Conceptual Framework in IFRS Standards	The Conceptual Framework for Financial Reporting (Conceptual Framework) describes the objective of and concepts for general purpose financial reporting. It is a practical tool that helps the IASB to develop requirements in IFRS® Standards based on consistent concepts. Consideration of these concepts, in turn, should result in the IASB developing IFRS Standards that require entities to provide financial information that is useful to investors, lenders and other creditors. The IASB decided to revise the Conceptual Framework because some important issues were not covered and some guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes: • A new chapter on measurement; • Guidance on reporting financial performance; • Improved definitions of an	

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	asset and a liability, and guidance supporting these definitions; and • Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.	
'IFRS 17 Insurance Contracts	IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021.	
Amendments to IFRS 9 Financial Instruments with IFRS 4 Insurance	Effective for annual periods beginning on or after 1 January 2018	The amendments clarify the following: 1. The optional temporary

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Contracts - Amendments to IFRS 4		exemption from IFRS 9 is available to entities whose activities are predominantly connected with insurance. The temporary exemption permits such entities to continue to apply IAS 39 while they defer the application of IFRS 9 until 1 January 2021 at the latest.
		2. The overlay approach is an option for entities that adopt IFRS 9 and issue insurance contracts, to adjust profit or loss for eligible financial assets; effectively resulting in IAS 39 accounting for those designated financial assets. The adjustment eliminates accounting volatility that may arise from applying IFRS 9 without the new insurance contracts standard. Under this approach, an entity is permitted to reclassify amounts between profit or loss and other comprehensive income for designated financial assets. An entity must present a separate line item for the amount of the overlay adjustment in profit or loss, as well as a separate line item for the corresponding adjustment in other comprehensive income. The temporary exemption is first applied for reporting periods beginning on or after 1 January 2018.

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		2018 US$	2017 US$
4	**Subscription**		
	Bank of Ghana	1,231,487	1,169,960
	Bank of Sierra Leone	656,786	623,972
	Central Bank of The Gambia	656,786	623,962
	Central Bank of Nigeria	1,724,085	1,637,948
	Central Bank of Liberia	656,786	623,972
		4,925,930	**4,679,814**
5	**Other income**		
	Net consultancy fees	10,277	22,910
	Course fees	7,740	18,693
	Sundry income & E-learning	47,695	41,073
		65,712	**82,676**
5.1	**Net consultancy fees**		
	Consultancy fees (BDCU)	270,970	483,026
	Demand Driven Courses (BDCU) expenses	(260,693)	(460,116)
		10,277	**22,910**
6	**Other operating income**		
	Grant (note 6.1)	1,078,465	1,190,834
	Interest	9,581	7,823
	Exchange (loss)/gain	(26,460)	15,101
		1,061,586	**1,213,758**
6.1	**Grants**		
	African Capacity Building Foundation (ACBF)	768,119	922,358
	ACBF Grant for property, plant and equipment (note 18)	30,173	30,173
	World Bank	197,575	196,574
	International Monetary Fund Institute (IMF)	82,598	41,729
		1,078,465	**1,190,834**

There are no unfulfilled conditions or contingencies attached to these grants.

i African Capacity Building Foundation (ACBF) relates to grants received for training programmes and research activities (under AfDB and World Bank Funding).

ii ACBF grant for PPE was received for the purchase of certain items of property, plant and equipment. Recognition of the grant asset has been spread over the useful life of the asset.

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iii World Bank Grant relates to grant received for various course organized by the Institute under World Bank Debt Management Facilities.

iv International Monetary Fund Institute relates to grant received for various courses organized

v The institute acted in compliance with the requirements of the grant agreements between it and the African Capacity Building Foundation (ACBF) and the World bank. It also complied with the terms contained in the Memorandum of Understanding (MOU) signed with the International Monetary Fund (IMF).

		2018 US$	2017 US$
7	**Personnel expenses**		
	Salaries and wages	1,467,555	1,339,039
	Overtime allowance	5,640	9,153
	Provident fund expenses	395,454	361,127
	Leave allowance, home leave and ex-gratia allowance	332,516	187,621
	13 month salary	123,207	112,378
	Resettlement , recruitment costs and shipment of personal effects	40,266	56,742
	Utility allowance	64,776	52,099
		2,429,414	**2,118,159**

			Number	Number
7.1	**Staff Remuneration**		50	48
	Salary range			
	$0 -	$1000		
	$1000 -	$10,000	8	7
	$10,000 -	$20,000	22	22
	$20,000 -	$30,000	0	0
	$30,000 -	$40,000	4	4
	$40,000 -	$50,000	3	3
	Above $50,000		13	12

		2018 US$	2017 US$
8	**Training expenses**		
	Programme fee	1,445,851	1,877,325
	Training materials, cost of administration & transportation	426.416	421,570
	Research unit activities	285,021	43,474
	E-learning expenses & staff retreat	242,967	33,429
		2,400,255	**2,375,798**

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		2018 US$	2017 US$
9	**Operating expenses**		
	Official mission and travels	376,801	293,710
	Board expenses	286,145	243,135
	Motor vehicle running expenses	21,615	18,189
	Postages and telecommunications	52,180	29,233
	Cleaning materials and staff uniforms	3,996	3,706
	Entertainment	4,234	2,204
	Bank charges	4,030	3,241
	Audit fees	30,500	30,500
	Hospitality and security	17,779	31,358
	Repairs and maintenance	25,098	23,016
	Staff training	6,655	19,212
	Printing ,stationery and computer consumables	88,142	67,664
	Upkeep of grounds and building	19,344	19,046
	Journals, periodicals and newspapers	4,095	4,549
	Souvenir teaching aid	40,341	40,236
	Medical expenses	33,813	37,422
	Social programmes	37,033	50,838
	Electricity, lighting and rates	26,185	23,685
	General insurance	44,100	20,071
	Internet subscription/ Website	27,680	34,891
	Management expenses	7375	6,848
		1,157,141	**1,002,754**

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10 Property, plant and equipment

	Motor Vehicles US $	Office Furniture US $	Office Equipment US $	Household Furniture US $	Household Equipment US $	Total US $
Cost						
At 1 January 2018	589,367	154,133	685,234	107,994	157,618	1,694,346
Additions	-	28	58,440	14,449	15,910	88,827
At 31 December 2018	589,367	154,161	743,674	122,443	173,528	1,783,173
Depreciation						
At 1 January 2018	438,589	151,965	550,003	99,034	137,874	1,377,465
Charge for the year	62,406	911	58,057	6,147	10,097	137,618
At 31 December 2018	500,995	152,876	608,060	105,180	147,971	1,515,083
Net book value						
At 31 December 2018	**88,372**	**1,285**	**135,614**	**17,262**	**25,557**	**268,090**
Cost						
At 1 January 2017	456,746	154,133	657,459	106,362	140,115	1,514,815
Additions	132,621	-	27,774	1,633	17,503	179,531
At 31 December 2017	589,367	154,133	685,233	107,995	157,618	1,694,346
Depreciation						
At 1 January 2017	401,956	150,697	492,795	94,897	123,437	1,263,782
Charge for the year	36,633	1,268	57,208	4,137	14,436	113,682
At 31 December 2017	438,589	151,965	550,003	99,034	137,873	1,377,464
Net book value						
At 31 December 2018	**88,372**	**1,285**	**135,614**	**17,262**	**25,557**	**268,090**
At 31 December 2017	**150,778**	**2,168**	**135,230**	**8,961**	**19,745**	**316,882**

There were no impairment indications, hence no impairment loss was recognised during the year (2017 : Nil).

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		2018 US$	2017 US$
11	**Intangible assets**		
	At 1 January	76,712	75,640
	Additions during the year	1,114	1,072
	At 31 December	**77,826**	**76,712**
	Amortization:		
	At 1 January	73,666	66,782
	Charge for the year	2,732	6,885
	At 31 December	**76,398**	**73,667**
	Net book value	**1,428**	**3,045**

Intangible assets represent the Institute’s IT software. Intangible assets are accounted for using the cost model. Amortization is charged on a straight line basis to profit or loss in line with the Institute's policy. There were no indications of impairment as at the reporting date.

		2018 US$	2017 US$
12	**Inventories**		
	Computer consumables	7,956	8,287
	Cleaning materials	716	418
	Household items	3,874	1,919
	Stationery	5,973	5,782
		18,519	**16,406**

12.1 Inventories are carried at the lower of cost and net realisable value. There were no write-downs of inventory during the year and all inventory balances are current in nature. Inventory balances will be turned over within 12 months after the financial year.

		2018 US$	2017 US$
13	**Trade and other receivables**		
	Prepayments	-	8,559
	Sundry debtors (note 13.1)	61,806	571,738
		61,806	**580,297**

2018 **2017**

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		US$	US$
13.1	Receivable from International Monetary Fund(IMF)	41,191	-
	Receivable from CBN	-	36,234
	Receivable from ACBF	-	260,632
	Receivable from World bank	8,270	196,574
	Receivable from Federal Ministry of National Planning & Budgeting, Abuja	12,345	78,297
	Impairment allowance on Receivable	-	(23,121)
		61,806	**548,616**

		2018	2017
14	**Cash and cash equivalents**	**US$**	**US$**
	Cash on hand	18,211	20,749
	Endowment fund at bank	79,265	69,819
	Cash at bank	1,088,007	887,053
		1,185,483	**977,621**

14.1 Cash & cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Endowment fund is credited with surpluses from consultancy services.

		2018	2017
		US$	**US$**
15	**Cash held for Staff Provident Fund (SPF)**		
	Cash held for Staff Provident Fund (SPF)	1,468,087	1,418,925
	Short-term deposit – SPF	-	98,000
		1,468,087	**1,516,925**

15.1 60% of the Staff Provident Fund are payable to staff on demand if certain conditions are met. The full balance is payable to staff upon termination or resignation or retirement from employment with the Institute.

		2018	2017
		US$	**US$**
16	**Trade and other payables**		
	Accruals (note 16.1)	93,295	190,122
	Grant received in advance- ACBF	-	158,000
		93,295	**348,122**

16.1 Accruals in respect of various expenses (e.g. audit fees, printing, medical bills), which have been incurred during the year but remained unpaid as at year end. The Institute

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normally settles such expenses within one to three months from the day of receipt of service to which they relate.

		2018 US$	2017 US$
17	**Staff Provident Fund (SPF)**		
	Balance at 1 January	1,516,929	1,393,336
	Unremitted SPF paid in the year		-
	Contributions by Staff (10% of total salary) (Note 17.1)	131,837	120,410
	Contributions by the Institute (20% of total salary) (Note 17.1)	263,616	240,720
	Interest on investment (Note 17.1)	529	511
		1,912,911	1,754,977
	Payment to withdrawn staff (withdrawals by staff for the year) (Note 17.2)	(444,813)	(238,048)
	Balance at 31 December	**1,468,098**	**1,516,929**

There is no requirement for interest to be paid on these contributions except the money is invested. The fund is currently held in a US dollar domiciliary account with The Central Bank of Nigeria where it generates little or no interest. Management in consultation with Board made several attempts to invest in risk - free portfolios which are very limited.

		2018 US$	2017 US$
17.1	**Staff Provident provisions**		
	Contributions by Staff (10% of total salary)	131,837	120,410
	Contributions by the Institute (20% of total salary)	263,616	240,720
	Interest on investment	529	511
		395,982	**361,641**
17.2	**Staff Provident payment**		
	Unremitted SPF paid in the year	-	-
	Payment to withdrawn staff (withdrawals by staff for the year)	(444,813)	(238,048)
		(444,813)	**(238,048)**

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18 Other liabilities

ACBF Grant for property, plant and equipment		
As at 1 January	71,579	101,752
Recognised in the year	(30,172)	(30,173)
At 31 December	**41,407**	**71,579**

The ACBF grant was received for the purchase of certain items of property, plant and equipment. The grant is being amortized over the useful economic life of the asset.

19 Accumulated Fund

	2018 US$	2017 US$
As at January	1,474,546	1,115,577
(Deficit)/Surplus for the year	(73,932)	358,969
	1,400,614	**1,474,546**

20 Related parties

All related parties transactions are from Business Development and Consultancy Unit and fees are charged on cost recovery basis.

	2018 US$	2017 US$
21 Directors Renumeration	**705,069**	**645,466**

The number of Directors excluding the Board of Governors , whose emoluments fall within the following
ranges were :

	Number	Number
$50,000-$120,000	**5**	4
$120,001-$200,000	**1**	1

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22 Financial risk management objectives and policies

Financial risk management
The nature and carrying values of financial instruments that the Institute deploys in carrying out its activities are included in notes 13 and 14. The Institute's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance operations and to provide guarantees that support its operations. The Institute has trade and other receivables, and cash and bank balance that arise directly from its operations.

The major risks that the Institute is exposed to as a result of deploying financial instruments include:

market risk, credit risk, liquidity risk and Operational risk. The Institute oversees the management of these risks. The Management advises on financial risks and the appropriate financial risk strategy within its policy framework to ensure that risks are kept at a minimum level. The Management provides assurance that the financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed to reduce the impact on its operations.

The Management reviews and agrees policies for managing each of these risks which are summarised below.

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. The Institute is not exposed to any significant market risks resulting from its financial instruments.

Interest rate risk
The Institute does not have any long term debt obligations. The Institute's trade and other payables are for working capital and as such the Institute has little or no exposure to interest rate risk as at the year end.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Institute's exposure to the risk of changes in foreign exchange rates has no significant impact on its operations as the majority of the operating activities are transacted in its functional currency which is US Dollar.

Price risk
The Institute does not carry any financial instrument that exposes it to significant price risk.

Credit risk
Credit risk is the risk of financial loss to the Institute if members or donors fail to meet their contractual obligations, and arises principally from the Institute's receivables from members and donor agencies.

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The Institute's principal exposure to credit risk is influenced mainly by the individual characteristics of each member and/or donor agency. Management is responsible for analysing each existing and new members based on experience and relevant available information on an ongoing basis. This is to ensure that the subscriptions and/or grants in form of subscription/contribution are made good by the respective members and donors. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Institute evaluates the concentration of risk with respect to trade and other receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

Credit Collateral

The Institute generally does not hold collateral over its trade and other receivable financial assets and no such collaterals were held as at 31 December 2018(2017: Nil).

Credit exposure

The credit risk analysis below is presented in line with how the Institute manages the risk. The Institute manages its credit risk exposure based on the carrying value of the financial instruments.

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Industry analysis

As at 31 December 2018	**Financial services US$**	**Government US$**	**Consumer US$**	**Others US$**	**Total US$**
Trade and other receivables	12,345	-	-	49,461	61,806
Cash and cash equivalents	1,185,483	-	-		1,185,483
Total credit risk exposure	**1,197,828**	**-**	**-**	**49,461**	**1,247,289**
As at 31 December 2017					
Trade and other receivables	-	311,106	-	269,191	580,297
Cash and cash equivalents	977,621	-	-		977,621
Total credit risk exposure	**977,621**	**311,106**	**-**	**269,191**	**1,557,918**

The table below provides information regarding the credit risk exposure of the Institute by classifying assets according to the Institute's credit ratings of counterparties:

Neither past–due nor impaired

As at 31 December 2018	**Investment grade US$**	**Non-investment grade: satisfactory US$**	**Non-investment grade: unsatisfactory US$**	**Past-due but not impaired US$**	**Total US$**
Trade and other receivables	-		-	61,806	61,806
Cash and cash equivalents	1,185,483	-	-	-	1,185,483
Total	**1,185,483**		**-**	**61,806**	**1,247,289**
As at 31 December 2017					
Trade and other receivables	-		-	580,297	580,297
Cash and cash equivalents	977,621	-	-		977,621
Total	**977,621**	**-**	**-**	**580,297**	**1,557,918**

Age analysis of financial assets past due but not impaired

	< 30 days US$	**31 to 60 days US$**	**> 60 days US$**	**Total past due but not impaired US$**
As at 31 December 2018				
Trade and other receivables	-	-	580,297	580,297
Total	**-**	**-**	**580,297**	**580,297**
As at 31 December 2017				
Trade and other receivables	-		-	-
Total	**-**	**-**	**-**	**-**

Liquidity risk

Liquidity risk is the risk that the Institute will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Institute's approach to managing liquidity is to ensure, as far as practicable, that it will always have sufficient liquidity to meet its liabilities as at when due, without incurring unacceptable losses or risking damage to the Institute's reputation.

However, the Institute ensures that it has sufficient cash on demand to meet current and expected operational needs.

Maturity profiles

The table that follows summarises the maturity profile of the financial assets and financial liabilities of the Institute based on remaining undiscounted contractual obligations, including interest payable and receivable.

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Maturity analysis (contractual undiscounted cash flow basis)

As at 31 December 2018	**Carrying amount US$**	**Up to 3months US$**	**3-6 months US$**	**Total US$**
Financial assets				
Trade and other receivables	61,806	-	61,806	61,806
Cash and cash equivalents	1,185,483	1,185,483	-	1,185,483
Total assets	**1,247,289**	**1,185,483**	**61,806**	**1,247,289**
Financial liabilities				
Trade and other payables	93,295	93,295	-	93,295
Total liquidity gap	**1,153,994**	**1,092,188**		**1,153,994**

As at 31 December 2017	**Carrying amount US$**	**Up to 3months US$**	**3-6 months US$**	**Total US$**
Financial assets				
Trade and other receivables	580,297		580,297	580,297
Cash and cash equivalents	977,621	977,621	-	977,621
Total assets	**1,557,918**	**977,621**	**580,297**	**1,557,918**
Financial liabilities				
Trade and other payables	348,121	348,121	-	348,121
Total liquidity gap	**1,209,797**	**629,500**	**580,297**	**1,209,797**

Capital management

Capital is the equity attributable to the equity holders of an entity. The primary objective of the Institute's capital management is to ensure that it maintains strong accumulated funds in order to support its operations and to sustain future developments. The Institute is not subject to any internally or externally imposed capital requirements.

Operational Risk

Operational risk is the risk of loss in both financial and non-financial terms resulting from human error and the failure of internal processes and systems.

Managing operational risk is seen as part of the day-to-day operations and management, which includes explicit consideration of both opportunities and the risks of all business activities. Operational risk management includes Institute -wide policies that describe the standard required of both staff and specific internal control systems designed for implementation in the Institute. Compliance with corporate policies and

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departmental internal control systems are managed by departmental management and an active internal audit function.

23 Contingent liabilities

There were no pending litigations as at 31 December 2018 (2017- Nil) against the Institute.

24 Capital Commitments

There was no capital expenditure contracted but not provided for in these financial statements as at 31 December 2018 (2017- Nil).

25 Events after the reporting period

There were no other events after the reporting date which could have a material effect on the financial position of the Institute as at 31 December 2018 and profit attributable to equity holders on that date which have not been adequately adjusted for or disclosed.

26 APPROVAL

The financial statements were approved by the Board of Governors at its meetings held on the 22 August, 2019.

Other Financial Disclosures

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RECONCILATION OF THE ACBF GRANT DISBURSEMENTS DURING THE FINANCIAL YEAR

In compliance with the ACBF Grant Agreement, the under-mentioned reconciliation statement has been disclosed to show the movement of funds in the Special Account. The movement in and out of the Special Account reconciles with the initial financial disbursement of US$200,000(Two hundred thousand Us dollars)

	2018 US$	2017 US$
Reconciliation ACBF Grants		
Balance as at 1 January	158,000	4,399
Grant received from ACBF during the year	870,751	857,328
Amount utilized from grant during the year	(768,119)	(661,727)
Amount spent not yet retired as 31st of December, 2017	-	(42,000)
Amount retired in 2017 but received in 2018	(260,632)	-
Balance on Grant(Note 16)	-	158,000
Amount spent not yet re-imbursed by ACBF as at 31 Dec.	-	260,632
Amount pre-financed by WAIFEM	-	(218,632)
Balance as per initial transfer	-	**200,000**
Analysis of ACBF bank balances		
UBA PLc . ACBF domociliary account	-	158,125
First Bank Plc. ACBF domiciliary account	-	-
First Bank Plc. ACBF naira account	-	-
	-	**158,125**

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STATEMENT OF VALUE ADDED

	2018 US$	%	2017 US$	%
Gross earnings	6,056,757		5,976,248	
Bought in material and services - Local	(3,560,925)		(3,378,553)	
	2,495,832	**100**	**2,597,695**	**100**
Applied as follows:				
To pay employees:				
Personnel expenses	2,429,414	97	2,118,159	82
Depreciation	137,618	6	113,682	4
Amortisation	2,732	-	6,885	-
To pay Government:				
Taxes	-	-	-	
Retained in the business for future growth:				
- (Deficit)/Surplus for the year	(73,932)	(3)	358,969	14
	2,495,832	**100**	**2,597,695**	**100**

Value added represents the additional wealth which the Institute has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth between employees, shareholders, government and that retained for the future creation of more wealth.

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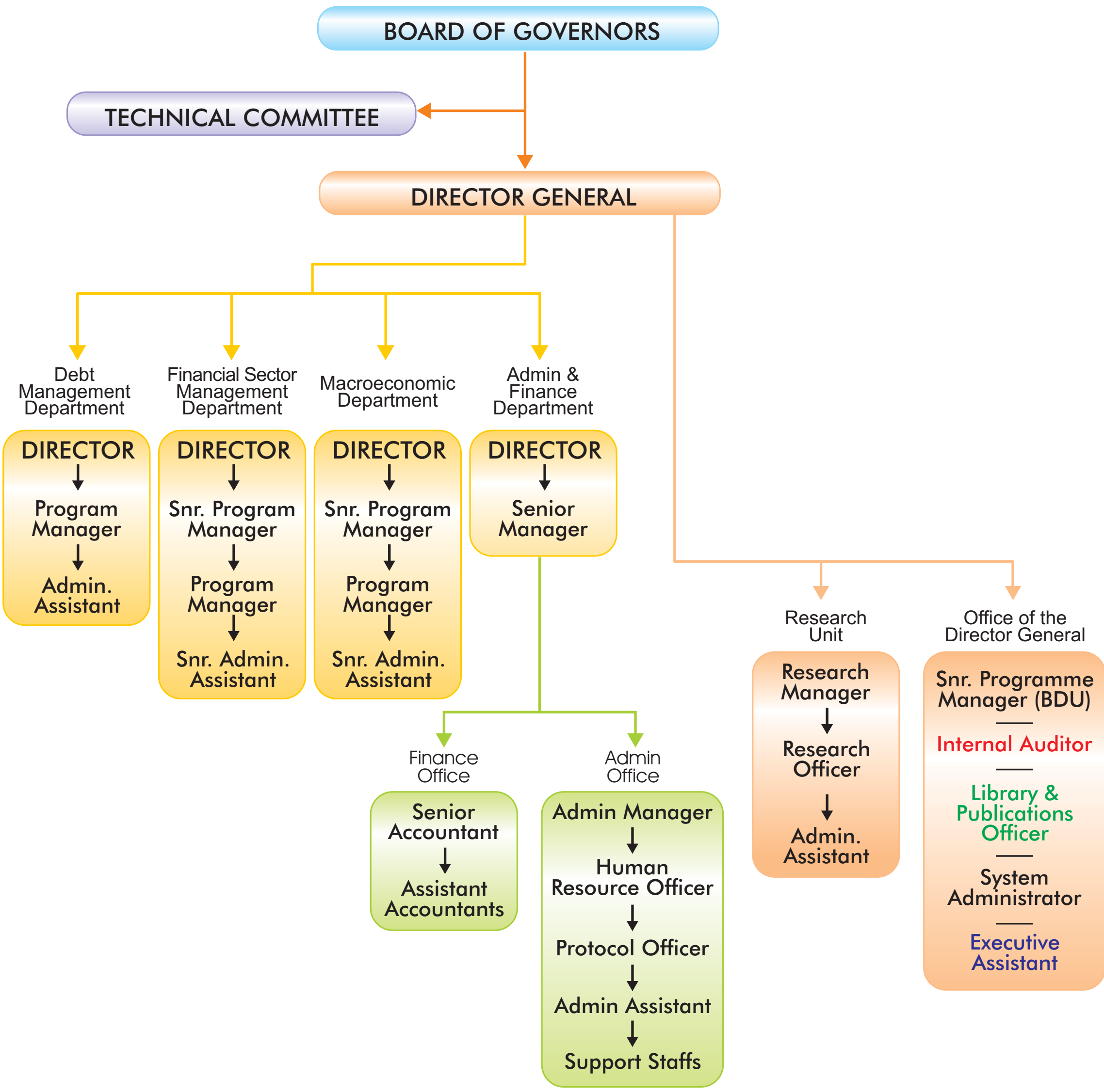
FINANCIAL SUMMARY

	2018 US$	2017 US$	2016 US$	2015 US$	2014 US$
Total operating income	6,053,228	5,976,248	5,157,735	4,403,008	4,571,509
Expenditure					
Personnel expenses	(2,429,414)	(2,118,159)	(2,117,534)	(1,888,422)	(1,756,925)
Training expenses	(2,400,255)	(2,372,728)	(1,331,592)	(1,392,997)	(1,079,073)
Depreciation	(137,618)	(113,682)	(127,995)	(129,401)	(129,428)
Amortisation	(2,732)	(6,885)	(5,215)	(7,004)	(18,345)
Operating expenses	(1,157,141)	(1,002,755)	(976,857)	(868,220)	(1,273,333)
Total expenses	**(6,127,160)**	**(5,617,279)**	**(4,559,193)**	**(4,286,044)**	**(4,257,104)**
(Deficit)/Surplus for the year	**(73,932)**	**358,969**	**598,542**	**116,964**	**314,405**
Total comprehensive income for the year	**(73,932)**	**358,969**	**598,542**	**116,964**	**314,405**

STATEMENT OF FINANCIAL POSITION

	2018 US$	2017 US$	2016 US$	2015 US$	2014 US$
Assets					
Non-current assets					
Property, plant and equipment	268,090	316,882	251,031	282,689	251,164
Intangible assets	1,428	3,045	8,857	1,860	6364
	269,518	319,927	259,888	284,549	257,528
Current assets					
Inventories	18,519	16,406	12,328	24,069	27,691
Trade and other receivables	61,806	580,297	78,297	19,797	63,553
Cash and cash equivalents	1,185,483	977,621	965,593	443,033	323,543
Cash held for Staff Provident Fund (SPF)	1,468,087	1,516,925	1393336	1,329,272	1,123,192
	2,733,895	3,091,249	2,449,554	1,816,171	1,537,979
Total assets	**3,003,413**	**3,411,176**	**2,709,442**	**2,100,720**	**1,795,507**
Equity and liabilities					
Equity					
Accumulated funds	**1,400,614**	**1,474,547**	**1,115,578**	**517,036**	**400072**
Non-current liabilities					
Staff Provident fund	1,468,098	1,516,929	1,393,336	1,329,275	1,123,192
Other liabilities	41,406	71,579	101,752	106,797	18,208
	1,509,504	**1,588,508**	**1,495,088**	**1,436,072**	**1,141,400**
Current liabilities					
Trade and other payables	**93,295**	**348,121**	**98,776**	**147,612**	**254035**
Total liabilities	**1,602,799**	**1,936,629**	**98,776**	**1,583,684**	**1,395,435**
Total equity and liabilities	**3,003,413**	**3,411,176**	**2,709,442**	**2,100,720**	**1,795,507**

ORGANIZATIONAL CHART



APPENDIX 2

PRINCIPAL OFFICERS OF THE INSTITUTE

Director General	Prof. Akpan H. Ekpo	DG
Director, Debt Management	Mr. Baba Y. Musa	D-DM
Director, Admin. & Finance	Mr. Euracklyn V. Williams	D-AF
Director, Financial Sector Management	Mr. Paul J. Mendy	D-FSM
Director, Macroeconomic Management	Mr. Emmanuel Owusu-Afrieyi	D-MM
Director, Research Department	Mr. Alvin G. Johnson	D-RD
Senior Programme Manager	Dr. Patricia Adamu	SPM-FSM
Senior Programme Manager	Dr. Okon J. Umoh	SPM-MM
Advisor, Business Dev. & Cons. Unit	Prof. Douglason G. Omotor	A-BDU
Programme Manager, Fin. Sec.	Mr. Ogbonnaya Agu	PM-FSM
Programme Manager, Macro	Mr. Gabriel Yaw Asante	PM-MM
Programme Manager, Debt	Mr. Momodou L. Jarju	PM-DM
Executive Assistant	Mrs. Josephine Roberts	EA
Internal Auditor	Mr. Victor Emmanuel	IA
Senior Manager, M&E	Mr. Emmanuel Ekpo	SM-ME
Senior Accountant	Mr. Linus Gimoh	SA
Library & Publications Manager	Mr. Samuel J. Sepha	LPM
IT Systems Administrator	Ms. Rebecca Ikpeme	ITSA
Research Officer	Mr. Abubakar N. Adamu	RO

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