



**ACTIVITIES OF
COMESA MONETARY INSTITUTE IN 2020**

Report on the Activities of the COMESA Monetary Institute in 2020

1. The COMESA region is currently going through an unprecedented economic and health crisis following the spread of COVID-19 pandemic to the countries in the region, since the beginning of 2020. In an effort to contain the pandemic, Governments in the region instituted a number of containment measures that have included quarantines, lockdowns, travel restrictions and border closures, among others.

2. As a result of these measures, most of the CMI face to face activities, especially trainings and workshops, were greatly hampered. However, the following are the main tasks accomplished by the Institute in 2020:

- (i) Organised the following Validation Workshops for User's guides on:
 - a) Matlab User's Guide on Basic Dynamic Stochastic General Equilibrium Modeling;
 - b) Fiscal Stress Testing for Central Banks and Ministries of Finance.
- (ii) Finalized and published a User's Guide on "Banking System Interconnectedness and Systemic Risk Analysis".
- (iii) Prepared the following Special Reports Related with Impact of COVID-19 which are published by COMESA:
 - a) Macroeconomic Impact of COVID 19 in Sub-Saharan Africa;
 - b) Fiscal Policy Responses to limit COVID-19 Economic Damage;
 - c) Unconventional Monetary Policy Tools Deployed to Address the Socio-economic Impact of COVID-19;
 - d) The Role of Trade Finance in Promoting Trade and Implications of COVID-19 on Trade Finance in Africa;
 - e) Economic Impact of COVID-19 on MSME's in Africa and Policy Options for Mitigation;
 - f) Value Chain as a Vehicle for Development in Africa: Implications of COVID-19 in the future of Global Value Chain; and,
 - g) Implication of COVID-19 on Debt for African Countries.
- (iv) Prepared the following papers:
 - a) Role of Regional Financial Integration in Promoting Growth, Development and Poverty Reduction in Africa;
 - b) Financial Policy Interventions in Africa in the light of Economic Impact of COVID-19;
 - c) Survey of Recent Fiscal Policy Developments in COMESA member states;
 - d) Inclusive Finance for Growth and Development in Africa;
 - e) The role of export diversification for economic growth and employment creation in Africa; and,
 - f) Macroeconomic Developments in the COMESA Region in 2019.
- (v) Peer-reviewed the following papers in collaboration with experts from member Central Banks:
 - a) Assessing the Bank Lending Channel of Monetary Transmission Mechanism using Panel Data Analysis;
 - b) Modelling and Forecasting Inflation Dynamics;

- c) Modelling the Spillover Effects of Volatility in Commodity Prices on Financial Stability;
 - d) Risk Taking Channel of Monetary Policy Transmission Mechanism: An Application of Panel VAR, SVAR and VECM;
 - e) Estimating and Forecasting Time Varying Volatility in Consumer Prices: Application of GARCH Model;
 - f) Empirical Analysis of the Effects of Key External Shocks on Selected Macroeconomic Indicators; and,
 - g) Impact of Macroeconomic Developments on Financial System Stability.
- (vi) Undertook the following country specific studies in collaboration with staff from member central banks (Work in Progress):
- a) “The Interbank Markets and Effectiveness of Monetary Policy”;
 - b) “Impact of Financial System Development on Financial Stability”;
 - c) Preparation of Regional Financial Stability Report for COMESA region; and,
 - d) The Institute will organise a virtual research forum for validation of the papers as soon as the papers are ready.
- (vii) Made presentations on the following in Virtual regional and continental Conferences:
- a) Enhancing the Mobilisation of Domestic Resources to Guarantee the Development of Economic Independence in the Post COVID-19 Era organised by AUC in collaboration with African Securities Exchange; and,
 - b) Impact of COVID-19 on Trade in Goods and Services, organised by MEFMI on Impact of COVID-19 on External Sector in Africa.
- (viii) Published an article on “The Effects of Exchange Rate Volatility on Exports in COMESA: A Panel Gravity Model Approach” in the *Journal of Applied Finance and Banking*, Volume 10. No. 6, August, 2020 page 203-223.
- (ix) The following activities are ongoing and remain work in progress:
- a) Exchange Rate Regimes and Inflation Performance in Selected COMESA member countries; and,
 - b) Capital Flows and Economic Growth in selected COMESA Countries.