

# IFM

## NEWSLETTER

VOL. 4 No.1

JANUARY, 1996

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Mr. H.S. Madoffe - Principal IFM

Mr. H.S. Madoffe Approved IFM Principal

Mr. H.S. Madoffe, former Director of Personnel and Administration was approved Principal of IFM by the Minister for Finance Hon. Prof. S. Mbilinyi effective from 29/11/95.

Mr. Madoffe's appointment followed the need to fill up the IFM Principal's post after Dr. R.M. Kavura's departure for a UN job in Lesotho.

At its 87th meeting, the Institute's Governing Council appointed Mr. H.S. Madoffe the Principal of IFM and recommended his name to the Minister for Finance for approval.

Mr. Madoffe joined the Institute in 1973 as a Tutorial Assitant. He rose in the academic ranks to Senior Lecturer.

In 1983 Mr. Madoffe shifted from the academic line and joined the Institute's top administration. For more details regarding Mr. Madoffe's profile see our September/November 1995 issue

VISION STATEMENT

IFM: TEN YEARS FROM TODAY

My considered vision and wish is to see IFM evolving into a fully-fledged University of Finance and Information Technology; hereafter referred as I.T; in the next decade.

In this respect IFM should provide opportunities for the study of and training in Finance and Information Technology related fields, carry out research activities in the same areas of study and arrange for the publication and dissemination of research findings. IFM should continue to cater for the needs of the public sector and the growing private sector. It should extend its catchment area and service beyond the Tanzanian borders to the entire Eastern and Southern Africa Region.

In the next paragraphs I will articulate the justifications for this vision and practical strategies to achieve the same.

IFM was established in 1972 by an Act of Parliament as a Banking and Insurance Institute. Today IFM has fourteen programmes at undergraduate, (certificate and diplomas), post-graduate and Masters degree levels in seven Finance related areas and Information Technology.

Evolving into a University in the next logical step in IFM's growth Given the higher demand of University education in the country as evidenced by the high number of applicants who are unable to secure places at the existing Universities, IFM would provide the much required opportunity and institution for them. A recent study has shown that among twelve Eastern, Central and Southern states Tanzania has the lowest per capita enrolment i.e. enrolment as percentage of population of 0.0077%.

We lag even behind Angola, Mozambique and Namibia - countries for years at war and whose independence came much later. To make the point clearer Kenya has eight Universities country-wide when Tanzania has only three, in two towns. So transforming IFM into a University is a fundamental social and national obligation. It would be beneficial to many parties including stakeholders, industry and the public at large.

With the rapidly changing environment in Tanzania from a single party democracy to multiparty democracy, from a centralized economy to open market economy leading to enhanced local and foreign investment with the restructuring of financial institutions, and the civil service and parastatal sector reforms, it is obvious that IFM should tune its philosophy in line with the changes taking place in the country.

The reasons for specializing in Finance and I.T are compelling. As for finance, this is IFM's original and current mission. It must be maintained and improved. IFM has a definite and dependable market share and a competitive edge over other institution in these areas. Indeed, an economy of any brand needs well trained professionals in financial management and related fields. The same applies to I.T Training in I.T. is long over due in Africa and Tanzania. Given that the next century for Science and Technology I.T. is the uncontestable vehicle and starting point to enter the new era. IFM can and must take a lead to train computer expertise and literacy for all its students and the population at large.

In order to achieve the above mission, IFM has to take the following steps:

1. Promulgate a corporate plan including this vision.
2. Get the Council's and Government approval.
3. Get affiliated to an international bonafide and reputable University of Finance and Informatics.
4. Review the curricula of the programmes in Professional Banking, Insurance, Social Security, Taxation and Financial Management and I.T and get them validated by the University of Affiliation and related professional bodies.
5. Get evaluation and validation of academic staff from the University of affiliation.
6. Secure accreditation for the programmes and the awards from the proposed. National Higher Education Council.
7. Strengthen resources (Personnel especially academic, physical and training aids)
8. Year 1996 to 2000: stay as constituent college of a University, to gain necessary experience and recognition as a constituent college. During this period award Bachelors degrees. The current IFM/Strathclyde collaboration is an example in this regard. During this period of affiliation IFM will seek donor assistance to train faculty at Ph.D and professional levels. The current FILM-UP is an example.
9. Seek collaboration, linkages and joint activity with other institutions of higher learning in short-courses, consultancies, staff exchange programmes and sabbaticals. A FILM-UP II could be very useful in this respect.

10. Transform IFM into a University of Finance and Information Technology by the year 2001.

Many Universities started from very small institutions with limited facilities and resources. Given IFM's infrastructure, goodwill, staff, network and linkages and the invaluable leadership from its very able and dynamic Council and support from the shareholders, IFM can readily transform into a University - and become a pride of Tanzania's financial institutions. In other words, this vision is not a dream; it can be turned into concrete reality within a decade.

H.S. Madoffe  
PRINCIPAL

IFM THINK TANK FORMED

In view of the rapidly changing environment of Tanzania and taking into account that in five years time we shall be in the 21st century - the century of Science and Technology - changes which have direct bearing on IFM, the Principal of the Institute has appointed an eight strong manpowered. Think Tank. The Think Tank to is to assist IFM's survival, growth and prosperity in the changing environment by recommending measures to minimise the impact of threats and taking maximum advantage of opportunities.

The Think Tank comprises of the following members:

1. Mr. M. Mhina
2. Mr. L.L. Shirima
3. Prof. M. Arora
4. Prof. C. Inyangete
5. Mr. P.J. Luoga
6. Prof. W.K. Rugaika
7. Ms. B. Malambugi
8. Mr. D.O. Oyuke

The following are the terms of reference for the Think Tank:

- (a) Advise IFM Management on a regular basis about new ideas, aspeaches, type of facilities needed, and/or industry, collaboration arrangements so that IFM could be run-in a more efficient manner as a modern, scholarly, professional and reputable institution of high learning.

- (b) Explore and establish the avenues that exist and strategies necessary to turn the Institute into a University of Finance, Banking and Information Technology latest by year 2001.
- (c) Suggest methods for improving existing and new IFM short and long term programmes in finance, banking and information technology to increase the quality of our products and further improve the image of the Institute.
- (d) Explore options for extending IFM services beyond Tanzania.
- (e) Explore methods and options of financing to enable IFM sustain its operations in the medium and long term.
- (f) Explore ways to expand and retain collaborations ~~with~~ reputable Universities within and without Tanzania.
- (g) Study and recommend suitable organisation structure which is cost effective and in line with the envisaged new functions of the Institute.
- (h) Advise management on how to prepare the Institute's Corporate Plan for the period 1996-2001.
- (i) Explore practical ways of enhancing computer literacy and computer use by IFM staff and students.

Ms. A. SHIO AG. DPA

The Principal of the Institute has appointed the Chief Personnel and Administrative Officer, Ms. A. Shio, Acting DPA. The appointment which became effective from 29/11/95 followed the former post hold's appointment as Principal of IFM.

It gives a lot of pleasure to write this short new year message in our newsletter.

This year IFM will be 24 years old. In about a year IFM will celebrate its silver jubilee.

A remarkable phenomenon affecting IFM today is change- changes right, left and centre. There are changes inside IFM, changes in the environment within which IFM is operating, changes everywhere.

At macro level we have within a few years changed from a single party to multi party state and from a centralized economy to a free economy. We have seen drastic civil service parastatal and financial sector reforms. A few months ago the third phase Government came into power with a potent agenda to rid us to the trio problems of yesteryears i.e. disease, poverty and ignorance, lead us to prosperity and propel us to the 21st century - the century of Science and Technology.

These changes dictate that we either change ourselves or we shall be changed by forces outside our control. They dictate that IFM must be customer oriented and needs driven. They mean that we must change our old ways and habits for our own survival, prosperity and sustainability.

#### The Way Ahead

A dual analysis of the Institute and the interfacing environment reveals the need to undertake a qualitative and quantitative improvement of its trio roles of training, consultancy and research. Alongside these improvements is the need to rehabilitate and upgrade IFM's facilities, buildings, teaching aids and equipment. The overall aim of this is make IFM the market leader in training research and consultancy in Finance related fields.

IFM's Vision

IFM's vision is to evolve into a fully-fledged University of Finance and Information Technology in the next decade. Studies show that in the area of long term training there is a large and growing candidature market particularly in the Accountancy, Financial Management and Computer Science fields at a University level. The Institute therefore, intends to capture this market and utilize its potential by taking steps to elevate itself to its appropriate and next logical level - that of University of Finance and Information Technology.

To achieve this end we must be prepared for the challenges involved. Faculty must observe the old adage "publish or perish", they should not confine themselves to "talk and chalk"; they must seek the highest academic and professional honours and lend themselves to practical experience. We must address the critical areas of improving our finances, admission records and accounts. We must computerize our operations - Accounts, student records, personnel records, library etc. We must observe the sanctity of examinations and display fairness. We must strive for quality delivery, quality papers, quality everything. There should be no room for mediocrity or sub standard things. We must strive for excellence. This applies to workers and students. Our students must study not for exams but for knowledge. They must therefore work very hard.

Furthermore, in addition to hard work and commitment and team work we must change old habits by suggesting how to improve IFM's finances and not just how to spend it, come up with solutions to problems rather than simply articulating problems only, fulfilling but obligations before we ask for rights and identifying a reputable model - for our own individual behaviour and for IFM as a corporate entity.

We intend to seek the Government and Council support and win our clients hearts to achieve these ends we know we can count on our great Third Phase Government and our Council for sighted.

H.S. Madoffe

PRINCIPAL

FROM THE ACADEMIC DESK

PROFESSIONAL INAUGURAL LECTURE:

The Institute's first Professorial inaugural lecture was presented by Charles G. Inyangete, Ph.D, Professor of finance and Director MSc. Programme at the British Council Conference Hall on 29th November, 1995.

The occasion was chaired by Dr. Z. Mpogolo-Director of finance and operations at Tanzania's Capital Markets and Securities Authority (CMSA). The lecture panellists were Dr. A.G. Abayo, Dr. Kaijage both of the University of Dar es Salaam and Professor M.L. Arora of the IFM. In attendance was a large cross section of the IFM community, representatives from financial institutions and the public.

Professor Inyangete presented his lecture titled "Regulating Emerging Securities Markets, Financial Institutions (Bank) Risks, and Capital Market Trading Systems". The lecture synthesised three themes. The first theme focused on the regulations of financial institutions by examining the impact of deregulation of markets in emerging economies of Africa. The second theme deals with the systemic risk of bank failure and the third theme explores the philosophy of capital market building, the role of capital markets in achieving the overall objectives and goals of a country. Policy recommendations were offered on the choice and design of a market trading system.

Key conclusions of the lecture among others: the further development of capital markets in Africa is dominant condition for economic development, and greater transparency of the market trading mechanism enhances market liquidity by limiting insider trading.

### PUBLICATION

A paper on 'The Problem of Asset and Liability Management by Banks in Tanzania' by Professor C.G. Inyangete was published in the Tanzania Bankers Journal. This paper essentially exposes the problems of asset/liability Management by banks in Tanzania and the importance of constructing efficient portfolios to maximize returns in an environment with volatile interest rates. It presents some of the more widely used techniques for asset/liability management and the attendant problems in the context of Tanzania.

### CONFERENCES:

The World Savings Bank Institute (WSBI) and the Tanzania Postal Bank invited Professor Inyangete to present a paper at a recent International Conference in Arusha on 'Institutional Reform for African Savings Banks'.

He presented his paper on "Strategies for Self-Sustenance and Growth of Savings Banks". The paper adopts a functional perspective as opposed to an institutional approach in addressing the issues as this makes no commitments to preserving existing operational and regulatory structures. As savings institutions dominate financial sectors of most developing countries their overall performance has a significant impact on the overall efficiency of domestic resource mobilisation and allocation. The paper argues that the focal point for formulating strategy is competition. Successful strategy rests with understanding the composition of the market for banking services and the competition for those services.

It concludes inter alia that savings banks should be active in financial innovation with new financial instruments as a strategy for strengthening resource mobilisation. Savings banks need to respond to market demand based on client characteristics, needs and priorities. Consequently they need to establish a clear market niche among their competitors by targeting small and medium size enterprises.

Professor Inyangete participated at the recently concluded 1995 Annual Conference of the African Stock Exchange Association (ASEA) in Mauritius, invited by the Capital Markets Authority to join a 5 member delegation from Tanzania. This third conference of the ASEA's Theme was 'Liberalisation of African Capital Markets. "Among the various issues discussed were, privatisation and the Stock Exchange, the challenge of regulating Capital Markets in Africa, the trading systems, Internationalisation of African Financial Markets and investor Education.

As a direct result of his participation at the ASEA Conference, the Johannesburg Stock Exchange has provided extensive empirical database on Stock transactions since the mid 1980s. This will facilitate empirical analyses of Regional Stock Markets.

Professor Inyangete also participated in the 9th Financial Institutions Conference in Arusha. This three day workshop inaugurated by President Benjamin W. Mkapa focused on "Financial Sector Deregulation: The present and Challenges Ahead". A paper presented at this conference formed the basis for a Practitioner forum on presented to the MSc. Finance class by the Citibank.

## 2ND INTAKE OF MSc PROGRAMME COMMENCES

A second intake of students for the MSc Programme commenced lectures on 15th January, after a week long orientation programme culminating in an opening address by the Principal Mr. Haruni Madoffe, Mr. J.R. Davies of the University of Strathclyde is in Dar es Salaam to participate in teaching for the new intake.

The new intake of 24 students selected from well over 100 applicants includes Nationals of foreign countries namely: Kenya, Uganda and Nigeria, making the course truly international.

Meanwhile the first intake candidates are expected to complete their dissertaion and graduate in June/July 1996.

## BACK FROM FURTHER STUDIES

### (i) RUHARA BACK FROM THE IHS

In early July 1995 Mr. Ruhara was officially invited by HABITAT Nairobi to submit an application for a human Resources Development course at the Institute of Housing and Urban Development studies. The course was to be financed by the Netherlands fellowship programme. This was part of the continuing efforts by HABITAT (started in 1991) to develop Training of Trainers in Urban Management and Finance. All six participants except one, from the Southern African Region had already attended an Advanced Training of Trainers course organised by HABITAT in Zambia in 1993.

The course started on 14/9/95 and ended on 15/12/95. The course was very intensive and demanded a considerable effort from the participants. Those who performed fairly well were awarded Post graduate Diploma in Human Resources Development. Coursework accounted for 50 percent and the remaining 50 percent was based on writing and presenting and individual study paper of about 10,000 words. Mr. Ruhara decided to write on Action Planning for Institutional Development - Study of Dsm - City Council in Tanzania

Mr. Ruhara intends to carry this study further by presenting workshop/seminar proposals in areas of Revenue Generation, Cost Recovery, Resource Mobilization, Tax Administration and Public-Private Sector Participation. There are also potential research questions in these areas among other urban development burning issues.

Mr. Ruhara was one of few participants who passed with credit in this course.

(ii) E.M. MWANJABALA BACK FROM AUSTRALIA

Mr. E. Mwanjabala came back from Australia after successful completion of MA degree in Environment and Public Policy at Monash University, Melbourne. The two year study programme was sponsored by AUSAID.

(iii) MARURU IS BACK FROM ISS

Mr. Lucas D. Maruru came back in December, 1995 from the Hague, the Netherlands after successful completion of MA (Public Policy and Administration) at the Institute of Social Studies.

MAMA ROSE RETIRES

Mama F. Rose retired from the services of the Institute on December 31, 1995, Mama Rose joined the Institute in January 1990 as an Assistant Warden on contract terms. She continued in that capacity until the changes in the Scheme of Service when she became Hall Officer. In total she was employed for eight contracts of two years each.

A one hour beautiful party was organised by the Institute in recognition of contribution. At that party the Principal of the Institute Mr. H.S. Madoffe, described her as a very didedicated and hard working person-an example to be emulated by everyone. She had been recognised as best worker in her department more than once. The Institute awarded her Shs. 75,000/= the value of sewing machine.

We all wish her a very happy retirement life.

