



**Opening Remarks
By Mr. Ebson Uanguta
Deputy Governor
Bank Of Namibia**

**At The Retreat For Heads Of Departments/Units Responsible For
Monitoring And Analysis Of Foreign Private Capital (FPC)**

**26-30 May 2014
Windhoek, Namibia**

**Dr. Sehliselo Mpfu, Director Macroeconomic Management
Programme - MEFMI,**

**Distinguished Facilitator, Mr. Kenneth Egesa, Director of Statistics -
Bank of Uganda,**

Delegates,

Ladies and Gentlemen.

1. It is an honour and privilege for me to preside over the opening session of this important Retreat on foreign private capital flows. Let me seize this opportunity to welcome you all to Namibia.

2. Attracting foreign private capital is among top development agenda in Africa. This, among other factors follows a slowdown in Overseas Development Assistance to most Least Developing Countries. Foreign private capital flows are associated with a number of benefits; Firstly, they can raise tax revenues, create employment and open new markets for exports. Secondly, they can finance projects which require a large initial investment, too large for the government or domestic financial system. Thirdly, they can lift productivity and competitiveness by adding to the stock of capital equipment and introducing new technology.
3. Despite these advantages, capital movements across economic frontiers and abrupt reversals have consequences to current account financing and exchange rate stability. It is worth noting that several countries in our region face unfavourable current account balances and remain highly indebted. Within this fragile context, a reversal of capital flows could seriously disrupt the economies of recipient countries and could put at risk, the continuation of economic reform. I would like to commend MEFMI for its efforts to increase awareness and to strengthen capacity in this critical area.

Ladies and Gentlemen,

4. This Retreat provides a platform to strategize and sharpen skills and techniques to properly manage capital flows in line with international best practices. I am aware that you will also use this opportunity to exchange views on policies to promote, sustain and optimize the benefits of global capital flows.
5. It is unfortunate to note that our region continues to attract less than 3% of Global foreign private capital flows relative to East Asia and Latin America, which account for over 60%. This is despite our natural resource wealth, tough restructuring involving privatization of state enterprises, massive

investment incentives, capital account liberalization, ease in dividend payments and improved business registration process.

6. Another critical area of concern is the weak link between foreign investment and our local economic activities. For the foreign private capital to bring positive impact on job creation and increased income, it has to create value chains in the recipient countries by purchasing inputs locally or engaging in processing or other productive activities. These aspects are evident in Asia and Latin America but are not significant to our region. Let me appeal to this Retreat to brainstorm on these teething impediments and propose bold policies to promote and sustain foreign capital inflows to the region.

Ladies and Gentlemen,

7. It is heartening to note that MEFMI has made notable progress in building capacity to manage capital flows.
8. I am aware of progress towards convergence in the use of the harmonized international minimum standards for recording, monitoring, managing and analysing foreign private capital. A major milestone has been the adoption of the state of the art software named MEFMI Private Capital Monitoring System (PCMS). The use of this common software has enhanced the quality, timeliness and comparability of data in the region.
9. Significant progress has also been made in the collection of foreign capital data from enterprises through survey methods. The number of countries undertaking capital flow surveys in the MEFMI region has more than doubled, increasing from four (4) in 2009 to eleven (11) in 2014. Countries conducting surveys include Botswana, Kenya, Lesotho, Malawi, Mozambique, Namibia, Rwanda, Swaziland Tanzania, Uganda and Zambia. Only Zimbabwe and Angola rely on non-survey methods.

10. In addition, coordination in the administration of capital flows among key stakeholders in our countries has improved tremendously. The development of supportive foreign private capital institutional frameworks has enhanced efficiency in the recording and managing of capital flows in the member states.

Ladies and Gentlemen,

11. I would like to urge you to exert yourselves fully in this noble exercise and play a definitive role in our region. We want you to be the ears, eyes, brains and voices of capital flows in our region. I have no doubt that you will be committed to the task at hand and will discharge your duties diligently. Your efforts should certainly contribute to poverty reduction strategies in our region.
12. Please do take some time out of your busy schedules to enjoy the hospitality of Namibia. Freely explore the boundless beauty of our country, sample local cuisine and explore the attractive tourism products on offer.
13. It is now my singular honour to declare this Retreat officially open, and I wish you fruitful discussions and a memorable stay in Namibia.

Thank you.