

**OPENING REMARKS BY THE ASSISTANT GOVERNOR OF BANK OF NAMIBIA,
MR. MICHAEL MUKETE AT THE SEMINAR OF CCBG FINANCIAL MARKETS
SUBCOMMITTEE 27- 29 FEBRUARY 2012**

Dear Chairperson of the CCBG Financial Markets Subcommittee

The CCBG Secretariat, Participants representing various countries, Ladies and Gentlemen

Good morning to you all. Let me welcome everyone of you to Windhoek to attend this very important seminar. I am delighted to note that most of the SADC central banks are represented here today, coming from as far as DRC, Tanzania and Mauritius. This seminar, I understand, is also graced with the presence of our co-operating partner, the African Development Bank (ADB) as well as representatives from the Committee of SADC Stock Exchanges (COSSE). You are all most welcome to the Land of the Braves, and I trust you will not only concentrate on the serious business at hand, but will also find time off to explore the beauty and diversity of our capital City and indeed that of Namibia. Moreover, I trust that you will also have time to do some shopping - to buy the best alluvial diamonds the world has to offer and also take some souvenirs back home for your loved ones. In so doing, would not only strengthen your love at home, but you also leave us with a much stronger level of reserves.

The good work of the CCBG Financial Markets Subcommittee in the region for the past few years is visible and must be applauded. Going forward, the expectations of the member states to have well developed and reliable financial markets in the region have increased exponentially. In the past, many African countries have relied strongly on developed countries for financing their infrastructure development. If recent experience from the Sovereign debt crisis in advanced economies is anything to go by, African countries, must find and develop other “home based” sustainable sources of funding to finance their development agenda. It is important to note that financing from these advanced economies has always come with

conditions attached. **The simple fact is that as Africans, we cannot continue to rely on or allow advanced economies to determine our destiny.**

African countries should come together and develop reliable financial markets in the region. One key option would be the commitment of governments to dedicate funding their budgetary requirements from the domestic debt securities markets. We have introduced this successfully in Namibia using 80: 20 domestic and foreign respectively. Thus, in the case of Namibia borrowing from outside is only undertaken for diversification purposes. Although I am not prescribing that member countries adopt the Namibian funding mix thresholds, my view is that the 20 percent foreign borrowing is sufficient to jumpstart the SADC debt securities markets.

The other critical option and quite important to SADC countries is to buy bonds issued by fellow member countries either denominated in regional or hard currencies. One platform is already provided for at the Johannesburg Stock Exchange where African governments are allowed to list bonds. Unfortunately, not many countries in the region have taken advantage of this opportunity, with the exception of few in the Common Monetary Area. I strongly believe that in buying each other's debt securities, we will be making a strong contribution towards creating a sustainable funding source for member countries. To achieve this noble idea, reserves managers should recommend these instruments to form part of the universe of permitted assets within reserves management mandates. A good practical example is when Namibia issued a BBB- USD500 million Eurobond last year; one of the investors was a fellow SADC central bank. **Ladies and gentlemen, this is a testimony that what I am campaigning for here today is possible with this living experience.**

At the SADC level, we need to co-ordinate our financial markets developmental efforts under the auspices of this committee and support each other. In our endeavors to fast track this process let us use this opportunity to learn from each others' experiences, from case studies else where and from ADB. Although some of our countries are small, there are innovative ways introduced successfully in other smaller countries such as Slovenia and Taiwan which contributed to their relatively well developed financial markets. Let us look at those case studies and see how best we can apply them to our own unique situations. **We should equally draw inspiration from the Ethiopian proverbs that says - "when spiders unite they can tie down a lion."**

When I was looking at your agenda, it is pleasing to note that this meeting will discuss contemporary and important issues that have huge potential to take financial markets in the region to new heights.

Ladies and Gentlemen, at this final juncture let me not forget to express my gratitude to the organizing committee at both the CCBG secretariat and at the Bank of Namibia. Thank you very much for ensuring that this event kicks off.

It now gives me great pleasure to declare this Seminar of Committee of Central Bank Governor Subcommittee on Financial Markets officially open.

I thank you for your kind attention.