



**MEFMI**  
Macroeconomic and Financial Management  
Institute of Eastern and Southern Africa

 **Investec**  
Asset Management

**KEYNOTE ADDRESS**

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**EVENT: MEFMI REGION CENTRAL BANK GOVERNORS'  
FORUM**

**VENUE: BANK FOR INTERNATIONAL SETTLEMENTS (BIS)  
BUILDING,  
BASEL, SWITZERLAND**

**DATE: 27<sup>TH</sup> JUNE 2015**

- **Chair of Executive Committee,**
- **MEFMI Board of Governors,**
- **Central Bank Governors,**
- **Representatives of MEFMI Cooperating Partners,**
- **Distinguished Speakers,**
- **Ladies and Gentlemen.**

On behalf of the MEFMI Board of Governors, it is my pleasure and honour to welcome you to the 2015 MEFMI Region Central Bank Governors' Forum. As the Executive Director of MEFMI stated, the Forum was last held in 2005. Following that hiatus, it is my pleasure and honour to give the keynote address as the Institute officially reintroduces the Forum on its annual calendar of events.

It is befitting to commend MEFMI for reviving the Governors' Forum and discussing a critical topic when the region is making concerted efforts towards leveraging natural resources for economic transformation. The theme is appropriate, going by the global trends and the interest that the management of revenues from natural resources has generated. As you may be aware, a number of MEFMI countries have a substantial portion of their export revenues and incomes, in general, attributable to natural resources.

Distinguished delegates, Africa today has a large quantity of barely harnessed natural resources with Angola, Algeria, Egypt, Cameroon, Chad, Congo, Equatorial Guinea, Gabon, Ghana, Libya, Nigeria, and Sudan being oil producers. MEFMI region also has countries that will be first time oil and gas producers, namely: Kenya, Mozambique, Uganda and Tanzania. Mineral ore resources are also abundant in Africa: copper in Zambia, and the Katanga region of the DRC; diamond mines in Angola and Botswana are well known as are those in Lesotho and Namibia. Similarly, gold in Zimbabwe, South Africa and Swaziland form part of the story of our continent's resources.

Ladies and Gentlemen, this begs the question, how do we apply these natural resource revenues to achieve economic transformation in our region? Unfortunately, in numerous instances, the wealth is hoarded in opaque accounts while the cost of infrastructure projects is inflated. In addition, as few African countries process their raw commodities, the value is added elsewhere, which is where the benefits accrue. These and other similar practices have sustained great economic inequalities in resource-rich countries. The challenges extend to more than weak governance to include skewed ownership and distribution.

In view of these mixed stories, I am happy to see MEFMI organise this important activity, that I have no doubt, will stimulate debate and sharing of experiences on leveraging natural resources to ensure economic

transformation. A success story is Botswana, rich in diamonds, which has been acknowledged and applauded, and has experienced relatively stable and transparent economic growth for decades. In addition, it has managed to retain profits from processing its raw materials.

Ladies and Gentlemen, it is squarely upon us to leverage the revenues from these natural resources to transform our economies. We must create the right conditions for such transformation, including the infrastructure, education and larger markets; sound land management and balanced tax systems; and ensure that a fair share of the proceeds and value from natural resources accrue to society.

Distinguished delegates, in a bid to address some of the highlighted challenges, this Forum will focus on two areas of significant importance to the transformation of natural resources, namely: the rationale for Sovereign Wealth Funds, as well as the institutional considerations.

Investec will be presenting a case for establishment and good governance of Sovereign Wealth Funds in the face of fluctuating commodity prices. They will illustrate how Sovereign Wealth Funds have helped promote sustainable resource-based economic development. We should gain a better

understanding of the different kinds of Sovereign Wealth Funds, and be in a position to determine which would be appropriate for the African context.

The World Bank Treasury will cover legal and institutional arrangements for Sovereign Wealth Funds. They will take us through legal considerations, investment and risk management, as well as reflections on skills and human resources.

Ladies and Gentlemen, in carrying out its role as a capacity building institution, MEFMI cooperates with relevant stakeholders to achieve its mandate. I would thus, like to echo and thereby underscore the Executive Director's words in commending Investec for their support. In a similar way, I wish to recognise the support given by the World Bank, through the Reserves Advisory Management Programme (RAMP). Strategic partnerships like these, allow for valuable information sharing for economic development.

In addition, Ladies and Gentlemen, the Bank for International Settlements (BIS) has been key in ensuring the success of this event. They have provided a state-of-the-art venue and various services on gratis in order to enable MEFMI to host this Governors' Forum. We recognise and appreciate the helping hand extended to MEFMI by all financial and technical partners for this event.

Ladies and Gentlemen, I look forward to lively discussions as we share experiences and ideas on Leveraging Natural Resources Revenues for Economic Transformation.

Without further ado, I hereby declare this Forum officially opened.