

Emmanuel Tumusiime-Mutebile: The way ahead for central banking in East Africa

Speech by Mr Emmanuel Tumusiime-Mutebile, Governor of Bank of Uganda, at the opening of the 16th East African Central Banking Course, Entebbe, 3 July 2006.

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Ladies and Gentlemen,

On behalf of Bank of Uganda which is hosting the course and also on behalf of my fellow Governors in the East African central banks under whose authority the course is held, I wish to welcome you all to Uganda. I hope you had a comfortable journey to the Pearl of Africa.

The East African Central Banking Course that you are about to embark on has a long history. The first one was held in 1970 at Makerere University following a decision in 1968 by the Governors of the three Central Banks to introduce a joint training course to be held bi-annual and hosted on a rotational basis by the three central banks.

They took that decision because, among other reasons, they wanted to create a forum for middle managers to interact, exchange ideas, enable them to gain more understanding of central banking particularly monetary and fiscal policies and prepare them for higher responsibilities.

I am happy that the programme has been running on schedule since then save for the temporary suspension between 1978 and 1982 following the collapse of the East African Community. It was, however, resumed in 1984.

Though the rationale for the central banking course is as noble today as it was at its inception, the concerns are more critical now than they were then.

I believe that as Central Bankers, you are aware that in a world that is increasingly becoming more dynamic, complex and uncertain, countries that continue to operate individually will certainly be faced with more serious challenges than those that operate in regional economic groupings. A case in point are the challenges of globalisation and economic liberalisation facilitated by Information Communication Technology.

The gravity of this matter can best be appreciated if we assess the global economic panorama. It should be instructive to us to note that if developed countries in Europe have seen it fit to operate in union, developing countries like ours have no option but to do likewise.

Under the Treaty of the East African Community, signed on 30 November 1999, the Presidents of the East African countries undertook to fast track the establishment of a customs union, which will be followed by a common market, a monetary union and, ultimately, a political federation. Progress towards these arrangements requires close co-ordination in the process of evolving the required institutional and policy frameworks. In this endeavour, the onus is on the East African central banks to ensure we contribute to the achievement of a monetary union within the stipulated timeframe. We have to play our role in terms of monetary policy formulation and management through contributing to the East African regional economic harmonisation and convergence programmes.

It is in this context that the 16th East African Central Banking Course, which Bank of Uganda is happy to host, has been organised. I am confident that the programme provides you a unique opportunity to gain a more comprehensive understanding of central banking. You should be able to appreciate better the role of our central banks in terms of fostering price stability and a sound financial system that enables macroeconomic stability, economic growth and poverty eradication in our region. A case in point is coverage of various financial markets and payment systems which should go a long way in enabling you to appreciate the role our central banks play in investment and trade on which our Governments have placed emphasis.

The programme also provides you an opportunity to interact and exchange ideas, not only while on the course but also when you return to your respective offices. This networking is extremely important in the development process in our region. We expect you to advance it further.

It is also important for you to note that you are being prepared for higher responsibilities in your respective central banks and also at the regional level as far as enhancing monetary policy harmonisation and convergence are concerned. You must appreciate that the Monetary Union, on

which we are targeting, will be a joint effort of managers like you who have been specially prepared for the task.

I urge you to seize the opportunity to learn and be better prepared to give quality service to your respective institutions, your countries and the wider East African sub-region. I further urge you to share experiences, learn from one another and acquaint yourselves with the socio-economic opportunities that exist in the country.

There is no doubt in my mind that you will accord the course the seriousness it deserves for the good of our region.

Ladies and Gentlemen, with those few remarks, it is my sincere honour and pleasure to declare the course officially open.