

Emmanuel Tumusiime-Mutebile: Risk management at the Bank of Uganda

Opening remarks by Mr Emmanuel Tumusiime-Mutebile, Governor of the Bank of Uganda, at the Risk Management and Business Continuity Workshop for the Board of the Bank of Uganda, Entebbe, 19-20 February 2008.

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On behalf of Bank of Uganda (BOU) I wish warmly to welcome you all to this workshop which is focusing on Risk Management. This workshop has been organised to provide an opportunity for Board members to enhance their understanding of Risk Management in the operations of the Bank.

In the face of globalisation and rapid advances in technology, risk management is increasingly taking a larger share of Management's attention in Central Banks the world over.

This seminar is important to you as Board members for a number of reasons. The Constitution of the Republic of Uganda and the Bank of Uganda Act 1993 vest the Authority, the Policies and the general management of the affairs of the BOU in the Board of Directors. Many of the functions of the Bank that are listed in the Statute, such as the maintenance of monetary stability, maintenance of external reserve assets, issuing of currency notes and coins, carry with them considerable amounts of risk that need to be actively managed. The Board of Directors, therefore, has a crucial role to play in the management of the risks that are inherent in "the functioning of the Bank and the implementation of its functions".

Board members are also aware that the Financial Institutions Act 2004 has a section dealing with Corporate Governance in supervised Financial Institutions. In order to ensure good corporate governance, the BOU has issued numerous regulations to facilitate the implementation of the provisions of this Act. Amongst other things, these regulations provide for the setting up of Risk Management Committees at Board level in every supervised Financial Institution clearly indicating the Board's role in providing oversight over the management's activities in managing the various risks to which Financial Institutions are exposed.

Since BOU supervises these institutions the Board of the Bank of Uganda needs assurance that risk management in the Financial Institutions is being carried out satisfactorily all the time. A better understanding of risk management by the Board of Directors of BOU will, therefore, serve the Board better to discharge its responsibilities in these areas.

In addition to briefing the Board members on the BOU's current Risk management framework including Business Continuity arrangements it is management's expectation that the Board will decide a framework that will best facilitate its oversight of the Risk Management function in the BOU including the manner in which risk management issues in the BOU should be reported to the Board of Directors of the BOU.

I would like to appreciate in a special way the Bank of England and the Deutsche Bundesbank for providing resource persons for this workshop. Ms. Sue Milton from the Centre For Central Bank Studies (CCBS) of the Bank of England and Mr. Nobert Rothe from the Centre for Technical Central Bank Cooperation of the German (CTCBS) Bundesbank are here because of the good relationship that exists between the Bank of Uganda and these two Central Banks.

I am glad to report that this is not the first time that the two Central Banks have supported the Bank Of Uganda. In February 2007, for example, CCBS and CTCBS facilitated a regional workshop on Business continuity and risk management for senior managers, which were hosted by Bank of Uganda. Participants who attended that workshop were from the Central Banks of Kenya, Tanzania and Malawi.

Also some staff from the BOU have attended seminars, workshops and other training arrangements organised by both these two Central Banks. Therefore, I very much welcome Sue Milton and Nobert Rothe, and hope that they will find time during their visit to sample a few tourist attractions in Entebbe, as well as Kampala and its environs.

It is my hope and belief that the outcome of the workshop will be an invaluable contribution to the ongoing efforts to establish sound programmes for the management of risks and business continuity. I also hope that this workshop will provide an opportunity for the Board to assess better and to evaluate better the Bank's performance in the areas of business continuity and risk management going forward.

I wish you all fruitful deliberations.