

**REMARKS BY TOM K ALWEENDO,
DIRECTOR GENERAL OF THE NATIONAL PLANNING COMMISSION
AT THE VPB NAMIBIA GROWTH FUND LAUNCH**

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Director of Ceremonies

Invited guests

Ladies and gentlemen

It is a great honor and privilege to say a few words at this remarkable occasion, the launch of one of a few private equity firms coming to Namibia, the VPB Namibia Growth Fund.

It is an undisputable fact that in any economy the financial system is of paramount importance in resource allocation and the economic growth process. This truth has been eloquently elaborated by the famous Austrian Economist, Joseph Schumpeter who emphasized the important role of risk taking capital in innovation necessary for sustainable long-term growth. Your company, therefore, will not only deepen our financial and capital markets, but will also significantly contribute to Namibia's economic growth and development in the long run.

It is still the Government's firm position that our long-term economic growth is possible only when the private sector plays its rightful role in economic development. Without economic growth, we cannot achieve V2030; and we will not achieve sustainable economic growth without a vibrant, competitive and innovative private sector.

Last year saw a period of recovery, both at the global level as well as on the domestic front following the biggest economic crisis since the great depression. In this connection, it is estimated that the Namibian economy expanded by an estimated 4.8 percent in 2010 after a contraction of 0.7 percent in the preceding year. Supported by expansionary fiscal policy and a historic low interest environment the economy is projected to expand at an average annual growth rate of 5.3 percent over the medium term.

With the pace of economic recovery expected to pick up, additional pressure will be exerted on the financial system to finance developmental activities. So far much of the economic growth has been financed through the banking system, and the banking system should be commended for its crucial role in financing development. However, given the fact that commercial banks raise the bulk of their funding from the public in the form of short-term deposits, it is quite understandable that their preference for risks appetite will be lower. Moreover commercial banks must meet certain international prudential requirements as prescribed from time to time by the Bank of International Settlements and adopted locally to ensure stability in the financial system.

The recent financial crisis has shown what could happen if instability enters the financial system, and in particular the banking system. What we therefore need are more companies like VBP that are better suited to assume more risk if we want to propel Namibia on a higher and sustainable growth trajectory. I, therefore, welcome and support your decision to open business in Namibia, with a particular focus on private equity and venture capital. The challenge now rest with you to find viable investment opportunities in Namibia. Personally I have no doubt that you will be undated with various investment proposals.

Not only will the set up of your company contribute to the deepening and widening of the financial systems in terms of institutional and instrument mix, but I believe it will also play a key role in the retention of domestic savings that is equally important for faster economic growth. The massive outflow of capital is an anomaly for a developing country, and has been an issue of concern for the Government for quite some time. It is just not right, at a time where the economy is starved of the necessary investment that capital flows out of the economy, and in the process stimulates economic development and job creation in other economies.

With the recent tabling of the Targeted Intervention Program for Employment and Economic Growth, there will be more need for mobilization of local savings to finance our economic development activities. The Government cannot, and should not, shoulder the burden of development finance alone. The promotion of Private Public Partnerships

will therefore form a key component to ensure a quick roll-out of TIPEEG. This will present additional opportunities for companies such as VPB to support private sector players to rapidly respond to Government's job creation initiative, which should be mainly private sector led.

Having already made significant impact in countries such as Botswana and across southern Africa, I expect a private equity firm like yourself to play an important role in the Namibian economy especially in investing in key economic sectors such as tourism, manufacturing, fishing as well as prominent areas of health and education which are vital for long term economic growth and development.

In conclusion each of us has a role to play in promoting wealth creation. Government remains committed to fostering a conducive environment for private sector companies like you to invest in.

It is therefore gives me pleasure to declare VPB Namibia Growth Fund officially launched.