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October 6, 1989

To: Members of the Executive Board

From: The Acting Secretary

Subject: Namibia - Request for Technical Assistance

The United Nations Council for Namibia (UNCN), the legal administering authority for Namibia until independence, has requested Fund technical assistance to prepare for the establishment of a central bank and to advise on related issues including fiscal matters and exchange rate arrangements, in order to provide for an orderly transition. The President of UNCN, who made the request, has asked that the assistance be directed to the Secretary General of the UN and that the UNCN be kept informed of the Fund's activities. General elections will be held in Namibia on November 1, 1989, and it is expected that a government will be formed within several months. A prompt response to this request is therefore needed.

Accordingly, it is proposed to send a mission comprised of Mr. Patrick T. Downes, Advisor, CBD (Head), Mr. Sadikiel N. Kimaro, Assistant Division Chief, AFR, Mr. Kyung Mo Huh, Senior Economist, ETR, Mr. John Head, Counsellor, LEG, Mr. Marc Quintyn, Economist, and Mrs. Sathya Menon, Secretary, both of CBD, to Windhoek for about two weeks from the middle of October, and, immediately thereafter, to Pretoria and Johannesburg for consultations with the South African authorities for about one week. Mr. Hassanali Mehran, an experienced consultant on central banking matters and former Fund staff member, will accompany the mission.

The mission will address issues related to the establishment, organization and staffing of a new central bank for Namibia including the legal and regulatory framework for banking (central bank and financial institutions laws) and the exchange and monetary arrangements for an independent Namibia. The technical assistance needs of the new central bank including long-term experts will be assessed. The mission will also advise on action to be taken on the above matters in the interim period before the central bank becomes operational. It is envisaged that Fiscal Affairs Department will field a mission later this year to carry out a diagnostic study on fiscal arrangements.

In the absence of a request for discussion by an Executive Director by the close of business on Wednesday, October 11, 1989, the proposal will be deemed to have been approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

Other Distribution:
Department Heads

