

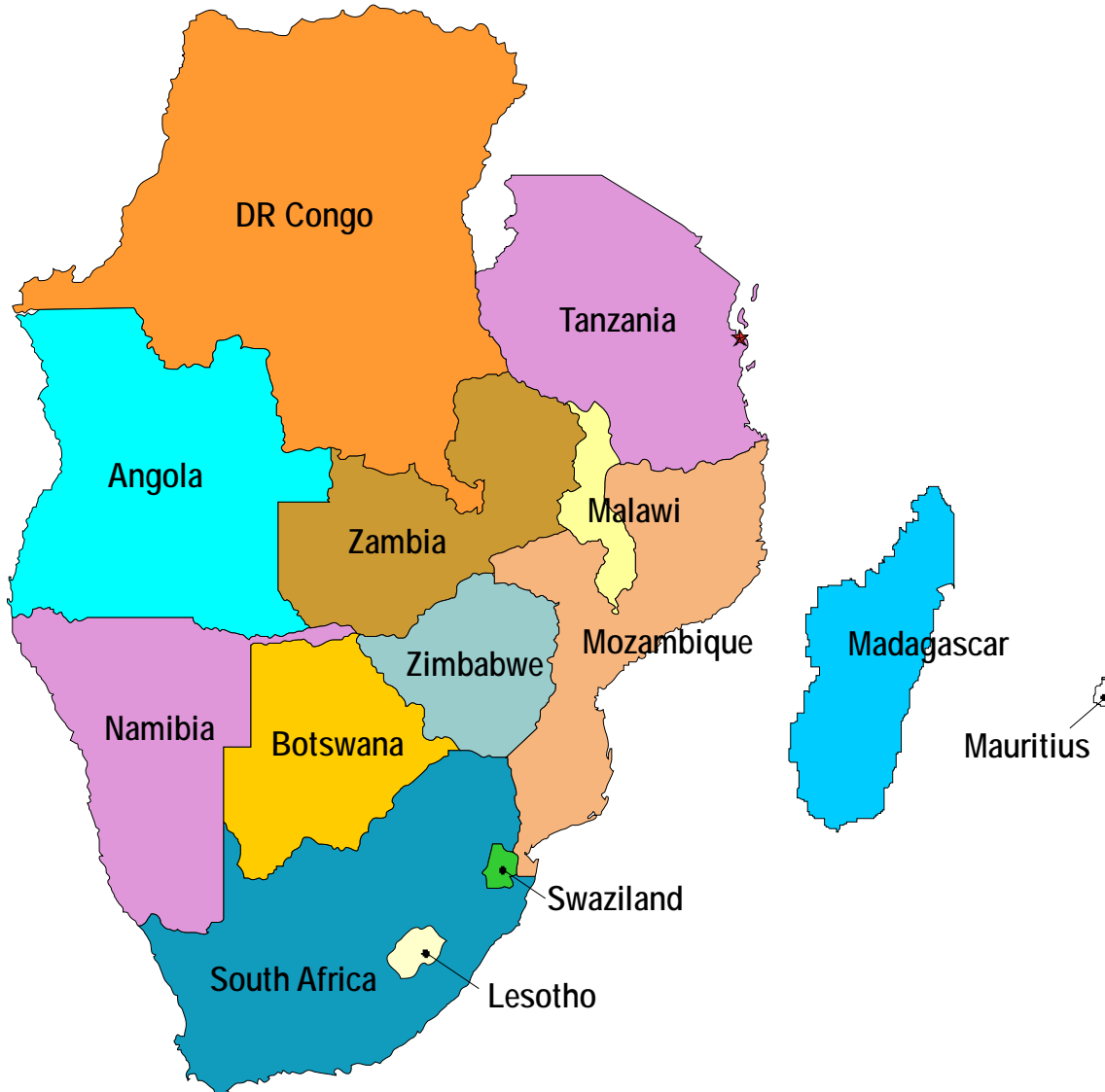


Monetary Policy Cooperation in the Southern African Development Community (SADC)

Presentation by Mr T T Mboweni



SADC Region



SADC Economic Structure



SADC Population, GDP/Capita & Unemployment Rates

	Population (Million)2006*	GDP per capita (US\$: 2006)**	Unemployment rate (%)*
Angola	15.9	2547.0	60.1(2001)
Botswana	1.6	5997.2	19.6 (2001)
DRC	59.2	89.5	N.A
Lesotho	2.4	254.1	39.3 (1997)
Madagascar	18.3	299.0	N.A
Malawi	13.10	232.85	N.A
Mauritius	1.3	5180.0	10.2 (2003)
Mozambique	20.0	374.39	N.A

Sources:

*IMF

**Integrated Paper on Recent Economic Developments in SADC (June 2007), SARB



SADC Population, GDP/Capita & Unemployment Rates (continued)

	Population (Million)2006*	GDP per capita (US\$: 2006)**	Unemployment rate* (%)
Namibia	2.1	N.A	33.8 (2000)
South Africa	47.9	5319.0	25.6 (2006)
Swaziland	1.1	2310.9	N.A
Tanzania	38.2	322.3	12.9 (2001)
Zambia	11.9	766.6	15.0 (1996)
Zimbabwe	11.7	440.0	N.A

Sources:

***IMF**

****Integrated Paper on Recent Economic Developments in SADC (June 2007), SARB**



SADC Integrated Agenda



Committee of Central Bank Governors (CCBG)

- **CCBG was established in August 1995 to promote and achieve closer co-operation among central banks**
- **Deals with the development of well-managed financial institutions and markets, co-operation regarding international and regional financial relations, and monetary, investment and foreign exchange policies**



CCBG Projects

- **Development of a monetary and financial statistical database**
- **Development of an information bank on the policies and structures of SADC central banks**
- **Development of national payment, clearing and settlement systems for SADC countries**
- **Repatriation of banknotes and coin among SADC countries**



CCBG Projects (continued)

- **The impact of exchange controls on the cross-border flow of goods, services and capital in the SADC region**
- **Co-ordination of training of central bank officials in SADC**
- **Legal and operational frameworks of SADC central banks**



CCBG Projects (continued)

- **Co-operation in the field of information and communication technology**
- **SADC Bank Supervision Subcommittee**
- **The role of central banks in the development and operation of money markets in SADC member states**
- **Study on Macroeconomic Convergence**
- **CCBG Macroeconomic Subcommittees**



CCBG Projects (continued)

- **Co-operation in the area of protective services**
- **Co-operation on SADC currency issues**
- **Micro-finance databank and observatory**
- **Committee of SADC Stock Exchanges**
- **SADC Banking Association**



Other CCBG Activities



Macroeconomic convergence

- **Memorandum of Understanding lays the foundation for the formation of a monetary union in the region**
- **Prepared by Ministers for Finance (through Treasury Officials)**
- **Member States agreed to achieve and maintain macroeconomic stability**



Macroeconomic convergence (continued)

- **Member States should converge on stability-oriented economic policies, which includes:**
 - **Restricting inflation to low and stable levels**
 - **Maintaining prudent fiscal stance**
 - **Avoiding large financial imbalances in the economy**
 - **Minimising market distortions**
- **Establishment of a macroeconomic surveillance mechanism to monitor movement towards convergence**



Regional Indicative Strategic Development Plan (RISDP)

- **Provide a clear direction for SADC policies and programmes**
- **Implementing programmes on achieving:**
 - **Free Trade Area**
 - **Customs Union**
 - **SADC Common Market**



RISDP Main Targets

- **Target:** Free Trade Area – 2008
- **Target:** SADC Customs Union – 2010
- **Target:** SADC Common Market – 2015
- **Target:** SADC Monetary Union – 2016



RISDP Macroeconomic convergence targets

	2008	2012	2018
Inflation rate	Single digit	5%	3%
Ratio of budget deficit to GDP	Not exceeding 5%	3% as an anchor within a band of 1%	3% as an anchor within a band of 1%
Nominal Value of public & publicly guaranteed debt	Less than 60% of GDP	Less than 60% of GDP	Less than 60% of GDP
External reserves / import cover	3 months	More than 6 months	Sustained
Central Bank credit to Government	Less than 10% of previous year's tax revenue	Less than 5% by 2015	Sustained

Protocol and MoUs

- **Finance and Investment Sector Protocol (FIP)**
- **FIP signed by 10 SADC Heads of States in August 2006**
- **Memoranda of Understanding**
 - **Co-operation in the area of Information and Communication Technology**
 - **Payment, Clearing and Settlement Systems**
 - **Co-operation and co-ordination of Exchange Control Policies**
 - **Co-operation among member Stock Exchanges**
 - **Harmonisation of Legal and Operational Frameworks of SADC Central Banks**
 - **Co-operation and co-ordination in the area of banking regulations and supervisory matters**



End

