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STATEMENT

BY

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AT THE
COMESA MONETARY COOPERATION MEETING
COMMITTEE OF GOVERNORS OF CENTRAL BANKS

KIGALI, RWANDA
11-12 DECEMBER 2012

Honourable Francois Kanimba, Minister of Trade and Industry of the Republic of Rwanda and Guest of Honour

Amb. Claver Gatete, Governor, National Bank of Rwanda and Chairperson of the COMESA Committee of Central Bank Governors

Excellency Mr. Sindiso Ngwenya, Secretary General, COMESA

Honourable Ministers of the Republic of Rwanda

Governors of Central Banks of COMESA

Mr. Admassu Tadesse, President of the PTA Bank

Representatives of Regional and International Organizations

Members of the Diplomatic Corps

Distinguished Guests, Ladies and Gentlemen

I am delighted to deliver this statement on behalf of the Chairperson of the African Union Commission, Her Excellency Dr. Nkosazana Dlamini-Zuma, at this meeting of the Committee of Governors of the Central Banks of COMESA. Dr Dlamini-Zuma, regrettably, is unable to be here with you today. Her absence is due to unexpected circumstances, beyond her control. She conveys her regrets in this regard.

At the out-set, I wish to thank the Government and the People of the Republic of Rwanda, our host, and, of course, Amb. Claver Gatete, Governor of the National Bank of Rwanda, and Management and Staff of the National Bank of Rwanda for the hospitality and courtesy extended to the delegation of the African Union Commission since arrival in this friendly and beautiful city of Kigali.

Excellencies, Distinguished Ladies and Gentlemen

You may recall that the Abuja Treaty (1991) envisaged a six stage transitional programme spanning over a 34 year period for establishing the African Economic and Monetary Union, culminating in the setting up of the African Central Bank and the creation of a single African Currency.

I am pleased to report that some progress has been made towards establishment of the African Central Bank. As you might all be aware, we have at this stage a draft Joint African Union Commission (AUC)/Association of African Central Bank (AACB) Strategy, which has, among others, identified the main issues to be addressed towards the establishment of the African Central Bank and the African common currency. The draft strategy awaits consideration of the Joint Committee of the African Union Commission and the Association of African Central Banks in February 2013, before being submitted to the next Assembly of the Association of African Central Bank Governors in August 2013. Thereafter, the draft Joint Strategy will be submitted to the Joint Annual Meetings of the African Union (AU) Conference of Ministers of Economy and Finance and Economic Commission for Africa (ECA) Conference of Ministers of Finance, Planning and Economic Development at for consideration and endorsement.

Addressing the issues identified requires all stakeholders, including Regional Economic Communities (RECs), to play their rightful roles. In this regard, I wish to commend the role played by Governors of Central Banks within COMESA for their contribution in the preparation of the draft Joint

Strategy. At the same time, I wish to remind Governors of Central Banks of COMESA to ensure that they provide their comments on the draft Joint AUC/AACB Strategy to enable their incorporation in good time for the February meeting of the Joint Committee of the AUC and AACB.

You may recall that at the last Annual Meetings of the AACB Governors held in Algiers, Algeria, in August this year, it was agreed to submit the comments by November 30, this year. So far, only Central and West African Regions have submitted their comments and comments from the other regions are being eagerly awaited. The eventual establishment of the African Central Bank will benefit from the experiences of monetary integration at the level of the Regional Economic Communities. It is, among others, for this reason that your comments will be critical.

In implementing Article 19 of the Constitutive Act of the African Union, some progress has also been made towards the establishment of the other pan-African financial institutions, namely, the African Investment Bank (AIB) and the African Monetary Fund (AMF). But in addition, we also have made progress towards undertaking feasibility studies on the establishment of a Pan-African Stock Exchange (PASE).

Regarding the African Investment Bank, its Protocol and Statutes have since having been adopted by African Union Heads of State and Government in 2009 been signed and ratified by more than twenty (20) and two (2) countries, respectively. At least fifteen (15) ratifications are required for the Protocol to go into force. As for the African Monetary Fund, the Protocol relating to its establishment has also been adopted by the Heads

of State and Government. The Statutes of the Fund were recently examined by Independent Experts in Yaounde, Cameroon. They will be presented at the next Joint Annual Meetings of the AU Conference of Ministers of Economy and Finance and ECA Conference of Ministers of Finance, Planning and Economic Development to be held in March next year in Abidjan, Cote d'Ivoire before being presented to the AU Assembly of Heads of State and Government for adoption.

As for the Pan-African Stock Exchange, its feasibility study report was also successfully reviewed by Independent Experts in Johannesburg, South Africa, in October this year. The feasibility study report will also be presented at the forth-coming Joint Annual Meetings of the AU Conference of Ministers of Economy and Finance and ECA of Ministers of Finance, Planning and Economic Development.

Excellencies, Distinguished Ladies and Gentlemen

While acknowledging the progress being made at the continental level as well as at the level of Regional Economic Communities (RECs), including COMESA, the pace of regional integration, particularly monetary cooperation/ integration, in Africa has been rather slow. This has been as a result of several reasons, including weak political will and commitment, as manifested, for example, in failure to implement the many decisions taken towards making progress on economic integration; failure by Member States to ratify Treaties, Protocols and Charters, as has been the case with the Protocol on the establishment of the African Investment Bank; and the low level of intra-African trade, owing, among others, to the low level of

economic diversification in Africa, existence of tariff and non-tariff barriers, absence of free movement of persons; and low level of infrastructural development.

In addition, there have been difficulties surrounding countries meeting agreed upon macro-economic convergence criteria at the regional and continental levels, as laid down in the COMESA Monetary Cooperation Programme and the African Monetary Cooperation Programme (AMCP), for example; and payment systems have not been modernized and integrated and they have continued to be predominantly cash-based. Furthermore, the non-convertibility of African currencies as well as the capacity and financial constraints facing a number of African regional and continental organizations have contributed to the low pace of the integration process in Africa.

It is pleasing to note from the Agenda of this 18th Meeting of the COMESA Committee of Central Bank Governors that COMESA is working diligently towards overcoming some of these challenges. I note, for instance, that the Central Banks of Mauritius and Rwanda recently went live on the COMESA Regional Payment and Settlement System and that Central Banks of Kenya, Malawi, Sudan, Swaziland, Uganda and Zambia are expected to go live in due course. It is also noted that COMESA continues to work with Member States towards achieving agreed upon macro-economic convergence criteria. I wish to underscore the commitment of the African Union Commission in accompanying the COMESA Committee of Central Bank Governors and the COMESA Secretariat in these and other

endeavours, as your success at the regional level will have a significant positive impact on achievements at the continental level.

You may wish to note in this regard the work on the establishment of the pan-African financial institutions, the January/February 2012 decision of the African Union Heads of State and Government to create a Continental Free Trade Area (CFTA) by the tentative date of 2017, the adoption by Heads of State and Government of the Programme on Infrastructure Development in Africa (PIDA) as well as the Minimum Integration Programme; and the establishment of the High Level Panel on Alternative Sources of Financing the African Union chaired by the former President of Nigeria, H.E. General Olusegun Obasanjo. Furthermore, there are the African Charter on Statistics (ACS) and its accompanying Strategy on the Harmonization of Statistics in Africa, intended to assist with statistical development within the continent.

Although the challenges facing regional and continental integration are immense, the stakes are high and time is not on our side. We have a long way to go and the entire continent is looking up to us all to deliver. So let us all work together and push the integration agenda, and together, we will make a difference.

Excellencies, Distinguished Guests, Ladies and Gentlemen

In conclusion, I invite you Governors of Central Banks of COMESA to continue working towards monetary cooperation and integration within COMESA and in this regard also support efforts being undertaken at the

continental. May I take this opportunity to remind you that the 50th Anniversary of the Organization of African Unity/African Union will be commemorated in May 2013. The celebrations will provide the opportunity to look at Africa's achievements and/or failures in the last 50 years, where the continent is currently, where it should be in 50 years' time, and what it will take to get there. I believe this will also be a good opportunity for African Central Bank Governors to reflect on Africa's integration agenda, with a focus on monetary cooperation/integration.

Finally, on behalf of the AUC and the ECA, I wish to invite you, Honourable Governors, to attend the sixth Joint Annual Meetings of the AU Conference of Ministers of Economy and Finance and ECA Conference of Ministers of Finance, Planning and Economic Development to be held in March 2013 in Abidjan, Cote d'Ivoire, under the theme "Industrialization for Africa's Emergence". It is our sincere hope that you will find time to attend this important annual Conference, which has become the main platform for economic policy debate in Africa.

I wish the 18th Meeting of COMESA Committee of Central Bank Governors fruitful deliberations and I thank you for your kind attention.