

TERMS OF REFERENCE FOR THE COMMITTEE OF GOVERNORS OF CENTRAL BANKS IN SADC

1 OBJECTIVES

The Finance and Investment Sector has three broad objectives, namely:

- (a) to promote the development of sound investment policies of member states in order to establish an enabling environment for investment in the region;
- (b) to provide a framework for regional co-operation in the area of finance in collaboration with central banks, other regulatory and supervisory authorities, banks and other financial intermediaries in order to mobilise resources for investment; and
- (c) to encourage movement towards regional macro-economic stability by, among other things, promoting prudent fiscal and monetary policies.

2 INSTITUTIONAL STATUS

In January 1995 the responsibility of co-ordinating the Finance and Investment Sector was allocated to South Africa. In August 1995 the SADC Council of Ministers approved the establishment of the Finance and Investment Sector, with two separate committees, namely the Committee of Treasury Officials and the Committee of Central Bank Governors. As a formal institution within SADC structures, the Committee of Central Bank Governors is committed to the principles and objectives of SADC as set out in the Treaty, namely, *inter alia*, deeper economic cooperation and integration on the basis of balance, equity and mutual benefit, providing for cross-border investment and trade and freer movement of factors of production, goods and services across national borders.

This Committee operates on an equal level with the Committee of Treasury Officials, but concentrates on monetary and financial issues. Although these two committees work independently in their respective areas, they complement each other in the pursuit of the sector's objectives. Both report directly to the Sectoral Committee of Ministers responsible for finance and investment. For purposes of co-ordination, the chairman of each committee, or his representative, attends the meetings of the other committee, and the Sector Co-ordinator of the Finance and Investment Sector attends the meetings of both committees.

3 TERMS OF REFERENCE

In support of the principles and objectives of the Treaty and in order to contribute to achieving the broad objectives of the Finance and Investment Sector, the Committee of Governors shall:

- (a) establish closer co-operation among the member central banks through a regular exchange of views on the philosophies, structures, functions, objectives and strategies of central banking;
- (b) compare and analyse the basic differences in the organisational structures and legal frameworks, internal administration procedures, accounting and financial management practices and

relationships with governments, and explore ways and means of achieving comparability and compatibility in these areas;

- (c) develop a centralised and readily accessible data base including macro-economic, monetary and financial statistics of member states;
- (d) exchange views on the main objectives and efficacy of monetary policy and the monetary policy instruments used by members, with a view to better co-ordination, co-operation and harmonisation in the future;
- (e) examine the role of central banks in the establishment of sound and well-managed banking institutions, including the responsibilities for cross-border bank licensing, regulation and supervision, and direct participation in private banking and other financial activities, where applicable, with the view to promoting harmonisation and co-operation;
- (f) define the role central banks should play in the development and operation of money and capital markets;
- (g) explore the involvement of central banks and determine areas of possible co-operation in international financial relations, such as the management of foreign reserves, exchange rate regimes and exchange controls and conditions for currency convertibility, with a view to closer financial co-operation in the region;
- (h) investigate the present structures for the repatriation of bank notes and coin within the SADC region, in order to eliminate any shortcomings;
- (i) co-ordinate the development of national clearing, payment and settlement arrangements with a view to facilitate financial transactions among SADC members;
- (j) promote training and public education in the fields of central banking and financial policies and systems by *inter alia* making use of facilities of institutions within the region; and
- (k) co-ordinate ways and means to combat money laundering and other cross-border banking and currency frauds.

4 IMPLEMENTATION

In pursuance of these Terms of Reference, the Committee will take required steps, initiate programmes and propose projects for implementation and seek the approval of Ministers responsible for finance and investment for these actions, where appropriate.

The Committee will review and update these Terms of Reference, as required, subject to approval by sectoral Ministers.

APPROVED BY THE COMMITTEE OF GOVERNORS OF CENTRAL BANKS IN SADC ON 29 MARCH 1996

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