



ASSOCIATION OF AFRICAN CENTRAL BANKS (AACB)
40th ORDINARY MEETING OF THE ASSEMBLY OF GOVERNORS

(Pretoria, South Africa, August 16th, 2017)

LIST OF DECISIONS

The Assembly of Governors of the Association of African Central Banks (AACB) held its 40th Ordinary Meeting, on August 16, 2017, in Pretoria, South Africa, at the Conference Center of the South African Reserve Bank (SARB). The meeting was attended by thirty-five (35) central banks and the African Union Commission (AUC).

As usual, the meeting of the Assembly of Governors was preceded by the Technical Committee and Bureau Meetings held on 12th – 13th and 14th August, 2017 respectively, as well as a Symposium held on 15th August, 2017 on the theme: '*Monetary Integration Prospects in Africa: Lessons from the Experience of the European Monetary and Financial Integration*'. The Symposium was officially opened by His Excellency, Mr. Jacob Gedleyihlekisa Zuma, President of the Republic of South Africa. Mr. Godwin I. Emezie, Governor of the Central Bank of Nigeria (CBN) and Chairman of the Association presided over the Assembly of Governors' meeting.

At the outset of the session, a minute of silence was observed in memory of the recent flood victims in Sierra Leone.

After considering the items on the agenda, the Assembly of Governors:

1. Adopted the report of the AACB Symposium, held on 18th August, 2016, in Abuja, Nigeria;
2. Adopted the report of the 39th Ordinary Meeting of the AACB Assembly of Governors, held on 19th August, 2016, in Abuja, Nigeria;
3. Took note of the list of decisions of the Bureau meeting held in Dakar on 8th March 2017;
4. Noted the information provided by the African Union Commission on the resources to be allocated in the 2018 African Union (AU) budget for the creation of the African Monetary Institute (AMI). The AMI will be established to undertake all the technical, statistical, institutional and legal preparations for the creation of the African Central Bank (ACB). It will collaborate with all stakeholders, including the AACB, the Regional Economic Communities (RECs) and the Regional Monetary Institutes on the monetary convergence programme. In this regard, the report that was prepared by the AACB Experts Group on the refinement of the African Monetary Cooperation Programme (AMCP) convergence criteria would be useful inputs into the work to be undertaken by the Institute. Moreover, the AUC will prepare draft terms of reference for the recruitment of the Experts of the AMI which will be shared with the AACB for consideration and input. The AUC and the AACB will work together towards the establishment of the AMI;

5. Took note of the approval by the Bureau of the participation of the AACB Chairperson and Vice Chairperson at the Governing board of the African Institute for Remittances (AIR), and five (5) representatives of the Association at the Consultative Forum, with one (1) representative per sub-region (Chairperson of the sub-region). However, Governors raised concerns regarding the proliferation of Institutes established to deal with various issues. The Assembly of Governors therefore directed the Executive Secretary to forward a letter to the AUC in this regard;
6. Took note of the progress report on the implementation of the African Monetary Cooperation Programme (AMCP) in 2016 and noted that no country out of the 46 that submitted reports had met all the primary convergence criteria in 2016, compared to one out of 48 in 2015. These results were mainly due to persistent poor performances regarding the criteria relevant to the foreign exchange reserves (months of import cover) and to the budget deficit due to continuous negative impact of global developments and increased capital expenditures to address infrastructure gaps. Governors expressed concerns on the progressive worsening of countries' performances in meeting the convergence criteria and highlighted the need to design an independent mechanism for convergence monitoring. Moreover Governors expressed concern on the commitment by the national authorities to keep the budget deficit at sustainable levels particularly given that the budget deficit had a bearing on the other convergence criteria;
7. Adopted the revised report submitted by the Experts Group on the refinement of the AMCP convergence criteria, including in particular, justifications for the selected criteria and thresholds, as well as time-lines for the creation of the African Central Bank. Governors directed the Experts Group to develop a comprehensive monitoring framework as well as a peer review mechanism to hold countries to account for their economic performance. Moreover, the AACB Secretariat should send the report of the Experts Group on the refinement of the convergence criteria to the AUC for consideration and approval;
8. Noted the conclusions and recommendations of the Continental Seminar organized on 3rd - 5th May 2017 in Accra, Ghana, on the theme '*Credible Communication Strategies of Central Banks in the Framework of Monetary Policy and Financial Stability*', and commended the Bank of Ghana for hosting the forum;
9. Took note of the activities of the Community of African Banking Supervisors (CABS), including the activities of the Working Groups on '*Cross-border Banking Supervision*' and '*Crisis Management and Bank Resolution*' led by the South African Reserve Bank (SARB) and the Central Bank of Nigeria (CBN) respectively. Governors expressed appreciation for the support provided by AACB partners (Making Finance Work for Africa, GIZ, Toronto Center, MEFMI) in the implementation of the CABS Work Plan for the years 2014-2016. Moreover, the Governors requested the strengthening of the dialogue between CABS and the Sub-regions. The Assembly of Governors adopted the CABS 2017-2019 Work Plan and expressed gratitude to Making Finance Work for Africa, which seeks to strengthen further its relationships with the AACB, for the assistance provided in the development of that Work Plan. Thereafter, Governors took note of the handing over of CABS Chairmanship to the South African Reserve Bank;
10. Approved the project proposal on cross-border banking supervision which would serve as a means of enhancing cross-border supervision of banking activities in Africa;

11. Approved the theme for the 2018 Symposium which will be *'Declining Correspondent Banking Relationships and Illicit Capital Flows: Risks and Policy Challenges for Africa'*. The Assembly of Governors also selected for the Continental Seminar for the year 2018 the topic *'Financial Technology Innovations, Cybercrime: Challenges for Central Banks'*, and requested the Central Africa Sub-region to provide the AACB Secretariat with the name of the Sub-region's central bank that will host the event by the middle of September 2017;
12. Adopted the work programme and budget of the AACB Secretariat for the year 2018 and commended BCEAO's unwavering support to the AACB. The contribution due by each central bank for 2018 amounts to US\$ 5,370. Additionally, Governors directed the AACB Secretariat to carry out a study on the per diems of the staff of the Secretariat and make proposals on this issue at the next Bureau meeting;
13. Adopted the AACB Secretariat's manual of administrative, financial and accounting procedures as the reference document for the audit of AACB's financial accounts. In addition, the Assembly of Governors instructed the AACB Secretariat to review the manual when necessary, and at least once every five (5) years.
14. Approved the external auditor's report on the accounts of the AACB for the fiscal year that ended on 31 December 2016;
15. Took note of the status of the contributions to the 2017 budget and urged the central banks that have not met their obligations to do so as soon as possible. Governors urged the AACB Secretariat to explore jointly with the Central Bank of Sudan appropriate arrangements to facilitate the payment of its contributions to the AACB. Moreover, the Assembly of Governors directed the Secretariat to request from the African Union Commission (AUC) the transmission of letters through the political channel, inviting African central banks that do not participate in AACB activities to do so.
16. Elected Mr. Lesetja Kganyago, Governor of the South African Reserve Bank, as Chairman of AACB for fiscal year 2017-2018. The North Africa Sub-region was directed to communicate, within four (4) weeks of the Meeting of the Assembly of Governors, a Governor of that Sub-region to serve in the capacity of Vice-Chairperson of the Association. Thus, besides the Vice-Chairperson, the AACB Bureau for this fiscal year comprises:
 - Governor of the South African Reserve Bank, Chairperson of AACB;
 - Governor of the Central Bank of The Gambia, Chairperson of the West Africa Sub-region;
 - Governor of the Central Bank of Sudan, Chairperson of the North Africa Sub-region;
 - Governor of the Banco Central de São Tome e Príncipe, Chairperson of the Central Africa Sub-region;
 - Governor of the Bank of Mauritius, Chairperson of the East Africa Sub-region;
 - Governor of the Central Bank of Swaziland, Chairperson of the Southern African Sub-region.

17. Approved the creation of positions of Alternate Bureau members who will also attend meetings with the Bureau members in order to build institutional memory and ensure consistency. In this regard, the Bank of Sierra Leone, the Banque Centrale des Comores and the Banque Centrale du Congo are designated as Alternate Bureau members respectively for the West Africa, East Africa and Central Africa sub-regions. The Central Bank of Sudan and the Central Bank of Swaziland should forward to the AACB Secretariat the names of the central banks that would fill the positions of Alternate Bureau members for their sub-regions;
18. Decided that in compliance with the principle of rotation of AACB's Annual Meetings, the 41st Ordinary Meeting of the Assembly of Governors and the Symposium scheduled for August 2018 shall be hosted by a central bank of the North Africa Sub-region at dates to be communicated later;
19. Took note of a presentation made by the European Central Bank (ECB) which highlighted the participation of the ECB in past AACB events, and the intention to enhance cooperation between the two organisations. The ECB proposed that a non binding agreement be entered into with the AACB that should anchor future cooperation and serve as reference point for future activities. In this regard, Governors approved the proposal of the European Central Bank to prepare an exchange of letters between ECB (Directorate General International and European Relations) and the AACB Secretariat.
20. Noted the presentations made by the Federal Reserve Bank of New York (FRBNY). The FRBNY emphasized the need to understand the dynamics in cross border flows of capital and goods in the increasingly interconnected global economy and financial markets. They also reiterated the importance of African countries which represent approximately one-quarter of the total number of FRBNY's foreign official account holders, hence the need for stronger dialogue on the evolving risk environment in cross-border payments. In moving forward to strengthen the global financial system, the FRBNY indicated that they stand ready to develop stronger relationships with African central banks. Its participation in the AACB meetings is viewed as the first step in that process and the FRBNY looks forward to a more comprehensive and sustained engagement with the AACB going forward.

On behalf of all the Governors and delegates, Mr. Dieudonné Evou Mékou, Deputy Governor of the Banque des Etats de l'Afrique Centrale (BEAC), expressed his gratitude and deep appreciation to President Jacob Zuma, the Governor of the SARB, the Government and the people of South Africa, for their warm welcome, kind hospitality shown, as well as for the excellent preparations undertaken by the staff of the SARB which contributed to the success of the meetings.

Done in Pretoria on 16th August, 2017



Mr. Lesetja Kganyago
Chairman of AACB
Governor
South African Reserve Bank