

# Regional economic integration in SADC: progress, prospects and statistical issues for monetary union

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## 1. Introduction

The creation of a monetary union by 2018 in the Southern African Development Community (SADC)<sup>2</sup> is an idea first planted by the Heads of States and Government of this region in the SADC Treaty via Articles 21 and 22 and through its Finance and Development Protocol (FIP)<sup>3</sup>. Article 21 lays the foundation for areas of cooperation by member states and emphasises the need for countries in the region to cooperate in all areas so as to advance regional development and integration. Furthermore, member states are required through appropriate institutions to ensure that coordination, rationalisation and harmonisation of macroeconomic policies occur to achieve the objectives of regional integration. In addition, Article 21 calls for cooperation by member states in specific areas like trade, industry, investment and finance.

Article 22 calls for the member states to conclude Protocols that will support the areas of cooperation and integration, and the creation of relevant institutions to implement programs of regional integration.

Noticeable progress has been achieved by member states in propelling the objectives of the Treaty and these have been spearheaded by various institutions like the CCBG and Senior Treasury officials and its substructures tasked with implementing the Protocols and Regional Indicative Strategic Development Plan (RISDP)<sup>4</sup>. What has been apparent in this process from its inception is the realisation that statistics will be a key ingredient in the ensuing economic analysis as countries move towards a monetary union. The process requires that SADC countries provide accurate, timely, and reliable data that adhere to international standards and allow for equitable measures that will make it easy to implement macro - economic policies across SADC countries in particular the execution of monetary policy in a monetary union.

In addressing the challenges encountered by SADC countries as they move towards a monetary union, the paper highlights the background to the SADC programme of regional integration, which has a number of stages or milestones. Secondly, a general overview of the collection, compilation and use of statistics in SADC will be provided with emphasis on the work that has been undertaken by the Committee of Central Banks in SADC in building several databases. These cover central bank indicators, macro- economic convergence

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<sup>2</sup> Fifteen countries forming SADC Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Madagascar, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

<sup>3</sup> Protocol on Finance and Investment.

<sup>4</sup> RISDP is the document that sets out the detailed strategy for achieving a Monetary Union through a four stage plan that includes Free Trade Area (2008), Customs Union (2010), Common Market and Monetary Union (2016).

indicators, financial soundness indicators and others that need to be developed over time for use in the analysis especially of financial markets, notably debt and equity securities statistics relevant in the analysis of financial stability and the formulation of monetary policy. Coherent, relevant and internationally comparable securities statistic will be required for analysis in the SADC region, not least in light of the current global financial crisis. Thirdly, the focus will shift to assessing the data needs in the region as countries move towards a monetary union. Furthermore, the institutional setting for producing statistics in a SADC monetary union will be explored. In this light the discussion will draw from other experiences, especially those of the European Economic and Monetary Union (EMU), the proposed Gulf Cooperation Council and the Afristat in Africa. Fourthly, the paper will identify challenges experienced by SADC central banks in attempting to collect, compile and disseminate data for use in a future monetary union. It will be clear from the discussion that SADC institutions are still battling with the quest to meet international standards, still having to deal with the problems of timeliness in the submission of data and closing the numerous data gaps in the body of statistics supplied. Fifthly, we draw lessons from observed experiences to inform a future statistical approach for a SADC monetary union, and then we conclude.

## **2. Background on SADC Monetary Union**

SADC has a membership of fifteen countries and has from its inception committed itself to pursue policies aimed at economic liberalization and economic development. In 1992 when SADC was transformed from its predecessor the SADCC, the member countries recommitted themselves to a concerted effort to achieve deeper regional integration as a means of attaining economic growth and eventually reducing poverty. In preparations to move towards the implementation of programmes of regional integration SADC restructured its institutions to give them an improved focus with an emphasis on a common agenda.

It is this process that yielded four clusters that included: Trade, Industry, Finance and Investments (TIFI); Infrastructure and Service; Food, Agriculture and Natural Resources and lastly, Social and Human Development and Special Programmes. The TIFI directorate includes mainly work done by central banks, ministries of finance, trade and investment. Central banks have been prominent drivers of the programmes in this directorate having contributed seven annexes in the Finance and Investment Protocol.

SADC's road to a Monetary union is outlined in the Regional Indicative Strategic Development Plan which is a broad strategic plan for implementing programmes for achieving key milestones that will ensure the realisation of a Monetary Union in SADC. These key milestones include as a first step the attainment of a SADC Free Trade Area (FTA) by 2008. This milestone was reached when the Heads of States and Government in SADC launched the FTA in August 2008. The next milestone is the launch of Customs Union by 2010, and a common market by 2015 which will be followed by the establishment of a SADC central bank by 2016 and eventually a SADC currency by 2018. It is this quest to achieve the SADC central bank and currency that has resulted in Central banks focusing on development of Statistical databases for current and future use in macro economic analysis.

The other major instrument that is critical in the implementation of the regional integration process is the Finance and Investment Protocol. In its preamble it recognises the need for accelerated growth, investment and employment in the SADC region but more importantly regards "the establishment of sustained macroeconomic stability as a precondition to sustainable growth and for the creation of monetary union in the region".<sup>5</sup> The protocol has

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<sup>5</sup> Protocol on Finance and Investment page 14 August 18 2006.

relevant annexes for the activities of preparing for the achievement of monetary union and these are on: Macro Economic Convergence (Annex 2), Co-operation and Coordination on Exchange Controls Policies (Annex 4), Harmonisation of Legal and Operational Frameworks (Annex 5), Cooperation on Payment, Clearing and Settlement Systems (Annex 6), Cooperation in the area of Information and Communications Technology Amongst Central Banks (Annex 7), Cooperation and Co-ordination in the Area of Banking Regulatory and Supervisory Matters (Annex 8), Cooperation in SADC Stock Exchanges (Annex 11) and Cooperation among SADC Banking Associations (still to be Annexed to the FIP). This array of annexes directly or implicitly calls for the collection and use of data and statistics, for the purposes of achieving a convergent status. The most direct mention of the need for the collection and use of statistics are with regard to the macro-economic convergence annex in which member states are required to converge around a set of indicators, mentioned below in table 1, which shall be measured and monitored to determine the extent of convergence.

Table 1  
**RISDP Macroeconomic convergence indicators**

	<b>2008</b>	<b>2012</b>	<b>2018</b>
Inflation rate	Single digit	5%	3%
Ration 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 and 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

Source: South African Reserve Bank.

The above listed convergence indicators are “similar to those adopted in Europe as part of the Maastricht Treaty of 1992”.<sup>6</sup>

### **3. The Collection, Development and Utilisation of Statistics in SADC**

This section reviews some elements related to the development of institutions and the preparation of statistics for a SADC Monetary Union. This discussion will indicate which institution was allocated the responsibility of collection data and establishment of a database on financial and monetary statistics in SADC. The discussion will also reveal the type of efforts conducted through workshops to deal with issues around standards, methodology, classifications, comparability of data submitted by countries and institutions that publish data like the IMF.

<sup>6</sup> Jadresic, Esteban, 2002, “On a Common Currency for the GCC Countries” IMF Policy Discussion Paper 01/12 (Washington: International Monetary Fund).

The initial efforts at formally organizing the collection and development of Monetary and Financial statistics with a view to building a SADC database was reached at a joint meeting of Central Bank and Treasury officials on the 14 September 1995. The intention to have the database was primarily to utilise it as a basis for consultation on policy formulation as countries move towards stabilizing their economies in preparation of achieving the convergence criteria. Furthermore, the database was intended to be a source of information for researchers and the private sector individuals involved in regional economic analysis.

In moving forward with the process, the central bank and treasury officials decided that the development and maintenance of this database was better left with the secretariat of the Committee of Central Bank Governors. When the secretariat undertook the initial efforts of development of the database it soon encountered challenges ranging from delays in receiving data, which at the initial instance was sourced from the IMF and World Bank, and dealing with alterations made on the data. The problem was finally resolved when the CCBG secretariat started collecting the data directly from the central banks.

The process was also taken a step further when the CCBG formally adopted the project in November 1995 and as it was eventually approved by the SADC Ministers of Finance and Investment in August 1996. With this support secured from the Governors and Ministers, clear objectives and terms of reference were developed. In particular the objective emphasised the establishment of a comprehensive database that can be accessed by member states and stakeholders. Equally the terms of reference also put emphasis on important areas that included the necessity and importance of examining the adequacy of existing data and data sources supplied by countries. In the event that shortcomings were identified these were to be addressed by remedial actions. In addition, the terms of reference also called for recommendations to be made on how best to disseminate information and make it accessible to the member states and other stakeholders.

With the terms of reference and objectives clarified, a series of focused statistical workshops for central banks ensued to build further the statistical vision and work required for the preparation of data for use in analysis and macroeconomic convergence.

In the first workshop held in Namibia in September 1996 which was a planning session, a Statistical Task Force (STF) was formed and its existence and focus areas were approved by Governors in October 1996 to deal with the major issues identified by the CCBG Secretariat in particular the non-comparability of data across the region, accuracy and difficulty of communication experienced by central banks when transmitting data to the CCBG secretariat. To enhance communication among central banks and CCBG secretariat, the SADC Central Bank Information Technology Forum was created. One of the significant developments to come out of the formation of the STF was to ensure that SADC countries converted their balance of payments statistics to be in line with BOP 5 manual of the IMF. This was done to ensure that from the beginning SADC countries began to observe common international standards which are "needed to be able to aggregate and consolidate data which must be applied to all member states".<sup>7</sup>

The second workshop was held in Botswana in June 1997 in which all central banks endorsed the recommendations put forward by the STF with regard to the structure and definitions of the database. Central banks also confirmed that they had begun to report relevant statistics in accordance with the BOP 5 manual. The workshop also agreed that research directors from the SADC central banks would be tasked with verifying all data which

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<sup>7</sup> Krueger, R, and Ettore Kovarich, 2006, "Some Principles for Development of Statistics for a GCC Currency Union" WP/06/141.

would be reported in US dollars instead of the various currencies of the SADC region. This work resulted in the first publication of an updated database in October 1997.

The third workshop was held in conjunction with the IMF from 30 August to 3 September 1999 in South Africa. The main objective was to review the classification and definitions of the database, expansion of fiscal statistics and definitions and compare the data published in the SADC Central Bank Statistical Database with those published in the International Financial Statistics (IFS) of the IMF. The outcome of this workshop was an expanded database from 143 to 268 variables, standardised definitions in line with statistical manuals, revised definitions for monetary and fiscal statistics. In addition, it was agreed that definition of external sector and national account statistics would be provided in accordance with the BOP 5 manual and the 1993 System of National Accounts (SNA).

The fourth workshop on statistics for SADC central banks facilitated by the IMF was held in Johannesburg from 17 to 26 October 2001. The focus of the workshop was on Government Finance, Monetary and Financial and Balance of Payments statistics. The result of the workshop was a recommendation that the CCBG database that had government finance statistics be based on the 1986 Manual on Government Finance Statistics (GFS) and should not be altered at that time. It was also decided by the participants at the workshop, that member countries be encouraged to improve the quality and timeliness of data in the current system. In addition, SADC countries were encouraged to commence with the initial steps of implementing the GFS system based on the new GFS Manual of 2001 which was soon to be published and further requested that particular attention be paid to developing the new GFS classification.

With regard to monetary and financial statistics, the workshop concluded then that the database should remain unchanged. It was agreed however that future changes to the CCBG database should incorporate recommendations from the IMF on the classification and dissemination that will be based on the new Monetary and Financial Statistics Manual. SADC countries were assured though that the IMF recommendations for reporting data were expected to be in line with what was already happening in the region.

On discussing the balance of payments statistics, the workshop agreed on the extension of the database to include other additional lines, in particular imports and exports Free on Board (FOB) for each component of goods and total imports and exports of services. Finally, countries were encouraged to improve further the timeliness and quality of their balance of payments statistics and adopt the fifth edition of the Balance of Payments Manual.

The collection and development of statistics in SADC cannot be complete without highlighting the contributions of the CCBG subcommittee focussing on Information and Technology. The Information and Technology Forum (IT Forum) was instrumental, from the beginning of the Statistics project, in providing technological support to the CCBG secretariat as it undertook the development of the database. In 1997 the IT Forum reported to the CCBG that email connectivity was established in all SADC central banks that will allow each central bank to connect into the central database and submit the required data. Furthermore, the IT Forum reported progress in the development of an Internet website for SADC central banks. The website which has been subsequently upgraded several times by the IT Forum has a publication side and an interactive communication part. In addition, the necessary data links and conversions were created and implemented for electronic data dissemination. The current arrangement within SADC central banks allows for each central bank to have a dedicated employee responsible for updating the required statistics and data via the interactive web, a system that has proved very useful in building the database and implementing the facility in 1999.

#### 4. Data Needs for Regional Integration and Monetary Union

This section will focus on the type of statistics required for monetary unions. These data needs for a SADC monetary union which are collected and compiled by SADC central banks are viewed from experiences of other regions that have adopted monetary unions, like the Euro area with those that are in the process of adopting a monetary union and a single currency, like the Gulf States in the Middle East. In the process, of discussing these requirements, an analysis of what statistics have been collected by SADC countries in the CCBG database will be touched on to evaluate how close SADC central banks are towards meeting these needs. It will also be necessary to assess whether these needs should exactly mirror those implemented by countries pursuing monetary unions.

Regional blocks like European Union and similarly the Gulf Cooperation Council used statistics to achieve various monetary union goals. The common thread which is of importance for all those seeking to achieve a monetary union and those that have it is that “progress in economic integration can be measured against a set of criteria, including convergence of macro economic indicators, trade patterns and social trends”.<sup>8</sup> The SADC region has proceeded in this manner with regard to the use of the statistics as a tool to measure progress in attaining convergence in the various indicators. While it appears on observation that no major differences exist on the type of convergence indicators or statistics to be used by the different regional blocks, there is also an understanding that various “Statisticians may distinguish among several types of statistics relevant for the unions: convergence criteria that serve as tests before countries can join or to monitor countries’ continuing macroeconomic performance; the core sets of statistics to operate a union; statistics on external aspects of a currency union; a broad macroeconomic and market statistics to evaluate general conditions and monetary policy and assess its effectiveness; statistics disseminated to inform the public and serve as the public face of the union; and specialised statistics related to the economic and institutional conditions within the union”.<sup>9</sup>

In a similar vein, if data sets are observed for the GCC countries, it is clear these can be divided into those that can be utilised to support the establishment of a monetary union and a common market and in some cases these do exhibit great overlaps. In the CCBG data base there is commonality that can be discerned with the types of data collected and used in both the Euro area and the Gulf area. As an example these regions have adopted the following data for policy support and the monitoring of economic performance by countries in their regions. The core data include statistics on national income and expenditure accounts, price data, (consumer price index), balance of payments, government finance and monetary and financial accounts. This list is similar to that collected by SADC central bank but it is not exhaustive since for these regions it also includes data on customs, labour, agriculture and employment among data collected for analysis. The SADC central banks have been utilising the core data listed above for comparison of the economic performance of each member state but most importantly the data has been used to measure the extent of convergence by these countries towards a set of primary targets. Over the years central banks have been able to draw conclusions from the data supplied by the various countries to determine the extent of convergence around inflation, the ratio of nominal government debt to Gross Domestic Product (GDP), ratio of budget deficit to GDP, the percentage of credit extended to government by central banks and the import cover. The outcome has shown convergence on some of these indicators until recently when the performance of countries in SADC started to

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<sup>8</sup> Fasano, Ugo, and Zubair Iqbal, 2002: Common Currency, Finance and Development, Vol. 39, December.

<sup>9</sup> Krueger, R, and Ettore Kovarich, 2006, “Some Principles for Development of Statistics for a GCC Currency Union” WP/06/141.

be affected by the current global financial crisis. Inflation as a convergence indicator has in most instances spiralled out of the single digit target set for the period ending in 2008.

The other important work done on statistics collected and compiled by central bank is in the areas of payment, clearing and settlement systems. The SADC Payment Systems Project team of the CCBG embarked on a project to collect payment system data from various SADC central banks. The project resulted in the eventual publication in 1999 of the SADC Green Book<sup>10</sup> prepared by both the SADC Payment Systems Project Team and the Committee on Payment and Settlement Systems of the central banks of the Group of Ten countries. The publication describes among other topics the institutional arrangements, payment instruments, risks in the interbank settlement system and its management, the role of central banks in the operation of the interbank settlement systems and especially in the provision of settlement facilities in the banking system, the relationship between payment systems and monetary policy and finally the publication has a section that is dedicated to statistics.

The statistics which were recently updated by the SADC Payment Systems project team, will be included in the new version of the Green Book, to be published with the assistance of the World Bank and published by the Bank for International Settlements (BIS). It captures the statistics by country on the value in dollars of bank notes and coins in circulation, the number of different cards issued and their usage, the number of ATM's and point of sale terminals located in each country, the features of selected interbank funds transfer system like the Real Time Gross Settlement (RTGS) system and the value of payments and number of transactions processed by the funds transfer system. The analysis and conclusions drawn from these statistics are proving to be critical in the modernisation of the current RTGS system in SADC central banks. The real use of this information is also critical as an input in the proposals currently on the table on the type of a regional cross border payment and settlement model for SADC, which will be a critical and an integral element of a future monetary union in SADC.

The SADC Subcommittee of Banking Supervisors (SSBS) of the CCBG has played an important role in the collection of statistics required for regional integration and the attainment of a monetary union. While the SSBS has concentrated on producing country status reports on the implementation of both the International Accounting Standards (IAS) and Basel II, and ensuring that principles of supervision and regulation of banks are harmonised, the collection and analysis of Financial Soundness Indicators (FSI) has indicated the importance of these statistics in the SADC region for purposes of comparing the performance and stability of banks in SADC.

Currently, fourteen SADC central banks provided statistics on the following Financial Soundness Indicators: Capital adequacy ratios, quality of assets, earnings and profitability, liquidity, and sensitivity to market risk. The SSBS conclusions from the analysis of statistics supplied by the SADC central banks in 2008<sup>11</sup>, reveals that capital adequacy ratio in the region averaged 16.5 percent; with regards to the quality of assets, the average non performing ratio was maintained at 4.1 percent. The average return on assets and equity were 3.1 per cent and 33.6 per cent respectively. The average liquidity ratio declined to 38.9 per cent in 2008 from 40.8 per cent in 2007. This ability to collect, compile and analyse statistics in the region will allow for the establishment of indicators for the SADC financial sector that will provide standards that can be used as benchmarks for SADC countries and compared to international benchmarks. In concluding this section, it can be observed from

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<sup>10</sup> The Publication is based on the Red Books prepared by the Bank for International Settlements (BIS) and was published in 1999.

<sup>11</sup> See Report of the SSBS presented to the meeting of the CCBG 29 May 2009.

the discussion above that there have been significant progress achieved in the development of statistics required for the establishment of a monetary union. It should be noted that a myriad of challenges remain that still need to be addressed as the process of regional integration proceeds towards 2018.

## **5. Challenges for SADC Statistics Collectors**

The collection of statistic in SADC has as an objective to arrive at a common statistical language that will embrace uniform technical standards, concepts, comparability, data quality and the use of similar methods. The observance of uniformity among these and others can lead to harmonised statistics which is an important milestone for a monetary union.

SADC like other developing regional blocks has challenges that are unique to the region and may be similar to other regions. The first of these challenges is the timely adoption of uniform technical standards like the GDDS and the SSDS. In the 2001 GDDS workshop in Botswana this was already evident as some SADC countries were still getting introduced to this standard. The subsequent workshops and technical assistance further addressed this problem of implementing the standard. The second challenge for most countries in SADC is the timely availability and submission of data to the central collection agencies. This challenge is as a result of structural problems in the various countries which emanate from long-turn around times for the return of surveys and lack of capacity to quickly process the new information that will result in the production of data.

Thirdly, there is a continuing prevalence of gaps in the database of the CCBG. These gaps also reveal the non uniformity of data collected by various national statistics agencies or the lack of capacity to produce these statistics. Some national agencies in SADC for instance can only supply quarterly data rather than monthly data. This has resulted in the CCBG compiling only annual data sets as an objective for the moment. Even this data gets delayed in some instances for reasons stated above.

Fourthly, comparability of data is another challenge, for SADC data. This is also as a consequence of different data set collected and is revealed by the existing gaps in the statistics compiled. There is no doubt that "Comparability of data is a key requirement of Statistical information and this requires adopting common methodologies in compiling, processing, and disseminating data".<sup>12</sup> As was discussed above, the workshops held in SADC in early 2000 were directed at ensuring that the methodology of compiling, processing and disseminating data was similar and adheres to the same standards. One way in which the region is moving forward in its attempt to achieve the uniform standards is in the accounting and auditing arena where a draft Annex on Accounting and Auditing Standards<sup>13</sup> is being discussed among SADC stakeholders including central banks. This annex will however have to take cognisance of the a thorny issue related to the measurement and reporting of profits and losses by central banks which is in conflict with the International Financial Report Standards (IFRS).

Lastly, the biggest challenge for SADC collectors of data is the proper coordination at SADC level. While central banks have continued on a progressive path of collecting, establishing

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<sup>12</sup> Dziobek, Claudia and Al – Mansori, K.L. Abdulrahman, 2006, "Providing Official Statistics for the Common Market and Monetary Union in the Gulf Cooperation Council (GCC) Countries – A Case for " Gulfstat," IMF Working Paper 06/38 (Washington: International Monetary Fund).

<sup>13</sup> This annex will ensure that SADC accounting and auditing standards to allow for the use of similar methods by the financial sectors. If accepted by SADC countries it will be added to the Finance and Investment Protocol (FIP) and will become a binding document.

and maintaining good databases for SADC there is also a need for the active involvement of a SADC statistics agency to articulate the vision for harmonization of statistics in SADC and the preparation of a regional legal framework for statistics that will outline the relationships with national agencies, central banks and other compilers and how dissemination should occur for the benefit of the public in the region. This SADC Statistics Agency can function in a similar way as the Afristat and Eurostat.

## **6. Lessons for a future SADC Monetary Union**

This section will discuss what lessons are there for SADC to learn as the region moves towards a Monetary Union in 2016. It is clear from the preceding discussions that progress has been achieved over the period since the establishment of the CCBG and its decision to begin the process of collecting statistics and building a reliable database. This move signalled the importance that Governors have attached to the collection of statistics in the region for the purpose of using the data first for comparisons and analysis of macro-economic convergence and secondly for use in a monetary union to inform policy decisions of the union. The discussion that follows proposes lessons that SADC could learn from experiences of other regional blocks engaging in similar economic integration efforts.

First, coordination and good cooperation of statistics bodies in SADC is a lesson that the region can learn from the experiences of the Eurostat and Afristat and their national agencies, central banks and regional central bank. The experience elicited here shows that an important coordination role is undertaken by a regional statistics body. This approach could assist SADC to address issues related to bringing harmonisation of data standards throughout the region. Secondly, it is also important that collaboration with the suppliers of data like the CCBG should be intensified so that common programs can be jointly conducted to ensure that data collection procedure are standardised at an early stage so that accuracy and comparability are entrenched. Such cooperation was observed with the Afristat and Eurostat as they proceeded with supporting the move towards a monetary union. It is also important at this stage to mention that SADC's experience and environment is different from that of the Euro area and therefore some aspects of this cooperation may have to be developed at country level with national agencies.

The other lesson for SADC agencies is the development of regional legal frameworks that gives the mandate to all collectors of data the right to perform this task. This will prevent conflicts on who has a right to collect which data. It will also lessen duplication of data collected by the various agencies which at times may differ. In addition, the legal backing tends to bring with it credibility for the collector and introduces trust and professionalism to the users.

Finally, moving forward an assessment should be conducted through a discussion on which future institutions are needed to support a future monetary union with sound statistics that will be relevant for the application of a single currency exchange rate policy by a SADC central bank. In this assessment a strategy is required on how the region utilises the support it receives from international institutions to be increase its resources for the Statistics offices in the region.

## **7. Conclusions**

This paper sets out background on the development of statistics in SADC taking into consideration the noble idea of preparing the region for a monetary union in 2016. It became clear from the analysis and descriptions provided above that SADC has embarked on a

process to achieve regional integration as a means of growing economies in the region. It is through this approach that economic growth and financial stability can be achieved and poverty reduction and the eventual eradication can be ushered in.

It is not surprising that to move forward with the project of regional integration, countries and their specific agencies like the central banks have to prepare legal instruments to enable the implementation of processes that sets the pace and direction for the realisation of deeper integration in the future. This process has included studying other regional economic blocks, in particular the European Union and the European Central Bank (ECB), and many interactions to seek guidance and learn from them.

The process has been rich and rewarding in a sense that it has allowed SADC institutions to interrogate the question of whether the path it follows should be a total replica of what happened in Europe. There are different responses to this question, with some arguing that SADC with its basic economies is far away from the feat achieved by the Europeans. The other view argues that Europe should not be the basis of what can and cannot be achieved in SADC; the region must chart and carve its own future fortunes and make its own mistakes. These mistakes on the one hand should not be costly for a region that is already home to some of the most poverty stricken countries in sub-Saharan Africa.

To deliver some of these countries out of the jaws of poverty, statistics that are accurate, reliable and timely should be compiled and disseminated to the public so that public users can make wise policy decisions that will have an impact across the region.

The Committee of Central Bank Governors in SADC has demonstrated the ability to collect and compile these statistics over a period of time and they are posed to strengthen their involvement in this arena to build a solid basis for a future regional central bank in 2018. Consistent capacity building continues in the CCBG and in individual central banks in collaboration with other international institutions and there is evidence that adherence to international standards like GDDS that encourage the use of uniform methodologies for collection, compiling and processing of data will improve harmonization and make comparison realistic. This ability to compare data is critical for the analysis of macro economic data required for convergence and policy implementation.

There are challenges ahead for the central banks and other statistics collectors including the SADC Statistics Agency in that there is a lack of legal clarity with regard to collection of statistics especially for the region. Issues pertaining to harmonization of statistics and who drives the process for the region should be addressed. Lastly, there is a need for better cooperation and coordination of activities related to statistics and finally division of labour should be encouraged and more collaboration at regional level so as to prevent duplication of statistics collected. Most importantly though, this will allow for the development of a SADC statistics vision that will ensure that capacity is built to produce quality, reliable and accurate data for future use in a monetary union by its inhabitants, foreign investors and institutions.

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