

## **The role of Central Banks in Africa's transformation**

Central Banks in Africa currently have a narrow mandate that focuses on price and financial system stability. The first Caucus of African Central Bank Governors held in Abuja in 2014 recognized the critical role of Central Banks in contributing to the much needed finances for Africa's economic transformation and industrialization; and made important recommendations in support of expanding their mandate and role in Africa's industrialization. They include acknowledging the financing of industrialization as a primary objective of the fiscal authority, and for Central Banks to be recognized and given a primary supportive role in achieving this objective; extending the role of Central Banks to include critical developmental roles with effective support to the fiscal authorities within a macro-economic policy framework; addressing the disconnect between the financial system and the real sector of the economy so that meaningful industrialization can occur in Africa; and for Central Banks to promote development through support for specialized national, regional and continental development finance institutions.

These recommendations are particularly important in the context of three unfolding major global events, i.e. the Third International Conference on Financing for Development, the adoption of the post-2015 development and the Paris summit on climate change. The Conference on Financing for Development will discuss and arrive at critical conclusions on financing the post-2015 development agenda, and hence will have implications for Central Banks in Africa and their role and contribution to development. It is therefore important that the Central Banks arrive at an agreement on the issues they would like to be reflected in the outcome of the conference, and affectively engage with the financing for development process.

The second Caucus of African Central Bank Governors scheduled to take place on 29<sup>th</sup> March 2015 in Addis Ababa will further explore role of Central Banks in Africa's transformation. Specifically, it will identify concrete follow up actions and develop a roadmap for the implementation of the recommendations from the Abuja meeting. Furthermore, it will provide a platform for African Central Bank Governors to discuss their engagement in and contribution to the Third International Conference on Financing for Development.