



WEST AFRICAN MONETARY INSTITUTE

STRATEGIC PLAN 2010-2015

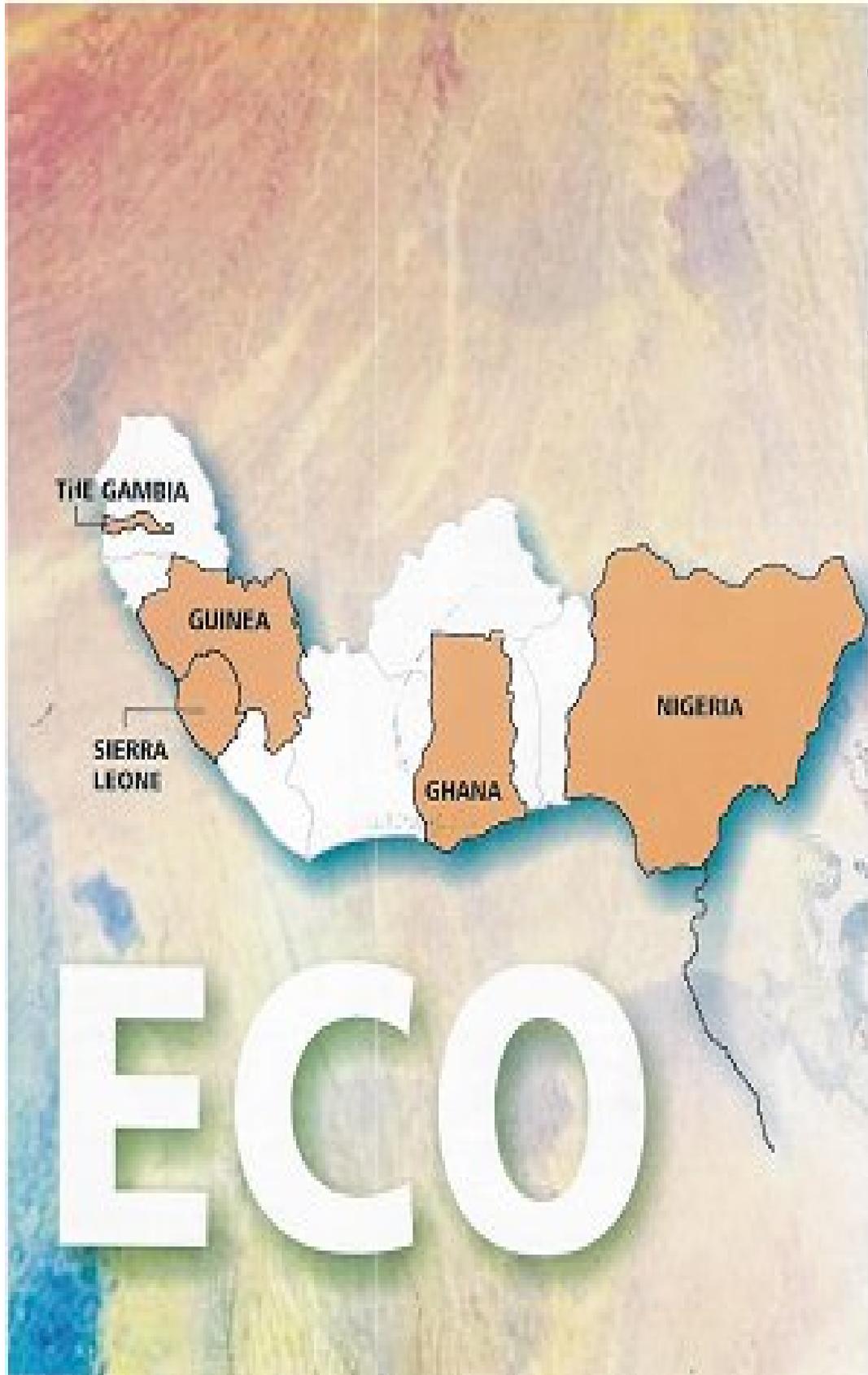


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Acronyms and Abbreviations

ACBF	African Capacity Building Foundation
ACH	Automated Clearing House
ACP	Automated Cheque Processing
AERC	Africa economic Research Consortium
AFC	African Finance Corporation
AfDB	African Development Bank
ASEA	Africa Stock Exchange Association
BAP	Banjul Action Plan
BIS	Bank for International Settlements
CDS	Central Depository System
CET	Common External Tariff
CIDA	Canadian International Development Agency
c.i.f	Cost Insurance Freight
COICOP	Classification of Individual Consumption By Purpose
CPI	Consumer Price Index
CPSS	Committee for Payment and Settlement Systems
CSD	Common Statistics Database
DFID	Department for International Development
ECB	European Central Bank
ECOWAN	ECOWAS Wide Area Network
ECOWAS	Economic Community of West African States
EMCP	ECOWAS Monetary Cooperation Programme
EPA	Economic Partnership Agreement
ETLS	ECOWAS Trade Liberalization Scheme
EXIMBANK	Export Import Bank
GDP	Gross Domestic Product
GHIPSS	Ghana Interbank Payment and Settlement System
GTZ	German Development Agency
ICT	Information and Communication Technology
IDRC	International Development Research Council
IMF	International Monetary Fund
IsDB	Islamic Development Bank
IT	Information Technology
ITU	International Telecommunications Union
KPI	Key Performance Indicator
LAN	Local Area Network
LDB	Live Data Base
MOU	Memorandum of Association
MTEF	Medium Term Economic Framework
NBFI	Non Bank Financial Institutions
NCB	National Central Bank
NIBSS	Nigeria Inter Bank Settlement Systems
NSC	National Sensitization Committee

OTC	Over the Counter
PPP	Purchasing Power Parity
RTGS	Real Time Gross Settlement
SCF	Stabilization Cooperation Fund
SIDA	Swedish International Development Agency
SIPS	Systematically Important Payment System
SNA	System of National Accounts
SSS	Scriptless Security System
SWOT	Strengths Weakness Opportunities Threats
TBT	Technical Barriers to Trade
TSIA	Trade Sustainability Impact Assessment
UEMOA	Union l'ecomique monetaire D'ouest Afrique
UNCDF	United Nations Capital Development Fund
UNCITRAL	United Nations Committee on International Trade Law
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
VSAT	Very Small Aperture Terminal
WACB	West African Central Bank
WAEMU	West African Monetary Union
WAFSA	West African Financial Supervisory Authority
WAGP	West African Gas Pipeline
WAHCPI	West African Harmonized CPI
WAIFEM	West African Institute for Financial and Economic Management
WAMI	West African Monetary Institute
WAMZ	West African Monetary Zone
WAPP	West African Power Pool
WTO	World Trade Organization

Executive Summary

1. This document presents the Strategic Plan of WAMI for the period 2010-2015. The West African Monetary Institute (WAMI), was established by the Authority of Heads of State and Government of five West African member States; The Gambia, Ghana, Guinea, Nigeria and Sierra Leone in December 2000. WAMI commenced operations in Accra, Ghana in March 2001. WAMI was primarily mandated to undertake policy and technical preparations for the launch of a monetary union for the West African Monetary Zone (WAMZ) and the establishment of a West African Central Bank (WACB). Two countries, namely, Cape Verde and Liberia have observer status. However, in February 2010 Liberia joined the WAMZ as the sixth member.

2. The WAMZ programme is the result of a fast track approach to economic and monetary integration in West Africa. Activities of WAMI include multilateral surveillance of macroeconomic performance of member States, design of the architecture and policy frameworks of the WAMZ monetary union, sensitization of stakeholders, collaboration with external partners, studies and publications. In June 2009, the Heads of State Submit declared that the Monetary Union will be on or before January 2015.

3. This strategic plan is formulated during the period of global economic and financial market instability, which requires appropriate responses to emerging issues and developments. While WAMZ countries continue to face daunting development and poverty reduction challenges, there is widespread recognition among policy makers of the importance of sound economic policies, good governance structures and effective public institutions to create the condition for more rapid, poverty reduction, economic growth and accelerating the integration process.

4. The opportunities and challenges facing the WAMZ are inherent within the global and continental political, economic and domestic environment. A SWOT analysis may be incorporated into the strategic planning model of a given Institution, and it represents its: strengths, weaknesses, opportunities, and threats.

5. Drawing from its mandate, stakeholder expectations and SWOT analysis, WAMI has identified five broad intervention areas or Strategic Pillars around which its priorities have emerged and its programmes for the next five years will be developed. The Pillars are the strategic issues around which the core activities of WAMI will be organized and resources applied, leading to the Expected Results. It is against this background that, in the next five years, WAMI seeks to lay a solid foundation upon which future initiatives will be developed in the drive towards attainment of the WAMZ program.

6. The Strategic Plan 2010-2015 is therefore based on five Pillars which correspond to the major current and future challenges facing the Zone and cover the key functions of the Institute. These programs include:

- ✓ - Macroeconomic Convergence and Statistical Harmonization
- ✓ - Trade and regional Integration
- ✓ - Financial Integration
- ✓ - Payments Systems Infrastructure
- Institutional and Capacity Building

7. *In the years leading to 2015, WAMI's surveillance will focus on five strategic objectives that will prepare the WAMZ member countries to efficiently and effectively face and address the challenges of convergence. To achieve this, WAMI will continue to assess and produce independent and authoritative convergence report on the performance of WAMZ member countries on the prescribed criteria; surveillance activities will be strengthened by incorporating a more global/regional perspective and cross-country experience in the analysis and reports; also a national macroeconomic convergence programme for each WAMZ member country will be designed, taking into account the current stage of convergence and peculiarities of each particular member country, as a means to incremental convergence.*

8. *The Institute in collaboration with WAMZ member states will work towards the harmonization of statistical data. The broad areas include: National Accounts (NA); consumer price index (CPI); as well as the development of a WAMZ Statistical Database. Research is critical to WAMI's successful operations because it contributes to the development and updating of analytical tools needed to discharge its operational responsibilities. Research also affects the perceptions of policymakers and others about the quality of the WAMZ's policy advice, and thus contributes to the organization's effectiveness. The main objectives of WAMZ research is "to improve the analytical quality of the Institute's work and, also provide quality advice to member countries*

9. *The Institute will undertake empirical research and analysis on priority issues relating to WAMZ economies, including assessment of current and prospective economic conditions in the zone. In addition, statistical harmonization and data base development issues, aimed at developing statistical architecture that will support common monetary policy operations of the WACB will be undertaken. The Institute will study the monetary policy instruments, including OMO and REPOS that will enable the WACB operate a market-responsive monetary policy.*

10. *The level of trade integration among its member countries will be a major measure of the success of the WAMZ monetary union. Currently the level of trade integration is very low in the WAMZ, thus strategies must be devised to improve the situation. The following strategic objectives would be pursued: full implementation of CET by 2010; full implementation of ETLs by 2010; full implementation of the ECOWAS protocols on free movement of goods and persons, and the right of establishment ; and establishment of a WAMZ customs union by 2011.*

11. *In the WAMZ, cross-border transactions are still hampered by fragmented regulatory regimes. Banking markets are still expanding with limited use of banking products across border such as credit cards. Insurance markets are localized within country boundaries. Capital markets are not yet integrated and bond markets are underdeveloped. The challenges remain the presence of heavy regulatory requirements on the capital account and huge capital requirements are some of the factors inhibiting the cross listing and trading of stocks. In view of the above, the WAMZ financial integration programme seeks financial integration through five main Strategic Objectives: promote full capital account liberalization; promote the cross-listing and trading of stocks among regional capital markets; promote regional currency convertibility/quoting and trading in WAMZ currencies; promote similarity of access, rules and treatment to all 'potential market participants' on all financial instruments in the financial sector (banking; insurance) and the preparation towards the introduction of the Eco.*

12. *The payments system plays a very crucial role in any economy. As the channel through which financial resources flow from one segment of the economy to the other, it represents one of the major foundations of the modern market economy. Given the important role that well functioning*

payments system has on monetary policy, financial stability and overall economic activity, there is the need to articulate and put in place a set of payments system policy objectives that would serve as a broad guideline and framework for all payments system initiatives. In setting out the objectives, the ultimate goal is to ensure that the system would be available without interruption, meet as far as possible, all users' needs, and operate at minimum risk and reasonable cost. The objectives, which are deemed crucial to achieving these, include efficiency, safety, migration to cashless payments, transparency, public acceptance and confidence and integration with the financial infrastructure.

13 To ensure that the WAMZ monetary union is backed by the necessary legal framework and to create regulatory framework for the proper functioning of the monetary union. It is also important: to harmonize business and financial laws in the zone to facilitate greater financial integration; to build capacity in the legal department by organizing study visits to established monetary institutes/organizations to gain knowledge and skills in preparation of legal framework for the commencement of the monetary union; to establish a forum comprising public agencies, the private sector and experts in various business and financial sectors to strategize on the harmonization of business laws in the WAMZ; and to engage consultants to carry out studies on the harmonization of business laws in the WAMZ.

14. To achieve the WAMZ's expected results as set in each of the other Pillars, strong institutions and capacity would be necessary. The Union's ultimate objective is to have very efficient and effective institutions that will work towards the WAMZ Vision in harmony and synergy. The West African Monetary Institute, being the pilot organization for these institutions and the establishment of the West African Central Bank in particular has no lesser objective than having various departments that will work with cohesion in order to bring about the expected optimality. A strong West African Central Bank with an adequate capital base and capacity in the face of the present global financial crisis and exposure to external shocks is the answer to a strong, sustainable and reliable monetary union.

15. The Strategic Plan will be monitored regularly at three levels as follows:(a) a Policy Level by the WAMZ Heads of State Summit to ensure consistency of outputs against the Vision and Mission, and overall objectives of the WAMZ; Convergence Council and Committee of Governors to monitor progress and achievements in set targets; and Summit or Council may direct a change of focus and/or strategies if and when necessary. (b) Technical Level by the Technical Committee and the WAMZ will be responsible for ensuring that progress on the Plan is monitored on a regular basis. (c) The Secretariat Level - WAMI will produce a semi-annual report and an annual report on the overall implementation of the Plan; the Secretariat will ensure that the monitoring system provides for aggregate indicators to monitor the overall development of the region by tracking developments in all areas of integration. An integrated monitoring system for the Plan will be developed by the Secretariat to provide an early warning mechanism and to maintain a good grasp on the development and implementation of the Plan.

16. Evaluation will provide analytical and objective feedback to the organization and stakeholders on the efficiency, effectiveness, and relevance of the Plan in achieving the overall objective of poverty alleviation and its ultimate eradication.

1 THE INSTITUTE

1.1 History

The West African Monetary Institute (WAMI) was established by the Authority of Heads of State and Government of five West African member States in December 2000. WAMI commenced operations in Accra, Ghana in March 2001. It was primarily mandated to undertake policy and technical preparations for the launch of a monetary union for the West African Monetary Zone (WAMZ) and the establishment of a West African Central Bank (WACB). The five founding member States are, The Gambia, Ghana, Guinea, Nigeria and Sierra Leone. Two countries, namely, Cape Verde and Liberia have observer status. However, in February 2010 Liberia became a full member of the Union.

The WAMZ programme is a fast track initiative to economic and monetary integration in West Africa, adopted by the Authority of Heads of State and Government of Economic Cooperation of West African States (ECOWAS) at its Summit in Lome, Togo in December 1999. It was agreed at the Summit that a second monetary zone, WAMZ, should be established which would eventually merge with the West African Economic Monetary Union (WAEMU) to create a single ECOWAS monetary union.

The monetary union was scheduled to commence in January 2003, after a convergence process. However, the launching of the union was postponed to July 1, 2005 following the poor status of macroeconomic convergence. None of the countries attained the four primary and six secondary convergence criteria. Furthermore, the prior technical issues relating to statistical harmonization and payments system developments had not been fully addressed. Developments since 2003 however, showed some progress but the status of macroeconomic convergence remained unsatisfactory.

The review of the first half 2004 convergence report prepared by WAMI in August 2004 showed that macroeconomic convergence was at its worst state since the convergence process commenced. The Authorities of WAMZ therefore concluded that July 1, 2005 was not feasible for launching the monetary union. They urged member countries to re-double efforts towards attaining the convergence criteria and directed WAMI to undertake a study on the state of preparedness of member countries for monetary union on July 1, 2005 and define a credible timeframe for an enduring monetary union. Based on the results of the Study, the Authorities decided on December 1, 2009 as target date for monetary union, and proposed an expanded work program and an Action Plan for its delivery. The focus of the WAMZ program was then broadened, spanning not only macroeconomic convergence but also issues relating to the actualization of a single economic space.

In January 2009 WAMI prepared a status report on the WAMZ programme for consideration by the Authorities. It was clear that considering the effect of the global recession on the economies of the member States, it would be highly improbable for the member States to achieve the benchmarks for macroeconomic convergence by December

2009. The Authorities once again postponed the launch the second monetary union, until (on or before) January, 2015.

1.2 Vision

The vision of WAMI is to establish a monetary union among member states as a precursor to the attainment of ECOWAS-Wide single monetary union.

1.3 Mission

WAMI is mandated to undertake preparatory activities towards the establishment of the West African Central Bank (WACB), and the launching of a common monetary union for the West African Monetary Zone (WAMZ). Activities including multilateral surveillance of macroeconomic performance of member States, design of the architecture and policy frameworks of the WAMZ monetary union, sensitization of stakeholders, collaboration with external partners, studies as well as publications of relevant materials in pursuit of this mandate are currently being undertaken by WAMI.

1.4 Guiding Principles

The overriding principle, on which WAMI's preparatory work is based, is that the common central bank (WACB) when established will conduct a single monetary policy for the Zone aimed at attainment and sustenance of price stability.

1.5 Stakeholders

Stakeholders of the WAMZ project include the Authority of Heads of State and Government of the WAMZ, The Ministers of Finance and Economic Planning, Trade, Integration and Justice of the WAMZ, the Governors of member State Central Banks, Parliamentarians, Civil Society, regional institutions, the Private Sector, and staff of WAMI (Table1.1).

1.6 Partners

Partners include, ECOWAS, WAEMU, WAIFEM, WAMA, WABA, the AfDB, Afrexim Bank, Africa Finance Corporation, ECB, World Bank, and Islamic Development Bank.

Table 1: STAKEHOLDERS

STAKEHOLDERS	EXPECTATIONS
Member States ✓ Heads of State ✓ Convergence Council ✓ Trade Ministers' Forum ✓ Committee of Governors/Central Banks ✓ Technical Committee ✓ Experts Committee	✓ Transparency and accountability ✓ Efficient and prudent utilization of resources ✓ Timely and accurate information and reports ✓ Clear, timely and objective implementation of decisions and approved programmes ✓ Professional and quality servicing of meetings
Private Sector ✓ Financial Sector ✓ Business Association	✓ Encouragement and promotion of viable Private-Public Partnerships ✓ Information-sharing ✓ Promotion of African businesses ✓ Private Sector Forum
Civil Society ✓ NGOs ✓ Labour Union	✓ Sensitization and sustenance of interest in the project ✓ Accountability and advocacy
Media ✓ Print Media ✓ Electronic Media	✓ Promotion and engagement as a medium of transmission ✓ Facilitation of access to information ✓ Sensitization
WAMI Staff	✓ Transparency and accountability; integrity; sound leadership; welfare; fairness; equality; career development; and job security

2. THE STRATEGIC ENVIRONMENT

This strategic plan is formulated during the period of global economic and financial market instability, with the possible outcome of the responses to emerging issues and developments still relatively fluid. In an attempt by the WAMZ countries to confront the daunting development and poverty reduction challenges in the current state of relative uncertainty, there is a convergence of opinion among policy makers that sound economic policies, good governance structures and effective public institutions are the superstructure that are needed to create the condition for rapid poverty reduction, sustainable economic growth and development. It is also agreed that regional economic integration is one of the enduring frameworks for the attainment of these objectives, especially for developing countries.

The opportunities and challenges facing the WAMZ are inherent within the global and continental political, economic and domestic environment.

2.1 The Economy of the WAMZ

The WAMZ countries are heterogeneous in terms of GDP and population, with only Guinea, Sierra Leone and Liberia sharing common borders. Despite being open, the WAMZ economies tend to rely on very few export goods. The zone covers a total land area of 1.60 million square kilometers and a total combined population of 194.7 million people, representing 77.3 percent and 20.6 percent of the population of ECOWAS and Africa, respectively.

Nigeria is the dominant economy in the WAMZ, with over 76.5 percent of the population and 85.6 percent of the zone's GDP. It is an oil-based economy, with the sector contributing about 20.0 percent of GDP, 80.0 percent of total revenue, and 90.0 percent of foreign exchange earnings. The next largest economy within the zone is Ghana with 9.2 percent of the zone's GDP. The Liberia and Gambia is the two smallest economies constituting 0.4 and 0.6 percent of the GDP, respectively.

The WAMZ economy, measured by a combined GDP of \$390.6 billion (PPP), represents 73.3 percent and 19.1 percent of ECOWAS and Africa, respectively. While the zone is relatively large within the ECOWAS sub-region, it is still a small open economy globally, accounting for less than one percent of the global GDP. As a result, even after full integration of the economies, the zone will still be considered a small open economy, with a strong possibility of imported inflation and with implications for the conduct of monetary policy and the choice of targets and instruments within the Monetary Union.

The pattern of trade differs across countries and is largely based on the structure of the economy, availability of natural resources and domestic demand. However, there is uneven distribution of natural resources and differences in tastes across the zone. While there has been major intra-industry trade in the WAMZ countries, agricultural products remained the major exports of The Gambia, Ghana and Sierra Leone, followed by manufactures. Fuel,

agricultural raw materials, ore and metals accounted for a small proportion of total exports in these countries. However, crude oil accounted for over 97.0 per cent of Nigeria's exports, while manufactures accounted for the rest. In Guinea, ores and metals form the greatest share of merchandise exports, while manufactures and food represent 25.3 per cent and 2.0 per cent, respectively. In Liberia rubber (86.1), gold (5.1) and diamonds (4.1) constitute main exports.

2.2 Impact of Global Financial Crisis

The financial crisis, and the ensuing credit crunch, coupled with rising inflation worldwide and the consequent slowdown in demand in most advanced economies have engendered significant uncertainty over the short term outlook for the WAMZ economies. Although the effects of the current financial crisis on the WAMZ economies are still unfolding, there is no doubt that it will ultimately impact adversely on member countries directly or indirectly. The direct effects, which will emanate from direct exposure to the international financial system, are likely to affect mainly countries with relatively advanced financial system. Nigeria in particular is vulnerable through its stock exchange. Nigeria is home to sub-Saharan Africa's second biggest equities market after South Africa and has long been the preferred choice of emerging markets investors. However, the global credit crisis and economic downturn has soured investor appetite for risk.

The capitalization of Nigeria's stock market fell by 28.0 percent to N9.56 trillion (\$62 billion) in 2008, while the market value of companies in the all-share-index fell by 46.0 percent. Purchases by foreign investors amounted to N150 billion in 2008, compared with N256 billion in 2007, a drop of 41.4 percent. The indirect impacts will affect all the countries through decline in trade, capital flows, remittances, domestic investment, as well as a slowdown in growth.

Declining exports and the concomitant reduction in government tax revenue and foreign exchange earnings worsened government fiscal position and external balance. In the WAMZ countries, declining national revenue, sharp fall in the value of shares, and the continuing rapid depreciation of the domestic currencies against internationally traded currencies are some of the major indicators that the global crisis is already affecting the WAMZ countries. To the extent that donor support to developing countries would decline, the global financial crisis is expected to adversely affect countries heavily dependent on aid, including Ghana, Sierra Leone and Liberia.

Most analysts believe that the most damaging potential effect will be from reduced remittances and capital flows. Home remittances into Ghana have been a dominant anchor for the economy. In 2007, remittances received by individuals and households amounted to about \$1.6 billion. Indications are that the flows have started to whittle down, and this has been attributed mainly to the global crisis.

2.3 The Political Environment

It is universally recognized that improved governance is vital to development, combating poverty and providing a level platform for regional integration. However, governance reforms in the WAMZ have been slow and easily reversible. While some countries in the zone have made advances in eradicating corruption and improving accountability and transparency through citizen participation in government as well as advances in the realm of press freedom, governance still faces tremendous challenges. Furthermore, whereas some countries are politically stable, recording positive progress in terms of governance and combating corruption, others have significantly deteriorated.

In the WAMZ countries different political arrangements exist. While Nigeria operates a federal system of government, with three levels of federating units, namely; Federal, State and Local government, the other members of the WAMZ basically operate a unitary system or its variance. However, all the countries with the exception of Guinea, where a military regime is currently on the saddle of governance, are practicing multi party system and had been relatively stable.

2.4 SWOT Analysis

SWOT analysis which represents strengths, weaknesses, opportunities and threats; provides the basis for crafting a strategy that capitalizes on an institution's resources, aims squarely at capturing its best opportunities and defends against potential threats. It also involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieving that objective. SWOT analysis may be used in any decision-making situation when a desired objective has been defined.

A SWOT analysis may be incorporated into the strategic planning model of a given Institution, and it represents the following:

- ✓ *Strengths*: attributes of the organization that is helpful to achieving the objective.
- ✓ *Weaknesses*: attributes of the organization that is harmful to achieving the objective
- ✓ *Opportunities*: external conditions that is helpful to achieving the objective.
- ✓ *Threats*: external conditions which could do damage to the business's performance.

Identification of SWOT is essential because subsequent steps in the process of planning for achievement of the selected objective may be derived from the SWOT.

2.5 SWOT Analysis on WAMI

The West African Monetary Institute is a non-profit organization, and its environmental scanning includes monitoring, evaluating and disseminating of information from the internal

and external environments to key people within and outside the Institute. Its purpose is to identify strategic factors that will determine the future of the Organization.

2.5.1 The Internal Environment

The internal environment consists of variables (strengths and weaknesses) that are within the organization. They include the organization's structure, culture, and resources.

The strength of WAMI can be assessed based on the Institute's attribute that enhances its capability to achieve its objectives, which includes the following:

- ✓ Staff diversity in terms of expertise, culture and background;
- ✓ WAMI has developed competencies, skills and expertise in Monetary union policies issues and management;
- ✓ Internally competitive environment and staff reward mechanism. This serves as a motivating and moral boosting factor amongst staff.
- ✓ Staff enjoys diplomatic status with internationally comparable salary structure, which also enhances staff commitment and increases their willingness to work.
- ✓ Staff members attend training programmes and acquire the required skills for executing their jobs.

The *weaknesses* of WAMI, on the other hand refers to the factors that could derail the Institutes from achieving its objective. Some are specified as follows:

- ✓ The cultural differences lead to inadequate team work.
- ✓ Biased amongst some staff in pursuing their country's interest rather than the interest of the Institute
- ✓ High staff turnover in search of a more lucrative and better paid job
- ✓ Inadequate sources of funding
- ✓ Uncertainty surrounding the continuity of WAMI. Staff have the view that WAMI is a temporary job, and staff do not have security, since there may be terminated at any point in time that the authorities deem it necessary

2.5.2 The External Environment

The external environment consists of variables (opportunities and threats) that are outside the control of the organization, and forms the context within which it exists. These refers to the opportunity and threat

The *opportunities* available to WAMI, refers to the factors that correspond with the Institute's organizational resources capabilities and offer the best potential in order to achieve the organization's goal. They include:

- ✓ Establishing a common central bank that will issue a single currency to accelerate economic integration and facilitate trade among member countries;
- ✓ WAMZ countries growth improvement through economic integration, arising from economies of scale, intra-country production and investment
- ✓ Poverty reducing through efficient distribution of economic growth as well as enhanced job creation
- ✓ WAMI serves as a focal point for economic and monetary integration policies within the continent. The Institute is consulted by many other similar organizations on integration issues
- ✓ Proactive in searching for funding towards developmental project, in order to harmonize financial institutions and markets in the WAMZ

The threat on the other hand refers to external factors which act as an obstacle towards the attainment of WAMI's strategic objectives.

- ✓ The lack of strong political commitment on the part of the WAMZ Authorities to fully sign and pass into law the required Statute for monetary union
- ✓ Economies not diversified.
- ✓ High unemployment level
- ✓ Poor macroeconomic performance as evident by the non-achievement of convergence criteria, had resulted in continued postponement of the launch date for the eco and establishment of the West African Central Bank
- ✓ Interference of political authorities in the management of WAMI
- ✓ Worsening economic conditions of member countries due to external shocks
- ✓ High cost of implementation of the WAMZ programme, such as contribution to the capital of the new Central Bank, cost of printing the new currency, cost of changeover

2.5.3 Crafting Strategies

Crafting strategy formulation refers to the designing of plans for the effective management of environmental opportunities and threats, amidst WAMI's strengths and weaknesses. WAMI strengths and capabilities are used as foundation for developing a strategy to lessen the impact of important external threats. These are done taking into account the SWOT profile of WAMI, and includes the strength-opportunity strategy, weakness-opportunity strategy, strength-threat strategy, and the weak-strength strategy.

Strength-Opportunity Strategies

These strategies consist of pursuing opportunities that will enhance WAMI's strengths. They include the following:

- ✓ Use the highly qualified staff of WAMI to design a strategic programme that will facilitate monetary integration in the West African Monetary Zone.
- ✓ WAMI to design policy framework that will ensure the free movement of goods, capital, services and people which will impact on the production base;
- ✓ Design economic programmes which will lead to an efficient distribution of resources across the WAMZ, contributing to an increase of economic growth and employment and lowering of poverty.
- ✓ Entering into developmental partnership programme on behalf of member countries with international financial institution, to aid the designing of development projects and sourcing funding for member countries.
- ✓ Reinforce WAMI's capabilities in order to continue to be a reference institution in monetary integration in Africa

Weakness-Opportunity Strategies

These strategies consist of taking actions aimed at overcoming weaknesses that may impede WAMI's opportunities for achieving monetary union.

- ✓ Periodically train staff to enable them work in a multicultural environment;
- ✓ Establish decision by collective management to reduce unilateral decision;
- ✓ Committee of Governors to approve important management decision;
- ✓ Propose comprehensive conditions of service including child education benefit, provident fund, medical insurance and other benefits that similar international organizations offer to retain staff;
- ✓ Enhance the benefits of support staff.

Strength-Threat Strategies

These strategies show how WAMI can use its strengths to reduce its vulnerability to external threats. They include:

- ✓ Member countries should demonstrate strong political commitment towards the ratification of all the legal instruments of the WAMZ, paying their contribution to the capital of the West African Central Bank and the Stabilization and Cooperation Fund, timely implement of the decisions of the Convergence council;

- ✓ Member countries to implement the relevant macroeconomic policies to ensure the macroeconomic stability of member countries in order to achieve the convergence criteria;
- ✓ Member countries should endeavor to put in place mechanisms required to cushion external shocks.
- ✓ Adopt institutional structures that will minimize and make provision to bear the cost of establishing the monetary union.

Weakness-Threat Strategies

These are strategies that establish a defensive plan to prevent WAMI's weaknesses from external threats.

- ✓ Design and establish good and transparent procedures for the recruitment of staff in the Institute;
- ✓ Set up transparent staff appraisal procedures that conform to international best practices;
- ✓ Organize regular Summit of the Authority (Head of States and Governments) of the WAMZ, to enable them take ownership of the WAMZ project;
- ✓ Involve member countries experts to participate in the design and implementation of WAMI work programme;

Drawing from its mandate, stakeholder expectations and SWOT analysis, WAMI has identified six broad intervention areas or Strategic Pillars around which its priorities have emerged and its programmes for the next five years will revolve around. These programs include:

- ✓ Macroeconomic Convergence and Statistical Harmonization
- ✓ Trade and regional Integration
- ✓ Financial Integration
- ✓ Payments Systems Infrastructure
Sensitization, Institutional and Capacity Building

The Pillars are the strategic issues around which the core activities of WAMI will be organized and resources applied, leading to the expected results. It is against this background that, in the next five years, WAMI seeks to lay a solid foundation upon which future initiatives will be developed in the drive the monetary union programme.

The philosophy behind the Pillars is that, to attain its overall Vision, WAMI must ensure a stable macroeconomic convergence, Trade and regional integration, as well as Payments System infrastructural development. In addition, WAMI requires strong institutions,

structures and systems to be developed and sustain on common values and standards in political, economic and social governance in order to achieve monetary union.

The Strategic Plan 2010-2015 is therefore based on five Pillars which correspond to the major current and future challenges facing the Zone and cover the key functions of the Institute.

3 THE STRATEGIC PILLARS

The Authority of Heads of State and Government of the WAMZ through the Banjul Declaration of May 6, 2005, postponed the commencement of the monetary union in the WAMZ to December 2009. The Authority approved an expanded work programme for the WAMI to facilitate the emergence of the monetary union as scheduled. WAMI and the Zonal Experts Working Groups were directed to provide a detailed Action Plan for implementing the new WAMZ work programme, the outcome of which has come to be known as the Banjul Action Plan (BAP).

The BAP expanded the WAMZ programme to include structural measures and benchmarks. Important elements of the structural measures are the liberalization of financial markets, including capital accounts, as well as the establishment of a customs union by the WAMZ. The inclusion of these structural measures effectively transformed the WAMZ programme from one of monetary union to a full economic and monetary integration programme. The BAP, nonetheless, specified minimum requirements for the various aspects of the programme to be met prior to the launch of the monetary union, including: compliance with the four primary macroeconomic convergence criteria; establishment of RTGS in The Gambia, Guinea and Sierra Leone; statistical harmonization and database development with emphasis on national accounts and CPI harmonization; and ratification of WAMZ legal instruments.

This provided a strong focus on actions and targets essential for the objectives of the WAMZ to be achieved within the extended time-frame and for effective monitoring of progress in achieving them. The BAP identified for each aspect of the programme the objectives, components, activities, time-frame and the responsibilities for implementation. An overview of the BAP is provided in the following sections.

The five Strategic Pillars that have been identified are:

- ✓ Pillar I: Macroeconomic Convergence and Statistical harmonization
- ✓ Pillar II: Trade and regional Integration
- ✓ Pillar III: Financial Integration
- ✓ Pillar IV: Payments Systems Infrastructure
- ✓ Pillar V: Institutional and Capacity Building

Banjul Action Plan - Benchmarks

Programme	Minimum Requirements	Expected Completion Date
1 Macroeconomic Convergence	Attainment of all 4 Primary Criteria	January 2015
2 Creation of a Customs Union	Compliance with ETLs & CET	January 2015
3 Development of a Zonal Payments & Settlement System for Cross-border Transactions	Establishment of RTGS in The Gambia, Guinea and Sierra Leone	January 2012
4 Statistical Harmonization & Database Development	I. National Accounts: adopt SNA 93	2014
	ii. CPI: (a) adopt COICOP	January 2013
	(b) National coverage	January 2013
	(c) Zone-wide harmonized index	January 2014
	iii. Common Macroeconomic database	January 2014
	ie. Monetary aggregates	
	Zonal GDP	
	Zonal Fiscal indicators	
	Zonal External sector indicators	
5 Financial Sector Integration	Enact legal instruments to ensure the following:	
	I. Full Capital Account Liberalization	January 2013
	ii. Cross Listing of Stocks	January 2013
	iii. Regional Currency Convertibility	January 2014
	Harmonization of Banking Supervision (Compliance with BCPs)	January 2014
6 Ratification & Incorporation into National Law of the WAMZ Legal Instruments	WAMZ Agreement	January 2013
	WACB Statute	January 2014
	WAMZ Secretariat	January 2014
	WAFSA Statute	January 2014
	Banking Statute	January 2014
	Non-Bank Financial Institutions Statute	January 2014
	Growth & Convergence	January 2013
	Harmonization of Financial & Company Laws	January 2013
7 Activation of WAMZ Institutions	WACB: Building & facilities	January 2014
	WAFSA	
	WAMZ Secretariat	
	SCF: Retrieval of Outstanding Contributions	January 2013
8 Sensitization	Step wise approach in consonance with Action Plan	On-going
9 Preparation towards the Introduction of the Eco	I. Currency design	2012
	ii. Vetting by member countries	2012
	iii. Introduction of Eco	January 2015
10 Programme for Promoting Regional Development and Integration	I. West African Gas Pipeline	On-going
	ii. West African Highway Project	On-going
	iii. Energy Power Pool	On-going
	iv. Electricity Grid Interconnectivity	On-going
	v. Improvement in Air, Transportation, Railways & Maritime transportation in the ECOWAS	On-going

3.1 PILLAR I: MACROECONOMIC CONVERGENCE AND STATISTICAL HARMONISATION

The Banjul Declaration gave an expanded work programme including macroeconomic surveillance, statistical harmonization and database development to WAMI to deliver the common currency and establish the WACB. This must be implemented in stages with the harmonisation of macroeconomic data as well as policies, through the compliance with a set of convergence criteria. Member countries have committed themselves to the implementation of policies that will enable them achieve sustainable macroeconomic convergence, while putting in place the institutional and legal frameworks for conduct a single monetary policy and create a single economic space.

Macroeconomic convergence is germane to the successful implementation of the WAMZ programme. The WAMZ programme identified four primary and six secondary criteria as prerequisite towards the achievement of a single currency and a common central bank. This would help provide analysis to support decisions related to the design of the architecture for monetary union. This is to ensure that the technical infrastructure needed for the efficient pursuit of monetary policy strategies would be available during the establishment of the Central Bank.

One of the key responsibilities of WAMI is to undertake empirical research and analysis on priority issues relating to WAMZ economies, including assessment of current and prospective economic conditions in the zone. In addition, the Institute is also responsible for statistical harmonization and data base development, aimed at development of the statistical architecture that will support common monetary policy operations of the WACB. The single monetary policy of the WACB will require timely, reliable data on the stocks and flows and the categories of issuers and holders of transactions in the various financial instruments being used by member countries.

Research is critical for WAMI's successful operations. Research outcomes also affect the perceptions of policymakers and others about the quality of the WAMZ's policy advice, and thus contribute to the organization's effectiveness. The Institute's research objective is to improve the analytical content of the WAMZ policy formulation and implementation.

3.1.1 Strategic Objectives

Macroeconomic convergence and statistical harmonization be pursued through the following strategic objectives: undertaking Multilateral Surveillance; Statistical Harmonization and WAMZ data base; Applied and Empirical Research; and Monetary Policy framework.

Multilateral Surveillance

- ✓ Undertake Multilateral Surveillance mission to member countries
- ✓ Preparation of the Macroeconomic Developments and Convergence Reports (prepared twice a year).

- ✓ Preparation of Zonal Reports on Macroeconomic Developments in Member States.
- ✓ Preparation of Special Economic Intelligence Reports on critical developments in member countries requiring urgent policy actions.
- ✓ Preparation and Monitoring of Programmes for Macroeconomic Convergence in the WAMZ during 2010-2015.

Statistical harmonization and WAMZ data base management

- ✓ Upgrading and harmonisation of national accounts (NA) data standards online with SNA 93
- ✓ Establish an integrated WAMZ zone-wide consumer price index (CPI). Aggregating individual CPI at Zone-wide level requires comparability of base period, methodology, representativeness and processing of data.
- ✓ Development of a uniform WAMZ Statistical Database, since member countries do not have a common statistical database.
- ✓ Design and Implement the framework for the harmonisation of money and banking statistics in the WAMZ, in conjunction with the design of the monetary policy framework for the WACB
- ✓ Continued updating of macroeconomic data and Preparation of statistical Tables to Country Reports and Zonal Macroeconomic Convergence Reports.
- ✓ Providing statistical support for economic analysis and research on various aspects of economic and financial conditions in the WAMZ countries
- ✓ Collaborate with Country Desk Officers and surveillance teams to ensure standardized methodology for derivation of statistical indicators used in country /analytical reports
- ✓ Develop a longer time series going back to at least 1980 for the existing WAMZ country data sets (2000-2008) on selected macroeconomic indicators.
- ✓ Link to the World Bank Live Database (LDB) and the IMF's Financial Statistical Database for access to current and historical data.
- ✓ Improve content, classifications, methodology for compilation of GDP (value added and expenditure approaches)

Empirical Research

Some of the empirical research to be undertaken includes the following:

- ✓ Estimating Equilibrium Real Exchange Rate in the WAMZ
- ✓ In house study on monetary policy framework for the WAMZ
- ✓ Undertake detailed study on the Type and Structure of the WACB
- ✓ Impact of Financial Crisis on WAMZ Economies
- ✓ Foreign Direct Investment and Economic Growth in the WAMZ
- ✓ Remittance Inflows and Utilization
- ✓ Monetary Policy and the Transmission Mechanism in the WAMZ
- ✓ Fiscal Policy and Economic Growth in the WAMZ.
- ✓ Impact of VAT on WAMZ Economies

- ✓ Fiscal Sustainability in the WAMZ

To achieve these objectives, the basic inputs required include:

- ✓ Provide training programmes for staff within the various Departments on basic econometric techniques to enable them carry out empirical research
- ✓ Staff to prepare working paper series and organize seminar presentation of their outcome
- ✓ Provide econometric packages to staff for carrying out their research work

Monetary Policy Strategy Option

- ✓ Review monetary policy framework from other region
- ✓ Undertake detailed assessment on both the monetary and inflation targeting monetary policy framework, in order to establish the most ideal monetary policy framework for the WAMZ

Publications and Library development

- ✓ Develop an electronic/ Virtual Library to maximize the potentials of network with the twin goals of enhancing access and guaranteeing digital preservation of the Institute's intellectual output
- ✓ Carry out bi-annual publication
- ✓ Dissemination of Institute's Journal
- ✓ Creation of Website for Institute's Journal
- ✓ Preparation of Annual Report, through coordinated effort from other departments
- ✓ Organize periodic seminar presentations involving staff members of the Institute. These seminars will constitute a key element of the research environment at WAMI. External researchers will also be invited to present papers from time to time

3.1.2 Expected Outcomes

- ✓ Report on monetary policy framework for the WAMZ
- ✓ Memorandum on monetary policy instruments for the WACB
- ✓ Improved content, classifications, methodology for compilation of GDP (value added and expenditure approaches)
- ✓ Harmonised classification structure of CPI through the adoption of COICOP and a composite national index
- ✓ Type and structure of the WACB and relevant monetary policy instruments
- ✓ Statistical annexes for Annual and Convergence report
- ✓ Individual country report
- ✓ Relevant policy papers on fiscal, monetary and exchange rate issues in the WAMZ
- ✓ A well advanced electronics library for WAMI and the public
- ✓ The creation of a website for the Institute's journal for wider coverage

3.2 PILLAR II: TRADE AND REGIONAL INTEGRATION

The WAMZ Authority recognizes that trade integration is key to the monetary integration programme of the WAMZ. Accordingly, the objective of WAMI is to promote implementation of ECOWAS and WAMZ trade-related agreements and decisions by member states in order to deepen trade integration among member countries of the WAMZ on one hand and the WAMZ countries and the member countries of the ECOWAS. Deepening trade integration in the WAMZ and ECOWAS will make more meaningful the use of the forthcoming single currency, now scheduled to be introduced on or before January 2015. Studies indicate that there is a high correlation between trade, economic growth, and poverty reduction. In the WAMZ, trade must consequently play an important role in facilitating the introduction of the single currency, strengthening regional integration, consolidation of peace, poverty reduction, and economic take-off. In so doing, it will be accompanied with subsequent macro-economic reforms, increased production and adequate infrastructure development.

In carrying out its activities, WAMI will assess and identify ways to address issues that impede progress towards an efficient customs union in the WAMZ and further trade integration of its member countries in the ECOWAS.

Key to the trade integration process is the ECOWAS Trade Liberalisation Scheme (ETLS). In accordance with the rules of origin criteria, member states are to trade freely in goods produced there-under, without tariff and non-tariff barriers. Fully pursued, the Scheme is to spur specialization, competition and innovation. About 80 percent of all ETLS registered products originate from the WAMZ. In spite of its adoption by all the member countries and the number of products registered, full advantage of the scheme has not been taken by WAMZ countries. Further, member countries are required to apply the protocol on free movement of persons, right of residence and to establish; implement the Convention relating to the Inter-State Road Transit, which ensures smooth vehicular movement of transit consignments; apply the ECOWAS common external tariff, and adhere to customs procedures for clearance of goods.

Cumbersome administrative procedures in the application of the ETLS; invalid certificates of origin; slow customs procedures; lack of harmonised quality standards; numerous checkpoints along transit routes; inadequate mechanisms for dispute settlement; inadequate supporting infrastructure; the absence of strong political will to implement the protocols; dearth of private-public sector partnerships; and the prevalence of corrupt practices at entry/exit points and along transit routes have affected a more positive outcome of trade integration efforts. Intra-WAMZ exports have been constrained by supply capacity, distance and weak transportation network as well as inadequate institutional capacity to pursue effective trade integration. All of these have resulted in low trade integration in the WAMZ (and ECOWAS) and narrow exports structure and destination.

For the period 2002-2007, the average share of intra-WAMZ trade in total trade recorded 1.4 percent. Member countries trade with the ECOWAS was 21.4 percent while trade with the

rest of the world was 77.2 percent. Europe remains the largest trading partner of The Gambia, Ghana, Guinea Liberia and Sierra Leone, while Nigeria trades more with the USA. Minerals, petroleum oil and related products, and food products dominated exports with the rest of the world. Though share of manufactures in exports declined for all the countries, from 1995 to 2006, except for Ghana, the ECOWAS market remains quite significant to manufactured exports from Ghana and Nigeria. As capacity for trade is enhanced across the Zone, the regional market should become strategic to all the member countries.

3.1.3 Strategic objectives

Effectively implementing WAMZ and ECOWAS trade-related decisions should help member countries increase both volume and value of original export of various goods by member countries to the WAMZ, ECOWAS and beyond and invest in each other's economy. To facilitate removal of the constraints and in order to improve on trade integration by member countries in the region, for the period 2010-2015, WAMI will pursue its objectives through: promotion of good trade governance; trade facilitation; trade sustainability impact analysis; assistance to build capacity to trade; promotion of effective institutional coordination for trade integration.

The strategies for the achievement of the objectives are as follows:

Promotion of good trade governance

- ✓ Promote compliance with bilateral, regional and multilateral trade agreements and decisions
- ✓ Set up rules of origin committee
- ✓ Sensitisation of stakeholders on good trade practice
- ✓ Promote hosting of website in member countries for public education on cross-border trade and investment rules and initiatives
- ✓ Publish records of member countries progress on compliance with decisions
- ✓ Facilitate implementation of consumer protection policies

Trade facilitation

- ✓ Facilitate introduction of widespread automation of clearance of goods
- ✓ Promote implementation of regional harmonised customs procedures
- ✓ Facilitate introduction of electronic device to track transit consignments
- ✓ Facilitate introduction of rules-based approach to trade facilitation in member countries

- ✓ Set up sub-committee for trade facilitation
- ✓ Reduce physical barriers to cross-border trade

Trade sustainability impact analysis

- ✓ Provide guidelines for the design of policy measures to accompany trade agreements
- ✓ Assist member countries to introduce remedies or safeguards to mitigate effects of trade liberalisation
- ✓ Build capacity to undertake impact assessment on trade regimes

Strengthening capacity to trade

- ✓ Undertake a study to determine form of institution or government backed support required for flexible financing to enhance capacity to produce for export
- ✓ Facilitate implementation of study recommendations
- ✓ Facilitate commitment to improve transportation network
- ✓ Facilitate introduction of regulations that will attract private sector participation in regional infrastructure projects

Promotion of effective institutional coordination for trade integration

- ✓ Provide guidelines for a delivery structure for member countries to pursue trade integration
- ✓ As required, recommend the support necessary for effective operations of the structure
- ✓ Institutionalise a peer review forum to assess progress towards trade convergence of the member countries
- ✓ Facilitate empowerment of the institutions to formulate appropriate trade strategies

Implementation of Regional Infrastructure Projects

- ✓ Facilitate commitment to improve transportation network and provision of sufficient power supply
- ✓ Facilitate introduction of regulations that will attract private sector participation in regional infrastructure projects

3.3 PILLAR III: FINANCIAL INTEGRATION

Financial integration is an important element of the WAMZ regional integration project. The central objective of the WAMZ programme on financial integration is *‘to work towards financial markets integration while undertaking the technical preparations for the introduction of the WAMZ Eco currency’*. Given the divergence in the state of financial sector development in the WAMZ member countries, it is germane to ensure that the financial sector is adequately prepared to guarantee financial inclusiveness that would facilitate a seamless changeover to the Eco currency. The financial sector is undoubtedly at the heart of the WAMZ market economy, playing a major role in intermediating savings and investments. The depth and quality of an integrated financial market can also enhance a broad range of choices for savings, investments, thereby facilitating economic growth within the Zone.

It is reasoned that the integration of the financial markets in the WAMZ would make the Zone more resilient to asymmetric shocks as it would provide a risk sharing mechanism. Negative shocks in one area of the Zone could be mitigated by a compensating variation in the other parts, concomitantly promoting financial stability.

Furthermore, an integrated WAMZ financial market is essential for an efficient and effective implementation of a common monetary policy, as it will facilitate timely transmission of the desired impact of such policy across the Zone. In this regard, developing a strategy for financial sector integration will take into cognizance the challenges of the likelihood of financial contagion arising from pass-through effects of external shocks in any member country in the Region.

3.3.1 Strategic Objectives

In the WAMZ, cross-border transactions are still hampered by fragmented regulatory regimes. Banking markets are still expanding with limited use of single instrument such as credit cards to access banking products across border. Insurance markets are largely localized within national boundaries. Capital markets are not yet integrated and bond markets are relatively underdeveloped. The presence of heavy regulatory restriction on the capital account movement, including huge capital requirements to secure operational license to operate are some of the factors inhibiting cross listing and trading of stocks.

In view of the above, the WAMZ financial integration programme would seek financial integration through five main Strategic: promotion full capital account liberalization; promotion of cross-listing and trading of stocks among regional capital markets; promotion of regional currency convertibility/quoting and trading in WAMZ currencies; promotion of uniform access, rules and treatment for all ‘potential market participants(financial instruments in the financial sector, including banking; insurance), as well as the preparation towards the introduction of the Eco. The strategies and activities for the attainment of the strategic objectives are as follows:

Promotion of Capital Market Development and Integration

- ✓ Set up a Regional Capital Market Development Committee as broad base stakeholder approach to development and integration of capital markets
- ✓ Harmonisation of regulatory framework to promote integration
- ✓ Prepare a debt management strategy to promote development and deepening of the bonds market
- ✓ Articulate a regional private sector strategy on how further capital market development can finance the private sector.
- ✓ Study and promote the development of investment schemes in the WAMZ and consolidate current programs on investor education and harmonize them at the regional level
- ✓ Promote financial literacy of WAMZ population
- ✓ Sensitisation of potential issuers and investors on role of capital markets in financial market integration
- ✓ Host a website for public education on capital market development activities
- ✓ Prepare a road map to set up an OTC; Set up OTC's as a market for fixed incomes and evolving equities in The Gambia, Guinea, Sierra Leone and Liberia using platforms of Nigeria or Ghana
- ✓ Promote the establishment of stock market in The Gambia, Guinea, Sierra Leone and Liberia.
- ✓ Prepare an MOU on the auspice of the African Stock Exchange Association (ASEA) of linking the regional market platform to other developed markets within Africa

Integration of the Banking Sector and Non Bank Financial Institutions

- ✓ Harmonisation of regulatory and supervisory frameworks as well as practices
- ✓ Regional Credit Bureau's and credit rating systems: Promotion and Integration of a credit reporting system and information sharing for soundness of the financial sector
- ✓ Prepare a framework for harmonization of reporting requirements and development of a single set of reports
- ✓ Put in place a customized reporting software which would be an important element of harmonization
- ✓ Concretize a uniform MOU for sharing of supervisory information and cross border supervision of banking institutions
- ✓ Establish a regional Forum on Basel II implementation
- ✓ Canvass the institutionalization of a training program for WAMZ supervisors at the regional level
- ✓ Money and Interbank Development
- ✓ Prepare strategy on ways to improve and deepen the market
- ✓ Prepare a business continuity framework to handle vulnerabilities and crisis
- ✓ Seek technical assistance for an externally assisted financial sector assessment – BCPs,
 - Initiate a capacity building project to strengthen capacities for understanding of the market and necessary supervisory response

Integration of the Insurance Sector for Cross Border Services

- ✓ Harmonisation of regulatory and supervisory frameworks as well as practices in insurance
- ✓ Prepare a framework for harmonization of reporting requirements and development of a single set of reports for insurance companies
- ✓ Put in place a customized regional reporting software which would be an important element of harmonization
- ✓ Concretize a uniform MOU for sharing of supervisory information in the supervision and regulation of insurance sector

Capital Account Reforms and Liberalization

- ✓ Update on Existing practices and Gap Analysis
- ✓ Prepare Strategy paper for further liberalization
- ✓ Country dialogue and Implementation

Regional Currency Convertibility

- ✓ Set up Regional Committee for Implementation and Monitoring of quoting and trading in WAMZ currencies
- ✓ Organize seminars/workshop to sensitize stake holders on benefits and implementation strategy
- ✓ Encourage Central Banks to provide guarantee to the process by way of buy back arrangements
- ✓ Prepare an MOU to allow the removal of burdensome restrictions on money transfers and unhindered quoting and trading
- ✓

3.3.2 Expected Results

Capital market development and integration

- ✓ Set up a Regional Capital Market Development Committee
- ✓ Deepened Bonds Market
- ✓ Deepen collective investment schemes in the WAMZ
- ✓ Sensitisation of Capital Markets Participants
- ✓ Developed OTC Market in The Gambia, Guinea, Liberia and Sierra Leone using platforms of Nigeria or Ghana
- ✓ Establishment and operationalisation of Stock Exchanges in The Gambia, Guinea and Liberia
- ✓ Operationalised cross listing and trading of stocks under a single platform (linking the CDS of WAMZ stocks exchanges) through common passport rules and mutual recognition

Integration of the Banking Sector

- ✓ Harmonised regulatory and supervisory frameworks

- ✓ Institutionalized credit information sharing
- ✓ Harmonised reporting frameworks and accounting practices
- ✓ Well developed Interbank and money Markets
- ✓ Increased banking supervisory capacity

Integration of the Insurance Sector for Cross Border Services

- ✓ Harmonised regulatory and supervisory frameworks on insurance
- ✓ Set up a forum for Insurance Supervisors
- ✓ Increased supervisory capacity for Insurance

Capital Account Reforms and Liberalization

- ✓ Report on existing practices and Gap Analysis
- ✓ Improved Capital Account liberalization

Regional Currency Convertibility

- ✓ MOU to allow the removal of burdensome restrictions on money transfers and unhindered quoting and trading
- ✓ Implementation of Currency Convertibility Arrangement – quoting and trading in WAMZ currencies

Technical Preparation for the Introduction of Eco Currencies

- ✓ The citizenry of member countries of the WAMZ will be fully informed and aware of all the details of the Eco currency Programme.
- ✓ Effective participation of all stakeholders in the WAMZ monetary union Programme will be ensured
- ✓ A vibrant National Steering Committee is put in place capable of adequately meeting all the requirements for a successful introduction of a single currency system in coordination with national central banks.
- ✓ A new single currency, the Eco banknotes and coins, in adequate supply with appropriate security features and right denominational structure to meet the efficiency requirement of transactions in the WAMZ.
- ✓ A supra national monetary authority – the WACB – with powers to issue the single currency banknotes and coins.

3.4 PILLAR IV: PAYMENTS SYSTEM INFRASTRUCTURE

Ghana and Nigeria commenced reforms of their payments systems in the 1990s, addressing both wholesale and retail payment system weaknesses. On the other hand, the payment systems of The Gambia, Guinea, Liberia and Sierra Leone have remained generally rudimentary, with manual clearing system which is burdensome and inefficient. As payment systems of The Gambia, Guinea, Liberia and Sierra Leone lag behind those of Ghana and Nigeria, the Institute sought and received a Grant of USD 23 million for the payments system modernization in the three countries (The Gambia, Guinea and Sierra Leone). The objective is to bring them to the same level as those of Ghana and Nigeria with a view to harmonizing the payment systems, building a robust and integrated regional payment systems and a Single Eco Payment Area.

3.4.1 Strategic Objectives and Strategies

- ✓ Development of the basic infrastructure of the financial sector in WAMZ through the modernization of the payment systems of The Gambia, Guinea, Liberia and Sierra Leone.
- ✓ Acquisition and installation of Wide Area Network (WAN) in all WAMZ countries
- ✓ Creation of enabling environment for the Financial System
- ✓ Establishment of an integrated regional platform for Card transactions in the WAMZ
- ✓ Establishment of an Electronic-Financial Analysis and Surveillance system (E-FASS)
- ✓ Development of WACB Payments system Infrastructure, including the RTGS telecommunication network infrastructure

The strategies and activities for the attainment of the strategic objectives include:

Development the basic infrastructure of the financial sector in WAMZ through the modernization of the Payment systems in The Gambia, Guinea, Liberia and Sierra Leone

interoperability

- ✓ Prepare common payments system rules and regulations
- ✓ Provide an integrated regional payments system through linkages of the national RTGS systems.
- ✓

Acquisition and Installation of Wireless WAN Connectivity (ECOWAN) - telecommunication Infrastructure for WAMZ Payment Systems)

- ✓ Conduct Systems Engineering and Integration, build WACB –Net Point of Service Infrastructure, initiate Content Development and Procurement
- ✓ Connect all participants on payment systems to the ECOWAN – including the WACB, NCBs, commercial banks, stock exchanges, etc.

Creation of enabling environment for the financial sector

- ✓ Domesticate the WAMZ Payments System Statute
- ✓ Promote common payment system rules , guidelines and regulations

Establishment of an Integrated Regional Platform for Card transactions

- ✓ Promote Regional platform for card transactions in the WAMZ
- ✓ Review international best practices
- ✓ Encourage Central Banks and national switch companies for inter-connection and interoperability of their respective switches

Establishment of E-FASS in all the WAMZ countries

- Seek technical and financial assistance for a common E-FASS for the WAMZ
- Introduce a common E-FASS in the WAMZ
-

Development of WACB payments System Infrastructure and common database for the WAMZ

- Seek technical and financial assistance for the WACB payment system infrastructure/ mechanism (LAN, MAN, GL system, CBA, CSD, etc,) and WAMZ database
- Link the RTGS systems of the NCBs to the WACB central hub

3.4.2 Expected Results

Development of the Payments System in the Gambia, Guinea and Sierra Leone

- ✓ RTGS, and electronic clearing systems installed in three countries
- ✓ Increased participation of the citizens in the formal sector
- ✓ Deeper integration of the financial systems in WAMZ achieved
- ✓ Improved IT systems installed and operational at the three Central Banks
- ✓ Enhanced liquidity management by both the commercial banks and Central Banks.

Acquisition and Installation of Wide Area Network (WAN) in all WAMZ Countries

- ✓ A wide Area Network for delivering the Regional RTGS system and ACH transactions
- ✓ Real –time mirroring of transactions between two sites
- ✓ Enhanced operational efficiency and tracking of monetary policy-based information
- ✓ Increased share of intra-trade among WAMZ countries
- ✓ Migration to electronic modes of payment

Creation of enabling environment for payments system transactions

- ✓ Consumer protection
- ✓ Legal framework governing discreet payment systems

Establishment of integrated regional platform for card transactions

- ✓ Increased share of intra-trade among WAMZ countries and migration to electronic modes of payment
- ✓ Reduction of currency in circulation and enhanced monetary policy implementation

Establishment of E-FASS in all the WAMZ countries

- ✓ Improved cross-border supervision of banks
- ✓ Statutory returns by banks to Central Banks are enhanced
- ✓ Increased cooperation and collaboration among the WAMZ Central Banks
- ✓ Quality and effectiveness of banking supervision is enhanced
- ✓ Central Bank's capacity to electronically monitor transaction flows within the financial sector is enhanced
- ✓ Control of money laundering and illegal activities

Development of WACB payments system infrastructure as well as a common database for the WAMZ

- ✓ Increased share of formal intra-trade
- ✓ Economic and financial integration of WAMZ countries
- ✓ The efficiency of funds transfers across WAMZ countries is enhanced.
- ✓ Increased confidence in the financial system, as result of a credit bureau system
- ✓ Increased efficiency in currency management by the WACB and NCBs.

3.5 PILLAR V: INSTITUTIONAL AND CAPACITY BUILDING

3.5.1 Programme for Legal Framework

WAMI has been tasked to design and prepare the legal framework for the WAMZ monetary union. It is important that the creation of the institutions of the WAMZ is backed by the necessary legal and regulatory framework for the smooth functioning of the monetary union. So far the following legal instruments have been prepared:

- ✓ The Agreement of the West African Monetary Zone (WAMZ). It establishes the West African Monetary Zone (WAMZ). The objectives of the WAMZ as stated under the Agreement are stable prices, sound public finances and monetary conditions and a sustainable balance of payments for Member States of the WAMZ.
- ✓ The West African Monetary Institute Statute. This Statute establishes WAMI as a transitional Institute responsible for carrying out all the functions leading to the establishment of the WACB and the introduction of a single currency.
- ✓ The Stabilization and Cooperation Fund. It was established to provide financial assistance for the correction of temporary disequilibria in the balance of payments of member states. The fund is operated under the authority of the WAMZ. The size of the Fund initially US\$50 million (to be contributed by members and other donors) has been increased to S\$100 million.
- ✓ The Statute of the West African Central Bank (WACB). It establishes a single Central Bank for the WAMZ with branches in each Member State.
- ✓ The Statute of the West African Monetary Zone Secretariat. The Statute establishes the Secretariat which will take over some of the functions of WAMI after the take off of the WACB.
- ✓ The Statute of the West African Financial Supervisory Authority (WAFSA). The Statute of WAFSA establishes the WAFSA as the sole regulatory and supervisory body which would license, supervise and regulate the activities of banks and non-bank financial institutions in the WAMZ.
- ✓ The Banking Statute of the WAMZ. This statute has as its objective the provision of an effective legal and regulatory framework for the licensing, regulation and supervision of banks in the WAMZ, to ensure the soundness, safety, and stability of banks and the banking industry as well as ensuring a stable macroeconomic environment.

- ✓ The Non-Bank Financial Institutions (NFBI) Statute of the WAMZ. This provides for the licensing, regulation and supervision of NFBI's in the WAMZ by the WAFSA.
- ✓ The Payments System Statute of the WAMZ. This establishes an appropriate legal framework for the supervision and regulation of clearing and settlement systems to promote efficiency and stability in the financial system in the WAMZ.
- ✓ The Single Economic Space and Prosperity Agreement. The Agreement creates a homogeneous economic area by the removal of barriers which impede trade and other economic activity to promote trade and economic relations between the Member States in order to raise the living standards of its peoples.

Other Legal Instruments

As part of WAMI's Action Plan for 2010-2015, the legal agenda includes the following:

- ✓ Draft Stability and Growth Agreement.
- ✓ Legal framework for Accounting and Statistics.
- ✓ Legal framework for the introduction of the eco.
- ✓ Harmonization of business laws.

The Banjul Action Plan (BAP) requires all member states to ratify and incorporate all WAMZ legal instruments into national law. To achieve the objective of the BAP, WAMI must liaise with the executive arm of member states to secure the passage of the various WAMZ legal instruments by the Parliaments/National Assemblies. The strategy adopted by WAMI in the past, whereby officials of the Institute visited member States to dialogue with key stakeholders including Governors of Central Banks, Ministers of State and parliamentarians, to solicit their support in ensuring that the instruments were laid before the Parliament/National Assembly, was found to be effective.

Three member States have failed to ratify and incorporate into national law, the necessary WAMZ legal instruments. The legal instruments signed by the Authority of Heads of State and Government (the Authority) which require ratification and domestication are the Agreement of the WAMZ and the Statute of the West African Central Bank (WACB) and the WAMZ Secretariat Statute. To date, The Gambia and Guinea have ratified the Agreement of the WAMZ and the Statute of the WACB whilst Sierra Leone has ratified the Agreement of the WAMZ. All member states must incorporate the WAMZ legal instruments into national law once ratified. Further legal instruments which have been prepared and must be ratified once signed by the Authority, include the Statute of West African Supervisory Authority; the Banking Statute of the WAMZ; the Non-Bank Financial Institutions (NFBI) Statute of the WAMZ; the Payments System Statute of the WAMZ; and the Single Economic Space and Prosperity Agreement.

Strategic Objectives

To ensure that the WAMZ monetary union is backed by the necessary legal and regulatory frameworks that will guarantee smooth functioning of the monetary union, it is important to harmonize business and financial laws in the zone to facilitate greater financial integration. As the ultimate goal of monetary integration is to alleviate poverty, promote trade, enhance employment and growth, it is necessary to create the appropriate business environment for trade and investment.

Strategies

- ✓ To establish a forum comprising public agencies, the private sector and experts in various business and financial sectors to strategize on the harmonization of business laws in the WAMZ.
- ✓ To engage consultants to carry out studies on the harmonization of business laws and to draft the relevant Statutes.
- ✓ To build capacity in the legal department by organizing study visits to established monetary institutes/organizations to gain knowledge and skills in preparation of legal framework for the commencement of the monetary union.

Expected results

Key outputs of the legal programme are draft legislation and Agreements in the following areas:

- ✓ Macroeconomic Sustainability and Growth
- ✓ Fiscal Responsibility
- ✓ Accounting and Statistics
- ✓ Introduction of the common currency
- ✓ Business Laws

3.5.2 Sensitization

The sensitization regarding the WAMZ programme entails creating awareness on the benefits and costs of the monetary union for the critical stakeholders. The BAP provided a new orientation for sensitizing stakeholders in tandem with stages of implementation of the WAMZ programme. The key components included: drawing up a position paper on responsibilities of the stakeholders; developing close linkages among National Sensitization Committee (NSC) coordinators; preparing handbills reflecting the new direction of the WAMZ; and identifying key stakeholders of the WAMZ, including forums for generating funds towards implementation of the sensitization activities.

The importance of sensitization activities to the success of the WAMZ program was recognized right from the outset. It was for this reason that a sensitization framework was adopted by the WAMZ Convergence Council in July 2001 in Abuja, Nigeria. This framework required all Member States to officially launch a sensitization program in their

respective countries. They were also required to set up National sensitization Committees (NSCs) to undertake sensitization activities in their respective countries. The Convergence Council spelt out the composition and functions of the NSCs. Primary responsibility for carrying out sensitization activities in member countries rested with the NSCs, with WAMI mandated to play only a supportive role. Each member country was required to fund its NSC and make funds available for its sensitization activities. The NSCs were to report on progress being made and challenges encountered to WAMI on a bi-monthly basis.

NSCs were duly established in all the member countries. They all had a National Coordinator and well articulated programs of activities. Sensitization programs were officially launched in all five member countries by the end of 2002 (Sierra Leone, February 19; Nigeria, March 15; Gambia, March 28; Ghana, June 3; and Guinea, September 16). However, the NSCs could not fully implement the sensitization programs due to budgetary constraints although some significant strides were taken by two of the member countries. WAMI made a lot of efforts in 2002 to source external financing from development partners for its own sensitization initiatives but to no avail. In the end, not many sensitization activities were carried out either by the NSCs or by WAMI in 2001 and 2002 though WAMI did develop sensitization literature for distribution in member countries by the NSCs.

Notwithstanding the renewed emphasis on sensitization contained in the BAP, the member countries have hardly undertaken any sensitization activities since July 2006. This state of affairs was extensively discussed at the Convergence Council Meeting held in Abuja, Nigeria in May 2007. The Council noted that there had been a lull in WAMZ sensitization activities despite the nearness of the launch date of the monetary union. The Council called on member countries to fund the NSCs for effective sensitization activities and urged all stakeholders to become involved in the sensitization process. The Council also directed WAMI to review the national sensitization architecture for effective communication of WAMZ activities and to develop a terms of reference for the NSCs. WAMI carried out the directive of the Council but this did not seem to have had any impact on sensitization activities by the NSCs. The postponements of the launching date of the single currency have made some stakeholders skeptical of the project. In such a climate, to effectively sensitize people becomes more problematic.

Strategic Objectives

Since 2001, when the implementation of the West African Monetary Zone (WAMZ) program commenced, Member States have been required to establish a delivery structure to effectively educate the general public on the need for a second monetary zone in ECOWAS. This sensitization exercise began with a lot of fanfare but soon petered out for various reasons. Given the important role that sensitization will play in heralding a successful and sustainable monetary union there is a need to pursue certain strategic objectives and strategies:

Expected Results

By implementing the above strategies, the following results are expected to be achieved:

- ✓ Support for the WAMZ program by citizens of Member States;
- ✓ Increased trade between WAMZ member countries;
- ✓ Greater financial integration among WAMZ member countries;
- ✓ A single currency accepted by WAMZ citizens and residents;
- ✓ A sense of ownership of the WAMZ program by the stakeholders;
- ✓ Ratification and domestication of WAMZ legal Instruments;
- ✓ A successful and sustainable monetary union in the final analysis.

3.5.3 Institutional and Capacity Building for the WAMI and WAMZ

The West African Monetary Institute, which has the mandate of facilitating the processes leading to the establishment of the West African Central Bank and introduction of a common currency, would continue to be the key vehicle for the implementation of the BAP. To meet the objectives there is need for strong institutional capacities in WAMI.

As an imperative, the WAMZ ultimate objective would be to have institutions that are efficient and effective. Hence, the WAMI will endeavour to enhance its own internal capacities in order to achieve optimal performance levels. Renewed focus on establishing and operationalising the WAMZ Institutions will be imperative in the WAMZ's effectiveness and efficient drive. Thus, the West African Monetary Institute will pursue on behalf of and in collaboration with member states programmes to enhance capacities in order to achieve optimal performance levels.

In spite of the three postponements that the Union has suffered, member states have achieved greater cohesion and harmonisation of institutional policies over the period. Both the Institute's and the Zone capacities have been developing gradually. There has also been enhanced profile and partnerships development. This can be seen from the convergence performance over the years. However, there are rooms for improvement.

The West African Central Bank

The common Central Bank for the Zone, known as the West African Central Bank (WACB) with headquarters in Ghana, has the primary objective of price stability in member states. As enunciated in the Accra Declaration of April 20, 2000, its functions would include issuing the zone's common currency, Eco; formulating and implementing a common monetary policy for the member states in the zone. The institutional structure of the Bank as stipulated in the current statute (which is presently being reviewed) is a unitary system within a decentralised administrative structure to facilitate monetary policy implementation, basically for political, social and cultural reasons. In this regard, the WACB formulates monetary policy for the zone, but National Central Banks (NCBs) are involved in implementation as directed by the WACB. The Central Banks of member countries are to continue largely as national institutions but have their Governors as members of the Board of Directors of the

WACB which, therefore, looks more like a hybrid system of central banking in a monetary union.

The West African Financial Supervisory Authority

In recognition of the great importance of the role of banking supervision in ensuring financial sector soundness in the proposed monetary union, the authorities of the West African Monetary Zone at the 7th meeting of the Convergence Council adopted the West African Supervisory Authority (WAFSA) as a centralized supervisory institution to undertake supervision and regulation of banks and other deposit taking institutions (non-banking financial institutions) in the member countries. The WAFSA would also be responsible for licensing the banking and non-banking financial institutions in the zone as stipulated in its statute. It was envisaged that by ensuring safe and sound financial sector, WAFSA will complement the WACB's primary objective of price stability in the member countries.

Another reason is to facilitate the long-term goal of merging the WAMZ and the West African Economic and Monetary Union (WAEMU) within the framework of the ECOWAS Monetary Cooperation Programme. The need for WAFSA was also borne out of the desire to harmonize practices with what obtains in the CFA franc zone so as to make future merger less burdensome.

The West African Monetary Zone (WAMZ) Secretariat

Multilateral surveillance of the economies of member countries of the WAMZ will continue to be relevant even after the commencement of the monetary union. . Statistical harmonization, development of macroeconomic database, monitoring and development of fiscal and trade policies are among the activities that would be undertaken on a continuous basis within the monetary union. As a result, the authorities, at a meeting held in Freetown in May 2004 approved the proposal to establish the WAMZ Secretariat. The WAMZ Secretariat would be in charge of coordinating the integration process and undertaking multilateral surveillance thereby ensuring sustainability of the convergence process in the zone. It would represent the WAMZ in the international scene and undertake activities that would promote the attainment of the WAMZ's objectives.

The Secretariat would be based in Conakry, Guinea. Like the WAFSA, the Secretariat has not been designed as a revenue generating institution. Modelled under the existing monetary unions like the European Commission (EU) and the WAEMU, the Secretariat would serve as the executive arm of the integration and the focal point for the harmonisation of economic, statistical and trade policies of the member states. The Secretariat is to commence operations upon the winding up of WAMI.

The Stabilization and Cooperation Fund

This is an institutional arrangement for the activation of WAMZ Institutions by the Authorities of the WAMZ, to cater for the absorption of exogenous shock within the Zone

on the take off of the Monetary Union. Article 12 of the Agreement of the West African Monetary Zone (WAMZ) establishes the Stabilization and Cooperation Fund (SCF), Article 12.2 states that the objective of the SCF is to provide financial assistance for the correction of temporary disequilibria in the balance of payments of Member States

Strategic Objectives and Strategies

To achieve the WAMZ's Expected Results as set in each of the other Pillars, strong institutions and capacity would be necessary. The Union's ultimate objective is to have very efficient and effective institutions that will work towards the WAMZ Vision in harmony and synergy. The West African Monetary Institute, being the pilot organisation for these institutions and the establishment of the West African Central Bank in particular has no lesser objective than having various departments that will work with cohesion in order to bring about the expected optimality.

A strong West African Central Bank with an adequate capital base and capacity in the face of the present global financial crisis and exposure to external shocks is the answer to a strong, sustainable and reliable monetary union. As a result, the Institute will seek to reinforce/reengineer its various departments and enhance its capacity for service delivery by pursuing the following strategic objectives and strategies:

Expected Results

Establishment of the West African Central Bank and the Activation of WAMZ Institutions

- ✓ Adoption of a central banking system for the WACB
- ✓ Determination and approval of an appropriate capital base of the WACB.
- ✓ Payment of outstanding contributions to the WACB capital and the budget of the WAMZ

Secretariat

- ✓ Activation of the WACB, WAFSA and the WAMZ Secretariat
- ✓ The appointment of members of the Executive Board of the WACB in accordance with its statutes and recruitment of the required staff for the WAMZ institutions

Establishment of National Steering Committees

- ✓ Establishment of a national steering committee in each member country

Development of ICT Infrastructure

- ✓ Development of ICT infrastructure for the operational and policy functions to be undertaken within the WAMZ banking system
- ✓ Commencement of the West African Central Bank

Operationalisation of SCF

- ✓ Payment of outstanding contributions to the SCF

Institutional Arrangements

- ✓ Accounting & Budgetary procedures, Auditing Manual and Human Resources manual for the WACB
- ✓ Building for the WACB and initial set up of the offices

4.0 PARTNERSHIPS AND RESOURCES

4.1 Partnerships

WAMI will build more effective partnerships based on clear and explicit agreements to deliver well-articulated results. It has started drawing up and signing Memoranda of Understanding with external partners, including key donor agencies and research institutions. The broad thematic focus of its external partnership includes *Resource Mobilization, Knowledge, Information Exchange, and Capacity Building*.

The Partners can also be broadly classified as: Regional Partners, Strategic and development Partners. The Economic Community of West African States (ECOWAS) is one of the main partners of the Institute as WAMI's mandate of creating a common central bank and a single currency is embedded in the broader program of ECOWAS. Economic and monetary union has been a longstanding ambition of the Economic Community of West African States (ECOWAS)¹. The objective of the ECOWAS Treaty is the "co-operation and integration, leading to the establishment of an economic union in West Africa in order to raise the living standards of its peoples, and to maintain and enhance economic stability, foster relations among member states and contribute to the progress and development of the African continent"². The ECOWAS Programme for West African integration includes: the ECOWAS Trade Liberalization Scheme (ETLS); the ECOWAS Monetary Cooperation Programme (EMCP); free movement of persons; development of regional transport and communications networks; strengthening the production base and the harmonization of macroeconomic policies of member states.

The EMCP, launched in 1987, with the objective of establishing a single monetary zone in the sub-region has, however, fallen short of its goal for many reasons including the challenging economic and political experiences of some member states. According to the initial timetable, the EMCP was scheduled to take off in 1992, but this target date could not be met, and was rescheduled by the Authority of Heads of State and Government of ECOWAS³ to the year 2000. As it became clear that the 2000 target date was also too ambitious, the Authority decided at its meeting in Lomé, Togo, in December 1999, that a two-track approach to ECOWAS integration programmes be implemented. The formation of the second monetary zone⁴ in West Africa, known as the West African Monetary Zone (WAMZ) in 2000, sought to achieve economic integration and monetary union amongst the five countries outside the West African Economic and Monetary Union (WAEMU). This strategy helped to give renewed impetus towards the realization of the ECOWAS Monetary Cooperation Programme. WAMI has developed sub-regional partnerships, regional partnerships, strategic and development partnerships with a number of international

¹ Thereafter referred to as ECOWAS

² Article 3 Revised Treaty of ECOWAS, 24th July 1993

³ Thereafter referred to as the Authority

⁴ The first monetary zone in West Africa comprises the eight francophone countries using the West African CFA franc issued by the BCEAO known as the West African Economic and Monetary Union.

organizations for cooperation and collaboration in respect of monetary integration programmes, support for infrastructure and institutional development and promotion of the WAMZ programme. The partners of the Institute are varied as indicated in the table below:

Table 2: PARTNERS

PARTNERS	EXPECTATIONS	STATUS
SUB-REGIONAL		
Economic Community of West African States (ECOWAS)	Coordination in the harmonization of the integration processes Cooperation and collaboration in respect of programmes Trade Research Multilateral Surveillance (Convergence) ECOWAN Heads of State Summit	Collaboration in the areas of Trade, Research, Multilateral surveillance, Heads of State Summit, ECOWAN project- joint project for interconnectivity among the WAMZ member States.
West African Economic Monetary Union (WAEMU)	Coordination in the harmonization of the integration processes Cooperation and collaboration in respect of programmes; Trade, Research, Multilateral Surveillance, Heads of State Summit	Expected collaboration in the areas of Trade, Research, Multilateral surveillance, Heads of State Summit
West African Monetary Agency (WAMA)	Coordination in the harmonization of the integration processes Cooperation and collaboration in respect of programmes Trade, Research, Multilateral Surveillance, Heads of State Summit	Coordination in the harmonization of the integration processes. Collaboration in respect of monetary integration programmes.
West African Institute for Economic Management (WAIFEM)	Cooperation and collaboration in respect of monetary integration programmes	Training.
West African Bankers Association (WABA)	Collaboration in respect of monetary integration programmes	Collaboration in the area of sensitization.
REGIONAL		
African Union (AU) UNECA ADB AFRIEXIM AFC ACBF AERC	Coordination in the harmonization of the integration processes Trade, Research, Multilateral Surveillance, Heads of State Summit Resource mobilization; Knowledge; Capacity Building; Information Exchange; Effective coordination with member States; Cooperation on African common positions; Transparency and accountability; Timely and accurate information and reports; Contract compliance	Expected collaboration in the areas of Trade, Research, Multilateral surveillance, Heads of State Summit, capacity building, etc. Granted US\$ 23m funding for Payments System Development in the WAMZ. Negotiating funding for Trade Integration Memorandum of Understanding signed for support for establishment of Trade Forum to strengthen Trade capacity
STRATEGIC AND DEVELOPMENT		
Bilateral ✓ USAID ✓ DFID ✓ AFD ✓ CIDA ✓ SIDA ✓ KFW ✓ CHINA ✓ Islamic Bank (IsDB) ✓ The European Union (ECB)	Resource mobilization; Knowledge; Capacity Building; Information Exchange; Effective coordination with member States; Cooperation on African common positions; Transparency and accountability; Timely and accurate information and reports; Contract compliance	Granted Technical Assistance in the areas of Financial Integration, Trade in Financial services, Knowledge and Payment Systems. Technical Assistance for Statistical Harmonization

5.0 MONITORING AND EVALUATION

After three postponements of the introduction of the Eco single currency, WAMI and member States should undertake all the necessary actions in order to avoid another postponement which might dent the credibility of the single currency project. In this regard, it is important that a mechanism to monitor and evaluate the progress of the extended WAMZ programme be put in place to ensure that the intended results are achieved. The need for strategic control to track implementation in project management can hardly be overemphasized. Monitoring and evaluation of activities provides stakeholders with adequate mechanism for learning from experience, improving service delivery, planning and efficient resource allocation.

The objectives of monitoring and evaluation are to:

- ✓ Ensure that the correct milestones as planned are achieved;
- ✓ Act as an early warning system in cases where targets are unlikely to be achieved;
- ✓ Provide regular information to all stakeholders on progress of the Strategic Plan and an informed basis for any reviews;
- ✓ Ensure the continuous sharpening and focusing of strategies and assist in the mobilization of appropriate interventions

To reduce the burden on Member states in the execution of the WAMZ programme, WAMI has adopted the strategy of partnership with identified international financial institutions in the implementation and funding of the various components of the WAMZ projects. WAMI has also adopted a project based management strategy in order to improve the efficiency and effectiveness of realizing the WAMZ programme.

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5.1 Institutional Fundamentals

5.1.1 Structure

In order to improve on the coherence and coordination in the execution of the work programme, a teamwork approach has been adopted to ensure that strategic priorities are reflected in resources allocation, better monitoring and management of performance, and strengthen the focus on results. WAMI's organizational structure has been revised. Directors have been given more authority and will be held accountable for resources management.

5.1.2 Business Processes

Significantly revised business processes are being implemented, including Country surveillance team and peer review of operations proposals, and increased upstream quality assurance. The Operations and Corporate Services Committees have been established to drive strategic alignment and improve quality of documents and decisions. WAMI will deliver corporate services more efficiently, including improvements in Finance and

Administration Department's business processes and organizational structure. These efforts will increase stakeholders' orientation, support automation and increase fiduciary controls.

5.1.3 Human Resources

The strategic priority is to improve the allocation of staff and resources in line with institutional priorities. The strategy is to ensure sufficient match between staffing skills and institutional priorities. WAMI has introduced new performance management assessment tools, accompanied by training, to ensure that its workforce remains productive and fully motivated. The compensation framework now includes cash and non-cash incentive programs for high performers.

5.1.4 Communication

In line with the Directive of Convergence Council, WAMI is developing a new Sensitization and Communications Strategy to make its operations more visible and appreciated by the stakeholders.

5.1.5 Technology

Improvements in Information Technology are required to provide critical support for the WAMI's mission. A key near-term priority is to improve the content and usability of the WAMI's intranet and website, making them more user-friendly and more interactive. Technical assistance will involve the following key scope of work elements.

- ✓ Evaluation of databases and IT at WAMI to determine existing capabilities and needs.
- ✓ Evaluation of online communications IT capacities at WAMI and at member country central banks, ministries of finance and national statistical offices for timely online inputting of macroeconomic statistics to the Common Statistics Database as soon as they are produced.
- ✓ Design of ICT architecture for a system that will have the characteristics listed below and fulfill the purposes of the Common Statistics Database.
 - ✓ Utilize existing tools more effectively to improve WAMI staff efficiency
 - ✓ Enhance website to include a collaborative space (e.g. forum) for WAMI staff and member countries
 - ✓ Build an intranet – with remote access capabilities
 - ✓ Develop a taxonomy for the files in the common space
 - ✓ Purchase Microsoft Project – for developing detailed work plans
 - ✓ Train WAMI IT manager on the CSD applications, source code and logic
 - ✓ Train users on the CSD

5.2 Monitoring

Monitoring is the systematic collection and analysis of information as a project progresses. It is aimed at improving the efficiency and effectiveness of a project or organization. While operational control will be the form of monitoring to be implemented by WAMI over short periods, the strategic control will be used to steer the organization over an extended period.

5.2.1 Operational Control

Operational control provides post-action guidance and follows the following steps: set performance standards and targets for responsibility centres; measure actual performance; identify deviations (positive or negative) from standards/targets and report evaluation and causes of deviations for necessary corrective action. Operational control involves implanting annual-plan controls which is based on annual budgetary process and require establishing a resource-allocation plan that help WAMI to coordinate operations and facilitate managerial control of performance.

Efficiency analysis is also carried out by the internal audit Division to determine whether there are more efficient ways to manage activities to improve effectiveness. In order to build and systematically reinforce a culture of institutional performance and delivery, Key Performance Indicators (KPIs) will be adopted for Departments. The KPIs will lead to greater accountability for effective delivery at every level. Staff performance evaluations will be adapted to reflect associated KPIs. Monitoring of KPIs will form the basis for semi-annual and annual reports. The monitoring and evaluation of Plans and programmes will be based on manageable processes; measurable and verifiable indicators that is consistent with the basic rules of simplicity, timeliness and cost effectiveness.

5.2.2 Strategic control

In contrast to the post-action control discussed above, strategic control is concerned with guiding action on behalf of the strategy as the action is in progress and the end result still several years off. Strategic control implementation will permit WAMI to know if the strategy is being implemented as planned; and if the results produced by the strategy are those intended.

In order to adapt WAMI's strategic actions and direction in response to changes four basic types of strategic control may be implemented according to circumstances. They are:

- ✓ Premise control, which is designed to check systematically and continuously whether the premises which the strategy is based are still valid;
- ✓ Strategic surveillance which consist to monitor a broad base range of events inside and outside WAMI to effect the course of the strategy;
- ✓ Special alert control which consist to review the strategy when sudden or unexpected events occur.

- ✓ Implementation control which consists to ascertain if the strategy should be changed in light of results associated with incremental actions that implement the overall strategy. As a mean of implanting broader strategies, narrow strategic projects are undertaken-project that represents part of what needs to be done if the overall strategy is to be accomplished. It consists also to identify significant milestones that will be reached during strategy implementation.

An alternative approach linking operational and strategic control denominated balance scorecard methodology will be implemented. This methodology is a management control system that would enable WAMI to clarify its strategies, translate them into actions and provide quantitative feedback as to whether the strategy is creating value, leveraging core competencies and satisfying WAMI's stakeholders.

5.2.3 Level of Monitoring the Strategic Plan

Policy Level

- ✓ The WAMZ Heads of State Summit to ensure consistency of outputs against the Vision and Mission, and overall objectives of the WAMZ;
- ✓ Convergence Council and Committee of Governors to monitor progress and achievements in set targets; and
- ✓ Summit or Council may direct a change of focus and/or strategies if and when necessary.

Technical Level

- ✓ The Technical Committee and the WAMZ will be responsible for ensuring that progress on the Plan is monitored on a regular basis.

The Secretariat Level

- ✓ WAMI will produce a semi-annual report and an annual report on the overall implementation of the Plan;
- ✓ The Secretariat will ensure that the monitoring system provides for aggregate indicators to monitor the overall development of the region by tracking developments in all areas of integration.
- ✓ An integrated monitoring system for the Plan will be developed by the Secretariat to provide an early warning mechanism and to maintain a good grasp on the development and implementation of the Plan.
- ✓ The Secretariat will also monitor the implementation of the various protocols and MOUs, as these are key instruments of regional integration.

5.3 Evaluation

WAMI will undertake evaluation in order to compare the actual project impacts against the agreed strategic plans. The evaluation will look at what is set out to do, at what have been accomplished, and how it has been accomplished. Evaluation is an ex-post analysis of a

project after it has been executed. It determines the real benefits derived and establishes the effective costs incurred. The purpose of WAMI's evaluation of projects will be to provide:

- ✓ Rapid solutions to unexpected problems that might emerge during implementation;
- ✓ A sound basis for project assessment;
- ✓ Useful lessons to improve policies, plans and management for future projects
- ✓ New insights or new information that was not anticipated;
- ✓ And information for communication to WAMZ programmes stakeholders.

WAMI Self-evaluation will be the main tool for reviewing in a systematic and regular manner progress on medium-term programme implementation as well as agreeing on reorientation of activities in alignment with the objectives of the Plan and the medium-term programme. It will be a process of continuous improvement and will take place during programme implementation and/or completion. Mid-term evaluation will focus on possible modifications to the planned implementation of the Plan through successive medium-term programmes while terminal evaluation will focus on the desirability and feasibility of future activities.

6. CONCLUSION

The current and even projected trend of global economic development has brought to the fore the frailty of the developing economies. To survive the foray of globalization and its attendant negative effects, most countries the world over are currently involved or seeking to engage in one form of regional integration arrangement or the other. There is a broad consensus that regionalism is the only way forward for any meaningful economic growth and development that would aid poverty alleviation on a sustainable basis. This strategic plan has laid the plans for the Institute for the next five years.

Although this plan was packaged during a period of global economic and financial uncertainty, a successful execution of this strategic plan is expected to guide the Institute and indeed the Zone to attain the stated objective of the establishment of a common central bank and the issuance of a single currency by 2015.

Overall, the plan is consistent with the other regional economic integration arrangement as well as the current thinking at the continental Africa. Economic and Monetary Integration in the West African Monetary Zone is not just an imperative but ultimatum.

LIST OF ANNEXES

PILLAR I: MACROECONOMIC CONVERGENCE AND STATISTICAL HARMONISATION

Objective	Strategies	Measures	Time Frame		Indicators	Responsibility
Empirical Research	Conduct Empirical Research of WAMZ Economies Organize seminar presentation	Use econometric techniques to investigate the impact of government policies on key macroeconomic variables on WAMZ economies: 1. Undertake a study on Estimating Equilibrium Real Exchange Rate in the WAMZ 2. Undertake a detailed study on the Impact of the Global Financial Crisis on WAMZ economies 3. Undertake a study on Foreign Direct Investment and Economic Growth in the WAMZ 4. Study on Remittance Inflows and Utilization. 5. Undertake a study reviewing the Monetary Policy Transmission Mechanism in the WAMZ and their Effectiveness 6. Undertake a study on Fiscal Policy and Economic Growth in the WAMZ 7. Impact of value Added tax on WAMZ economies	2010	2014		WAMI
Publication	Coordinate with other departments for timely publication	1. Preparation for publication of State of Preparedness Report 2. Preparation and publication of WAMI's Annual Report 3. Publication of the West African Journal of Monetary and Economic Integration	2010	2014	Annual Report, Journal articles	WAMI

Monetary Policy Strategy	Design a monetary Policy framework	Review monetary policy framework from other region/countries and analyze the monetary and inflation targeting framework	2010	2014	Monetary Policy for the WAMZ	WAMZ and Expert Group
Framework for the harmonization of NA and CPI statistics in the WAMZ	1. Design and Implement updated framework 2. Compute a zone-wide CPI	1. Undertake status assessment using the WAMZ Statistical Assessment Questionnaires under the WAMI Statistical Harmonization Action Plan 2. Adoption of COICOP and national composite index 3. transformation to SNA 93	2010	2014	Harmonized CPI and GDP	WAMI and member Countries
Framework for the harmonization of money and banking statistics in the WAMZ.	Design the framework	1. Submit proposed framework for the Consideration and validation by the WAMZ Experts Committee on harmonization of money and banking statistics in the WAMZ. 2 .Implement Harmonized Framework in the WAMZ Multilateral Surveillance System	2010	2013	Harmonized banking statistics	WAMI and member Countries
WAMZ Statistical Database	Preparation of statistical Tables to Country Reports and Zonal Macroeconomic Convergence Reports	1. Undertake an exercise to extend existing WAMZ country data sets (2000-2015) going as far back to at least 1980 for the and on selected economic indicators. 2.Continue to pursue collaboration with ECOWAS/ AfDB/ World Bank on Statistical Harmonization and Database Development:	2010	2014	Accurate and updated data base	WAMI and other Institutions

PILLAR II: TRADE AND REGIONAL INTEGRATION

Objective Objective	Strategies	Measures	Time Frame		Indicators	Responsibility
Promotion of good trade governance	Promote compliance with bilateral, regional and multilateral trade agreements and decisions	Advocacy-meetings with countries relevant authorities Streamlining record keeping of agreements Publicizing agreements Making agreements accessible to the public Build capacity in trade negotiations and implementation of agreements/decisions	Jan. - Dec. 2010-2012		Agreements are domesticated Reports Reduction in incidence of non-compliance	Member countries/WAMI
	Set up rules of origin sub-committee	Inaugurate sub-committee Source funding	Jan. 2010	Dec. 2010	Sub-committee is operational	Ministry of Trade/WAMI/ECOWAS Expert Working Group
	Sensitisation of stakeholders on good trade practice	Country –wide sensitization	Jan. 2010	Dec. 2014	Agreed document on what good trade practice is Number of sensitisation activities held	WAMI/Ministry of Trade
	Promote hosting of	Member countries to	Jan.	Dec.	Website for	WAMI/Ministry of Trade

	website in member countries for public education on cross-border trade and investment rules and initiatives	provide facilities for purpose Seek assistance from partners	2010	2014	purpose hosted	
	Publish records of member countries progress on compliance with decisions		Jan. 2010	Dec. 2011	Records published	WAMI
	Facilitate implementation of consumer protection policies	Countries given guidelines on policy Sensitise public on importance of such a policy and feature it in newsletter	Jan. 2010	Dec. 2012	Competition policy introduced Policy features in newsletter	WAMI/Ministry of Trade

Objective Objective	Strategies	Measures	Time Frame		Indicators	Responsibility
Promotion of good trade governance	Promote compliance with bilateral, regional and multilateral trade agreements and decisions	<p>Advocacy-meetings with countries relevant authorities</p> <p>Streamlining record keeping of agreements</p> <p>Publicizing agreements</p> <p>Making agreements accessible to the public</p> <p>Build capacity in trade negotiations and implementation of agreements/decisions</p>	Jan. - Dec. 2010-2012		<p>Agreements are domesticated</p> <p>Reports</p> <p>Reduction in incidence of non-compliance</p>	Member countries/WAMI
	Set up rules of origin sub-committee	<p>Inaugurate sub-committee</p> <p>Source funding</p>	Jan. 2010	Dec. 2010	Sub-committee is operational	Ministry of Trade/WAMI/ECOWAS Expert Working Group
	Sensitisation of stakeholders on good trade practice	Country –wide sensitization	Jan. 2010	Dec. 2014	<p>Agreed document on what good trade practice is</p> <p>Number of sensitisation activities held</p>	WAMI/Ministry of Trade
	Promote hosting of website in member countries for public	Member countries to provide facilities for purpose	Jan. 2010	Dec. 2014	Website for purpose hosted	WAMI/Ministry of Trade

	education on cross-border trade and investment rules and initiatives	Seek assistance from partners				
	Publish records of member countries progress on compliance with decisions		Jan. 2010	Dec. 2011	Records published	WAMI
	Facilitate implementation of consumer protection policies	Countries given guidelines on policy Sensitise public on importance of such a policy and feature it in newsletter	Jan. 2010	Dec. 2012	Competition policy introduced Policy features in newsletter	WAMI/Ministry of Trade

PILLAR III: FINANCIAL SECTOR INTEGRATION

	Strategies	Measures	Time Frame		Indicators	Responsibilities
Capital Market Development and Integration	Set up a Regional Capital Market Development Committee (RCMDC)	Advocacy and invitation to formal inaugural meeting of the Regional Capital Market Development Committee (RCMDC)	Jan. - Dec. 2010		RCMDC owns and interact with Stakeholder Committees	WAMI
	Promote deepening of the bonds market	Broaden and deepen the domestic market for government securities – grow market for fixed incomes Lengthen maturity of government instruments and promote the issuance of corporate bonds by the private sector	Jan. 2010	Dec. 2014	developed new financial instruments such as fixed income securities	Central Banks Expert Working Group Meetings, Convergence Council
	Promote the development of collective investment schemes in the WAMZ	Country –wide sensitization	Jan. 2010	Dec. 2014	peer review of concept paper on enhancing collective investments	
	Sensitization of capital market participants		Jan. 2010	Dec. 2014		WAMI, RCMDC
	Promote the Development of an OTC market in The Gambia, Guinea and Sierra Leone		Jan. 2010	Dec. 2011	Privatization of state enterprises; Draft regulatory framework and operationalisation	WAMI, RCMDC Ministry of Finance Central Bank
	Promote the Establishment of Stock Exchanges in The Gambia and Guinea		Jan. 2010	Dec. 2012		RCMDC Ministry of Finance Central Bank
	Promote cross listing and trading of stocks under a single platform (linking the CDS of WAMZ stocks exchanges	Link Regional Integration to local efforts to develop individual capital markets	Jan. 2010	Dec. 2014		RCMDC Ministry of Finance Central Bank

Objective	Strategies	Measures	Start	End	Indicators	Responsibility
Integrating the Banking Sector Integration of the Insurance Sector for Cross Border Services	Harmonization of regulatory and supervisory frameworks	Promote cross border financial services Strengthen cross border supervision	Jan 2010	Dec 2010	MOU signed and implemented on cross border supervision Reports on harmonization of regulatory and supervisory practices	Expert Working Group Meetings, Convergence Council
	Promote Credit Bureau and Credit Rating systems	Regional credit reporting system and information sharing for soundness of the financial sector	Jan. 2010	Dec. 2010	Regional credit information sharing platform	Central Banks
	Promote and harmonize reporting frameworks and accounting practices		Jan. 2010	Dec. 2014	Reports on harmonized reporting and accounting framework	Expert Working Group Meetings, Convergence Council
	Improve the Interbank and Deepen the Money Market	Deepen the market with more instruments Maintain liquidity and marketability of instruments	Jan. 2010	Dec. 2014		
	Promote Capacity Building of bank supervisors		Jan. 2010	Dec. 2014	Increase in the number of bank supervisors with additional skills	
Integration of the Insurance Sector for Cross Border Services	Set up Regional Forum for Insurance Supervisors	Promote Trade in cross border insurance services	Jan. 2010	Dec. 2014		Expert Working Group Meetings, Convergence Council
	Harmonization of regulatory and supervisory frameworks		Jan. 2010	Dec. 2010		Expert Working Group Meetings, Convergence Council
	Promote Capacity Building for Insurance Supervisors		Jan. 2010	Dec. 2014		

Objectives	Strategies	Measures	Start	End	Indicators	Responsibility
Capital Account Reforms and Liberalization	Gap analysis to update on Existing Practices and regulation	Eliminate Obstacles to Free Flow of Financial Assets and Services	Jan. 2010	Dec. 2010		Expert Working Group Meetings, Convergence Council
		Promote Trade				Central Banks
	Promote further capital account liberalization	Facilitate cost efficiency in money transfers	Jan. 2010	Dec. 2013		Expert Working Group Meetings, Convergence Council
Regional Currency Convertibility/Quoting and trading of regional currencies	Monitor Developments and Country Dialogue on capital account liberalization		Jan. 2010	Dec. 2014		
	Monitor the Implementation of currency convertibility arrangement	Convertibility of the regional currencies	Jan. 2010	Dec. 2014	Convertible regional currencies	Expert Working Group Meetings, Convergence Council
	Sensitization of Operators on currency convertibility arrangement	Seek Central Bank Support or guarantee as buyer of last resort	Jan. 2010	Dec. 2014		Central Banks
	Review regulation necessary for cross-border money transfers and letters of credit		Jan. 2010	Dec. 2014		Expert Working Group Meetings, Convergence Council
	Preparation Towards the introduction of the Eco	Framework on Design, Demand and Supply Issues	Draw up a sequencing of activities leading to introduction of Eco Physical Currency	July 2010	Sept. 2011	Documented sequencing paper
Determine the volume of the Eco bank notes and coins to be printed in number and column of the denomination and the boundary between coins and banknotes			Jan. 2010	Oct. 2010	Policy paper approved by Convergence Council	
Select themes on which to base design of the Eco Physical currency			Dec 2010	Jun. 2011	Prepare position paper on themes to be approved by Convergence Council	
Set up and Inaugurate National Steering Committee			Sept 2010	Dec. 2011		

Objective	Strategies	Measures	Start	End	Indicators	Responsibility
Preparation Towards the introduction of the Eco (Contd.)	Framework on Design, Demand and Supply Issues (Contd.)	Provide alternate design themes and features of the Eco banknotes and coins through a competitive process	Jan 2010	Jun. 2011	Approved by Convergence Council	
		Evaluate proposals to select winning designs	Jan 2010	Oct. 2010	TOR and Bid process concluded	
	Production of Eco banknotes and coins	Identify printers for the Eco Currency and make recommendations	June 2010	Dec. 2010	Printers hired	WAMI ,Expert Working Group Meetings, Convergence Council
		Agree the Legal and other requirements for production of banknotes and coins	Jan. 2013	Jun. 2014	MOU and Contract Documents	
	Identify Steps and procedures for Smooth Changeover from National Currencies to Eco Currency	Undertake scenario analysis on the appropriateness of time	July 2011	Sept 2011	Change over plan document	WAMI, Convergence Council
		Assess Cost – Printing, Sensitization, and other related areas	April 2011	June 2011	Change over plan document	Expert Working Group Meetings, Convergence Council
		Assess logistics and banking and financial community changeover plan for the virtual currency	July 2011	Dec. 2011		WAMI
		Determine the bilateral exchange rates of the WAMZ currencies and the Eco – unit of account and implement ERM III	Jan 2010	Dec. 2014	Approve new ERM	WAMI
		Determine the external value of the Eco currency against internal currencies	July 2011	Dec. 2011		WAMI

PILLAR IV: PAYMENTS SYSTEM INFRASTRUCTURE

Specific Objectives	Strategies	Activities	Timeframe commencement	Timeframe Completion	Indicators	Responsibilities
1. Development of the basic infrastructure of the financial sector, through the modernization of the payment systems of The Gambia, Guinea and Sierra Leone.	Harmonize technology platform and protocols	(i) Set up a sub-committee to investigate the following: <ul style="list-style-type: none"> ▪ Industry technical standards ▪ Rules and regulations/guide lines ▪ Interconnection and interoperability between different infrastructure, systems and products (ii) Engage a single Solution Provider for each component in the three countries	January 2010	December 2011	(i) Modernized payment systems in The Gambia, Guinea and Sierra Leone (ii) Same day funds transfer (iii) Published list of approved payments standards for the WAMZ (iv) the percentage of citizens of WAMZ with access to the financial sector increase to 15 % by 2011 , from 8%	(i) WAMI, (ii) Standards & IT Tech Sub-Committee (iii) Regulation, legal, & Institutional Framework Tech. Sub. Committee
2. Acquisition and Installation of ECOWAN	Integrate ICT information processing channels in WAMZ sub-region	(i) conduct systems engineering and integration (ii) Build WACB –Net Point of Service infrastructure (iii) Initiate content development and procurement (iv) Connect all participants on payment systems to ECOWAN (v) Organise workshops and seminars for the stakeholders	2010	2015	(i) Integrated regional payments system (ii) Real-time mirroring of transactions between two sites (iii) Real-time capturing of statistical information and computation of bank reserves (iv) Cross-border fund transfers on real-time basis.	(i) WAMI (ii) Standard and IT Tech. Sub-Committee (iii) Retail and Wholesale Tech. Sub-Committees
3. Creation of the necessary enabling environment for the financial system.	Domesticate the WAMZ Payments System Statute	(i) Hold stakeholders Meetings (ii) Sensitize the WAMZ member countries	January 2010	December 2010	Codified WAMZ payments system law.	(i) WAMI (ii) Regulatory, legal & Institutional Framework Sub-Committee
	Rules and regulation for all payment streams	(i) Review international best practices regarding rules and regulations governing payment instruments/products, and private systems (ii) Sensitize the stakeholders	January 2010	September 2011	(i) Codified Rules and Regulations	-do-
4. Development of an integrated regional platform for card transactions	Promote regional platform for card transactions	(i) Develop a framework for card payments and settlements in the WAMZ (ii) Review international best practices (iii) Inter-connect the national switches for interoperability	June 2010	December 2013	(i) Integrated regional platform for cross-border card transactions (ii) Share of intra-trade to total trade among WAMZ countries increase to 10% by 2014, from a low of 2.3%	(i) WAMI (ii) Retail Payments System Sub-Committee (iii) Standard and IT Sub-Committee (iv) Regulatory & Legal framework Tech. Committee

5.Establishment of E-Financial Analysis & Surveillance System (E-FASS)	Promote inter-linking systems in WAMZ institutions	(i)Seek technical assistance for a common Electronic-Financial Analysis and Surveillance Systems (E-FASS) (ii) Introduce a common E-FASS in the WAMZ	2012	2014	(i)Integrated E-FASS (ii) early warning signals on banks (iii) prompt statutory returns by banks and discount houses to Central Banks, WAFSA & WAMZ Secretariat (iv) Increase cooperation of NCBs (v) Enhanced quality of banking supervision across the sub-region	(i)WAMI (ii) Standard & IT Sub-Committee (iii) Regulatory &legal Framework Committee
Specific Objectives	Strategies	Strategic Actions	Commencement	completion	Indicators	Responsibilities
6.Development of WACB payment System infrastructure and Common database for the WAMZ	(i)Promote the development of WACB Payment Mechanism (Computer Center, GL system, CBA, RTGS central hub, CSD, LAN, MAN, etc)	(i) Seek tech. and financial assistance (i) Build the computer centre of the WACB (ii) conduct Systems engineering and integration (iii)Link the RTGS of the NCBs to the WACB Central hub (iii) Country-wide sensitisation/workshops	December 2013	January 2015	(i)Integrated regional Payments system (ii)The share of formal trade to total trade increase to 20% from 10% in 2014. (iii) Consumer framework (iv) Increased use of electronic modes of payment (v) Fast and reliable cross-border transfers	-do-
	(ii) Promote the development of Database for the WAMZ	(i) investigate the industry technical standards (ii) Seek tech. and financial assistance (iii) Establish WAMZ database	December 2013	January 2015	(i) Consumer protection framework in the zone (ii)Information sharing on end-users of the financial system	(i)WAMI (ii) Standard &IT Sub. Committee (ii)Retail Payment Sub. Committee (iii)Regulatory and legal Committee

PILLAR V: INSTITUTIONAL AND CAPACITY BUILDING:

OBJECTIVES	STRATEGIES	MEASURES	TIMEFRAMES	INDICATORS	RESPONSIBILITY
Legal framework for introduction of the eco	Strengthen capacity by organizing study visits to monetary institutions /organizations to learn from their experiences.	Draft legal instruments for the introduction of the eco	2010 - 2012	Legal instruments for the introduction of the eco	WAMI/LIIC
Legal framework for Accounting and Statistics	Strengthen capacity by organizing study visits to monetary institutions /organizations to learn from their experiences. Organise meeting of Member States to develop legal framework.	Draft legal instruments to Accounting and Statistics	2010 - 2012	Legal instruments for Accounting and Statistics	WAMI/ Member States
Harmonization of Business Laws	Create forum on harmonization of Business Laws. Engage Consultants to carry out studies and develop legal framework.	Negotiate and draft harmonized laws/model laws/ Directives/ Principles of Business Law	2010 - 2015	Harmonized laws/model laws/Directives/ Principles of Business Law	WAMI/Member States
Build support for the WAMZ program	Create awareness, in the stakeholders, of the progress of the WAMZ program Publicize the benefits of the WAMZ program to stakeholders through different media	Distribute brochures, pamphlets, leaflets and posters on the WAMZ program	2010 - 2014	Evaluation results show support for the WAMZ program	WAMI/NSCs
		Distribute sensitization materials on the benefits of the WAMZ program	2010 – 2014	Evaluation results indicate stakeholders know the benefits of the WAMZ program	WAMI/NSCs
		Hold interviews on radio and television on the benefits of the WAMZ program	2010 - 2014	Level of response to interview programs	WAMI
Make National Sensitization Committees (NSCs) effective implementers of the sensitization program	Build capacity in the NSCs to plan and implement sensitization activities Source funding for capacity development for NSC members	Hold training workshops for NSCs at WAMI and in member countries	2010	Number of training workshops run for NSCs	WAMI
		Proposals sent to donors	2010 - 2014	Donor funds secured	WAMI

Develop a sense of ownership of the program in the stakeholders	Give responsibility for organizing some sensitization activities to more stakeholder groups	Allow some stakeholder groups organize sensitization activities	2010 -2014	Number of workshops organized by stakeholder groups	WAMI/Stakeholder groups
	Involve more stakeholders in decision making about the program	Invite stakeholders to planning meetings	2010 - 2014	Number of stakeholders participating in planning meetings	WAMI
Improve WAMI's capacity to carry out sensitization activities at both the national and zonal level	Capacity building for WAMI staff	WAMI staff go to training programs and workshops on sensitization	2010 – 2013	Training programs and workshops attended	
	Provide adequate resources to carry out sensitization activities	Study visit to ECB to learn from their sensitization experience	2010 -2014	Visits made to ECB	
		Budget for WAMI sensitization program	2010 – 2012	Amount budgeted for sensitization activities	
		Source funds from donors	2010 – 2014	Level of donor support	
Establishment of an institutional structure for the WACB	Adoption of central banking system	Seek a decision by the Committee of Governors on banking system	Q2 2009 – Q4 2009	Paper on Central Bank System prepared.	WAMI
	Adoption of WACB Statute	Prepare the Statute for approval by Council	Q2 2009 - Q4 2009	Institutional Structure of the WACB approved.	Committee of Governors/WAMI
	Ratification of the Statute	Ratification by the Authority of Heads of States	– Q2 2010	Statute document prepared	WAMI
	Establish an appropriate capital base for the WACB	Review and approval of the WACB capital base	Q3 2009 - Q2 2010	Working paper on appropriate capital base approved.	Committee of Governors/WAMI
	Working paper on an appropriate capital for the WACB	Approval by Council	Q3 2009 - Q2 2010		Convergence Council/WAMI

Establishment of an institutional structure for the WACB (contd)	Provide adequate capital base for the take off of the WACB	Preparation of contributions table in tranches for member states	Q3 2009 - Q3 2009	Contributions received from member countries	Member Countries
	Preparation of Budget for the WAMZ Secretariat	Dispatch of demand/ notification letters to member states	Q3 2009 – Q3 2009	Budget document prepared	WAMI
	Preparation of activities for Commencement of the WACB	Payment of contributions by member states	Q4 2009 – Q1 2013	Contributions received from member countries	Member states
		Take off of the Bank	January 2015		Member states/WAMI
Activation of WAMZ Institutions WACB	Acquisition of the WACB building	Regular consultation with the Ghanaian Authorities on provision of the building & other infrastructures	Q3 2009 – Q3 2012	Building and all necessary infrastructures ready	WAMI/Ghana
	Ensure the delineation and Initial set up of the offices	Assign office area and fit equipment and fittings	Q3 2012 - Q4 2012	Offices ready for occupation	
	Consultancies for the Accounting & Budgetary procedures, auditing manual and human resources manual for the WACB	Review the existing manuals	Q4 2012 – Q2 2013	Procedural manuals for the WACB prepared	Govt. of Ghana
	Board appointments & Staffing of the WACB	Appointment of the Executive Board of the WACB	Q4 2010 - Q2 2012		WAMI
	Ensure member countries make Contributions to the SCF	Recruitment of required staff of the WACB	Q3 2013 – Q1 2014	Staff and board appointments carried out as well as training/induction	WAMI
		Preparation of contributions table in tranches for member states	Q2 2014 – Q3 2014	Table of contributions in tranches prepared	

Operationalisation of the SCF		<p>Dispatch of demand/ notification letters to member states</p> <p>Payment of contributions by member states</p>	<p>Q3 2009 – Q3 2009</p> <p>Q3 2009 – Q3 2009</p>	<p>demand notification letters prepared</p> <p>Contributions by member countries received</p>	<p>Member states</p> <p>Board of the WACB/WAMI</p> <p>Board of the WACB/WAMI</p> <p>WAMI/ Member states</p>
Operationalisation of WAFSA	<p>Acquisition of the WAFSA building</p> <p>Board appointments & Staffing of the WAFSA</p> <p>Ensure the delineation and Initial set up of the offices</p>	<p>Regular consultation with the Nigerian Authorities on developments</p> <p>Recruitment exercise for staff and the appointment of the Board of Directors</p> <p>Assign office area and fit equipment and fittings</p>	<p>Q3 2009 – Q4 2013</p> <p>Q4 2013 – Q4 2013</p> <p>Q4 2013 – Q2 2014</p>	<p>Building and all necessary infrastructures ready</p> <p>Recruitment of Human resources as well as Board appointments for WAFSA completed</p> <p>Staff training/induction courses</p> <p>Offices ready for occupation</p>	<p>WAMI/ Govt. of Nigeria</p> <p>WAMI/Member states</p> <p>BOD WAFSA/WAMI</p>
Establishment and operationalisation of the WAMZ Secretariat	<p>Acquisition of the Secretariat building</p> <p>Initial set up of the offices</p> <p>Board appointments & Staffing of the Secretariat</p>	<p>Regular consultation with the Guinean Authorities on developments</p> <p>Setting up the offices</p> <p>Appointment of the Board of Directors</p> <p>Recruitment of required staff of the Secretariat</p>	<p>Q3 2009 – Q4 2013</p> <p>Q4 2013 – Q4 2013</p> <p>Q4 2013 – Q2 2014</p> <p>Q3 2013 – Q1 2014</p>	<p>Building and all necessary infrastructures are ready</p> <p>Offices ready for occupation</p> <p>Board of Directors appointed</p> <p>Staff recruitment for WAMZ Secretariat completed</p>	<p>WAMI/ Govt. of Guinea</p> <p>WAMI</p> <p>Member states</p> <p>BOD Secretariat/WAMI</p>

				Staff training/induction completed	BOD Secretariat/WAMI
Development of ICT Infrastructure	Ensure the provision of ICT infrastructure for operational functions Ensure provision of ICT infrastructure for policy functions	Procurement and installation of infrastructure	Q3 2013 – Q1 2014	ICT infrastructure operational	WAMI/Member states
		Procurement and installation of infrastructure	Q3 2013 – Q1 2014	ICT infrastructure for policy functions developed	WAMI/Member states
Establishment of national Steering Committee	Ensure full co-operation and effective coordination among all stakeholders throughout the process and after integration	Regular consultations with member states	Q3 2009 – Q2 2014	National Steering is established and Operationalised	Member states/WAMI
		Appointment of members in various member states and WAMI staff (task force)	Q3 2009 ongoing		Member states

RESOURCES

Strategic Objective	TOTAL COST (US\$)	COUNTER PART FUNDING	TO BE SOUGHT	
			AMOUNT	% of TOTAL
Pillar I: Programs to Promote Macroeconomic Convergence				
	3,827,000		3,827,000	100.0
1.1	2,000,000		2,000,000	100.0
1.2	1,690,000		1,690,000	100.0
1.3	137,000		137,000	100.0
Pillar II: Programs on Trade and Regional Integration				
	1,501,010,000	1,500,000,000	1,010,000	0.067
2.1	760,000		760,000	100.0
2.2	1,500,000,000	1,500,000,000		99.93
2.3	350,000		350,000	100.0
Pillar III: Programs on Financial Integration				
	62,408,790		54,221,038	100.0
3.1	12,155,000		12,155,000	100.0
3.2				100.0
3.2.1	17,775,502		17,775,502	100.0
3.2.2	5,899,274		5,899,274	100.0
3.2.3	2,367,750		2,367,750	100.0
3.2.4	5,601,750		5,601,750	100.0
3.2.5	1,721,500		1,721,500	100.0
				100.0
3.2.6	2,656,500		2,656,500	100.0
3.2.7	5,978,500		5,978,500	100.0
				100.0
3.3	2,483,250		2,483,250	100.0
3.4	see (3.2.2)		see (3.2.2)	
3.5	see (3.2.2)		see (3.2.2)	
3.6	5,769,764		5,769,764	100.0
Pillar IV: Programs on Payment Systems Infrastructure				
	77,000,000		77,000,000	100.0
4.1	30,000,000		30,000,000	100.0
4.2	2,500,000			
			1,000,000	100.0
4.3				
	500,000			