MEETINGS OF THE WEST AFRICAN MONETARY ZONE (WAMZ)
ABuja, NIGERIA
JANUARY 14 – 18, 2013

WAMZ/CC/31

REPORT OF THE
31ST MEETING OF THE CONVERGENCE COUNCIL OF MINISTERS
AND GOVERNORS OF THE WEST AFRICAN MONETARY ZONE
(WAMZ)

ABuja, NIGERIA
JANUARY 18TH, 2013
I. INTRODUCTION

1. The 31st Meeting of the Convergence Council of Ministers and Governors of Central Banks of the West African Monetary Zone (WAMZ) was held at the Transcorp Hilton, Abuja, Nigeria, on 18th January 2013, to deliberate on the status of implementation of the WAMZ work programme. The report of the 28th Meeting of the Committee of Governors formed the basis of the deliberations.

2. All the WAMZ Member States, ECOWAS Commission and WAMI were represented at the meeting. West African Institute for Financial and Economic Management (WAIFEM), West African Monetary Agency (WAMA), West African Bankers Association (WABA), the ECOWAS Parliament, Union Economique et Monetaire Ouest Africaine (UEMOA), International Monetary Fund (IMF), Banque Centrale des Etats de l’Afrique de L’Ouest (BCEAO), African Development Bank (AfDB) and ECOWAS Bank for Investment and Development (EBID) also attended as observers. The list of delegates is attached as Appendix B.

II. OPENING CEREMONY

Welcome Statement by the Coordinating Minister for the Economy and the Minister of Finance, Nigeria

3. In her address, Dr. (Mrs) Ngozi Okonjo Iweala, Coordinating Minister for the Economy and Honourable Minister of Finance of the Federal Republic of Nigeria, on behalf of the Government and the people of the Federal Republic of Nigeria, and on her own behalf, welcomed distinguished delegates to the 31st Meeting of the Convergence Council of Ministers and Governors of Central Banks of the West African Monetary Zone (WAMZ) and to the beautiful capital city of Nigeria, Abuja.

4. She noted that the meeting was taking place at a time of great economic challenges for the world and the zone. In the face of these challenges, Member States have an abiding obligation to provide strong and focused leadership within the ambit of the WAMZ. She further noted that the meeting therefore provided a platform to collectively address those issues which mitigate against growth and development within the WAMZ and to work out sustainable solutions to these challenges.

5. She observed that it was heart-warming that in spite of the recent global economic crisis, the economies of the WAMZ exhibited robust growth. She further noted that significant progress has been made over recent years as regards the quantitative and qualitative convergence. However, public finances remain a challenge as most member countries exceeded the benchmark with respect to the fiscal deficit to GDP ratio. On its part, Nigeria has intensified efforts at reducing its fiscal deficit in compliance with the Fiscal Responsibility Act.
6. Dr. (Mrs) Okonjo Iweala observed that since its establishment in 2001, the West African Monetary Institute (WAMI) has been making significant effort to translate into a coherent plan, the political commitment to establish a monetary union in accordance with the Bamako Accord. She emphasized that a new currency cannot be introduced only by means of an act of law, but by the collective actions of the monetary authorities and market participants. She welcomed the dual approach reflected in the work conducted by WAMI over the past decade and expressed optimism towards the single currency project.

7. She further indicated that macroeconomic stability in a monetary union could not be guaranteed without sound fiscal policies which are the principles underlying the Convergence Criteria. She informed Council that the Economic Management Team of H.E. Dr. Goodluck Jonathan’s administration had been making significant strides towards transforming the country’s economy and building buffers against economic shocks and an uncertain environment globally. In this regard, the economy was registering strong growth and healthy external reserves, despite the unfavourable external environment. In conclusion she wished Council and distinguished delegates fruitful deliberations.

**Statement by the President of ECOWAS Commission**

8. On behalf of the President of the ECOWAS Commission, Mr. Ahmed Hamid, Commissioner for Trade, Customs, Industry, Mines and Free movement, welcomed delegates to the meeting of the Convergence Council of the West African Monetary Zone (WAMZ) and to the beautiful city of Abuja. He conveyed the apologies of the President of the Commission on his absence, due to his presence at the on-going Heads of State Summit taking place in Abidjan on the Malian crisis. He expressed his gratitude to the authorities of the Federal Republic of Nigeria for hosting the WAMZ meetings and to all the Member States of WAMZ for their commitment to the monetary integration process.

9. Commissioner Hamid informed the meeting that the ECOWAS Commission continued to consolidate the effective implementation of the ECOWAS Trade Liberalisation Scheme (ETLS) and the Common External Tariff (CET). He assured Council of the continued support of the Commission to the WAMZ activities given the fact that they complement the ECOWAS Monetary Cooperation Programme (EMCP). He observed that achieving and sustaining the primary convergence criteria has been a daunting challenge for Member States, and urged that efforts be made to ensure that the set goals are achieved. He applauded WAMI for the quality of work done and hoped that all resources would be mobilized to ensure that the monetary integration programme proceeds smoothly.

**Remarks by outgoing Chairman of the Convergence Council**

10. Mr. A Richard Dorley, Senior Advisor, Multilateral Relations, Central Bank of Liberia, on behalf of Honourable Amara M. Konneh, Minister of Finance of the Republic of Liberia and Chairman of the Convergence Council, welcomed delegates to the meeting.

11. Minister Konneh stated that this meeting was taking place at a time of an increasingly uncertain global economic outlook, arising largely from the euro zone debt crisis and a slowing global economic growth. He noted that the persistence of the crisis signalled the
need for further strengthening of macroeconomic policy frameworks and institutions in order to adequately respond to the emerging challenges.

12. He further stated that during his tenure as Chairman, the implementation of the African Development Bank (AfDB) funded payments system development projects in The Gambia, Guinea, Sierra Leone and Liberia suffered a setback. However, he was pleased to report that all Solution Providers have been paid their outstanding fees, and the project was back on track.

13. Minister Konneh remarked that while some progress had been made in the various areas of implementation of the Abuja Roadmap (2009), more needs to be done. He advised that WAMZ Member States should remain optimistic about the future, and resolve to turn the emerging challenges into opportunities. In addition, with hard work and togetherness, the WAMZ would succeed in its quest for a monetary union, the Minister asserted. It was his fervent hope that the outcome of the meeting would help move the WAMZ programme forward.


Opening Address by the President of the Federal Republic of Nigeria


16. He reminded delegates that the vision of the founding fathers of the WAMZ to fast-track the economic integration of our sub-region still remains a priority of WAMZ Governments. He reiterated his commitment, as well as that of his colleague Presidents/Heads of State in the sub-region towards the actualization of a single economic space and monetary union, first for the WAMZ, and thereafter, for ECOWAS.

17. H.E the President noted that although the vision was to achieve a common currency for the Member States within the target date of 2015, socio-economic challenges continued to slow down progress. Nevertheless, the resolve to establish a viable trading gateway to West Africa through the WAMZ continued to be as strong as ever. He was confident that the zone’s concerted determination to succeed would see it through the challenges that lie ahead.

18. He observed that the presence of Ministers and Central Bank Governors of WAMZ at this Meeting to deliberate on the way forward for the integration programme was a demonstration of the political support and commitment across the WAMZ. He further noted that while it was proper to celebrate the achievements thus far, he implored Council to be wary of basking in the euphoria of these achievements as there are still grounds to break in our quest for a monetary union. He noted that some Member States have consistently underperformed on the inflation and fiscal deficit fronts, benchmarks that are critical for the successful launch and sustenance of a monetary union.
19. He urged Member States to seek to strike a balance between nationalistic and regional interests and begin to think outside the box in order to find the right solutions to the goal impeding factors. In that regard, he advised that Member States aim at the consistent attainment and sustenance of both the primary and secondary criteria. He also urged Member States to, as a matter of urgency, ratify and domesticate all the relevant WAMZ Statutes and treaties. In conclusion, he assured Council that the Nigerian government will not only continue to play its leadership role, but will also lead by example.

20. On that note, he formally declared open the 31st Meeting of the Convergence Council of Ministers and Governors of Central Banks of the WAMZ and wished them all the blessings and guidance of the Almighty God, as they deliberate on issues that will impact on the collective good of the zone.

III. ELECTION OF CHAIRPERSON


IV. ADOPTION OF AGENDA

22. Council adopted the Agenda as presented. The Agenda is attached as Appendix A.

V. CONSIDERATION OF THE REPORT OF THE 28TH MEETING OF THE COMMITTEE OF GOVERNORS

23. The Chairman of the Committee of Governors, Mallam Sanusi Lamido Sanusi CON, Governor, Central Bank of Nigeria, presented the report comprising WAMZ macroeconomic developments and convergence report for end-June 2012, 5th WAMZ Trade Ministers Forum, WAMZ Payments System Development Project, Policy paper on Exchange rate, Inflation and Economic Growth, ACBF grant, WAMI work programme and budget for 2013, on behalf of the Committee of Governors.

VI. OBSERVATIONS OF THE CONVERGENCE COUNCIL

24. Council made the following observations:

i. Commended the Committee for the quality of the recommendations that emanated from their discussions.

ii. Observed the deterioration in the level of Member States’ compliance with the convergence criteria and highlighted the need for sustained fiscal and structural reforms so as to create an enabling environment for balanced and sustained growth.

iii. Noted that despite the uncertainties in the global economic environment and in the Euro Zone, growth prospects in the WAMZ remained resilient, owing to the pursuance of prudent policies.

iv. Emphasized the need to closely monitor the on-going developments in the Euro Zone with the objective of learning lessons and avoiding costly mistakes in the WAMZ’s quest to build a durable monetary union.
v. Noted the measures being taken by Ghana to improve on the country’s performance at the next assessment date.

vi. Acknowledged Guinea’s resolve to continue to improve and sustain its performance on the convergence criteria and the country’s pledge to continue to work with WAMI to ensure the successful completion of its component of the payments system project.

vii. Noted that monetary union is the final stage of economic integration and urged Member States to take tangible steps on the key prerequisites including free movement of goods and services, customs union, banking union and payments systems development.

viii. Advised that the focus should not be on the target date for monetary union but the platform that drives the agenda for the single currency.

ix. Emphasized the need for Member States to implement the ECOWAS protocols on trade and free movement in order to make headway on trade integration as the platform for monetary union as well as accelerate the realization of the noble objective of ECOWAS of people.

x. Noted that Capital account liberalisation, though an important benchmark under the WAMZ programme, requires a cautious approach given the inherent risks, particularly to small open economies.

xi. Noted the message of goodwill from the newly appointed Minister designate of Finance and Economic Planning of Ghana, Hon. Seth Terkper and his readiness to welcome Council to Accra, Ghana, for their next meeting.

VII. DECISIONS OF THE COVERAGECENCE COUNCIL

25. Council took the following Decisions:

i. Member States should continue to implement prudent fiscal and monetary policies to achieve and sustain price stability. Monetary, exchange rate and real sector policies should be well knitted to ensure macroeconomic stability. In this regard, Member States should also implement sectoral and structural policies that promote food production in order to dampen inflationary pressures.

ii. Member States are urged to intensify rehabilitation and building of infrastructure in order to remove supply-side bottlenecks and improve output growth and employment.

iii. Member States should adhere to fiscal consolidation, by prioritising expenditure and enhancing domestic revenue mobilisation to facilitate the achievement of the WAMZ quantitative and qualitative convergence criteria.

iv. Member States should review existing legal framework on Fiscal Responsibility in line with the Model Act to ensure strong fiscal management.

v. Member States should deepen the implementation of reform policies that seek to reduce domestic borrowing and rising interest payments. In this regard, Member
States are urged to adopt debt restructuring strategies that will transform maturity profile of the debts from short-term to medium-to-long-term maturities.

vi. Member States should provide monthly data to WAMI to enable the Institute to regularly update the analysis of the macroeconomic developments and convergence.

vii. WAMI should obtain unemployment statistics from Member States where available or from other credible sources such as the ILO.

viii. Member States should continue to pursue both multilateral and bilateral approaches to the resolution of trade disputes in the ECOWAS region.

ix. Member States are urged to progressively liberalise their capital accounts beginning with intra-regional capital account liberalisation. However, Member States should be aware of the inherent risks especially for small open economies.

x. WAMI in conjunction with the beneficiary Member States of the payments system project should continue to explore a negotiated settlement of the compensation claims of the solution providers.

xi. The Governor of the Central Bank of The Gambia, Mr. Amadou Colley should represent the interest of the Committee of Governors in the negotiations with the Solution Providers for the resolution of the compensation claims.

xii. WAMI should continue to work within the AfDB and ACBF guidelines to ensure the successful completion of the project.

xiii. Approved the proposed WAMI work programme and budget for 2013 in the sum of US$17,634,608 of which the total Member States’ contributions amount to US$3,954,057 and the balance from development partners, mainly comprising US$12,993,328 from AfDB for the Payments System project and US$662,223 from the ACBF project.

xiv. Member States should as a matter of necessity meet their outstanding financial obligations to the West African Central Bank (WACB) capital and the Stabilisation and Cooperation Fund (SCF).

xv. Approved the appointment the proposal for the selection of PriceWaterhouseCoopers (Ghana) Ltd as the new external auditors of WAMI for a one year term in 2013, renewable for a maximum of five years, subject to satisfactory performance.

xvi. Approved the appointment of Dr. Abwaku Englama of the Central Bank of Nigeria as the new substantive Director-General of WAMI, effective February 1, 2013.
VIII. ANY OTHER BUSINESS

Council thanked the Acting Director General of WAMI, Mr. J. H. Tei Kitcher for taking charge during the past year and staff of the Institute for their dedication and hard work and hoped that they will give their cooperation to the new DG.

IX. VOTE OF THANKS

26. The vote of thanks was moved by Dr. (Mrs) Sarah O. Alade, OON, Deputy Governor (Economic Policy) of the Central Bank of Nigeria. She thanked H.E. Architect Namadi Sambo, Vice President of the Federal Republic of Nigeria for taking time out of his busy schedule to witness the opening ceremony of the 31st meeting of Council. She stated that the presence of the Vice President was a clear demonstration of Nigeria’s commitment at the highest level to the WAMZ project. Finally, she remarked that in spite of the challenges encountered by the Member States, they remained relentless in their individual and collective efforts towards the WAMZ project. She wished all well and safe trip back home.

X. CLOSING

27. Honourable Dr. Yerima Lawan Ngama, Minister of State for Finance of the Federal Republic of Nigeria, and Chairman of the Convergence Council in his closing remarks, thanked Ministers and Governors for their contributions. It was his prayer that the cooperation displayed will be sustained in order to see the actualization of the single currency project. He invited delegates to enjoy the rest of their stay in Abuja and a safe journey to their respective destinations.

XI. DATE AND VENUE OF THE NEXT MEETING

28. The venue for the next WAMZ statutory meetings would be in Ghana and the date would be communicated to the Member States in due course.
DONE IN ABUJA, NIGERIA
18TH DAY OF JANUARY, 2013

DR. YERIMA LAWAN NGAMA
HON. MINISTER OF STATE FOR FINANCE AND
CHAIRPERSON, CONVERGENCE COUNCIL
OF THE WEST AFRICAN MONETARY ZONE (WAMZ)