MEETINGS OF THE WEST AFRICAN MONETARY ZONE
ABUJA, NIGERIA
JULY 14 – 17, 2014

REPORT OF THE
34TH MEETING OF THE CONVERGENCE COUNCIL OF MINISTERS
AND GOVERNORS OF THE WEST AFRICAN MONETARY ZONE
(WAMZ)

ABUJA, NIGERIA
JULY 17, 2014
REPORT OF THE 34TH MEETING OF THE CONVERGENCE COUNCIL OF MINISTERS AND GOVERNORS OF CENTRAL BANKS OF THE WEST AFRICAN MONETARY ZONE (WAMZ) HELD IN ABUJA, NIGERIA JULY 17TH 2014

I. INTRODUCTION

1. The 34th 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 17th July 2014, to deliberate on the status of implementation of the WAMZ work programme. The technical documents prepared by the West African Monetary Institute (WAMI) 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), Union Economique et Monétaire Ouest Africaine (UEMOA), Banque Centrale des Etats de l’Afrique de L'Ouest (BCEAO), ECOWAS Bank for Investment and Development (EBID) and African Export-Import Bank (AFREXIMBANK) also attended as observers. The list of delegates is attached as Appendix B.

II. OPENING CEREMONY

Statement by the President of ECOWAS Commission

3. The representative of the President of the ECOWAS Commission, His Excellency, Dr. Ibrahim Bocar BA, ECOWAS Commissioner of Macroeconomic Policy and Economic Research welcomed delegates to the meeting. He expressed deep gratitude to the government and people of the Federal Republic of Nigeria for accepting to host the WAMZ meetings. He expressed similar sentiments to all the WAMZ member countries for their commitment to the monetary integration process, and to WAMI for its important contributions to the effective implementation of the ECOWAS Monetary Cooperation Programme.

4. He informed delegates that the extraordinary ECOWAS Heads of State Summit of October 25, 2013 gave new impetus to the Common Currency programme whose supervision was entrusted to the Presidents of Ghana and Niger. It was against this background, he observed, that these Presidents put in place a Presidential Task Force whose first meeting was held in Niamey from 20 to 21st February 2014 with the participation of Governors of Central Banks of the region. The outcomes of the second meeting of the Task Force held in Accra were validated by Presidents John Dramani Mahama and Issoufou Mahamadou and later ratified by the 45th Summit held on 10 – 11 July 2014, Accra, Ghana.

5. Commissioner Ba recalled that the Summit adopted the creation of a fiscal union to complement the monetary union and reduction of macroeconomic convergence criteria from eleven (11) criteria (4 primary and 7 secondary criteria) to 6 criteria (3 primary
and 3 secondary criteria). The Summit also adopted a revised roadmap with clearly defined responsibilities to the regional institutions involved in the monetary integration process.

6. In addition, the Authority decided that the institutions (WAMA and WAMI) should be retained subject to re-definition of their roles pending the creation of an ECOWAS Monetary Institute by 2018 in accordance with a well-defined roadmap. In conclusion, he assured Council of the ECOWAS Commission's continued support and solidarity toward the regional integration agenda.

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

7. Dr. (Mrs) Ngozi Okonjo-Iweala, the Coordinating Minister for the Economy and the Honourable Minister of Finance, Nigeria, welcomed delegates to the 34th meeting of the Convergence Council of the WAMZ to Abuja, Nigeria. She conveyed greetings of the President of the Federal Republic of Nigeria to the delegates. She indicated that Nigeria decided to host the WAMZ meetings when Guinea was unable to do so due to the unfortunate outbreak of the Ebola virus. She informed Council of Nigeria's solidarity with those Member States of the ECOWAS that are affected by the outbreak as epitomised by the country's financial support in the amount of US$3.5 million to help eradicate the deadly disease.

8. The Honourable Minister of Finance noted that this 34th meeting of Council represented the last session leading to January 1, 2015, the target date for the launch of the WAMZ monetary union. She reminded delegates of the significance of this date and its implications for the monetary integration programme in West Africa. While recognising the significant milestones achieved so far, a lot more need to be done. This meeting, therefore, brings to the fore, a litmus test of our resolve or abiding faith in the WAMZ project.

9. On macroeconomic performance in the Zone, she noted that, while most Member States are making strides in curtailing inflation within the single digits, it remains high in a few; challenges regarding the fiscal deficit target also linger. These developments underscored the need to deepen the fiscal and monetary policy co-ordinations across Member States.

10. The Minister observed that experiences of monetary unions over the years have shown that there is need to persevere in overcoming the overwhelming challenges of creating a monetary union. To this end, it is extremely important that a high degree of consistent macroeconomic convergence, complemented by modernized financial sector system infrastructure be achieved by Member States. By the same token, it is pertinent to reiterate that as the region endeavour's to realize the dream of an integrated economic system, the WAMZ cannot afford to be apprehensive, but embrace the challenges with confident optimism. She stated that WAMZ must build on its achievements, as they are critical for financial deepening and stability, as well as promotion of production and trade in the Zone.
11. Dr. Ngozi Okonjo-Iweala informed delegates on significant developments in the Nigeria economy in 2013, driven by the transformation Agenda of President Dr. Goodluck Ebele Jonathan. She indicated that the economy grew by 6.9 percent in 2013, compared to 6.6 percent in 2012, driven largely by the non-oil sector and with the rebased real GDP, Nigeria had become Africa’s largest economy.

12. She further indicated that the rebased outcome of Nigeria’s economy would improve the credit ratings of the country. She was confident and emphasised that the country was positioning itself to leverage on the growing potential pool of investors that would consider the country as the next preferred frontier to tap into. She observed that as the Transformation Agenda of H.E., the President seeks to restructure the economy toward a non-oil sector, a more inclusive economic growth was around the corner.

13. In conclusion, she urged delegates to dispassionately consider the report of the Committee of Governors, with the utmost interest of what is good for the WAMZ in its journey toward real integration. She expressed appreciation to the members of the Convergence Council, Committee of Governors, Technical Committee, the Director General and WAMI staff for their continued commitment to the WAMZ monetary and economic integration programme, and on that note declared the meeting opened.

III. ELECTION OF CHAIRMAN


IV. ADOPTION OF AGENDA

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

V. CONSIDERATION OF THE REPORT OF THE 34TH MEETING OF THE COMMITTEE OF GOVERNORS

16. The Chairman of the Committee of Governors, Honourable Godwin I. Emefiele, Governor, Central Bank of Nigeria, presented the report comprising WAMZ macroeconomic developments and convergence end-December 2013, study on the state of preparedness for the launch of a monetary union by January 1, 2015, review of the coefficient of the contribution of the Member States to the WAMI budget, progress report on the WAMZ Payments System Development Project, progress report on the West African capital market integration, and audit report of the financial statement of WAMI and the ACBF funded project, on behalf of the Committee. The Council thanked the Governors and proceeded to deliberate on the Report.

VI. OBSERVATIONS OF THE CONVERGENCE COUNCIL

17. Council made the following observations:

i. concern regarding the downgrading of the central bank financing of fiscal deficit criterion should be brought to the attention of the Authority;
ii. the recommendation to direct WAMI to apply the revised macroeconomic convergence criteria during subsequent surveillance missions should also reflect the caveat noted by the Committee of Governors;

iii. the proposal for the transformation of WAMI into a WAMZ Commission was not intended to contradict the Decision of the Authority of ECOWAS relating to the single-track approach to monetary union in West Africa, but to explore all available options that could deliver a credible and durable monetary union;

iv. the recommendation that Nigerian authorities should remove from the import and export prohibition lists, all goods of community origin, should be amended to emphasise the need to ascertain the community origin status of the goods.

VII. DECISIONS OF THE COVERAGE COUNCIL

18. Council took the following Decisions:

i. adopted the findings of the study on the State of Preparedness indicating that the level of macroeconomic convergence, legal and institutional preparedness for the successful launch of the monetary union on January 1, 2015 was inadequate;

ii. urged Member States to work assiduously to meet the target date of 2020 in line with the Decision of the Authority;

iii. noted the Decision of the ECOWAS Heads of State and Government endorsing the single-track approach to monetary union by 2020;

iv. directed WAMI to implement the revised ECOWAS set of 6 macroeconomic convergence criteria during its subsequent surveillance missions; whilst taking steps to bring to the attention of the Authority concerns expressed regarding the downgrading of the central bank financing criterion.

v. the concerns of Member States regarding the reclassification of the central bank financing criterion from a primary to a secondary criterion should be brought to the attention of the Authority of Heads of State.

vi. encouraged the ECOWAS Commission to fund the activities under the Roadmap of ECOWAS single currency programme;

vii. the regional monetary integration institutions (WAMI and WAMA) should be strengthened in order to enable them effectively implement their redefined roles;

viii. requested the Governor of the Bank of Ghana, on behalf of the Committee of Governors of the WAMZ, to resolve the issue of the social security contributions by WAMI;

ix. WAMI should examine the provident fund schemes of other regional institutions and submit proposals on introducing a similar scheme in WAMI to the next statutory meeting for consideration;

x. directed WAMI to present a detailed position paper on the proposed transformation of the Institute to a Commission which is envisaged to speed up the integration process in ECOWAS as well as provide a forum to make meaningful dialogue among Member States. This should be presented for consideration and approval at the next statutory meetings;
directed WAMI to re-examine the proposals on quoting and trading with a view to determining the appropriate role of central banks for the consideration at the next statutory meetings;

xiv. encouraged the reinvigoration of the WAMZ Trade Ministers’ Forum to make its decisions effective, binding, and urged the Ministers to attend the meetings;

xv. urged The Gambian Authorities to take steps to implement the ECOWAS passport in line with the relevant ECOWAS protocols; Similarly ECOWAS and Member States should put measures to prevent abuse of the rules of origin by presenting products made elsewhere;

xvi. urged the Nigerian authorities to remove from the import and export prohibition lists, all goods of community origin in line with the relevant ECOWAS protocols. However, there should be effective monitoring mechanisms to ensure that goods are actually of community origin;

xvii. approved the Audited Financial Statements of WAMI and the ACBF project as presented;

xviii. directed WAMI to prepare a report on the costs, policy and institutional imperatives for the achievement of the single currency by 2020 for submission to the Technical Committee at its next meeting;

xviii. approved the reappointment of PricewaterhouseCoopers as the external auditors of WAMI for another year; and

urged ECOWAS Commission to consider adopting WAIFEM as an ECOWAS training institute.

ANY OTHER BUSINESS (A.O.B)

19. There was no other business.

VIII. VOTE OF THANKS

20. The vote of thanks was given by Dr. Henry Kofi Wampah, Governor, Bank of Ghana. He thanked Dr. Goodluck Ebele Jonathan, President of the Federal Republic of Nigeria hosting the WAMZ meetings. He commended Nigeria’s commitment at the highest levels to the WAMZ project. He noted that in spite of the challenges encountered by the Member States, they remained relentless in their individual and collective efforts towards the WAMZ project. In conclusion, he wished all well and safe trip back home.

IX. CLOSING

21. Ambassador Bashir Yuguda, Honourable 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. In conclusion, he invited delegates to enjoy the rest of their stay in Abuja and a safe journey to their respective destinations.
X. DATE AND VENUE OF THE NEXT MEETING

22. The venue for the next WAMZ meetings will be in Guinea and the date would be communicated to the Member States in due course.

DONE IN ABUJA, NIGERIA
17TH DAY OF JULY, 2014

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AMBASSADOR BASIR YUGUDA
HON. MINISTER OF STATE FOR FINANCE AND
CHAIRPERSON, CONVERGENCE COUNCIL
OF THE WEST AFRICAN MONETARY ZONE (WAMZ)