MEETINGS OF THE WEST AFRICAN MONETARY ZONE
ACCRA, GHANA
JANUARY 11-15, 2016

REPORT OF THE
35th MEETING OF THE CONVERGENCE COUNCIL OF MINISTERS
AND GOVERNORS OF THE CENTRAL BANKS OF THE WEST
AFRICAN MONETARY ZONE (WAMZ)

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REPORT OF THE 35TH MEETING OF THE CONVERGENCE COUNCIL OF MINISTERS AND GOVERNORS OF CENTRAL BANKS OF THE WEST AFRICAN MONETARY ZONE (WAMZ) HELD IN ACCRA, GHANA
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I. INTRODUCTION

1. The 35th Meeting of the Convergence Council of Ministers and Governors of Central Banks of the West African Monetary Zone (WAMZ) was held at Movenpick Hotel, Accra, Ghana on 15th January 2016, to deliberate on the status of implementation of the West African Monetary Zone Work Programme. The Report of the 32nd 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 Court of Justice, Union Economique et Monetaire Ouest Africaine (UEMOA), Banque Centrale des Etats de l’Afrique de L’Ouest (BCEAO) ECOWAS Bank for Investment and Development (EBID) and AfDB also attended as observers. The list of delegates is attached as Appendix B.

II. OPENING CEREMONY

Statement by the Outgoing Chairman of the Convergence Council

3. Dr. Mahmoud Isah-Dutse, Permanent Secretary, Federal Ministry of Finance, Federal Republic of Nigeria, on behalf of Mrs. Kemi Adeosun, Finance Minister of the Federal Republic of Nigeria, welcomed delegates to the 35th Meeting of the Convergence Council Meeting of the West African Monetary Zone. He expressed profound gratitude to the Government and people of the Republic of Ghana, for the warm reception and the splendid facilities availed to delegates.

4. He underscored that significant achievements have been made by the WAMZ over the years but a lot more remains to be done. He stated that such gatherings offers opportunity to examine and evaluate the strides that have been made and the challenges that lie ahead.

5. He recalled that since the last WAMZ Statutory Meetings in July 2014, in Abuja, it has not been possible to convene Statutory Meetings owing to the outbreak of the Ebola Virus Disease (EVD) in some of the member countries and the substantial negative impact of the EVD on the worst affected member countries and on the sub-region. The Permanent Secretary also indicated that, external shocks have also contributed significantly to member countries’ inability to perform as expected. The global economic and financial crisis; and decline in commodity prices had serious adverse impact on economic performance in the sub-region. This underscores the importance of monetary and economic integration in the sub-region and an urgent need for diversification of the economies.
6. He stated that according to the recent multilateral surveillance report, Nigeria was the only Member State that satisfied all four primary criteria as at the last assessment, June 2015. The Gambia, Liberia and Sierra Leone satisfied three each, while Ghana and Guinea satisfied two criteria each.

7. He re-affirmed and assured Council of Nigeria’s unflinching support and leadership to the WAMZ project, and indicated that measures will be taken to implement policies and programmes that are not only necessary for the smooth and successful take-off, but also, more importantly, the sustainability of the Union.

8. In conclusion he applauded the efforts of the Director General and staff of WAMI for the support given during the tenure of the Federal Republic of Nigeria as Chairman of the Convergence Council of the West African Monetary Zone and wished same to be extended to the incoming Chair. He urged all to continue to work together to make the integration process in the sub-region an irreversible one in spite of the challenges.

**Statement by the Vice President of ECOWAS Commission**

9. His Excellency, Dr. Togaye Wea McIntosh, Vice President of ECOWAS Commission, on behalf of the President of ECOWAS Commission, His Excellency Kadré Désiré Ouddraogo, welcomed delegates to the 33rd Statutory Meetings of the WAMZ Convergence Council.

10. He expressed delight on the resumption of regional integration meetings following temporary suspension in 2015 in the wake of the outbreak of the Ebola epidemic in ECOWAS, and thanked the President and people of the Republic of Ghana for accepting to host the 2015 end-of-year WAMZ Statutory Meetings. He commended the efforts of governments and peoples of the countries affected by the epidemic for taking concrete steps to contain the disease. He acknowledged the significant contributions of WAMZ Convergence Council for its wise leadership in ensuring the successful implementation of the WAMZ monetary integration agenda within the wider framework of the ECOWAS Monetary Cooperation Programme (EMCP).

11. He noted the challenges that impacted economic activities in the WAMZ in the review period, resulting in a deceleration of real GDP growth, weak fiscal balances as well as balance of payment deterioration. He called for greater attention to be focused on inclusive and sustainable growth that is gender sensitivity, broad-based and impacts positively on poverty reduction. Despite these challenges, he stated that the financial systems in the zone remained resilient, sound and stable during the period.

12. He assured delegates that the effective implementation of the regional monetary integration programme remains high on the agenda of the ECOWAS Authority. The ECOWAS leadership has in recent years, demonstrated renewed interest and enhanced political will to accelerate the pace of implementation of all regional monetary integration programmes. In this regard, he encouraged all stakeholders to undertake measures necessary for the realization of the ECOWAS single currency by 2020.
13. The Vice President highlighted milestones achieved on the roadmap for the ECOWAS Single Currency Programme including the finalization of the draft project document on the establishment of the ECOWAS Monetary Institute (EMI), rationalisation of the macroeconomic convergence criteria, revision of the Supplementary Act on the macroeconomic convergence Pact; expansion of the Presidential Taskforce on monetary integration by including Cote d'Ivoire and Nigeria, among others.

14. In conclusion, he expressed profound gratitude and appreciation for the support received from the WAMZ Convergence Council during last four years.

Welcome Statement by the representative of the Host Country

15. In the keynote address to the Convergence Council, His Excellency Paa Kwesi Amissah-Arthur, Vice President of the Republic of Ghana expressed his pleasure to join delegates at the 35th Meeting of the Convergence Council of the West African Monetary Zone and welcomed them on behalf of the President, the Government and people of Ghana.

16. He noted that the last time he had the honour of addressing the Council was at the 32nd Council Meeting held in Accra in July 2013. He said that since then, there had been significant developments in the region: changes had occurred not only in the political leadership in some member countries, but also in the arrangements for the single currency project. The launch date for ECOWAS-wide economic and monetary union was now scheduled for the year 2020 and a Presidential Task Force initially made up of the Presidents of Ghana and Niger, was expanded in 2015 to include the Presidents of Nigeria and Cote d'Ivoire to introduce momentum to the process.

17. He observed that the global arena continued to be challenging as economic growth continued to be sluggish and international prices of the region’s major export commodities continued to be low, portfolio flows had seen reversals while local currencies have depreciated. These, he said, have impacted on the economies of the region which presents significant challenge for policy makers to tackle their consequences. Despite these adverse developments, however, the resolve to pursue a monetary union within ECOWAS remained undaunted. He opined that these difficulties should rather spur the region on to move towards economic and monetary integration, which would make Member States economies more resilient, especially to the exogenous shocks we experienced.

18. The Honourable Vice President said he had been informed that the report on macroeconomic convergence in the first half of 2015 showed only a slight improvement from previous years. He observed that considering the amount of resources, time and effort that had gone into the integration agenda, it was clear that a lot more effort needed to be invested if the 2020 goal was to be realized. He therefore advised that for progress to continue to be registered, in the integration agenda, the region must confront the major concerns that have been exposed in the periodic reviews.

19. He said that having been a member of the WAMZ group not too long ago, he knows how committed Members were to the convergence process. But lamented that the results
thus far do not show this resolve and there was need to understand why the conventional approach was not providing the region the desired outcomes. He called for an innovative approach that would confront dogmatic thinking and confront the issues squarely.

20. He advised Member States to identify ways of extending the successes chalked in other areas of integration such as in peace and security and apply the same commitment to the task of economic convergence integration. Furthermore, he noted, it was also important to recognize that institutional innovations based on the experience of others such as the Eurozone could be pursued including designing stability mechanism, creating a banking union, strengthening the fiscal regimes and in improving information sharing and surveillance within the Zone among others. He urged the Convergence Council to take on board these and other pertinent issues in their deliberations as ways to provide momentum to the integration project.

21. In Conclusion, he declared the 35th Meeting of the Convergence Council open and wished council fruitful deliberations and a pleasurable stay in Accra.

III. ELECTION OF CHAIRMAN

22. The Republic of Ghana was elected as the Chair of the Convergence Council. The meeting was chaired by Mrs Mona Quartey, Deputy Minister, Ministry of Finance, Ghana.

IV. ADOPTION OF AGENDA

23. The draft agenda was adopted without amendment.

V. CONSIDERATION OF THE REPORT OF THE 32nd MEETING OF THE COMMITTEE OF GOVERNORS


25. He stated that the Committee of Governors deliberated on the Report by the Technical Committee and made the following observations.
VI. OBSERVATIONS OF THE COMMITTEE OF GOVERNORS

i. Noted and endorsed the Report on Macroeconomic Developments and Convergence in the WAMZ as at end-June 2015 showing that although the performance of Member States improved to 70.8 percent from 66.7 percent in the corresponding period of 2014, there were challenges militating against sustained improved performance;

ii. That the lessons from experiences of the EU and other monetary unions offered an opportunity to re-examine strategies for the attainment of convergence in the WAMZ;

iii. Noted the study on Developmental Roles of Central Banks highlighting the possible conflicts between price stability and developmental objectives of central banks;

iv. That the feasibility of Central Bank developmental programmes would depend on the health of their balance sheets;

v. That developmental roles of central banks should focus on diversification and value addition, especially in agriculture and export oriented sectors;

vi. Noted the progress made in Capital Markets Integration in West Africa;

vii. Noted the progress made in the implementation of the WAMZ Payments System Development and the extension of the closing date of the Project to 31st December 2016;


ix. Noted the Report on the revised draft Model Banking Act;

x. Noted the Progress Report on the implementation of the ACBF Capacity Building Project in WAMI and the extension of the closing date of the Project to 31st December 2016;

xi. That there was no need for decision to be delayed on the issue of inflation definition (end-period or annual average) in the assessment of macroeconomic convergence;

xii. Noted the update and relevance of the study on the transformation of WAMI into a Commission, in spite of the modification in the implementation of the EMCP;

xiii. That despite the description of the financial sector as resilient, stable and sound there were challenges in the microfinance sector in some Member States which required supervisory vigilance;
xiv. Noted and endorsed the re-appointment of the external auditors, PricewaterhouseCoopers for the audit of the 2015 financial statement of WAMI;

xv. Noted and endorsed the WAMI Work Programme for 2016 in the sum of US$6,911,301.59 of which the total contributions of Member States amount to US$3,490,873.41 as against US$3,725,995.45 in 2015, a decrease of 6.31 percent.

xvi. Noted the presentation made by the Chairman of the College of Supervisors of the WAMZ highlighting the need for development of regional crisis resolution framework; and

xvii. The need to adopt a regional approach for ensuring compliance with the United States Foreign Account Tax Compliant Act (FATCA).

26. The Chairman of the Committee of Governors concluded by highlighting the following recommendations for the consideration and approval of the Convergence Council.

VII. RECOMMENDATIONS OF THE COMMITTEE OF GOVERNORS

i. Adopt the Report on Macroeconomic developments and convergence as at end-June 2015 and urge Member States to:
   ▪ redouble their efforts to ensure the attainment of the minimum level of convergence required for the establishment of ECOWAS monetary union by 2020;
   ▪ address the infrastructure gaps by providing adequate funding for electricity, energy, road and railways. In this regard, Member States should explore sustainable funding options such as the issuance of infrastructure bonds and PPP arrangements;
   ▪ further strengthen fiscal consolidation by addressing all tax administration inefficiencies, broadening revenue base, rationalizing expenditure and restructuring maturity profiles of debts; and
   ▪ provide monthly data on key indicators to enable WAMI regularly update the analysis of macroeconomic developments in the Zone;

ii) urge Member States that have not yet commenced implementing the CET to do so as soon as possible;

iii) endorse the adoption of end-period inflation for the assessment of macroeconomic convergence in view of its appropriateness in the formulation of monetary policy;

iv) urge Member States to address the challenges of restrictions on access to foreign exchange for stock market transactions and lack of settlement mechanism in the region to facilitate the capital market integration process;
v) note the progress made in the implementation of the WAMZ payments system project and the extension of the closing date of the project to 31st December, 2016;

vi) note the Report on the 7th Forum of the WAMZ Trade Ministers and urge Member States to implement the recommendations of the Forum to promote deeper trade integration in the Zone and the wider ECOWAS region;

vii) direct WAMI to speed up the finalisation of the study on the transformation of WAMI into a Commission and to circulate the Report in advance to Member States for consideration at the next statutory meetings;

viii) approve the reappointment of the External Auditors, PricewaterhouseCoopers for the audit of the 2015 financial statements of WAMI;

ix) approve the WAMI Work Programme and Budget for 2016 in the sum of US$6,911,301.59 of which the total contributions of Member States amount to US$3,490,873.41 as against US$3,725,995.45 in 2015, a decrease of 6.31 percent;

x) direct WAMI to finalise the paper on the development of regional crisis resolution frameworks for consideration and adoption by Member States at the next statutory meetings and incorporate provisions on regional crisis resolution in the draft model Banking Act; and

xi) direct WAMI to refer the issue of compliance with the United States Foreign Account Tax Compliant Act (FATCA) to ECOWAS Commission for an adoption of a regional approach to the matter.

27. The Convergence Council discussed the issues raised by the Committee of Governors in their Report and made the following observations:

VIII. OBSERVATIONS OF THE CONVERGENCE COUNCIL

28. Council made the following observation:

i. Recommendation No. 10 relating to the finalisation of the paper on the development of regional crisis resolution frameworks should have included national and regional frameworks and the crisis should have been qualified to mean banking sector crisis;

ii. Clarification was sought on the rationale for the transformation of WAMI into a Commission. It was however noted that the study which had already commenced and was expected to be finalised quickly by WAMI would address the issue of rationale for the transformation, among other things;
iii. Noted that all relevant regional institutions involved in anti-money laundering activities such as GIABA, should be carried along in finding common resolution and Member States should also pursue bilateral initiatives to resolve the issue;

iv. Noted the lack of harmonised banking law within the region and that FATCA is beyond the capacity of ECOWAS and it also has ramifications on constitutional issues.

v. Noted that in addition to using a regional approach to address the FATCA issue, Member States should pursue bilateral measures to find a lasting solution to the challenge.

IX. DECISIONS OF THE CONVERGENCE COUNCIL

29. After the deliberations the Convergence Council decided as follows:

i. Adopted the Report on Macroeconomic developments and convergence as at end-June 2015 and urge Member States to:
   ▪ redouble their efforts to ensure the attainment of the minimum level of convergence required for the establishment of ECOWAS monetary union by 2020;
   ▪ address the infrastructure gaps by providing adequate funding for electricity, energy, road and railways. In this regard, Member States should explore sustainable funding options such as the issuance of infrastructure bonds and PPP arrangements;
   ▪ further strengthen fiscal consolidation by addressing all tax administration inefficiencies, broadening revenue base, rationalizing expenditure and restructuring maturity profiles of debts; and
   ▪ provide monthly data on key indicators to enable WAMI regularly update the analysis of macroeconomic developments in the Zone;

ii) urged Member States that have not yet commenced implementing the CET to do so as soon as possible;

iii) endorsed the adoption of end-period inflation for the assessment of macroeconomic convergence in view of its appropriateness in the formulation of monetary policy;

iv) urged Member States to address the challenges of restrictions on access to foreign exchange for stock market transactions and lack of settlement mechanism in the region to facilitate the capital market integration process;

v) noted the progress made in the implementation of the WAMZ payments system project and the extension of the closing date of the project to 31st December, 2016;
vi) noted the Report on the 7th Forum of the WAMZ Trade Ministers and urge Member States to implement the recommendations of the Forum to promote deeper trade integration in the Zone and the wider ECOWAS region;

vii) directed WAMI to speed up the finalisation of the study on the transformation of WAMI into a Commission and to circulate the Report in advance to Member States for consideration at the next statutory meetings;

viii) approved the reappointment of the External Auditors, PricewaterhouseCoopers for the audit of the 2015 financial statements of WAMI;

ix) approved the WAMI Work Programme and Budget for 2016 in the sum of US$6,911,301.59 of which the total contributions of Member States amount to US$3,490,873.41 as against US$3,725,995.45 in 2015, a decrease of 6.31 percent;

x) directed WAMI to finalise the paper on the development of national and regional banking crisis resolution frameworks for consideration and adoption by Member States at the next statutory meetings and incorporate provisions on regional crisis resolution in the draft model Banking Act;

xi) directed WAMI to refer the issue of compliance with the United States Foreign Account Tax Compliant Act (FATCA) to ECOWAS Commission for an adoption of a regional approach to the matter; and

xii) notwithstanding xi above, Member States should individually/bilaterally pursue compliance with FATCA while a regional approach was being considered.

ANY OTHER BUSINESS

30. There was no other business

X. VOTE OF THANKS

31. The Minister of State Ministry of Finance and Economic Planning of the Republic of Sierra Leone, Mr. Foday B. L. Mansaray expressed his gratitude to the Government and People of the Republic of Ghana for the warm hospitality and excellent facilities made available to delegates since the beginning of the meetings. He thanked the Technical Committee and the Committee of Governors for working tirelessly to deliver an outstanding Report. The Minister commended all regional institutions for the quality of the work which made the deliberation of Council less tedious. Finally, he thanked all the various officials and staff involved in the preparation of the meetings for their dedication and sense of duty in working round the clock to make the stay of delegates a memorable and enjoyable one. He wished delegates safe journey to their respective destinations.
XI. CLOSING

32. Mrs Mona Quartey, Deputy Minister of Finance and Chairperson of the Convergence Council in her closing remarks thanked Ministers and Governors for their cooperation. She expressed optimism that the implementation of the Decisions of Council would help Member States make progress on the convergence scale. In conclusion, she invited delegates to enjoy the rest of their stay in Accra and wished them a safe journey to their respective destinations.

XII. DATE AND VENUE OF THE NEXT MEETING

33. The venue of the next Convergence Council meeting would be in Guinea. The date would be communicated to the Member States in due course.

DONE IN ACCRA, GHANA
15TH DAY OF JANUARY 2016

[Signature]

CHAIRMAN, CONVERGENCE COUNCIL OF MINISTERS AND GOVERNORS OF CENTRAL BANKS OF THE WEST AFRICAN MONETARY ZONE (WAMZ)