MEETINGS OF THE WEST AFRICAN MONETARY ZONE
FREETOWN, SIERRA LEONE
FEBRUARY 6-10, 2017

WAMZ/CC/37

REPORT OF THE
37TH MEETING OF THE CONVERGENCE COUNCIL OF MINISTERS
AND GOVERNORS OF THE CENTRAL BANKS
OF THE WEST AFRICAN MONETARY ZONE

FREETOWN, SIERRA LEONE
FEBRUARY 10, 2017
I. INTRODUCTION

1. The 37th Meeting of the Convergence Council of Ministers and Governors of the Central Banks of the West African Monetary Zone (WAMZ) was held at the Bintumani International Conference Centre, Aberdeen Freetown, Sierra Leone on 10th February, 2017, to deliberate on the status of implementation of the WAMZ Work Programme. The Report of the 34th Meeting of the Committee of Governors formed the basis for the deliberations.

2. All the WAMZ Member States, ECOWAS Commission and WAMI were represented at the meeting. The West African Institute for Financial and Economic Management (WAIFEM), West African Monetary Agency (WAMA), Banque Centrale des Etats de l’Afrique de l’Ouest (BCEAO), the African Development (AfDB), and the International Monetary Fund also attended as observers. The list of delegates is attached as Appendix B.

II. OPENING CEREMONY

Welcome Statement by the Chairman of the Convergence Council

3. Mrs. Malado Kaba, the Minister of Economy and Finance of the Republic of Guinea, welcomed delegates to the 37th Meeting of the Convergence Council of Ministers and Governors, in Freetown, Republic of Sierra Leone. She expressed profound gratitude to the Government and the people of the Republic of Sierra Leone, for the warm welcome and the excellent facilities placed at the disposal of delegates.

4. She expressed the need for collective efforts among the Member States especially at a time when the world order was seemingly changing, citing the global commodity price shocks, the Brexit phenomenon and the recent American elections. These developments brought into sharp focus the need for diversification of WAMZ economies in order to mitigate the emerging challenges.

5. She noted that performance of the Member States on the macroeconomic convergence criteria was less encouraging and, there was greater need to redouble efforts towards the realization of the goals of the ECOWAS Single Currency in 2020, which is drawing closer.
6. She thanked the members of the Convergence Council for their support during Guinea’s Chairmanship, and WAMI for the quality of the documents prepared and wished the incoming Chair successful tenure.

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

7. Mr. Lassane Kaboré, Director of Multilateral Surveillance, on behalf of the President of ECOWAS Commission, His Excellency Marcel Alain De Souza welcomed all delegates to the 37th Meeting of the Convergence Council and to Freetown, Sierra Leone. He expressed deep gratitude to the Government and People of the Republic of Sierra Leone for the warm welcome and excellent facilities accorded to delegates.

8. He reiterated the enduring commitment of the ECOWAS Commission for the realization of the objective of economic and monetary union assigned by ECOWAS Heads of State and Government. He averred that despite multiple challenges faced by the region since the adoption of 2009 roadmap for the materialization of the monetary union in 2020, the region has kept the momentum in implementing the regional agenda at the economic, monetary and security levels.

9. In conclusion, he wished delegates fruitful deliberations.

**Opening Address by the President of the Republic of Sierra Leone**

10. The Vice President, His Excellency Victor Bockarie Foh, on behalf of the President of the Republic of Sierra Leone, His Excellency Dr. Ernest Bai Koroma, welcomed delegates on behalf of the Government and People of Sierra Leone and expressed his delight to address the 37th Meeting of the Convergence Council of Ministers and Governors of Central Banks of the West African Monetary Zone.

11. The Vice President reminded delegates that the geographical proximity, cultural heritage and history of Member States underscore the region’s common destiny. He added that a common currency which firmly aligns with this reality will ease trade among Member States, thus opening the road to rapid socio-economic development of the region.

12. He mentioned that the numerous challenges faced by Member States, both global and at regional levels, should not dwarf the dreams of the Zone. He therefore implored member countries to remain committed and focused on the common currency project.

13. He emphasized the fact that monetary integration does not happen overnight. Monetary integration process requires formulation, management, coordination and monitoring of
prudent and consistent economic policies among the Member States, coupled with the appropriate allocation of resources to strengthen the drivers of growth.

14. He commended the efforts of Member States in meeting both quantitative and qualitative convergence targets, under challenging economic, social and financial conditions, characterized by lower commodity prices and geopolitical uncertainties. He mentioned that there were notable lessons learnt from the collapse in commodity prices, amongst which is the importance of diversifying the economies of Member States to strengthen resilience to unexpected external shocks.

15. The Vice President informed delegates that in order to address the challenges presented by the Ebola shock, the government of Sierra Leone developed and launched a National Post-Ebola Recovery Strategy which was implemented with support from development partners.

16. He congratulated all Ministers, Governors and delegates for assiduously striving to advance the vision and aspirations of the founding leaders of the WAMZ project and the Director-General and Staff of the West African Monetary Institute for piloting the course of the WAMZ.

17. In conclusion, he encouraged delegates to explore the city of Freetown as much as they could, especially for those visiting for the first time.

III. ELECTION OF CHAIRMAN

18. The Meeting elected the Republic of Sierra Leone as Chair of the Convergence Council. The meeting was chaired by Mr. Momodu L. Kargbo, Minister of Finance and Economic Development, Sierra Leone.

Statement by Chairman-elect

19. The Honourable Minister welcomed delegates to the WAMZ statutory meetings and stated that he was impressed by the attendance, as all Member States and regional institutions were represented, which signifies the commitment of Member States to the WAMZ Programme.

20. He noted that the WAMZ meetings were taking place at a time when the sub-region was experiencing difficult economic conditions largely due to the unfavourable developments in the global economy including decline in commodity prices and more recently the Brexit, of which the implications on the economies of member countries were still evolving.
21. He thanked the Technical Committee for their extensive and fruitful deliberations and the recommendations presented to the Committee of Governors for consideration by the Council.

22. He also thanked the immediate past chairperson of the Convergence Council, Minister of Economy and Finance of the Republic of Guinea for the excellent manner she steered the affairs of the Council in the last six months. He solicited the support and cooperation of colleague Ministers, Central Bank Governors, Director-General and staff of WAMI during the period of his stewardship of the Convergence Council.

23. He concluded by urging all member states to redouble efforts towards complying with the convergence criteria by the deadline of 2020.

IV. ADOPTION OF THE AGENDA

24. The agenda was adopted without amendment. This is attached as Appendix A.

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


VI. OBSERVATIONS OF THE CONVERGENCE COUNCIL

26. Council took note of the Report and made the following observations:

i. the WAMZ economies were characterised by structural rigidities, such as reliance on few primary export commodities destined for Europe, and large volume of imports originating from Europe and Asia. Therefore, the importance of economic diversification, especially at a time when the economies of the member states of the WAMZ were confronted with commodity price shocks, cannot be overemphasized;
ii. the level of trade among the Member States was significantly low, hence the need to boost intra-regional trade, as epitomized by the efforts of African leaders in consummation of Continental Free Trade Area; and

iii. the recommendation for the introduction of a 0.5 percent community levy to finance the operations of the proposed WAMZ Commission, should be escalated to the authority of the heads of state, for consideration and approval, citing the budgetary implications of the imposition of such a levy.

VII. DECISIONS OF THE CONVERGENCE COUNCIL

27. After deliberations, the Convergence Council decided as follows:

i. adopted the report on macroeconomic developments and convergence in the WAMZ as at end-June 2016 and urged Member States to:

- endeavour to diversify their economies so as to minimize the impact of shocks, domestic or external, as well as stimulating their economies through targeted spending in growth-enhancing sectors for employment generation and poverty reduction;

- strengthen fiscal consolidation through expenditure rationalization and revenue mobilization measures. Tax administration must be strengthened, including enforcement strategies aimed at curbing tax evasion and excessive duty waivers in a bid to enhance revenue collection and consequently improving on the fiscal deficit to GDP ratio;

- restrain the rising wage bill in some member countries through the development and implementation of public financial management reforms;

- Member States that are yet to commence implementing the CET should make efforts to resolve issues hindering the take-off as those countries which have implemented the CET have not suffered any revenue losses;

ii. directed WAMI to undertake a study on the implications of fragility and vulnerabilities of Member States’ economies on the convergence process with implementable recommendations at the next statutory meetings;

iii. directed WAMI to finalise and re-present the paper on “Managing Commodity Price Shocks in the WAMZ: The Role of Fiscal, Monetary and Exchange Rate Policies” at the next statutory meetings;
iv. endorsed the transformation of WAMI into a commission based on Scenario 2 (the lean structure) with an estimated cost of US$6,166,831.51 for the first year as against Scenario 1 with a cost estimate of US$12,121,949.30;

v. approved the roadmap leading to the establishment of the proposed WAMZ Commission, including the preparation of a project document, proposals for the amendment of the WAMZ Agreement and the convening of WAMZ Heads of State Summit to consider and approve the establishment of the Commission;

vi. urged the beneficiary Member States to fund, on equal basis, the shortfall of US$86,796.20 on the WAMZ Payments System Project arising from the exchange rate losses due to appreciation of the US dollar against the Unit of Account;

vii. directed WAMI to prepare a proposal and seek funding for the WAMZ Payments and Settlement System (WAMZPSS), which will establish among other functions, an inter-linkage between the RTGS of the WAMZ Member States via SWIFT to facilitate cross border trade through efficient and safe transfer of funds and also serve as a platform for quoting and trading in WAMZ national currencies;

viii. noted the report on the progress made in capital market integration in West Africa and urged Member States to redouble efforts to address the inhibiting constraints to deepen the process in the WAMZ;

ix. directed WAMI to establish three sub-committees i.e. Legal and Institutional, Payments System, and Operations, to facilitate the work of the Experts Committee on Quoting and Trading in WAMZ national currencies;

x. noted the Report on the 8th Forum of WAMZ Trade Ministers and urged Member States to implement the recommendations of the Forum to accelerate trade integration in the Zone and the wider ECOWAS region;

xi. noted the report on the newly constructed WAMZ Trade Integration Index and directed WAMI to update and publish it annually;

xii. noted the progress report on the implementation of the extended ACBF Capacity Building Project and tasked WAMI to explore other financing sources for capacity building for the achievement of the goals of the WAMZ;

xiii. approved the WAMI Work Programme and Budget for 2017 in the sum of US$4,894,674.31 with an additional US$65,000.00 to reinforce the activities of the CSWAMZ, bringing the total budget to US$4,957,563.54. Member States’ contribution amounts to US$4,301,666.54, a surplus of US$635,897.00 and interest income of US$20,000.00;
xiv. directed WAMI to update the Staff Manual and submit it for approval;

xv. directed WAMI to submit periodic internal audit reports to the Committee of Governors;

xvi. approved the implementation of Provident Fund Scheme for the few non-seconedered WAMI staff;

xvii. approved the statutory retirement age at WAMI to be sixty years; and

xviii. approved the extension of contracts of those who have attained the age of sixty prior to this recommendation to end-June 2017.

VIII. ANY OTHER BUSINESS

28. Dr. Mrs. Sarah Alade, Deputy Governor of the Central Bank of Nigeria, was appreciated and presented with a gift for her immense contribution to the WAMZ programme by her colleague Governors of Central Banks of the Member States of the WAMZ. Dr. Mrs. Alade is to retire from the services of the Central Bank of Nigeria, after serving ten glorious years as Deputy Governor at that bank.

29. The Deputy Governor of the Central Bank of The Gambia, Mrs. Oumie Savage-Samba, on behalf of the Minister of Finance and Economic Affairs and Governor of the Central Bank of The Gambia, conveyed the sincere thanks and appreciation of the people and the Government of The Gambia to His Excellency, Dr. Ernest Bai Koroma, President of the Republic of Sierra Leone, for his role in the resolution of the recent political impasse in The Gambia.

30. The heads of the regional integration institutions in West Africa, i.e. ECOWAS Commission, West African Monetary Agency (WAMA), West African Monetary Institute (WAMI), and West African Institute for Financial and Economic Management (WAIFEM), were recognised for their significant contributions to economic integration and capacity building in West Africa, by the Minister of Finance and Economic Development of the Republic of Sierra Leone.

31. Dr. Abwaku Englana, the Director General of WAMI, on behalf of his colleague heads of regional institutions accepted the honour bestowed on them by the Honourable Minister of Finance and Economic Development, Mr. Momolu L. Kargbo.

32. The Republic of Guinea reminded the Convergence Council that in 2004, the Heads of State Summit allocated WAMZ Institutions as follows: Guinea was to host the WAMZ
IX. CLOSING

33. The Chairman of the Convergence Council, in his closing remarks, thanked delegates for their cooperation. He expressed confidence that the cooperation demonstrated will be sustained for the actualization of the goals of the WAMZ. He also wished delegates safe journey back to their respective destinations.

X. DATE AND VENUE OF THE NEXT MEETING

34. The next meeting of the Convergence Council would be held in Monrovia, Liberia at a date to be communicated to Member States in due course.
DONE IN FREETOWN, SIERRA LEONE
10TH DAY OF FEBRUARY, 2017

MR. MOMODU L. KARGBO
MINISTER OF FINANCE & ECONOMIC DEVELOPMENT
REPUBLIC OF SIERRA LEONE
CHAIRMAN, CONVERGENCE COUNCIL OF MINISTERS
AND GOVERNORS OF CENTRAL BANKS OF THE WAMZ