MEETINGS OF THE WEST AFRICAN MONETARY ZONE
MONROVIA, LIBERIA
JULY 31 – AUGUST 4, 2017

REPORT OF THE
38TH MEETING OF THE CONVERGENCE COUNCIL OF MINISTERS AND GOVERNORS OF THE CENTRAL BANKS OF THE WEST AFRICAN MONETARY ZONE

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I. INTRODUCTION

1. The 38th Meeting of the Convergence Council of Ministers and Governors of the Central Banks of the West African Monetary Zone (WAMZ) was held at the Central Bank of Liberia, Monrovia on 4th August, 2017, to deliberate on the status of implementation of the WAMZ Work Programme. The Report of the 35th Meeting of the Committee of Governors formed the basis for the deliberations.

2. All the WAMZ Member States, ECOWAS Commission and the West African Monetary Institute (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), Commission de l’Union Economique et Monétaire Ouest Africaine (UEMOA), West African Bankers’ Association (WABA), 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

Welcome Statement by the Chairman of the Convergence Council

3. Alhaji F.B.L. Mansaray, Minister of State of Finance and Economic Development of the Republic of Sierra Leone welcomed delegates to the 38th Meeting of the Convergence Council held in the historic and beautiful city of Monrovia, Republic of Liberia. He apologized for the unavoidable absence of Mr. Momodu L. Kargbo, Chairman of the Convergence Council of the WAMZ and conveyed his sincere felicitations to colleague Ministers and Central Bank Governors. He then used the opportunity to thank the Government and People of Liberia for the warm reception and generous hospitality accorded delegates as well as the excellent facilities and logistics put at their disposal.

4. He stated that the reports submitted by WAMI indicated that economic growth in the WAMZ contracted, budget deficits widened, inflationary pressures heightened, export earnings dropped, foreign reserves declined and exchange rates depreciated significantly. As a result, the Zone’s performance on macroeconomic convergence deteriorated as none of the member countries met all the primary convergence criteria. He noted that only one country improved its performance on the primary convergence criteria, two sustained their performance while the performance of the rest deteriorated in 2016, relative to 2015.
5. Alhaji Mansaray stated that the need to come together to promote economic and monetary union was more relevant now than ever before. Being together, he said, could boost the capacity of the economies of Member States to withstand shocks. Studies had shown that participating in an economic and monetary union minimizes vulnerability to external shocks. He further stated that the coordination and harmonization of economic policies under such arrangements would boost the resilience of the respective economies and that of the WAMZ as a whole.

6. He reminded delegates that the vulnerability of the WAMZ economies to external shocks and its implications for macroeconomic convergence remained a major impediment to achieving the desired goal of an economic and monetary union. He implored the incoming Chairman to urge member countries to focus on the implementation of policies, programmes and projects that would strengthen the resilience of their respective economies. In this regard, the continued implementation of sound macroeconomic policies as well as the diversification of the economies could not be overemphasized, he stated.

7. In conclusion, the Minister thanked the Convergence Council for the support and guidance provided during Sierra Leone’s tenure as Chairman of the Convergence Council. He also took the opportunity to thank the Director-General of WAMI and his able staff for the quality of the reports and studies, which had broadened knowledge on the prospects and challenges of economic and monetary integration in the ECOWAS sub-region. He implored the Convergence Council to extend the support provided Sierra Leone as Chair to the incoming Chairman to enable him effectively steer the affairs of the Council during these challenging times in the effort to attain economic and monetary integration.

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

8. Mr. Mamadou Traoré, Commissioner, Macroeconomic Policy and Economic Research, on behalf of the President of ECOWAS Commission, His Excellency Marcel Alain De Souza welcomed all delegates to the 38th Meeting of the Convergence Council.

9. He took the opportunity to express deep gratitude to the Government and the people of the Republic of Liberia for hosting the Statutory Meetings of WAMA, WAMI and WAIFEM in Monrovia.

10. He commended WAMI for the initiatives taken since its establishment to strengthen regional integration within ECOWAS and more specifically, in the six Member States of the WAMZ.
11. With respect to strategic direction, the Commissioner took note of the on-going actions to transform WAMI into a WAMZ Commission, with a broader scope of action. He however, drew attention to the fact that being an ECOWAS Member State imposes constraints and obligations at both the regional and international levels that must be taken into consideration in the course of pursuing regional integration.

12. With regard to the ECOWAS Single Currency Programme, the Commissioner noted that developments were slow. Since the holding of the 3rd Presidential Task Force meeting on the Programme in February 2015 in Niamey, no further meetings were held. In this respect, a meeting was expected to be held in the next few months to assess the feasibility of the 2020 deadline of launching the single currency which would need to be reviewed.

13. The Commissioner observed that to have a credible single currency, it was essential to harmonize budgetary policies and debt and to ensure close coordination between the common monetary policy and national budgetary policies.

14. He stressed that if the implementation of the single currency could not be achieved on the agreed date, the completion of some important milestones in the roadmap could be planned prior to a more appropriate date.

15. In conclusion, he expressed appreciation to member countries for their commitment to the implementation of the regional integration activities which was the way to build strong economies and create an environment for peace and prosperity.

Opening Address by the President of the Republic of Liberia

16. Her Excellency, Madam Ellen Johnson Sirleaf in her opening address welcomed delegates to the capital city, Monrovia and stated how glad Liberia was to host the Statutory Meetings of the West African Monetary Zone (WAMZ).

17. Her Excellency observed that much work had been done over the years to sustain monetary and economic cooperation, as each country had risen above its recent economic challenges toward the goals of regional integration. She noted that the oil price shock that affected Nigeria, Gambia’s political impasse and the Ebola outbreak in the Mano River Union were factors that risked performance at the regional level, but that each country had made at least a stride in one area or the other.

18. She stated that notwithstanding the efforts by member countries, the challenges that confronted member countries in recent times still made serious adverse effects on the region’s economy, such as rising inflation, declining growth, investor apathy, among others. She also noted that the meetings were taking place at a time of major developments in the global economy, especially Britain’s exit from the European Union. Her Excellency stressed that the lessons from BREXIT should guide deliberations at
these meetings by ensuring that decisions conform to a region-specific framework that works best for the WAMZ.

19. She reminded delegates that most Member States remained highly vulnerable to exogenous shocks given that they relied heavily on primary commodity-export, external financing and aid dependency, all exacerbated by frequency of political and health crises and other natural disasters. She said that this explained why none of the member countries had been able to sustain all of the primary macroeconomic convergence criteria for three or more years consecutively.

20. She emphasised that the fastest way to accelerate convergence was through a shift in the economic fundamentals by addressing the structural and infrastructure constraints that confronted Member States of the WAMZ. She stressed on the need to focus more on building resilient political and economic structures that were anchored on good governance with emphasis on zero tolerance for corruption, diversification of economic structures towards areas of comparative advantage, strengthened independence of central banks, strong fiscal discipline and enhanced trade among Member States with emphasis on private sector growth to drive industrialization of the WAMZ.

21. She assured delegates that the Government and people of Liberia remained committed to doing its part to mitigate these problems and noted the need to work together, united in diversity. It was on that note that she declared the 38th Meeting of the Convergence Council officially open and wished Council fruitful deliberations.

III. ELECTION OF CHAIRMAN

22. The Meeting elected the Republic of Liberia as Chair of the Convergence Council. The meeting was chaired by Hon. Boima S. Kamara, Minister of Finance and Development Planning, Liberia.

IV. ADOPTION OF THE AGENDA

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

V. CONSIDERATION OF THE REPORT OF THE 35TH MEETING OF THE COMMITTEE OF GOVERNORS

VI. DECISIONS OF THE CONVERGENCE COUNCIL

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

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

- implement credible domestic adjustments to tackle the financing needs of the countries, in view of depletion of fiscal buffers and tightening of external financing conditions.

- pursue more aggressive diversification programmes directed towards agriculture, fisheries, manufacturing and services, accompanied by light manufacturing to insulate economies against future shocks.

- strengthen fiscal consolidation, including enhancing revenue mobilization and reducing government spending to lower budget deficits and the attendant high government interest payments. To this end, measures should be taken to strengthen compliance and close loopholes and exemptions in the tax system.

- strengthen coordination between fiscal and monetary policies to ensure macroeconomic stability as well as create appropriate macroeconomic environment conducive for intra-regional trade and economic development in the zone.

- pursue greater harmonization of their national laws and policies on migration in conformity with ECOWAS protocols and decisions to facilitate compliance and implementation. Where required by national constitutions, Member States are encouraged to initiate and undertake necessary measures for the incorporation of ECOWAS Laws into national law as this will go a long way to facilitate enforceability at national level.

ii. directed WAMI to circulate the draft WAMZ Commission Project Document to Member States for further national consultations. Comments should be forwarded to WAMI by end of October 2017;

iii. directed WAMI to re-present the revised WAMZ Commission Project Document at the next statutory meetings;
iv. directed WAMI to update the paper on vulnerability of WAMZ economies to external shocks, subject to incorporation of the observations of the Technical Committee;

v. directed WAMI to update annually the economic vulnerability index, as an additional tool kit for macroeconomic assessment of the zone;

vi. directed WAMI to commence the process of recruiting another firm of External Auditors for the Institute for the financial year 2017, renewable every year for a maximum of five years, at a professional fee not exceeding US$15,000 (fifteen thousand dollars only) per annum;

vii. directed WAMI, in collaboration with the zonal Payments System Committee and the expert committee on trading and quoting in WAMZ currencies, to work on the appropriate model of inter-linkage of regional RTGS for cross border payment and settlement;

viii. directed WAMI to further pursue cooperation with SWIFT for deeper integration of Payments System;

ix. approved the audited report and financial statements of WAMI for the year 2016; and

x. approved the appointment of Dr. (Mrs) Eunice N. Egbuna as Director-General of WAMI with effect from August 4, 2017.

VII. ANY OTHER BUSINESS

25. There was no other business.

VIII. CLOSING

26. 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 congratulated the new Director-General of WAMI, Dr. (Mrs) Eunice N. Egbuna, and wished her well in steering the affairs of WAMI. He also wished delegates safe journey back to their respective destinations.
IX. DATE AND VENUE OF THE NEXT MEETING

27. The next meeting of the Convergence Council would be held in Banjul, The Gambia. The date would be communicated to Member States in due course.

DONE IN MONROVIA, LIBERIA
4TH DAY OF AUGUST, 2017

MR. BOIMA S. KAMARA
MINISTER OF FINANCE AND DEVELOPMENT PLANNING
REPUBLIC OF LIBERIA
CHAIRMAN, CONVERGENCE COUNCIL OF MINISTERS
AND GOVERNORS OF CENTRAL BANKS OF THE WAMZ