



## **ACCRA DECLARATION ON CREATION OF A SECOND MONETARY ZONE**

**Accra, April 2000**

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## **DECLARATION ON SECOND MONETARY ZONE**

**We** the Heads of State and Government of the  
Republic of The Gambia,  
Republic of Ghana,  
Republic of Guinea,  
Republic of Liberia,  
Federal Republic of Nigeria, and  
Republic of Sierra Leone

## **MEETING IN ACCRA ON 20 APRIL 2000**

**RECALLING** the ECOWAS Fundamental Principles and the provisions for the establishment of an economic and monetary union as stipulated in Articles 3 and 51-55 of the ECOWAS Treaty of 1993;

**REAFFIRMING** our collective resolve to take all possible measures at the national and regional levels towards the achievement of the economic and monetary union of West African countries;

**RECOGNISING** the additional effort that our countries require to make to satisfy the ECOWAS conditions for the establishment of a single monetary zone by the year 2004;

**DETERMINED** to act together in the spirit of regional solidarity to facilitate the process of further restructuring our respective national economies within the ECOWAS framework of regional integration;

**ENCOURAGED** by the increasing importance that is being accorded regional cooperation and integration by each of the participating countries and our development partners;

**EXPRESSING** gratitude to the current Chairman of the ECOWAS Authority of Heads of State and Government, His Excellency Alpha Oumar Konaré, President of the Republic of Mali for his presence at the Summit and personal support of the initiatives towards an acceleration of the regional integration process;

**UPON RECOMMENDATION** by the Convergence Council of Ministers of Foreign Affairs, Finance, Economic Planning, Cooperation and Integration, Trade and Commerce, Governors of Central Banks meeting in Accra on 19 April 2000;

## **HEREBY DECLARE AS FOLLOWS:**

### **Commitment to Accelerating Regional Integration in West Africa**

1. Each Member State is fully committed to the ECOWAS Authority decision taken in Lomé on 10 December 1999 to adopt a fast-track approach to ensure an accelerated implementation of ECOWAS integration programmes, as re-affirmed at the Ministerial Meeting in Bamako on 29 January 2000.

### **Establishment of Second Monetary Zone**

2. Member States commit themselves to the creation of a second monetary zone in West Africa by January 2003 based on the conditions adopted by the ECOWAS Authority for the establishment of a single monetary zone.
3. In recognition of the difficult adjustment efforts needed to achieve the targets set for macroeconomic policy convergence, Member States agree to undertake concerted action to attain the following quantitative primary convergence criteria:
  - (a) single digit inflation rate by the year 2000 and 5% by 2003;
  - (b) gross external reserves to cover at least 3 months of imports by end 2000 and 6 months by end 2003;
  - (c) central bank financing of budget deficit to be limited to 10% of previous year's tax revenue;
  - (d) budget deficit (excluding grants) to GDP ratio of not more than 5% by 2000 and 4% by 2002.
4. The six secondary criteria adopted under the ECOWAS single currency programme will also be observed in support of the above four criteria.
5. Member States undertake to establish an effective macroeconomic data base within each country and at the sub-regional level as essential support for the multilateral surveillance mechanism.
6. In order to accommodate the monetary and fiscal pressures that this regional macroeconomic harmonisation programme will exert on individual national economies, Member States agree to establish an appropriate regional compensation and stabilisation arrangement in support of the commitments to be met under the monetary integration programme.

## **Modalities of Implementation**

7. Member States adopt the recommendations of the Convergence Council including the attached Action Plan which outlines the programme of activities to be undertaken in four stages ending in December 2002, to be followed by the commencement of the Second Monetary Zone in January 2003.

## **Institutional Arrangements**

8. Member States agree on the following institutional arrangements:
  - (a) Summit of Heads of State and Government
  - (b) Convergence Council of Ministers and Governors of Central Banks
  - (c) Technical Committee assisted by the Task Force
  - (d) Common Central Bank

## **General Undertaking**

9. Member States recognise the need for strong political commitment and undertake to pursue all such other national policies as would facilitate the regional monetary integration process. In this regard, national economic management programmes will be formulated and implemented to reinforce the monetary integration objective. This concerned approach is to be reflected in Member States interactions with all their relevant development partners.

IN FAITH WHEREOF, WE, THE UNDERSIGNED HAVE  
APPENDED OUR SIGNATURES TO THIS DECLARATION AT  
ACCRA THIS 20TH DAY OF APRIL 2000

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Mr. Momodou Clarke BAJO  
Governor of the Central Bank of The Gambia, representing  
His Excellency Yahya A. J. J. JAMMEH  
President of the Republic of The Gambia

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For the Republic of Ghana  
His Excellency Flt. Lt. Jerry John RAWLINGS  
President of the Republic of Ghana

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For the Republic of Guinea  
His Excellency General Lansana CONTE  
President of the Republic of Guinea

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For the Republic of Liberia  
Dr. Romeo HORTON  
Eminent Person, representing  
His Excellency Dahkpanah Dr. Charles Ghankey TAYLOR  
President of the Republic of Liberia

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For the Federal Republic of Nigeria  
His Excellency Olusegun OBASANJO  
President, Commander-in-Chief of the Armed Forces  
Federal Republic of Nigeria

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For the Republic of Sierra Leone  
Mr. J. Sanpha KOROMA  
Governor of the Central Bank of Sierra Leone, representing  
His Excellency Ahmad Tejan KABBAH  
President of the Republic of Sierra Leone

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IN THE PRESENCE OF  
His Excellency Alpha Oumar KONARE  
Chairman of the ECOWAS Authority of  
Heads of State and Government and  
President of the Republic of Mali

## ACTION PLAN FOR THE ESTABLISHMENT OF THE SECOND MONETARY ZONE

PHASE OF IMPLEMENTATION	NATURE OF ACTIVITY TO BE UNDERTAKEN	COMMENCEMENT	COMPLETION	INSTITUTION CONCERNED	OBSERVATIONS
Stage I Jan. – Dec. 2000	(a) Harmonisation of macro-economic policies and concepts. Observance of macro-economic indicators of convergence	Jan. 2000	On-going	Member States, Gambia, Ghana, Guinea, Liberia, Nigeria, Sierra Leone	
	i) Inflation: Single digit 5%	Jan. 2000	Dec. 2000 Dec. 2003		
	ii) Central Bank credit to Govt. 10% of previous year's tax revenue	Jan. 2000	Dec. 2002		
	iii) Reserves to imports cover: 3 months 6 months	Jan. 2000	Dec. 2000 Dec. 2003		
	iv) Budget deficit/GDP ratio: 5% 4%	Jan. 2000	Dec. 2000 Dec. 2002		
	(b) Review of draft institutional administrative and legal framework on single ECOWAS monetary zone and documents for negotiation	March 2000	June 2000	Technical Committee	The Technical Committee is to hold consultations and discussions with relevant institutions, organisations in and outside the region to facilitate the finalisation of this document originally prepared by the monetary consultant, the late Dr. J.H. Frimpong-Ansah.
	(c) Setting up of Task Force to prepare technical documents for Technical Committee	March 2000	April 2000	Convergence Council	This Task Force will operate as an ad-hoc Committee to facilitate the work of the Technical Committee
	(d) Operations of the Task Force	April 2000	Dec. 2000	Technical Committee	

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Stage I Jan. – Dec. 2000	(e) Sensitisation programme for national legislators and the general public	March 2000	On-going	Heads of State Convergence Council ECOWAS Secretariat and Technical Committee	The Technical Committee is to draw up a programme of publicity and workshops to educate and sensitise the whole population on the common currency in particular, the legislators, private sector and the general public.
	(f) Setting up of Interim Institution to manage the process	March 2000	Dec. 2000	Convergence Council	This institution could initially be attached to one of the Central Banks or the ECOWAS Secretariat
Stage II Jan.-June 2001	(a) Continued observance of macro-economic indicators of convergence:				
	i) assessment of performance of each country	Jan. 2001	March 2001	Technical Committee	
	ii) statement on country performance	March 2001	March 2001	Convergence Council	This statement to be prepared by the Technical Committee is to be issued by the Convergence Council
	(b) Negotiations on institutional, administrative and legal framework for setting up the common Central Bank, designation of headquarters	Jan. 2001	June 2001	Convergence Council	
	(c) Decision to be made on name of common Central Bank and the common currency of the Second monetary zone.	Jan. 2001	Jan. 2001	Convergence Council	Technical Committee to advise Convergence Council on these issues for decision



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Stage III July 2001 Oct. 2002	(a) Finalisation of operational activities				
	i) Operationalising of exchange rate mechanism	July 2001	Dec. 2001	Convergence Council	
	ii) Appointment of key officers of the Bank	July 2002	Aug. 2002	Heads of State/Convergence Council	
	iii) Preparation for introducing new currency	July 2002	Dec. 2002	Convergence Council	
	iv) Recruitment of staff	Aug. 2002	Oct. 2002	Common Central Bank	
	v) Mid-term assessment of country performance	July 2001	Aug. 2001		
	vi) On-going operational activities	July 2001	Oct. 2002	Common Central Bank	
	vii) Final assessment of performance	Jan. 2002	March 2002	Convergence Council	
Stage IV Jan.-Dec. 2003	Introduction of new currency	Jan. 2003	Jan. 2003	Common Central Bank	The common currency will circulate side by side with national currencies for a specific period of time.