



ECW/AGR/WAMZ/1

THE AGREEMENT OF THE WEST AFRICAN MONETARY ZONE (WAMZ)

Institutional, Administrative and Legal Framework

December 2000

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THE HIGH CONTRACTING PARTIES

RECALLING the ECOWAS Fundamental Principles and the provisions for the establishment of an economic and monetary union as stipulated in Articles 3 and 4 and 51 to 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;

RECALLING the ECOWAS Authority decision taken in Lomé on 10th December 1999 to adopt a fast-track approach to ensure an accelerated implementation of ECOWAS integration programmes;

CONSIDERING Member States' resolve to create a Second Monetary Zone in West Africa by January 2003 based on the conditions adopted by the Authority for the establishment of a single monetary zone;

DETERMINED to accelerate and facilitate, by this initiative, the eventual establishment of a single monetary zone by the year 2004;

DESIRING to lay down the Statutes of the West African Monetary Zone as provided for in the "Accra Declaration" dated 20th April 2000, establishing the West African Monetary Zone comprising The Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone, within the framework of the ECOWAS single monetary zone objective.

HAVE hereby agreed as follows:

PART I

DEFINITIONS

Article 1

1.1 For the purpose of this Agreement:

"Authority" means the Authority of the Heads of State and Government of member States of the West African Monetary Zone.

“Court of Justice” means the Court of Justice of ECOWAS established under Article 56 of the Treaty.

“Council” means the Convergence Council of the West African Monetary Zone prior to the establishment of the West African Central Bank and also means the Governing Council as from the inception of the WACB.

“ECOWAS” means the Economic Community of West African States established under Article 2 of the Treaty.

“Member State” or **“Member States”** means a Member State or Member States of the WAMZ.

“NCB” means National Central Bank.

“SCF” means the Stabilisation and Cooperation Fund of the West African Monetary Zone.

“Secretariat” means the Executive Secretariat of ECOWAS established under Article 8 paragraph 1 of the Treaty.

“Third Country” means any State other than a Member State of the WAMZ.

“Treaty” means the Revised Treaty of the Economic Community of West African States signed in Cotonou on 24th July 1993.

“WACB” means the West African Central Bank.

“WAMI” means the West African Monetary Institute.

“WAMZ” means the West African Monetary Zone.

PART II

GENERAL PROVISIONS

Article 2

Constitution

2.1 The West African Monetary Zone (WAMZ) is hereby established between the States which have signed the present Agreement.

- 2.2 The WAMZ is established to serve the interest of the national economies of Member States and is under the sole management and control of the Governments concerned in accordance with the conditions hereinafter defined.

Article 3

Membership

- 3.1 All States which are signatories to this Agreement are eligible to become members of the WAMZ.
- 3.2 Any African State, which becomes a member of the Economic Community of West African States (ECOWAS) may become a member of the WAMZ upon application to the Council and upon the fulfillment of all eligibility criteria. The terms and conditions of accession shall be agreed between the Government of the applicant State and the Council.

Article 4

Withdrawal

- 4.1 Any Member State may withdraw from the WAMZ. The decision to withdraw shall be notified in writing to the Authority through its Chairman and shall take effect 180 days after such notification unless that notification is withdrawn.
- 4.2 The Chairman of the Authority shall promptly notify participating States.
- 4.3 The terms governing any transfer of services including the issue of currency shall be determined by agreement between the government of the withdrawing State and the Council.
- 4.4 The agreement shall also determine the portion of any negative or positive positions on the foreign assets item of the statement of account of any Member State of the WAMZ that the withdrawing State shall be obliged to take over by reason of its previous joint participation in the management of the common currency.
- 4.5 In the event of a withdrawal, the withdrawing Member State shall forfeit 50% of its net asset.

Article 5

Expulsion

- 5.1 Member States of WAMZ hereby undertake, under sanction of expulsion from WAMZ, to comply with the provisions of the present Agreement and of related texts concerning its application, particularly with respect to:
- i) the rules concerning the issue of a common currency for the WAMZ;
 - ii) the free circulation of the common currency and the freedom of transfer between Member States of the WAMZ;
 - iii) the provisions of the Articles set out hereafter, relating to the WAMI and the WACB;
 - iv) the provisions of the Articles set out hereafter, relating to the Stabilisation and Cooperation Fund.
- 5.2 The Authority upon recommendation of the Council, shall by unanimous decision confirm the expulsion of a Member State that has failed to fulfil the above-mentioned obligations. In the event of such an expulsion, the Council shall take the necessary measures to safeguard the interests of the Zone.

PART III

INSTITUTIONS OF THE WAMZ

Article 6

Institutional Arrangements

- 6.1 Institutions of the WAMZ shall be:
- i) the Authority of Heads of State and Government;
 - ii) the Convergence Council;
 - iii) the Technical Committee;
 - iv) the West African Monetary Institute;
 - v) the West African Central Bank;
 - vi) the Stabilisation and Cooperation Fund; and
 - vii) any other institutions that may be established by the Authority.

Article 7

The Authority of Heads of State and Government

- 7.1 Heads of State and Government of Member States of WAMZ sitting in conference shall constitute the supreme Authority of WAMZ. The Authority shall by unanimous agreement, settle any matter that the Council has been unable to resolve.

Article 8

The Convergence/Governing Council

- 8.1 The Council shall constitute the supervising authority of the WAMZ and its institution. Prior to the establishment of WACB, it shall comprise the Ministers of Foreign Affairs, Finance, Trade/Commerce, Integration and Governors of Central Banks of Member States of the WAMZ. Upon the establishment of WACB, the Council shall transform into a Governing Council and shall comprise the Minister of Finance and one other Minister from each Member State of the WAMZ. The Council shall undertake the supervision of the WAMZ and shall in this regard seek the advice of the Technical Committee.
- 8.2 The Council shall elect one of its members to serve as chairman. The Chairman shall hold office for one year.
- 8.3 The Council shall recommend for the decision of the Authority the accession of new members, expulsion of members and shall take note of withdrawals.
- 8.4 Unless otherwise specified in this Agreement, the decisions of the Council shall be taken by a unanimous vote. The Council's decisions shall respect those international commitments entered into by Member States which do not contradict the terms of any provision in this Agreement.
- 8.5 The Council shall meet at least twice a year, on the initiative of the Chairman or at the request of one or more of its members.
- The venue of the meeting shall be rotated among the Member States in alphabetical order of their names.
- 8.6 The Chairman shall set the date of meetings and draw up the agenda.
- 8.7 The President of the WACB shall attend the meetings of the Council and may ask to be heard by the Council.
- 8.8 The Secretariat shall act as the secretariat of the WAMZ.

Article 9

Technical Committee

- 9.1 The Technical Committee shall facilitate the coordination of the policies of Member States to the maximum extent needed for the proper functioning of the regional market and the stability of a common currency.
- 9.2 The membership of the Committee shall be the following:
- i) three members appointed by each of the Member States;
 - ii) two members appointed by the ECOWAS Secretariat;
 - iii) two members appointed by the WACB.
- 9.3 The Committee shall elect one of its members to serve as chairman.
- 9.4 The Committee shall have the following tasks:
- i) keep under constant review the monetary and financial situation and the balance of payments of Member States and of the Zone and to report on them regularly to the Council;
 - ii) contribute to the preparatory work of the Council by monitoring the economic policies of member States and reporting on their general economic conditions;
 - iii) examine regularly the harmonization of macroeconomic policy of Member States and report to the Council at least twice a year;
 - iv) report on the status of convergence and progress in the achievement of economic and monetary union;
 - v) act in an advisory capacity to the Council and generally carry out any other tasks that maybe assigned to it by the Council.

Article 10

Constitution – WACB

- 10.1 There is hereby established a West African Central Bank (WACB) which shall be the common Central Bank of the WAMZ.
- 10.2 The status, objectives and functions of the Bank shall be as defined in the statutes relating thereto.

Article 11

Constitution – WAMI

- 11.1 There is hereby established a West African Monetary Institute (WAMI).

- 11.2 WAMI shall be the interim institution that will carry out functions and activities leading to the take-off of the WACB.
- 11.3 The status, objectives and functions of WAMI shall be as defined in the statutes relating thereto.

Article 12

Stabilisation and Cooperation Fund (SCF)

- 12.1 There is hereby established a Stabilisation Cooperation and Fund (SCF).
- 12.2 The SCF is to provide financial assistance for the correction of temporary disequilibria in the balance of payments of Member States.
- 12.3 The status, objectives and functions of the SCF shall be as define in the provisions relating thereto.

PART IV

OBJECTIVES OF WAMZ

Article 13

General Principles

- 13.1 The guiding principles of the WAMZ are stable prices, sound public finances and monetary conditions and a sustainable balance of payments for Member States of the Zone, to be achieved by;
- i) the adoption of a regional economic policy through close coordination of the economic policies of Member States, the development of the internal market of the region and the definition of common objectives;
 - ii) the conduct of the regional economic policy in accordance with the principle of an open market economy;
 - iii) the definition and conduct of a common monetary policy and exchange rate policy, with the primary objective of maintaining price stability.
- 13.2 The Council, acting on the advice of the Technical Committee, or the President of the WACB shall by a two third majority formulate broad guidelines for the economic policies of Member States and the WAMZ.

PART V

RESPONSIBILITIES OF MEMBERSHIP

Article 14

Coordination of Policies

- 14.1 Pursuant to Article 13, Member States shall conduct their economic policies with a view to achieving the objectives of the WAMZ.
- 14.2 Member States shall act in accordance with the principle of an open market economy, and shall comply with the guidelines in Article 13.
- 14.3 Member States shall regard their economic policies especially fiscal policy as of common regional concern and shall coordinate them with the Council.
- 14.4 Member States shall, for the formulation of their economic policies be guided by the broad guidelines provided by Council.

Article 15

Multilateral Surveillance

- 15.1 To ensure close coordination of economic policies, and sustained convergence of economic performance of Member States, the Council shall, working in close cooperation with the Director General of WAMI/President of the WACB, monitor economic developments in each member State and in the WAMZ. They shall also monitor the consistency of economic policies with the broad guidelines referred to in Article 13.1 and carry out regular overall assessment twice a year.
- 15.2 For the purpose of the multilateral surveillance prescribed in this Article, Member States shall forward information on measures taken by them especially fiscal policies and other information as requested by the Director General of WAMI/the President of the WACB.
- 15.3 Where it is established that the economic policies of a Member State are not consistent with the prescribed broad guidelines, or that they risk jeopardizing the harmonious and proper functioning of the Monetary Zone or the attainment of its objective, the Council may make the necessary recommendations to the Member State concerned. The Council may decide to make its recommendations public.
- 15.4 The Council may decide to publish the results of its multilateral surveillance.

Article 16

Prohibitions

- 16.1 No institution or body of the WAMZ, a central government, regional, local or other public authority or any other body governed by public law shall apply for or receive credit facility from the WACB.
- 16.2 No debt instruments belonging to any of the institutions or bodies referred to in Article 16.1 above shall be offered for sale to, or purchased by the WACB.
- 16.3 Publicly owned credit and banking institutions shall, for the purposes of the provisions in this Article, be treated as private banking and credit institutions.
- 16.4 Any decision or measure establishing privileged access to financial institutions in favour of institutions or bodies of the WAMZ, central governments, regional, local or other public authorities, or bodies governed by public law, is hereby prohibited.
- 16.5 All restrictions on the movement of capital between Member States and between Member States and third countries are prohibited.
- 16.6 All restrictions on payments in respect of current account transactions between Member States and third countries are prohibited.

PART VI

FINAL PROVISIONS

Article 17

Working Languages

- 17.1 The working languages of the WAMZ shall be English and French.

Article 18

Amendment and Revision

- 18.1 Any Member State of the WAMZ or the Chairman of the Council after consultation with other members may submit proposals for the amendment or revision of this Agreement.
- 18.2 Amendments may be adopted by the Authority and shall enter into force in accordance with Article 20.1 of this Agreement.

Article 19

Settlement of Disputes

- 19.1 Any dispute arising from the interpretation or the application of the provisions of this Agreement shall be amicably settled through direct agreement without prejudice to the provisions of the Treaty and this Agreement.
- 19.2 Failing this, either party or any other Member State or the Authority may refer the matter to the Court of Justice whose decision shall be final and shall not be subject to appeal.

Article 20

Entry into Force

- 20.1 This Agreement shall enter into force upon signature by at least two Member States.
- 20.2 This Agreement shall be deposited with the Secretariat which shall transmit certified true copies to all Member States of ECOWAS informing them of the dates on which the Agreements were signed.
- 20.3 The Agreement of WAMZ shall be annexed to and shall form an integral part of the Treaty.

IN FAITH WHEREOF, WE, THE HEADS OF STATE AND
GOVERNMENT OF THE MEMBER STATES OF THE WEST AFRICAN
MONETARY ZONE (WAMZ) HAVE SIGNED THIS AGREEMENT ON
THIS 15TH DAY OF DECEMBER, 2000 IN SINGLE ORIGINAL IN THE
ENGLISH AND FRENCH LANGUAGES ALL TEXTS BEING
EQUALLY AUTHENTIC.

For the Republic of The Gambia
Her Excellency Mrs Njie SAIDY
For and on behalf of
Colonel (Rtd) Alhaji Dr. Yahya A.J.J. JAMMEH
President of the Republic of The Gambia

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

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

For the Republic of Liberia
His Excellency Dahkpanah Dr. Charles Ghankey TAYLOR
President of the Republic of Liberia

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

For the Republic of Sierra Leone
His Excellency Ahmad Tejan KABBAH
President of the Republic of Sierra Leone

For ECOWAS
His Excellency Alpha Oumar KONARE
Chairman of the ECOWAS Authority of
Heads of State and Government
President of the Republic of Mali