



**MEETINGS OF THE WEST AFRICAN MONETARY ZONE
(WAMZ)
BANJUL, THE GAMBIA
NOVEMBER 3 – 7, 2008**

WAMZ/CC/23/

**23RD MEETING OF THE CONVERGENCE COUNCIL OF
MINISTERS AND GOVERNORS OF CENTRAL BANKS OF
THE WEST AFRICAN MONETARY ZONE (WAMZ)**

FINAL REPORT

**BANJUL, THE GAMBIA
November 7, 2008**

**REPORT OF THE 23RD MEETING OF THE CONVERGENCE COUNCIL OF
MINISTERS AND GOVERNORS OF CENTRAL BANKS
OF THE WEST AFRICAN MONETARY ZONE
HELD AT BANJUL, THE GAMBIA**

November 7 2008

I. INTRODUCTION

1. The 23rd Meeting of the Convergence Council of Ministers and Governors of the West African Monetary Zone (WAMZ) was held at the Kairaba Hotel, Banjul, The Gambia to consider the Report of the 20th Meeting of the Committee of Governors of Central Banks of the WAMZ.

2. All the Member States, the ECOWAS Commission and WAMI were represented at the Meeting. Liberia, West African Bankers Association (WABA), West African Institute for Financial and Economic Management (WAIFEM), West African Monetary Agency (WAMA), West African Economic and Monetary Union (WAEMU), Bank Central des Etats de l'Afrique de l'Ouest (BCEAO), African Business Round Table (ABR), and the Africa Finance Corporation (AFC), participated at the Meeting as observers. The list of delegates is attached as Appendix B.

II. OPENING

3. In his address, Honourable Moussa Gibril Bala Gaye, Secretary of State for Finance and Economic Affairs of The Gambia, welcomed delegates and reiterated the objective of the West African Monetary Zone (WAMZ) which is to establish a common central bank and introduce a single currency.

4. He said that WAMI was established to prepare the member states of the WAMZ for Monetary Union through the attainment of a set of convergence criteria. He observed that although the WAMZ project has been postponed twice, the will to pursue monetary integration was evident in the Banjul Declaration and Action Plan of 2005 in which

member states recommitted themselves towards this goal. He noted the significant strides made thus far including the attainment of all the four primary convergence criteria by the Gambia and Nigeria in both 2006 and 2007; and the launching of the WAMZ Payments and Settlement Systems for The Gambia, Guinea and Sierra Leone in September 2008 to facilitate the harmonization of the payments systems in the Zone.

5. In conclusion, he stated that despite the solidarity and commitment demonstrated to establish a monetary union under the auspices of the Banjul Declaration of 2005, the pace of progress has been slow. The Secretary of State therefore underscored the need for the WAMZ Authorities to rededicate themselves towards actualizing the common goal. He stressed that huge financial obligations on the part of Governments, and valuable time and efforts have been invested in the project and therefore the time has now come for a decision. He reiterated the need for a Summit of Heads of State and Government of the WAMZ countries to be convened in order to inject renewed political impetus to the project.

6. In his address, the out-going Chairman of the Convergence Council, Honourable David O. Carew, Minister of Finance and Economic Development of the Republic of Sierra Leone thanked the Government and people of The Gambia for the warm and brotherly reception and the hospitality extended to delegates. He thanked the organizers and WAMI staff for the hard work regarding the preparations made for the 23rd meeting of the Convergence Council.

7. Against the backdrop of the unfolding global financial crisis, he called on member countries to accelerate efforts to further liberalise intra-WAMZ and intra-ECOWAS trade to compensate for the likely drop in trade with the Western Hemisphere and to brace our economies against possible decline in external inflows.

8. Finally, he cautioned that time was of essence and therefore called for unity of purpose and understanding in order to reach the ultimate goal.

9. The President of the ECOWAS Commission was represented by Prof. Lambert Bamba, Commissioner, Macroeconomic Policy. Professor Lambert thanked the President, His Excellency, Alhaji (Dr) Yahya A. J. J. Jammeh and People of The Gambia for hosting the meeting of the WAMZ. He welcomed Ministers and Governors to the meeting. He commended the staff of WAMI for quality of the technical presentations. He drew the attention of Member countries to the slow pace in the ratification and domestication of various WAMZ legal instruments and also the need to augment sensitisation of stakeholders. He observed that despite the unfavourable external economic environment member states have made some progress. Finally, he stressed the need for member countries to implement policies and programmes that would ensure that the dream of the founding fathers of the WAMZ project was realised.

10. In her opening address, the Vice President of The Gambia, Her Excellency, Dr. Madam Isatou Njie-Saidy, welcomed delegates on behalf of the President of the Republic of The Gambia, His Excellency, President Alhaji (Dr) Yahya A J J Jammeh and people of Gambia. She extended her thanks to the Convergence Council for the choice of Banjul as the host of the Meeting. She stated that a well functioning monetary union would provide immense benefits, by promoting macroeconomic stability and growth, curbing currency disturbances and ensuring the right mix of fiscal and monetary policy, while providing greater resilience to the negative effects of globalisation.

11. She noted that the creation of a successful monetary union required a high degree of sustainable macroeconomic convergence. However, compliance with the convergence criteria was not an end in itself, but designed to establish the conditions necessary for a durable monetary union, rapid economic growth and poverty eradication. She reaffirmed The Gambia's unwavering commitment to the attainment of a monetary union premised on the implementation of sound and prudent economic policies.

12. In conclusion, she assured delegates that the Government of the Gambia would continue to give its unflinching political support to the WAMZ project and take necessary and appropriate measures to see it succeed. She urged all the member states to make a similar commitment as regards the WAMZ project. She also acknowledged the untiring

efforts of the Technical Committee, the Committee of Governors and the Convergence Council for their good work and commitment to the project. She finally declared the 23rd Meeting of the Convergence Council of the WAMZ open.

III. ELECTION OF CHAIRPERSON

13. After the opening session, the Council elected Honourable Mousa Gibril Bala Gaye Secretary of State for Finance and Economic Affairs of The Gambia as Chairman of the Convergence Council.

IV. ADOPTION OF THE AGENDA

14. Council adopted the Agenda as presented. The agenda is attached as Appendix A.

V. REPORT OF THE 20TH MEETING OF THE COMMITTEE OF GOVERNORS

15. The Chairman of the Committee of Governors, Mr. Momodou Bamba Saho, Governor of Central Bank of The Gambia, presented the report on behalf of the Committee. The Chairman of the Convergence Council thanked the Committee of Governors for the work done. Council noted the Report and proceeded to deliberate on the issues contained therein.

16. At the request of the Chairman of the Convergence Council, the Director General of WAMI presented the Status of the Implementation of the Banjul Declaration Action Plan.

VI. OBSERVATIONS OF THE CONVERGENCE COUNCIL

17. Council made the following observations:

- Council observed the difficulties encountered by some countries in the attainment of the inflation and budget deficit criteria.

- Council noted the reform measures being pursued by member countries to address the external shocks arising from the high and volatile world crude oil and food prices.
- Council expressed concern at the level of arrears in both the SCF and WACB capital by member countries.
- Council decried the non-ratification and non-domestication of the WAMZ Statutes as well as the need for timely payment of financial contributions by member countries.
- Council noted the amendments to the Banking Statute to reflect current developments in the financial system in the Zone.
- Council noted the need for member countries to study more closely the structure of WACB as contained in the consultant report and the financial implication of operationalising the WAMZ institutions as prepared by WAMI.
- Council noted the need for a Summit of Heads of State and Government of the WAMZ and agreed that the summit should be preceded by the meetings of the Technical Committee, Committee of Governors and the Convergence Council to be held in the second quarter of 2009.
- Council recognized the need for a Fiscal Responsibility Act and directed WAMI to re-present the prototype Act to member countries for their review.
- Council recognized that monetary integration is essentially about trade and noted the need for the participation of Ministers of Trade and Justice Ministers in the Convergence Council meetings.
- Council endorsed the Committee of Governors recommendation to defer discussions on the type and structure of central bank for the WAMZ, in order to avail Member Countries the opportunity to review the final report of the Consultant and submit proposals for consideration of the extra-ordinary Meeting of the Committee of Governors to be held in January 2009.
- Council recognized the need for regional perspective in confronting the current financial crisis.

VII. DECISIONS OF THE CONVERGENCE COUNCIL

18. Council took the following decisions:

- Adopted the report on Macroeconomic developments in the WAMZ during the first half of 2008, highlighting the need for coordinated strategies to stabilise the economies as well as make progress towards convergence.
- Adopted the report on the Status of Implementation of the Banjul Declaration Action Plan, with amendment to the effect that Nigeria had ratified the WAMZ Agreement.
- Approved the convening of Heads of State Summit in the second quarter of 2009 to be preceded by the meetings of the Technical Committee, Committee of Governors and the Convergence Council.
- Urged Member States to intensify efforts to protect the financial sector from the current global financial crisis.
- The Fiscal Responsibility Act prepared by WAMI should be submitted to the fiscal Authorities in member countries for review before its resubmission to Council for adoption.
- Approved the need for measures to sensitise commercial banks and bureaux de change to participate in the Regional Currency Convertibility arrangements through quoting in WAMZ currencies.
- Urged Member States to expedite the ratification of legal instruments and deposit same with WAMI.
- Approved and adopted the draft Banking Statute for the WAMZ.
- Directed WAMI to conduct further study on the WAMZ ERM.
- Approved and adopted the revised Harmonised Guidelines on Electronic Banking.
- Directed WAMI to operate for 2009 on the basis of the 2008 budget pending the approval of the proposed increases in 2009 budget at the extra-ordinary Meeting of Committee of Governors in January 2009.

- Reiterated the need for WAMI to prepare a comprehensive report on the State of Preparedness for the commencement of WAMZ monetary union in December 2009

VIII. CLOSING

19. The Chairman of the Convergence Council, in his closing remarks, thanked Ministers and Governors for their contributions. He expressed the hope that the cooperation displayed will be sustained in order to see the actualization of the single currency project.

IX DATE AND VENUE OF THE NEXT MEETING

20. The venue and date for the next Meeting will be communicated in due course.

**DONE IN BANJUL THE GAMBIA
ON THE 7TH DAY OF NOVEMBER 2008**

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**MR. MOUSSA GIBRIL BALA GAYE
SECRETARY OF STATE FOR FINANCE AND ECONOMIC AFFAIRS
THE GAMBIA, AND CHAIRMAN, CONVERGENCE COUNCIL
OF THE WEST AFRICAN MONETARY ZONE (WAMZ)**