



**MEETINGS OF THE WEST AFRICAN MONETARY ZONE
(WAMZ)
ACCRA, GHANA
DECEMBER 17, 2009**

WAMZ/CC/25

**25TH MEETING OF THE CONVERGENCE COUNCIL OF
MINISTERS AND GOVERNORS OF CENTRAL BANKS OF
THE WEST AFRICAN MONETARY ZONE (WAMZ)**

FINAL REPORT

**ACCRA, GHANA
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**REPORT OF THE 25TH MEETING OF THE CONVERGENCE COUNCIL OF
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I. INTRODUCTION

1. The 25th Meeting of the Convergence Council of Ministers and Governors of the West African Monetary Zone (WAMZ) was held in Accra, Ghana, to consider the Report of the 22nd Meeting of the Committee of Governors of Central Banks of the WAMZ.

2. All the Member States, the ECOWAS Commission and West African Monetary Institute (WAMI) were represented at the meeting. The Republic of Liberia participated as observer. West African Monetary Agency (WAMA), West African Bankers Association (WABA), West African Institute for Financial and Economic Management (WAIFEM), Union Economique et Monetaire Ouest Africaine (UEMOA), Banque Centrale des Etats de l'Afrique de L'Ouest (BCEAO), African Development Bank (AfDB) and the African Export-Import Bank (AFREXIMBANK) also participated as observers. The list of delegates is attached as Appendix B.

II. OPENING

3. In his keynote address, His Excellency John Dramani Mahama, the Vice-President of the Republic of Ghana stated that it was unfortunate that the Zone has continued to struggle to meet and sustain the primary convergence criteria. He said to date efforts at economic and regional integration have been hampered by many factors including the failure to achieve economic transformation and development in the WAMZ. He attributed this to the small and disjointed nature of our economies, the over-dependence on export of primary commodities, weak industrial and agricultural base, low level of international trade, among others.

4. He stated that the gradualist approach adopted over the years need to be reconsidered if the Zone is to make any meaningful progress in achieving its objectives by 2015. Furthermore, the decision of the June 2009 Heads of State and Government Summit held in Abuja should not be seen as an option for buying time but rather an opportunity to put in place the necessary infrastructure for the take-off. He wished delegates a successful deliberation and declared the meeting opened.

5. In his opening remarks, Mr. Seth Tekper, Honourable Deputy Minister of Finance and the representative of the Honourable Minister, Ministry of Finance and Economic Planning, Republic of Ghana, welcomed delegates on behalf of the President and people of the Republic of Ghana. He extended the apologies of the Honourable Minister who could not attend the meeting due to prior official engagements and assured members of Ghana's commitment to the monetary integration programme. He promised to work closely with other stakeholders to attain monetary union by 2015. He informed delegates that although Ghana's economy was not spared by the global financial crises, they were proud of high rate of economic growth.

6. The Honourable Minister also informed the meeting of the recent efforts undertaken by the Government of Ghana to stabilize the economy and restore it to a path of stronger growth and poverty reduction. He stated that these had resulted in the reduction of the budget deficit, building foreign exchange reserves, stabilizing the exchange rate, and containing the pace of consumer price inflation. These efforts, he noted, augur well for the prospects of the country to meet the convergence criteria of the WAMZ in the medium term. He congratulated the Committee of Governors as well as the Director General of WAMI and his staff for the quality of the documents prepared for the consideration of the Convergence Council. He wished delegates fruitful deliberations and an enjoyable stay in Accra.

7. In his address, Mallam Sanusi Lamido Sanusi Governor of Central Bank of Nigeria conveyed the greetings of the outgoing Chairman, the Honourable Minister of Finance of the Federal Republic of Nigeria, Dr. Mansur Muhtar, who he said was not able to attend the meeting due to pressing official engagements had requested him to deliver his address to the

meeting. Dr. Mansur Muhtar thanked the Council for giving him the privilege and honour of serving as its Chairman over the seven months. He recalled that the present Council Meeting is the first since the last meeting of the Heads of State and Government of the WAMZ in Abuja on 22nd June 2009, where the commencement date of the Monetary Union was extended to on or before 1st January, 2015.

8. He stated that despite the global economic recession, since 2008, the individual countries did well to weather the economic storm and overcome the global financial crisis, as evidenced by the manifestation of positive developments in the countries' economies. Furthermore, he stated that the challenges the countries went through should serve as a clarion call and strong reminder of the urgent need for more collaborative and collective work towards the actualisation of the new date for the monetary union.

9. In spite of the challenges, the Honourable Minister stated that significant achievements aimed at strengthening the march towards a monetary union were recorded in the last six months. These included convening of the Summit of Heads of State of the WAMZ, a trade Ministers' Forum, and the translation of the Banjul Action Plan into an operational Strategic Plan for WAMI.

10. Dr. Mansur Muhtar informed the meeting that in support of these laudable initiatives of WAMI, the Federal Government of Nigeria approved a grant of \$250,000 to be funded through the Nigeria Technical Cooperation Fund (NTCF) with the AfDB in order to finance some of the activities. This initiative is commendable as it tends to reduce member countries' burden of funding for WAMI's work programme. He also commended the efforts of the Director General, and the entire staff of WAMI for the high quality of the documents presented for discussions and, most importantly, for also ensuring that the building blocks for the actualisation of the monetary union are being put in place.

11. The outgoing Chairman further expressed his profound appreciation and gratitude to the Government and people of the Republic of Ghana for the hospitality accorded delegates since their arrival in Accra, Ghana. While re-affirming Nigeria's unflinching support for the WAMZ project, he wished the new Chairman a successful tenure and urged all members to

reinforce their resolutions towards strengthening and sustaining the much needed commitment and collaboration that would enable us attain the monetary union status by 1st January 2015, at the latest.

12. The representative of the President of the ECOWAS Commission, Professor Lambert Bamba, Commissioner for Macroeconomic Affairs, on behalf of Dr. Mohammed Ibn Chambas, thanked the Government and people of Ghana, for hosting the WAMZ meetings. This, he indicated, was a clear demonstration of Ghana's commitment to the ECOWAS ideal. He reminded delegates of the importance of the effective implementation of the road map for the realization of the ECOWAS single currency. He said the negative effects of the global financial crisis on the Member States was reflected in high inflation and fiscal deficits, thus requiring painful sacrifices and threatening achievements in poverty reduction. He observed that notwithstanding the global crises, economic growth performance has been impressive. This, he said, highlighted the importance of central banks' efforts in engendering sound financial systems and good economic management.

13. He reiterated the position of the ECOWAS Commission on the role of economic integration in protecting the region from external shocks and therefore urged Member States to invigorate the process of economic policy harmonization. He called for the promotion of community citizenship in all the fifteen ECOWAS Member States, especially in trade and business sector. In conclusion, he reaffirmed ECOWAS Commission's continued commitment to mobilize technical and financial resources towards the implementation of the road map for the single currency, common market and a unified financial market.

III. ELECTION OF CHAIRMAN

14. Council elected Honourable Dr. Kwabena Duffuor, Minister of Finance and Economic Planning, Republic of Ghana, as Chairman of the Convergence Council.

IV. ADOPTION OF THE AGENDA

15. Council adopted the Agenda subject to the inclusion of an item on Liberia's expression of interest to join the WAMZ. The amended Agenda is attached as Appendix A.

V. REPORT OF THE 22nd MEETING OF THE COMMITTEE OF GOVERNORS

16. The Chairman of the Committee of Governors, Mr. Kwesi Bekoe Amissah-Arthur, Governor, Bank of Ghana, presented the report on behalf of the Committee. Council noted the Report and proceeded to deliberate on the issues contained therein.

VI. OBSERVATIONS OF THE CONVERGENCE COUNCIL

17. Council made the following observations:

- (i) Council considered the importance of ensuring that the target date of 2015 is attained. In this regard, it emphasized the importance of linking the convergence criteria to the customs union benchmarks of free movement of goods, labor and capital, a *sine qua non* for monetary union.
- (ii) Council observed that reviewing the criteria doesn't necessarily have to involve the shifting of the goal post.
- (iii) Council recognised the need to get Ministers and Heads of State more involved in the activities of the WAMZ, including the possibility of using the occasion of the half yearly ECOWAS Summit, to make presentations on the WAMZ.
- (iv) Council observed that the interest of Liberia to join the WAMZ should be brought to the attention of the Authority of the Heads of State and Government through the Chairman of the Heads of State Summit.

VII. DECISIONS OF THE CONVERGENCE COUNCIL

18. Council took the following decisions:

- i. considered and approved the report on macroeconomic developments in the WAMZ and status of convergence at the end of June 2009
- ii. urged Member States to sustain the progress made, notwithstanding the impact of the global financial crisis;

- iii. considered and approved that Member States' medium term frameworks be incorporated in the WAMI's assessment of Member States' macroeconomic developments and prospects for meeting the convergence criteria;
- iv. directed WAMI to undertake a review of the convergence criteria and advise Council accordingly;
- v. directed WAMI to organize a meeting of experts from Ministries of Finance, Central banks, and regional institutions with a view to shedding light on the rationale for the choice and levels of convergence indicators;
- vi. considered and approved the proposal to explore the possibility of organizing the WAMZ Heads of State Summit on the sidelines of the ECOWAS Heads of State Summit;
- vii. urged the Ministers of Trade and Integration as well as Ministers of Finance to participate in meetings and activities of the WAMZ;
- viii. approved and adopted the draft Terms of Reference for the proposed ECOWAS Standing Committee on Rules of Origin for onward transmission to ECOWAS; and
- ix. approved and adopted the draft Fiscal Responsibility Act as a model Act for the incorporation into national laws by Member States;
- x. endorsed the application of the Republic of Liberia for membership into the WAMZ and authorised the Chairman of the Convergence Council to forward the request to the Chairman of the Authority of Heads of State for decision;
- xi. approved and adopted the Work Programme of WAMI for 2010;
- xii. considered and approved WAMI 2010 Budget for the sum of US\$17,616,235.53, of which US\$3,711,258 is in respect of Member States' contribution, and US\$364,977 in respect of surplus funds, and US\$13,290,000.00 from the AfDB funded Payments System Project and US\$ 250,000 from the NTCF;
- xiii. directed WAMI to collaborate with WAIFEM in developing training programmes for capacity building in the area of Cross-border banking supervision;
- xiv. urged all Member States to expedite action on the ratification of the WAMZ Legal instruments;
- xv. urged all Member States to meet all outstanding financial obligations to the WAMZ programme;

- xvi. noted the efforts of WAMI, under its Strategic Partnership plan to source external funding for the components of the WAMZ work programme;
- xvii. directed that WAMI organize before the next convergence council meetings, a forum including Ministers of Trade, Finance, Integration and Governors of Central Bank to deliberate on the trade integration imperatives sufficient for establishing the WAMZ monetary union;
- xviii. noted the progress made in the implementation of the WAMZ Payments System Project; and
- xix. noted the Memorandum of Understanding executed between the national central banks in the areas of Cross-border Licensing, Supervision and Regulation of Financial Institutions.

VIII. ANY OTHER BUSINESS

- 19. There was no other business.

IX. PRAYER

20. The Convergence Council recommends to the Authority of Heads of State and Government to:

- (i) consider and approve the application of the Republic of Liberia for membership into the WAMZ;
- (ii) to consider and adopt the decisions of the Council taken at its 25th Meeting held in Accra, Ghana on the 17th December, 2009.

X. VOTE OF THANKS

21. The vote of thanks was delivered by Dr. Samura Kamara, Honourable Minister of Finance and Economic Development. He, on behalf of the Convergence Council and Delegates, thanked the Authorities of Ghana for the warm reception and excellent facilities made available during the meeting. He congratulated Dr. Kwabena Duffuor, Minister of Finance and Economic Planning, Republic of Ghana, for his assumption of the Chairmanship of the Convergence Council and wished him a successful tenure. He expressed his profound appreciation to the Chairman of the Committee of Governors,

Technical Committee, Director General of WAMI and his staff for the quality of documents presented during the meeting. He also expressed his profound appreciation to the Honourable Minister of Finance of the Federal Republic of Nigeria, Dr. Mansur Muhtar for his assistance in securing the AfDB grant for the payments system project and the Governor of the Central Bank of Nigeria and the Nigerian authorities for the US\$250,000 grant to WAMI from the Nigerian Technical Cooperation Fund (NTCF).

XI. CLOSING

22. In his closing remarks, the Chairman of the Convergence Council thanked Ministers and Governors. He expressed the hope that the cooperation demonstrated would be sustained in order to actualise the single currency project.

XII. DATE AND VENUE OF THE NEXT MEETING

23. The venue and date for the next Meeting of the Convergence Council will be communicated in due course.

**DONE IN ACCRA, GHANA
ON THE 17TH DAY OF DECEMBER 2009**

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**DR. KWABENA DUFFUOR,
MINISTER OF FINANCE AND ECONOMIC PLANNING, REPUBLIC OF
GHANA, AND CHAIRMAN, CONVERGENCE COUNCIL
OF THE WEST AFRICAN MONETARY ZONE (WAMZ)**