



**MEETINGS OF THE WEST AFRICAN MONETARY ZONE**  
**Accra, Ghana**  
**December 14 and 15, 2009**

WAMZ/TC/28

**28<sup>TH</sup> MEETING OF THE TECHNICAL COMMITTEE**  
**OF THE WEST AFRICAN MONETARY ZONE**

**FINAL REPORT**

**ACCRA, GHANA**  
**14<sup>TH</sup> and 15<sup>TH</sup> DECEMBER 2009**

**REPORT OF THE 28<sup>TH</sup> MEETING OF THE TECHNICAL COMMITTEE  
OF THE WEST AFRICAN MONETARY ZONE (WAMZ)  
ACCRA, GHANA  
14<sup>TH</sup> and 15<sup>TH</sup> DECEMBER 2009**

**I. INTRODUCTION**

1. The 28<sup>th</sup> Meeting of the Technical Committee of the West African Monetary Zone (WAMZ) took place in Accra, Ghana, on 14<sup>th</sup> and 15<sup>th</sup> December 2009.
2. All the Member States, the ECOWAS Commission and 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). The list of delegates is attached as Appendix B.

**II. OPENING CEREMONY**

3. In his opening remarks, Professor Newman Kwadwo Kusi, Special Advisor to the Honourable Minister of Finance and Economic Planning, Ghana, welcomed delegates on behalf of the Minister. He assured delegates that Ghana would continue to be an important stakeholder in the implementation of the West African Monetary Zone single currency programme and remain committed to the achievement of the convergence criteria. He noted that in the recent past, efforts toward convergence have been made more challenging by the food and energy crises, the international financial crisis and the budgetary overruns in 2008.
4. He informed delegates that in Ghana, significant progress has been made in efforts to restore macroeconomic stability. This was reflected in lower inflation from over 20.0 percent in December 2008 to 16.8 percent in October 2009, and significant stability in the exchange rate. The economic growth target in the medium term is set at between 8 percent

and 10.0 percent in Ghana. He noted that information compiled on the Zone indicated that all Member States of the Zone have been affected by the recent external shocks, reflected in higher fiscal deficits and balance of payments pressures. He emphasised the need for strengthened efforts in order to ensure the achievement of the objectives of the regional integration programme.

5. In his opening remarks, the representative of the President of the ECOWAS Commission, Mr. Lanssane Kabore, Director, Macroeconomic Surveillance Directorate, ECOWAS Commission, expressed deep gratitude to the Ghanaian Authorities for the hospitality extended to the delegates since their arrival in Accra. He congratulated the Director General of WAMI for his contribution towards the strengthening of cooperation amongst the sub regional institutions. He observed that the programme for the meeting, put before the delegates, contained core issues aimed at strengthening the WAMZ programme. He pledged ECOWAS Commission's continued co-operation with the WAMI in order to ensure the achievement of the objectives of the regional integration programme.

6. In his address, the Director General of WAMI, Dr. Temitope Oshikoya, noted that this was the first meeting of the Technical Committee to be held following the extension of the WAMZ programme to on or before January 2015. He reported that the economic performance of the Zone had weakened, owing partly to the impact of the second round effects of the global financial crises, reflected in decreasing export earnings, decline in revenue from international trade, reduced remittances, portfolio and foreign direct investment. He informed delegates that the delegation of the Republic of Liberia was attending the meeting not only as an observer, but also as an interested stakeholder following the formal expression of interest from the Republic of Liberia to join the WAMZ. The request has since been forwarded to the Committee of Governors and the Convergence Council. He expressed the hope that the decision on the matter would be favourable.

7. He further informed the Committee of the progress made on the WAMZ Payments System Project in The Gambia, Guinea and Sierra Leone.

8. He extended his sincere thanks to Dr. Ochi C. Achinivu, Permanent Secretary, Federal Ministry of Finance, Nigeria, the outgoing Chairman of the Technical Committee, who could not be present, for his leadership and guidance during his tenure.

9. Highlighting the items on the agenda, he called on the Technical Committee to consider and recommend the various documents for adoption by the Committee of Governors.

10. Alhaji Abdullahi B. Shehu, Deputy Director, Federal Ministry of Finance, the representative of the out-going chairperson, Dr. Ochi C. Achinivu, the Permanent Secretary of the Ministry of Finance, Federal Republic of Nigeria, welcomed delegates to the meeting and expressed his gratitude to the government and people of Ghana for the excellent facilities placed at the disposal of the Committee. He thanked the Technical Committee members for their support during the tenure of the out-going Chairman, and urged that the same be extended to his successor.

### **III. ELECTION OF CHAIRPERSON**

11. The Meeting elected Mr. Kwabena Boadu Oku-Afari, Director, Policy Analysis and Research Division, Ministry of Finance and Economic Planning Ghana, as Chairman of the Technical Committee. In his opening remarks, Mr. Oku-Afari welcomed delegates to Ghana and expressed the hope that the meeting would help steer the programme towards further tangible progress in the convergence process. He wished delegates fruitful deliberations and officially declared the meeting opened.

### **IV. ADOPTION OF THE AGENDA**

12. The Meeting 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.

## DISCUSSION ON THE AGENDA ITEMS

### V. PRESENTATION AND DISCUSSION ON CONVERGENCE REPORTS

13. The Director-General of WAMI, Dr. Temitope Oshikoya, presented the Report highlighting recent economic developments in the WAMZ, and progress on the status of implementation of the Banjul Declaration Action Plan (2006 – 2009). The Report showed a summary of macroeconomic developments and performance on the convergence programme in the West African Monetary Zone (WAMZ), during the first half of 2009. Despite the economic slowdown, occasioned by the global financial and economic crisis, the pace of economic activity in the WAMZ member countries remained strong, albeit slower than in the previous year. Real GDP growth rate was estimated at an average of 5.5 percent in 2009, compared with 6.4 percent in 2008. The growth was underpinned by activities in the agricultural and services sectors in member countries. Inflationary pressures generally eased on account of lower oil and non-oil commodity prices and improved domestic food production.

14. With respect to performance on the macroeconomic convergence scale, overall compliance for the Zone was three primary criteria, same as in the preceding two assessments. At the end of June 2009, **The Gambia** met three primary criteria, compared to all the four the country had achieved and sustained since December 2006. **Ghana** met none of the criteria in June 2009, as in December 2008. **Guinea** improved from two criteria in December 2008 to three in June 2009, while **Nigeria** satisfied three, sustaining its performance since June 2008. **Sierra Leone** also sustained its performance of two primary criteria at the end of June 2009.

15. On the other components of the work-programme of WAMI, the Director General reported that the Payments System project was progressing satisfactorily. Trade-related issues accomplished during the period under review included: the convening of a Trade Ministers' Forum; the drafting of the Terms of Reference for the implementation of the ECOWAS rules of origin under ECOWAS Trade Liberalisation Scheme( ETLS); and the drafting of a National Trade Policy document for The Gambia and Sierra Leone.

On legal issues, a Memorandum of Understanding (MOU) on Cross-border Banking Supervision in the WAMZ and a model Fiscal Responsibility Act had been prepared for the consideration of WAMZ. However, no progress was recorded on the ratification of legal instruments.

## **COMMENTS ON THE CONVERGENCE REPORT**

16. Delegates observed that the report reflected the recent macroeconomic developments in their respective countries as at the end of June 2009, and updated the Committee on reasons for their observed performance. It was also stated that the assessment of the status of compliance with the convergence criteria should be placed within a medium-term framework. On the comparability of inflation data based on consumer price indices, it was noted that all the indices in Member States now adhere to a common classification system, the Classification of Individual Consumption by Purpose (COICOP). Geographical coverage is national in all countries, except Guinea, where it is limited to the capital city, due to budgetary constraints. Following exhaustive discussions on the Convergence Report, the Technical Committee recommended it for presentation to the Committee of Governors.

## **VI. PRESENTATION AND DISCUSSION ON THE DRAFT TERMS OF REFERENCE (TOR) FOR THE PROPOSED ECOWAS STANDING COMMITTEE ON RULES OF ORIGIN**

17. The draft TOR for the proposed ECOWAS Standing Committee was presented by Dr. Lanto Harding, Chief Trade Economist, in the Operations and Regional Integration Department, WAMI. He informed the meeting that the proposal was an outcome of the WAMZ Trade Ministers' Forum held in Accra in August 2009, which identified some challenges to the implementation of the ECOWAS Trade Liberalisation Scheme (ETLS). Notable among these constraints were the frequent presentation of forged certificates of origin, improper application of the Protocol relating to products originating from Member States of the ECOWAS and mistrust and lack of confidence in the use of the certificate. These developments, he noted, had adverse impact on trade integration in the WAMZ and ECOWAS. The proposed name of the Standing Committee is ECOWAS Standing Committee on Rules of Origin.

18. Following the presentation, the Technical Committee made the following observations:

- i. The need for further consultations and cooperation with the ECOWAS Commission on facilitating the procedural issues;
- ii. paragraphs 5.ii and 5.v of the TOR should be merged;
- iii. Chambers of Commerce that issue the certificates of origin and Ministries of Finance of Member States should be members of the Standing Committee;
- iv. the Sub-Committee should provide bi-annual reports on the status of implementation of the protocol on rules of origin for the consideration of the Convergence Council;
- v. paragraph 5.ix should read thus: *Liaise with Member States to sensitise traders on procedures involved in obtaining certificates of origin;*
- vi. the TOR should also ensure legal security of the Rules of Origin Instruments in order to help the Committee propose measures to deter subversion of the certificates;
- vii. the Standing Committee should be mandated to give advice or opinion on other rules of origin that may be agreed on between the ECOWAS and other regional groupings;
- viii. WAMI should be given the authority to discuss with the ECOWAS Commission the TOR and the eventual establishment of the Standing Committee; and
- ix. there should be a provisional timeline for the eventual establishment of the Committee.

## **VII. PRESENTATION AND DISCUSSION ON LEGAL ISSUES**

### **i. Draft MOU on Cross-Border Banking Supervision**

19. The Assistant Director of the Legal Department, Bank of Ghana, Mr. Andrew Boye-Doe and Chairman of the Legal and Institutional Issues Committee (LIIC) presented the report on the draft Memorandum of Understanding (MOU) on Cross-border Banking Supervision. He stated that the objective of the MOU is to establish a general framework for

mutual assistance and the exchange of information in the areas of licensing, supervision and regulation of financial institutions in the WAMZ in order to enforce and secure compliance with national laws, regulations or rules relating to the supervisory and regulatory functions and duties of the national Central Banks. He noted that the draft MOU captures the essential recommendations of the Basle Committee Working Group on Cross-border Banking Supervision for improvement in the supervision of banks' international activities. The draft MOU, he emphasised, covered issues on exchange of information confidentiality, cooperation in the areas of licensing and supervision and anti-money laundering and countering the financing of terrorism among others.

20. Delegates noted that the objective of the MOU to foster cooperation among the financial supervisory authorities of WAMZ Member States was consistent with current international best practice for sound financial systems. The Committee, therefore, recommended the adoption of the MOU by the Committee of Governors.

## **ii. Draft Fiscal Responsibility Act**

21. On the draft model Fiscal Responsibility Act, Mr. Boye-Doe informed the meeting that the document was a model for adaptation and incorporation into national laws by Member States. It was based on a directive of the Convergence Council urging Member States to adopt a Fiscal Responsibility Act to address the challenges posed by fiscal dominance in the convergence process. He noted that the model Act would seek to address the problem of fiscal dominance, reduce public debt and to improve fiscal management by providing the appropriate legislative framework for the conduct of fiscal policy. He also stated that the Act would ensure very high standards of financial disclosures on the part of government, and all stakeholders including parliaments would have more financial information about the fiscal intentions and performance of government.

22. The Technical Committee deliberated extensively on the provisions of the draft model Fiscal Responsibility Act and made the following observations:

- (i) the draft Act is consistent with the freedom of information legislation existing in many of the Member States;

- (ii) some of the Articles such as 11.3 on the content of the macroeconomic framework and Article 16 relating to debt and indebtedness need to be made clearer;
- (iii) the imposition of penalties or jail terms for non-compliance on such issues may vary from country to country and it was therefore left to Member States to consider alternative sanctions that may be imposed in case of infringement;
- (iv) the provision requiring the separate presentation of the medium-term fiscal policy statement to the National Assembly/Parliament and the one on Budget Statement should be aligned;
- (v) Article 12.3 should be recast to ensure that projects and programmes should be budgeted for before seeking procurement approval; and
- (vi) the limit of 10.0 percent of previous year's tax revenue placed on central bank financing under the WAMZ criterion should be considered the best practice as regards the provision relating to government borrowing under the Act;

23. The Committee recommended the adoption of the model Act by the Committee of Governors subject to the incorporation of their observations.

## **VIII. PRESENTATION AND DISCUSSION ON ADMINISTRATIVE ISSUES**

### **WAMI's Work Programme and Budget for Year 2010**

24. WAMI's Work Programme and budget for 2010 was presented by Mr. Adeniyi Karunwi, Director of Finance and Administration, WAMI. The budget covered core activities of multilateral surveillance and policy harmonisation, financial integration and follow-up on progress in trade integration, trade policy, sensitisation, legal agenda and the implementation of the WAMZ institutional infrastructure. In 2009, a total budget of US\$6,045,970 was executed, of which Member States' contributions amounted to US\$3,794,614, internally generated funds/surplus of US\$378,356 and drawings under the AfDB funded payments system project of US\$1,873,000. A total budget of US\$17,616,235.53 was presented to the Committee for consideration, of which US\$3,711,258 was in respect of Member States' contributions, US\$364,977 from operational

surplus, US\$13,290,000.00 from the AfDB funded Payments System Project and US\$ 250,000 from the Nigeria Technical Cooperation Fund (NTCF).

25. The Committee also noted the efforts of WAMI to mobilise resources from strategic partners to complement resources by Member States. It was also observed that while the budget increased by more than 200 percent, the contributions of member countries actually declined by 2.2 percent. After extensive deliberations, the budget was approved for presentation to the Committee of Governors.

#### **IX. LIBERIA'S EXPRESSION OF INTEREST TO JOIN THE WAMZ**

26. The Director General of WAMI informed delegates of a letter received from the Executive Governor, Central Bank of Liberia, expressing interest to join the WAMZ. This has since been submitted to the Committee of Governors. The Committee noted Liberia's expression of interest to join the WAMZ and recommended its endorsement by the Committee of Governors.

#### **X. RECOMMENDATIONS FOR CONSIDERATION BY THE COMMITTEE OF GOVERNORS**

27. The Technical Committee hereby invites the Governors to:

- i. Note the report on macroeconomic developments in the WAMZ and status of convergence at the end of June 2009 and urge Member States to sustain the progress made notwithstanding the impacts of the global financial crisis;
- ii. note the efforts of WAMI under its Strategic Partnership plan to source external funding for the components of the WAMZ work programme;
- iii. note progress made in the implementation of the WAMZ Payments System Project;
- iv. consider and recommend for approval the draft Terms of Reference for the proposed ECOWAS Standing Committee on Rules of Origin for onward transmission to ECOWAS;
- v. consider and recommend the draft Fiscal Responsibility Act as a model Act for the incorporation into national laws by Member States;

- vi. consider and recommend for approval of the Convergence Council, the application for membership of Liberia into the WAMZ;
- vii. approve the Work Programme of WAMI for 2010.
- viii. consider and approve the 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;
- ix. approve and sign the draft Memorandum of Understanding between the national central banks in the areas of Cross-border Licensing, Supervision and Regulation of Financial Institutions; and
- x. urge Member States to take steps on the ratification and domestication of the WAMZ legal instruments.

#### **XI. ANY OTHER BUSINESS**

28. There was no other business.

#### **XII. VOTE OF THANKS**

29. The vote of thanks was delivered by Mr. Ibrahim K. Lamin, Director, Financial Markets Department, Bank of Sierra Leone. He thanked the authorities of Ghana for the warm reception and excellent facilities made available to delegates. He also thanked the Chairman for his able leadership. He expressed his profound appreciation to the Director General of WAMI and his staff for the quality of the documents presented during the meeting. Similar sentiments were extended to delegates for cordial and candid discussions.

### **XIII. CLOSING**

30. The Chairman of the Technical Committee, Mr. Oku-Afari in his closing remarks, thanked delegates for their understanding, patience and cooperation. Furthermore, he expressed his gratitude to Dr. Ochi C. Achinivu, Permanent Secretary, Federal Ministry of Finance, Federal Republic of Nigeria, the outgoing chairperson for his outstanding leadership of the Technical Committee during his tenure. He expressed the optimism that the cooperation demonstrated will be sustained in order to see the actualisation of the single currency project. He also wished delegates safe journey back to their respective destinations.

### **XIV. DATE AND VENUE OF THE NEXT MEETING**

31. The venue and date of the next meeting of the Technical Committee will be communicated to Member States in due course.

**DONE IN ACCRA, GHANA  
ON THE 15<sup>th</sup> DAY OF DECEMBER, 2009**

.....

**MR. KWABENA BOADU OKU-AFARI, DIRECTOR, POLICY ANALYSIS AND  
RESEARCH DIVISION MINISTRY OF FINANCE AND ECONOMIC  
PLANNING GHANA AND CHAIRMAN, TECHNICAL COMMITTEE  
OF THE WAMZ**