

# WAMI NEWS

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## **Mission Statement**

*To Establish a Common Central Bank  
with a Single Currency for the Economic Prosperity  
of the West African Monetary Zone*

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## **ECO ADOPTED AS NAME OF WAMZ COMMON CURRENCY**

The Convergence Council of Ministers and Governors of Central Banks of the West African Monetary Zone (WAMZ) held its 10th Meeting in Dakar, Senegal on January 29, 2003. The meeting considered the Report of the 7<sup>th</sup> Meeting of the Committee of Governors of WAMZ held in Dakar, Senegal on December 12, 2002.

The major outcome of deliberations at the meeting was the reaffirmation of ECO by Council as the name of WAMZ Common Currency and its recommendation to the Authority of Heads of State and Government of WAMZ to endorse. The Heads of State have since endorsed the recommendation of the Council on ECO.

It commended the Committee of Governors for the initiative on the Finance Ministers' Forum and for defining the framework for its operation. Council also observed that the Forum would facilitate the coordination of monetary and fiscal policies in the member countries under the convergence programme. Council noted that the Forum would reduce the prevalence of fiscal dominance in the

WAMZ and pave way for the achievement of the convergence criteria.

Council also reaffirmed the determination of member countries to launch the WAMZ monetary union on July 1, 2005. Consequently, all member countries should take the necessary steps to ensure the completion of the convergence process by June 30, 2005. Further extension should not be accepted in view of the expectations of the citizens of member countries. In this direction, efforts should be made to achieve both the qualitative and quantitative criteria for WAMZ monetary union.

Council directed that quarterly assessment of member countries' macroeconomic performance should be undertaken by WAMI and disseminated to the WAMZ organs and member countries promptly. The country policy programmes for convergence prepared by WAMI for member States would be the basis for the monitoring of member States' economies and for the preparation of the quarterly assessment reports.

Member countries were also urged to intensify the sensitisation campaigns on

the single currency project, targeting relevant groups in society. In this regard, adequate resources should be provided to the National Sensitisation Committees (NSCs). The private sector/public sector, parliamentarians and civil society organizations, including the grass roots in the member countries, should be sensitised appropriately. This would be done by WAMI at the zonal level and in the member countries by the National Sensitisation Committees (NSCs).

In order to achieve a productive WAMZ monetary union, Council directed that efforts at trade integration should be stepped up. In particular, all qualitative convergence indicators such as harmonization of tariff regimes, free movement of persons, goods and services should be facilitated through the prompt adoption and implementation of the relevant protocols by member countries.

Furthermore, to ensure fruitful and result-oriented multilateral surveillance in the WAMZ, member countries should cooperate with WAMI by providing relevant information to the Institute. Member countries should also apply the appropriate economic adjustment

measures to be on the path towards convergence. In this regard, member countries should incorporate WAMZ convergence indicators in their national budgets and economic adjustment programmes.

### **ECOWAS SINGLE MONETARY ZONE TO WAIT UNTIL FINAL ASSESSMENT OF WAMZ**

Under the ECOWAS Monetary Cooperation Programme (EMCP), a single monetary zone for ECOWAS was to be established in 2004. This was to materialise after observance of primary and secondary convergence criteria by the member countries. In practical terms, the single monetary zone for ECOWAS would be actualized through the merger of the West African Monetary Union (WAMU) and the West African Monetary Zone (WAMZ) also referred to as the Second Monetary Zone, WAMU being the first.

The WAMZ was launched in December 2000 as a medium for preparing the member states for monetary union and in the process helping to create the environment for accelerated achievement

of the EMCP. The WAMZ was to be operationalised in January 2003 but owing to lack of compliance with stipulated convergence criteria and the deteriorating trends in macroeconomic aggregates, the target date for WAMZ monetary union was shifted irrevocably to July 1 2005. During the period January 2003 – June 2005, member countries are expected to apply appropriate policy measures to ensure that they are on the path towards sustainable convergence.

At its 26<sup>th</sup> Session, the Authority of Heads of State and Government of ECOWAS reaffirmed the relevance of the Second Monetary Zone as part of the fast track approach to the creation of ECOWAS single Monetary Zone. The Heads of State and Government also commended the determination of the countries of the WAMZ to create their own common currency. The Authority noted the progress report on macroeconomic developments in ECOWAS and the status of macroeconomic convergence, which showed that ECOWAS Monetary Union would not be feasible by 2004. In addition the decision by the Summit of Heads of State and Government of WAMZ in Conakry, Guinea, in November 6 2002 to

defer the launching of WAMZ monetary union to July 1 2005, makes the 2004 target date for ECOWAS unrealistic. As a result, the authority of ECOWAS decided to push the launching of ECOWAS Single Monetary beyond the target date of 2004. A firm date will be fixed in December 2005 at the next Summit of the Authority of Heads of State and Government. This would be after a detailed appraisal of the performance of the countries of the second monetary zone and the level of convergence of the economies of the sub-region as a whole.

The Heads of State and Government emphasized the need to enhance the convergence process through appropriate macroeconomic policies by the member states in order to build up the credibility of the proposed ECOWAS Single Monetary Zone, and ensure that its foundation is strong and would be enduring. In this respect, they urged member states to intensify their efforts at meeting the convergence criteria, guided by the principles of good governance, through public finance reforms and the introduction of the appropriate structural reforms needed for the expansion of their productive base.

## **DIRECTOR GENERAL ADDRESSES THE PRESS**

A press conference was convened by the West African Monetary Institute (WAMI) on February 6, 2003, to brief the media on developments in the monetary integration efforts by members of the West African Monetary Zone (WAMZ). It was expected to equip the media practitioners with relevant information for the purpose of educating all the stakeholders of the WAMZ programme, especially the grassroots. Since the WAMZ programme was launched in December 2000, a number of landmark developments have taken place and it is important that the general public in the member countries are adequately informed to elicit the support of all and sundry in order to achieve the common aspiration of prosperity by the member states through a common currency. The highlights of the Director General's address are as follows:

### **Origin and Purpose of the WAMZ Programme**

The WAMZ programme was a product of the collective agreement by the member countries, made up of The Gambia, Ghana, Guinea, Nigeria and Sierra Leone, to

establish a second monetary zone to facilitate the integration of their economies and make it easier for the actualisation of the ECOWAS Monetary Cooperation Programme (EMCP) intended to usher in a single currency for the whole of ECOWAS.

### **Developments in the WAMZ Programme During 2000 - 2002**

While considerable progress had been made in the preparation of policy frameworks and architecture for the WAMZ monetary union, developments in the economic performance of member states have not been very satisfactory. At the end of June 2002, only one member country satisfied three of the four primary convergence criteria, two countries satisfied two each, while two other countries satisfied only one criterion each. The projection was that no member country would satisfy the four primary convergence criteria at the end of 2002 so as to permit the monetary union to commence in January 2003.

As a result of the need to build the WAMZ monetary union on sound economic fundamentals, the Heads of State and Government of the WAMZ at their 4<sup>th</sup>

Summit in Conakry, Guinea, on November 7, 2002, extended the timeframe for achieving the monetary union to July 1, 2005. The two and a half year extension was to enable member countries apply the required adjustment measures to ensure sustained macroeconomic convergence. The lifespan of WAMI was accordingly extended to June 2005.

Fiscal imbalances, especially fiscal deficits, were identified as the primary causes of macroeconomic instability. The avoidance of fiscal dominance was considered necessary for the attainment of the stipulated macroeconomic convergence criteria. Consequently, the Authority of Heads of State and Government of WAMZ at its 4th Summit in Conakry on November 7, 2002, established the Forum of Finance Ministers of WAMZ. This decision was made in order to facilitate the harmonisation of fiscal and monetary policies to usher in stable macroeconomic conditions in the WAMZ.

#### **WAMZ Programme for the Period of Extension**

During the period, 2003 – July 1 2005, a number of activities have been outlined to

usher in a viable monetary union for the member countries. These activities include:

- the drawing up of country-specific convergence programmes for implementation;
- harmonisation of existing databases of member countries to enhance the comparability of convergence indicators;
- incorporation of the convergence criteria in the annual budgets and economic programmes of member countries;
- stepping up the development of national and regional payments systems;
- provision of adequate funds to the National Sensitisation Committees for intense publicity campaigns;
- strengthening of member countries' efforts to adhere to international standards for sound financial systems;
- acceleration of the programme for the elimination of tariff and non-tariff barriers in the zone and the sub-region through the implementation of the adopted protocols;
- vigorous on-site and off-site multilateral surveillance of member countries' economies by WAMI;

- design of the currency management framework of the WAMZ. This will be accompanied by relevant frameworks such as the ECO Unit of Account and the design and introduction of a virtual currency on July 1, 2005; and
- commencement of the monetary union on July 1, 2005 with the West African Central Bank opening for business on that day. But as implied earlier, the physical currency will not be printed until the WACB is firmly on ground to cope with all the associated technical problems.

During the extension, WAMI will be strongly supported in terms of technical assistance by its established partners, including the USAID, IMF, ECA and First Initiative of London.

### **The Role of the Media**

The media has a critical role to play in the sensitisation programme of the WAMZ. The media is eminently endowed to send the messages on the WAMZ programme to the grassroots and sensitise them on the benefits to be derived from a solid monetary union. The role of the media could be positive or negative. The role

would be negative if inaccurate or distorted information is disseminated. On the other hand, the role of the media could be positive and supportive of the WAMZ programme where the right message and information are disseminated. In order to make the role of the media positive, it must be provided with adequate information on the WAMZ programme. It is partly for this reason that the media has been invited for this briefing, which will henceforth be more regular, especially as important developments occur.

It is important to use this opportunity to inform the media that the just concluded meeting of WAMZ institutions in Dakar, Senegal, was very fruitful as a number of important decisions were taken by the authorities of the WAMZ. The Heads of State and Government of WAMZ endorsed ECO as the name of the common currency of the WAMZ. The authorities emphasised that both qualitative and quantitative indicators of convergence should be attained by member countries and reaffirmed that the WAMZ monetary union should commence on July 1, 2005.

Another important decision taken at the ECOWAS Summit was the postponement

of the launching of the ECOWAS Single Monetary Zone beyond the target date of 2004. The Summit agreed that as a result of the postponement of the launching of the WAMZ monetary union to 2005, the Single Monetary Zone for ECOWAS was no longer feasible in 2004. The Authority of ECOWAS would determine a firm date for the ECOWAS Single Monetary Zone in 2005, after a detailed appraisal of the performance of WAMZ economies and the level of convergence of the economies of the sub-region as a whole.

The Heads of State and Government of ECOWAS urged all member states to intensify efforts to meet the macroeconomic convergence criteria, guided by the principles of good governance, through public finance reforms and the introduction of appropriate structural reforms needed for the expansion of domestic production. The performance of the WAMZ has thus been taken as the benchmark for determining the feasible timeframe for the ECOWAS Single Monetary Zone. This therefore demands a lot of efforts from all of us, including the media, to ensure the realisation of the WAMZ monetary union

on July 1, 2005 and the single ECOWAS currency subsequently.

### **Concluding Remarks**

It is important to draw the attention of the media to a news item on the subject of monetary union in West Africa broadcast by the BBC and published in some national newspapers in member states of the sub-region. The news item was inadvertently attributed to the IMF. In fact, the conclusion in the working paper by some staff of the IMF was not the official position of the Fund. It was the personal opinion of the authors and a disclaimer was contained in the paper. The IMF has since disowned the conclusion of the authors as its official position. It is important that the media, cross check their information with WAMI, especially on issues that affect the Institute and monetary integration in ECOWAS so as to avoid such inaccurate publications in the future. This will go a long way in ensuring that the correct information is disseminated to the public. After the briefing, the Director General responded to questions posed by some of the media practitioners. The following encounter ensued:

**Qst. In monitoring the efforts of member countries so far, we have seen that countries have moved away from attaining the criteria. Assuming by July 2005, the countries do not meet the convergence criteria, what happens? Ghana for instance has moved away from attaining the criteria. Also, what is the importance of the secondary criteria?**

**Ans:** We can start with the second question on the importance of the secondary criteria. The secondary criteria are related to the primary criteria. For instance, public expenditure is related to the budget deficit somehow. The fact is that if you succeed in meeting the secondary criteria, you will more likely meet the primary criteria. So the secondary criteria are more or less, necessary conditions for meeting the primary criteria.

The point that Ghana had moved away from meeting the convergence criteria is the contrary. In year 2000, Ghana did not meet any of the four primary criteria. But in 2001, Ghana met one, and in 2002 (mid year) it also met one. We can cite the criterion on budget deficit/GDP ratio.

Ghana was the best performer in 2002. The country recorded 3 per cent deficit/GDP ratio; this was the best we had. A country had 10.5 per cent, another had 10.6 per cent. The nearest to Ghana was 4.2 per cent. We can say Ghana is still far from attaining all the criteria but there is consistent improvement. That is the essence of convergence. You cannot achieve them overnight, but if you are to achieve them at a target date, there must be visible movement towards them. Ghana is in the right direction in that regard.

Concerning the issue of what happens if a country does not meet the criteria by July 2005, we should be pragmatic about it. If two or three countries have met the criteria, then they qualify. For the remaining two, we could look at the track record of their movement towards the criteria. If they have applied the correct policy measures and there seems to be a systematic movement towards the criteria, the decision could be taken that they be carried along. That is the type of thing that happened in Europe. But we should not only think of the quantitative criteria; there are also qualitative criteria. There are so many things that are under the

purview of ECOWAS, which are complementing the WAMZ programme. We will still look at these to see whether countries have made progress in those areas. There could be a decision that everybody should be carried along. This is the ideal scenario that everybody goes along. But there are also some rules that, may be, if two countries are ready, they should start and others would join as they get ready. This is another scenario, but the point is that this type of situation can only be seen in mid-2005, just prior to the take-off of the Union. Right now, we want to ensure that every country is applying the measures to converge. Once our countries are committed in applying these measures and are serious about it, we do not see why a country should not move in the direction that will make it converge. So there is no single answer. It is just a matter of how things develop and evolve during the period.

**Qst. If by 2005 you are faced with such scenario, who takes the final decision? Is it WAMI or any of the Institutions of the Zone?**

**Ans:** Obviously, it is the Authority of Heads of State and Government that will

take the final political decision. At the level of WAMI, we are the technical advisers to the whole programme. We are going to develop a framework, which will be applied in doing an assessment. Once that is done, it will be considered by the Technical Committee, the Committee of Governors and the Convergence Council before it finally goes to the Authority. It is a long chain of authority, one leading to the other. It is obvious that a mistake cannot be accommodated in that kind of process.

**Qst. The implementation of the programme was to take off in January 2003, and countries are unable to meet the criteria. Have you thought of relaxing the criteria to enable them comply. Looking at the economies of the countries, are the countries in a position to meet these criteria?**

**Ans:** We are not going to relax the criteria; stability means stability. It is either a country is stable or it is not stable. For economic stability, there are accepted international norms. These are the norms we are importing into the programme. Once there is an inflation rate that is above five percent, the economy is going to be

distorted. Once a country begins to incur a deficit that is above 4 percent of GDP, the economy is going to be further distorted. Once you do not have adequate reserves, your external sector or balance of payments is going to be under pressure. These are norms that have to be accepted and implemented in order to be stable. The idea of relaxing the criteria for a monetary union is not acceptable. We must implement the policies that will make the countries converge. But you can do what we have just done. That is, you can extend the period over which countries meet the criteria. We had two – 3 years initially. Now we have extended it for 2½ years. That is a way of relaxing the criteria, not the numbers but the period over which countries adjust. That type of approach is better than watering down the criteria, which will seem like just converging for the sake of it. Once you converge with weaker criteria you will soon see that the economy will be unstable. The fact is that once you converge in a monetary union, that convergence must be sustainable; it must be from year to year and month to month. You cannot go back to a situation where a new wave of distortions destabilize the

economy. Otherwise, the monetary union will not work the way it should.

**Qst. During elections, governments spend a lot of money. They do what they want. It means that Ghana may not be part of the union, because the pressure on the economy will be greater as we go into elections?**

**Ans:** Ghana has been able to achieve a lot in the last three years in terms of curbing borrowing from the Central Bank. Since 2001, the borrowing has been almost nil. So this is the same government you are talking about today. If they could muster such discipline, it is sure they could do it anytime. It is a question of discipline. If you hold an election and win, and the country runs into trouble thereafter, the same citizens will start blaming you. So, it is better you have that discipline all through. If the government should spend more during election time, it should not be through borrowing from the Central Bank. This is the main source of inflation. If you are to borrow the same amount of money from the commercial banks, or from other private sector agents, the inflationary impact will not be as

much. This is the principle we are trying to sell to the governments and they accept it. We believe that the discipline we see in this government will be sustained.

**Qst. You mentioned that the implementation period has been moved from 2003 to July 2005. Was this a political decision or was it based on technical advice from WAMI?**

**Ans:** Yes, WAMI undertook an assessment of the programme early in June 2002. During the meetings that took place in Accra in June 2002, the Authorities started to be concerned about the status of the programme. At the beginning we even had a situation in which one country met the four criteria. Subsequently, there was decline. So the Authorities were worried and concerned that the effective date for launching the Union, which was January 2003, was appearing to be difficult. WAMI was commissioned to undertake a study. We did that study and the findings were discussed in Conakry in December 2002. That was what led to the extension. It is better to have a monetary union on a solid foundation rather than for it to break up subsequently. So it was based on a technical study by WAMI.

**Qst. Also, you mentioned the IMF disclaimer of the publication on the WAMZ and ECOWAS programme. We did not see effective condemnation from the political authorities. Is this an admission of the facts? Is it a good signal?**

**Ans.** The issue of the IMF paper was discussed by the Authorities. In fact, it was a major issue for discussion during a meeting of the Authorities in Dakar in January 2003. WAMI had prepared comments on the paper highlighting the Fund's cooperation with the Institute so far. The conclusion of the authorities was that since the IMF has disclaimed the conclusions of that paper, it was no use pursuing it and allowing it divert attention from the programme. They (the authorities) are committed to pursuing that programme and they did not want these minor diversions to disturb them. However, WAMI was directed to write to the institutions that cited the conclusions of that paper to intimate them with the IMF disclaimer. WAMI produced evidence at the meeting that in fact the IMF has been very cooperative with the Institute in the last one year or so. Right now, we have agreed on a programme on

which we are expecting technical assistance from the IMF. It is that type of cooperation that we should be pursuing rather than concentrating on an article that expressed a personal opinion of the authors.

**Qst. Let us consider a situation where countries meet the convergence criteria and commence the Union. The following year or subsequently, the economies are thrown over board. What happens next?**

**Ans:** Well, this is a practical situation. But, the concept of a monetary union is that it has a cushioning effect for members. Suppose after we have started, there is a problem and some countries experience shocks while they are in the monetary union; the adjustment will take place within that union. We now have a single currency, a common central bank, a single monetary policy and reserves being managed for the whole union. A shock to any country will be minimized. This is the original condition that the theory of monetary union is built around. That if there is a shock to demand or demand falls drastically in a particular segment of the

union, resources will move around and resolve that problem so that a country will not now devalue or do some other things that may cause more distortions. The exchange rate of the union will not face that shock and with resources moving round, all the problems that could have been too much for a particular country will be minimized.

**Qst. There are five countries in the union. Assuming only one country meets the criteria, what happens?**

**Ans:** The essence of the extension is that all the countries will now apply fresh policy measures to move to convergence. So even if we have a country that has met three criteria, and two countries meet only two criteria and the remaining countries meet one each, the expectation is that come 2005, this situation will change drastically if the countries apply the right policies. That is why WAMI, in collaboration with member countries, has produced country programmes, which are being fine-tuned at the moment. The country programmes contain all the steps that each country must take to achieve convergence in the process and sustain it afterwards. After the take-off of the

Union, the issue of sustaining convergence is simplified by the existence of the common Central Bank. We now have a common Central Bank and other Central Banks become branches or segments of that common Central Bank. The most important role of that Bank, which is going to be independent, is that it will not accommodate lending to any government. It is going to be more independent than say the present Central Banks that can be pressurized to give credit to the government. That Bank is going to be different. If we have a Central Bank for five countries, it is going to be difficult for anyone to now force the Central Bank to finance its deficit. It is prohibited and this is in the statute of that Central Bank. We are therefore moving towards a situation when some of the practices and things we are used to in our national Central Banks will not be possible in the monetary union.

**Qst What is going to happen concerning the merger with the CFA franc zone?**

**Ans.** It has been mentioned already that the WAMZ will start its Monetary Union on July 1, 2005. The ECOWAS Authority

has said that the feasibility of that will then determine when the single currency of the ECOWAS will take off. Once we succeed in our Zone, the merger with the CFA franc zone will then be determined.

**Qst Is anything being done to enforce the meeting of the convergence criteria?**

**Ans.** The enforcement of the criteria will come from peer pressure. We decided to do this programme together; we have some rules and have decided to apply them. The discipline should be there to apply them. When we come for a review of performance, we will know who is not performing. If Nigeria is not performing on a particular criterion, say inflation, all other members will ask Nigeria “what is your problem?”. Another way is to be transparent in the whole process as we are doing today. We want you (the media) to go out and tell the public what we are doing and what we need to achieve. The public will know what is to be done, and if it is not done, you will hear criticisms all over the place. This is the type of enforcement mechanism to apply. You cannot take a country to court because it cannot achieve the criterion on budget deficit/GDP ratio. But the fact that we

have all agreed to do this voluntarily, set the targets and time frame and know the benefits, should make us committed to the programme.

**Qst. We are aware that the IMF paper was a personal opinion. However, what will happen if for instance, oil prices collapse and the biggest economy in the Zone runs into problem? Have you examined the implications?**

**Ans.** This is something we have mentioned earlier, about an external shock to member countries. But here the dimension is different. When it is Nigeria, the biggest economy, it is going to affect not only the public finances of Nigeria but also the reserves of the Union assuming the Union has taken place. These are shocks that could be anticipated. I think at that point, the common Central Bank, which will be handling monetary and exchange rate policies and the Ministries of Finance managing the fiscal policies, will be in a position to address such shocks when they occur. However, that kind of shock has a way of being resolved internally. But, the adjustment in the Union is going to be greater than if it were other smaller economies. I think the

common Central Bank will be able to handle such a problem adequately when the Union takes off.

**Qst. Is WAMI now satisfied with information and data from member countries?**

**Ans:** WAMI is generally satisfied with the kind of information received from member countries. In any case, WAMI has the opportunity and all the facilities to verify all information received from member countries because we undertake missions to the countries. We ensure that all information received are correct. Where there are doubts, we crosscheck with the authorities.

The issue however, is the fact that the databases of the countries have not been very good for a long time. With the improvement we are making on such databases, the problems will be minimized.

#### **RETREAT HELD FOR WAMI STAFF**

The management and staff of the Institute attended a Retreat at the Miklin Hotel, East Legon, Accra, Ghana from January

20 – 21 2003. The purpose of the retreat was to examine the Work Programme of the Institute under the extended mandate of WAMZ and re-position the Institute to efficiently achieve its mandate through re-orientation in work culture and ethics. The facilitators at the Retreat were Impact Management Consultants Limited. The theme of the Retreat was “Improving Organisational Climate and Good Work Ethics.” The issues discussed at the Retreat revolved around work ethics, attitude change for improvement of productivity, effective leadership skills, power and leadership effectiveness and team building. The major conclusions of the Retreat are as follows:

- i) Staff behaviour should be guided by organisational ethics. As a result their loyalty should be primarily to WAMI.
- ii) Negative work attitude should be avoided as this leads to low productivity, aggressiveness and low morale.
- iii) Effective leadership skills involves exerting positive influence over subordinates. Leadership should be assertive and participative and goal-oriented.

- iv) Reward should be based on performance in accordance with agreed targets
- v) Team building is critical for achieving enhanced performance. This is because a team is a dynamic force in which people work together, with each contributing its best in the endeavour to achieve set goals and targets.

The Director General, Dr. M. O. Ojo thanked the facilitators for their well articulated presentations and staff for their effective participation. He reasoned that with the Retreat staff have become more aware of what is expected of them in the collective endeavour to achieve the goals and objectives of WAMI during the extended mandate.

**ECOWAS/WAMI ORGANISE  
WORKSHOP ON MODALITIES  
FOR THE EFFECTIVE  
ORGANISATION OF  
CONFERENCES AND MEETINGS**

A workshop on the modalities for the effective organisation of conferences and meetings, organised jointly by

ECOWAS and WAMI was held at the Conference Room of WAMI in Accra, Ghana on March 10 2003. The Director General of WAMI, Dr. M. O. Ojo and the Deputy Executive Secretary of ECOWAS responsible for Administration and Finance addressed the opening session. The Director General of the Ghana Institute of Management and Public Administration (GIMPA), Prof. Stephen Adei presented a paper on “Modalities for organising successful conferences and meetings: Model of an Ideal Framework.” At the second technical session, another paper on “Success Factors in Organising a Conference/Meeting” was presented by Mrs. Felicia Osafo, Managing Consultant of Impact Management Consultants Limited. WAMI and ECOWAS also shared their experiences in the organisation of meetings. After the presentations, the meeting broke into two discussion groups to articulate modalities for successful organisation of conferences and meetings.

The conclusions of the workshop are as follows:

- i) All the stages of a conference/meeting are critical and adequate preparation should be made for them. The stages are the pre, during and post conference meeting follow-up. A checklist of activities would be a good guide to ensure that nothing is left out. The checklist should be reviewed daily.
- ii) Early confirmation of venue and date of meeting is important to give enough time for planning.
- iii) Documents for meetings should be prepared early enough to ensure that translated versions of the English texts into French is free of inconsistencies.
- iv) Documents should be dispatched to participants in good time to enable them make meaningful input at meetings. The quickest mode of delivery should be applied depending on the circumstance.
- v) Advance teams should be sent to venue of meetings to ensure that preparations are on track.
- vi) At the venue of the meeting a well functioning secretariat should be set up with the facilities for preparation and production of reports.

- vii) Dummy reports should be prepared and reviewed to reflect deliberations at the meeting which were not anticipated. Format of report should be agreed in advance.
- viii) In order to make presentation more effective, the use of slides and power-point should be encouraged.
- ix) Press briefings should be organised after meetings to disseminate the outcome to the public.
- x) There should be follow-up activities to ensure that the decisions of meetings are implemented.

#### **FIRST INITIATIVE OF LONDON OFFERS TECHNICAL ASSISTANCE TO WAMI**

First Initiative of London, with a wide network of experts on financial matters and donors providing funding for projects considered appropriate for improving financial sectors and macroeconomic performance, has commenced a Technical Assistance Programme for WAMI. Under the Programme studies would be undertaken on member countries' banking supervision to determine the level of compliance with international standards,

especially the Basle Core principles of banking supervision and recommend actions to be taken where gaps exist. In addition, the Technical Assistance Programme includes the modalities for operationalising the West African Financial Supervisory Authority (WAFSA). The studies to be undertaken would draw on those already concluded by the World Bank and the International Monetary Fund (IMF) for each member country.

The maiden meeting of the Study Group on the Technical Assistance Programme comprising, First Initiative, WAMI and Banking Supervision Departments of the Central Banks of the WAMZ met at the Institute in Accra, Ghana from March 13 – 14 2003.

#### **FIRST FINANCE MINISTERS' FORUM OF WAMZ HELD IN ABUJA**

The Maiden Forum of WAMZ Finance Ministers was held in Abuja, Nigeria on March 17 2002. The Forum was held to deliberate on ways and means of addressing the problem of fiscal dominance in the WAMZ in order to

ensure that the objective of monetary union would be attained by July 1 2005. The Forum was attended by the five member countries of the WAMZ.

The West African Monetary Institute presented a background paper on the “Role of Fiscal Convergence in Achieving the Convergence Criteria of the WAMZ”. The paper was the basis for the ensuing discussions by the Ministers. At the end of deliberations, the Forum made the following recommendations:

- (i) Member Countries should continue to pursue fiscal operations that would ensure that the objective of price stability is not threatened with resultant instability in the entire macroeconomy; thus making it difficult for the non-fiscal convergence criteria of the WAMZ to be attained. In this regard, Ministers recommended that revenue should be a binding constraint on expenditure and that unearned resources should not be relied upon as a means of funding the national budgets of member countries.
- (ii) The fiscal convergence criteria of the WAMZ should be pursued through aggressive revenue mobilisation and rationalisation of expenditure, and refrain from borrowing from the Central Bank beyond the threshold prescribed by the WAMZ. In this connection, national legislations on central bank financing of fiscal deficits should be aligned to the provisions in the WAMZ criteria.
- (iii) National economic programmes and budgets should incorporate the WAMZ convergence criteria to ensure that the convergence process is consolidated and permit the launching of the monetary union in July 2005.
- (iv) Monetary and fiscal policies should be coordinated at the national level to ensure that areas of conflict are properly resolved.
- (v) A framework for fiscal convergence should be designed for the WAMZ for implementation even after the monetary union would have been actualized. This is important because slippages in fiscal operations could threaten the convergence that had been

- achieved through painstaking efforts.
- (vi) National budgets and economic programmes should be reviewed half yearly to take account of current developments in the economy. Where projected revenues are not forthcoming, budgeted outlays should be adjusted accordingly. In this regard, revenue stabilisation accounts should be established where feasible. Such accounts would ensure that a self-adjusting mechanism was built into the budget process. Revenue over-or under-performance would no longer be a major problem where stabilisation accounts are created.
- (vii) The WAMZ convergence criteria should be taken as the basis for national economic planning in addition to the requirements and obligations under economic programmes with the multilateral institutions. In this context, the implementation of the WAMZ programme would be more result-oriented.
- (viii) The thrust of economic policy of the member countries should be well-coordinated, especially in respect of the key elements necessary for attaining WAMZ convergence criteria. This procedure would ensure that all member countries move on a defined path towards macroeconomic stabilisation and convergence.
- (ix) To ensure the comparability of macro-economic targets necessary for the credibility of multilateral surveillance, ECOWAS Secretariat and WAMI should accelerate the implementation schedule of action to harmonise GDP and CPI computation and the study on harmonisation of the legal, accounting and statistical framework of public finance, particularly the harmonisation of budget nomenclatures and table on fiscal operations.

#### **WAMI UNDERTAKES SURVEILLANCE MISSIONS TO MEMBER COUNTRIES**

The West African Monetary Institute (WAMI) undertook multilateral Surveillance Missions to member countries from March 24 to April 2 2003

under Article 15 of the WAMZ Agreement. The Missions from the Institute visited member countries to retrieve questionnaire earlier dispatched to the countries, undertake a review of macroeconomic developments and assess the status of their compliance with stipulated convergence criteria. The Missions concluded their assignment successfully, having discussed their reports with the Authorities in the member countries.

A preliminary review of the major macroeconomic developments showed that the economic performance of the member countries deteriorated in 2002 compared with 2001. The available data for the first quarter of 2003 do not suggest significant shift from the performance in 2002 unless appropriate policy actions are taken in the remaining months of 2003. Expansionary fiscal operations, arising from extra-budgetary expenditures remained the bane of WAMZ economies in 2002 and the first quarter of 2003. In 2002, the status of compliance with stipulated primary convergence targets was below the level attained in 2001. Whereas two countries satisfied three criteria in 2001, only one country did so in 2002. Whereas no

country missed all four criteria in 2001, one country missed all in 2002.

### **COORDINATORS OF NATIONAL SENSITISATION COMMITTEES OF THE WAMZ MEET IN ACCRA**

The second meeting of the coordinators of the National Sensitisation Committees (NSCs) of the West African Monetary Zone (WAMZ) was held at the Conference Room of the Institute in Accra, Ghana from April 10 – 11 2003.

The meeting was convened to deliberate on the revised sensitisation programme of the WAMZ, review the activities of the National Sensitisation Committees and map out strategies for the vigorous sensitization of all stakeholders of the WAMZ project.

In his opening statement, the Director General, Dr. M. O. Ojo welcomed members to the meeting and noted that a zonal framework of sensitization had been adopted by member countries that have also launched their sensitization programmes. However, the Director General observed that since then not much

has been done in the sensitisation of the stakeholders of the WAMZ project. The Director General singled out Sierra Leone for having done much in sensitizing the populace on the WAMZ. He advised the meeting to objectively review the shortcomings of the past and proffer strategies for achieving the objectives of WAMZ sensitization programme. He further advised that the NSCs should be better organized and well funded to be able to undertake their assignment effectively and efficiently.

The Director of Operations of WAMI, Mr. Siradiou Bah presented the revised sensitization programme of the WAMZ, the main objectives of which are to ensure that key stakeholders and the general public are adequately sensitized, strengthen the network of cooperation among coordinators of National Sensitisation Committees and foster ownership of the sensitization programme by member countries. The strategy of the programme is a two-pronged approach to the sensitization of the stakeholders and the general public. The sensitization at the Zonal level will be coordinated by WAMI with appropriate synergy with the National Sensitisation Committees that will be

responsible for sensitization at the National level. At the Zonal level, WAMI will focus on educating identified target groups and bringing together Coordinators of NSCs, through Zonal workshops among other strategies, thus encouraging collaboration and networking.

WAMI would be involved in the design and production of publicity materials that would be re-produced by member countries for their use. This is intended to ensure that the same messages are being disseminated to the public by the various NSCs. The target groups by WAMI include, parliamentarians, the financial sector, the media, private sector operators and civil servants. The presentation was concluded on the note that the success of the sensitisation programme in member countries was critical for the success of the WAMZ programme. Towards this end, NSCs should be more aggressive in the sensitisation of the stakeholders while the authorities should adequately fund the National Sensitisation Committees.

The revised sensitisation programme included a schedule of Zonal activities for 2003 – 2004 to be undertaken by WAMI. The activities are mainly on the

sensitisation of key target groups at the Zonal level to which national coordinators would be invited to enrich their knowledge on the subject areas being discussed. The framework of the revised sensitisation programme of the WAMZ was adopted. Thereafter, member countries presented highlights of their sensitisation activities. It was agreed that the planned sensitisation activities for each country should be revised in line with the members' observations and sent back to WAMI before April 20, 2003. The schedule of activities will be consolidated for the information of the various organs of the WAMZ.