

**DIRECTOR GENERAL BAGS  
FELLOWSHIP OF THE  
NIGERIAN ECONOMIC SOCIETY  
(NES)**

The Director General, Dr. M. O. Ojo, was awarded the Fellowship of the Nigerian Economic Society (NES) at the 42<sup>nd</sup> Annual Conference of the Society held in Port Harcourt, Rivers State of Nigeria in August 2001. This award was the third honour in a row for the Director General by NES. A Valedictory Seminar was held in his honour in October 2000 while a book in his honour has also been published by NES. The Fellowship award was made in respect of scholarly publications, which have, in no small measure, helped in the development of economic science and service to the Nigerian Economic Society. The Fellowship is the highest Academic Laurel in Economics in Nigeria. The investiture ceremony will be at a date to be announced by the Council of the Society.

Dr Michael Olufemi Ojo, an astute administrator and distinguished Scholar, was born in Ado-Ekiti, Ekiti State of Nigeria on January 5 1942. He attended the Universities of Ibadan and Lagos where he obtained his Bachelors and Doctorate degrees in Economics, respectively. Dr. Ojo is also an alumni of the University of Wisconsin and the Harvard University, both in the USA. Dr. Ojo has had a distinguished career in the public service, culminating in his appointment as Director of Research from 1990 – 2000. He has published Six major books and authored about 115 Articles, cutting across the various sectors of the economy. He has also been involved in 6 collaborative research

endeavours. Dr. Ojo's latest book "Monetary Policy in Nigeria: Principles and Practice" is a major insight into the thoughtfulness and academic penchant of this humble leader of men.

Dr. Ojo was President of the Nigerian Economic Society (1995/96 Council Year). During his tenure he re-shaped NES, making the Society better focussed. His modest achievements provided the renewed vigour for NES in policy advocacy through research and contribution to public policy. Dr. Ojo has been a member of the College of Fellows and Past Presidents of the NES since 1996. With the Fellowship award, the Director General has been elevated to a pre-eminent position in the College.

The Fellowship award means many things to all of us. It is a recognition of excellence, a product of painstaking housemanship, humility and patience. Dr. Ojo's proficiency and drive for excellence have come to play in the tasks he has been saddled with in the last twelve years which he accomplished professionally and excellently. Dr. Ojo built the enviable Research Department of the Central Bank of Nigeria to the international standard of a monetary policy Think Tank that it is today. It is to his credit that the Technical Committee of the Second Monetary Zone produced the desired papers that led to the signing of the Agreement of the WAMZ in Bamako, Mali in December 2000 and subsequent establishment of the WAMI. The intellectual and technical skills of the Director General have helped in the rapid accomplishment of the Work Programme of the Institute. We salute this great man of wisdom and letters. We share in the achievement of the Director General and are happy to be associated with him. More grease to your elbows, distinguished Director General.

## **EXECUTIVE SECRETARY OF ECOWAS VISITS WAMI**

The Executive Secretary of the Economic Community of West African States (ECOWAS), Mr. Lanasma Kouyate, paid an official visit to the West African Monetary Institute on September, 28, 2001 in the course of his official visit to the Government of Ghana. The Directors/Equivalent/Advisers of the Institute welcomed the Executive Secretary on arrival.

### **Address by the Executive Secretary to the Staff of WAMI.**

The Executive Secretary addressed the entire staff of WAMI at the Conference Room of the Institute. He expressed delight at the opportunity he had to visit the Institute. He remarked that WAMI is one of the most important 'babies' of ECOWAS, which would pave the way for the attainment of a Single Monetary Zone in the whole sub-region. He commended the Institute for its commitment to its task and encouraged the staff to continue to put in their best.

While emphasizing the need for greater unity among African countries, the Executive Secretary observed that economic integration in ECOWAS is not a cosmetic affair but represented a real need for development and social progress. He noted that success in monetary integration would be an incentive for success in other sectoral integration efforts. He advised that for the integration process to succeed, there was need for perseverance, tenacity and sacrifice.

The high point of the Executive Secretary's remarks was his passionate

appeal to WAMI to continue to perform excellently. According to him, the pioneer staff of WAMI are in the eye of history. Successful implementation of the programme would not only boost the image of ECOWAS but would be rewarded as the fallout of the dedication to duty and sense of mission by WAMI. In the event of a failure, posterity will not exonerate WAMI and its staff. Overall, the Executive Secretary was happy to be associated with the Second Monetary Zone project. He advised that we should see ourselves as citizens of the sub-region and Africans with a common destiny, rather than representatives of nationalities, the boundaries of which were carved out by our erstwhile colonial masters to foster their objectives and not ours.

### **Response by the Ag. Director General of WAMI**

In response, the Director of Finance and Administration of WAMI, Mr. Sidiqqe Sesay, on behalf of the Director General, Dr. M. O. Ojo, who was away for another official assignment, thanked the Executive Secretary for finding time to visit the Institute and for the tremendous support the Institute has enjoyed from the Executive Secretariat of ECOWAS since its inception. He briefed the Executive Secretary on the Work Programme of the Institute for the remaining part of the year and appealed for his continued support to the activities of the Institute. He informed the Executive Secretary that the Institute has assembled about 16 Study Reports on major aspects of the WAMZ project that would soon be presented to the relevant authorities of the Zone for further policy guide. He appealed to the Executive Secretary to apply his best endeavours to arrange a meeting of the Convergence Council before the Summit of the Heads of State and Government of ECOWAS in December 2001. This would

allow for a thorough review of the study Reports before they are presented to the Authority. He was also requested to facilitate the holding of a mini Summit of the WAMZ Heads of State and Government during the occasion of the ECOWAS Summit.

### **Vote of Thanks**

Mr. Siradiou Bah, Director of Operations, gave a vote of thanks. Mr. Bah noted that the Executive Secretary was the most important dignitary to visit the Institute since it began operations in March 2001.

### **NATIONAL COORDINATORS OF NATIONAL SENSITISATION COMMITTEES ON THE WAMZ HOLD INAUGURAL MEETING**

The inaugural meeting of Coordinators of the National Sensitisation Committees on the West African Monetary Zone was held in Conakry, Republic of Guinea from 15 - 16 October 2001 at the Conference Hall of the Central Bank of the Republic of Guinea. The objective of the meeting was to enable WAMI discuss with the National Coordinators the various aspects of the sensitisation programme for the introduction of the common currency in member states, including the presentation of action plans and activities by the National Sensitisation Committees (NSCs).

The NSCs of the member countries from The Gambia, Ghana, Guinea, Nigeria and Sierra Leone were represented at the meeting, as well as the WAMI.

### **Opening Session**

The opening session was honoured by the presence of Ministers and other top officials of the Guinean Government; including the Minister of Economy and Finance, Mr. Cheick Ahmadou Camara, the Minister of Commerce, Industry and Small and Medium Enterprises, Hadja Deo Balde, the Minister of Communications, Mr. Mamadi Conde, the Secretary of State in Charge of Cooperation, Mr. Mory Kaba, the Governor of the Central Bank, Mr. Ibrahima Cherif Bah and the Deputy Governor of the Central Bank, Mr. Fode Soumah. The IMF Resident Representative, Mr Nascimento, was also in attendance.

In his remarks, the Director General of WAMI, Dr. M. O. Ojo, noted that the preparation for the West African Monetary Zone (WAMZ) had a lifespan of two years from 2001 – 2002 with the ultimate goal to establish a common central bank and introduce a single currency in the member countries. He emphasized the important role of NSCs as crucial stakeholders of the project with the responsibility to educate and inform the general public in the member countries on the basic elements and progress of its implementation. He concluded by encouraging the coordinators to endeavour to educate the target groups so as to enhance the success of the project.

The Chairman of the opening ceremony, Mr. Ibrahima Cherif Bah, Governor of the Central Bank of the Republic of Guinea, welcomed the participants to the meeting and commended WAMI for the initiative of organizing the inaugural meeting. He emphasized the benefits and costs of the common currency project. In conclusion, he advised the participants to identify, adopt a common strategy and propose realistic

recommendations that could be applied immediately for an effective sensitisation programme as adopted by the Heads of State and Government in Accra, in April 2000. He thereafter declared the meeting open.

Mr. Alpha Diallo, a Director General of the Central Bank of the Republic of Guinea was elected Chairman of the meeting.

### **Presentation of the WAMZ Sensitisation Programme**

Mr. Siradiou Bah, Director of Operations, WAMI, presented the programme of sensitisation on the WAMZ as adopted by the Convergence Council. He indicated that the programme was very crucial for the success of the project, and required the full commitment of the NSCs. The sensitisation programme aims at promoting and creating awareness among the populace on the proposed common currency. The programme identified the target groups as well as the roles assigned to the NSCs and WAMI. The programme would be implemented in three phases between July 2001 and July 2003. The activities to be undertaken would be funded by the member countries, while WAMI would be responsible for the conception and design of the publicity materials in collaboration with the NSCs.

The participants discussed exhaustively the financing aspect of the programme, the relationship between WAMI and NSCs in executing the sensitisation programme, the role of key target groups (mass media, parliamentarians, financial institutions, trade unions, etc) exchange of information among NSCs and the

need to provide information promptly to WAMI. In the course of the discussion, the Director General of WAMI briefed the meeting on the issues concerning macroeconomic performance, exchange rate mechanism to be put in place, the process of the selection of the name of the common currency and the need for member countries to promptly forward macroeconomic data to WAMI.

### **Presentation of Action Plans and Activities by the WAMZ National Sensitisation Committees.**

The Coordinators of the NSCs presented the following reports on their activities:

i) **The Gambia:** The First Meeting of the Gambia's NSC comprising five institutions was held on October 10, 2001 at the Conference Hall of the Department of State of Finance and Economic Affairs. The committee intends to involve the private sector, civil society, NGOs, traders, radio/TV stations in its activities. A one-day sensitisation programme is planned that will involve high-level government officials. In the area of financing, the committee indicated that the Central Bank and the Department of State for Finance and Economic Affairs will bear the costs of the activities related to the sensitisation programme. The Committee has proposed the launching of the sensitisation programme during the WAMA meeting scheduled for 15 – 16 November 2001.

ii) **Ghana:** The NSC was inaugurated on September 11, 2001 at the Conference Hall of Ministry of Economic Planning and Regional Cooperation. The Committee has proposed to the Government the setting up of a well-equipped secretariat. The activities planned up to December 2001, include press briefing, official launching of the

sensitisation programme, one workshop for banks and financial institutions as well as newspaper adverts, TV and radio shows. A financial plan for the programme has been submitted to the Ministry of Economic Planning and Regional Cooperation for onward transmission, while immediate expenditure will be borne by the Ministry of Economic Planning and Regional Cooperation out of its budget for 2001. The proposed date for launching of the sensitisation programme is November 12, 2001.

iii) **Guinea:** The NSC comprising 12 members was inaugurated on 7<sup>th</sup> August 2001. The action plan by the Committee includes the conception and production of audio-visual materials, organisation of conferences, seminars, workshops on the common currency in the urban and rural areas, as well as TV and radio talk shows. The committee intends to have its website that will be dedicated to the creation of awareness. The activities planned will be targeted at the national assembly, economic and social council, national council of communications, economic operators, labour unions, schools and universities as well as the general public. The programme of activities and its funding will commence in 2002 after adoption by the council of ministers. The launching of the sensitisation programme is scheduled for December 20-31, 2001.

iv) **Nigeria:** The NSC is composed of 25 members drawn from the public and private sectors. The inter-ministerial meeting on the sensitisation programme for the WAMZ was held on September 4, 2001 at the Conference Hall of the Ministry of Cooperation and Integration in Africa. The meeting created five Sub-

Committees (publicity, protocol/logistics, research/documentation, seminars/workshops and finance) to assist the main Committee in carrying out specific responsibilities. Inauguration of the NSC is envisaged to be conducted by the Minister for Cooperation and Integration in Africa. A 3-day workshop is to be organized on the WAMZ for members of the National Sensitisation Committee from 6 – 8 November 2001. The launching of the sensitisation programme is to be carried out by the President in November 2001.

v) **Sierra Leone:** The first meeting of the NSC, comprising 18 members was held at the Conference Hall of the Ministry of the Finance on September 6, 2001. The activities planned up to the end of the year include briefing of members of the parliament on the progress of the monetary integration efforts, panel discussion programmes, drama group presentations, press conference and banner displays at strategic locations. The budget for the sensitisation programme was submitted to the National Coordinating Committee. The date for the formal launching of the sensitisation programme has been scheduled for November 27, 2001.

### **Recommendations**

After exhaustive discussion of the basic elements of the National Sensitisation Programme approved by the Convergence Council and the reports of the NSCs, the following proposals were adopted by the meeting:

- (i) The programme of sensitisation should be financed by the member countries. The project of the 2<sup>nd</sup> monetary zone as conceived, is owned by the member countries. To this end, each country should make adequate provision in its

- national budget for 2002-2003 to fund the activities of the NSC. The contacts already made by WAMI for external assistance were noted. Any realised external assistance would be applied to support the programme.
- (ii) WAMI and the NSCs should work closely in the implementation of the programme of sensitisation. The design of publicity materials should be carried out by WAMI, while the NSCs will handle production, translation to local languages and dissemination.
  - (iii) The NSCs should send monthly reports on the progress with the sensitisation programme, which WAMI should circulate to member countries. The NSCs should conduct regular evaluation of the sensitisation activities to fine-tune the direction of the programme.
  - (iv) Members of the NSCs should be informed on the basic elements of the WAMZ project. In this regard, WAMI should assist the NSCs by providing to them results of studies, workshops/seminars reports on the WAMZ as well as resource persons. The meeting noted the on-going discussion between WAMI and WAIFEM to incorporate relevant training courses on the WAMZ project in WAIFEM's capacity building programme for 2002.
  - (v) The meeting of the National Coordinators should be held periodically to allow for the review of activities and their fine-tuning, where necessary.

- (vi) The formal launching of the sensitisation in each member country should be concluded in 2001 in accordance with the decision of the Convergence Council.
- (vii) The NSCs are urged to develop networking in the implementation of the programme of sensitisation. The national coordinators should supply their contact addresses, including email, telephone, etc. to facilitate the exchange of information among the member countries.

### **Closing**

Ms. Andrina Coker, Director of Research, Bank of Sierra Leone, on behalf of the participants at the meeting, thanked the President, the Government and People of the Republic of Guinea, and the Central Bank for the warm hospitality and excellent facilities made available to ensure the success of the meeting.

The Chairman of the meeting thanked the delegates for their cooperation and contribution, which led to fruitful conclusion of the deliberations.

### **LEGAL AND INSTITUTIONAL ISSUES COMMITTEE OF WAMI MEETS IN ACCRA**

The 2<sup>nd</sup> Meeting of the Legal and Institutional Issues Committee of the West African Monetary Institute (WAMI), was held in the Conference Room of the Institute in Accra from October 15 – 16, 2001. The meeting was called to examine the draft Decisions relating to the implementation of the Agreements of the West African Monetary Zone (WAMZ), the Statutes of the West African Central Bank (WACB) and the

Stabilization and Cooperation Fund (SCF) which would subsequently be submitted for consideration and approval by the Authority of Heads of State and Government of the Zone.

Representatives from the following institutions participated at the meeting:

**The Gambia**

Central Bank of The Gambia.

**Ghana**

Ministry of Justice.

Bank of Ghana.

**Nigeria**

Ministry of Cooperation and Integration in Africa.

Central Bank of Nigeria.

**Sierra Leone**

Ministry of Justice.

Bank of Sierra Leone.

**West African Monetary Institute (WAMI)**

**Opening**

Mr. Daniel Adekola, Head of the Internal Audit Unit and Ag. Director General of the West African Monetary Institute declared the meeting open. He welcomed delegates to Accra and extended the warm regards of Dr. M. O. Ojo, Director General of WAMI who was away in Conakry, Guinea for another important meeting of the Institute. The Ag. Director General outlined the issues to be considered at the meeting and noted that WAMI attaches great importance to the work of the Committee. While reaffirming WAMI's commitment to the achievement of its mandate, he solicited

continued support of the members of the Committee in this regard. He wished the meeting fruitful deliberations.

Ghana was elected chairman of the meeting while WAMI served as rapporteur.

**Adoption of Agenda**

The meeting adopted the following Agenda:

- i. Opening Session.
- ii. Adoption of Agenda.
- iii. Consideration of Decisions/Agreements:
  - a) Exchange Rate Mechanism
  - b) Foreign Exchange Reserves Management
  - c) Payments System
  - d) Stabilization and Cooperation Fund
  - e) National Sensitisation Committee
  - f) Harmonisation of Acts of national Central Banks
  - g) Capital of the WACB
  - h) Name of Currency
- iv. Any Other Business
- v. Adoption of the Report
- vi. Closing.

**Consideration of Agenda Items**

**Draft Decisions Relating to the Implementation of the Agreement of the West African Monetary Zone, the Statutes of the WACB and Stabilisation and Cooperation Fund**

Mr. Hussein Thomasi, Head of the Legal Unit of WAMI presented the above document, which was in eight parts namely: Decisions Relating to Exchange Rate Mechanism; Reserves Management; Development of National Payments System; Stabilization and Cooperation Fund; National Sensitisation Committee;

Harmonisation of Acts of National Central Banks; Capital of the WACB; and Name of Currency. Mr. Thomasi informed the Committee that the document was prepared by WAMI with the assistance of the ECOWAS Secretariat. Giving a background and summary of each of the issues, he mentioned that WAMI was mandated to establish an Exchange Rate Mechanism (ERM) before December 2001. The rationale for the ERM is to ensure stability of the currencies within the Zone and aid the process of convergence. The Decision Relating to the Foreign Exchange Reserves Management by the WACB is arranged into four Articles and focuses mostly on provisions for Pooling of the Reserves, Nature and Quantum of the Reserves as well as the uses. Similarly, the Decision relating to the Development of National Payments system and Establishment of an Efficient Cross-Border Payments Arrangements in the WAMZ dwells on objectives, institutional machinery, formation of Zonal Committee and its functions while the Decision on the Stabilization and Cooperation Fund focuses on the initial capital of the Fund, contribution and management. The Decision relating to the Harmonisation of Acts of National Central Bank Banks with the Agreements of the WAMZ and Statutes of the WACB has two Articles focusing on the need to take measures to attain compatibility and the time frame to effect amendments on the Central Bank Acts.

## **Outcome of Deliberations**

### **• General Comments on the Draft Decisions**

A delegate expressed the view that the documents contained a number of technical issues, which should have been presented first to the Technical Committee before they were brought to the Legal and Institutional Issues Committee. On this point, WAMI explained that all the issues have been deliberated upon at seminars involving Experts on the subjects and that the task of the Legal and Institutional Issues Committee was to put the relevant issues into proper legal framework for presentation to the relevant authorities of the WAMZ. It was further explained that discussions on most of the issues are on-going and would still be brought before the Technical Committee for consideration during a meeting scheduled for October 29, 2001. After extensive deliberations, the Committee noted that it was desirable to have an evolutionary approach to the issue and it would be detrimental if the views of legal experts were sought only at the last stage.

Concerning the Harmonisation of the Acts of National Central Banks with the Agreements of the WAMZ and the Statutes of the WACB, a delegate expressed the view that there would be no need to retain the individual Central Bank Acts after the establishment of the WACB. The Committee extensively discussed the issue and noted that:

- i. the draft Decisions were based on the existing Agreement of the WAMZ and the Statutes of the WACB signed by the Authority of Heads of State and Government in Bamako on December 15, 2000.

- ii. the first meeting of the Legal and Institutional Issues Committee held in Accra on May 17 – 18, 2001 had adopted the Report on the Harmonization of the Acts of the National Central Banks and the Agreement of the WAMZ and the Statutes of the WACB;
- iii. the Technical Committee had considered and recommended same to the Convergence Council; the latter is expected to consider the report at its next meeting.
- iv. the Acts of National Central Banks would not necessarily be repealed on the coming into being of the WACB. Member States are expected to amend the relevant provisions of their National Central Bank Acts to ensure compatibility with the provisions of the Agreement of the WAMZ and the Statutes of the WACB.

The Committee extensively deliberated on the provisions of the draft Decisions and made the following recommendations:

- **General Recommendations**

- i A section on interpretation should be introduced in the document to explain some of the terms and concepts.
- ii The Articles should be numbered accordingly
- iii. A new part on Final Provision at the end of the whole document to cover all the Decisions should be introduced.

- **Specific Recommendations**

- a) **Decisions Relating to Exchange Rate Mechanism**

- i Article VII should be redrafted as follows:

*“A member state shall have the right to initiate a confidential procedure aimed at reconsidering its central rate. A member state shall have the right to initiate a confidential re-examination of the appropriateness of its currency’s fluctuation band”*

The Article should come immediately after Article III and numbered accordingly.

- ii. Article V(2) should be redrafted to include a time frame with respect to notification of intention to intervene and specify to whom notification is to be made.

- b) **Decision Relating to Foreign Exchange Reserves Management**

- i. The phrase “in the interim” in Article I should be deleted.
- ii. Article II (2) should be redrafted as follows:

*“The reserves to be transferred to the WACB shall be in both gold and convertible currencies”.*

- iii. Article II should be redrafted to remove the ambiguity relating to the capital of the WACB
- iv. Delete the phrase “among other uses” in Article IV and introduce a new paragraph to reflect the discretion of

the Board of Directors in the management of the reserves.

- v. Delete Article V relating to distribution of income on Reserves.

**c) Decision Relating to the Development of National Payments System**

Introduce additional Article (Article VI) to make provision for composition of the Zonal Committee.

**d) Decision Relating to the Stabilization and Cooperation Fund**

- i. It should be reflected that the capital of the Fund should be increased to \$100 million.

- ii. The call up capital should be fixed at \$50 million

- iii. The conflicting provisions in the main text and the decision of 15<sup>th</sup> December 2000 should be resolved in the document

- v. Delete Articles III and IV referring to the Units of Account and Management, respectively.

**e. Decision Relating to the Establishment of the National Sensitisation Committee**

- i. Change the title of Article I to read: “Composition” instead of “Constitution”
- ii. Delete Article I (2).

- iii Redraft Article IV (1) to read:

*“Each member State shall be responsible for funding of the activities of its Sensitisation Committee”.*

**f. Decision Relating to the Harmonisation of the Acts of National Central Banks with the Agreement of the West African Monetary Zone and the West African Central Bank**

- i. The key elements for adaptation and incorporation should be highlighted in the document. The key areas are:

**Functions**

Functions of the National Central Banks as stipulated under Article 16 of the WACB statutes.

**Objectives**

National Central Banks should reflect the maintenance of price stability as their primary objective.

**Independence**

National Central Banks should adapt and incorporate the provisions relating to independence as contained in Article 11 of the WACB statutes.

**Prohibition of Public Sector from Receiving Monetary Financing**

The provisions contained under Article 23 of the WACB and Article 16 of the WAMZ statutes dealing with the prohibition of the public section and governments from

receiving Central Bank financing should be adapted and incorporated.

### **Currency**

The provisions of Article 18 of the WACB statutes recognising the Board of Directors of the WACB as the only authority to issue notes and coins in the Zone should be adapted and incorporated.

### **Foreign Exchange Reserves Management.**

The provisions of Article 30 of the WACB Statutes relating to the transfer of all foreign reserve assets by National Central Banks should be adapted and incorporated.

The target date for all members States to amend their Central Bank Acts to ensure compatibility with the provisions of the Agreement of the WAMZ and the Statutes of the WACB should be changed to “not later than October 2002” under Article II.

### **g. Decisions Relating to the Adoption of the Capital of the West African Central Bank Statutes.**

- i. Change the title of Article I from “Deadline” to “Time Limit”
- ii. The date for the contribution of member States to the capital of the WACB should be changed from “October to December

2002” to “not later than October 2002” in Article III.

- iii. Article III should be made a paragraph under Article II

### **h. Decision Relating to the Adoption of the Name of the Common Currency of the West African Monetary Zone**

- i. Introduce a new Article II for the Symbol of the Currency.

### **Any Other Business**

The Committee appealed to Member States to ensure consistency in their representation at its future meetings for continuity on the issues.

### **Adoption of the Report**

The report was unanimously adopted.

### **Closing**

Mrs Janet Ramatoulie Sallah-Njie, Legal Adviser, Central Bank of The Gambia moved the vote of thanks. She expressed appreciation to the Management of WAMI for the warm reception and hospitality accorded the delegates since their arrival in Accra.

The Chairman congratulated WAMI for the excellent work it has done to simplify the work of the Committee on the Issue. He also thanked delegates for the high quality of their contributions that has facilitated deliberations at the meeting. He wished them a safe journey to their various destinations.

**THE 9TH MEETING OF THE  
TECHNICAL COMMITTEE  
OF THE WAMZ HELD IN ACCRA**

The 9<sup>th</sup> Meeting of the Technical Committee of the West African Monetary Zone (WAMZ) was held from October 29 – 30, 2001 in the Conference Room of the West African Monetary Institute (WAMI), Accra, Ghana. The meeting was convened to examine the documents prepared by WAMI, which would be presented to the next meeting of the Convergence Council for consideration.

The following Ministries, Central Banks and Institutions attended the meeting:

**The Gambia**

- Department of State for Finance & Economic Affairs; and
- Central Bank of The Gambia

**Ghana**

- Ministry of Economic Planning & Regional Cooperation;
- Ministry of Finance;
- Ministry of Trade & Industry;
- Ghana Statistical Service; and
- Bank of Ghana.

**Guinea**

- Banque Centrale de la Republique de Guinee.

**Nigeria**

- Ministry of Commerce;
- Ministry of Cooperation & Integration in Africa; and
- Central Bank of Nigeria.

**Sierra Leone**

- Ministry of Finance;
- Ministry of Development and Economic Planning; and
- Bank of Sierra Leone.

**Executive Secretariat of Ecowas**

**West African Monetary Institute**

**In Attendance**

Ministry of Foreign Affairs, Liberia  
West African Bankers' Association (WABA), West African Monetary Agency (WAMA) and West African Institute for Financial and Economic Management (WAIFEM)

**Opening**

Mr Yaya Sow of ECOWAS Secretariat, welcomed delegates to the meeting on behalf of the Executive Secretary, Mr Lansana Kouyate. He noted that the success of the Monetary Integration Programme should serve as a catalyst for rapid economic growth and development of the countries of the West African sub-region. While calling on member States of the West African Monetary Zone to strive harder to achieve the agreed convergence criteria, he commended the leadership role of Ghana in the Second monetary Zone project.

Mr George Cann, on behalf of the Honourable Minister for Economic Planning and Regional Cooperation of Ghana, also welcomed delegates to the meeting. He extended the goodwill of the Honourable Minister who was unable to be personally present at the opening session due to another official engagement outside Ghana. Mr. Cann emphasized the importance of the issues slated for discussion and urged the

delegates to consider them dispassionately in order to come up with appropriate recommendations for the Convergence Council. He emphasized that Ghana was fully committed to meeting the convergence criteria noting that there were already signs of improvement in major economic fundamentals in the Ghanaian economy. Ghana was elected Chairman while WAMI served as rapporteur.

### **Adoption of The Agenda**

The following Agenda was adopted for the meeting:

- i. Opening;
- ii. Election of Chairperson;
- iii. Presentations by WAMI
  - Special Reports
  - Technical and Policy Issues
  - Operational Issues
  - Legal Issues
  - Administrative Issues
- iv. Any Other Business;
- v. Adoption of the Report;
- vi. Closing.

The agenda was unanimously adopted.

### **VI. Consideration of Agenda Items**

Highlights of deliberations were as follows:

**(a) Macroeconomic Developments and Convergence Report For January - June 2001 (Document: WAMI-IMAO/ODG/CC.6/01)**

The report on macroeconomic performance and movement towards

convergence indicated that member countries' economic performance improved slightly during the first half of 2001 as a result of the moderation in the adverse factors that constrained economic performance in 2000. Three countries satisfied the criterion on single digit inflation, while one country recorded fiscal deficit/GDP ratio above the stipulated 5 percent. All countries complied with the criterion on central bank financing of budget deficit of 10 per cent of previous year's tax revenue, while two countries met the minimum requirement of foreign reserves/import cover of 3 months.

In the ensuing discussion, the Committee advised that WAMI should ensure the use of common parameters in the measurement of inflation. Also, the need for member countries to speed up the harmonization process of their statistics, especially those on Consumer Price Index within the framework of the ECOWAS ECOSTAT project and the General Data Dissemination Standards (GDDS) framework was re-emphasized.

The Technical Committee urged the Convergence Council to:

- (i) note the improved macroeconomic developments and the status of compliance with the convergence criteria by member countries during the first half of 2001;
- (ii) note that the full year economic assessment to be undertaken early in 2002 will provide a better picture of the state of convergence of the member countries;
- (iii) encourage member countries to sustain the implementation of their recovery programmes for the rest of the year; and

- (iv) direct member countries to respond more promptly to the Institute's requests for data and other information needed for the preparation of credible reports on macroeconomic performance and convergence.

**(b) Progress Report on the National Sensitisation Programme on the WAMZ (Document: WAMI-IMAO/ODG/CC.6/02)**

The Technical Committee was informed about the progress made on the implementation of the National Sensitisation Programme earlier adopted by the Convergence Council during its meeting in Abuja on July 26, 2001. The progress included the establishment of National Sensitisation Committees (NSCs) in the member countries, appointment of National Coordinators and organization of a meeting for National Coordinators in Conakry, Guinea from October 15 – 16, 2001. It was reported that the Conakry meeting examined comprehensively the elements of the sensitisation programme and identified strategies for the execution at the national level. Member countries have also undertaken to vigorously implement the programme while WAMI would collaborate with the NSCs to implement some aspects of the programme targeted at specialised groups.

The Technical Committee noted the progress made in the execution of this programme and recommended that the Convergence Council should urge member countries to step up their sensitisation activities and provide

adequate funds for the national programmes especially in 2002.

**(c) Update on Strategies to Strengthen Cooperation Among National Central Banks (Document: WAMI-IMAO/ODG/CC.6/03)**

The Technical Committee was informed of the progress made in evolving the strategies for strengthening cooperation among National Central Banks as directed by the Committee of Governors during its meeting in Abuja on July 25, 2001. It was reported that at a meeting on September 13, 2001, WAMI and WAIFEM designed the modalities for implementing the programme. The programme has a two-pronged approach, namely, capacity building and institutional development. The aspects pertaining to capacity building would be incorporated in WAIFEM's training programmes for 2002, while WAMI would handle institutional development.

After exhaustive discussions, the Technical Committee noted the report.

**(d) Exchange Rate Mechanism (Document: WAMI-IMAO/ODG/CC.6/04)**

The thrust of the document on Exchange Rate Mechanism (ERM) was presented to the Technical Committee. The ERM is aimed at providing an arrangement among the participating member countries that will ensure an effective exchange rate policy, as well as exchange rate and price stability as a prelude towards monetary unification. The main features are the setting of exchange rate parities, choice of an anchor currency, as well as determining margins of fluctuations on either side of the parities. Two types of exchange rate mechanism were considered: a system of fixed parities

relative to a regional anchor currency or basket of currencies, and a system of fixed parities relative to an external anchor currency such as the US\$ or Euro or a basket of currencies such as the SDR.

The Technical Committee noted that the latter system was more suitable for the WAMZ and agreed to recommend to the Convergence Council its introduction from April 1, 2002. The Committee also recommended that while the anchor currency would be the US Dollar, the margin of fluctuation would be a horizontal band of  $\pm 15$  percent. In addition, market exchange rates would be adopted in determining the central parity rates for the currencies. Furthermore, the Committee directed that the detailed modalities of implementation should be worked out by WAMI in collaboration with the National Central Banks.

**(e) External Reserves Management**  
**(Document:**  
**WAMI-IMAO/ODG/CC.6/05)**

The paper on External Reserves Management by the WACB was presented to the Technical Committee. The paper examined the conceptual issues and theoretical underpinnings of external reserves management. It also proposed a framework of external reserves management by the WACB, which accords high consideration to safety, liquidity and income, and promotes diversification of investment portfolio to spread out risk and return. The operational guidelines should encourage transparency and accountability, provide for an effective institutional arrangement, as well as

effective monitoring of the international markets to minimize risks.

The Technical Committee deliberated on the issues raised in the paper and thereafter made the following recommendations to the Convergence Council:

- (i) the document should form the basis of the WACB's management of the zone's external reserves;
- (ii) an arrangement on the management of external reserves, incorporating the key aspects such as pooling of reserves, investment of reserves and distribution of income on reserves should be worked out in the form of a manual by the WAMI/ WACB and the NCBs before the end of 2002.
- (iii) external reserves should be partially pooled by the WACB. Initially, reserves to be transferred to the WACB should be worth ten times the capital of the Bank, amounting to US\$1 billion to be allocated in proportion to the shares of the NCBs in the capital of the WACB. Subsequent transfers should be limited to 25% of accretion to reserves or 10% of total foreign exchange earnings, whichever is higher.

**(f) Common Monetary Policy**  
**(Document:**  
**WAMI-IMAO/ODG/CC.6/06)**

The paper on the Common Monetary Policy of the WAMZ outlined the framework that will guide the conduct of monetary policy by the WACB. The framework encompasses the standard elements of policy actions of monetary authorities. It also proposed an institutional structure for

WACB's monetary policy involving primarily the NCBs, Executive Board, Monetary and Economic Policy Committee, Board of Directors as well as the legislative and executive arms of government, the Governing Council (replacing the Convergence Council) and Authority of Heads of State and Government. The paper proposed the design of a policy and evaluation system involving the key institutions applying a short-term information system and information technology that can enhance decision-making in the conduct of monetary policy.

In discussing the paper, the Technical Committee advised that the issue of banking supervision should be given adequate attention by the WACB in order to ensure that attainment of monetary policy objective would not be jeopardized by ailing financial systems.

The Committee noted that the paper essentially builds on the monetary policy framework outlined in the WACB Statutes and would serve as a good starting point for the WACB.

The Committee recommended that a Monetary and Economic Policy Committee (MEPC), which would play a role similar to that of the Monetary Policy Committees in the Bank of England, Central Bank of Nigeria and Reserve Bank of South Africa, among other Central Banks, should be put in place by the WACB. The MEPC will be composed of members of the Executive Board, at least one National Central Bank Governor and one nominee from each of the member countries.

**(g) Development of Payments Systems  
(Document:  
WAMI-IMAO/ODG/CC.6/07)**

The paper on Development of the Payments System evaluated the effectiveness of the payments systems in the zone and proposed improvements that would enhance the efficiency of monetary policy. Applying well-known criteria such as the simplicity of the payments process, timeliness, reliability and speed of settlement of obligations, the paper reviewed the capacities of national payments systems with regard to the legal framework, institutional structure, payments instruments and management of risks and concluded that national payments systems are generally inefficient, while noting that all member countries currently have programmes to improve on their effectiveness. A number of proposals were made to further strengthen the national systems, principal among which is the application of information technology to shorten the period of settling obligations.

The paper also reviewed the current payments arrangements for cross border transactions in the WAMZ and proposed improvements such as promoting correspondent banking relationships, cross border telecommunication, reinforcement of existing multilateral payments mechanism at the level of WAMA while at the national level, member countries should set up real time gross settlement system. In addition, trade and exchange systems should be further liberalized.

The Technical Committee noted the various proposals for improving national and cross border payments systems in the Zone. Many of the proposals are already being implemented under the guidance of NCBs, private financial institutions and ECOWAS.

The Committee agreed to recommend to the Convergence Council that:

- (i) during the first quarter of 2002, a standing Zonal Committee should be set up by WAMI and National Central Banks to examine the proposals and prioritise their implementation; and
- (ii) member states should facilitate the networking among financial institutions in the zone to improve the efficiency of the payments systems.

**(h) Operationalisation of the Stabilisation and Cooperation Fund (Document: WAMI-IMAO/ODG/CC.6/08)**

The paper on the Operationalisation of the Stabilisation and Cooperation Fund (SCF) focused on the objective of the Fund, its initial capital, sources of funding and Management structure. The initial capital of the Fund is US\$50 million and it is proposed to become operational from March 1, 2002 with a payment of US\$25 million or 50 per cent of the capital. This is to be contributed by member countries in line with the ECOWAS budgetary contribution formula.

The Technical Committee deliberated on the merits and necessity of such a Fund and recommended that the Convergence Council should:

- (i) endorse the proposals for operationalising the SCF which is capable of enhancing the level of compliance with the convergence criteria, act as financial incentive

in the WAMZ project and enhance solidarity in the Zone;

- (ii) direct that contributions by member countries to the Fund should be made between January 1 and February 28, 2002. The recommended allocations of the initial payment of \$25 million to member countries are as follows: The Gambia (US\$1.7 million), Ghana (US\$4.2 million), Guinea (US\$2.7 million), Nigeria (US\$15.1 million) and Sierra Leone (US\$1.2 million); and
- (iii) endorse the recommendation that the second tranche of US\$25 million should be contributed by members before the end of June 2002.

**(i) Proposals on the Name of the WAMZ's Common Currency (Document: WAMI-IMAO/ODG/CC.6/09)**

The document outlined the outcome of the exercise for providing a suitable name for the common currency. It indicated that an international competition was launched in April 2001 for the public to propose names for the common currency. More than 1200 entries were received and classified. These entries were screened with the help of consultants. The Committee noted the six names that were short-listed by WAMI and re-ranked them according to their attractiveness, appeal, ease of use, historical and cultural backgrounds and identity factor for the zone. The order of preference for the names arrived at were as follows: Kauri (1), Gini (2), Kumbi (3), Zinari (4), Eco (5), and Kudi (6). The Committee also agreed that "Cent" should be the lower denomination of the currency. The Committee recommended that the new ranking it had done should be considered by the Convergence Council.

**(j) Preliminary Consideration of the Technical Aspects of the Introduction of the Common Currency of WAMZ (Document: WAMI-IMAO/ODG/CC.6/10)**

The Technical Committee was informed that the bulk of the work on the technical preparation of the WAMZ common currency would be done in 2002. The primary objective of the paper therefore was to sensitise the authorities on the stages of the work to be undertaken in this regard. The computations contained in the paper were therefore very tentative. The paper recalled the current practices of currency management in member countries. It was observed that the NCBs have considerable experience in this endeavour.

The Technical Committee noted that the document would be revised using actual data from member countries, as they become available.

**(k) Options for a Central Bank System for the WAMZ (Document: WAMI-IMAO/ODG/CC.6/11)**

The paper on Options for a Central Bank system for the WAMZ was prepared in response to the directive by the Convergence Council that WAMI should undertake comparative studies of the structure of common central Banks and report to the Council at its next meeting

The paper examined various models of central bank systems, among which were the BCEAO, ECB, ECCB and the FED. The paper identified some critical factors, which determine the type of central bank system that a group of

countries could adopt. Some of these factors are historical antecedents, degree of autonomy in the design and implementation of monetary policy and labour issues. On historical antecedents, the paper noted that the BCEAO was established with branches in member countries, as there were no national central banks in existence at that time. In the case of the WAMZ countries, there are independent national central banks similar to what obtains in the EU, with a reservoir of knowledge that a common central bank could tap from. In addition, personnel drawn from the national central banks are facilitating the WAMZ project. The long history and track record of Europe's central banks were some of the reasons why the EU adopted a centralized monetary policy framework within a decentralized administrative structure.

A central bank, expected to pursue the primary objective of price stability, should be given instrument independence. In this context, the WACB is expected to be more independent than the BCEAO and the ECCB. A Governing Council, made up of two Ministers from each member state approves the monetary policy of the BCEAO, while a Monetary Council, made up of one minister from each of the member countries determines the monetary policy of the ECCB. The Statutes of the WACB gives clear independence to the Board of the WACB in the design and implementation of monetary policy.

The Board of the WACB would determine monetary policy, while the national central banks are the implementing agencies. In order not to overburden the WACB with labour issues, it is desirable to allow the national central banks to continue to determine their staffing and remuneration of their staff including pension and other benefits.

The Technical Committee, after exhaustive deliberations, recommended that owing to the advantages, the system of central banks provided for in the WACB Statutes should be retained. The Committee noted that it would be unnecessary to amend the WACB Statutes already approved by the Authority of Heads of State and Government without the prior trial of the system.

**(l) Harmonization of Central Banks Legislations (Document: WAMI-IMAO/ODG/CC.6/12)**

The paper on Harmonization of Central Banks Legislations had earlier been adopted by the Technical Committee at its July session in Abuja. The thrust of the earlier proposal approved by the Technical Committee was that the legislations of all NCBs in the zone should be amended in line with the statutes of the WACB with particular emphasis on the specific functions assigned to the NCBs in the Statutes (Article 16), as well as the aspects pertaining to the primary objective of monetary policy, independence of the central bank, prohibition of central bank financing of the public sector, the issue of the common currency and abolition of national currencies, the transfer of foreign reserve assets to the WACB and the exchange rate policy of the WAMZ. The Committee recommended that the ratification of the statutes and amendments of the laws of NCBs should be completed before the end of 2002.

**(m) Institutional and Administrative Structure of the WACB**

**(Document: WAMI-IMAO/ODG/CC.6/13)**

The paper highlighted the central features of the operational structure of the WACB, comprising the Governing Council as the supervisory authority to keep the Authority of Heads of State and Government informed about the affairs of the Bank, but without any interference in its day to day operations; the Board of Directors as the decision-making body and the Executive Board of the WACB comprising the President, two Vice-Presidents and three Executive Directors with responsibility for implementing the decisions of the Board of Directors on daily basis. Thirteen departments were also proposed for the Bank. Out of the thirteen departments contained in the organogram, the Internal Audit and Secretary's Departments, would report directly to the President, three to the Executive Director (Monetary Policy), four to the Executive Director (Operations) and four to the Executive Director (Administration and Financial Services). The Executive Directors (Monetary Policy) and (Operations) will report to the Vice President (Monetary Policy and Operations), while the Executive Director (Administration and Financial Services) will report to the Vice President (Administration and Finance).

After deliberations, the Committee recommended the structure proposed by WAMI for the consideration of the Convergence Council, subject to the following amendments and suggestions:

- (i) the Management Information System Department should be placed under the Executive Director, Administration and Financial Services to ensure equity

in the distribution of the work load;  
and

- (ii) staffing should be done on a phased and evolutionary basis to minimize cost without sacrificing efficiency.

(n) **Interim Administrative Arrangements for the WACB (Document: WAMI-IMAO/ODG/CC.6/14)**

The paper outlined the interim arrangements to be put in place at various times in 2002 to expedite the take-off of the Bank. After deliberations, the Technical Committee recommended as follows:

- (i) The Capital of the WACB should be US\$100 million to be denominated in the common currency of the WAMZ. This will be paid up by member countries in line with the ECOWAS budgetary contribution formula.
- (ii) The Authority should decide the location of the Headquarters of the Bank by June 2002 taking into account the following: government support for WAMZ, financial contributions by members, as well as the following features of the location – communication facilities, accessibility, adequacy of infrastructural facilities, conduciveness of the environment, availability of local support services and general quality of life. Any country desiring to be considered should

express written interest and indicate facilities to be provided for the Bank.

- (iii) Appointments to the Executive Board should be governed by the need to have representation from all member countries and the nomination by member countries of competent professionals for each position. This exercise should be completed by September 2002, while the Board's inauguration should be done by October 2002.

- (iv) The Constitution and inauguration of the Board of Directors as outlined in the WACB Statutes should be completed by November 2002 to enable the Board hold its first meeting before the end of December 2002.

(o) **Financial Implications of the WAMZ Project (Document: WAMI-IMAO/ODG/CC.6/15)**

The paper outlined the tentative cost implications of the WAMZ project covering the period January 2001 to December 2002, totalling approximately \$246.0 million and the need for member countries to make adequate arrangements for their contributions to be made at the appropriate time. The Technical Committee considered the proposal and noted that the project costs were tentative and needed to be revised as more information becomes available.

**Any Other Business**

The Technical Committee noted the importance of statistics to the effective execution of the WAMZ project and urged member Central Banks to always provide accurate data and information promptly to WAMI. It urged that member countries

should supply the same set of data on similar aggregates to all international organizations including WAMI.

The Central Bank of The Republic of Guinea and the West African Bankers' Association informed the Committee of their website addresses. Other Central Banks were urged to send their website addresses to WAMI without further delay.

### **Adoption of Report**

This report was unanimously adopted

### **Closing**

Mrs. Janet Ramatoulie Sallah-Njie, Legal Adviser, Central Bank of The Gambia moved the vote of thanks. She expressed appreciation to the Government and People of Ghana as well as the Management of WAMI for the warm reception and hospitality accorded the delegates since their arrival in Accra. She commended the high quality of WAMI's documents and presentations by the professional staff.

The Chairman thanked delegates for the high quality of their contributions that facilitated deliberations at the meeting. He wished them safe journey to their various destinations.

### **WAMI ATTENDS WAIFEM'S TECHNICAL COMMITTEE MEETING**

The meeting was convened to deliberate on the draft Training Programme and Budget of the WAIFEM for 2002 and make appropriate recommendations to the Board of Governors of WAIFEM. Mr. Momodou Ceesay, Director of

Research, Central Bank of The Gambia presided at the meeting. Mr. Siddique Sesay, Director of Finance and Administration and Mr P. J. Obaseki, Policy Adviser represented the West African Monetary Institute (WAMI). Other participants were from the National Central Banks and Ministries of Finance. The Central Bank of the Republic of Guinea was also represented at the meeting on observer status.

### **Background Information**

The West African Monetary Institute (WAMI) attended the meeting at the invitation of WAIFEM in furtherance of the cooperation agreement between the two Institutes. The two Institutes have been engaged in a series of discussions on fostering cooperation among National Central Banks and other critical areas that would enhance the current capacity in the National Central Banks before the establishment of the West African Central Bank (WACB). This is to ensure that the staff is prepared for the challenges that the West African Monetary Zone project would engender. Apart from the initiative taken by the Director General of WAMI by paying a courtesy visit to the WAIFEM at which period the need for collaboration between the two institutes was agreed and the intensified interaction and collaboration between the Institutes after the meeting, the Board of Governors of WAIFEM, the members of which are also members of the Committee of Governors of the WAMI directed WAIFEM to take into account the training needs of WAMI in its future training programmes. This is because WAIFEM would become the capacity building organ of the West African Monetary Zone (WAMZ). The need for collaboration was also stressed at the 5<sup>th</sup> meeting of the Committee of Governors of

WAMZ at Abuja, Nigeria in August 2002. In furtherance of these directives, the two institutions held a follow-up meeting in Accra, Ghana at which the training needs of WAMI relating to capacity development of the National Central Banks, to enable them cope with the demands of a modern Central Bank being modelled for the WAMZ by WAMI, were discussed. The meeting resolved that since WAMI has only an administrative budget without an operational budget, the Institute could not provide funding for training programmes designed by WAMI. As a result, WAIFEM was to urge the Board of Governors to follow-up on the directive that the training needs of WAMI be incorporated in WAIFEM's training programme and provide the funding to meet the needs.

### **Agenda for the meeting**

The following Agenda for the meeting was unanimously adopted.

1. Draft Minutes of the 8<sup>th</sup> Meeting of the Board of Governors
2. Progress Report by the Director General
3. Draft Training Programme for Fiscal Year 2002
4. Draft Budget for Fiscal Year 2002
5. Any Other Business

### **Deliberations on Agenda Items**

The Director General of WAIFEM, Mr Chris Itsede, presented the various Agenda items. The highlights of deliberations are as follows:

#### **a. Draft Minutes of the 8<sup>th</sup> Meeting of the Board of Governors.**

The draft report was unanimously adopted.

#### **b. Progress Report by the Director General**

The Director General reviewed the activities of WAIFEM from August to October 2001. He reported on the cooperation arrangement between WAIFEM and WAMI; specifically, the meeting held in Accra, Ghana on September 13, 2001 to finalise the joint training programme between the two Institutes. The meeting, according to the Director General, identified eleven training needs that are essential for enhancing current capacity in member central banks towards meeting the immediate needs of the emerging West African Central Bank. He explained further that owing to the fact that WAMI does not have a training budget, probably due to an oversight, the meeting recommended that WAIFEM should be given adequate resources to organize the specialized programmes that had been identified.

This issue generated a lot of debate. Apparently there were some misconceptions on the intended beneficiaries of the identified training needs for WAMI. Some participants felt that the non-provision of training vote for WAMI was deliberate and not an oversight. They argued that the crème de la crème of the National Central Banks were seconded to WAMI and as such the need for training for WAMI staff should not arise. Members were of the view that the National Central Banks were still grappling with the problem arising from the gap in expertise that arose from the secondment to WAMI. At this point some clarifications were provided to the effect that the training needs identified by WAMI and

WAIFEM were to be jointly delivered to the staff of the National Central Banks to improve their capacity and prepare them for the challenges of a modern common Central Bank.

The Director General of WAIFEM assured delegates to the meeting that WAMI was only being proactive in identifying training needs that would enable the WACB start on a sound footing. WAMI staff in collaboration with WAIFEM would be involved in training the staff of the National Central Banks, Finance Ministries and National Planning agencies in the WAMZ. Members were satisfied with the explanation.

The Director General also reported on the contacts he had made with the Central Bank of the Republic of Guinea on the Bank joining the WAIFEM as directed by the Board of Governors. Delegates from the Central Bank of the Republic of Guinea informed the meeting that the Government of Guinea was yet to take a decision on the matter but assured the meeting that the decision would be taken shortly.

### **c. Draft Training Programme and Budget for Fiscal Year 2002**

The Director General presented the draft training programme, which incorporated the identified joint training programme with WAMI for capacity development of National Central Banks, Finance Ministries and National Planning agencies. The Director General explained that although the training programme for 2002 was heavier than that of 2001, there was no cause for alarm as the Institute could cope effectively, given that it has started

running courses simultaneously in various capitals of the member countries. He reiterated that with adequate funding, the target for 2002 would be met.

The Director General thereafter presented the draft budget for 2002. He explained that the budget took into account new endeavours by WAIFEM; the joint customized programmes to be organised with WAMI as directed by the Board of Governors and the Convergence Council of the WAMZ at its last meeting in Abuja, Nigeria; and the provision for the imminent membership of the Central Bank of the Republic of Guinea.

Income and expenditure for 2002 were projected at US\$2.81 million and US\$2.69 million, respectively. The slight increase in the budget estimates of WAIFEM for 2002 was attributed to the increase in the scope and activities of the Institute in 2002; enhanced manning level and acquisition of basic infrastructure in addition to equipment for new staff; and provision for translation and interpretation as a result of the imminent membership of the Central Bank of the Republic of Guinea.

After a thorough discussion it was decided that the estimated expenditure be scaled down to what the member central banks can accommodate. Specifically, it was agreed that owing to cost constraint, the training programme should be prioritised, with income adjusted to eliminate the allocation to Liberia, which may not be realized, and the provision for the joining of the Central Bank of the Republic of Guinea. It was decided that whenever Guinea joins, both income and expenditure would be adjusted accordingly.

The suggested adjustments were duly effected by WAIFEM. The Technical

Committee subsequently adopted the Training Programme and Budget for 2002. The revised budget showed income of US\$2.45 million and expenditure of US\$2.33 million. The budget was also apportioned to the four active Central Banks owing to the persistent non-payment of contributions by the Central Bank of Liberia and the fact that Guinea was yet to formally join the WAIFEM. Some training programmes were merged while two were dropped, and the cost of translation and interpretation relating to imminent membership of Guinea was isolated.

### **Any Other Business**

The Director General implored members to assist in the dissemination and retrieval of the questionnaire on a preliminary impact assessment survey of the Institute's programmes that would be sent out shortly.

### **Closing**

The Director General was commended for the quality of presentation of the documents considered by the Committee. The Committee expressed its profound gratitude to the Government and people of The Gambia and the Management and Staff of the Central Bank of The Gambia for the warm hospitality extended to the delegates and the excellent facilities made available for the successful conduct of the meeting.

### **Follow up Activities**

The adopted report of the Technical Committee including recommendations would be further deliberated upon by the Committee of Governors at its next meeting in Dakar, Senegal, during the

Summit of the Authority of Heads of State and Government of ECOWAS. Decisions at that meeting would form the basis for further actions on collaboration between WAMI and WAIFEM on capacity building for the National Central Banks and the West African Central Bank.

## **WAMI PARTICIPATES AT MEETING OF THE TECHNICAL COMMITTEE OF THE WEST AFRICAN MONETARY AGENCY**

### **Introduction**

The 8th ordinary Meeting of the Economic and Monetary Affairs Committee and the 8th Ordinary Meeting of the Operation and Administration Committees of the West African Monetary Agency were held in Banjul, The Gambia from 14 – 15 November 2001.

### **Participation**

Delegates attended the meeting from all the member central banks of ECOWAS except Liberia. The Ministry of Finance of Ghana, the West African Monetary Institute (WAMI) and the UEMOA Commission (WAMUC) also took part in the meeting. Mr R D Asante, Technical Adviser and Mr M S Sissoho, Economist represented WAMI.

### **Opening**

In his welcoming statement Mr. Momodou Ceesay, Director of Research of the Central Bank of The Gambia welcomed delegates on behalf of the Governor, Central Bank of The Gambia. Acknowledging the presence of both WAMI and WAEMU, which he said were two different institutions with similar objectives, he expressed satisfaction at the progress being made towards the goal of

integration in the sub-region. He noted that the Economic and Monetary Affairs Committees had met twice this year to update and make recommendations on the implementation of the “ECOWAS Exchange Rate Mechanism” and to examine and the Study on the “Use and Acceptability of ECOWAS National Currencies in Intra-Regional Trade”. He expressed the hope that the two reports of the Working Group of Directors of Research of ECOWAS would be discussed at the forthcoming Committee of Governors meeting in Dakar, Senegal during the statutory meetings of ECOWAS.

### Outcome of Deliberations

Following the Director General of WAMA’s presentation of the **Progress Report on the ECOWAS Monetary Cooperation Programme** the meeting made the following recommendations:

- a. All future progress reports on the MCP which should be submitted not later than the period under review, should be more analytical and should contain country specific recommendations in addition to general recommendations. The level of collaboration between WAMI and WAMA should be further strengthened to ensure compatibility of their published data.
- b. Member countries’ prospects for attaining the Convergence Criteria should be evaluated in the report.

- c. Countries were urged to prepare programmes that will enable them to achieve the targets on time and submit them to WAMA and ECOWAS for effective surveillance.
- d. Member Countries whose National Macro-Economic Coordinating Committees have not yet been set up should expedite the process as required under the proposed Multilateral Surveillance Mechanism directed by the Authority of the Heads of State and Government at their meeting held in Lome, Togo in December 1999. ECOWAS and WAMA should jointly map out the operational modalities for the mechanism.
- e. Member states should take the necessary steps to progressively achieve the capital account liberalisation, which only one country The Gambia currently satisfies.

In his presentation on the **WAMA progress report**, the Director General reported on the level of transactions routed through the clearing system, Management of ECOWAS Travellers Cheque (TC), Outstanding contributions including arrears on contribution to the WAMA Budget, the Credit and Guarantee Fund, the Head Quarters building and launching of the travellers Cheques.

On these issues the meeting recommended that:

- a. Member Countries concerned should take necessary steps to settle any arrears without further delay.
- b. The dearth of professional Staff and in particular economists should be

addressed urgently as it continues to constrain the smooth execution of the Agency's work programme.

- c. The Committee of Governors should urge the Central Bank of Mauritania to settle its obligations to WAMA following its withdrawal from ECOWAS.

The Committee of Governors should be urged to hand over the management of the TCs to the private sector. During the transitional period however, WAMA should take the necessary steps to resolve any related outstanding matters.

Finally, on the issue of WAMA's Budget for 2002 participants inquired why this was not on the agenda for the meeting as expected. In response, the Director General explained that this was due to the non-availability of vital information on planned capital expenditure. The presentation would however be made at the next meeting of the committee of Governors envisaged for December, 2001 in Dakar.

### **Observations.**

A key observation from the deliberations is that there has been only marginal progress in the convergence of the macroeconomic indicators of the member states of ECOWAS. This lacklustre performance with regard to the criteria dampens the prospects for meeting the objectives on time. Efforts by ECOWAS and WAMA to jump-start the multilateral surveillance mechanism would go a long way in establishing, at the country level, a more effective machinery for the implementation of

Community decisions. It should also be noted that a major constraint on the functioning of WAMA in general and the clearing mechanism in particular has been the build up of arrears. Rapid progress is required in this area in order to revitalise the institution.

### **NIGERIA FLAGS OFF SENSITISATION PROGRAMME ON WAMZ WITH A WORKSHOP IN LAGOS**

The train-the-trainers' Workshop organised for members of the National Sensitisation Committee (NSC) on the West African Monetary Zone (WAMZ) project was held in Lagos, Nigeria from 22<sup>nd</sup> to 24<sup>th</sup> November 2001 at the Conference Hall of the CBN Training Centre, Satellite Town, Lagos. The objective of the Workshop was to educate the members of the NSC, to prepare them adequately to enable them sensitise the target groups on the WAMZ project. The Institute was represented at the Workshop by Mr. O. J. Odonye, Senior Operations Officer. He also delivered two papers on behalf of the Director General.

The workshop was attended by a wide spectrum of trainers drawn from the legislature, the public and private sectors, media organisations, financial sector and the Presidency.

### **Opening Session**

The opening session was chaired by Mrs. J. O. Ashinze, Deputy Director, Central Bank of Nigeria. The Chairperson noted that the trainers' workshop was in line with the decision reached at the meeting of coordinators of NSCs in Conakry, Guinea. The NSCs were mandated to prepare the members for the important task of educating

the critical mass of the citizens of member countries on the WAMZ project.

The opening session was addressed by the Director General, Ministry of Cooperation and Integration in Africa (MCIA) who was represented by Dr. F. E. Akpan, Deputy Director in the Ministry. He noted that the workshop was the first deliberate attempt to educate members of the NSC that would in turn sensitise the stakeholders on the WAMZ project. He stressed that Nigeria was large and composed of diverse groups, and urged participants to be attentive at the workshop in order to understand the crucial issues on the project and translate the message in the local languages understood by most Nigerians.

### **Technical Presentations**

At the technical session, 9 papers were presented by Central Bank of Nigeria (CBN), Ministry of Cooperation and Integration in Africa (MCIA), West African Monetary Institute (WAMI), West African Monetary Agency/Manufacturers Association of Nigeria/Nigerian Chamber of Commerce, Industries, Mines and Agriculture (WAMA/MAN/NACCIMA) and Ministry of Foreign Affairs (MFA). The topics of the papers are as follows:

- a) General Overview of the ECOWAS Integration Programme (MCIA)
- b) General Overview of the ECOWAS Monetary Integration Programme (MCIA)
- c) Institutional Framework of the WAMZ (CBN)
- d) Role and Functions of WAMI (WAMI)
- e) Convergence Criteria for WAMZ (CBN)
- f) Sectoral Strategies for the Full Utilisation of WAMZ in Nigeria (WAMA/MAN/NACCIMA)
- g) WAMI and Introduction of the Common Currency of the WAMZ (WAMI)
- h) Sensitisation Programme of the WAMZ (MCIA)
- i) Sensitisation to Nigerians in Diaspora (MFA)

The lead paper entitled “General Overview of the ECOWAS Integration Programme”, which was presented by Dr. F. E. Akpan, MCIA noted that the implementation of the programme was slow and protracted. He recalled that the Fast Track Initiative, which gave rise to the establishment of the 2<sup>nd</sup> Monetary Zone, was necessary to facilitate the transformation of economies of the region through a common currency. He cited some ECOWAS integration programmes such as the Free Trade Area, Trade Liberalisation Scheme, Infrastructural Development Programme, Private Sector Collaboration, and the Transformation of the Fund for Cooperation, Compensation and Development, which are intended to complement the transformation of the whole region preparatory for entering into the African Union.

The paper entitled “WAMI and Introduction of the Common Currency of the WAMZ”, observed that a currency board arrangement existed in West Africa since the pre-colonial period, although the countries of the CFA zone have advanced their arrangement into economic and monetary union. The paper noted that Nigeria had invested heavily to support economic transformation and political stability of the sub-region, and that

the country would be required to make more sacrifice to sustain the tempo of integration in the sub-region. This is the sacrifice that Nigeria would have to make as a hegemon in the 2<sup>nd</sup> Monetary Zone arrangement. There are short-term difficulties, but ultimately, all participants would benefit from the arrangement.

A paper entitled “Sensitisation Programme of the WAMZ”, which was presented by Mr. Umoessien, MCI A outlined the strategies for implementation of the sensitisation programme in Nigeria. It assigned roles to agencies to perform, and (5) five sub-committees, with members drawn from different economic groupings, were constituted for effective sensitisation. The sub-committees are in respect of publicity, protocol/logistics, research/documentation, seminar/workshop, and finance. A plan of action for 2002 has been designed to guide the implementation of the sensitisation programme.

### **Concluding Remarks**

Two issues that require urgent attention are in respect of the funding and publicity materials. The NSC will have to explore all the good offices at its disposal to obtain the necessary funding. Since the WAMZ project has strong appeal to the Government of Nigeria, it is believed that funding would be secured once the budget is presented to it.

Publicity materials designed to educate the stakeholders on the common currency of the WAMZ will be required to facilitate the job of the NSC and WAMI has the responsibility for

providing them. WAMI would have to expedite action to design the publicity materials for distribution in Nigeria and the rest of the WAMZ member countries, and Operations Department would lead in this task.

### **CHIEF OF SERVICE OF THE FRANC ZONE VISITS WAMI**

The Chief of Service of the Franc Zone in the Bank of France, Mr. Emmanuel Carrère, held a brief meeting with the Director General, Dr. M. O. Ojo on his arrival in Accra on Thursday, November 29, 2001. The meeting was also attended by the Director of Operations, Mr. Siradiou Bah, the Technical Adviser, Mr. R. D. Asante and the Policy Adviser, Mr. P. J. Obaseki. Mr. Carrère’s visit was a follow-up to the visit to the Bank of France by the Director of Operations, Mr. Siradiou Bah in October 2001. On November 20 2001, Mr. Carrère made a presentation on the working of the Franc Zone to the professional staff of the Institute.

### **Opening**

Mr. Carrère briefed the meeting on the purpose of his visit, which is to exchange ideas with the Institute on the important subject of monetary integration. He said that France was interested in regional integration in the sub-region because it is a means of facilitating economic growth and development. France and the European Union, according to Mr. Carrère are very supportive of integration process in the sub-region but would not interfere with the process since it was designed by the member countries as they deemed fit to foster their collective development. France could assist the process through benchmarking and

documentation on the process of economic and monetary union.

The Director General informed Mr. Carrère that the relatively better performance of the UEMOA continues vis-à-vis the non-UEMOA countries, which created some form of dichotomy in the sub-region and impeded the speedy integration of the component parts of ECOWAS, resulted in the decision to establish the West African Monetary Institute. He welcomed Mr. Carrère to the Institute and noted the pledge by France to assist the monetary integration efforts in the sub-region.

### **Highlights of deliberations**

A number of issues were discussed at the meeting, the highlights of which include:

#### **European Integration Process**

Mr. Carrère traced the integration efforts in Europe to the 1958 Treaty of Rome. He informed the meeting that it was only in 1971 that the issue of monetary integration was discussed. By 1985, most of the economies in Europe had converged. The politicians thereafter fixed 1999 as the deadline for a single currency, the Euro. The Director General told Mr. Carrère that monetary integration in the sub-region commenced in 1987, although economic integration process has been on since 1975. Mr. Carrère was impressed with the process of monetary integration as scheduled by the countries of the WAMZ, especially the prompt agreement on a deadline for monetary union, which is 2004 for ECOWAS.

### **Studies by the Institute**

The Director General informed Mr. Carrère that a number of studies had been concluded by the Institute, awaiting consideration by the relevant authorities of the WAMZ.

Highlights of deliberations on some of the Studies are as follows:

#### **a. Exchange Rate Mechanism (ERM)**

Mr. Carrère wanted to know the anchor currency for the ERM and the fluctuation margins of currencies. He was informed that various options ranging from a regional anchor of a weighted basket of currencies to a nominal anchor of market exchange rates, were considered but final decision was yet to be taken by the relevant authorities, Committee of Governors, Convergence Council of Ministers and Central Bank Governors and the Authority of Heads of State and Government

#### **b. Reserves Management**

Mr. Carrère inquired if the Institute was considering the BCEAO model where reserves are fully pooled. He was however, informed that owing to the need to get things off the ground in good time, partial pooling of reserves is being recommended to the relevant authorities. Eventually, the system could move to one of full pooling. An evolutionary process is more appropriate in order not to derail the entire integration arrangement. Mr. Carrère endorsed the strategy.

#### **c. System of Central Bank**

Mr. Carrère asked to be briefed on the system of Central Bank being contemplated for the Zone. The Director General told him that an eclectic framework was applied to

arrive at the Central Bank system in the Statutes of the West African Central Bank (WACB). Monetary policy would be designed by the WACB while the National Central Banks would be the implementing agencies.

Mr. Carrère supported the wisdom in the arrangement. He informed the meeting that owing to political expediency, Europe adopted a centralised monetary policy within a decentralised implementation framework. According to him, it would be politically inexpedient for France to abandon the Bank of France, and for Germany to abandon the Bundesbank. The European two-layer system, although complex is politically more acceptable to all member countries.

#### **d. Problem with the European System of Central Banks**

The Director General asked Mr. Carrère to brief the meeting on the problems France has faced with the European System of Central Banks. He responded by saying that the major problem is the insistence of the European Central Bank to push its policies down the throats of the National Central Banks. This should not be a problem since the Statutes of the ECB gave authority to the Bank in the design and implementation of monetary policy. The roles of the ECB and the National Central Banks are clearly defined.

#### **e. General Discussions**

Mr. Carrère advised that Convergence Criteria should be well monitored in order to achieve the objectives of monetary union. The critical issues that

emerged from Mr. Carrère's presentation are the long period (40 years) that it took Europe to perfect its monetary and economic integration process; and the 14-year period (1985 – 1999) between economic convergence and deadline for monetary union. The Director General was of the view that the framework set in motion for achieving monetary integration in the WAMZ was viable provided the political will is sustained. He thanked Mr. Carrère for coming and assured him of the Institute's willingness to tap available resources in the implementation of its Work Programme. Mr. Carrère offered to be of assistance to the Institute whenever his services were required.

#### **f. Presentation of the Working of the Franc Zone**

Two critical issues raised by Mr. Carrère in his closing remarks at his presentation of the working of the Franc Zone to the professional staff of the Institute on November 30 2001 were that:

- (i) the admission of new members into the Franc Zone would be difficult if not impossible since it took France some time to convince its European partners that its relationship with the Franc Zone countries was only a budgetary issue and that the activities of these countries would not significantly affect the money supply of the Euro Zone; and
- (ii) the creation of a Single Monetary Zone in ECOWAS by 2004 would result in the extinction of the Franc Zone in West Africa.

The first issue on admission into the Franc Zone does not support accession to the

BCEAO model. The second issue on the extinction of the Franc Zone in West Africa after monetary union in ECOWAS in 2004 poses a threat to the UEMOA countries. Unless there are perceived benefits from ECOWAS Monetary Integration that are better than the current benefits under the arrangement with France, the UEMOA is not likely to be persuaded to join the ECOWAS arrangement. The UEMOA would want to maintain the status quo.

### **Conclusion**

Under the unfolding scenario, the Second Monetary Zone Project would have to be pursued with more vigour. We should have an arrangement that is as competitive as the UEMOA model, put our economies on the path of sustainable economic growth and continue to dialogue on ECOWAS monetary integration. If we achieve that goal it will be well but if not we would have succeeded in giving our economies a competitive edge.

### **WAMI ATTENDS THE JOINT ECOWAS/UEMOA MINISTERIAL MEETING IN BAMAKO, MALI DURING NOVEMBER 19 – 23, 2001**

The current Chairman of the Authority of Heads of State and Government of ECOWAS convened a joint ECOWAS/UEMOA ministerial meeting in Bamako, Mali during November 19 – 23, 2001. The meeting was convened to evaluate the fast-track approach to the West African integration process; work out a common West African position for negotiation of the economic partnership agreements with the European Union;

determine ECOWAS contribution to the management of the transition from the OAU to the African Union (AU); and approve a common approach to the implementation of the New Partnership for Africa's Development (NEPAD). The meeting adopted common positions on these issues, which will be considered by the Summit of Heads of State and Government in Dakar, Senegal in December 2001.

At the meeting, the Director General of WAMI, Dr. M. O. Ojo, made a presentation on the "Progress on the Fast Track Approach to West African Monetary Integration", focusing on the monetary integration aspects in the West African Monetary Zone (WAMZ) such as the macroeconomic convergence of the Zone, the ongoing technical preparations for the take-off of the common Central Bank and the introduction of the single currency, as well as steps to be taken to resolve the operational and administrative issues such as the setting up of the Stabilisation and Cooperation Fund, harmonization of legal frameworks of financial institutions and sensitization of the stakeholders of the monetary integration project.

The major outcome of the Bamako meeting was the principle that ECOWAS remains the platform for the integration of the economies of West African States with the other organisations playing a supporting role to achieve the common ECOWAS integration objective.

### **EUROPEAN UNION AMBASSADOR VISITS WAMI**

The Head of the Delegation of the European Union (EU) to Ghana, Mr. Stefan Frowein, paid a courtesy visit to the Institute on December 5, 2001. The Director General

received the Ambassador and thereafter he held a meeting with the Management Board of the Institute.

The Ambassador stated that the issue of regional integration and monetary cooperation was a subject that fascinates him, especially as it is a primary area of concern of the European Commission. He noted that he had to make it a priority to officially visit WAMI, as a regional institution nurturing the monetary cooperation of the member countries of the WAMZ. He informed the Board that he has been following the developments in the Second Monetary Zone since the Agreement on the subject by the 22nd Session of the Summit of ECOWAS Heads of State and Government in Lome, Togo in December 1999. He had just been posted to Ghana from the Republic of Guinea, where he served in the same position.

### **Highlights of Deliberations**

The Director General briefed the Ambassador on the motivation for the Second Monetary Zone, the Work Programme of the Institute, the progress so far and the preparation for the forthcoming meetings of the authorities of the WAMZ.

The Ambassador promised to assist the Institute with the services of technical experts who could not attend the meeting with him owing to other urgent assignments. He advised that direct exchange of ideas and knowledge in brainstorming sessions would be very useful to the Institute in the implementation of its Work Programme. He promised to collaborate with the Institute in this regard.

The Ambassador informed the meeting that there exists a pool of financial resources in regional programming funds in the European Development Fund (EDF), which WAMI can tap. This is most likely because regions can form partnership arrangements on terms that are not available to countries under the aegis of the World Trade Organisation (WTO). Thus, the encumbrances on countries by the WTO could be circumvented through regional partnership agreement. The Ambassador also informed the meeting that his Mission in Ghana is organising an enlightenment Seminar on the EU for the Bank of Ghana. Sometime in March 2002, a conference on the Euro would be organized by the EU Delegation in Ghana. The planning is on and WAMI would be required to play a role at the Conference.

### **Conclusion**

The Ambassador thanked the Director General for the meeting, noting the fast pace with which the Institute has addressed the major issues on its Work Programme. He was skeptical about the time-frame, which he considered short, but assured the Institute of his support. He requested WAMI to formally present to his Office the areas where the EU can be of assistance to the Institute.

The Director General thanked the Ambassador for his visit and encouraging remarks, and promised to send a formal letter of request for assistance as soon as possible.

## **SECOND IMF MISSION TO WAMI**

The International Monetary Fund (IMF) sent a Second Mission to the Institute from December 6 – 7, 2001. The first Mission was at the Institute in April 2001. The IMF Mission was composed of Mr. Paul Masson, Senior Advisor in the Research Department and Mr. Pierre Van der Boogaerde, Deputy Division Chief, African Department. The Director General received the Mission after which a meeting was held with the Management Board.

The Director General informed the Mission that the Institute was aware that the project was a difficult one, necessitating the need to build partnership, especially with the IMF, the contribution of which has been very valuable. The Director General alluded to the fact that Paul Masson's initial Comments on the Second Monetary Zone at the conception of the Strategy have been very useful as some of the issues raised have become apparent and real since implementation commenced.

Mr. Masson, in response to the Director General's remarks, stated that the Fund was interested in the integration process in ECOWAS. He said that his Mission was to explore general areas of the Fund's assistance while the details would be tackled as the Team gets back to Washington. The major areas of the Work Programme of WAMI formed the basis of discussion. The Director of Operations, Mr. Siradiou Bah, introduced the various subject areas. The highlights of deliberations are as follows:

### **i) Exchange Rate Mechanism**

The IMF Mission wondered whether the period for operating the ERM was not too short to determine the stability of currencies. It was also worried on the rather wide fluctuation band of the ERM which could compromise the effectiveness of the ERM. The Mission was informed that the timetable of the Second Monetary Zone influenced the timeframe of the ERM.

### **ii) Monetary Policy Framework**

The Mission was satisfied with the monetary policy framework envisaged for the WACB but wondered whether the fixing of exchange rates by a higher authority as is the case with the UEMOA would not compromise the independence of the WACB in the implementation of a single monetary policy. The Mission was informed that the exchange rate of the common currency would not be pegged.

### **iii) External Reserves Management**

The framework prepared by WAMI was considered adequate. The Mission however added that reserves are needed to provide some guarantee in case the market becomes volatile.

### **iv) Payments System**

This was considered a medium to long-term strategy, which should be supported by adequate technology.

### **v) Sensitisation of Stakeholders**

The Mission advised WAMI to ascertain what the public and financial community wants. In addition, seminars and workshops

should be organized for banks, especially on cross-national issues.

**vi) Operational Structure of the Common Central Bank**

The Mission advised that Banking Supervision should be decentralised. On the issue of adequate capital for the Bank, the Mission promised to get a feedback to the Institute after consultation with the Fund's Monetary and Exchange Department.

**vii) Priorities for 2002**

The Mission was informed that uniform questionnaire would be used by WAMI and WAMA in 2002 to ensure date consistency.

The Mission advised WAMI to borrow from the European experience on the introduction of a common currency. In this respect, the WAMZ currency may not come live in 2003. The Mission also advised WAMI to be vigilant of money launderers who may take advantage of the changeover.

**viii) Areas of Assistance by the IMF**

The major areas where the Fund can be of assistance to the Institute were identified as framework for macroeconomic consistency checks, monetary policy framework, statistical/data management and customized training for WAMI and NCB personnel in Accra.

Mr. Masson told the meeting that the Fund would contact its development partners on some aspects of the technical assistance being sought by WAMI.

In the areas of monetary policy, macroeconomic consistency checks and statistical issues, Fund Staff would be of assistance. The customized training needs of WAMI would be taken up by the IMF Institute. The Mission informed the Board that the GDDS has been done for the UEMOA. As a regional programme, it would be possible for the Fund to organize a 2-week workshop on the subject for the WAMZ or ECOWAS in 2002.

**Conclusion**

The Mission promised to get across to the WAMI in two weeks time, regarding the assessment of the technical assistance and modality of delivery. The Mission also requested WAMI to communicate to it the decisions of the forthcoming Dakar meeting.

Mr. Masson, reacting to a question on the ideal timeframe for WAMZ monetary integration, offered a personal opinion that 3 – 5 years could be adequate. He said that such a timeframe would make it possible to determine commitment to the project. According to him, convergence indicators should be monitored for a fairly long period of time. He was however informed that once political commitment is translated into economic commitment, such a long timeframe may not be necessary. The Director General thanked the Fund Team for very fruitful deliberations and suggested that the Team meets with Departments and Units for more detailed discussions.

## **MEETINGS OF CONVERGENCE COUNCIL AND SUMMIT OF AUTHORITY OF WAMZ HELD IN DAKAR**

The Sixth meeting of the Convergence Council of the WAMZ met in Dakar, Senegal on December 17 2001 to deliberate on the proposals flowing from the documents prepared by WAMI on the basis of the Institute's Work Programme for 2001. The papers prepared by WAMI and the proposals therein had earlier been reviewed and adopted by the Technical Committee of the WAMZ.

The subjects on which decisions were taken by the Authority of Heads of State and Government on the recommendation of the Convergence Council are as follows:

### **a. Technical and Policy Issues**

Exchange Rate Mechanism, External Reserves Management, Common Monetary Policy and Development of Payments Systems

### **b. Operational Issues**

Operationalisation of the Stabilisation and Cooperation Fund, Proposals on the Name of the WAMZ's Common Currency and Preliminary Consideration of the Technical aspects of the Introduction of the Common Currency of the WAMZ.

### **c. Legal Issues**

Options for Central Bank system for the WAMZ and Harmonisation of Central Bank Legislations

### **d. Administrative Issues**

Operational Structure of the WACB and Interim Administrative Arrangements for the WACB.

The list of decisions recommended by the Convergence Council to the Authority of Heads of State and Government include the following.

- 1) Decision relating to the Establishment of an Exchange Rate Mechanism for the WAMZ;
- 2) Decision relating to Foreign Exchange Reserves Management by the WACB;
- 3) Decision relating to the Development of National Payments Systems and Establishment of an Efficient Cross Border Payment Arrangement in the WAMZ;
- 4) Decisions relating to the Establishment of National Sensitisation Committees in member states of the WAMZ;
- 5) Decision relating to the Harmonisation of Acts of National Central Banks with the Agreement of the WAMZ and the Statutes of the WACB;
- 6) Decision relating to the Adoption of the Capital of the WACB; and
- 7) Decision relating to the Adoption of the Name of the Common Currency of the WAMZ.

The Summit of the Heads of State and Government took place on December 20 2001 to deliberate on the recommendations of the Convergence Council.