

# **WAMI NEWS**

**(A News Bulletin of the West African Monetary Institute,  
Accra, Ghana)**

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**VOLUME 2**

**NUMBER 3**

**DECEMBER 2002**

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## **GOVERNOR SANUSI ON NIGERIA'S HONOURS LIST**

The Governor of the Central Bank of Nigeria (CBN) Chief (Dr.) J. O. Sanusi has been conferred with the second ranking honour in the order of the Niger category, the Commander of the Order of the Niger (CON). This is a well-deserved honour for a man that has contributed immensely to the development of Nigeria's financial sector.

Chief (Dr.) J. O. Sanusi (CON) was a top management staff of the CBN before he was seconded to the Capital Issues Commission (CIC) to nurture the Institution on its establishment. The CIC later became the Securities and Exchange Commission (SEC). He returned to the CBN in 1979 as Executive Director, Monetary and Banking Policy. When the Bank was restructured in 1988, he was appointed Deputy Governor, Domestic Monetary and Banking Policy. In 1990, Chief (Dr.) Sanusi was appointed the Managing Director of United Bank for Africa (UBA), one of the three biggest banks in Nigeria. He moved from UBA to First Bank of Nigeria (PLC) as its Managing Director and Executive in 1992. First Bank PLC is the oldest Bank in

Nigeria and one of the three biggest banks. As Managing Director of First Bank of Nigeria PLC, Chief (Dr.) Sanusi was a key member of Nigeria's Vision 2010 Committee.

Chief (Dr.) Sanusi left the services of the First Bank of Nigeria in 1998 and in May 1999 he was appointed Governor, Central Bank of Nigeria. With his wealth of experience and past record of stewardship, his appointment was well received by Nigerians. His record of performance since assuming office has not been disappointing.

## **GOVERNOR BAH LOSES FATHER**

Mr. Ibrahima Cherif Bah, Governor, Central Bank of the Republic of Guinea and Chairman, Committee of Governors of the West African Monetary Zone (WAMZ) lost his father on November 26, 2002 in Conakry at the ripe age of 90 years. We hereby express our heartfelt condolence to the Governor for this irreparable loss. The burial ceremonies of the Governor's father took place in his country home, Koba. The ceremonies were attended by the top echelon of the

Government of the Republic of Guinea. International and regional institutions were also represented. The banking community in Guinea, the West African Bankers Association (WABA), the West African Monetary Agency (WAMA) and the West African Monetary Institute (WAMI), were represented at the funeral rites. Messrs Siradiou Bah and Siddique Sesay, Directors of Operations, and Finance and Administration, respectively represented the Institute at the burial. The Governor was appreciative of WAMI's attendance, even at the very short notice.

May Allah grant mercy to the soul of the departed and strengthen those he left behind to bear the loss with fortitude.

### **WAMI ATTENDS THE COMMONWEALTH BUSINESS FORUM IN LONDON**

The fourth Commonwealth Business Forum was held in London on September 22 – 23 2002. It brought together over 400 Commonwealth leaders drawn from business and government. It was organized by the Commonwealth Business Council (CBC) in collaboration with the

Commonwealth Secretariat and the Government of the United Kingdom. The speakers included the Prime Minister of Barbados, The Commonwealth Secretary General, the Chief Secretary to the Treasury (U.K.), and 11 other senior Commonwealth Ministers.

### **OBJECTIVES**

The Forum, the premier event in the Commonwealth Business Council calendar, has two main purposes.

The first is the practical job of promoting Commonwealth business links and investment. To this end there were 5 plenary sessions, 6 theme discussions, 7 sectoral workshops and 4 country investment windows. Over 500 one-to-one business meetings were arranged among participants, underlining the Forum's unique blend of practical business and policy discourse.

The second, which is the subject of the report to the Finance Ministers' meeting, is to foster collaboration on policy between business and government, and meet the challenges of globalization in a way that maximizes the benefits to all.

## **HIGHLIGHTS OF DISCUSSIONS AND RECOMMENDATIONS**

The five years since the CBC was established have been a period of significant change in the way business is conducted and is seen in global affairs. Today, there is wide acceptance that business is a major player in addressing the most pressing global issue of sustainable development.

Globalization is a fact. How it is managed will have a direct impact on the prospects of billions trapped in poverty. This challenge is increasingly bringing together governments, the private sector and civil society in new partnerships. Business hopes that the Commonwealth will continue to play a role in shaping globalization with equity, and ensuring that the private sector is a full partner in the process. The CBC provides a vehicle for business leaders to contribute to capacity building in economic management, trade facilitation and policy setting.

The Forum requested that Commonwealth Finance Ministers give careful consideration to the following recommendations:

### **Mobilizing International Investment Flows**

The CBC will continue to involve the private sector in helping to improve the environment for investment by implementing the 16 Investment Principles, which were endorsed by Commonwealth Heads of Government at their March 2002 meeting.

FDI does not itself ensure development, but is essential to establish viable economies. Investors are presently more risk averse, which makes it unlikely that the private sector can be brought, unaided, to contribute significantly to the development of poorer developing countries. The required risk-adjusted returns in many of the poorest nations, with the exception of some investments in extractive industries, are rarely achieved anywhere. The challenge is how the private sector can be induced to play its part in financing development in the poorest developing countries.

One key issue for emerging economies is capital suppression -- not capital shortage - - which inhibits investment. The key to boosting capital flows lies in freeing up

capital values, which are artificially held down by regulatory and legal controls. This is frequently associated with weak fiscal and tight monetary policies, which result in high interest rates accompanied by unsustainable exchange rates and a crowding out of the private sector. To address these problems, chronic fiscal deficit which crowd out the private sector in the market place should be avoided while long-term savings should be managed by the private sector with competition and within a transparent framework.

### **Mobilising Investment in Infrastructure**

There is a very large financing requirement for critical infrastructure in developing countries, and a substantial need for foreign private investment. A CBC study shows that a major obstacle is not available capital, but inadequate capacity to design and manage public-private partnerships (PPPs) in developing countries. Towards this end, the CBC proposes to establish a private sector driven Commonwealth Infrastructure Technical Advisory Group (CITAG) to provide objective, strategic advice for

developing countries to structure and transact PPPs.

### **Trade Policy**

Trade is fundamental to development as the poorest of the poor trade to survive. But globalization requires a fairer trading regime and more open markets to deliver benefits to all.

Agricultural subsidies in developed countries currently dwarf aid flows to the developing world. Blocking exports of agricultural products to the world's largest markets is perhaps the single biggest factor in reducing the benefits which globalization could offer the poorest countries. Thus, urgent steps should be taken by developed countries to phase out agricultural subsidies, and open markets to developing countries. In addition, developing countries should move more quickly to remove barriers to each other's trade, and enlarge regional markets.

### **Business Taking Responsibility**

Sustainable development is the responsibility of all. Business must take a lead in developing sustainable business and commercial activities that serve communities.

The past few years have seen a significant shift in attitudes to corporate responsibility. Shareholder value and profits are not sustainable without a broader business strategy which includes quality services, the good will of communities, and confidence in the ethical standards of companies. Responsible business leaders believe that those companies which forfeit public trust by failing to meet such standards deserve the penalties which the market and the law inflict.

The Forum therefore called on the CBC and its member companies to support the development of good business models, and improved standards of corporate governance; and for governments to support stronger action against corruption and to increase the transparency of business transactions.

### **Business Response to HIV/AIDS**

The Forum commended CBC member companies that are pioneering innovative programmes to tackle HIV/AIDS in the workplace. The private sector has a major role to play in leading prevention and

treatment campaigns in partnership with governments and communities.

### **New Partnership for Africa's Development (NEPAD)**

The Forum expressed support for the New Partnership for Africa's Development, which has set the stage for action to revitalize the social and economic development of Africa by its leaders and peoples. It called for a fuller participation by the private sector across Africa in exploiting the opportunities afforded by NEPAD, which must not fail.

### **WAMI UNDERTAKES MISSION TO THE ECOWAS SECRETARIAT ON PAYMENTS AND DATA COLLECTION SYSTEM FOR THE WAMZ**

A WAMI – USAID joint Mission comprising Mr R. D. Asante, Technical Adviser, Mr. Abdoulaye Barry, Senior Operations Officer, and Ms Jean Harman, Economist USAID and Mr Michel Margueron, Consultant PWC visited the ECOWAS Headquarters, Abuja. The purpose of the Mission was to present the proposed project on “the development of an efficient payments systems and data collection system for the WAMZ” to the ECOWAS Secretariat.”

The mission held two meetings in the ECOWAS Secretariat on the 16<sup>th</sup> and 17<sup>th</sup> September 2002.

### **OUTCOME OF 1<sup>ST</sup> MEETING**

Mr Gati Seybou Deputy Executive Secretary in charge of Administration and Finance chaired the first meeting. Mr William Awinador, a Director of Cabinet and Special Assistant to the Executive Secretary and Mr Mohammed Diallo, Director of Finance, ECOWAS Fund assisted him.

Mr R. D. Asante in his opening statement gave a general overview on the objective of the mission, which was to seek the support of ECOWAS for the implementation of the project.

On behalf of the Executive Secretary, Mr Seybou welcomed the mission, hailed WAMI's initiative and thanked USAID for its support. He recognised the importance of improving payments system before monetary integration, particularly as the WAEMU countries are also engaged in a similar project.

The representative of USAID reiterated the continued willingness of her institution to support ECOWAS. The payments systems project is a good expression of the keen interest of USAID in ECOWAS affairs, remarked Ms Harman. She thereafter asked the PWC consultant to present the project.

Mr Margueron, in his presentation noted that the idea of the project was born during the assessment mission that he did at WAMI on the technical assistance that USAID could offer the Institute in the implementation of its Work Programme. He gave indications on the main features of the project, structure, functioning, financing mode, the advantages of its implementation for the banking system as well as for the governments. He noted in particular that it will help to bring about more transparency in economic transactions and will reduce the cost of financial operations. According to him, "the implementation of a clearing and data mining and transmission system would foster economic convergence and integration in the sub-region. It would also allow WAMI to monitor, detect and respond faster to any endogenous or

exogenous sector fluctuation". He then indicated that for the success of the project, the subsidiary, which will be established for the management of the network, would exclusively be at the service of the WAMZ.

After this presentation, the issue of utilisation of the ECOWAS Special Telecom Fund as proposed by Mr Margueron for the financing of the project was mentioned. The linkage between WAMA and the project and the involvement of the WAMZ national central banks in the project were also discussed.

At the end of the discussions, the importance of selling the project to stakeholders was underscored. Also it was suggested that a contact person in the ECOWAS Secretariat on the project should be nominated. It was also recommended that WAMI should address a formal request to ECOWAS Secretariat about the project.

In conclusion, the Deputy Executive Secretary recognised that the project was a good initiative and that its objectives were

clear and noble. He thanked all the participants for their useful contributions.

## **OUTCOME OF 2<sup>ND</sup> MEETING**

Mr David L. B Kamara, the new Director of Infrastructure and Industry chaired the second meeting. Dr Gologo C. Omar, Programme Officer, Telecom and Mr Jules K. Gogoua, Programme Officer Transport assisted him.

After an introduction on the aim of the mission by the WAMI delegation, the Consultant of USAID gave a general overview of the project and stated that the Director of ECOWAS Fund had given him assurance about the financing of the project from the SFT, pending the submission of the studies on the SFT requested by ECOWAS Ministers.

Mr Kamara welcomed the mission and expressed his wish for his Department to be fully involved in all the stages of implementation of the project.

The Programme officer in charge of telecommunication, after having

recognised the importance of the development of electronic payment system indicated that the project had come at the right time when ECOWAS was implementing the TELECOM II project. He then did a brief presentation of the TELECOM II project, the regulatory framework for telecom integration in the sub region and the Special Fund for Telecom. On the SFT, he noted that the Fund was under restructuring. He further remarked that a study on the utilisation of the funds was under way and would be submitted to the Council of Ministers for approval when completed. The utilisation of the SFT is subject to the joint approval of both the ECOWAS Secretariat and the Fund. He noted that the WAMI project was an independent network comprising three main components, the infrastructure of telecommunication, the electronic equipment and the software to be used in the process of payment. He then requested that during the implementation of the WAMI project it would be necessary to maintain ECOWAS Telecom standards in order to facilitate future integration.

As it became obvious that the decision on the utilisation of the SFT was not under

the sole responsibility of the ECOWAS Fund, Mr. Margueron proposed alternative sources of funding such as the use of the community levy Fund. Also it was agreed that WAMI should address a formal request to the ECOWAS Secretariat in order to take the project into account in determining the possible options for the utilisation of the SFT.

## **OBSERVATIONS**

The implementation of the project on “the development of an efficient payments and data collection system for the WAMZ” would require the approval of stakeholders, namely national central banks and commercial banks. It is therefore necessary to define the project clearly in order to make it acceptable.

The WAMI mission to the ECOWAS Secretariat helped to clarify the conditions for the utilisation of the SFT. Also, it has become clear that the USAID would not be financing the infrastructural development of the project.

At this stage, it is necessary to undertake feasibility studies in order to determine a

realistic cost of the project and sources of financing at the various stages.

**WAMI ATTENDS MEETING ON  
REGIONAL CURRENCY AREAS  
AND THE USE OF FOREIGN  
CURRENCIES**

The meeting was held in Basle, Switzerland at the Bank for International Settlements (BIS).

The meeting was an informal forum for Central Bank Deputy Governors and other experts to articulate ideas on the rationale, advantages, problems and proper policy framework for successful currency arrangements. As the world is gravitating towards major currency unions, proper policy frameworks would have to be articulated to ensure that all participants benefit from the process. The economic and legal/practical aspects of the subject matter were discussed and policy options were articulated.

The meeting was conducted in two sessions, economic and legal/practical issues. The session on economic issues was held on September 19 2002 at which Dr. Bill White, the BIS Economic Adviser

presided and moderated deliberations. The session on Legal/practical issues was held on September 20 2002 with Mr. Mario Giovanoli, the BIS General Counsel, presiding. Participants at the meeting were drawn from Central Banks in West Africa, the Gulf Cooperation Council (GCC) region, Southern Africa, Eastern Europe, United States of America (USA), European Union (EU), the West African Monetary Institute (WAMI) and the Bank for International Settlements (BIS).

The West Africa region was represented by the Deputy Governor of the Bank of Ghana, Mr. Lionel Van Lare Dosoo, the Director General, WAMI, Dr. M. O. Ojo and Policy Adviser, WAMI, Mr. P. J. Obaseki. Mr. C. I. Ebi, Deputy Governor, Central Bank of Nigeria, prepared a discussion paper for the meeting but could not attend owing to other official engagements. Mr. Paul Masson of the Brookings Institution was a guest participant at the meeting.

The major issues discussed centered around regional currency areas (RCA), currency boards and dollarisation. The

preliminary remarks on the rationale for a regional currency area include the following: regional currency areas may facilitate trade; single currency may generate more activities in the financial markets and contribute to commerce and investment; regional currency arrangements can lead to enforcement of discipline in financial matters through peer pressure and review; and regional currency arrangements can facilitate greater regional cooperation, policy harmonization and political stability.

## **REVIEW OF REGIONAL EXPERIENCES**

The European experience showed that monetary integration could create trade. Once you accept an exchange rate arrangement consistent with a single monetary policy, closer collaboration and cooperation would ensue. Furthermore, a framework of monetary and exchange rate stability would promote both efficiency and trade. Efficiency raising ability is enormous in a single monetary arrangement as competition is promoted while costs across enterprises can easily be compared. This leads to more

transparency in the assessment of economic performance of the component units of a regional arrangement.

The movement towards a single currency is usually pursued as a structural reform process since it entails far reaching structural economic transformation necessary to achieve internal stability in both prices and exchange rate. Beside the advantages and rationale for single currency itemised above, the experience of West Africa indicate that the process towards a single currency can result in a more robust policy framework that reduces individual country flexibility.

A monetary union may fail to achieve the desired objectives where policy slippages occur and prior conditions are not satisfied. Inappropriate fiscal policy could be problematic in the sustenance of a single currency regime.

The experiences of the various regions were reviewed. The Gulf Cooperation Council (GCC) countries peg their exchange rate to the dollar and they are major oil exporters. Anchoring to the dollar is critical to the GCC as it

establishes a Zone of exchange rate and financial stability. The GCC countries are however at the formative stage of a single currency arrangement. The institutional frameworks are still being contemplated. In the case of Europe, the overriding objective for monetary integration is to achieve exchange rate stability. This was the reason for an Exchange Rate Mechanism (ERM) as a precondition for participation in the single monetary zone project. The various schemes of currency board arrangements by the Eastern European countries are consistent with the EU criteria. However, euroisation is not consistent with the EU criteria. Whatever the intermediate schemes adopted, Eastern European countries would still need to operate on the ERM 11 and follow the convergence process.

In West Africa, the issue of macroeconomic stability has come to the fore, especially since the Second Monetary Zone programme, made up of the five West African countries outside the CFA franc Zone, commenced. This the Director General of WAMI, Dr. M. O. Ojo attributed to increased debate and discussions on the best policy framework

for ensuring internal and external stability of the economies of the Second Monetary Zone. A single currency was considered appropriate to assist in this process as policies would be coordinated and peer pressure exerted on countries to apply the correct policy measures to stabilise their economies. More important is the need to achieve fiscal discipline as the foundation of monetary union. As the member countries of the Second Monetary Zone operate a much more robust policy framework that all have agreed upon, individual country flexibility is reduced and concerted efforts are applied to achieve regional objectives. Although the economies in the Second Monetary Zone have not converged in respect of the stipulated criteria, it has been generally agreed that fiscal policy would have to be brought under greater control and made consistent with the objective of price stability.

## **ECONOMIC ISSUES**

The major conclusions arrived at after deliberations are as follows:

- (i) The theoretical optimum currency area conditions are not always satisfied before monetary union commences. As a result, a robust policy framework should be in place to ensure that monetary union is successful.
- (ii) Low degree of financial integration, inappropriate policy framework, poor infrastructure and divergent practices could undermine the progress towards monetary integration. There could be financial disintermediation and the countries with less efficient financial markets may have to undertake tough adjustment measures to become competitive.
- (iii) The issue of large or small country may not arise in the context of a monetary union as efficiency is not defined by size but by economic performance.
- (iv) There should be enough economic integration before monetary union. However, solidarity schemes are required to sustain the interest of members in a monetary arrangement.
- (v) Where substantial internal trade has not been established, monetary and fiscal policies would have to be coordinated and strengthened.
- (vi) Currency board and dollarisation constrain the ability of central banks to achieve financial stability. Currency boards may be useful to achieve credibility or may be imposed as a result of high level of currency substitution.
- (vii) In the absence of monetary policy credibility, an external anchor/peg could be useful.
- (viii) There is some merit in having an Exchange Rate Mechanism (ERM) as an intermediate stage in the process towards monetary union in order to establish credibility.
- (ix) There could be a presumption to float a regional currency and if there is volatility, a managed floating arrangement could be put

in place without resorting to capital control.

- (x) Dollarisation/Euroisation may not resolve basic macroeconomic problems but may help in solving balance sheet problems. However, independent monetary policy may be more useful under normal circumstances. This is because of the problem of currency mismatch under these schemes.

The discussions on economic issues ended on the thrust that specific fiscal policy rules should be defined for a monetary union to sustain convergence. In this respect, disciplined fiscal policy should be pursued in a monetary union as fiscal policy impacts on price stability, a key objective of monetary policy. It was in this regard that the stability and growth pact was designed for the European Union. In this context, fiscal targets that are consistent with the goals of monetary policy could be agreed. Without the stability and growth pact, it was agreed that the EU would not have been as successful as it now appears to be.

## **LEGAL AND PRACTICAL ISSUES**

The issues discussed centered on the responsibilities of an issuing country for its currency used abroad, appropriate legal frameworks and responsibilities of a country using a foreign currency in its domain, and the legal and practical implications of a changeover from one currency regime to another. It was generally acknowledged that there is no optimum legal framework, like there is no optimum currency area in the real sense. If the underlying economic situation is not right the best laws would not work. The ensuing deliberations produced outcomes, which are summarised as follows:

### **i. Dollarisation/Euroisation and Sharing of Seigniorage**

Any country may decide to use a foreign currency domestically. In the case of the dollar, the US Treasury may be consulted. However, as the use of the dollar by a foreign country is unilateral, it is treated as a commercial transaction. As the decision to dollarise or euroise may be the result of economic crisis, it may be difficult to prevent a country from dollarising or

euroising. The US Treasury shares no seigniorage with countries that dollarise. In the case of the EU, euroisation is not compatible with the convergence process of the EU as countries are required to proceed through ERM 11 and follow the convergence process like the existing members of the EU. In the absence of any agreement there is no obligation for the issuing country to support the user country.

## **ii. Hard Pegs and Currency Mismatches**

Hard pegs encourage currency mismatch which create enormous balance sheet problem. A fixed exchange rate system implies undertaking by the Central Bank to redeem foreign obligations at the fixed exchange rate.

## **iii. The Legal Structure and Credibility of a Currency Regime.**

The legal structure could influence the credibility of a currency arrangement. However, the utility of a currency arrangement is most likely determined by the underlying strength of the constituent economies. The most important legal

characteristic of a currency is the legal tender which confers the role of money on a currency within a geographical jurisdiction. However, legal tender status appears to have become less important in contemporary economic relations where currencies of sovereign countries are used by other countries for both domestic and international transactions. There is an important aspect of the legal structure of currency arrangements, the trade off between legal certainty and flexibility, arising from the flexibility in the use of legal tender currencies in jurisdictions where they are not ordinarily legal tender.

The legal framework for currency areas may include entry and exit clauses but the latter are not often applied because of the credibility problem it could bring about. Exit clauses are usually unpopular to contemplate following the initial enthusiasm at the commencement of the process of monetary union.

## **iv. Legal and Practical Implications of a Changeover of Currency Regimes**

There are no legal implications for a changeover from one currency regime to

another. However, once an agreement is entered into before the changeover, the user country is obliged to adhere to the terms of the agreement. In the examples of currency changeover regimes, there has not been specific agreements. It does appear however that enormous practical problems have been encountered in currency changeover regimes. For countries that have dollarised, they would normally trail the monetary policy stance of the issuing country even when domestic economic fundamentals suggest otherwise. Again, countries that have applied currency boards or hard pegs have not been able to adopt independent monetary policy with the attendant implication for stabilisation and growth.

## **CONCLUSION**

The meeting was concluded on the note that movement towards regional currency areas has become a fact of contemporary economic relations. However, caution should be taken to ensure that the prior activities are effectively undertaken to ensure that monetary unions are built on strong economic fundamentals. In particular progress should be made in both

trade and monetary integration, otherwise monetary union would not be meaningful.

The session chairman thanked participants for their fruitful deliberations, especially the frank and high quality interventions.

## **WAMI HOLDS MEETINGS WITH IMF/WORLD BANK AND WAMZ AMBASSADORS IN WASHINGTON, D.C.**

The delegation of the West African Monetary Institute (WAMI) to the 2002 Annual Meetings of the International Monetary Fund (IMF) and the World Bank, made up of the Director General, Dr. M. O. Ojo, Director of Operations, Mr. Siradiou Bah, Head, Legal Unit Mr. H Thomasi and the Policy Adviser, Mr. P. J. Obaseki held a number of meetings with the IMF/World Bank, WAMZ Missions in Washington D.C. and PriceWaterHouseCoopers. The Advisor to the Executive Director, Africa Constituency 1, Mr. A. S. F. Atoloye who coordinated WAMI's meetings in Washington accompanied WAMI delegation to the meetings held at the IMF. The deliberations at the meetings are summarized as follows:

### **COURTESY VISITS**

The delegation paid a courtesy visit to the Executive Director, Africa Constituency 1 at the IMF. The Director General informed the Executive Director, Mr. Cyrus Rustonjee, that the WAMZ programme was under review to ensure that the ensuing monetary union would be based on strong economic fundamentals. The Executive Director welcomed the development and advised that WAMI should exploit the technical assistance opportunities at the Fund through the Office of the Executive Director on the goodwill of member countries. Since WAMI is representing the interest of countries that are stakeholders in the IMF, it will be possible to get assistance from the Fund once such requests are endorsed by the member countries. The Executive Director advised that his Office be contacted in case the delegation encounters difficulties in the course of its mission at the Fund. The Director General thanked the Executive Director for his support and advice, and promised that the Institute would avail itself of the technical assistance opportunities in the IMF.

At a meeting with the Alternate Executive Director, Africa Constituency 1, Malam Ismaila Usman, the Director General remarked that a consensus has been reached on the need to review the timeframe for the implementation of the WAMZ project. This has become more critical as political commitment by member countries has not been backed up by concrete actions, especially in the implementation of the right adjustment measures to ensure macroeconomic convergence. The Alternate Executive Director welcomed the impending review of the timeframe for the WAMZ project, noting that the original schedule was over ambitious. He advised that the sensitisation programme of the WAMZ should be stepped up so that all stakeholders are carried along. In addition, member countries should sustain their commitment so as to achieve the objectives of the WAMZ during the re-designed timeframe. Finally, the Alternate Executive Director told the delegation that if there are issues to be discussed with the Management of the Fund, he should be contacted for assistance. The Director

General thanked him for his remarks and assistance to the Institute.

The delegation held a meeting with the African Department on September 25 2002. The meeting was preceded by a courtesy call on the Director of the Department, Mr. Abdoulaye Tchané. The Director welcomed the delegation to the Department. The Director General informed Mr. Tchané that the purpose of the mission was to follow up on the meeting held with the Department last April at which remarkable conclusions were reached. The discussions at the meeting with the Department, according to the Director General, would focus on the timeframe for the WAMZ monetary union, which Fund staff considered too short. The Director General also informed the Director that the Institute has completed a study on the review of the WAMZ project as directed by the Convergence Council of Ministers and Governors of Central Banks of the WAMZ. The Study Report would be considered at the next meeting of the Council and the Authority of Heads of State and Government between October and the first week of November 2002. It is expected that a new timeframe would be

agreed following the sentiments expressed at the last meeting of WAMZ institutions in Accra, Ghana in June 2002.

The Director expressed the view that the African Department is supportive of the initiative but the foundation for the monetary union should be well grounded on solid economic fundamentals. There is need to tackle the issues of convergence and structural reforms as prior conditions for monetary union. Given the magnitude of economic problems facing the member countries of the WAMZ, it will not be desirable to adopt a political approach towards WAMZ Monetary Union. According to the Director, the Fund is discussing the issues involved with member countries bilaterally. The countries are being made to appreciate the fact that the time is not right for monetary union. The Director remarked that the African Department was ready to provide assistance to the Institute as soon as such requests are received. The Director General thanked the Director for the reception and the support of the African Department.

### **MEETING WITH STAFF OF THE AFRICAN DEPARTMENT**

The meeting with the staff of the African Department followed the courtesy visit to the Director of the Department. Mr. D. Donovan, Deputy Director, Mr. Tahari, Senior Advisor and Mr. Ousman Dore, Senior Economist led the staff of the Department. Mr. Donovan thanked the Director General for the quality of the Report the Institute sent to the Fund on the meetings held with various Departments of the Fund in April 2002. Mr. Donovan informed the WAMI delegation that the Institute would be part of the Fund's ECOWAS regional multilateral surveillance scheduled to be undertaken in November 2002. The exact date would depend on the outcome of the WAMZ meetings that would be held in Conakry, Guinea to review the timeframe for the WAMZ project.

The Fund is also keen in helping the Institute to overcome conceptual and data problems related to macroeconomic convergence monitoring and assessment. The Director General thanked Mr. Donovan for his continued positive attitude to the Institute's programme. He

thereafter reviewed developments in the WAMZ project following the April meeting at which the Institute and the Fund shared similar ideas on the priorities that should be the primary focus of the process towards monetary union in the WAMZ. The most critical issue discussed at the April meeting was the timeframe for the WAMZ project. The IMF and other development partners of WAMI had expressed the view that the time schedule for the realisation of monetary union was too ambitious owing to the difficult problems that would have to be resolved. Apart from the conceptual and data problems, the performance of the economies did not indicate that they would change course within the stipulated timeframe. It was thus agreed that the priority would be to ensure macroeconomic convergence on a sustainable basis before monetary union. The implication for WAMI was to go back and impress on the authorities the need to review the timeframe. The authorities of the WAMZ are also concerned that without prior convergence, monetary union would not be sustained. The preliminary assessment and presentation of the status of convergence to the

authorities by WAMI at WAMZ meetings in Accra in June 2002 showed that the problem was appreciated by all. The Institute was directed to undertake a comprehensive study on the status of the WAMZ project for deliberations at the next meeting of the WAMZ in Conakry, Guinea.

The Governors of the WAMZ Central Banks in a retreat in Accra, Ghana agreed that the timeframe should be reviewed. The position was adopted by the Ministers on the Convergence Council of the WAMZ. There appears to be a consensus ahead of the Conakry meeting as all member countries favour prior convergence before monetary union. The Institute has concluded the Study which would be discussed by the authorities of the WAMZ, including the Heads of State and Government. This underlies the importance attached to the need to establish WAMZ monetary union on sound economic fundamentals. The WAMI Study Report includes a comprehensive work programme on the critical steps to be taken to achieve monetary union on the basis of prior macroeconomic convergence.

The African Department's team raised some critical issues, the summary of which are presented as follows:

**a. Timeframe**

The African Department wanted to know if the timeframe is conceived in terms of activities and steps to be taken towards convergence or on end-period basis. While the former would entail the completion of prior activities before moving to the next stage, the latter emphasizes deadlines.

The Director General remarked that the timeframe includes elements of both. Efforts would be made to achieve prior convergence with member countries implementing adjustment programmes in addition to observance of critical steps identified in the proposed work programme. The Fund would however be more inclined towards an open-ended programme which concentrates on macroeconomic convergence. This will not be politically wise as it will delay the implementation of needed adjustment programmes in addition to reducing interest of member countries in the

WAMZ project. The deadlines are not cast in iron and as such some flexibility is implied. This is because prior activities would be completed before proceeding to the next stage. It is expected that the member countries would take necessary steps to apply measures that would ensure that the scheduled tasks and activities are concluded within the agreed timeframe.

#### **b. Macroeconomic and Policy Convergence**

The Fund staff raised the issue of definition of concepts and statistical harmonization. They wanted to know what the Institute was doing in that regard since these were critical aspects of the convergence process. The Director General told the staff that a comprehensive action plan which is part of the Study Report to be discussed by WAMZ authorities at their next meeting contains all the technical elements on data and policy harmonization. There are indicative targets which would be assessed quarterly by WAMI to determine the extent of compliance and further actions required to be on the path towards convergence.

The member countries would be primarily responsible for improving their data and policy frameworks towards agreed benchmarks while WAMI would play a coordinating role. WAMI would collaborate with ECOWAS to ensure that member countries adopt the various schemes for improving statistics as agreed under the ECOWAS statistical harmonization programme.

#### **c. Asymmetric Shocks as a Conceptual Issue**

The Fund Staff regarded asymmetric shocks in the WAMZ as a conceptual issue which requires close examination. This is because the differential shocks experienced by member countries may induce them to undertake divergent policy measures that may not help to move the Zone towards the desired convergence path. For example, developments in the price of oil could make Nigeria undertake policy measures that may not be convenient for other countries in the Zone. The Fund recommended a Stabilisation Fund to address the problem of asymmetric shocks in the WAMZ.

Owing to the effect asymmetric shocks may have on the progress towards

convergence, WAMI would undertake a study on the problem with the support of the African Department under an extended programme. The staff of the Department agreed to work with WAMI as soon as the Institute is ready.

**d. Political Commitments to the WAMZ Project**

The Fund staff wondered whether political support for the WAMZ project was not waning, especially as only one country has made contribution to the Stabilisation and Cooperation Fund (SCF). The Director General confirmed that only Sierra Leone has made contribution to the SCF and noted that response so far has not been encouraging. He however informed the meeting that Nigeria has concluded arrangements to make its first and second tranche contributions. Other countries might be making arrangements to pay their subscriptions.

The Director General assured the Fund staff that political support for the WAMZ project was still at its peak, although owing to certain peculiar problems, some

countries may appear to be hesitant on some aspects of the project.

**e. Two-stage Movement Towards ECOWAS Single Monetary Zone**

The staff of the Fund wanted to know whether a two-stage movement towards ECOWAS Single Monetary Zone has been abandoned in favour of a one-stage movement. The Director General remarked that the two-stage movement was still considered the most viable strategy for achieving ECOWAS Single Monetary Zone objective. This is because there exists in ECOWAS the CFA franc Zone that is organized into a monetary union with a single currency and a common central bank. This zone has been in existence for quite sometime and has gained some credibility. The rest of ECOWAS, outside the CFA franc Zone, is made up of unorganized and fragmented economies. There is therefore the need to restructure these economies into a formidable and externally competitive bloc to facilitate merger or fusion of the two zones into the proposed ECOWAS single monetary zone. It will be futile to contemplate an ECOWAS Monetary Zone

on the economic structures that existed in ECOWAS before the second monetary zone was launched with the Accra Declaration of April 2000.

### CONCLUSION

The meeting agreed that efforts at integration may not necessarily be delayed but steps should be taken to achieve prior convergence in policy and macroeconomic indicators. Divergences in economic policy framework and macroeconomic performance could undermine the goal of monetary integration. Thus, these should be critical areas to be reviewed constantly to ensure that the convergence process is on track. In order to build the monetary union on sound economic fundamentals and ensure that it would be durable, a realistic timeframe that would not result in further revision should be proposed. As a result what is important is not the terminal date for monetary union per se but the implementation of prior activities that would lead to sustainable macroeconomic convergence. The terminal date for monetary union should ultimately be the outcome of macroeconomic performance against the stipulated benchmarks.

The target date could only be realized if the timetable is faithfully implemented and complied with by member countries. It is important therefore that member countries implement the desired policy measures to ensure that they stay on track in respect of the completion period for the various tasks and activities contained in the proposed work programme to be implemented under an extended timeframe. The Director General informed the Fund staff that once the WAMZ programme is reviewed, the ECOWAS Programme would be adjusted accordingly. He promised to contact the African Department if there are specific issues for discussion during its proposed regional consultation mission to WAMI before the Mission leaves Washington. The Director General thanked the staff for the fruitful deliberations.

### **ECOWAS/WAEMU/WAMI IMF- WORLD BANK JOINT MEETING**

The meeting was held on September 27 2002. It was meant to share experiences on the integration efforts in the ECOWAS sub-region. The meeting was attended by representatives of the ECOWAS, WAMI, UEMOA Commission, the World Bank

and the IMF. The World Bank explained that the Institution has deepened its interest in regional integration in Africa and was prepared to share its experience and expertise in ensuring that the integration process in Africa progresses on the right course. It is because of its interest in the integration efforts in Africa and indeed ECOWAS that WAMI was invited to the meeting in order to facilitate the understanding of the working of the second monetary zone by the Bank staff.

The Director General was requested to brief the meeting on the Second Monetary Zone project. He thanked the conveners for inviting WAMI to the meeting and remarked that the Institute has monitored the macroeconomic performance of the WAMZ countries for three years. The programme was scheduled to terminate in 2002 so that monetary union could commence in 2003. However, owing to the poor state of macroeconomic convergence at the end of the first half of 2002 it would not be desirable to move to monetary union as originally scheduled. A crucial meeting is expected to be held in Conakry, Guinea sometime in November 2002 at which the authorities of the

WAMZ would decide the future direction of the WAMZ project. In specific terms, the appropriate timeframe for the project would be determined against the background of the current state of macroeconomic and policy convergence. Issues relating to the merger of the first and second monetary zones would be tackled later.

#### **ISSUES ARISING FROM THE DIRECTOR GENERAL'S PRESENTATION**

After the Director General's presentation, a number of issues were raised for which clarification were sought. Deliberations on these issues are summarized as follows:

##### **a. Appropriate Timeframe for the WAMZ Project**

The World Bank Staff wanted to know the appropriate timeframe for an extended WAMZ programme given that the initial timeframe which was considered too short did not produce the desired results. The Director General responded that an extended timeframe may have been accepted in principle but the exact period cannot be determined until the Heads of State and Government take a decision on

the matter at the November 2002 meeting scheduled for Conakry, Guinea.

**b. Harmonisation of Budgetary Nomenclature in ECOWAS**

It was observed that differences exist in the definition of the budget deficit criterion by the UEMOA and ECOWAS/WAMI. The ECOWAS representatives explained that the differences were not quite real. The definitions are similar but not exactly the same. While the UEMOA uses the primary balance approach, ECOWAS/WAMI applies the overall balance approach.

**c. WAMZ ERM**

The Bank wanted to know how the WAMZ currencies have performed over time since convergence monitoring commenced. This is critical because the objective at the moment is to achieve macroeconomic stability while ultimately exchange rates should be stable. The Director General noted that the WAMZ currencies have been largely stable and have fallen within the prescribed band of fluctuation on the Exchange Rate

Mechanism (ERM) of the WAMZ which is being monitored by the Institute.

**d. Other Issues**

Other issues discussed at the meeting included programmes for poverty reduction in West Africa and ECOWAS trade reform, in particular the harmonization of tariff regimes and ECOWAS Common External Tariff (CET).

**MAJOR CONCLUSIONS**

In respect of the Second Monetary Zone and monetary integration in ECOWAS generally the meeting arrived at the following conclusions.

**a. Harmonisation of Budgetary Nomenclature**

There is need for harmonization of budgetary nomenclature in West Africa. In this regard, the programme by the ECOWAS for the harmonization of concepts should be vigorously pursued.

**b. Country Convergence Programme**

There is need for country convergence programme to ensure that convergence criteria would be attained as scheduled. This aspect of the proposed work programme of WAMI during the extended timeframe should be given the desired attention.

**c. Public Disclosure of Information on Convergence and Peer Pressure**

In order to ensure compliance by member countries with stipulated benchmarks critical for sustained convergence, information on member countries' performance should be publicly disclosed while peer pressure should be exercised as a matter of routine.

**d. Collaboration with UEMOA Commission**

Since WAMI combines both monetary policy and multilateral surveillance roles, the Institute should collaborate with both the BCEAO and the UEMOA Commission on monetary policy issues and convergence issues respectively. At the moment WAMI collaborates with the BCEAO since that was the Agreement reached at an earlier meeting in Dakar,

Senegal in January 2000. However, WAMI had concluded plans to commence discussions on technical issues with the UEMOA Commission as agreed at the April 2002 meeting with the Staff of the Fund.

The Bank staff thanked WAMI for attending the meeting and indicated they would be part of the Fund's regional multilateral surveillance Mission to WAMI as soon as a date is agreed. The Director General welcomed the development and promised to continue the discussions with the Bank and Fund Staff.

**MEETINGS WITH WAMZ AMBASSADORS IN WASHINGTON D.C.**

The delegation of the Institute to the 2002 Annual Meetings of the IMF and the World Bank paid courtesy visits to the Embassies of the member countries of the West African Monetary Zone (WAMZ) in Washington D.C., at which discussions were held with the Ambassadors and their officials. The delegation visited the Embassies of the Republics of The Gambia, Ghana, Guinea and the Federal Republic of Nigeria. The delegation could

not visit the Embassy of the Republic of Sierra Leone as the appointment for a meeting could not be confirmed. The courtesy visits were intended to keep WAMZ missions in Washington abreast of developments in the WAMZ project. The deliberations at the meetings held with the Ambassadors are summarized as follows:

#### **EMBASSY OF THE REPUBLIC OF THE GAMBIA**

The delegation visited the Embassy on September 23 2002 and held discussions with the Ambassador, Mr. E. B. Sey and Mr. Tijan, a Senior official of the Embassy. The Ambassador welcomed the delegation, expressing profound gratitude for the courtesy visit, which will go a long way in helping to sensitise all stakeholders on the Second Monetary Zone project.

The Director General briefed the Ambassador on progress in the WAMZ project. He remarked that the IMF has recognized WAMI as a major institution responsible for monetary integration in West Africa. The institution has also pledged to collaborate with the Institute in tackling technical problems that may be encountered in the drive towards monetary

union. The Director General reviewed the convergence criteria, frameworks for WAMZ Monetary Union and institutional arrangements in the WAMZ. He remarked that The Gambia has been the best performer on the basis of the convergence criteria of the WAMZ. However, the assessment for 2001 and the first half of 2002 revealed that The Gambia is slipping back. The Gambia would have to redouble its efforts to remain on track and regain its enviable position as example to other member countries.

The Ambassador remarked that economic integration in Africa was long overdue. He advised that the component economies of the WAMZ should be strengthened to build the monetary union on durable foundation. He also suggested that a forum could be created for a rapport between ECOWAS Ambassadors in Washington and ECOWAS/WAMI to sustain the exchange of ideas on the integration process and efforts in ECOWAS. The Ambassador promised to brief his authorities in The Gambia on the visit and outcome of deliberations.

The Director General thanked the Ambassador for his encouraging remarks and indicated that relevant documents would be forwarded to WAMZ missions in Washington before future meetings. In addition, WAMI's publications would be sent to WAMZ missions in Washington to sustain the sensitization efforts on the WAMZ programme and provide the Embassies with up to date information on the WAMZ. The Ambassador thanked the delegation for the initiative which he considers useful as it would provide the mission with adequate information to brief the home authorities and international investors willing to do business in West Africa.

#### **EMBASSY OF THE REPUBLIC OF GHANA**

The delegation visited the Embassy on September 24 2002 and held discussions with the Ambassador, Chief Alan Kyerematen, Mr. Francis A. Tsegah, Deputy Chief of Mission and Mr. S. E. Addo, Minister Counselor of Trade and Investment. The Director General briefed the Ambassador on the WAMZ project. He noted that the WAMZ project has progressed well, although there are

difficulties which influenced the review process underway. Member countries would need to re-double their efforts to move the integration process forward.

The Director General traced the genesis of the current review of the WAMZ project to the meeting of WAMZ institutions held in Accra, Ghana in June 2002. At the meeting, WAMI presented the status of compliance with the convergence criteria and performance on other elements of the monetary union programme. WAMI advised that the programme be reviewed to enable countries apply the right adjustment measures that would produce strong economic fundamentals so that the ensuing monetary union would be durable and lead to the realisation of the desired objectives. The Convergence Council of Ministers and Governors of central banks decided that WAMI should undertake a more comprehensive analysis for presentation at the next meeting of Council. The Study Report has been concluded and would be presented whenever Council meeting is convened.

The Director General reviewed the status of convergence of member countries with

stipulated convergence criteria and noted that although Ghana met only one of the four convergence criteria in 2001 and during the first half of 2002, indications are that improved performance could be achieved if current efforts at economic adjustments are sustained. Inflation has dropped sharply from over 40 percent in 2000 to 13 percent in the first half of 2002. The resumption of financing of fiscal deficit by the Bank of Ghana has been adduced to persistent external shocks. What has happened in the last two years is remarkable but Ghana needs to redouble its efforts to be on the path towards convergence.

The Ambassador thanked the delegation for finding time to brief the Mission. He noted that the President of Ghana is interested in the integration process in ECOWAS and in the activities of the West African Monetary Institute.

The Ambassador wanted to know the factors behind the conclusion that monetary union was not right for WAMZ at the moment. The Director General responded that the poor state of macroeconomic convergence, data

problems and inefficient payment systems are some of the factors. In particular, a single monetary policy will not be effective if the payments system is not efficient.

The Ambassador wondered whether the CFA franc Zone experience was useful for the WAMZ. He remarked that it may not be easy to push member countries into a straight jacket in terms of compliance with convergence criteria. The Director General explained that the CFA franc Zone experience was interesting but that it should be noted that the zone has been in a monetary arrangement since colonial days. However the long history of economic interaction has not translated into the expected strong economic performance. The Zone has however been able to maintain relatively lower inflation rates but high and sustainable economic growth has not occurred. This is probably because the right structural adjustment policy measures have not been applied.

The Ambassador suggested that the member countries of WAMZ would be better off pursuing economic growth objective and only come into monetary

union after growth has been sustained. The Director General agreed with the need to promote growth but reasoned that the economies would have to be stabilised to provide minimum condition for growth. The convergence criteria of WAMZ are intended to achieve this objective. It was agreed that structural policy measures intended to stimulate domestic output and exports should be pursued as part of the adjustment measures to achieve sustainable convergence. Stabilisation measures would be required in the short run while in the medium to long term, growth has to be pursued to ensure that stability is sustained. In this regard, stabilization measures would help to induce higher domestic savings through economic transformation.

The Director General thanked the Ambassador for his positive contributions to deliberations at the meeting, noting that the review of the WAMZ project is intended to ensure that the monetary union is founded on strong economic fundamentals.

## **EMBASSY OF THE REPUBLIC OF GUINEA**

The delegation visited the Embassy of the Republic of Guinea on September 26 2002 and held discussions with the Ambassador, Mr. A. O. Rafiou Barry. The Ambassador welcomed the Director General and his team and expressed his desire to be briefed on the status of the WAMZ project. The Director General thanked the Ambassador for his remarks and informed him that the purpose of the visit is to brief the Ambassador on the WAMZ project as a major stakeholder. The Director General informed the Ambassador that apart from discussions with the multilateral institutions and other development partners, it was considered appropriate to brief the Embassies of the WAMZ countries on the status of the WAMZ project. This would enable them to be in a position to appreciate the efforts the member countries are making and also help the Institute in sensitising the international community on the WAMZ project.

The Director General traced the efforts at ECOWAS economic and monetary integration and the idea of the Second

Monetary Zone, which was to facilitate the achievement of a single monetary zone for ECOWAS. The economies outside the CFA franc Zone in West Africa were to be organized into a formidable economic and monetary union to prepare them for eventual ECOWAS single currency zone. In order to achieve the objective, the West African Monetary Institute (WAMI) was mandated to undertake the assessment of the status of convergence of the member countries of the West African Monetary Zone (WAMZ) with stipulated convergence criteria and design the policy frameworks for the monetary union. So far the member countries have tried their best to achieve convergence but they have faced enormous difficulties. At the moment the status of convergence is poor. Guinea has performed averagely well against the background of the difficulties the country has faced. Guinea is however way off from attaining all four primary convergence criteria. The country has performed well on inflation and central bank financing of fiscal deficits. In order to be on the path towards convergence, Guinea would need to redouble efforts in implementing desired adjustment measures.

The Director General informed the Ambassador that the review of the WAMZ project has become imperative in order to build the monetary union on strong economic fundamentals. This is because at the end of the first half of 2002, no country met all four primary convergence criteria. Countries would require more time to apply the right adjustment measures to put them on the path of sustainable convergence.

The Director General observed that Guinea has played remarkable leadership role in the WAMZ project. Guinea joined the WAMZ at inception and the Parliament has endorsed the WAMZ project through approval of the Agreement of the WAMZ and statutes of its institutions.

The Ambassador remarked that Guinea is committed to the WAMZ project. According to him, people are often baffled that Guinea, a francophone country, should be in an arrangement with English speaking countries. Those people, he said, are without a sense of history and also fail to appreciate the realities of the situation. Guinea has always been at the forefront of Africa's integration process. The Republic

of Guinea recognized that it will be more beneficial to be in an arrangement that Nigeria is part of because of the importance of the country. He also remarked that there are various interest groups that are against the WAMZ project for their own selfish interest. The Ambassador advised the Institute to always be in touch and expressed his desire to help the Institute in achieving its objectives in whatever way possible. He requested to be put on the mailing list of the Institute to ensure that he gets copies of the Institute's publications and relevant documents which could be of help in following the activities of the Institute.

The Director General thanked the Ambassador for the warm reception and fruitful deliberations and promised that the Institute's publications would be made available to the Ambassador as soon as they are produced. Other important documents would also be made available to the Ambassador.

#### **EMBASSY OF THE FEDERAL REPUBLIC OF NIGERIA**

The delegation from WAMI visited the Embassy of the Federal Republic of

Nigeria on September 26 2002. The Ambassador, Prof. Jubril Aminu welcomed the delegation. The Deputy Chief of Mission, Mr. A. A. Agada and another official of the Embassy were with the Ambassador.

The Director General reiterated the purpose of the courtesy visit, which is to brief the Ambassador on the WAMZ project of which Nigeria is a major stakeholder. The Director General thanked the Ambassador for welcoming the delegation. He informed the Ambassador that the idea of the second monetary zone is to facilitate the actualization of ECOWAS single monetary zone by preparing the member countries of the WAMZ for monetary union. The programme of the WAMZ is made up of convergence criteria monitoring and assessment, and the design of policy/institutional frameworks for monetary union, especially the policy frameworks of the future common central bank. The emphasis at the moment is to ensure that the economies converge so that monetary union could be built on sound economic foundation which would make it durable and enduring.

The Ambassador wondered if the WAMZ convergence criteria intended to ensure macroeconomic stability are not similar to those in IMF programme. The Director General explained that they are similar in certain respect but the objectives may differ. The Ambassador remarked that Nigeria is surrounded by francophone countries and asked whether it would not have been better to forge closer economic relations with these countries. The Director General explained that Nigeria could encounter difficulties with attempt to join the CFA franc zone since the zone is based on historical factors.

The Ambassador wanted to know how long it would take to achieve the objectives of the WAMZ. The Director General explained that the member countries would require more time to put in place appropriate policy measures to achieve convergence. The main obstacle at the moment, according to the Director General, is fiscal dominance which encourages undue reliance on the Central Bank for monetary financing. The Ambassador suggested that member countries could start the monetary union and put in place policy measures to achieve convergence so that the period of

waiting for all countries to converge is reduced. If we are to wait for convergence to be achieved before monetary union, we may not achieve the objective.

The Ambassador also suggested that it is in the best interest of ECOWAS countries to come together as a bloc if they are to achieve growth. Independent development efforts would make the countries to remain poor and uncompetitive in the global economy. The Ambassador concluded by advising the Institute to ensure that the WAMZ project is well understood by all and sundry in order to ensure the success of the project. The Director General requested that the Ambassador helps in the international sensitisation of the WAMZ project.

The Director General thanked the Ambassador for the fruitful deliberations and promised to make available to him on regular basis the Institute's publications and other documents which may provide further insight into the activities of the Institute and progress in the WAMZ project.

### **WAMI/EBID/PWC MEETING ON PAYMENTS SYSTEM FOR THE WAMZ**

The meeting was held at the PWC office in Arlington, Virginia, USA on September 27 2002. PriceWaterHouseCoopers (PWC) convened it to review the initial proposals on the project. WAMI, ECOWAS Fund/EBID and PWC attended the meeting. WAMI delegation was led by the Director General, Dr. M. O. Ojo while the ECOWAS Fund/EBID team was led by the President, Mr. Christian Adovelande. PWC's team was led by a Partner, Mr. Tessie San Martin.

Mr. Michel Margueron, a Principal Consultant made a presentation on behalf of PWC. He reported that at a meeting with the ECOWAS Secretariat in Abuja at which WAMI was represented, the ECOWAS expressed interest in the project and indicated its willingness to be involved. Mr. Margueron also informed the meeting that Deloitte and Touche was undertaking a similar study for the ECOWAS Secretariat, the results of which would be communicated to PWC as soon as the job was concluded. Mr. Margueron made a presentation on the implementation

schedule of the project. He remarked that EBID's structure would be approved by member states before it can be fully involved in the project. At the moment the required approval not been obtained. Between November 2002 and January 2003 feasibility Study would be concluded while the project would be on stream at the end of 2004. ECOWAS Telecom funds would be initially used to finance the project but this would be refinanced as soon as the project is commissioned. The financing under the special telecom fund would be from November 2002 to May 2003. The report of the Deloitte study would be provided to PWC between October and December 2002. The EBID should be in a position to decide whether to continue with the project by January 2003. After the ratification of the Instrument of EBID, negotiations would commence between WAMI and EBID on the creation of a legal entity that would interface between EBID/WAMI and contractors.

### **HIGHLIGHTS OF DELIBERATIONS**

The President of the EBID, Mr. Adovelande remarked that the Bank has no problem with the project but detailed

information should be provided in the form of a comprehensive feasibility study. At the moment is that the Bank is being restructured and the ratification of the Instrument of the Bank has not been completed by the member states. Furthermore, the subsidiaries would have to be put in place while the feasibility study would be reviewed by the various institutions. At this stage, it would be premature to discuss details of the project before a feasibility study is undertaken. It is important to have a credible document to present to the stakeholders before firm commitments could be made by the Bank. This can only be contemplated after the ratification of the Instrument of the Bank by the member countries.

The Director General of WAMI expressed happiness for the meeting and introduced the members of WAMI delegation. He noted that the Institute has been excited about the project since its conception. This is because an efficient payments system is desirable for effective monetary policy. The Director General thanked Mr. Margueron for the enthusiasm with which he has undertaken the assignment. As agreed in Accra at an earlier meeting, the

Institute will also be interested in a more detailed analysis, especially to facilitate understanding and presentation to the authorities of the WAMZ. The Director General advised that in the comprehensive analysis, every component of the project should be examined in all its ramifications, especially the various options. We should avoid the temptation to stick to a particular option.

## **CONCLUSIONS OF THE MEETING**

The meeting arrived at some critical conclusions which are itemized as follows:

### **a. Feasibility Study**

There is need for a detailed feasibility study to elicit the interest of all stakeholders in the project. The need for the project should be well articulated. It should be clear why an efficient payments system is needed against the background of the problems with existing payments systems in the WAMZ. The viability of the project should be established in very clear terms to ensure that it will be acceptable to stakeholders.

**b. Financing of the Project**

The sources for the funding of the project at the various stages should be unambiguously stated. There is need to explore available sources of financing and the implications instead of sticking to a particular option. The sources of funding for the pre-feasibility study should be identified. The cost implications of the project to the various stakeholders should be clearly analysed so that all are aware of the impact the project would have on them.

**c. Definition of Roles**

The roles and responsibilities of all the stakeholders of the project should be well defined. The roles of EBID, WAMI, PWC/IBM, operators of the project and donors should be well articulated so as to remove any doubts as to who does what and the corresponding expectations. A timetable for the project should also be prepared with detailed cost elements of the various stages.

**d. Preparation of Pre-feasibility Study**

PWC was requested to prepare a programme for the conduct of the pre-

feasibility study which would be undertaken by PWC in collaboration with EBID and WAMI.

The meeting noted that the sources of funding of the project are critical, as they would determine the success or failure of the robust initiative as conceptualized by PWC. Thus PWC was advised to tackle this issue professionally and expeditiously.

**HIGHLIGHTS OF THE FOURTH SUMMIT OF HEADS OF STATE AND GOVERNMENT OF THE WAMZ**

At its fourth Summit on November 7, 2002 in Conakry, Guinea, the Authority of Heads of State and Government of the West African Monetary Zone made critical decisions on the WAMZ project, the highlights of which are as follows:

- i. Owing to the slow progress towards convergence on the critical indicators, monetary union could not commence as originally scheduled for January 2003.
- ii. The mandate of WAMI is extended by 2½ years from January 2003 – June 2005, so that appropriate measures

could be put in place by member countries to work towards convergence as recommended by the Convergence Council of Ministers and Governors of Central Banks.

iii. Monetary Union should be launched on July 1, 2005.

iv. To ensure that appropriate efforts are made to put the various economies on the path towards convergence, the following measures were adopted:

a. A forum for Finance Ministers of the Zone would be established to ensure that fiscal policy is consistent with the objective of price stability and the fiscal criteria in the WAMZ convergence indicators. This way, the problem of fiscal dominance could be minimized.

b. Member countries should make all relevant information available to WAMI to facilitate its surveillance role.

c. Member countries should avail themselves of membership of the IMF GDDS in order to provide a good basis for the harmonization of statistics, which is critical for multilateral surveillance.

d. National budgets of member countries should include the WAMZ Criteria and there should be interface between WAMZ and other programmes implemented by member states, especially IMF programmes.

e. WAMI officials should collaborate with IMF personnel on Article IV Consultation and other Fund missions to member countries.

f. The various organs of the WAMZ should meet more regularly in order to keep the project in focus. In this regard, the Technical Committee, the Committee of Governors and the Convergence Council would meet four times in 2003 while the Summit would hold at least once in 2003, apart from

- the statutory ECOWAS Summit held in December of every year.
- v. WAMI should assist member countries with relevant inputs in the preparation of their country convergence programmes. These programmes would be monitored by WAMI and policy advice offered as the need arises.
  - vi. The Director General is re-appointed to carry on the task of preparing the Zone for monetary union during the extended period, January 2003 – June 2005.

#### **IMF HOLDS CONSULTATION WITH ECOWAS/WAMI**

The maiden regional consultation meeting between the ECOWAS/WAMI and the IMF was held at the Conference Hall of WAMI in Accra on December 5, 2002. The ECOWAS team was led by Mr. Mame Cor Sene, Deputy Executive Secretary, Policy Harmonisation. Other members of the team were Mr. Frank Ofei, Director of Economic Policy and Mr. D. L. B. Kamara, Director of Infrastructure. The IMF team led by Mr Amor Tahari,

Senior Advisor, included Mr. Ousmane Doré, Senior Economist, Ms Isabell Adenauer, Economist and Ms Jesmin Rahman, Economist and the IMF Resident Representative in Ghana Mr E. de la Piedra. The Director General of WAMI, Dr. M. O. Ojo was assisted by members of the Management Board and other professional staff.

#### **OPENING REMARKS**

The Chairman of the meeting, Mr Mame Cor Sene, Deputy Executive Secretary, ECOWAS welcomed the IMF team to the meeting. He remarked that we were all partners with the Fund as the member countries of ECOWAS and WAMI are shareholders of the IMF. He further remarked that the meeting was a welcome development, especially for WAMI that needs all the support it could muster to ensure successful implementation of its Work Programme. The ECOWAS, according to him has had a long relationship with the Fund. He thanked WAMI for hosting the meeting and hoped that deliberations at the meeting would be fruitful.

The Director General of WAMI in his opening remarks indicated that the meeting was historic for the Institute as previous meetings had been largely explorative. According to the Director General, the Institute has learnt a lot from previous interactions with the Fund. The previous missions by the Fund and the Institute were being cemented by the Accra consultation meeting. The Director General was of the view that the Institute would rely increasingly on the experience of the Fund during the two and half years of the extension period for actualising the WAMZ Monetary Union.

Mr. Tahari expressed great pleasure for the IMF Team to be at the meeting. He reasoned that the dialogue between ECOWAS/WAMI and the Fund would continue beyond the present consultation. He was pleased that ECOWAS accepted to attend the meeting in Accra. Mr. Tahari noted that the consultation was important and thanked WAMI for responses provided to IMF request for information, which he considered extremely useful. He remarked that ECOWAS and WAMI should feel free at all times to consult with

the IMF outside the statutory meetings of the IMF and World Bank.

## **HIGHLIGHTS OF DELIBERATIONS AT THE MEETING**

### **(i) Briefing on the Fund's Discussion with UEMOA Commission**

Mr. Tahari briefed the meeting on the salient points of discussions with the UEMOA Commission in Ouagadougou, Burkina Faso. He noted that the overall economic performance of the eight (8) WAEMU countries in 2001 was better than in 2000. However, there were some policy slippages in many of the countries arising from fiscal and refugee problems.

The objectives of macroeconomic and policy convergence for 2002 had not been met owing to these slippages. He was of the strong view that the Heads of State and Government of WAEMU, as well as ECOWAS/WAMZ countries should be sensitised on the need to apply appropriate adjustment measures and take ownership of adjustment programmes to ensure that the objective of poverty reduction and sustainable economic growth were achieved. The inability of the WAEMU

countries to meet the stipulated convergence criteria was because appropriate policy measures had not been applied. He observed that the main elements of adjustment measures should be structural policy reforms.

He informed the meeting that the deadline for compliance with the WAEMU convergence criteria had been shifted to December 2005. He also informed the meeting that the Fund Staff met with the BCEAO on monetary policy issues. According to Mr. Tahari, the UEMOA Commission when sensitised by the Fund on the impact of the Côte d'Ivoire conflict provided similar response as WAMI that it was too early to offer a critical assessment on the situation. Contrary to this view, Mr Tahari felt strongly that it was important for a preliminary assessment to be made as a matter of priority. This view point was endorsed by the meeting. Mr Tahari assured the meeting that this consultation would be an annual event. He expressed the view that the response to the Fund's request for information was useful and that they would be further reviewed by the Fund Staff on arrival in Washington.

## (ii) **Assessment of Economic Conditions in WAMZ**

The Director of Research of WAMI, Dr. H. A. K. Wampah, presented a brief review of the economic situation in WAMZ member countries. He observed that the performance of member countries in respect of compliance with the convergence criteria deteriorated at the end of June 2002, compared with the situation at end-December 2001. He predicted that owing to more volatility in government fiscal operations in the second half of every year, the prospects for improved performance for WAMZ member countries at the end of 2002 were not bright. The situation was further compounded by fiscal dominance which has been the bane of most of the economies of the WAMZ. Dr. Wampah remarked that the performance of member countries was affected by commodity terms of trade shocks, poor policy reforms, civil strife and increasing reliance on monetary financing of fiscal deficits in the first half of 2002.

The major problems with adherence to the convergence criteria had been the resurgence of borrowing from the Central

Bank to finance government deficits, the non-incorporation of the convergence criteria into member countries' budgets and the inconsistency of some member countries' central bank laws with the criterion on the financing of fiscal deficit by the Central Bank. Dr. Wampah concluded his review on the note that although exogenous factors accounted for some of the problems of member countries, the major culprit for non-compliance with the convergence criteria had been fiscal dominance, which had created a situation where performance could not be sustained.

In his reaction, Mr. Tahari suggested that countries should make efforts in implementing the right policy measures to ensure that the convergence criteria were met. He noted that there might be exogenous factors but suggested that fiscal laxity was a major problem that WAMZ countries would have to grapple with if they were to achieve the objective of monetary union. He was of the view that in spite of the obvious difficulties, the potentials of West Africa were good, especially if political intentions were translated into concrete policy actions. He

further remarked that the Fund fully supported regional integration as a basis for achieving reasonable economic growth. The first step should be trade policy reforms, prior to monetary integration. If trade policy harmonisation was not achieved efforts at monetary integration would be hindered. He also advised that there should be harmonization of sectoral policies. He bemoaned the wide gap between political commitment and policy implementation and hoped that member countries would internalise the convergence criteria in their budgets and economic programs. Mr. Tahari noted that the ideal framework for avoiding fiscal dominance was zero bank financing as obtains in the WAEMU. He also noted that the gradual approach by WAMZ to achieve zero financing was adequate owing to the peculiar circumstances of the Zone. He remarked that monetary integration was difficult, necessitating tough policy decisions if the objectives were to be realised, especially where the conditions for monetary union do not already exist.

Mr. Tahari observed that the WAMZ convergence criteria had no bearing with

poverty reduction strategy. He suggested that the major elements of the Fund Poverty Reduction Strategy Paper (PRSP), which are efficiency, sustainability and macroeconomic stability, could be useful to WAMZ in its objective to ensure compliance with the convergence criteria on a sustainable basis. He was of the view that the overall objective of monetary and economic integration was the enhancement of the welfare of the people, which was in consonance with the objective of the PRSP. He suggested that since fiscal dominance was a major problem for the WAMZ, the overall stability of fiscal policy should be a major priority. In this regard, various definitions of fiscal deficit should be articulated. It would be important to look at fiscal deficits before and after grants. A very critical issue was the sustainability of grants. He remarked that the issue of the 'Dutch disease' was not a major problem for ECOWAS. According to him, it had been argued that grants could lead to real exchange rate appreciation and worsening of the balance of payments. This phenomenon is not applicable to the WAMZ countries.

Mr. Ousmane Doré was impressed by the analytical work WAMI was doing and suggested that it would be appropriate to determine the extent to which the economies of WAMZ countries could be disentangled from external/exogenous influences. In this regard, he suggested that it would be necessary to determine the relative impact of external and domestic factors on the performance of WAMZ economies in the assessment of status of compliance with stipulated convergence criteria. He also suggested that inflation could be looked at from various perspectives, like underlying or core inflation, year-on-year inflation, etc. This process, according to him was important for determining an effective measure of sustainability of compliance with the inflation criterion.

Mr Doré also suggested that the reliance on Central Bank financing could be discouraged by developing regional financial markets to provide alternative sources of financing. This was extremely critical as it impinged on inflation, which has been a monetary phenomenon for WAMZ countries. He further remarked that the sustainability of fiscal policy was

critical. In addition, if monetary financing of fiscal deficits by the Central Bank was closed, it would facilitate the development of regional financial markets. What was important was for the required fiscal adjustment to be undertaken rather than concentration on the size of the nominal deficit.

The Director of Research of WAMI remarked that it was important for credibility purposes to retain the convergence criterion on inflation in order not to send the wrong signal that the WAMZ criteria were being watered down. Also the Director General of WAMI remarked that the issue of measurement of monetary financing of fiscal deficit had not been fully resolved. He suggested that the issue could be a subject for discussion at the next meeting with the Fund Staff. He also remarked that the WAMZ should be abreast of happenings in the first monetary zone and work towards the harmonisation of all basic concepts, especially as the two zones would merge in the future.

## **ECOWAS INTEGRATION PROGRAMME**

The Deputy Executive Secretary of ECOWAS informed the meeting that the authorities of ECOWAS took a decision on the common external tariff (CET) for ECOWAS two years ago. The decision was to extend the UEMOA tariff to the rest of ECOWAS. An impact assessment study on the subject, which was supported by the European Union (EU), had not made progress as expected. He requested that the Fund should provide assistance to the ECOWAS Secretariat in this endeavour. Mr Frank Ofei, Director, Economic Policy elucidated further on the issue raised by the Deputy Executive Secretary.

The ECOWAS Director of Infrastructure, Mr. D. L. B. Kamara, informed the meeting of the plan to link all the rail networks in the sub-region. He also informed the meeting that in view of the urgent need for additional power supply in Nigeria, arrangements were being made to link up with South Africa for the shortfall. The existing power supply arrangement between Nigeria and Niger Republic was to be sustained while the possibility of

linkages with other networks in the sub-region was being worked out. Furthermore, the gas pipeline project involving Nigeria, Benin, Togo and Ghana was in progress. The Director also informed the meeting that the ECOWAS was planning a transition to second-generation telecom/satellite communication system. The project would be sponsored by the EU.

It was generally agreed that there was need for internal trade liberalisation and harmonisation of tariff regimes across ECOWAS for a common ECOWAS market to be feasible.

#### **FOCUS OF WAMI DURING THE EXTENSION PERIOD**

The Director General informed the meeting that WAMI was being restructured to focus more on country surveillance. Country desks, patterned in line with the IMF model, have been established in the Institute. He remarked that the Institute would require the assistance of the Fund to make this innovation effective. According to the Director General, the Institute would also devote enough attention to the architecture

of the WAMZ monetary union. Policy frameworks would continue to be articulated to ensure that by July 1, 2005 the infrastructure for monetary union would be in place. The policy frameworks already designed, namely the monetary policy, banking supervision, external reserves management, etc. will continue to be fine-tuned as new information became available. In the area of payments system development, the Institute was discussing a preliminary framework for the WAMZ with the USAID. As the project matured, the IMF would be brought into the picture.

#### **AREAS OF TECHNICAL ASSISTANCE FROM THE FUND**

The areas of technical assistance sought by WAMI from the Fund were outlined as follows:

- a. Review of draft Country Programmes and suggestions for improvement;
- b. Linking of WAMI country desk officers with their counterparts at the Fund to

facilitate exchange of information;

- c. Two-week financial programming course for WAMI staff in Accra during the first quarter of 2003; and
- d. Workshop on basic concepts of convergence and methodologies of measurement during the first quarter of 2003, with a focus on Central Bank financing of fiscal deficits, fiscal sustainability and treatment of grants.

Mr. Tahari agreed to discuss the areas identified by WAMI with his colleagues at the Fund and promised to review the draft inputs to country convergence program prepared by WAMI. He also suggested that WAMI could apprise the African Department on the issues to be discussed at the suggested workshop for adequate preparation to be made by the Fund.

The Deputy Executive Secretary of ECOWAS aligned himself with the areas of technical assistance identified by WAMI and remarked that the ECOWAS would like to be taken on board. He also identified two areas where the IMF could be of assistance to the ECOWAS Secretariat. One of such areas was governance issues under the NEAPD initiative being coordinated by the ECOWAS Secretariat for the sub-region. Another area was multilateral surveillance and impact assessment study on the ECOWAS common external tariff.

#### **CONCLUSIONS OF THE MEETING**

The meeting agreed that trade integration was necessary to create the right environment for monetary union. In addition, since all the conditions for monetary union have not been met, efforts should be made to take the right but painful decisions to achieve the objectives of WAMZ monetary union.

The meeting also agreed that WAMZ should stick to the convergence criteria as they are, as any attempt to water down the criteria would create credibility problems. The priority for WAMI should be how

best to achieve the monetary union at minimal cost. This would entail fiscal consolidation, which at the currently appeared to be a major problem for the WAMZ countries in achieving the fiscal performance criterion.

Parliamentarians should be brought into the implementation of the project from the on-set while the citizenry should be adequately sensitised to ensure full ownership of the project by the people. The key minimum condition for the successful implementation of the WAMZ project was considered to be political commitment backed up by appropriate policy actions. It was agreed that the issue of fiscal dominance needed to be tackled if the convergence criteria were to be met by the member countries on a sustainable basis for monetary union to commence in July 2005.

The suggestion by the IMF Staff that WAMI should interact with the Fund Resident Representatives in the member countries of the WAMZ to exchange ideas on technical and policy issues was accepted by the meeting. The meeting also adopted the suggestion by the Fund

Staff that there should be annual targets, which WAMZ countries should include, in their national budgets. In addition, where country programmes were not in conformity with sub-regional programmes, the Fund should be contacted for such discrepancies to be corrected.

The Director General thanked the IMF team for their forthright contributions at the meeting. He observed that the Institute was faced with new challenges and opportunities arising from deliberations at the meeting. He wished the IMF team safe journey back to Washington.

The Deputy Executive Secretary of ECOWAS who presided at the meeting thanked the Director General of WAMI for hosting the meeting. He also thanked the IMF team for their invaluable contributions and wished them safe journey back to their base.

Mr. Tahari thanked WAMI and the ECOWAS Secretariat for their contributions at the meeting and re-emphasized the change in the orientation of the Fund towards country ownership of

IMF programmes. He also reiterated the interest of the Fund in regional integration as a means for addressing the developmental problems of Africa.

### **WAMZ HOLDS MEETINGS IN DAKAR, SENEGAL**

The Technical Committee and the Committee of Central Bank Governors of the West African Monetary Zone held meetings in Dakar, Senegal from December 9-12, 2002. The major issues for discussion at the meetings were the Structure and Work Programme of WAMI, and the Institute's budget for 2003.

The Committee of Governors which met on December 12, 2002 considered the report of the Technical Committee. The Chairman of the Committee, Mr Ibrahima Chérif Bah, Governor of the Central Bank of the Republic of Guinea, welcomed Governors to the meeting. He thanked the President and the people of the Republic of Senegal for their hospitality. He also expressed appreciation for the good quality of papers presented by the West African Monetary Institute (WAMI) and thanked the Director General and his staff

for the good work. He thereafter declared the meeting open.

The highlights of deliberations are as follows:

#### **(a) Structure and Work Programme of WAMI**

Governors adopted the Structure and Work Programme of WAMI as recommended by the Technical Committee. Furthermore, Governors advised that there should be complementarity and cooperation among WAMI, WAMA and WAIFEM in drawing up and implementing their respective programmes to avoid duplication.

#### **(b) Budget of WAMI for 2003**

A budget of \$3,434,177, representing an increase of 23 percent over the budget of \$2,782,194 for 2002, was approved by the Committee for the activities of WAMI in 2003. The upward revision of the budget was accounted for by the expanded scope of the Work Programme of WAMI, especially in the area of macroeconomic/multilateral surveillance. The Management of WAMI was, however,

directed to prudently manage the resources allocated to it.

The Governors decided that the budgetary allocations to member countries should be redeemed before January 31, 2003. The respective allocations to member countries are as follows:

### CONTRIBUTIONS BY MEMBER COUNTRIES TO WAMI'S BUDGET, 2001-2003

(US\$)

Country	Contribution Coefficient	2001 Budget	2002 Budget	Approved 2003 Budget
The Gambia	0,069	181 363	191 971	236 958
Ghana	0,169	441 450	470 191	580 376
Guinea	0,109	284 999	303 259	374 325
Nigeria	0,604	1 580 449	1 680 445	2 074 243
Sierra Leone	0,049	129 545	136 328	168 275
<b>TOTAL</b>	<b>1,000</b>	<b>2 617 806</b>	<b>2 782 194</b>	<b>3 434 177</b>

#### (c) Staffing of WAMI During the Period of Extension

The Governors endorsed the recruitment of three economists and one secretary to support the Institute's Work Programme for 2003.

The Committee of Governors agreed to the retention of the Directors of WAMI during the period of extension. However, in order

to ensure continuity in the Work Programme of WAMI during the period of extension, Governors were urged to ensure that as much as possible the other professional staff are retained by the Institute.

#### (d) A Revisit of the Issue of the Name of the Common Currency of the WAMZ

Governors agreed that the name of the WAMZ Common Currency, ECO, should

be tabled by the Convergence Council before the Authority of Heads of State and Government of WAMZ at its next meeting. They also agreed that the Convergence Council should remind the Authority of its decision at the last Summit of ECOWAS in Dakar, Senegal in 2001 currency had continued to impede the sensitization programme.

**(e) Project for the Development of the Payments and Data Collection System for the WAMZ**

Mr Michel Margueron, a Consultant of USAID, presented the highlights of a technical assistance project to develop an efficient Payments, Audit and Data Management System for the WAMZ. He stated that the objective of the project was to develop a safe, credible and efficient payments system in the Zone which met international standards and best practices, and a reliable infrastructure to effectively support the integration efforts in the WAMZ. He also remarked that the USAID was responsible for the pre-feasibility study. However, commitment was required from the WAMZ, especially in respect of financial risk.

that the WAMZ and UEMOA should jointly decide on the name of the ECOWAS single currency. However, since that decision, progress had not been made on the subject. Furthermore, the absence of a name for the WAMZ

The Governors noted the presentation by Mr Margueron and indicated that although the project would be beneficial they needed time to reflect on it. The Committee proposed that WAMI, one member from each WAMZ Central Bank, and ECOWAS Secretariat should work together with the consultants to provide more information on the project to facilitate further consideration by the Governors.

**(f) Framework for Finance Ministers Forum**

The framework of the Forum for Finance Ministers, which is intended to focus on addressing the problem of fiscal dominance and ensuring that the WAMZ convergence criteria were taken into account in drawing up and implementing national budgets, was endorsed by the Committee of Governors as recommended by the Technical Committee. The

Governors also agreed that the maiden Forum should come up in Abuja in March 2003.

**(g) Seminars for Convergence Council Members**

Governors agreed with the proposal of the Technical Committee that topical issues could be discussed by the Convergence Council members during their meetings. This could be in the form of seminars or invitation to reputable resource persons to deliver lectures on such issues at selected Convergence Council Meetings.

**(h) Schedule of WAMZ Meetings in 2003**

The following schedule of WAMZ meetings for 2003 was adopted by the Committee of Governors. It also agreed that the Directors of Research of WAMZ

Central Banks and other relevant officials should attend the Legal and Institutional Issues Committee meeting scheduled for Accra, Ghana on February 10, 2003 to review the draft Statute of the WACB so that substantive economic policy issues could be appropriately incorporated in the revised Statute.

	<b>Meeting</b>	<b>Date</b>	<b>Venue</b>
1.	Legal and Institutional Issues Committee	February 10, 2003	Accra, Ghana
2.	1 <sup>st</sup> Finance Ministers' Forum	March 17, 2003	Abuja, Nigeria
3.	WAMZ: Technical Committee, Committee of Governors, Convergence Council	May 5-9, 2003	Banjul, The Gambia
4.	WAMZ: Technical Committee, Committee of Governors, Convergence Council Summit	August 25-29, 2003	Abuja, Nigeria
5.	2 <sup>nd</sup> Finance Ministers' Forum	October 20, 2003	Accra, Ghana
6.	WAMZ: Technical Committee, Committee of Governors, Convergence Council, Summit	December 2003 (2 <sup>nd</sup> – 3 <sup>rd</sup> Week)	ECOWAS Summit Venue