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Ad Hoc Meeting of Experts to track Progress on Macroeconomic Policy and Institutional Convergence in West Africa

CONCEPT NOTE

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I. Introduction

The Ad Hoc Meeting of Experts to monitor progress in macroeconomic policy and institutional convergence in West Africa is an activity on the work programme for the biennial period 2014-2015 of the Sub-Regional Office for West Africa of the United Nations Economic Commission for Africa. This Meeting forms part of its support for capacity strengthening for ECOWAS countries which have for several years been following macroeconomic policies accompanied by convergence criteria in order to establish a common currency in the sub-region. The ECOWAS convergence criteria were defined by the Conference of Heads of State and of Government in its Decision A/DEC.7/12/99. This process, initiated first by the WAEMU, was extended to all of the Member countries of the Community. Countries which did not belong to the Franc zone, except for Cape Verde, set up the WAMZ in order to accelerate their monetary convergence and create a single currency which will be merged with the Franc CFA.

The West Africa Monetary Agency (WAMA) coordinates the multilateral surveillance mechanism within the fifteen countries of the ECOWAS, thus taking into account the exercise carried out by the WAEMU and that of the West African Monetary Institute (WAMI) for the WAMZ countries. Consequently, it produces a semi-annual report which describes the implementation of the ECOWAS Monetary Cooperation Programme (EMCP). This Programme was adopted in Abuja in 1987 by the Conference of Heads of State and of Government of the ECOWAS Member countries, with the objective of setting up a harmonized monetary system and common management institutions. The short-term objective as described in the WAMA reports is the harmonization of the rules governing economic and financial management: (i) the harmonization of the rules and legislation governing foreign exchange and the supervision of banking; (ii) the liberalization of monetary and financial markets; (iii) the creation of a rigorous pact for macroeconomic management and the strengthening of structural policies at the national and regional levels; (iv) compliance with macroeconomic convergence criteria, harmonization of economic and monetary statistics and evaluation of the quality of convergence; (v) the finalization of the creation of an internal community market (including trade liberalization and the elimination of tariff and non-tariff barriers); (vi) the liberalization of the labor market; (vii) the development of an exchange rate mechanism and its adoption by all the ECOWAS Member states; (viii) the deployment of efforts to adopt the same rules of management and instruments of monetary policy; (ix) the evaluation of the situation of the financial system; (x) the broad use of the regional West African Unit of Account (WAUA) and the revitalization of the WAMA compensation mechanism, including petroleum transactions; and (xi) the creation of a Community Monetary Institution (CMI).

According to the Agency, the programme also has the objective of ensuring that in the medium term regional currencies are convertible through the more liberal use of national currencies at market rates in commercial transactions within the region and the creation of a single currency within the zone through the use of a common convertible currency, managed by a common central bank. The ECOWAS Single Currency Programme is a group of activities to be carried out according to a given timeframe, before the introduction of a second regional currency in 2015 for the second monetary zone and a common currency for all of the fifteen (15) Member states of the ECOWAS in 2020.

In May 2009, a roadmap for the ECOWAS Monetary Cooperation Programme was adopted by the Convergence Council of the Economic Community of West African States (ECOWAS). This Council reiterated the importance of macroeconomic convergence and the harmonization of structural policies to ensure macroeconomic stability before launching the West African single currency. This macroeconomic convergence assumes the existence of price stability, budget deficit control, restrictions on the financing of budget deficits by the Central Bank and the maintenance of sufficient levels of external reserves. The evaluation system provided for this purpose is based on compliance with ten convergence criteria,

including four which are called first-level criteria, for which compliance is mandatory for the transition to a single currency.

II. Objective of the Meeting

The objective of the Meeting is to analyze the relevance of the macroeconomic convergence criteria in West Africa after conducting an assessment of their implementation since they were introduced.

The participants of the Meeting will examine a report written by the Sub-Regional Office on the following points:

- The status of the implementation of macroeconomic policies and macroeconomic convergence in West Africa;
- A critical evaluation of macroeconomic policies implemented in West Africa; and
- A critical evaluation of macroeconomic convergence by assessing this ongoing process in the light of economic theory.

III. Expected results

At the end of the Meeting, the participants will have gained a good understanding of macroeconomic issues and of the current status of convergence in the sub-region. Thus, the results are expected to be as follows:

- The capacities of the participants are strengthened in the area of macroeconomic convergence;
- The participants are fully aware of the importance of macroeconomic issues and convergence in the process of sub-regional integration;
- The current convergence criteria are assessed and their relevance (or lack of) regarding the new macroeconomic conditions of the zone are highlighted;
- Relevant recommendations are made on whether or not to continue to apply convergence criteria as they are currently being applied;
- Broad media coverage is provided during the whole course of the workshop; and
- A report on the Meeting is produced.

IV. Organization of the Meeting

The Meeting will be held in Yamoussoukro in Côte d'Ivoire on February 27-28, 2014. It will be held as a single plenary session. Other than the discussion on the report prepared by the Sub-Regional Office, other contributions are expected from the WAEMU and the ECOWAS. The WAMA will also present its report on surveillance, as will the WAMI.

V. Participants

The participants will be experts from ECOWAS Member states and other integration organizations or institutions of the sub-region. Civil society, notably academics and the private sector, will also be associated in addition to the media.

VI. Contacts at the SRO-WA of the ECA

Confirmation of participation, requests for more information and any other inquiries on the Meeting should be addressed to:

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