

AGENCE MONETAIRE DE
L'AFRIQUE DE L'OUEST (AMAO)



WEST AFRICAN MONETARY
AGENCY (WAMA)

**STATUS OF THE IMPLEMENTATION OF ROADMAP
ACTIVITIES ASSIGNED TO WAMA UNDER THE ECOWAS
SINGLE CURRENCY PROJECT**

December 2012

Table of Contents

I. INTRODUCTION.....	3
II. HARMONIZATION OF MONETARY POLICY FRAMEWORKS	4
III. HARMONIZATION OF ACCOUNTING AND REPORTING FRAMEWORKS OF BANKS AND NON-BANK FINANCIAL INSTITUTIONS	7
IV. HARMONIZATION OF BALANCE OF PAYMENTS STATISTICS	9
V. HARMONIZATION OF THE REGULATORY AND SUPERVISORY FRAMEWORKS OF BANKS AND NON- BANK FINANCIAL INSTITUTIONS	13
VI. HARMONIZATION OF REGULATIONS GOVERNING CURRENT AND CAPITAL ACCOUNT TRANSACTIONS IN ECOWAS	15
VII. STABILIZATION OF EXCHANGE RATES.....	17
VIII. OTHER ACTIVITIES CONDUCTED AS PART OF THE ROADMAP	18
IX. CONCLUSION.....	20

I. INTRODUCTION

Following the adoption of the ECOWAS Single Currency Roadmap at the end of the 5th Session of the Convergence Council which was held in Abuja, Nigeria, on 25 May 2009, various activities were assigned to relevant regional institutions under the of the Single Currency Roadmap for purposes of coordinating their implementation. Subsequently, WAMA was asked to coordinate the implementation of the following activities:

- i. Harmonization of Monetary Policy Frameworks;
- ii. Harmonization of Regulatory and Supervisory Frameworks of Banks and Non-Bank Financial Institutions;
- iii. Harmonization of the Accounting and Reporting Frameworks of banks and non-bank financial institutions;
- iv. Harmonization of Regulations Governing External Financial Relations;
- v. Exchange Rate Stabilization

To support WAMA in the implementation of these activities, the Committee of Governors, at its 40th session held in Conakry on July 14th, 2011, took a number of decisions relating mainly to the use of Central Banks' internal expertise in conducting some activities. In its efforts to fast track the implementation of the activities of the roadmap, the Committee of Governors also made the following recommendations at the end of its 42nd regular meeting which took place in Monrovia on 12 July 2012:

- i. WAMA should focus more on the implementation of the roadmap activities. To this end, WAMA was asked to present, at the next statutory meeting, a detailed timetable for the implementation of various activities assigned to the Agency under the ECOWAS single currency roadmap;
- ii. Relevant regional institutions should strengthen their collaboration in order the speed up the process relating to the harmonization of statistics in ECOWAS;
- iii. Member countries should work toward the adoption of the Sixth edition of the IMF Manual on BOP statistics and International Investment Position;
- iv. WAMA should regularly monitor the various harmonization processes within the framework of its periodic surveillance missions;

The evaluation report of the Roadmap for the establishment of the ECOWAS Single Currency seeks to provide to the relevant Authorities with a reference document centralizing necessary information on i) the progress of the implementation of the various activities, ii) constraints and difficulties encountered as the process evolves, iii) solutions or measures to be undertaken to address these hurdles, and iv) other tasks that are yet to be accomplished. This document will also help assess the work of other institutions involved in the implementation of the Roadmap and, where necessary, draw their attention on any inadequacy or delay observed in the execution of their individual and collective assignments.

This report covers the activities that have been undertaken by WAMA as at end November 2012. In line with the instruction of the Committee of Governors, the structure of the report was revised to reflect a better timeline highlighting the activities of WAMA that are yet to be completed.

II. HARMONIZATION OF MONETARY POLICY FRAMEWORKS

Initial Implementation Period: T1 2010 -T4 2013

2.1 Objective

The purpose of this project is to achieve harmonization of monetary policy rules, practices and procedures with the ultimate goal of developing a common monetary policy framework for the proposed ECOWAS monetary union. The specific objectives of this study are as follows:

- i. Review existing monetary policy frameworks of the central banks of ECOWAS member countries, including assessment of the liquidity management techniques and mechanisms used by the central banks to determine the scope of their interventions aimed at achieving their policy objectives;
- ii. Define a common platform for rules, principles and practices to guide the conduct of monetary policy in ECOWAS, taking into account existing practices, operational shortfalls and peculiar macroeconomic characteristics of the economies in ECOWAS, and outline the various monetary policy transmission mechanisms in the region; and
- iii. Identify the legal discrepancies and/or shortfalls between existing monetary policies and the proposed common platform for each member country, and set out a timeline within which each member country would have to either upgrade its monetary policy rules and practices or transit to the common platform.

As regards the scope, the harmonization process shall involve a set of activities ranging from the review of existing monetary policy operations of Central Banks to the design of a suitable operational framework that would be set up for the common Central Bank as soon as it is established in 2020. The process also involves developing a set of monetary policy instruments and procedures aimed at facilitating the establishment of monetary policy operational standards for member Central Banks as well as the future Common Central Bank. In addition to identifying a common monetary policy framework for the ECOWAS region, it would also explore the possibility of linking policy transmission mechanisms to price and production developments, indicating the duration of lags. The selection of the monetary policy operating framework would be guided by the principles of market economy, harmonization, equal treatment, simplicity and efficiency.

2.2 Activities already conducted

The first phase of the implementation of this activity was centred on the production, by WAMA, of the terms of reference which were subsequently improved on the basis of the observations received from regional institutions (WAMI) and all Central Banks.

In line with the recommendation of the Committee of Governors, WAMA organized a regional workshop on the harmonization of monetary policy frameworks in ECOWAS in Accra, Ghana, from 21 to 23 November 2011.

The workshop which saw the strong participation of Central Banks and regional institutions provided a forum to conduct a comparative analysis of existing monetary policy frameworks in ECOWAS. After mapping out the context, the workshop took the stance of determining the appropriate monetary policy framework for the region. In addition, the workshop identified the main structural constraints undermining monetary policy effectiveness in ECOWAS. In light of the observations made during the workshop, relevant recommendations were made in order to fast track the harmonization process.

The findings of the workshop were presented to the WAMA governing bodies during the statutory meetings held in Freetown in January 2012. As result, the Committee endorsed the following recommendations:

a) WAMA:

- i. Should make a proposal for harmonization of monetary policies on the basis of an in-depth evaluation of existing systems in the region;
- ii. Should propose an operational framework for use and acceptance of ECOWAS national currencies in intra-regional transactions building mainly on the experience of East Africa;
- iii. Conduct a study on the transmission mechanisms of monetary policy impulses in ECOWAS with the support of Central Banks.
- iv. should draft, in collaboration with the Central Banks, the terms of reference for the study on the monetary policy transmission mechanisms in ECOWAS;
- v. WAMA should, in collaboration with the Central Banks, conduct a study on the paradox relating to banks excess liquidity in the region, poor level of investment and high interest rates;

b) Central Banks:

- i. Should strengthen their technical capacity particularly in the areas of inflation forecasting and liquidity;
- ii. Take the necessary measures for better integration of the financial sector and the modernization of payment systems in order to ensure higher efficiency of monetary policy instruments;

- iii. Strengthen coordination between their monetary policies and the supervisory mechanisms of the financial sector through the adoption of the macro-prudential approach.

c) Member States:

- i. Should strengthen the operational independence and instruments of central banks, macroeconomic stability and convergence, in particular through the enforcement of fiscal discipline and implementation of structural reforms;
- ii. Coordinate monetary and fiscal policies in order to ensure effective public policy decisions;
- iii. Improve the quality of statistical data and speed up the harmonization process.

In line with the instructions of the Committee of Governors, WAMA conducted two studies in this regard: the first on "Money Demand Function in ECOWAS" and the second on "Monetary Policy Transmission Mechanisms in ECOWAS". The findings of this study were presented during the mid-annual Statutory Meetings of WAMA held in Monrovia in July 2012. These studies were finalized with the support of Central Banks which submitted their observations to WAMA. In line with the instructions that were received, the findings of these studies will be validated through an experts workshop. Validation of these studies will enable WAMA to go forward with the harmonization of monetary policy frameworks.

1.3 Planning of Activities that are yet to be conducted

The activities that are yet to be carried out under the harmonization of monetary policy frameworks are scheduled as follows:

N°	Activity	Implementation period:
1	Preparation of a draft harmonized monetary policy framework	1 st quarter 2013
2	Organization of a regional workshop to validate the draft harmonized monetary policy framework and related studies (money demand function and monetary policy transmission mechanisms).	2 nd quarter 2013
3	Presentation of the report of the workshop to the WAMA governing bodies	June 2013
4		2 nd half 2013
5	Finalization of the harmonized framework on the basis of the guidelines of the Committee of Governors	
6	Implementation of the harmonized framework by Member Central Banks	From 2014
7	Request of technical assistance for countries facing challenges	From 2014
8		From 2014
	Search for Capacity Building Partnerships	From 2014
	Monitoring and evaluation of the implementation of the proposed framework	From 2014

III. Harmonization of Accounting and Reporting Frameworks of Banks and Non-bank Financial Institutions

Initial Implementation Period: T1 2010 -T4 2013

3.1 Objectives of the Harmonization

The overall objective of this project is to propose a harmonized accounting and financial reporting framework for banks and non-bank financial institutions in West Africa aimed at ensuring compliance with International Financial Reporting Standards (IFRS) by 2013. This

proposal will include, amongst others, issues relating to the legal framework, disclosure of information and content, format of presentation as well as the harmonization of the accounting year.

The specific objectives of this project are as follows:

- i. Take stock of the existing Accounting and Financial reporting frameworks of banks and non-bank financial institutions in ECOWAS;
- ii. Identify areas of differences and shortfalls in the accounting and financial reporting frameworks;
- iii. Recommend common/harmonized reporting standards for adoption by ECOWAS;
- iv. Define an appropriate framework and modalities to facilitate adoption of the harmonized standards.

3.2 Activities already conducted

After finalizing the terms of reference of the study, taking into account the various comments made by Central Banks other regional institutions, the process of harmonizing the accounting and reporting frameworks of banks and non-bank financial institutions is beginning to actively take shape. In fact, WAMA, in collaboration with the Central of The Gambia, has already organized a regional workshop on the harmonization of accounting and financial reporting frameworks of banks and non-bank financial institutions in ECOWAS. The workshop which was well attended provided a forum to take stock of the existing accounting and financial reporting frameworks of banks and non-bank financial institutions in ECOWAS. Moreover, the workshop also enabled participants to identify areas of differences in the current frameworks. The workshop culminated in number recommendations which should definitely facilitate the achievement of the desired harmonization if implemented correctly.

After the presentation of the findings of the workshop at the mid-annual statutory meetings held in Monrovia, Liberia, in July 2012, the Committee of Governors approved the adoption of IFRS by Member States and requested WAMA to put in place a mechanism for monitoring the migration and implementation process of these standards. Pursuant to this instruction, WAMA has already begun integrating this aspect as part of the multilateral surveillance missions.

3.3 Planning of Activities that are yet to be conducted

WAMA proposes the following timeline for the implementation for the remainder of activities under the harmonization of this programme:

N°	Activity	Implementation period:
1	Preparation of a report on the implementation status of IFRS;	1 st quarter 2013
2	Organization of a regional workshop to assess the status of implementation of IFRS, related challenges and perspectives	1 st quarter 2013
3	Presentation of the report of the workshop to the WAMA governing bodies	June 2013
4	Implementation of the guidelines of the Committee of Governors	2 nd half 2013
5	Search for Capacity Building Partnerships to build capacity of member States in the area of IFRS	From 2013
6	Request technical assistance for countries facing specific challenges	From 2014
7	Transition to IFRS standards in Member States	2015
8	Periodic monitoring of the status of implementation of IFRS by Member States within the framework of multilateral surveillance missions	From 2013

IV. HARMONIZATION OF BALANCE OF PAYMENTS STATISTICS

Initial Implementation Period: Before the 4th quarter of 2014

4.1 Objective

The main objective of the harmonization of balance of payments statistics is to have data compiled and presented on the basis of a common methodology that is based on the 6th edition of the IMF manual.

Specifically, the project aims to:

1. Take stock of differences in methodologies used to develop balance of payments and international investment position in ECOWAS;
2. Identify the reference and the common ways of presenting the balance of payments statistics;
3. Harmonize methodologies for the preparation of the balance of payments and international investment position based on the recommendations of the sixth edition of the IMF manual;
4. Ensure assessment of country performance against the ECOWAS convergence criteria on the basis of harmonized and reliable statistics;
5. Facilitate availability of statistical information at national and regional level in order to make the formulation and implementation of national and regional policies easier;
6. Strengthen the statistical capacities of the ECOWAS Commission, WAMA, and other regional institutions as well as Member States through training, technical assistance and procurement of appropriate equipments/tools.

4.2 Activities already conducted

Following the validation of this project through the workshop which was hosted in Dakar from 18 to 22 April 2011, a circular mission comprised of resource persons and representatives of the ECOWAS Commission and WAMA travelled all over the ECOWAS countries between August and September 2011. The main objective of the circular missions for the diagnosis of existing practices was to thoroughly examine the differences in the way the balance of payments statistics were compiled in ECOWAS in order to propose a harmonization scheme.

The mission collected information on the existing set up used to produce and validate data, the mechanism for data collection and compilation, forecasting techniques and underlying challenges.

Based on the information gathered during the circular missions, three documents were prepared. The first focuses on the intensive diagnosis of current practices, particularly in terms of methodology, source and data collection. The second document includes a scheme for harmonization of concepts, sources and methodologies. The third document proposes a timeline for achieving the desired harmonization.

These documents were discussed during the regional workshop which was held in Cotonou, Benin, from 8 to 16 March 2012. This meeting provided a good forum to make relevant observations and recommendations, implementation of which should help fast track the harmonization process.

As an outcome of the Cotonou workshop, a number of activities were selected as part of the planning for the 2012-2016 period. At the end of the meeting, specific tasks were assigned to

regional institutions piloting the project. Thus, the various selected activities were dispatched between WAMA and WAMI, on the one hand, and the ECOWAS Commission, on the other.

Following this distribution, WAMA has initiated steps for the drafting of the regional methodological guide and standard questionnaires. The regional guide will be finalized after the publication, by the IMF, of the guide that comes with the 6th edition of the manual. The technical departments of the IMF have accepted to review the regional guide and to make observations if necessary.

4.3 Planning of Activities that are yet to be conducted

The schedule that was approved at the end of the Cotonou meeting (March 2012) is as follows:

A. West African Monetary Agency (WAMA)/West African Monetary Institute (WAMI)

N°	Activity	Implementation period:
1	Finalization of the regional methodological guide and development of standard questionnaires	2012
2	Organization of a regional workshop for the validation of the guide and standard questionnaires	2013
3	Survey on private capital flows	2013-2016
4	Survey on current transfers	2013-2016
5	Undertake steps with the IMF and other relevant international institutions to seek technical assistance;	2013-2016
6	Capacity building: Regional workshop on data sources and collection methods (at least one workshop per year).	2013-2015

B. ECOWAS Commission

N°	Activity	Implementation period:
1	Finalization of the 2012 activity matrix and the study on the diagnosis of current practises	2012 (done)
2	Set up of the Regional Committee for Harmonization of the Balance of Payments	2012-2013
3	Find ways of estimating flows of cross-border trade and transit trade in ECOWAS	2013-2016
4	Meeting of the Regional Committee for the Harmonization of the Balance of Payments (1 meeting per year from 2013)	From 2013
5	Development of a regulation on services	2013-2016
6	Promote surveys on services especially in countries experiencing difficulties in this area	2013-2016
7	Development of a common software for the compilation of balance of payments and international investment position	2013-2016
8	Establishment of a regional unit for the reconciliation of intra-regional trade data	2012-2013
9	Initiate contacts with donors for funding	2012-2013
10	Capacity building/Coordination of activities <ul style="list-style-type: none"> <li data-bbox="321 1392 1141 1465">i. Development of the regional strategy for capacity building as part of the harmonization of the balance of payments statistics <li data-bbox="321 1497 1133 1570">ii. Regional workshop on the 6th edition of the IMF manual and the regional guide <li data-bbox="321 1602 1174 1675">iii. Regional workshop on the forecasting methods of the balance of payments 	2012 2013-2015 2013-2015

V. HARMONIZATION OF THE REGULATORY AND SUPERVISORY FRAMEWORKS OF BANKS AND NON-BANK FINANCIAL INSTITUTIONS

Initial Implementation Period: T2 2009 – T2 2011

5.1 Objective and Scope

The objective of this component of the roadmap is to enable ECOWAS to have, for its banking and financial sector, a harmonized banking and financial legislation that meets international standards, in particular the Basel Core Principles I and II. This will help strengthen the financial sector in the sub-region and promote greater institutional stability.

Specifically, the study aims to:

- Review the existing arrangements governing the operation and supervision of banks and non-bank financial institutions;
- Conduct a comparative analysis of all the existing banking and financial legislations at national or regional level, in order to identify gaps and shortfalls, and propose appropriate measures or instruments to facilitate the prevention or effective management of the various types of risks;
- Assess these legislations against current international standards, mainly in the areas of banking, insurance, and financial market supervision;
- Propose a scheme and practical implementation modalities for harmonization and strengthening of regulatory and supervisory frameworks of banks and non-bank financial institutions;
- Propose a common regulatory and supervisory framework for banks and non-bank financial institutions for the future single monetary zone in ECOWAS;
- Propose a timeline for implementation of the various stages of the harmonization process.

Relevant sectors mainly include:

- i. Banks;
- ii. Insurance Companies;
- iii. Microfinance Institutions;
- iv. Social security funds;
- v. Credit and Guarantee institutions;
- vi. Deposit Insurance Companies;
- vii. Regional Stock Exchanges.

5.2 Activities already conducted

Prepared by WAMA with the support of BCEAO and WAMI, the terms of reference of this project were amended and finalized, taking into account the observations of the Central Banks. In line with the instructions of the Committee of Governors, this activity will be conducted by a Committee of Experts with the support of the College of Supervisors. It is within this framework that WAMA and WAMI, in collaboration with the Central Bank of the Republic of Guinea (BCRG), organized a regional Workshop on the “Harmonization of Regulatory and Supervisory Frameworks of Banks and Non-Bank Financial Institutions in ECOWAS” in Conakry, Guinea

from 1 to 3 October 2012. The main objective of the Workshop was to propose a scheme for harmonization of the regulatory and supervisory frameworks of banks and Non-Bank Financial Institutions in the region and define modalities for accession to a common platform.

The workshop provided a forum for comparative analysis of existing legal and regulatory frameworks, institutional arrangements, structures, and systems for implementation of International Standards. The workshop was also an opportunity to identify the institutional, organizational and other constraints undermining effective supervision of Banks and non-bank financial institutions in ECOWAS. The workshop culminated in the identification of concrete actions to be taken and the development of a clear timeline for the harmonization of the regulatory and supervisory frameworks of banks and non-bank financial institutions.

5.3 Planning of Activities that are yet to be conducted

After the regional workshop held in Conakry from 1 to 3 October 2012, it was agreed that the timeline for the proposed harmonization should be as follows:

A. At the regional level (WAMA/WAMI)

N°	Activity	Implementation period:
1	Monitoring of the implementation process by Member States based on the planning below	From 2013
2	Finalization of the comparative study of regulatory frameworks governing the operation and supervision of banks and non-bank financial institutions	1 st quarter 2013
3	Development of a proposal for harmonization of regulations accompanied by a migration scheme	1 st quarter 2013
4	Organization of a Regional Experts Workshop for the validation of produced documents	2 nd quarter 2013
5	Presentation of the Experts Committee report to the WAMA governing bodies	Annual Meeting 2013
6	Finalization of the documents based on guidelines provided by the Committee of Governors	2 nd half 2013
7	Preparation of a regional protocol on the harmonization of the regulatory and supervisory frameworks of banks and non-bank financial institutions;	2014
8	Adoption of the protocol by the Authorities of ECOWAS	2014
9	Ratification of the Protocol by Member States	2015
10	Implementation of the Protocol by Member States	2016

B. At Member States level:

N°	Activity	Implementation period:
1	Internal assessment of the Basel Core Principles;	2013
2	Adoption of an electronic financial surveillance system similar to EFASS (Electronic Financial Analysis and Surveillance System) by all Central Banks	2013-June 2014
3	Adoption of a macro-prudential and financial stability framework	2013-2014
4	Internal assessment of the Basel Core Principles	2013-2014
5	Establishment of the regulatory and institutional framework to facilitate the set up of a credit reference mechanism such as credit reference bureaux	2013-2014
6	Adoption of IFRS	2013-2014
7	Adoption of at least the standardized approach of Basel II by all countries;	2013-2015
8	Set up of a collateral registry by all member countries	2013-2015
9	Full Implementation of risk-based supervision	2013-2015

VI. HARMONIZATION OF REGULATIONS GOVERNING CURRENT AND CAPITAL ACCOUNT TRANSACTIONS IN ECOWAS

Initial Implementation Period: T2 2009 – T2 2011

6.1 Objective and Scope

The objective of this activity is to propose a harmonized legal framework for the liberalization of current and capital accounts in ECOWAS. Specifically, this activity aims to:

1. Take stock of the various regulations governing the external financial relations of the Community's member States focusing on differences;
2. Propose an optimum threshold for the liberalization of current and capital accounts in ECOWAS;
3. Propose various stages for the implementation of the proposed harmonized framework;

4. Map out a specific timetable for migration to the new regulatory framework.

As for the scope of the activity, it focuses on intermediation, current transactions, payments relating to current and capital transactions, and capital flows within and outside ECOWAS particularly on exchanges of goods, services, tourism, transport, income as well as transfers. The study will cover 15 countries and will focus on the status of countries as at the end December 2010.

6.2 Activities already conducted

In line with the instructions of the Committee of Governors, this activity will be conducted by an Experts Committee comprised of Central Banks. Regarding the preparation of the diagnostic study, it should be noted that WAMA is benefitting from the technical assistance of WAIFEM. The document should be ready by the end of 2012 and will be submitted for validation in the 1st quarter of 2013.

6.3 Planning of Activities that are yet to be conducted

The activities that are yet to be carried out under this project are scheduled as follows:

N°	Activity	Implementation period:
1	Finalization of the comparative study of regulations governing current and capital account transactions	1 st quarter 2013
2	Proposal for a scheme for harmonization of relevant regulations in ECOWAS	1 st quarter 2013
3	Organization of a Regional Workshop for the review of the comparative study and harmonization scheme	2 nd quarter 2013
4	Presentation of the workshop report to the WAMA governing bodies	June 2013
5	Finalization of the comparative study and proposed harmonization scheme, taking into account the observations of the Committee of Governors	2 nd half 2013
6	Drafting of the protocol regulating current and capital account transactions in the ECOWAS	1 st quarter 2014
7	Review of the protocol by an Experts Committee	2 nd quarter 2014
8	Presentation of the Experts Committee report to the WAMA governing bodies	June 2014
9	Adoption of the protocol by the Authorities of ECOWAS	2 nd half 2014
10	Ratification of the Protocol by Member States	2015
11	Implementation of the Protocol by Member States	From 2015
12	Adoption of harmonized legislation for external financial relations	After launch of the Single Currency

VII. STABILIZATION OF EXCHANGE RATES

Initial Implementation Period: Continuous process to be finalized two years prior to the launch of the single currency.

7.1 Objective:

The objective is to achieve currency stability in the region, avoid sharp downward or upward fluctuations of these currencies which could cause serious economic distortions. The other effect is to prevent the implementation of exchange rate policies that may affect the competitiveness between the economies of the region. Similarly, exchange rate stability should facilitate the determination of convergence rates during transition to the Single Currency.

7.2 Activities already conducted

WAMA computes, on a daily basis, the exchange rates of ECOWAS currencies in relation to the WAUA as well as the cross rates between the various currencies. The Agency also publishes periodic reports on exchange rate movements. Moreover, the Agency has also completed a study on exchange rate misalignments of ECOWAS currencies. This study, which enabled to identify the determinants of exchange rates and the level of misalignment of REERs, has already been subject to a review at a regional workshop and is currently being finalized.

7.3 Planning of Activities that are yet to be conducted

Beyond the regular monitoring of movements in exchange rates, their stabilization requires the establishment of an exchange rate mechanism. The various steps of this process should be as follows:

N°	Activity	Implementation period:
1	Preparation of a study on the establishment of the ECOWAS Exchange rate mechanism; 2014	2014
2	Presentation of the study to the WAMA governing bodies; 2014	2014
3	Implementation of the pre-conditions for the adoption of the mechanism/2015/2016;	2015-2016
	Launching of the mechanism 2017	2017

VIII. OTHER ACTIVITIES CONDUCTED AS PART OF THE ROADMAP

The activities described in this section do not fall directly under the responsibility of WAMA. WAMA has undertaken some initiatives as an institution involved in the implementation of these activities. Programming of activities that are yet to be completed should be done in consultation with other institutions under the umbrella of the coordinating institution.

8.1 Payment Systems

In the area of payment systems in ECOWAS, WAMA conducted, in 2009, a diagnosis focusing mainly on the legal, regulatory and infrastructural aspects of the project. Based on this diagnosis,

an inter-connectivity scheme was proposed. After consideration of WAMA’s proposal, the Committee of Governors suggested that the interconnectivity of payments systems could be implemented in the second phase, i.e. after the establishment of the mechanism for the convertibility of member States’ domestic currencies.

The consultations with WAMI have revealed that regulatory harmonization and the interconnectivity of UEMOA-WAMZ systems cannot be envisaged at this stage. It will have to wait until the current process in the WAMZ is completed.

8.2 Quotation and Transactions in ECOWA Currencies

In terms of quotation and transactions of ECOWAS currencies, WAMA conducted a study on “*The Convertibility and Utilization of Domestic Currencies in Intra-regional Transactions*” to review the modalities for achievement of convertibility in ECOWAS and propose two operating schemes. The objective was to promote the use of domestic currencies in intra-Community trade and financial transactions. The first scheme was based on an arrangement between commercial banks whilst the second involved the Central Banks. After consideration, the Committee of Governors recommended further reflection on this issue.

WAMA proposes the following timeline for the way forward:

N°	Activity	Implementation period:
1	Establishment of a technical committee comprised of WAMA/WAMI/WABA	1 st quarter 2013
2	Field trips in East Africa to build on their experience in the region	2 nd half 2013
3	Updating of the study on the Quoting and trading in domestic currencies with proposal of a scheme and a realistic timetable	1 st half 2014
4	Presentation of the study to the WAMA governing bodies	June 2014
5	Finalization of the study, taking into account the guidelines provided by the Committee of Governors	2 nd half 2014
6	Implementation of the proposed timeline for the validated study	From 2015

8.3 Financial market Integration

In terms of financial market integration in ECOWAS, WAMA has completed a study on this issue in 2011. This study analyzed the state of integration of the financial systems in ECOWAS and the importance of an integrated financial system in mobilizing domestic savings for long-term investments. After carefully examining the findings of this study, the Committee of

Governors commended the interest shown by the ECOWAS Bank for Investment and Development (EBID) and approved the recommendation of the Technical Committee asking WAMA to work with EBID and other regional institutions to deepen the study.

In line with the recommendation of the Committee of Governors, WAMA and the ECOWAS Bank for Investment and Development (EBID) are planning to work together on the set up of a Regional Stock Exchange that would federate the existing stock exchanges in the region, namely BRVM, the Stock Exchanges of Cape Verde, Ghana, Nigeria, and Sierra Leone. An initial meeting between the senior executives of the two institutions has already taken place in Lomé in September 2012.

For the further implementation of the activities under this programme, the following timeline is proposed:

N°	Activity	Implementation period:
1	Establishment of a technical committee comprised of WAMA and EBID to supervise the process	2013
2	Preparation of the terms of reference on the integration of financial markets in COWAS	2013
3	Recruitment of a consultant to conduct the technical study and implement the proposed scheme and timetable for integration	2013
4	Completion of the study	2013-2014
5	Validation the results of the study and timetable for integration	2014
6	Implementation of the validated timetable	2015
	Periodic reporting to the Authorities of WAMA and EBID	From 2013

IX. CONCLUSION

There no need to recall that the roadmap is a coherent framework geared toward the setting of prerequisites conducive for the establishment of a strong and viable single currency. Since the adoption of the Roadmap, regional institutions in charge of its implementation have demonstrated a high degree of commitment. There is however need to recognize that much delay was recorded in the process of its implementation. This delay is due to many factors including, amongst others, difficulties relating to the mobilization of resources and the nature of some targets which are a bit too ambitious. Nevertheless, the support of Central Banks has turned out to be very critical in the implementation process of the activities assigned to WAMA. In fact, since the Committee of Governors' decision for the Central Banks to support WAMA in the

conduct of some specific studies of the roadmap, concrete results are being achieved in relation to some components of the roadmap. WAMA intends to sustain this momentum to fast track the implementation process. Based on the review of ongoing activities, many projects could be finalized over the next two years.

Moreover, the gradual involvement of international institutions such as the IMF should be an additional reason for hope in the process of implementation.

Furthermore, the strengthening of cooperation between regional institutions (WAMA, WAMI, WAIFEM, EBID and ECOWAS Commission) also offers true reasons to be optimistic that the implementation process of the roadmap will be faster.

APPENDICES

AI- ACTIVITIES OF THE ROADMAP FOR THE PROPOSED ESTABLISHMENT OF THE ECOWAS SINGLE CURRENCY

Numbers	Activities	Period	Institutions involved
1	Implementation of multilateral surveillance (ECOWAS single currency project)		ECOWAS/WAMA Joint Secretariat , WAMI, UEMOA Commission, Ministries of finance
O	➤ Operationalization of National Coordinating Committees	2009	ECOWAS Commission, member States
1b	➤ Formulation and harmonization of convergence criteria	T2-T4 2009	ECOWAS/WAMA Joint Secretariat , Central Banks , WAMI , UEMOA Commission, Ministries of Finance
1c	➤ Adoption of harmonized convergence criteria	T2 2010	All regional institution, Ministries of Finance, Central, Banks
2	Harmonization		
2a	➤ Statistics	Before fourth quarter of 2014	ECOWAS Commission (pilot structure), WAMA, WAMI, UEMOA Commission, AFRISTAT
2b	➤ Domestic taxation	End 2014:	ECOWAS Commission (pilot structure), WAMA, WAMI, UEMOA Commission Ministries of finance
2c	➤ Legal, accounting, and public finance statistics framework	End 2014	ECOWAS Commission (Pilot structure), WAMA, WAMI, UEMOA Commission, Ministries of finance
3	Harmonization		
3a	➤ Regulatory and Supervisory Framework for Banks and other Financial Institutions;	T2 2009 –T2 2011	WAMA, WAMI, Central Banks, WABA, UEMOA Banking Commission, securities and exchange Commission, Insurance Commission
3b	➤ Regulation Governing External Financial Relations	T2 2009 – T2 2011	WAMA, WAMI , Central Banks, WABA, UEMOA Commission
3c	➤ Accounting and reporting framework of Banks	T1 2010 –T4 2013	WAMA, WAMI , Central Banks, WABA, UEMOA Banking Commission
3d	➤ Monetary Policy Framework	T1 2010 –T4 2013	WAMA, WAMI, Central Banks
3e	➤ Payments systems 'infrastructure (transfer of large and small amounts) for cross-border transfers in ECOWAS	T1 2010 -T4 2013	WAMI, WAMA, WABA, Central Banks, Ministries of Finance
4	Complete establishment of payments systems in Sierra Leone, Guinea and The Gambia	2009 – T4 2012	WAMI, Central Banks
5	Dismantling of all tariff ad non tariff barriers to ensure free movement of goods, persons and services in ECOWAS	Ongoing process	ECOWAS Commission, WAMA, WAMI, UEMOA Commission, Member States

Numbers	Activities	Period	Institutions involved
6	Exchange Rate Stabilization	Continuous process to be finalized tow (2) years before launching of single currency	Central Banks, WAMA, WAMI
7	Capital account liberalization in ECOWAS member States	2011	WAMA, WAMI, Central Banks
8	Integration of financial markets (capital, Insurance, Banks, Provident Funds, etc.)	Ongoing process	ECOWAS Commission, WAMA, WAMI, UEMOA Banking Commission, WABA, Central banks, ICIM (Inter-African Conference of Insurance Markets), CREPMF-UEMOA, Securities and Exchange Commissions, Insurance, CIPRESS Commissions, Pension and Provident Funds
9	Quotation and Transactions in ECOWA Domestic Currencies	Ongoing process	WAMI, WAMA, WABA, Central Banks, Commercial Banks
10	Ratification of WAMI legal instruments	At the latest the 1 st July 2014	Member States, WAMI
11	Establishment of the WAMZ common Central Bank, WAMZ Secretariat and the West African Financial Supervision Agency	Before 1st January 2015	WAMI, WAMZ Member States
12	Launching of WAMZ monetary union	Before 1st January 2015	WAMI, WAMZ Member States
12a	➤ Introduction of WAMZ common currency (Eco.)	Before 1st January 2015	WAMI, WAMZ Member States
12b	➤ Withdrawal of domestic currencies	1st January-30th June 2015 June 2015	WAMI, WAMZ Member States
14	Contribution to WAMZ stabilization and cooperation fund	Before end- 2014	WAMI, WAMZ Member States
15	Cape Verde and Liberia officially become members of one of the two zones	Continuous process to be fast-tracked	ECOWAS Commission (Group Head), WAMA, WAMI
16	Institutional framework The various stages in the proposal and validation of the institutional framework include the appointment of an eminent personality and the setting up of an experts committee (2014) that would propose an appropriate institutional framework, meetings of the Committee, the meeting of the ECOWAS Council of Ministers, the ECOWAS Parliament, the Conference of Heads of State and Government and eventual consideration by national Parliaments.		
16a	➤ Introduction of a draft supplementary Act to the ECOWAS Treaty on the monetary union ➤	Three (3) years before the launching of the ECOWAS single currency	ECOWAS

Numbers	Activities	Period	Institutions involved
16b	➤ Technical design and preparation of common currency denominations		Based on proposals made by the Experts Committee under the supervision of an Eminent Personality
	➤		
16c	➤ Irrevocable fixing of exchange rates between the currencies		
16d	➤ Determination and declaration of the exchange rate of the ECOWAS Single Currency to the IMF		
16e	➤ Consultation for the establishment of the common Central Bank		
16f	➤ Consultations on merger between the two monetary zones		
16g	➤ Launching of the ECOWAS Monetary Union	2020	
16h	➤ Commencement of operations of the ECOWAS Central Bank		
16i	➤ Sensitization campaign	Continuous process to be initiated asap	
16j	➤ Introduction of the COWAS common currency	2020	
16k	➤ Withdrawal of domestic currencies		

AII- PLANNING OF THE ROADMAP ACTIVITIES THAT ARE YET TO BE CONDUCTED BY WAMA

Numbers	ACTIVITIES	INITIAL IMPLEMENTATION PERIOD	ACTIVITIES ALREADY CONDUCTED	ACTIVITIES THAT ARE YET TO BE CONDUCTED	PROPOSED IMPLEMENTATION TIMELINE
2	Harmonization				
2a	<ul style="list-style-type: none"> ➤ Harmonization of Balance of Payments Statistics 	Before fourth quarter of 2014	<ul style="list-style-type: none"> - Preparation and Validation of the TORs of Project; - Nomination of Focal Points - Organization of circular mission for the diagnosis of existing practices - Drafting of the document on current practices and harmonization prospects - Workshop for the validation of the aforementioned documents 	<p>C. West African Monetary Agency (WAMA)/West African Monetary Institute (WAMI)</p> <ul style="list-style-type: none"> i. Finalization of the regional methodological guide and development of standard questionnaires ii. Organization of a regional workshop for the validation of the guide and standard questionnaires iii. Survey on private capital flows iv. Survey on current transfers v. Undertake steps with the IMF and other relevant international institutions to seek technical assistance; vi. Capacity building: Regional workshop on data sources and collection methods (at least one workshop per year). <p>D. ECOWAS Commission</p> <ul style="list-style-type: none"> vii. Finalization of the 2012 activity matrix and the study on the diagnosis of current practices 	<ul style="list-style-type: none"> 2012 2013 2013-2016 2013-2016 2013-2016 2013-2015 2012 (done)

Numbers	ACTIVITIES	INITIAL IMPLEMENTATION PERIOD	ACTIVITIES ALREADY CONDUCTED	ACTIVITIES THAT ARE YET TO BE CONDUCTED	PROPOSED IMPLEMENTATION TIMELINE
			<p>Finalization of the document on the diagnosis of current practices</p> <p>Adoption of the harmonization scheme and breakdown of tasks between regional institutions;</p> <p>Preparation of the regional guide and standard questionnaires (ongoing)</p>	<p>viii. Set up of the Regional Committee for Harmonization of the Balance of Payments</p> <p>ix. Find ways of estimating flows of cross-border trade and transit trade in ECOWAS</p> <p>x. Meeting of the Regional Committee for the Harmonization of the Balance of Payments (1 meeting per year from 2013)</p> <p>xi. Development of a regulation on services</p> <p>xii. Promote surveys on services especially in countries experiencing difficulties in this area</p> <p>xiii. Development of a common software for the compilation of balance of payments and international investment position</p> <p>xiv. Establishment of a regional unit for the reconciliation of intra-regional trade data</p> <p>xv. Initiate contacts with donors for funding</p> <p>xvi. Capacity building/Coordination of activities</p>	<p>2012-2013</p> <p>2013-2016</p> <p>From 2013</p> <p>2013-2016</p> <p>2013-2016</p> <p>2013-2016</p> <p>2012-2013</p> <p>2012-2013</p> <p>2012</p>

Numbers	ACTIVITIES	INITIAL IMPLEMENTATION PERIOD	ACTIVITIES ALREADY CONDUCTED	ACTIVITIES THAT ARE YET TO BE CONDUCTED	PROPOSED IMPLEMENTATION TIMELINE
				iv. Development of the regional strategy for capacity building as part of the harmonization of the balance of payments statistics v. Regional workshop on the 6th edition of the IMF manual and the regional guide vi. Regional workshop on the forecasting methods of the balance of payments	2013-2015 2013-2015
3	Harmonization				
3a	<ul style="list-style-type: none"> ➤ Regulatory and Supervisory Framework for Banks and other Financial Institutions; 	T2 2009 – t2 2011	<ul style="list-style-type: none"> - Preparation and Validation of TORs; - Organization of a Regional Workshop for a comparative analysis of existing frameworks and preparation of a planning for harmonization - Preparation of document on the comparative analysis of existing frameworks; (ongoing) - Preparation of a comprehensive implementation scheme for harmonization; 	1. At the regional level : <ul style="list-style-type: none"> i. Monitoring of the implementation process by Member States based on the planning below ii. Finalization of the comparative study of regulatory frameworks governing the operation and supervision of banks and non-bank financial institutions iii. Development of a proposal for harmonization of regulations accompanied by a migration scheme iv. Organization of a Regional Experts Workshop for the validation of produced documents 	From 2013 1 st quarter 2013 1 st quarter 2013 2 nd quarter 2013

Numbers	ACTIVITIES	INITIAL IMPLEMENTATION PERIOD	ACTIVITIES ALREADY CONDUCTED	ACTIVITIES THAT ARE YET TO BE CONDUCTED	PROPOSED IMPLEMENTATION TIMELINE
				<ul style="list-style-type: none"> v. Presentation of the Experts Committee report to the WAMA governing bodies vi. Finalization of the documents based on guidelines provided by the Committee of Governors vii. Preparation of a regional protocol on the harmonization of the regulatory and supervisory frameworks of banks and non-bank financial institutions; viii. Adoption of the protocol by the Authorities of ECOWAS ix. Ratification of the Protocol by Member States x. Implementation of the Protocol by Member States <p>2. AT national level:</p> <ul style="list-style-type: none"> i. Internal assessment of the Basel Core Principles; ii. Adoption of an electronic financial surveillance system similar to EFASS (Electronic Financial Analysis and Surveillance System) by all Central Banks 	<ul style="list-style-type: none"> Annual Meeting 2013 2nd half 2013 2014 2014 2015 2016 2013 2013-June

Numbers	ACTIVITIES	INITIAL IMPLEMENTATION PERIOD	ACTIVITIES ALREADY CONDUCTED	ACTIVITIES THAT ARE YET TO BE CONDUCTED	PROPOSED IMPLEMENTATION TIMELINE
				<ul style="list-style-type: none"> iii. Adoption of a macro-prudential and financial stability framework iv. Internal assessment of the Basel Core Principles v. Establishment of the regulatory and institutional framework to facilitate the set up of a credit reference mechanism such as credit reference bureaux vi. Adoption of IFRS vii. Adoption of at least the standardized approach of Basel II by all countries; viii. Set up of a collateral registry by all member countries ix. Full Implementation of risk-based supervision 	<p>2014</p> <p>2013-2014</p> <p>2013-2014</p> <p>2013-2014</p> <p>2013-2014</p> <p>2013-2015</p> <p>2013-2015</p> <p>2013-2015</p>
3b	➤ Regulations Governing External Financial Relations	T2 2009 – T2 2011	<ul style="list-style-type: none"> - Preparation and Validation of TORs; - Collection of information relating to States regulations on external financial relations; 	<ul style="list-style-type: none"> i. Finalization of the comparative study of regulations governing current and capital account transactions ii. Proposal for a scheme for harmonization of relevant regulations in ECOWAS iii. Organization of a Regional Workshop for the review of the 	<p>1st quarter 2013</p> <p>1st quarter 2013</p> <p>2nd quarter</p>

Numbers	ACTIVITIES	INITIAL IMPLEMENTATION PERIOD	ACTIVITIES ALREADY CONDUCTED	ACTIVITIES THAT ARE YET TO BE CONDUCTED	PROPOSED IMPLEMENTATION TIMELINE
			<p>Preparation of a document on the review of current legislative frameworks and draft harmonization scheme</p>	<p>comparative study and harmonization scheme</p> <p>iv. Presentation of the workshop report to the WAMA governing bodies</p> <p>v. Finalization of the comparative study and proposed harmonization scheme, taking into account the observations of the Committee of Governors</p> <p>vi. Drafting of the protocol regulating current and capital account transactions in the ECOWAS</p> <p>vii. Review of the protocol by an Experts Committee</p> <p>viii. Presentation of the Experts Committee report to the WAMA governing bodies</p> <p>ix. Adoption of the protocol by the Authorities of ECOWAS</p> <p>x. Ratification of the Protocol by Member States</p> <p>xi. Implementation of the Protocol by Member States</p>	<p>2013</p> <p>June 2013</p> <p>2ndhalf 2013</p> <p>1st quarter 2014</p> <p>2nd quarter 2014</p> <p>June 2014</p> <p>2ndhalf 2014</p> <p>2015</p> <p>From 2015</p>
3c	➤ Accounting	T1 2010 –	- Preparation and Validation of TORs;	i. Preparation of a report on the status of IFRS implementation	1 st quarter

Numbers	ACTIVITIES	INITIAL IMPLEMENTATION PERIOD	ACTIVITIES ALREADY CONDUCTED	ACTIVITIES THAT ARE YET TO BE CONDUCTED	PROPOSED IMPLEMENTATION TIMELINE
	and reporting framework of Banks	T4 2013	<ul style="list-style-type: none"> - Collection of information on the Accounting and Reporting Frameworks of banks and non-bank financial institutions; - Organization of a Regional Workshop for a comparative analysis of existing accounting and reporting frameworks for banks and non-bank financial institutions and adoption of IFRS as a basis for harmonization - Presentation of the findings of WAMA at the Statutory meetings; - Decision of the Committee of Governors urging Member States to adopt IFRS and requesting WAMA to monitor the process within the framework of multilateral surveillance missions 	<ul style="list-style-type: none"> ii. Organization of a regional workshop to assess the status of implementation of IFRS, related challenges and perspectives iii. Presentation of the report of the workshop to the WAMA governing bodies iv. Implementation of the guidelines of the Committee of Governors v. Search for Capacity Building Partnerships to build capacity of member States in the area of IFRS vi. Request technical assistance for countries facing specific challenges vii. Transition to IFRS standards in Member States viii. Periodic monitoring of the status of implementation of IFRS by Member States within the framework of multilateral surveillance missions 	<p>2013</p> <p>1st quarter 2013</p> <p>June 2013</p> <p>2nd half 2013</p> <p>From 2013</p> <p>From 2014</p> <p>2015</p> <p>From 2013</p>
3d	➤ Monetary Policy Framework	T1 2010 – T4 2013	<ul style="list-style-type: none"> - Preparation and Validation of TORs; - Organization of a Regional 	<ul style="list-style-type: none"> i. Preparation of a draft harmonized monetary policy framework 	<p>1st quarter 2013</p>

Numbers	ACTIVITIES	INITIAL IMPLEMENTATION PERIOD	ACTIVITIES ALREADY CONDUCTED	ACTIVITIES THAT ARE YET TO BE CONDUCTED	PROPOSED IMPLEMENTATION TIMELINE
			<p>Workshop in November 2011 in Accra, which enabled to conduct a comparative analysis of existing monetary policy frameworks in the region;</p> <ul style="list-style-type: none"> - Presentation of the findings of the workshop to the WAMA governing bodies - Preparation of document on the comparative analysis of monetary policy frameworks; - Preparation of two studies on Money Demand Function and Monetary Policy Transmission Mechanisms; - Presentation of the aforementioned documents at the WAMA Statutory meetings; - Finalization of the documents based on observations made by the Committee of Governors 	<ul style="list-style-type: none"> ii. Organization of a regional workshop to validate the draft harmonized monetary policy framework and related studies (money demand function and monetary policy transmission mechanisms). iii. Presentation of the report of the workshop to the WAMA governing bodies iv. Finalization of the harmonized framework on the basis of the guidelines of the Committee of Governors v. Implementation of the harmonized framework by Member Central Banks vi. Request of technical assistance for countries facing challenges in this area vii. Search for Capacity Building Partnerships viii. Monitoring and evaluation of the implementation of the proposed framework 	<p>2nd quarter 2013</p> <p>June 2013</p> <p>2ndhalf 2013</p> <p>From 2014</p> <p>From 2014</p> <p>From 2014</p> <p>From 2014</p>
6	Exchange Rate Stabilization	Continuous process to be	<ul style="list-style-type: none"> - Daily computation of bilateral exchange rates ; 	<ul style="list-style-type: none"> i. Preparation of a study on the establishment of the ECOWAS Exchange rate mechanism; 2014 	2014

Numbers	ACTIVITIES	INITIAL IMPLEMENTATION PERIOD	ACTIVITIES ALREADY CONDUCTED	ACTIVITIES THAT ARE YET TO BE CONDUCTED	PROPOSED IMPLEMENTATION TIMELINE
		to be finalized tow (2) years before launchin g of single currency	<ul style="list-style-type: none"> - Preparation of periodic reports , 	<ul style="list-style-type: none"> ii. Presentation of the study to the WAMA governing bodies; 2014 iii. Implementation of the pre-conditions for the adoption of the mechanism/2015/2016; iv. Launching of the mechanism 2017 	<p>2014</p> <p>2015-2016</p> <p>2017</p>
8	Integration of financial markets (capital, Insurance, Banks, Provident Funds, etc.)	Ongoing process	<ul style="list-style-type: none"> - Study conducted by WAMA on capital market and first draft already submitted to the Authorities; - Ongoing improvement of study to include banks, insurance companies and other financial institutions; - Contacts initiated with EBID to speed up the integration of capital markets in the region; 	<ul style="list-style-type: none"> i. Establishment of a technical committee comprised of WAMA and EBID to monitor the process ii. Preparation of the terms of reference on the integration of financial markets in COWAS iii. Recruitment of a consultant to conduct the technical study and implement the proposed scheme and timetable for integration iv. Completion of the study v. Validation the results of the study and timetable for integration 	<p>2013</p> <p>2013</p> <p>2013</p> <p>2013-2014</p> <p>2014</p>

Numbers	ACTIVITIES	INITIAL IMPLEMENTATION PERIOD	ACTIVITIES ALREADY CONDUCTED	ACTIVITIES THAT ARE YET TO BE CONDUCTED	PROPOSED IMPLEMENTATION TIMELINE
				<ul style="list-style-type: none"> vi. Implementation of the validated timetable vii. Periodic reporting to the Authorities of WAMA and EBID 	<p>2015</p> <p>From 2013</p>
9	Quotation and Transactions in ECOWA Domestic Currencies	Ongoing process	<ul style="list-style-type: none"> - Study conducted by WAMA on the issue - Recommendation of Committee of Governors requesting WAMA to work with WABA and commercial banks on the practical implementation modalities 	<ul style="list-style-type: none"> i. Establishment of a technical committee comprised of WAMA/WAMI/WABA ii. Field trips in East Africa to build on their experience in the region iii. Updating of the study on the Quoting and trading in domestic currencies with proposal of a scheme and a realistic timetable iv. Presentation of the study to the WAMA governing bodies v. Finalization of the study, taking into account the guidelines provided by the Committee of Governors vi. Implementation of the proposed timeline for the validated study 	<p>1st quarter 2013</p> <p>2nd half 2013</p> <p>1st half 2014</p> <p>June 2014</p> <p>2nd half 2014</p> <p>From 2015</p>