

**WEST AFRICAN MONETARY AGENCY
(WAMA)**



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INTRODUCTION

The year 2007 was one of the most challenging in the annals of the West African Monetary Agency. The Agency faced certain administrative and financial problems that culminated in a change in management during the last quarter of the year. Notwithstanding the operational encumbrances, the activities of the Agency proceeded in accordance with the 2007 Work Programme, which had been designed to strengthen the Agency's core responsibility of monitoring the ECOWAS Monetary Cooperation Programme (EMCP). The Agency also initiated arrangements for winding-up its operations under the ECOWAS Multilateral Clearing Mechanism and Traveller's Cheque scheme in accordance with recommendation by the Committee of Governors.

In this regard, this report summarizes the activities undertaken by the Agency in 2007 in connection with the monetary cooperation programme and other related activities. It also provides a brief on arrangements made towards final termination of operations on the clearing mechanism and traveller's cheques scheme and, finally, outlines broad agenda for 2008.

1.0 THE ECOWAS MONETARY COOPERATION PROGRAMME (EMCP)

The major activity under the EMCP concerned the monitoring of the macroeconomic developments and performance of member countries under the convergence programme. In the normal discharge of its functions, the Agency undertook a number of missions and collaborated effectively with the ECOWAS Commission, the central banks and other institutions on issues of mutual concern. One major activity involved considerations on the possible fast-tracking of the single currency project following a directive in this respect by the Authority of ECOWAS Heads of State and Government. The relevant details of the Agency's activities and outcomes are provided below.

1.1 MULTILATERAL SURVEILLANCE MECHANISM

WAMA encountered some difficulties in the discharge of the multilateral surveillance function in 2007. In the first instance, the automation of the multilateral surveillance mechanism, which was expected to have commenced in the preceding year, was also delayed during the year under review.

Consequently, the intended installation of the VSAT equipment at the WAMA premises to provide telecommunication links with the central banks and other ECOWAS institutions could not be implemented as planned. It could be recalled that the ECOSTAT project, under which this computerization programme was originally to be financed, expired during the last quarter of 2005. Subsequently, the Community Computerization Centre of the ECOWAS Commission provided indications to reconsider the programme under the ECOWAN project. However, the relevant funding for the latter could not be released on schedule by the African Development Bank as the relevant feasibility study had not been completed by end-2007. Considering its importance, the Agency would continue to monitor developments and make relevant contacts as and when necessary to ensure commencement of the project in due course.

Furthermore, the agenda on the effective establishment of National Coordinating Committees (NCCs) in all member countries proceeded at a rather slow pace. Unfortunately, the forum for NCCs planned for the first quarter of 2007 by the WAMA/ECOWAS Joint Secretariat was delayed due to logistic reasons. However,

WAMA continued to maintain regular contacts with the identifiable members with the aim of ensuring necessary commitment for their continued operations. WAMA's initiatives in this respect were boosted by the opportunity to make presentations to the ECOWAS Parliament on the activities of WAMA in July 2007, whereby the Agency called on the parliamentarians to assist with the formulation of relevant legal instruments to facilitate the establishment and activities of NCCs in their respective countries.

The multilateral surveillance of WAMA also experienced a lull during the year under review. Contrary to the programmed schedule for two on-site assessment missions, the Agency could not perform this aspect of the surveillance function owing to financial constraints. Notwithstanding this problem, Agency continued to analyse the performance of member countries on off-site basis.

1.2 FAST-TRACKING OF THE ECOWAS SINGLE CURRENCY PROJECT

Following the directive of the Authority of ECOWAS Heads of State and Government at its summit held in Abuja in June 2007, calling for a review of the current two-track strategy with the aim of replacing it with a

single fast-track approach leading to the establishment of a common currency for West Africa, the WAMA/ECOWAS Joint Secretariat convened in Freetown in July 2007 to chart the way forward.

Under the auspices of the Joint Secretariat, WAMA subsequently prepared a background paper that highlighted the progress made since 2000 under the current two-stage approach. The paper underscored the fact that in spite of the significant successes achieved under the current strategy, realization of the ultimate single currency objective would be delayed unduly considering the time needed to allow for market interactions after conclusion of the WAMZ project in 2009 and, also, for subsequent negotiations for a merger between the WAMZ and UEMOA blocks. Giving credence to the need to accelerate the monetary cooperation programme and the fact that some countries have currently satisfied the basic requirements, the paper subsequently proposed the following three options, each of which could be implemented by 2010, subject to prior conclusion of relevant arrangements:

- ◆ Option I: Creating the ECOWAS Monetary Union on the basis of

prescribed eligibility quantitative and qualitative convergence criteria;

- ◆ Option II: Creating the ECOWAS Monetary Union by political fiat with no prior preconditions; and

- ◆ Option III: Creating the ECOWAS Monetary Union through accession by the non-UEMOA zone countries to the existing West African Economic and Monetary Union (UEMOA).

Option I would largely depend on the successes achieved under the current two-way step-by-step approach. Each of the fifteen ECOWAS member countries would be expected to join the proposed Monetary Union as separate States based on prescribed eligibility criteria and no country would be accorded any preferential treatment. It is also based on the assumption that the WAMZ project would proceed until 2009 with all its programmes, excepting the establishment of the West African Central Bank (WACB) and introduction of the eco (the proposed common currency of the second monetary zone). The paper further recommended that this option would require adoption of certain measures to sustain the achievements made on the convergence process, including harmonization of the diverse macroeconomic convergence criteria,

strengthening the quality of multilateral surveillance, introduction of sanctions to curtail non-compliance with the prescribed benchmarks and immediate establishment of the Community Central Bank.

Option II connotes an instant monetary unification of all the fifteen ECOWAS countries with effect from a mutually agreed date to be specified by the political and monetary authorities. It hinges on the conviction that the creation of a monetary union is basically a political decision based on the recognition of geographical and cultural interdependence, commonality of political destiny and the need for solidarity among countries. As such, macroeconomic convergence and policy harmonization would be considered ex-post rather than ex-ante. This option has the advantage of being the easiest way for achieving unification within the shortest possible time. However, the technical feasibility of this option appears doubtful owing to the rather divergent economic fundamentals between countries and instances of macroeconomic instability that cannot support the sustainability and credibility of the proposed single currency.

Option III would involve an agreement at the level of the authority of ECOWAS Heads of

State for members of the non-CFA zone countries to join UEMOA. Although this decision would largely be political, eligibility for accession would be based on macroeconomic, legal and other considerations. In this case, a central bank that adopts the CFA would only be transformed into a branch of BCEAO. The advantage of this option centres on the fact that UEMOA has the requisite technical ability to serve as the nucleus for an ECOWAS-wide monetary union. the certainty for macroeconomic stability for new entrants (as demonstrated by the price stability observed in UEMOA and the efficient monetary policy of BCEAO) and the relatively insignificant costs involved for the transition compared to the situation where the regional union were to be designed from scratch provide additional advantages. However, this option has some problems, relating to reservations about the monetary policy links with the French Treasury and the general conception that UEMOA and the CFA are appendages of the French colonial system in Africa.

1.3 STUDIES

During the year under review, the Agency planned to undertake the following four studies:

- Towards A Viable Currency Area In West Africa;
- The Impact Of Oil Price Fluctuations On the Macroeconomic Convergence process in ECOWAS;
- The impact of external shocks on the macroeconomic convergence process in ECOWAS;
- Review of the Study on the ECOWAS Exchange Rate Mechanism.

The first study was intended to review the options available for pooling together the divergent exchange rate arrangements in West Africa and generate the empirical basis for developing other appropriate policies and programmes to aid speedy realization of the monetary integration objective. The relevant terms of reference for this study, which was to be undertaken by a Consultant, was approved and advertised in 2007 in selected major newspapers in member countries. Unfortunately, no bids were received to enable commencement of the study. The Directorate subsequently decided to delay further actions on this study pending the

outcome of the ongoing considerations on the ECOWAS single currency project.

The second and third studies, designed to encompass different scopes of analyses, were intended to diagnose the effects of external shocks on the convergence process. Work on these studies is ongoing, expected to be finalized soon.

The fourth project was also intended to review the 2002 Exchange Rate Mechanism to provide the means for managing the exchange rate movements and convergence of the various currencies in West Africa in the interim period before commencement of the monetary union. Work on these assignments is in progress.

In addition to the above studies, the Agency is developing the terms of reference for a study on 'Capital Market Liberalization in ECOWAS'. The necessity of this study, which was proposed at one of the sessions of the WAMA/ECOWAS Joint Secretariat, is derived from the conviction that the liberalization of the financial policies of the individual countries would facilitate the free movement of financial assets across the region.

1.4 SENSITIZATION SEMINARS AND WORKSHOPS

WAMA organized two sensitization seminars in Bamako and Conakry on May 2 and July 9, 2007 respectively. These seminars formed part of an elaborate plan aimed at eliciting the commitment and ownership of the key stakeholders and general public to the monetary cooperation programme. The seminars, which hinged on the theme 'The Way towards the ECOWAS Single Currency', were attended by officials from the Central Banks, the Ministries of Finance, World Bank Country Offices, Commercial Banks, members of the Diplomatic and Consular Community, Chamber of Commerce, academia and the general public of the respective countries concerned. The presentations, which were highly useful, highlighted the status of implementation of various sub-programmes under the Monetary Cooperation Programme. These included, among others, Macroeconomic Convergence, Trade Liberalization Scheme, Capital and Financial Account Liberalization and the Multilateral Clearing Mechanism. Other facilitators also offered discourses on the roles of commercial banks under the integration process. After discussing the challenges militating against the smooth implementation of the programme, the

participants underscored the need for member countries to show their commitment to the integration process by complying with the required targets and protocols.

WAMA also had the opportunity of participating in two workshops on the development of ECOWAS database for the multilateral surveillance mechanism (ECOMAC) in Lomé from May 21- 26, 2007 and from July 30-August 1, 2007. These workshops were attended by experts from the national statistics offices, the ministries of finance, the central banks and the regional ECOWAS institutions handling various aspects of the monetary integration programme, that is, WAMI, UEMOA and the ECOWAS Commission. These workshops provided an opportunity for participants to review the status of implementation of the regional database project, familiarize themselves with its technical framework and underlying software, define modalities for introducing, updating and validating the database in member countries and assess the stability/robustness of the application in facilitating the preparation of convergence reports. It was indicated that the ECOWAS Commission envisaged to finalize and submit the relevant draft protocol to the ECOWAS

Authority for adoption in December 2007, after due review by the experts.

1.5 MEETINGS AND MISSIONS

- ❖ In discharging its functions, WAMA also organized a number of meetings and missions to member States and was invited to attend others. This section provides a summarized account of the various engagements in this area of activity:
- ❖ WAMA undertook two separate missions to Accra and Dakar from February 12-15, 2007. The purpose of these missions was to obtain preliminary information and data from the Research Departments of Bank of Ghana and BCEAO on studies undertaken in these countries on the impact of external shocks on their economies and to seek for their possible collaboration with WAMA on certain studies outlined for the year. In addition, the missions were also meant to review the work done by WAMI and BCEAO on payment systems within the WAMZ and UEMOA and other studies on the financial system so as

to help WAMA to identify the areas that require further studies.

- ❖ Under the multilateral surveillance mechanism, the WAMA/ECOWAS Joint Secretariat organized two meetings alternately in Nigeria and Sierra Leone during the year.
- ❖ The first meeting, scheduled from March 12-13 2007 in Abuja reviewed the status of implementation of activities in 2006 and planned a common work programme for 2007. In furtherance of the cordial collaborative effort between the two institutions, the secretariat outlined a number of activities aimed at deepening the statistical harmonization programme and operationalizing the National Coordinating Committees (NCCs). The meeting also agreed to undertake joint missions to member countries so as to expand the scope and relevance of the multilateral surveillance report. The meeting further examined the terms of reference on the proposed study on the money and capital market liberalization in ECOWAS, considered alternative sources of

- funding for the Joint Secretariat and reviewed the status of the WAMA VSAT interconnectivity programme aimed at enhancing its communication with ECOWAS institutions and central banks within the region.
- ❖ The second meeting of the WAMA/ECOWAS Joint Secretariat, which took place in Freetown from July 17-19, 2007, also reviewed the progress of activities outlined under the 9th EDF work plan and discussed the conclusions of the 32nd ordinary summit of the ECOWAS Heads of State held on June 15, 2007. The delegates also used this occasion to plan sensitization seminars in selected member countries and a training programme for the NCCs and Joint Secretariat staff. This meeting also provided an opportunity for the Joint Secretariat to strategize on the Authority's directive regarding the ECOWAS Single Currency Project.
 - ❖ To signify the importance of the ECOWAS/WAMA Joint Secretariat meeting and activities, the new ECOWAS Commissioner in charge of Macroeconomic Policy visited WAMA from July 23-24, 2007 in Freetown. In addition to familiarizing himself with the operations of WAMA, the Commissioner discussed the recommendations of the ECOWAS/WAMA Joint Secretariat meeting which had taken place during the preceding week. The key issues on the agenda of the Commissioner included the ECOWAS single currency project, need for harmonization of the divergent macroeconomic convergence criteria of the three monetary integration groupings in West Africa and modalities for strengthening the NCCs and the areas of cooperation between WAMA and ECOWAS. The Commissioner also used this opportunity to meet the management of the National Coordinating Committee in Freetown, during which they exchanged views on their activities and operational problems.
 - ❖ Within the framework of enhancing its relations with sister institutions, WAMA organized a two-day mission to the UEMOA Commission in

Ouagadougou, Burkina Faso from August 8-9, 2007. The exchanges with the Commissioner and other officials of the Department of Economic Policy centred on a number of issues of mutual concern, including: the macroeconomic performance of member countries, the statistical harmonization programme, extension of the liberal policies on the free movement of goods and persons to all ECOWAS countries, the organization of the multilateral surveillance in UEMOA, the need to expand the responsibilities of NCCs in UEMOA by amending relevant legal provisions and the directive of the ECOWAS Heads of State regarding the review of the two-way approach and need for acceleration of the monetary integration process. WAMA and UEMOA also used this occasion to discuss modalities for enhancing the level of cooperation between the two institutions, particularly, regarding the exchange of data and documents. This meeting underscored the need for the two institutions to sustain the current cordial and fruitful collaboration

between them. To this end, it was agreed that a working document defining the relevant areas for cooperation between the two institutions should be prepared as soon as possible.

- ❖ WAMA was also invited, among other community institutions, to address the 1st ordinary session of the second legislature of the ECOWAS Parliament from May 15-30, 2007 at the ECOWAS Commission in Abuja. The ECOWAS Parliament had invited the relevant institutions in furtherance of the recent restructuring exercise of community institutions in an attempt to help maximize the synergy among these institutions. Consequently, WAMA made a presentation on its activities and operational challenges. In particular, WAMA used this opportunity to explain its role and highlighted the need for the parliamentarians to assist WAMA in establishing the National Coordinating Committees, a key body of the multilateral surveillance mechanism.

- ❖ Within the framework of its statistical harmonization programme, the ECOWAS Commission invited WAMA to a meeting of regional committees on the National Accounts and Consumer price Index from July 25-27, 2007 in Lomé. The objective of this meeting was to review the implementation of the medium term programmes and assess the capacity of the national statistical offices for the implementation of the relevant programmes. The participants underscored the need for member countries to accelerate the statistical harmonization programme.
- ❖ As part of its restructuring exercise, WAMA organized a meeting of its Operations and Administration Committee at its headquarters in Freetown, Sierra Leone from June 25-27, 2007. The meeting considered three major issues concerning: draft integrated conditions of service for staff, draft of a new organizational structure for WAMA and a memorandum on the participation of the Ministries of Finance in WAMA's statutory meetings. Of particular interest, the participants underscored the need to expand the organizational span from the current one-department structure to two major areas of activity (comprising Research and Multilateral Surveillance department and banking Regulation and Payments System Department) to enable the Agency discharge its functions effectively. In this regard, the meeting also agreed on the need for WAMA to strengthen its human resources capacity in the areas of research, banking supervision and payments system development.
- ❖ The Association of African Central Banks (AACB) invited the Agency to participate in its 31st ordinary assembly organized in Tripoli, Libya on August 15, 2007. In a symposium on the "Microfinance, Savings and Credit Unions in Poverty Alleviation", which preceded this assembly, the Governors underscored the critical role that a well-developed financial system plays in ensuring access to financial services and indicated that microfinance institutions can contribute to poverty alleviation

provided some weaknesses, including high interest rates, are addressed. The Assembly appreciated the progress made by the five sub-regional groupings in the implementation of the African Monetary Cooperation Programme (AMCP) and took note of a directive from the leader of the Alftah Revolution, Brother Muammer Alghdafi, regarding the need for immediate establishment of the certain African financial institutions. They subsequently agreed to form a joint committee between the AACB and the African Union to reconcile their strategies for the establishment of the African Central Bank and to advise on the formation of the African Investment Bank and African Monetary Fund. The Governors further requested the sub-regions to implement payments system harmonization at their regional levels and report progress at the AACB annual meetings. As part of its deliberations, the Assembly elected Mr. Farhat O. Bengdara, Governor of the Central Bank of Libya, as its Chairman for the 2007/2008 financial year and noted the designation by

BCEAO of Mr. Samuel Méango as the Executive Secretary of the Association.

- ❖ Following the call by the Authority of Heads of State for a review of the current two-track monetary integration approach, the ECOWAS Commission convened a technical meeting comprising WAMA, WAMI and UEMOA from September 25-27, 2007 in Accra to consider the issue at stake. In presenting their respective memoranda, the participating institutions underscored the sluggishness of current fast-track approach and presented various options aimed at accelerating the regional monetary integration process. Subsequently, the meeting recommended three options with the view to having a single approach to the establishment of a common currency in West Africa, namely, the big bang, purely gradual and critical mass approaches, each of which may commence in December 2009. However, the participants preferred the critical mass option due to its superiority over the other options in the sense that it had the advantage

of involving the major economies in West Africa.¹ In order to ensure the future sustainability of the proposed monetary union, the meeting suggested the need to establish credible and strong financial institutions, agree to a Growth and Stability Pact and institutionalize joint multilateral surveillance missions, comprising the regional institutions mandated to implement the monetary cooperation programme in West Africa.

- ❖ As a follow-up to the technical meeting on the region institutions on the ECOWAS single currency project held in Accra from September 2-27, 2007, the ECOWAS Commission invited WAMA to the extra-ordinary meeting of the Convergence Council on October 9, 2007. The meeting considered the report of the meeting Technical Committee, which preceded that of the Council. Whilst favouring the critical mass option, the Convergence Council endorsed a recommendation of the Technical

¹ Under this option, monetary integration will commence provided that the 'critical mass' of countries constituting at least 75 % of ECOWAS GDP satisfy the convergence criteria.

- Committee on the need for a feasibility study to determine the best choice, taking into consideration the other options proposed by the regional institutions, and to suggest a precise chronological programme towards the single currency objective. In this regard, the Council directed the ECOWAS Commission to develop an appropriate terms of reference in collaboration with the regional institutions, propose eligible consultants for the study and submit a progress report to the Authority of ECOWAS Heads of State and Government as soon as possible.
- ❖ The Agency also participated in the biannual WAMZ statutory meetings organized by the West African Monetary Institute (WAMI) in May and November 2007 in Abuja and Conakry respectively. These meeting were scheduled to consider a proposal on trading with WAMZ currencies in member countries and assess the performance of member countries towards the achievement of the second monetary union in West Africa by December 1, 2009. After considering the relevant issues at the meeting held in Conakry in

November 2007, the Convergence Council urged its member countries to demonstrate their commitment to the monetary integration project by ensuring the ratification and domestication of relevant statutes, intensifying sensitization and adopting fiscal responsibility acts as strategies for ensuring fiscal prudence. The Council further adopted uniform standards for Cheques, automated processing procedures and also approved trading with the domestic currencies across national borders, as a purely private sector initiative without the involvement of the Central Banks.

1.6 MULTILATERAL CLEARING AND TRAVELLERS CHEQUES SCHEME

Following the collapse of the ECOWAS Multilateral Clearing Mechanism and Travellers Cheques Scheme, the Committee of Governors, at its 34th ordinary meeting held in Ouagadougou in December 2006, directed WAMA to disengage itself from the operational management of these activities. In this perspective, WAMA was requested to undertake studies with a view to proposing

an alternative payments system that would incorporate modern technical innovations, in conformity with current economic realities of the West African region.

In compliance with this directive, WAMA suspended the monthly calculation of interest on the debit and credit positions of member central banks. In addition, the Agency continued the withdrawal exercise commenced in the preceding year with the destruction of the cheque stocks held by the central banks of Nigeria, the Gambia and Sierra Leone.

Following the clearance of the long-outstanding debts among the major participating banks in November 2006, the Agency is currently finalizing the relevant reconciliation statements of the accounting records to facilitate official termination of the mechanism by the Committee of Governors. Meanwhile, the Agency is considering the terms of reference on modalities for harmonizing the existing payments mechanisms within the region.

2. MACROECONOMIC DEVELOPMENTS IN 2007

This section describes the macroeconomic developments and the other two zones (UEMOA and WAMZ).

2.1 ECOWAS

This section reviews the level of macroeconomic performance within ECOWAS. This analysis help set light on the general convergence situation within the region. The dominant effect of Nigeria has also been isolated for the ECOWAS-wide and WAMZ zones

2.1.1 Economic, Financial and Monetary Situation

In 2007, economic activity in Member State of the Economic Community of West African States (ECOWAS), as indicated above, was conducted within an international context, relatively unfavourable for most members and marked by renewed pressures on consumer prices in many developed countries and growing uncertainties about economic prospects. On the internal front, the economic and financial situation of most Member States was characterized by poor results recorded during the 2007/2008 farming season and pressures on prices of essential commodities. Besides, the persistent slow pace in the implementation of

structural reforms affected the revival of productive investments. Progress made in resolving the social and political crisis in Cote d'Ivoire, Guinea Bissau, Guinea and Togo helped in re-establishing links with Bretton Woods institutions, even though the case of Guinea remained challenging.

2.1.1.1 Real Sector

Generally, economic recovery efforts deployed by Member States did not yield the expected results due to the persistence of a series of constraints. Economic activity continued to reel under the effects of the vagaries of the weather and rising commodity prices on the world market. Furthermore, the energy crisis prevailing in several member countries had an adverse effect on economic growth and inflation.

a. Production

In spite of the difficult international environment, economic growth within the Economic Community of West African State was 5.4% in 2006, a rate well below that of 2005 but this rose to 5.5% in 2007 is expected to reach 7.9% in 2008. Within the West African Economic and Monetary Union (UEMOA- Benin, Burkina Faso, Cote d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo) economic activity continued to be

adversely affected by the political unrest in Cote d'Ivoire, the main economy of the Union. The Union's economic growth stagnated at 2.9% in 2007. Benin, Guinea Bissau, Senegal and Togo experienced a recovery in economic activity in 2007 whilst the Ivorian economy recorded a slight pick up. Among the five WAMZ members (Gambia, Ghana, Guinea, Nigeria and Sierra Leone), Nigeria, by far the most important economy, recorded a GDP growth rate of 6.4% in 2007 against 6.2% in 2006 as a result of a slowdown in oil production in the Niger Delta. According to projections for Nigeria in 2008, there would be an accelerated growth of 9.1% as a result of higher oil prices as well as an increase in production. Performance in Guinea did not improve in 2007 (1.8% against 2.4% in 2006) while for Ghana, Sierra Leone and Gambia, the

growth rates fell below those of 2006, growing by 6.2; 6.8 and 6.3 percent respectively.

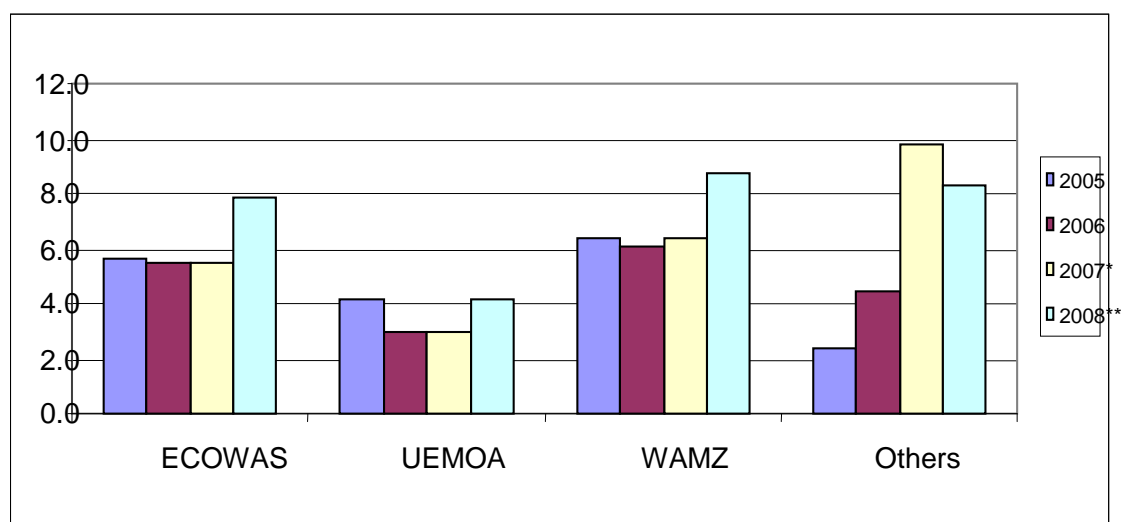
For 2008, prospects indicate a growth rate of 7.9% on the assumption that weather conditions would be favourable and social and political tensions would ease. Besides, ongoing negotiations with Bretton Woods institutions could lead to the conclusion of a Poverty Reduction and Growth Facility in Cote d'Ivoire and in Togo. In most Member States, a higher growth is expected. However, some uncertainties are weighing down on these prospects. These include difficulties in the cotton sub sector in most Member States, the high level of petroleum prices and hikes in prices of imported food products as well as the depreciation of the dollar against the euro.

Table 2.1: Real GDP Growth rate in ECOWAS Member States

	2002	2003	2004	2005	2006	2007*	2008**
ECOWAS	3.7	6.8	5.1	5.7	5.4	5.5	7.9
UEMOA	1.3	3.1	2.8	4.1	2.9	2.9	4.2
BENIN	4.4	3.9	3.1	2.9	3.8	4.2	5.4
BURKINA FASO	4.6	8.0	4.6	7.1	5.5	4.3	4.5
COTE D'IVOIRE	-1.6	-1.7	1.6	1.8	1.2	1.5	2.9
GUINEA BISSAU	-7.1	0.6	3.2	3.8	1.8	2.5	4.0
MALI	4.3	7.6	2.3	6.1	5.3	1.5	4.7
NIGER	5.8	3.8	-0.8	7.4	5.1	3.1	4.9
SENEGAL	1.2	6.7	5.6	5.3	2.1	5.0	5.4
TOGO	-0.2	4.8	2.5	1.3	1.8	2.5	3.8
WAMZ	4.6	8.8	6.3	6.4	6.1	6.3	8.8
GAMBIA	1.3	7.4	6.6	2.1	6.7	6.3	7.0
GHANA	4.5	5.2	5.6	5.9	6.4	6.2	7.0
GUINEA	4.2	1.2	2.3	3	2.4	1.8	4.5
NIGERIA	4.6	9.6	6.6	6.5	6.2	6.4	9.1
SIERRA LEONE	6.5	10.7	9.6	7.5	7.3	7.0	6.5
Others	6.2	2.4	4.5	9.8	7.7	8.3	6.2
CAPE-VERDE	5.1	5.3	4.7	5.8	10.8	6.9	7.7
LIBERIA	7.8	-1.9	-2.8	1.4	7.8	9.4	9.5

Sources: BCEAO, WAMA, WAMI and IMF * = estimate; **=provisional

Figure 2.1: Real GDP Growth Rates in ECOWAS Member States

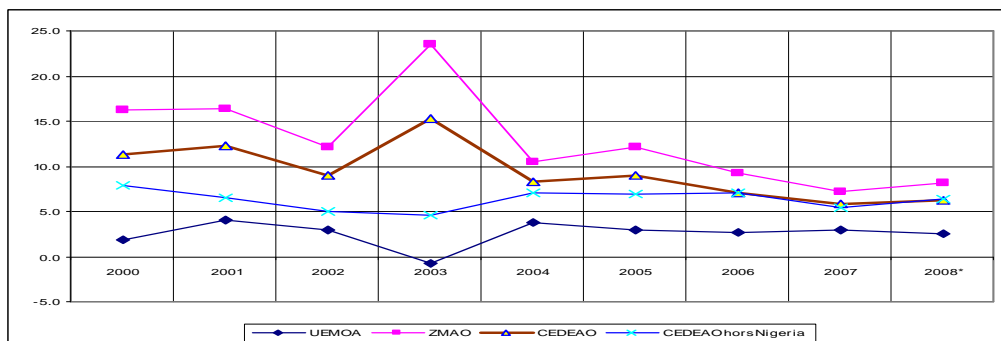


b – Inflation

The average inflation rate fell in 2007 to 5.8% from (7.1%) in 2006. In many UEMOA countries, the increase in food prices –due to drought which caused a food crisis in the region – as well as the hike in fuel prices had a negative effect on inflation. The average inflation rate went up slightly from 2.7% to 2.9% in 2007. However, UEMOA countries with a currency tied to the Euro continued to enjoy lower inflation rate compared to West African Monetary Zone (WAMZ) countries

which all recorded rates above or equal to 5% with the exception of Gambia. However, inflation within WAMZ fell between 2006 and 2007 from 9.2 to 7.2% and on individual basis, from 39.1% to 12.8% in Guinea; from 8,5 to 6,6 percent in Nigeria ; from 10.9 to 12.8 percent in Ghana ; from 9,5 to 11.7 percent in Sierra Leone ; and from 1.4 to 1.7 per cent in Gambia. Projections for 2008 target a net drop in inflation, particularly in Ghana and Guinea (See graph below).

Figure 2.2: Inflation Rate (end of period) – ECOWAS



Sources: BCEAO, WAMA, WAMI and IMF

2.1.1.2 Public Finances

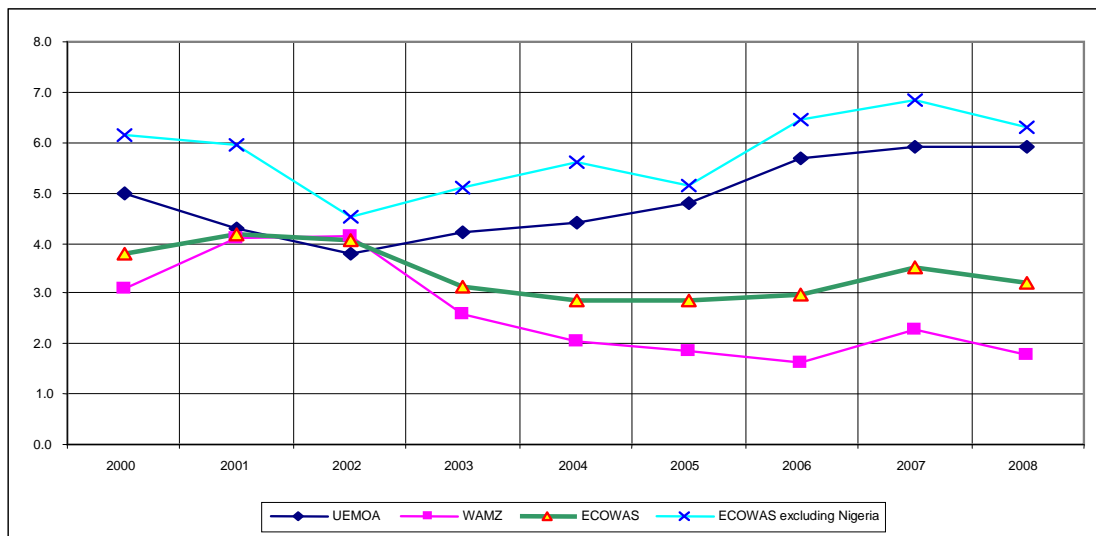
The budget deficit (excluding grants) of four countries in the region (Burkina Faso, Cape Verde, Guinea Bissau and Ghana) deteriorated in 2007. Gambia, Benin, Guinea and Cote d'Ivoire were however able to limit substantially their deficits. In spite of a marginal improvement, two countries recorded a deficit above 4% of GDP (Sierra

Leone and Senegal). The other five countries of the community experienced a marginal deterioration compared to 2006. The overall deficit excluding grant of ECOWAS widened from 3.0% to 3.5% of GDP between 2006 and 2007. Projections for 2007 and 2008 indicate stabilization or an improvement of this budget deficit. In 2008, the ratio of budget revenue is expected to increase from 15.7% to 17.1% of GDP. This trend would be

observed all in zones and would depend on the implementation of administrative measures aimed at expanding the tax net as well as the tax transition programme. Total expenditure and net borrowings would

increase slightly. This growth in public expenditure would be due mainly to capital expenditures since the wage bill is expected to fall. Thus, the overall deficit excluding grant would be 3.2%. (See graph below).

Figure 2.3: Budget Deficit – ECOWAS



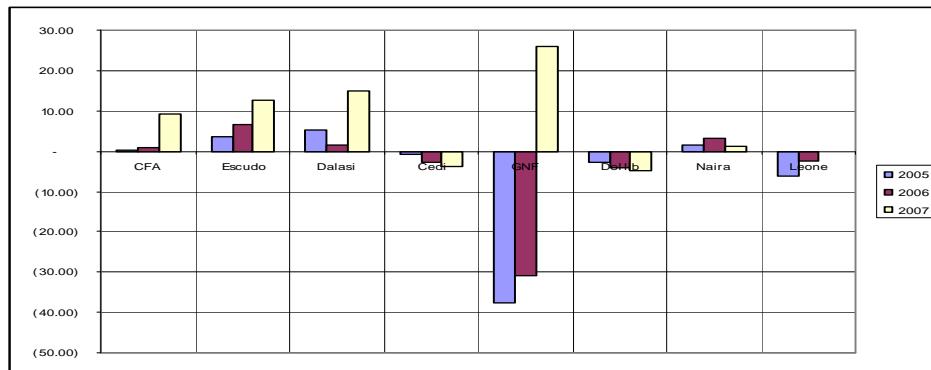
Sources: BCEAO, WAMA, WAMI and IMF

2.1.1.3 External Sector

On the international exchange market, the dollar remained weak throughout the year, depreciating against almost all the major currencies. All currencies within ECOWAS

appreciated against the US dollar except the Cedi and Liberian Dollar. This trend is attributed to macroeconomic readjustments carried out in some countries.

Figure 2.4 Variation in nominal exchange rates in ECOWAS



Sources: BCEAO, WAMA, WAMI and IMF

Concerning external trade, eleven West African Countries recorded trade deficits between 4 and 14% of GDP in 2007. Only Nigeria, Côte d'Ivoire and Mali achieved better results. The average trade balance of the region was dominated by Nigeria where the surplus gained in 2007 (8% of GDP) was below that of 2006 (nearly 12%). The situation would hardly change in most of the countries that recorded deficits. In fact, the current account balance would settle at 9.4%

of GDP against 14.2% in 2006. This surplus is due to an improvement in the trade balance and net revenues. The surplus on the capital and financial operation accounts would diminish owing to the downward trend in direct investments, portfolio investments and other investments. In fact, compared to 2007, direct investments especially in the petroleum, mining and telecommunication sectors would decline in 2008.

Table 2. 2: Current Account Balance as a percentage of GDP – ECOWAS

	2002	2003	2004	2005	2006	2007 *
ECOWAS	-0.7	4.8	11.6	16.3	14.2	9.4
UEMOA	-1.2	-3.5	-4.9	-6.3	4.2	-5.8
BENIN	-2.8	-6.5	-7.1	-5.2	-4.6	-9.1
BURKINA FASO	-9.2	-8.5	-10.4	-11.3	-9.0	-8.3
COTE D'IVOIRE	6.7	2.1	1.6	0.2	2.7	1.3
GUINEA BISSAU	10.7	24.3	4.8	-3.4	-12.5	-2.4
MALI	-4.1	-6.4	-8.2	-8.0	-3.6	-8.0
NIGER	-8.2	-7.9	-8.0	-9.4	-9.8	-10.6
SENEGAL	-6.4	-6.4	-6.4	-7.8	-9.4	-10.2
TOGO	-9.5	-9.2	-10.6	-21.8	-15.6	-15.6
WAMZ	-0.4	9.2	20.1	28.0	19.6	17.3
NIGERIA	-4.0	5.7	21.1	27.3	18.9	16.3
GHANA	-0.5	4.0	-3.6	-7.2	-4.5	-4.5
GUINEA	-4.3	-2.3	-4.8	-5.7	-7.9	-11.9
SLEONE	-15.2	-9.9	-4.9	-9.1	-5.3	-5.3
GAMBIA	-3.3	-4.4	-8.6	-16.9	-14.2	-14.2
Others	-0.3	-7.4	-7.4	-7.4	-7.4	-7.4
CAPE VERDE	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
LIBERIA	-0.5	-14.7	ND	ND	ND	ND

Sources: BCEAO, WAMA, WAMI and IMF

The external debt of all ECOWAS countries was estimated at 16.9% of GDP in 2007 against 17% in 2006. This reduction is attributed largely to the decrease in Nigeria's debt which fell from 60% in 2002 to 4.1% in 2007. Guinea Bissau, Gambia, Liberia and Sierra Leone recorded percentages above 70% of GDP.

In terms of GDP, countries that had the largest stock of debt were Guinea Bissau

(273.7%); Gambia (109.7%); Sierra Leone (85.4%); Guinea (74.7%) and Togo (67.4%). Besides, six out of the fifteen ECOWAS Member States are considered as heavily indebted.

On the whole, the overall external debt of ECOWAS countries seemed to be sustainable and this is due to the positive effects of the HIPC initiative. The aim of this initiative is to adapt debt servicing (including

multilateral debt) to the repayment capacities to ensure the viability of their current transactions account.

On zonal basis, outstanding external debt stood at 32.5% of GDP for UEMOA and 8.4% of GDP for WAMZ and 63% for other countries. Within UEMOA, the level indebtedness remained very high for the

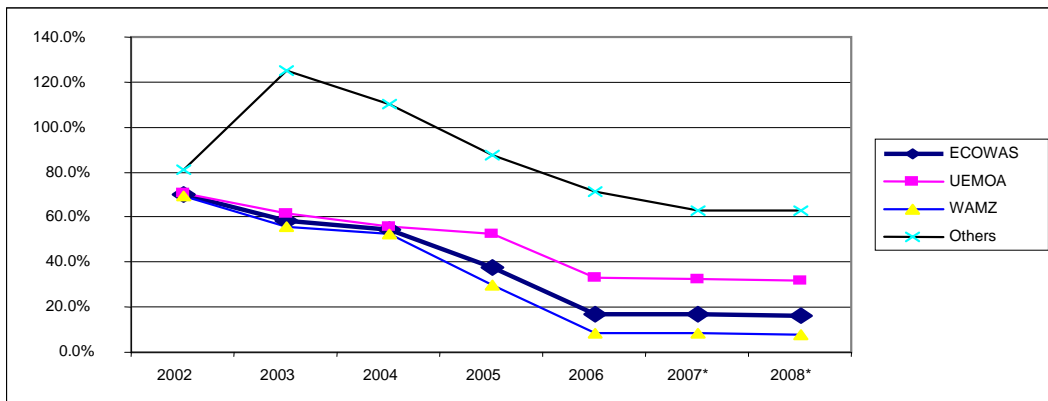
three countries that are not benefiting from the HPIC and Multilateral Debt Relief Initiatives. The external indebtedness rate is 46.6% for Cote d'Ivoire, 273.7% for Guinea Bissau and 67.4% for Togo. With regard to WAMZ countries, outstanding debt remained high for Gambia, Sierra Leone and Guinea. It was also high for Liberia and much less for Cape Verde

Table 2.3: External Debt - ECOWAS (in% of GDP)

	2002	2003	2004	2005	2006	2007*	2008*
ECOWAS	69.9	58.4	54.3	37.8	17.0	16.9	16.1
UEMOA	70.4	61.3	55.5	52.3	33.1	32.5	31.6
BENIN	48.1	40.3	38.6	40.0	14.9	15.6	16.3
BURKINA FASO	42.3	37.2	37.0	39.5	16.1	19.0	21.4
COTE D'IVOIRE	76.9	68.7	60.8	54.1	49.1	46.6	42.0
GUINEA BISSAU	344.4	352.4	324.7	300.7	287.9	273.7	263.7
MALI	79.3	67.1	64.5	61.3	25.1	26.5	28.3
NIGER	78.5	63.7	58.0	54.5	15.2	17.3	19.1
SENEGAL	61.7	50.9	44.0	42.6	18.0	17.1	18.5
TOGO	87.1	89.4	76.3	73.7	68.6	67.4	65.2
WAMZ	69.5	55.9	52.8	29.8	8.1	8.4	7.7
NIGERIA	60.5	53.1	49.9	21.7	3.4	4.1	4.0
GHANA	117.7	72.2	72.2	63.5	22.3	24.6	26.7
GUINEA	94.9	37.7	31.1	109.4	112.8	74.7	69.3
SLEONE	183.8	150.2	138.6	129.7	96.4	85.4	85.4
GAMBIA	134.6	145.5	131.0	119.0	127.7	109.7	109.7
Others	81.1	125.1	110.3	87.3	71.2	63.2	63.0
CAP – VERT	61.8	61.8	57.1	48.5	45.1	42.1	42.0
LIBERIA	100.4	188.4	163.5	126.1	97.3	84.2	84.0

Sources: BCEAO, WAMA, WAMI and IMF

Figure 2.5 : External Debt Trends



2.1.1.4 Monetary Sector

The monetary situation of the Union at end of December 2007, compared to that of end December 2006, was marked by an accelerated growth in money supply, fuelled by both a rise in domestic credit and a strengthening of net external assets of monetary institutions. At the UEMOA level, net external assets of monetary institutions grew by 776.7 million. This increase is partly attributed to the sale of part of government shares in Office National des Telecommunication (ONATEL) to a strategic partner at an amount of 144.3 billion and the implementation of the compensation agreement between the Ivorian Government and TRAFIGURA involving an amount of 95.0 billion. It is also due to efforts made by the Central Bank to ensure the repatriation of export earnings. Outstanding domestic debt

grew by 12.6%, in line with the increase in credits to the economy, partially offset by a downward trend in net credits to States. This reflects the 14.9% increase in ordinary credits and the 9.0 billion or 5.6% drop in seasonal credits. The upward trend in ordinary credit stems mainly from the support granted some companies operating in the energy and telecommunication sectors as well as the strengthening of short term credits held by banks on account of some companies undergoing restructuring. In tandem with trends in its counterparts, money supply expanded by 19.0% to settle at 8 535.2 billion at end of 2007. This expansion in liquidity is fuelled by deposit which increased by 21.2% and currency circulation which rose by 14.1%, that is 1 049.8 billion and 314.6 billion respectively.

With regard to WAMZ countries, the growth in money supply was 39.2% compared to 40.7% in 2006. Before this development, broad money registered 17.7% and 17.8% in 2004 and 2005 respectively. The expansion in broad money during 2007 was due to the higher increase in net domestic assets than net foreign assets. This development could be explained by the rapid growth in credit to the private sector in Nigeria and Ghana. In general, credit to the government declined in

member countries, especially due to the implementation of prudent fiscal policies, which help to eliminate ways and means advances to the government and reduced credit by the banking system to the public sector. The improvement in fiscal performance and better treasury management equally permitted the increase in allocation of credit to the private sector

Table 2.4: Variation in Money Supply - ECOWAS

	2002	2003	2004	2005	2006	2007*
ECOWAS	18.31	18.51	13.40	20.08	25.34	27.79
UEMOA	16.0	2.9	5.8	7.6	11.4	19.0
BENIN	-6.5	10.1	-9.4	22.4	18.0	19.8
BURKINA FASO	2.9	16.4	0.2	18.0	10.1	23.6
COTE D'IVOIRE	30.6	-6.6	1.7	-9.1	10.3	10.3
GUINEA BISSAU	22.8	14.4	19.2	-55.5	5.3	24.8
MALI	28.5	21.9	11.9	-16.2	8.8	11.8
NIGER	-0.4	-13.3	19.1	6.6	16.2	23.2
SENEGAL	7.6	14.6	12.8	8.2	11.9	12.6
TOGO	-2.5	6.2	16.6	2	22.7	16.8
	19.35	26.47	16.95	26.28	32.35	32.27
WAMZ						
NIGERIA	15.8	24.1	14.0	24.4	30.6	30.9
GHANA	50.0	37.8	25.9	14.3	38.8	36.3
GUINEA	18.4	34.7	35.9	37.2	59.4	4.8
SLEONE	29.6	21.9	20.1	31.3	21.5	21.5
GAMBIA	27.7	43.0	18.3	13.1	26.2	26.2
OTHERS	25.80	8.45	29.90	23.10	22.45	22.45
CAPE VERDE	14.8	8.6	10.5	10.50	10.50	10.50
LIBERIA	36.8	8.3	49.3	35.7	34.4	34.4

Sources: BCEAO, WAMA, WAMI and IMF

With regard to interest rates, they followed different trends depending on the zone and nature of the interest rate. In the CFAF zone, bank conditions were not restricted. Thus,

debit rate were freely fixed between parties within the limits of the ceiling rate. The ceiling rate is pegged at 18.00% per annum for loans granted by banks and at 27.00% for

loans granted by financial institutions, mutual funds or savings and loans cooperatives, other decentralized financial systems and for all other economic operators. Credit rates are also unrestricted with the exception of returns on small saving fixed at 3.5% for savings book accounts. The rate of return on fixed deposits and savings bonds to the tune of 5, 0 million at the limit and for periods not exceeding one year was set at 2.95%, being the monthly money market rate minus 2 points. With the exception of the Naira, in all

other countries, small savings attracted interest rate higher than those of the CFA zone, even though there was downward trend. The interest on small savings ranged between 2% (Naira) and 14.7% (GNF). Returns on Treasury Bills varied between 4.5% (CFA) and 21.4% (GNF). With regard to returns on commercial loans, Ghana had the highest rate. In fact, this trend in interest rate went hand in hand almost with the inflationary trend.

Table 2.5 - Trends in Interest Rates - ECOWAS

ZONES	INTEREST RATES	2002	2003	2004	2005	2006	2007
CFA	Savings	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
	Commercial loans	Liberalized	Liberalized	Liberalized	Liberalized	Liberalized	Liberalized
	Treasury Bills	4.1%	3.4%	3.1%	3.7%	4.5%	4.5%
Escudo	Savings	7.9%	6.4%	6.3%	6.3%	6.3%	6.3%
	Commercial loans	13.9%	13.5%	13.5%	13.5%	13.5%	13.5%
	Treasury Bills	6.5%	7.6%	5.6%	5.6%	5.6%	5.6%
Dalasi	Savings	8.0%	8.0%	10.0%	5.0%	5.0%	5.0%
	Commercial loans	20.5%	28.8%	28.8%	21.8%	14.0%	13.3%
	Treasury Bills	20.0%	31.0%	34.0%	16.0%	12.8%	12.8%
Cedi	Savings	13.00%	9.75%	9.5%	6.4%	4.8%	4.8%
	Commercial loans	38.50%	32.75%	28.8%	26.0%	24.3%	24.3%
	Treasury Bills	26.28%	18.1%	16.4%	11.4%	9.9%	9.9%
GNF	Savings	7.40%	6.50%	8.4%	14.7%	14.7%	14.7%
	Commercial loans	21.25	21.25	21.25	27.25	27.25	27.25
	Treasury Bills	13.36%	13.36%	12.2%	23.9%	22.3%	21.4%
Lib Dollars	Savings	5.0%	3.55%	3.4%	2.80%	2.70%	2.70%
	Commercial loans	15.0%	17.0%	18.4%	15.9%	15.3%	15.3%
	Treasury Bills	nd	nd	nd	nd	nd	Nd
Naira	Savings	2.5%	3%	2.0%	1.5%	2%	2%
	Commercial loans	25.70%	19.58%	18.9%	17.8%	17.3%	17.3%
	Treasury Bills	13.8%	14.5%	14.4%	10.8%	7.5%	7.8%
Leone	Savings	4.0%	4.0%	6.0%	5.5%	5.5%	5.5%
	Commercial loans	25.0%	25.0%	27.0%	27.0%	27.0%	27.0%
	Treasury Bills	14.7%	20.20%	27.3%	20.4%	14.2%	14.2%

Sources: BCEAO, WAMA, WAMI and IMF

2.1.2 Status of Convergence in ECOWAS

During the period under review, three of the primary criteria were met at the ECOWAS level, thus maintaining the same level of achievement (of three primary criteria) since 2002. As shown in the table below, by end-2007, the zone marginally missed the inflation criterion (5.8%), while budget deficit, gross external reserves and central bank financing remained within the prescribed targets. Zonal inflation rate dropped from 7.1 percent in 2006 to 5.8 percent by end-2007, although this was expected to rise to 6.3 percent by the end of 2008. Gross official reserves remained at 12.1 months of import cover during the period, thus maintaining the level obtained in 2006.

An attempt was also made to isolate the effect of Nigeria, which forms more than 50% of ECOWAS GDP. Removing Nigeria from ECOWAS, only one criterion (central bank financing of budget deficit) was satisfied during the period under review. Whereas external reserves were marginally missed at 5.9 months, the fiscal deficit position widened at 6.8%. Inflationary pressures improved slightly with the exclusion of Nigeria. The details of the regional primary criteria at the level of ECOWAS are presented in the table below.

Table 2.6: Status of Macroeconomic Convergence in ECOWAS

Primary Criteria/ Period	2000	2001	2002	2003	2004	2005	2006	2007	2008
Budget Deficit/GDP \leq 4%	3.8	4.2	4.0	3.2	2.8	2.9	3.0	3.5	3.2
Less Nigeria	6.1	5.9	4.5	5.2	5.5	5.1	6.4	6.8	6.3
Inflation \leq 5%	11.3	12.3	9.0	15.3	8.3	9.0	7.1	5.8	6.3
Less Nigeria	7.8	6.6	5.0	4.6	7.1	6.9	7.0	5.4	6.4
Central Bank Budget Deficit Financing \leq 10% T-1	3.4	17.6	1.0	7.5	0.4	-0.1	0.8	0.8	0.3
Less Nigeria	10.9	1.4	3.9	2.3	2.1	-0.7	4.5	2.3	0.8
Gross External Reserves \geq 6	10.4	9.4	7.4	6.3	10.9	10.0	12.1	12.1	13.1
Less Nigeria	5.4	6.2	6.9	6.9	6.5	5.2	5.1	5.9	6.4
No of criteria met	3	1	3	3	3	3	3	3	3
Less Nigeria	0	2	3	2	2	1	1	1	1

Source: WAMA

2.2 UEMOA

2.2.1 Economic, Financial and Monetary Situation of UEMOA in 2007

2.2.1.1 Real Sector

a) Production

Economic activity within the Union remained more or less stagnant. It recorded a growth rate of 2.9% in 2007 as in 2006. This situation is attributed mainly to performance in Benin, Senegal and Togo which benefited from a recovery in the primary sector, an upturn in the industrial sector and dynamism in the tertiary sector but also to the decline in growth recorded in Burkina Faso, Mali and Niger. For Sahelian countries, the slow down is due largely to results in the food production sector and counter performances in cotton production, especially in Burkina Faso and Mali.

b) Inflation

Annual inflation rate was 2.9% compared to 2.5% in 2006. According to UEMOA's Report, a review based on type of consumption revealed that prices increases affected foodstuffs, educational services and "housing, water, gas, electricity and other fuels" sub sector. Average annual level of foodstuffs prices rose by 4.0% mainly as a result of a hike in food prices on the

international market. On the contrary, there was a 3.3% drop in the prices of telecommunication services. As regards transport services, they recorded a moderate increase of 0.8% as hikes in oil prices on the international market were not systematically passed on to the ex-pump price. All the countries recorded inflation rates below the community standard with the exception of Senegal (6.1%). The inflation rate ranged between 4.7% (Niger) and 0.3% (Benin) for the other countries.

2.2.1.2 Public Finances

The public finance situation was marked uneven growth in the main budget balances. Budget revenue grew by 11.8% to account for 17.9% of GDP against 17.1% of in 2006. With regard to tax revenue, it went up by 10.5% leading to an improvement in the tax pressure rate which stood at 15.7% against 15.2% in 2006. The expansion in tax revenue is due to efforts made by financial authorities to collect taxes. As regards non tax revenue, it grew by 31.4% to represent 2.0% of GDP against 1.6% in 2006 in view of their significant growth in Benin, Cote d'Ivoire, Mali and Senegal. This increase is due to dividends paid by mining companies in Mali and revenue accruing from mobile telephone

licensing. Concerning grants, they grew by 26.7% and accounted for 2.0% of GDP against 1.7% in 2006. Grants increased significantly in all countries except Guinea Bissau. This is attributed to the implementation of poverty reduction strategies and a gradual resumption of external assistance in Cote d'Ivoire and Togo.

Total expenditure and net borrowing grew by 13.9% and accounted for 23.7% of GDP against 22.3% in 2006. This growth which was recorded in all Member States except Togo was fuelled by the two expenditure components.

In fact, current expenditures expanded by 8.6% due to the increase in operational expenditures and the wage bill. The rise in the wage bill stems from new recruitments in some countries and payment of back pay to civil servants in several countries. Capital expenditures grew by 27.3% due mainly to the implementation of poverty reduction strategies.

On the whole, overall deficit excluding grants worsened and accounted for 5.9% of GDP against 5.2% in 2006.

Besides, the public finance situation was marked by treasury pressures which reflected in the accumulation of payment arrears. This was the case in Cote d'Ivoire,

Guinea Bissau and Togo. The amount of arrears accumulated in 2007 by these countries was to the tune of 349.6 billion, including 329.2 billion of external arrears payments.

Concerning public debt, the situation has been improving for several years now. At end of 2007, outstanding debt was estimated at 12 594.8 billion, that is 45.8% of GDP against 54.1% at end of December 2006. This downward trend is linked to the implementation of multilateral debt reduction initiatives in five Member States. This trend will continue in 2008 and the outstanding debt would account for 40.4% of GDP. The expected normalization of relations between international financial institutions should enable Cote d'Ivoire, Guinea Bissau and Togo also to benefit from the various debt relief initiatives.

2.2.1.3 External Sector

External trade of Member States of the Union ended in an overall surplus of 705 billion in 2007 against 636.9 billion in 2006. This is due to the strengthening of the surplus on capital and financial operations account offset by the worsening current transaction deficit.

In fact, the current transactions deficit worsened by 546.9 billion to settle at 1626.6 billion owing mainly to the poor external trade performance resulting from a 5.3% drop in exports following the decline in cotton, gold and crude oil sales abroad and a 5.2% increase in imports attributed to the growth in the acquisition of consumer goods and foodstuff. On the other hand, the crude oil bill diminished slightly to 2060.8 billion against 2 143.1 billion in 2006 due to the drop in quantities purchased. The increase in net outflows of revenue which rose from 579.5 billion to 612.1 billion is linked to the remuneration of private and foreign investors. The rise in the current transfers surplus from 848.1 billion to 1106.3 billion is as result of public grants.

The capital and financial operations account surplus improved by 569.5 billion due mainly to the upward trend in direct investments, portfolio investments and other investments. Indeed, direct investments in the oil, mining and telecommunication sectors recorded an increase of 50.4% to settle at 676.2 billion in 2007. Portfolio investments trended upward and stood at 82.9 billion against 34.3 billion the previous year following borrowing operations by National Treasuries on the regional financial market.

Other investments (commercial credits, loans and deposits) improved and recorded a surplus of 712.4 billion after an exceptional deficit in 2006 as public debt amortizations took into account debt cancellation counterparts under the MDRI.

2.2.1.4 Monetary Sector

The profile of monetary aggregates remained on the right track with a strengthening of the net external position of monetary institutions, an increase in domestic credit and a related expansion in money supply.

Net external assets of monetary institutions grew by 776.7 billion to 4 676.2 billion. This growth is attributed to the strengthening of gross external assets of the Issuing Institution which settled at 4 795.6 billion at end of December 2007. Exceptional inflows of resources, especially foreign direct investments in mining and telecommunication sub sectors explain to a large extent this significant increase in gross external assets of the Issuing Institution which covered five (5) months of import of goods and services. The net creditor position of bank also strengthened and stood at 183.7 billion against 173.9 billion at end of 2006. Compared to end December 2006, domestic

credit grew by 12.6% to settle at 5 386.1 billion due exclusively to the increase of credit to the economy, the net debtor position of Government reduced slightly.

This settled at 480.9 billion, indicating a decline of 4.8 billion due largely to an improvement in public deposits in Central Bank and commercial banks' books following exceptional resource inflows for the benefit of States. Outstanding credit to the economy recorded an expansion of 14.1% from one year to the other to stand at 4 905.2 billion at end of December 2007. The increase in credits is as a result of support provided to some companies operating in food processing, telecommunication, energy, mining, construction and public works sectors. In line with the trend of its counterparts, money supply grew by 19.0% to settle at 8 535.2 billion at end of December 2007. This expansion in overall liquidity is fuelled largely by deposits which went up by 21.2% and accounted for 70% of money supply. Cash circulation grew by 14.1% following the increase in the income distributed in rural areas in Cote d'Ivoire as a result of a 10.8% rise in the farm gate price of cocoa and a 45.1% rise in coffee purchases from farmers. Compared to its level at end of December 2007, the monetary

base expanded by 20.4% to settle at 3641.5 billion as at 31st December 2007. This expansion is mainly attributable to the growth in net external assets. Overall interventions by the Issuing Institution stood at 419.6 billion at end of December 2007 representing an increase of 77.7 billion or 22.7% compared to the level at end of December 2006 owing to the increased support to banks and financial institutions and whose impact was cushioned off by the repayment of consolidated direct monetary supports. In line with a higher demand on refinancing windows by a growing number of credit institutions within a context of a squeeze in bank liquidity, supports expanded by 103.6 billion to settle at 128.6 billion.

2.2.2 Status of Convergence in UEMOA

Overall the UEMOA zone seems to depict a better picture than the ECOWAS and WAMZ zones especially in terms less dispersion over the period and across countries. During the period under review, UEMOA satisfied three (3) primary criteria, thus missing only the budget deficit criterion which was 5.9 percent. The zone continued to maintain its zero-financing policy stance of the budget deficit throughout the period as shown below. Gross official reserves improved from 6.0 months of import cover in 2006 to 7.0 months

during the period under review. On the other hand, inflationary pressures slightly worsened from 2.7 percent in 2006 to 2.9

percent by the end of the year. The various scenarios are highlighted in the table below.

Table 2.7: Status of Macroeconomic in UEMOA

Primary Criteria/ Period	2000	2001	2002	2003	2004	2005	2006	2007	2008
Budget Deficit/GDP \leq 4%	5.0	4.3	3.8	4.2	4.4	4.8	5.7	5.9	5.9
Inflation \leq 5%	1.8	4.1	2.9	-0.7	3.8	2.9	2.7	2.9	2.5
Central Bank Budget Deficit Financing \leq 10% T-1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross External Reserves \geq 6	6.9	7.7	8.8	8.1	7.7	6.0	6.0	7.0	7.4
No of criteria met	3	3	4	3	3	3	3	3	3

Sources: UEMOA, WAMA

2.3 WAMZ

2.3.1 *Economic, Financial and Monetary Situation of WAMZ in 2007*

This report focuses on the macro-economic situation of the West African Monetary Zone (WAMZ) in 2007, and its performance under the convergence programme. Macro-economic performance within WAMZ was generally satisfactory in 2007. Real GDP growth was maintained at viable levels, with an annual average higher than 6% over the past four years. Inflationary pressures slackened considerably, whereas the viability of the external sector strengthened in both oil exporting and non oil exporting countries. All the four primary convergence criteria were achieved at the zonal level, although some

countries did not achieve these criteria, particularly in the areas of inflation and budget deficit.

At the end of 2007, The Gambia and Nigeria maintained the four primary criteria, which they had fulfilled in 2006. Guinea complied with two primary criteria, compared to one in 2006, whereas Sierra Leone and Ghana fulfilled two each. The zone continued to make modest progress in respect of all the secondary criteria, except with the tax revenue /GDP ratio which declined in 2006 and 2007, as well as the wage bill which expanded in the zone. This paragraph focuses on recent trends in the external and real sector, budget and monetary situations

within the zone, with special emphasis on the 2007 financial year.

2.3.1.1 Real Sector

The overall economy of the zone made grew by 6.1% in 2007, compared to 5.6% in 2006. With the exception of Guinea, all member countries recorded growth rates above 6% during the period under review: The Gambia (6.9%), Sierra Leone (6.9%), Ghana (6.3%), Nigeria (6.2%) and Guinea (1.3%). In 2007, consumer price inflation within WAMZ dropped to 8.2% compared to 11.5% in 2006 and 13.5% in 2005. There was also a move towards convergence with regard to inflation across member countries (the unexpected standard increase dropped by 15 to 3.5 percentage points). Inflation rates were as follows: The Gambia (6.0%), Nigeria (6.6%), Sierra Leone (12.7%), Ghana (12.8%), and Guinea (12.9%), compared to 39.1% in 2006.

2.3.1.2 Public Finances

Unfortunately, budget performance in 2007 was affected by effects of oil and food price escalation. Thus, a budget deficit (excluding grants), estimated at US\$913.3 million, i.e. 0.4% of GDP, was recorded compared to a budget surplus of US\$2,740.8 million, i.e. 1.7% of GDP in 2006. Reforms in fiscal policies, like implementation of treasury

budgeting systems and enhanced domestic revenue mobilization measures in certain member States contributed positively to budget performance during the period under review. Tax revenue/GDP ratio dropped from 15.34% in 2006 to 11.3% in 2007, whereas The Gambia and Ghana showed strong fiscal performances due to improved tax administration. For example, Ghana implemented stamp duty for petty traders and a 3% fixed VAT rate programme for retail trade in the informal sector. Thus, overall revenue/GDP shot up from 27.8% to 32.8% in 2007.

The Gambia reduced sales tax on rice from 15% to 5% during the third quarter of the financial year, whereas a loss of 0.1% following this measure was offset by a hike from 10% to 20% in sales tax on vehicle spare parts. Performance in terms of revenue mobilization was poor in Guinea, Nigeria and Sierra Leone, a situation that affected overall performance. On the other hand, all expenditures (including net borrowings) remained at 24.6% in 2006 and 2007, i.e. a decline compared to previous years. The principle of public spending on cash basis applied by The Gambia, Guinea and Sierra Leone contributed to these improved results. Besides, total

expenditure/GDP in Nigeria dropped from 30.2% in 2006 to 23.9% in 2007. Significant capital expenditures in the energy sector, particularly in Ghana and Nigeria increased capital expenditures at the zonal level. Within the framework of the criteria of WAMZ, The Gambia, Guinea and Nigeria had fiscal deficit ratios of 4.0%, 1.0% and 0.5% of GDP respectively. Ghana and Sierra Leone recorded levels higher than the threshold, i.e. 14.9% and 6.0% respectively.

2.3.1.3 External Sector

In 2007, although the external sector of WAMZ was adversely affected by significant pressures from rising food and energy prices, the sector remained strong. Positive trends in commodity prices on the international market could not sufficiently offset this negative trend. Thus, official gross reserves covering months of imports reduced from 19.7 months at the end of 2006 to 11.5 months at the end of 2007. Guinea is the only country whose gross reserves cover less than three months of imports, i.e. one month of imports coverage at the end of 2007. This trend is attributable to the volatile nature of the external sector and macro-economic weaknesses. In spite of positive trends on the international oil market, Nigeria's reserves in terms of imports

coverage dropped to 13.0 months, due to increase in import bill.

In The Gambia, gross international reserves went up moderately, as a result of foreign direct investments inflows, private remittances and tourism. In Ghana, external reserves rose as a result of positive trends in the prices of her traditional exports of gold and cocoa, and issue of sovereign bonds. In Sierra Leone, increased revenues from traditional exports, particularly diamonds, bauxite and rutile, offset increase in import bills; this led to a moderate rise in external reserves. Exchange rates in the zone remained relatively stable, with most currencies operating within WAMZ ERM II. The Dalasi, Guinea Franc and the Naira depreciated considerably.

2.3.1.4 Monetary Sector

During the period under review, money supply within WAMZ went up by 39.2%, thus following the relatively high growth rate of 40.7% in 2006. Prior to this trend, currency broadly defined had recorded only growth rates of 17.7% and 17.8% in 2004 and 2005 respectively. Increase in money supply broadly defined was induced by increases in both net domestic assets (NDA) and net foreign assets (NFA).

This trend is explained by the rapid growth in credits to the private sector in Nigeria and Ghana. In general terms, credit to the Government dropped in all member countries, particularly because of implementation of prudent fiscal policies. Improved fiscal performance and better treasury management also helped to increase credits to the private sector.

Net external assets at the zonal level went up by 24.4% during this period, thus reflecting trends in net external assets in Nigeria, Ghana and Sierra Leone, following a solid external sector performance. Rates of treasury bonds (91-day) increased marginally in all member countries, except in Guinea.

2.3.2 Status of Convergence in WAMZ

The WAMZ picture is glaringly similar to that of ECOWAS as the zone continued to satisfy three of the primary criteria relating to fiscal deficits, central bank financing and gross official reserves since 2004. Although WAMZ-zonal fiscal deficit increased from 1.6 percent in 2006 to 2.3 percent in 2007, this would still be within the 4 percent target.

Inflation remained high at 7.2 percent during the review period and is expected to increase to 8.2 percent by end- 2008. Gross official reserves, although still high, slightly declined to 14.8 months of imports from 15.3 in 2006, largely attributable to reserves build-up in the dominant economy, Nigeria. Central Bank financing slightly increased from 1.1 percent in 2006 to 1.2 percent in 2007 which would positively impact on monetary policy implementation in the zone.

Isolating Nigeria from the WAMZ group gives similar results to that of ECOWAS in the sense that only one criterion (Central Bank Financing) was satisfied, although relatively high at 9.1%. However fiscal deficits and inflationary pressures increased significantly at 9.2% and 12.5% respectively. Reserves significantly declined at 3.3 months of import cover compared to 14.8 at the WAMZ level. The table below gives a synopsis of WAMZ-Zonal performance with respect to the primary criteria.

Table 2.8: Status of Macroeconomic Convergence in WAMZ

Primary Criteria/ Period	2000	2001	2002	2003	2004	2005	2006	2007	2008
Budget Deficit/GDP \leq 4%	3.1	4.1	4.1	2.6	2.0	1.8	1.6	2.3	1.8
Less Nigeria	8.9	10.5	6.2	7.8	8.4	5.5	8.7	9.2	7.0
Inflation \leq 5%	16.2	16.3	12.1	23.5	10.5	12.1	9.2	7.2	8.2
Less Nigeria	25.4	13.2	10.9	19.7	16.5	18.3	19.0	12.5	17.3
Central Bank Budget Deficit Financing \leq 10 % T ₋₁	5.1	26.7	1.5	11.4	0.6	-0.2	1.1	1.2	0.4
Less Nigeria	41.4	5.3	15.2	9.1	8.1	-2.7	17.8	9.1	3.0
Gross External Reserves \geq 6	12.3	10.3	6.8	5.5	12.6	12.1	15.3	14.8	16.1
Less Nigeria	1.6	2.2	2.4	4.0	3.5	3.2	2.9	3.3	4.1
No. of criteria met	3	1	2	1	3	3	3	3	3
Less Nigeria	0	1	0	1	1	1	0	1	1

Source: WAMA

3. TRENDS IN THE EXCHANGE RATE OF ECOWAS CURRENCIES

The analysis of trends in the exchange rate of ECOWAS currencies in 2007 will be based on fluctuations in these currencies in relation to the WAUA and the performance of other currencies against the CFA franc which

3.1 Trends in Relation to WAUA

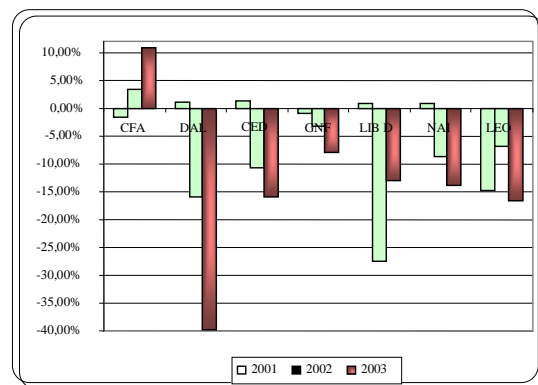
Over the period 2001 – 2007, the range of fluctuations in ECOWAS Member States currencies against the WAUA varied from one monetary zone to the other. However, as the graph below indicates, most of the currencies depreciated with the exception of those that have a fixed parity with the euro (CFAF and ESCUDO).

Between 2001 -2003, the Gambian Dalasi and Liberian Dollar were the currencies that recorded the highest depreciation followed by the Sierra Leonean currency as depicted in the graph below.

After de depreciating in 2001, the CFAF began to appreciate starting from 2002.

remains one of the main hard currency in the region. To ensure a better appreciation of trends, the study will cover the period 2001 - 2007 and address trends on parallel markets.

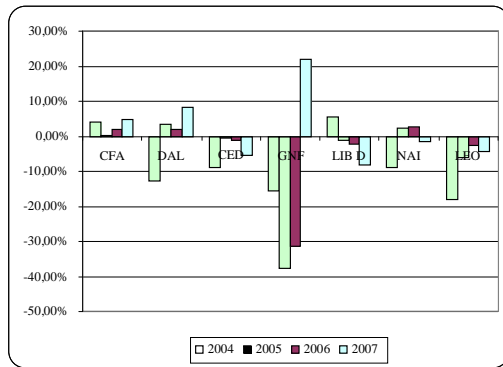
Figure 3.1. Trends in ECOWAS currencies in relation to the WAUA. (Annual variation in %)



Sources: WAMA, Central Banks and IMF

During the subsequent four years, the Guinean franc experienced significant downward and upward fluctuations. The Guinean currency recorded downward fluctuations of nearly 40% (2005) and upward fluctuations of over 20% (2007). After significant depreciation in 2004, the other currencies remained relatively stable against the WAUA. The CFAF and Escudo continued to appreciate by lower proportions.

Figure 3.2: Trends in ECOWAS currencies in relation to the WAUA. (Annual variation in %)



Sources: WAMA, Central Banks and IMF

3.2 Quarterly Analysis

Quarterly trends will be analyzed on the basis of the anchor or intervention currencies.

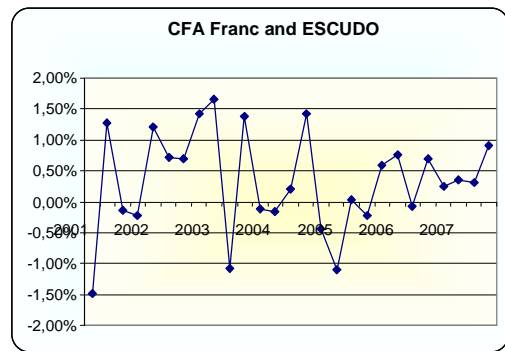
a. Currencies pegged to the Euro

The appreciation of the Euro on the international market in general reflected in trends in the CFAF and Escudo which have a fixed parity with the European hard currency.

2

² 1 Euro = 655,9570 CFAF and 110,27 Esc

Figure 3.3: Trends in the CFAF and Escudo (Quarterly variations in %)



Sources: WAMA, Central Banks and IMF

The above graph also show that quarterly fluctuations in these two currencies fall within the band +/-1,5%.

With regard to annual trends, the CFAF and Escudo appreciated on a regular basis against the WAUA. The most significant appreciation was recorded in 2003 with about 10% loss in value in the WAUA against these two currencies. .

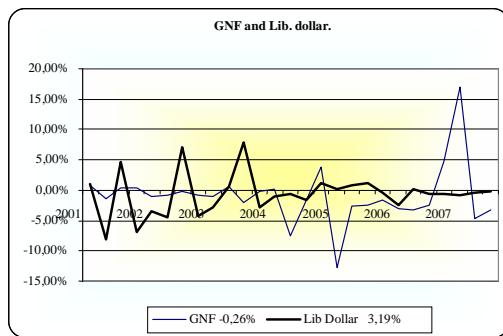
b- Currencies using to the US Dollar as reference currency

In the analysis of currencies pegged to the US dollar, it is worthwhile to make a distinction between currencies with high fluctuations (GNF and Liberian Dollar) and those that are relatively stable (Cedi, Naira and Leone).

- Guinean Franc and Liberian Dollar

Quarterly trends in the exchange rate of the Guinean franc and Liberian dollar were marked by serious fluctuations. However, the Guinean franc was on the downward trend while the Liberian dollar was alternating between appreciations and depreciations.

Figure 3.4: Quarterly trends of the GNF and Liberian dollar (Quarterly variations in %)



Sources: WAMA, Central Banks and IMF

The Guinean currency depreciated considerably in the second quarter of 2005 following the adoption an exchange system based on pure flotation. In the same vein, the Guinean currency recorded a significant appreciation during the same period in 2007 due to the hope raised by the establishment of a government which has the ambition to redress the economic situation.

On the whole, the Guinean currency was adversely affected by a serious degradation in the macroeconomic framework since 2000. During the period 2000 -2006, the macroeconomic situation in the country was marked by a deterioration in public finances and dwindling external support. This meant an abusive recourse to the banking system to finance budget deficits. Besides, the country suffered from the debt burden as it did not benefit from any debt reliefs due to poor performance under various programmes concluded with the IMF. Outstanding debt accounted on the average for 100% of GDP over the period covered while debt servicing absorbed over 20% of export earnings.

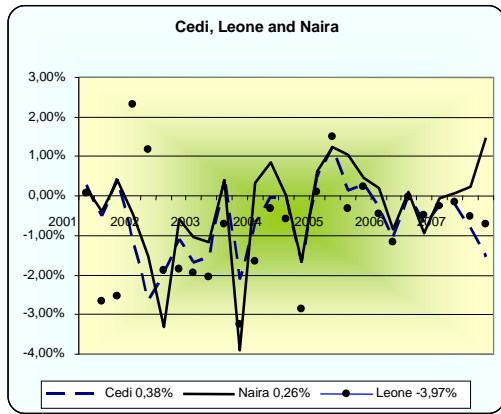
The significant appreciation of the Liberian dollar over the period 2001 – 2004 can be attributed to the stability restored after years of war and also to expenditures in hard currency by the UN mission. The flow of external funding helped in ensuring a near stability in the exchange rate since 2005.

- Cedi, Naira and Leone

Quarterly fluctuations in currencies of Ghana, Nigeria and Sierra were insignificant. On the whole these currencies

fluctuated within the band +/- 3% as shown in the graph below.

Figure 3.5: Quarterly trends (annual variations)



Sources: WAMA, Central Banks and IMF

The relative stability of the naira is explained by the appreciable rise in crude oil prices in recent years. This contributed to an improvement in the country's macroeconomic situation, particularly budget indicators. Monetary authorities have adequate reserves at their disposal to support the value of the currency.

In Ghana, the implementation of structural adjustment policies enabled the country to benefit from debt relief initiatives. Thus, the debt/GDP ratio dropped from 22.3% in 2000 to 2.4% in 2006. Debt servicing accounted for only 5.6% of tax revenues against 22% in 2000. This led to substantial foreign exchange savings and improved macroeconomic stability in the country. This

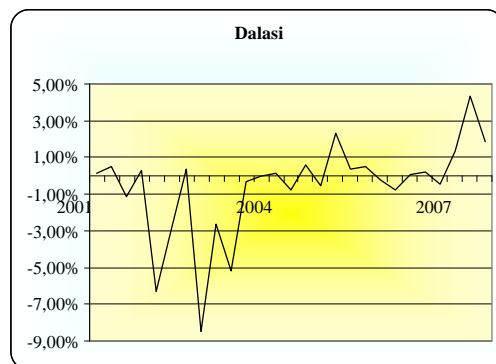
also had a positive effect on the cedi exchange rate.

With regard to the stability of the Leone, is partly due to grants from international community to the country. Sierra Leone received on the average current transfers to the tune of \$150 million dollars over the period 2000 -2006. These substantial budget supports contributed to an improvement in budget and monetary indicators.

c. Currencies using the Pound Sterling as reference (Dalasi)

Two important phases stands out in the trends observed in the Gambian currency between 2001 and 2007. The first phase which covers the period 2001 to 2003 was marked by a downward trend. The second phase (2004 -2006) witnessed a relatively steady appreciation especially in 2007.

Figure 3.6: Quarterly trends in the Dalasi



Sources: WAMA, Central Banks and IMF

The Gambian Dalasi benefited from the liberalisation of the country's capital account which paved the way for substantial capital inflows. Besides, the country has been subjected in recent years to the rigours of a programme concluded with the IMF. This has had a positive impact on macroeconomic indicators.

3.3 Bilateral exchange rates

The trends in exchange rate of one currency in relation to the other is analysed through trends in other currencies against the CFA franc.

Generally, the value of the region's currencies against the CFA Franc reflects trends in nominal exchange rates. To better assess fluctuations a monthly analysis is preferable at this point.

The analysis shows that besides significant variations in the Guinean franc in 2005 and 2007, monthly fluctuations of the zone's currencies remained within the interval +/- 5%.

Aside the Guinean franc, the Gambian Dalasi recorded the highest variations in relation the CFA franc. The Gambian currency witnessed in 2007 a significant appreciation against the CFAF.

ECOWAS currencies were relatively stable compared to the CFAF. This stability was very outstanding especially for the Naira. Thus, monthly fluctuation margins for the Naira and cedi in relation to the CFA franc were within the bracket +/- 3% as shown in the graph below.

It is worth noting that, generally, the CFA followed an appreciation trend. However, in certain months, other currencies firmed against the UEMOA currency. This was the case of the Naira, Cedi and Dalasi.

3.4-Trends in exchange rates on parallel markets

In view of various restrictions on access to the official exchange market, a parallel exchange market has evolved in all countries of the region. The low banking coverage and sometimes the slow pace of banking transactions combined with the high demand by those engaged in international trade contributed to the development of this market. In some countries, it is the desire of authorities to maintain the stability of their currency through a simple political decision which dictates trends in foreign exchange supply on the parallel market.

In all cases, the exchange differential (below par rating) is an indicator which helps in assessing the level of the official rate based on market principles. In fact, when the official exchange rate is determined in accordance with demand and supply, the exchange differential is very low.

Beyond this, a significant gap between the prevailing rate on the two markets lead to distortions in the economy. In fact, it will be difficult for operators who secure their funds from the parallel market to compete with those who obtain foreign exchange at the

official rate and therefore benefit from a disguised subvention.

An analysis of trends in the exchange differentials of ECOWAS currencies is done using movements in the rate of WAMZ currencies. In fact, all countries in the zone operate a floating exchange system. Furthermore, though there is a very dynamic parallel exchange market for the CFAF, the rates observed were very close to the official rates.

The margins of moneychanger are generally very modest. A review of trends in exchange differentials show that the Gambian Dalasi recorded the most moderate fluctuations. In terms of quarterly variations, the exchange differential between the parallel and official market ranged between -1% and +4%.

With regard to the cedi, the difference between rates on the official and parallel market remained between the brackets +/- 8%. Fluctuations in the exchange differentials were in the same proportions.

As regards, the Guinean Franc, it record significant differences prior to the adoption in March 2005 of a pure floating principle in

determining the official exchange rate. Thus, it happened that the parallel market rate was 35% above that of the rate prevailing on the official market.

On its part, the Naira witnessed significant differences in value in 2006. This could be attributed to increased smuggling of fuel to neighbouring countries

4. ADMINISTRATION

The year 2007 took off smoothly after the statutory meetings of December 2006 in Ouagadougou, Burkina Faso whereat certain strategic policy decisions pertinent to and expressive of continued smooth operation of the Agency were taken. These relate to the extension of the mandate of the former Director General – Mr Yacouba Nabassoua – for 3 months, the affirmation by the policy making organ of WAMA – the Committee of Governors – of the relevance of WAMA as key to the evolving of the monetary and economic integration of the sub region, and the approval of the work programme and budget for 2007, among others.

4.1 Human Resources

The subject of staffing at the Agency in 2007 was still a matter of concern in consideration of the optimal minimum requirement.

WAMA started the year with 24 personnel consisting of the Director General, 8 professional staff and 15 general/auxiliary staff; while at the same time noting one staff on leave of absence. The agency had unfilled approved vacancies and/ or required replacements covering the posts of 2 Senior Economists, 1 Internal Auditor, 1 Statistician, 1 Accountant, 1 Administrative Officer 1

Translator and 1 General/Auxiliary position as Bilingual Secretary.

During the course of the year, particularly in June and July 2007, the Statistician and Internal Auditor respectively assumed duties. On the other hand 4 withdrawals took place between July and December, 2007 comprising 2 Account Assistants and 2 Administrative Assistants. One of the Administrative Assistants in the person of Ms Isatu Kandeh-Turay was deceased in August, 2007.

In effect the Agency ended up the year with only 20 staff members in total. This therefore required that urgent steps needed be taken towards filling the vacant positions accordingly.

4.2 Human Resource Development

Early in the year opportunities were seized to ensure that some numbers of staff members were accorded the privilege to enhance their capacity to assure efficiency and effectiveness in their job functions through some training programmes. In this respect the courses, workshops and seminars at the West African Institute for Financial and Economic Management (WAIFEM) were highly exploited.

Thus, one Economist attended the WAIFEM/IMF Regional Course on Balance of Payments Compilation and Statistics in Accra, Ghana, March 12 – 23, 2007. The course was intended to broaden participants' understanding of System National Accounts (SNA), National Balance Sheets and Sectoral Accounts, Balance of Payment Statistics, among others.

Three other staff members comprising 2 Administrative Assistants and 1 Typist were nominated and partook at the WAIFEM's Regional Course on Specialised Report writing Skills and Presentation Techniques held in Accra, Ghana, March 26 – April 3, 2007. The objective of the programme was to enable the enhancement of participants' competences and provide them with an in-depth understanding of the essentials of good communication and the capability to communicate for improved job performance.

In addition, one Account Assistant attended the Regional Course on Techniques for Combating Money Laundering and other Financial Crimes from May 7 -11, 2007 in Lagos, Nigeria. The course was designed to, among others, enable participants become familiar with money laundering legislation and compliance systems and provide them

with a thorough understanding of international strategies and best practice initiatives in combating money laundering and other financial and economic crimes.

Another training programme on Productivity Enhancement for Executive Assistants and Personal Secretaries to CEOs and Senior Executives took place in Accra, Ghana, July 16 – 20, 2007. The course, which was attended by the Bilingual Secretary aimed at providing and updating participants with the knowledge and skills for effective job performance. This was especially in the areas of office administration and management, interpersonal skills and current office technologies, among others.

Finally, the Senior Administrative and Finance Officer was nominated to attend the Senior Policy Seminar on human Resource Management for Organisational Effectiveness Lagos, Nigeria, July 30 – August 7, 2007. The seminar was expected to enhance participants' appreciation of the issues and challenges of globalisation and its policy implications for effective human resource management, keep them abreast of current developments in the field.

Evidently, the Agency will continue to build capacity as a deliberate policy to enrich job performance.

4.3 Meeting of Operations and Administration Committee

The meeting of the Operations and Administration Committee was convened once in 2007 from 25 – 27 June, 2007 to treat the following issues and make recommendations to the Committee of Governors:

- Draft Integrated Conditions of Service for WAMA Staff Members;
- Draft New Organisational Structure for WAMA; and
- Memorandum on the Participation of Ministries of Finance in the Agency's Statutory Meetings.

Unfortunately, no quorum was formed for the meeting to have been effective.

4.4 Enhancement of Effective Communication in the Work Environment

The programme started recently towards the facilitation of communication between staff members and their performance of job functions in English and French languages continued in the reporting period, through the organisation of language classes. This project was embarked upon with the objective of achieving an effective and efficient work process by the staff members who are drawn from the two main language blocks (English and French) in the sub region.

4.5 Management Direction

The contract of the incumbent Director General having expired by the end of December 2006, the Director General was granted an extension for 3 months up to end of March, 2007. However, the extension eventually lasted up to end September 2007 when an Interim Director General was appointed to direct affairs for the rest of the year and up to sometime in 2008.

The change in management which was not smooth created some hiccups in the efficiency and effectiveness of the Agency.

The change in management affected the operations.

4.6 Audit of Financial Statements for the Year 2006

This function which was an activity in 2007 was duly mobilized but could not be finalized during the reporting period but was finalized and considered by the Committee of Governors in the first quarter of 2008.

4.7 Financial Status / Member Banks

Status of Contribution to WAMA Budget

The financial situation of the Agency in 2007 was difficult. Up to the beginning of the fourth quarter of 2007, the Agency had received only 58% of the total budget for the year. By the end of December, 2007 total receipt was 64%.