

WEST AFRICAN MONETARY AGENCY (WAMA)



WAMA STATISTICAL PROGRAMME 2009- 2011

Freetown, July 2008

INTRODUCTION

The West African Monetary Agency (WAMA) is a specialised autonomous agency of the Economic Community of West African States (ECOWAS) responsible for the monitoring, coordination and implementation of the ECOWAS Monetary Cooperation Programme (EMCP). The ultimate objective of the EMCP is the establishment of a single monetary zone to be managed by a community central bank.

In order to create the requisite economic and financial conditions for the sustainability of the future currency, member States are expected to adopt measures aimed at ensuring the harmonisation of monetary systems and the creation of a stable macroeconomic environment. Member States shall especially undertake to:

- Comply with established macroeconomic convergence criteria;
- harmonise their budgetary, monetary and financial policies;
- harmonise their exchange rate regulations and adopt a market driven exchange rate regime;
- establish an effective community market through trade liberalization policies, by removing tariff and non-tariff barriers;
- liberalise their money and capital markets, as well as facilitate the establishment of regional stock exchanges in order to stimulate savings and growth.

Macroeconomic convergence, which is a vital component of the ECOWAS Monetary Cooperation Programme (EMCP) accords priority to the following areas: price stability, stabilization of public finances, control of monetary financing of public deficit and maintenance of gross external reserves at appropriate levels.¹

¹ Member countries are expected to meet set targets to ensure a stable macroeconomic situation and a successful monetary integration.

WAMA conducts regular evaluation of country performance with regard to convergence criteria.

There is no gainsaying that better evaluation presupposes the existence of comparable statistics in terms of how they are produced and presented. There exist some disparities in the mode of gathering, processing and compilation of economic and financial statistics used in the evaluation of macroeconomic convergence.

It is for this reason that the Statistics Department of the ECOWAS Commission embarked on a statistics harmonisation programme as far back as 2001. The first phase of this programme focused on national accounts and consumer price indices. A lot of work has been done in respect of statistics harmonization. Currently, to a large extent, ECOWAS GDPs are comparable and the last evaluation conducted by AFRISAT in respect of consumer price indices indicates that only Liberia is significantly.

However, ongoing harmonisation activities only cover a small range of statistical indicators used in the convergence programme. Public finance, external and monetary sector statistics have still not been covered. This is even more disturbing when one considers the fact that nine out of the ten ECOWAS convergence criteria are related to these sectors. Besides, during the preparation of tables in respect of the multilateral surveillance data base (ECOMAC), significant divergences emerged in the mode of compilation of those statistics. This divergence relates to the scope, treatment and presentation of statistics.

To accelerate the pace of harmonization, WAMA and the ECOWAS Commission agreed on sharing of areas of intervention. ECOWAS will manage economic statistics namely national accounts, consumer price, external trade, demographic statistics and sector statistics (agriculture, mining, fisheries) while WAMA will oversee activities relating to public finance statistics, monetary and financial data and balance of payments.

It is against this background that WAMA intends to conduct a harmonization programme that will cover statistics on fiscal, monetary and external sectors

A- OBJECTIVE

The main objective of WAMA's statistics harmonization programme is to ensure the availability of data compiled and presented using a common methodology in order to assess the performance of countries based on reliable and comparable statistics.

More specifically, the programme aims to:

- identify and adopt a set of standards and methods that will facilitate the production of reliable and comparable statistics;
- ensure the evaluation of the performance of countries based on reliable and harmonized statistics;
- ensure the availability of statistical information at the national and regional level so as to facilitate the formulation and implementation of national and regional policies;
- build WAMA and Member States statistical capacity through human resource development and acquisition of adequate equipment.

B- ACTIVITIES

It is obvious that harmonization activities fall under the area of statistics. This explains why the various activities will be specified through the areas covered. WAMA's statistics harmonization project will be made up of four components namely, public finances, monetary statistics, balance of payments and real effective exchange rate.

1. Public finance statistics

As stated in the introduction, the harmonization of public finance statistics is very important within the framework of improving the quality of convergence. In fact, 60% of convergence criteria under the EMCP are directly linked to these statistics.

While drawing up ECOMAC data base tables, at various meetings on the establishment of the ECOMAC database, there were sometimes heated debates among experts in view of the disparities in methodologies used in producing public finance statistics.

The harmonization project which WAMA intends to pursue will cover aspects such as scope, data collection, processing of statistics and presentation of results. This implies that the public finance harmonization hinges on the Government Financial Operations Table (TOFE).

i. **i. Scope**

In some ECOWAS countries, public finance statistics produced covers only the Central government whilst others include local administrations. There will be a harmonization of the scope based on the dictates of the comparison and constraints in the various countries.

ii. Data collection

Data collection does not entail any particular difficulties if the entire chain of expenditure and revenues is computerized and the Ministry of Finance plays its conventional role as the sole authorizing entity for the State Budget. However, in some countries, the computerization is not yet complete and departments under the Ministry of Finance find it difficult to retrieve information in view of the proliferation of sources of budget commitments.

This project intends to identify effective methods of gathering information in order to have more comprehensive public finances position.

iii. Processing and presentation

The 1986 manual on public finance statistics is a guide for the processing of statistics on State financial operations in the region. The 2001 manual has not yet been tested in view of the implementation cost. Even in the developed world, countries that have experimented it are very few.

During this phase of the harmonization, the 1986 manual will be retained as reference document for the compilation and presentation of statistics on public finances.

The harmonization will lay emphasis on the treatment of revenues accruing from privatization and debt relief under the Heavily Indebted Poor Countries (HIPC) initiative.

iv. Production of statistics on domestic arrears

The programme should enable all ECOWAS countries to produce statistics on domestic debt. This indicator is part of ECOWAS convergence criteria, but so far, only UEMOA countries provide data on arrears.

2. Monetary and financial statistics

Prior to the production of the Manual on Financial and Monetary Statistics in 2000, monetary statistics were compiled based on concepts and methods that vary from one country to the other. This practice is persisting as very few countries have adopted the 2000 manual. Within the ECOWAS space, very few countries have started adopting the manual.

The harmonization of monetary and financial statistics will be structured around four axes:

i. Adoption of common terminology

On the whole, concepts and terms relating to monetary aggregates are relatively close. However, their definitions may vary from one country to the other. Thus, there may be some gap between the money supply of country (X) and that of country (Y) depending on the financial instruments and monetary policy objectives. The same applies to the notion of external assets.

ii. Definition of scope

Generally, monetary data refer to financial data from banks and the Central Bank. However, the manual on monetary statistics make room for the inclusion of data from other non banking financial institutions such as insurance companies and micro finance institutions. Micro finance, for example, plays an important role in savings mobilization and credit distribution and it is not appropriate to continue excluding these institutions while compiling monetary statistics.

Besides, the classification is not always the same. In some countries, the State covers local administration but in others the separation is acceptable. All these aspects have to be solved under the programme.

iii. Collection Methodology

According to a study conducted by BCEAO, some countries determine their monetary situation using accounting data from banks while others are content with questionnaires addressed to banks. It is obvious that the quality and level of comprehensiveness is not the same for the two methods.

iv. Presentation of monetary data

Judging from of data gathered from Central Banks by WAMA, it appears that the presentation of the monetary position is not homogeneous. The level of detail is not the same everywhere.

3. Statistics on balance of payments

Contrary to monetary statistics, statistics on balance of payments have been monitored by the IMF since it was established. Manuals and guides have been regularly produced to facilitate the compilation of statistics on balance of payments.

On the other hand, there are difficulties in the compilation of data to determine the balance of payments. The difficulties vary depending on the level of competence of statistical institutions of the country as well as to the extent banks are used in economic activities.

The harmonization of balance of payments within the ECOWAS space will deal with issues pertaining to methodology, data collection, processing and presentation.

i. Institutional arrangement and methodology

The institutional arrangement for determining the Balance of Payments is not always the same. In some case, the preparation of the balance of payment fall under the purview of the Central Banks while in others, it is the responsibility of the Ministry of Finance and Economic Planning. Yet still, in certain countries, two balances of payments are produced. In certain countries, an inter institutional committee is entrusted with the preparation of the balance of payments.

The harmonization should ensure a better institutional arrangement for the preparation of balance of payments.

With regard to the methodology, it is worth noting that it is the International Monetary Fund which is responsible for the standardization of concepts, definitions, classification and conventions in order to facilitate the comparison of statistics at the international level. As part of this framework, the IMF has produced the sixth edition of the Balance of payments manual.

In ECOWAS countries, the fifth edition is widely used but some countries are having difficulty to shift from the fourth to the fifth edition.

The harmonization which will be led by WAMA will in the first instance focus on the 5th edition.

ii. Data collection

Data collection is an important phase in preparing the balance of payments. An efficient method of data collection will be retained for the entire region.

iii. Processing

Making adjustments is an important phase in the processing of balance of payments statistics. At the regional level, it would be necessary to maintain essential adjustments and determine modalities for these adjustments. Given that these adjustments are made using coefficients, the fixing and updating of these coefficients must follow regional standards, taking into account national specificities.

iv. Data presentation

A regional standard will be retained for the presentation of balance of payments statistics based on international practice and peculiarities in the region.

4. Real Effective Exchange Rate and PPP

Real exchange rate stability is part of the convergence criteria. However, availability of the real exchange rate is a problem. Often, WAMA uses data from international institutions (IMF, AfDB, AFD) or makes its own estimates.

In order to offset this inadequacy, WAMA intends to put in place a mechanism for the regular calculation of REER in all the countries.

To that end, a general methodology will be adopted and implemented in all ECOWAS countries.

This project will be linked to the regular calculation of PPPs in ECOWAS countries.

C- Approach to harmonization

The effective implementation of the statistics harmonization mechanism will be done through the following stages.

1. Assessment of the scope of work

WAMA intends to make a full diagnosis of the concepts and methodologies being applied in ECOWAS countries for the three types of statistics covered by the project (Public finance, monetary statistics, balance of payments, REER). The assessment in question will be done through a specific questionnaire sent to institutions responsible for the production of these statistics.

After the collection of responses to these questionnaires, WAMA will be able to come up with the areas that need to be harmonized. This phase can cover the period between January and April 2009.

2. Implementation of harmonization

The harmonization will be implemented through workshops and technical assistance missions for countries that are lagging behind. In order to sustain the dynamic nature of the project, two workshops could be organized in 2009 and subsequently one every year for the next two years.

For each workshop, there will be presentations on country cases and papers from resource persons who are experts on issues being addressed. Documents and manuals on methodologies will be produced during this phase.

3. Piloting of the project

The implementation of the project as defined will be supervised by WAMA, in collaboration with the Department of Statistics of the ECOWAS Commission.

In view of its experience in the execution of this kind of project, AFRISTAT could be selected as technical partner in the execution of the project. AFRISTAT's technical partnership should be in the area of public finance statistics, monetary statistics and balance of payments.

For statistics relating to REER and PPP, WAMA intends to tap the experience of the African Development Bank (ADB).

Besides, WAMA also intends to collaborate with the UEMOA Commission which already has experience in the harmonization of statistics. For the organisation of seminars, WAMA will benefit from the experience of WAIFEM, COFEB and IDEP.

4. Monitoring and evaluation

Monitoring will be done not only through workshops but also through field trips.

At the end of every workshop, progress made will be announced and efforts to be made identified. A schedule for the implementation of recommendations will be prepared for each country.

Field trips will be made in order to properly monitor project implementation. The teams will be made up of WAMA officials and experts on issues addressed.

5. Project cost estimates

The total cost of the WAMA statistics programme is US\$ 3,456,560 (Three Million Four Hundred and Fifty-Six Thousand US Dollars). This will cover the cost of purchase of data processing equipment, recruitment of six consultants for two months each, organization of seminars, publication of Guides and Manuals. This figure was arrived at on the basis of four meetings to be organized on public finance statistics, monetary data and balance of payments and three meetings on REER and PPP. Each

workshop brought together officials of WAMA, ECOWAS, AFRISTAT and two experts from each country (Central Banks and concerned ministries).

US\$ 345,656, i.e. 10% of the total budget of the project would be borne by WAMA. The remaining amount would be sought from donors, particularly the ECOWAS Commission, European Union, French Cooperation and African Development Bank.

6. Implementation period

The Project will be implemented over a period of three years, starting from January 2009.

Projet de budget Programme Statistique AMAO
en dollar US

N°	Rubrique	QUANT	PU	Total
I	Equipements			32,500
	PC	2	2,000	4,000
	Portables	2	2,500	5,000
	Imprimante	1	1,500	1,500
	Logiciels	4	4,000	16,000
	Disque de stockage de données	10	800	8,000
	Autres matériel informatique et fournitures			6,000
II	Consultats			120,000
	Spécialiste TOFE	2	10,000	20,000
	Spécialiste dette intérieure	2	10,000	20,000
	Spécialiste BDP	2	10,000	20,000
	Spécialiste statistiques Mon	2	10,000	20,000
	Spécialiste TCER	2	10,000	20,000
	Spécialiste PPA	2	10,000	20,000
III	Séminaire TOFE			529,600
	Transport AMAO	12	1,200	14,400
	Transport Consultants	8	2,000	16,000
	Transport participants pays	120	1,000	120,000
	Perdiemes AMAO/Consultants	28	270	7,560
	Perdiems	960	270	259,200
	Frais matériel sémainaire	4	30,000	120,000
IV	Séminaire Statistiques dette intérieure			505,600
	Transport AMAO	12	1,200	14,400
	Transport Consultants	8	2,000	16,000
	Transport participants pays	96	1,000	96,000
	Perdiemes AMAO/Consultants	28	270	7,560
	Perdiems	960	270	259,200
	Frais matériel sémainaire	4	30,000	120,000
V	Séminaire BDP			529,600
	Transport AMAO	12	1,200	14,400
	Transport Consultants	8	2,000	16,000
	Transport participants pays	120	1,000	120,000
	Perdiemes AMAO/Consultants	28	270	7,560
	Perdiems	960	270	259,200
	Frais matériel sémainaire	4	30,000	120,000
VI	Séminaire Stat Monétaires			529,600
	Transport AMAO	12	1,200	14,400
	Transport Consultants	8	2,000	16,000
	Transport participants pays	120	1,000	120,000
	Perdiemes AMAO/Consultants	224	270	60,480
	Perdiems	960	270	259,200
	Frais matériel sémainaire	4	30,000	120,000
VII	Séminaires TCER et PPA			457,680
	Transport AMAO	9	1,200	10,800
	Transport Consultants	6	2,000	12,000
	Transport participants pays	90	1,000	90,000
	Perdiemes AMAO/Consultants	224	270	60,480
	Perdiems	720	270	194,400
	Frais matériel sémainaire	3	30,000	90,000
IX	Elaborations Documents			37,500
	Guide harmonisation TOFE		7,500	7,500
	Guide statistiques dette intérieure		7,500	7,500
	Guide BDP		7,500	7,500
	Guide Statistiques mon		7,500	7,500
	Guide TCER et PPA		7,500	7,500
X	Mission d'assistance technique			100,800
	Transport	30	1,200	36,000
	Perdiemes	240	270	64,800
XI	Divers et imprévu (5% du total)	170,000		142,144
	TOTAL GENERAL			2,985,024

Contribution AMAO

298,502

