

DECISION A/DEC.4/10/98 ESTABLISHING A SURVEILLANCE MECHANISM FOR THE HARMONISATION OF THE ECONOMIC AND FINANCIAL POLICIES OF MEMBER STATES

THE AUTHORITY OF HEADS OF STATE AND GOVERNMENT,

MINDFUL of Articles 7, 8 and 9 of the Revised Treaty establishing the Authority of Heads of State and Government and defining its composition and functions;

MINDFUL of Decision A/DEC.2/7/87 relating to the adoption of an ECOWAS Monetary Cooperation Programme which provides for the establishment of a single monetary zone for ECOWAS Member States;

CONVINCED that the harmonisation of the economic and financial policies of Member States will accelerate the creation of the ECOWAS Single Monetary zone and enhance the overall integration effort;

ON THE RECOMMENDATION of the Forty-Third Session of the Council of Ministers held in Abuja from 23rd to 28th October, 1998;

DECIDES

Article 1

All Member States and the Institutions of the Community shall ensure the harmonisation of the macro-economic policies in the Community.

Article 2

In pursuit of this objective, each Member State shall ensure the attainment of the following targets in the macro-economic aggregates defined below :

- i) the maintenance of a budget deficit/GDP ratio of 5% by end 1998, and 3% subsequently;
- ii) maintaining central bank credit to government within the ceiling of 10% of previous year's fiscal receipts by end of 1998;
- iii) the achievement of a single digit inflation rate by the end of 1998, and by the year

2000 in the case of Liberia and Sierra Leone;

- iv) reduction of variability of nominal exchange rates to less than 10% by end of 1998 and less than 5% by the year 2000.

Article 3

There is hereby established a regional monitoring and surveillance Mechanism, to ensure compliance and assessment of the performance of Member States in relation to the above indicators of convergence.

Article 4

The surveillance mechanism shall involve the collection, analysis and processing of basic data, and making periodic reports to the Secretariat and WAMA on the trends in the macro-economic aggregate to ascertain and determine Member States' compliance with the indicators of convergence.

Article 5

An appropriate inter-ministerial coordination machinery shall be established in each Member State, to oversee operation of the surveillance mechanism.

Article 6

The duties of the national coordination body shall include:

- ensuring the formulation and application of appropriate macro-economic policies that facilitate harmonisation of macro-economic policies in the region;
- assessing national compliance with the regional macro-economic convergence criteria;
- advising government on appropriate policy review;
- the timely monitoring of the collection, compilation and publication of statistical data and information required under the regional surveillance mechanism;
- ensuring the preparation and review of the

periodic country report for submission to ECOWAS Secretariat and the West African Monetary Agency (WAMA) on national macro-economic performance;

- providing periodically relevant data and information on macro-economic performance similar to those submitted to the International Monetary Fund (IMF) to the Secretariat and WAMA;
- engaging in regular consultation with the Secretariat and WAMA on compliance with the indicators of convergence.

Article 7

In order to avoid the establishment of parallel institutional structures in UEMOA Member States, the national committee responsible for monitoring the UEMOA convergence criteria shall be the same body responsible for performing the above functions of the Committee established in Article 5 above.

Article 8

WAMA shall in collaboration with the ECOWAS Executive Secretariat:

- maintain a regional system of up to date macro-economic data and information on all Member States;
- compile and submit periodic reports to the appropriate ECOWAS authorities on the performance of Member States in relation to the macro-economic indicators of convergence;
- hold regular consultations with Member States on harmonisation of macro-economic policies.

Article 9

The policy organs of the surveillance mechanism to receive reports, review progress, issue relevant policy guidelines and directives are:

- the Authority of Heads of State and Government;
- the Council of Ministers;

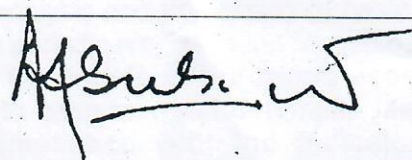
- the Committee of Governors of Central Bank.

Article 10

This Decision shall be published in the Official Journal of the Community by the Executive Secretariat within thirty (30) days of signature by the Chairman of the Authority.

It shall also be published National Gazette of each Member State within the same time-frame.

DONE AT ABUJA,
THIS 31st DAY OF OCTOBER, 1998.



H.E. GENERAL ABDULSALAMI ABUBAKAR
CHAIRMAN,
FOR THE AUTHORITY.