

## MONETARY CO-OPERATION PROGRAM OF CENTRAL AFRICA SUB-REGION

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The whole Central Africa Sub-region still has no formal monetary co-operation programme. However, in this entity, the CEMAC Zone constitutes a monetary union with an economic convergence programme whose new criteria, adopted in April 2001, are presented as follows:

### **1 - Convergence criteria:**

- Primary fiscal balance (excluding grants)  $\geq 0$ ;
- Annual average inflation rate  $\leq 3$  %;
- Domestic and external public debt / GDP ratio  $\leq 70$  %;
- Non-accumulation of new domestic and external arrears.

### **1 - Macro-economic indicators:**

In addition to convergence criteria, three categories of macro-economic indicators for multilateral surveillance were selected for a more complete diagnosis of the economic and financial evolution of a member state. These indicators include:

- *General performance indicators:*
  - Real GDP growth rate;
  - Gross foreign assets / short-term holding ratio  $\geq 20$ %;
  - Current account balance as percentage of GDP;
  - Reserves / imports ratio (in months of imports).
- *Analytical indicators :*
  - Public and private investment / GDP ratio;
  - Salary mass / total domestic fiscal receipts (excluding grants) ratio;
  - Monitoring of external competitiveness: effective real exchange rate, production unit cost;
  - Monitoring of external competitiveness: exports goods and non-factor services / GDP, imports goods and non-factor services / GDP.
- *Economic policy indicators:*
  - Monitoring of fiscal policy: primary balance / total receipts ratio; primary balance / GDP ratio; Overall fiscal balance / GDP ratio; Outstanding external debt / exports goods and non-factor services ratio;
  - Monitoring of monetary policy: change in money supply, central bank credit to the economy and Government.