Association des Banques Centrales Africaines

Association of African Central Banks

Appendix IV

ASSOCIATION OF AFRICAN CENTRAL BANKS (AACB)

28TH ORDINARY MEETING OF THE ASSEMBLY OF GOVERNORS

REPORT ON THE 2003 SYMPOSIUM

(Yaoundé, July 30, 2004)

1. The Association of African Central Banks (AACB) organised a Symposium on "Sub-regional Monetary Integration: challenges and prospects" at Speeke Resort Munyonyo in Kampala, Uganda, on August 18, 2003.

2. Mr Emmanuel Tumusiime – Mutebile, Governor of the Bank of Uganda and Vice-Chairman of the Association, opened the proceedings of the Symposium. In his welcome address, he said that the series of Symposia preceding the annual meetings of the Association helped towards a careful selection of themes aimed at intensifying the policy harmonisation process within the AACB. He then traced the history of the Association and recalled its principal objective of strengthening co-operation among Central Banks with a view to stabilising financial systems and maintaining macroeconomic stability and working towards the creation of a single currency and a common central bank. He ended his address by introducing personalities who had been invited to speak on the above-mentioned theme.

3. Mr. M. Laksaci, Governor of Banque d'Algérie and current Chairman of AACB, also welcomed all the participants on behalf of his colleagues. He said the fact that they were attending this forum in large numbers was proof of their interest in the Association's activities.

4. After expressing his gratitude to the Governor of the Bank of Uganda for the excellent measures taken to ensure the success of the proceedings, Governor Laksaci indicated that the choice of the Symposium's theme was justified by the consensus on the virtues of monetary integration currently emerging at the international level. He noted that, if implemented, this consensus would help African countries to meet the challenges of the 21st Century, which is characterised by the formation of vast economic groupings, and to be integrated into the globalisation process under the best possible conditions. He ended his speech by stressing that the selected theme would help refine and guarantee the monetary integration process prescribed by the African Monetary Co-operation Programme that the Assembly of Governors adopted in September 2002 in Algiers.

5. Dr. X. P. Guma, Deputy Governor, South African Reserve Bank delivered a vote of thanks on behalf of Governor T.T. Mboweni. He thanked the Governor of the Bank of Uganda in particular for the excellent facilities that were made available to the participants, and the Chairperson of AACB, for his pertinent comments.

6. The proceedings were organised in two sessions on the following theme and sub-theme:

    - *Sub-regional monetary integration: challenges and prospects;*

    - *Sub–regional monetary integration experiences and prerequisites for a successful monetary integration process: lessons for Africa.*

1st Session: "Sub-regional Monetary Integration: challenges and prospects"

7. Mr. Ernest Ebi, Deputy Governor of the Central Bank of Nigeria, chaired the first session and delivered a message from (Chief) Dr. J.O Sanusi. Prof. Ray Barrell of the National Institute for Economic and Social Research (UK) introduced the theme "on Economic and monetary integration in Europe: lessons and prospects for Africa", in the light of the transition from the European economic integration to a monetary union.

8. Prof. Barrell first indicated that it was customary to analyse the monetary unions with literature on the Optimal Currency Areas (OCA). He therefore made the following remarks on the basis of recent debates on the OCA:

   - Monetary Unions can have some advantages in the African context;

   - A common currency comes within a strategy of openness and integration that enhances growth through economies of scale, increased competitiveness and technology transfer;

   - The monetary unions are closely linked to questions of seignorage which can forestall a country's decision to join a monetary union;

   - The political dimension of integration cannot be ignored; consequently, delegating a national monetary policy to an external body constitutes a delicate option in Africa.

9. Prof. Barrell further emphasised that there is a close correlation between economic integration and growth as well as development. Indeed, thanks to the integration process, a greater opening of the economic spectrum and increased liberalisation of trade among member countries make it possible to achieve economies of scale and increase market shares for local industries. This openness is also a propitious means of increasing potential for technology transfer and specialisation as well as enhancing efficiency in the use of resources.

10 Prof. Barrell also assessed the impact of monetary unions on trade and recalled that debates had been held to judge whether a monetary union could increase the volume of trade. He deduced from the discussions that monetary union reduces trade barriers in the context of a customs union.

11. The speaker further commented on the integration process initiated in Europe since 1957 through its major phases and listed the advantages of the European Monetary Union (EMU) of which the most significant are:

   - Reduced cost of transactions and increased competitiveness through enhanced price transparency;

- Significant improvement in macro-economic stability in member countries, as a result of reduced uncertainties about exchange rate as well as the establishment of a set of monetary and budgetary agreements;

- Higher production potential linked to the introduction of the Euro and the reduction of obstacles to trade in the zone;

- Reduced uncertainties through the improvement of the economic environment.

12. Prof. Barrell concluded his presentation on Monetary Union by indicating that integration in Europe has been a long and slow process. According to him, even in a historically homogeneous region such as Europe, monetary union would have been impossible without a strong political will and an extensive negotiation on its foundations.

13. Commenting on the political and economic factors that influence the decision to create a monetary union, Prof. Barrell particularly mentioned the case of the CFA Zone of the Economic Community of West African States (ECOWAS) and the Shilling Zone of East Africa. He concluded that the Economic and Monetary Union (EMU) in Europe probably stimulated the question of monetary integration in Africa. This experience entails lessons to Africa of which the major ones are:

    - Market-oriented económies enhance growth through increased liberalisation of trade;

    - The growing dimension of economies of scale achieved through the implementation of an open monetary union reduces the special interest groups' economic rent-seeking capacity;

    - An encouragement for specialisation that could enhance the local industries' competitiveness;

    - A more extensive opening up of trade among member countries, made it possible to achieve economies of scale so as to increase market shares and enhance efficiency in the use of resources in addition to encouraging technology transfer;

    - An Optimal Currency Area leading to the elimination of foreign exchange risks in the region, reduced costs of cross-border transactions and an easier comparison of prices of goods and services;

    - A consolidation of political institutions at the grassroots of integration that is likely to reduce the risks of military conflicts and consequently raise the level of security in the region.

14. Prof. Barrell highlighted issues that African countries have to address if they want to implement a successful monetary integration programme. The issues included the following elements:

- Given the diversity of the African countries' economic and political institutions, envisaging a monetary union without attaining a certain level of convergence would lead to asymmetric shocks;
- The advantages of integration in Africa are limited by similar replications in most of the countries;
- A gradual approach to monetary union is necessary for the definition of appropriate stages sustained by political institutions, like the European Union whose monetary union creation process took about forty years to materialise;
- Several countries that took initiatives for regional integration are still faced with the challenges of reinforcing budgetary discipline as well as foreign debt pressure and they have difficulties in achieving the objectives of convergence, in alleviating their vulnerability to external shocks and in promoting effective competitiveness in the banking sector and in financial intermediation;
- The nationalist attitudes have negatively affected the integration process in several regions of Africa.

15. Prof. Sinclair presented a paper on Monetary Integration in Africa: Gains, Risks, Issues and Some Evidence from Africa. Following are the salient points of the paper.

Arguments in favour of monetary union:

- Saving in currency conversion costs in all trade with partners. This is a real resource saving,
- Less foreign exchange rate uncertainty, hence maybe a boost to trade
- Gains from trade creation between partners,
- Thicker financial markets within the union than inside each member,
- Likely increase in potential competition inside member countries, real and financial,
- As a result of previous four, some possibility of (persistently) faster economic growth,
- Saving in foreign exchange reserves,
- Economies of scale in central banking: opportunity for real resource saving,
- Opportunity for improvements in monetary policy,
- Possibility of earning overseas seignorage,
- Might stimulate (intra-union and ever broader) factor movements

Arguments against monetary union:

- Members' ideal inflation rates could differ,
- Possibility of asymmetric shocks
- Difficulties in harmonizing/controlling fiscal policies of member governments
- Possibility of trade diversion,
- Changeover costs,
- Possible dispute over seignorage apportionment
- Issue of how to choose initial parities for legacy currencies,
- Uncertainty aversion
- Reduced opportunities for currency substitution could make policy less time-consistent,
- Short of political federation, difficulty of establishing accountability for supra central bank,
- Possibility of intra unión factor immobility.

2nd Session: "Sub-regional monetary integration experiences and prerequisites for a successful monetary integration process: lessons for Africa"

16. Dr. Caleb FUNDANGA, Governor of the Bank of Zambia, chaired the Second Session. Monetary integration experiences in the sub-regions of Africa, as well as the challenges they pose, were highlighted at this session. The experiences of the East African Community (EAC), the Common Market for East and Southern Africa (COMESA), the West African Monetary Union (UMOA) and the Southern African Development Community (SADC) were highlighted.

17. Mr. Nuwe Amanya Mushega, Secretary General of EAC, presented the experience of the **East African Community**, whose original Treaty was signed in 1967. The Revised Treaty was signed in 1999 and it became effective in Year 2000. The Community is composed of Kenya, Tanzania and Uganda.

18. Mushega first listed the advantages and disadvantages of monetary integration. The advantages include: reduction of transaction costs, elimination of exchange rate variability and elimination of greater dependency of the regional central bank. The disadvantages consist of losing the independence of monetary policies and exchange rates as well as the impossibility of financing budget deficit.

19. Mr. Mushega further described the pre-conditions for monetary union and noted that they related to the free movement of labour force and capital, budgetary and monetary discipline as well as the attainment of convergence criteria.

20. The presenter also recalled the Monetary Council set up in 1919 with the ultimate objective of anticipating and paving the way for the creation of an East Africa Central Bank in 1966. In this regard, the three member countries had different points of view about the nature of this institution. In fact, Tanzania was in favour of an East Africa Central Bank that could carry out its activities under the aegis of a political federation. For its part, Uganda preferred semi-autonomous national central banks around a reserve bank in charge of a common currency. Kenya preferred one Central Bank responsible for the common currency. As further stated that the constraints imposed by the national economic policies, the ambitions soon after independence, as well as the limited experiences of a central bank belonging to one or several independent countries, prevented the materialisation of this vision.

21. Mr. Mushega traced the history of the East African Community from 1967 to 1977, which was particularly crowned with a failure. This was due to:

    - Divergences in intra-community policies
    - Differences in the sharing of benefits from the jointly owned firms and lack of corrective measures;
    - Inadequate involvement of the private and civil society in the Community; and
    - Lack of a shared vision;
    - The then east-west divide.

22. The EAC revitalisation process dawned as from November 1993 and resulted in the signing of the Revised Treaty and its ratification in July 2000. At the same time, an East African Court of Justice was established and a Customs Union Agreement was scheduled for signature in November 2003 to pave the way for the institution of a Common External Tariff. After the Customs Union, the Revised Treaty provides for a common market, a monetary union and ultimately a political federation.

23. The EAC programme also provides for the following macro-economic convergence criteria:

    - *Maintaining a low annual inflation rate of less than 5%;*
    - *High and sustainable annual growth rate of at least 7% of the real GDP;*
    - *Current Account deficit ratio/including governments sustainable GDP;*
    - *Budget deficit/GDP ratio excluding grants of less than 5%;*
    - *National Savings/GDP ratio of at least 20%;*

- *Gross foreign reserves equivalent to at least six (6) months' imports in the medium term;*

- *Maintaining low interest rates determined by the market;*

- *Maintaining stable foreign exchange rates determined by the market;*

- *Carrying on with initiatives aimed at reducing internal and external debts to sustainable levels;*

- *Maintaining prudential bank regulation standards, strict supervision, improved corporate governance and transparency in all financial transactions.*

24. The limited performances that all the countries achieved in enforcing these criteria were attributed to:

    - Lack of enforcement mechanism/penalties for default;
    - The relevance of some variables, which overburden the convergence criteria;
    - The need for specific targets and need to define words such as stable, and sustainable etc.;
    - The need to harmonise the calculation and definition of the variables;
    - Lack of a precise road map and an outline work plan.

25. To remedy these inadequacies, the EAC Ministers of Finance approved, in May 2003, the terms of reference for a study developed by the Central Banks. This study will particularly take account of lessons from similar experiences in Africa, and from Europe, the European convergence criteria and current problems facing Germany and France in their effort to keep to the Growth and Stability Pact.

26. Mr. Ibrahim Zeidy presented the **Eastern and Southern African Common Market (COMESA)** experiences. The COMESA was created to replace the Preferential Trade Area (PTA) established in 1981. The COMESA Treaty was signed in November 1993 in Kampala and ratified in December 1994, in conformity with the Lagos Plan of Action and the Final Act. It comprises twenty member countries (Angola, Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe).

27. The speaker indicated that the COMESA seeks to promote sustained growth through collective action in all fields of economic and social activity and to create a totally integrated and internationally competitive region allowing free movement of goods, services, capital, labour and people. Its vision is to succeed in creating a totally integrated and internationally competitive regional economic community with a high standard of living for the populations. Its strategy is to achieve regional

integration through trade and investment with the creation of a single market for goods and services as well as a common zone for investment.

28. COMESA programmes provide for trade liberalisation whose principal objective is to create a single economic entity allowing free movement of goods, services, capital, labour and people. The instruments governing this trade liberalisation include reduction of customs tariffs, removal of non-tariff trade barriers and the original rules. Moreover, the COMESA has since October 31, 2000 launched a Free Trade Area (Djibouti, Egypt, Kenya, Madagascar, Malawi, Mauritius, Sudan, Zambia and Zimbabwe) which has been extended in year 2004 to include other members (Burundi, Rwanda and Swaziland) and will subsequently include Uganda and Ethiopia.

29. In the medium term, the COMESA has defined a strategy based on promoting regional integration through trade and investment and is currently concentrating its efforts on the establishment of a Customs Union in 2004.

30. As regards monetary co-operation, COMESA's main objectives are to:

- Establish greater harmony in the member States' economic, budgetary and monetary policies;
- Achieve the convertibility of member States' currencies;
- Improve price stability;
- Reduce the costs of currency exchange in intra-COMESA trade;
- Liberalise member countries' foreign exchange systems to facilitate trade and capital flows within the region.
- Create a Monetary Union.

31. The principal elements of the COMESA Monetary Co-operation Programme consist of:

- Adopting the under-mentioned macro-economic convergence criteria:
    - *Foreign exchange rates determined by the market;*
    - *Budget deficit/GDP ratio less than or equal to 4.5%;*
    - *A limit on claims on government by banking system to less than or equal to 10% of GDP;*
    - *Budget deficit financing by the Central Bank of less than or equal to 20% of the fiscal revenues for the previous year;*
    - *Moderate monetary expansion;*
    - *Adequate flow of domestic credit to the private sector;*

- *Elimination of direct credit controls;*
- *Deregulation of interest rates;*
- *Using mechanisms for indirect control of money supply.*

- Revitalising the COMESA Clearing House established in February 1984 whose activities have slackened as a result of the economic liberalisation process. A study undertaken identified the creation of an African Trade Insurance Agency to cover various inherent risks; an African Commodities Exchange with the establishment of electronic trade; and a regional payment and settlement system.
- Creating a COMESA Bank as the financial arm for the financing of trade and regional development projects by the private sector;
- Creating a COMESA Reinsurance Company to keep insurance funds in the region;

32. To achieve the set objectives, the Heads of State and Government adopted the following three (3) phases:

    1) Consolidating existing monetary co-operation instruments and establishing policy measures for the realisation of macro-economic convergence;
    2) Establishing a formal exchange rate union;
    3) Creating an integral monetary union by the year 2025.

33. Thus, by the year 2025, COMESA will be characterised by:

    - A single currency and a common Central Bank;
    - A region without borders;
    - Free movement of factors of production;
    - A common investment zone;
    - A single market for primary and secondary products;
    - A complete and liberalised integration of air and road transport;
    - Common border posts;

34. Mr. Zeidy noted that, generally speaking, the COMESA member countries are progressing in the same direction towards macro-economic stability. However, considerable efforts remain to be undertaken in order to achieve convergence. Moreover, the progress achieved in the implementation of limited currency

convertibility has been modest, apart form the Co-operation Agreement on Convertibility among the East African countries. These inadequacies call for other actions such as:

- Increasing the volume of trade and cross-border services along with the gradual extension of the Agreements to other countries engaged in regional trade;
- The signing of formal agreements among COMESA member countries, as a requirement for the implementation of limited convertibility of currencies;
- Establishing a COMESA foreign exchange mechanism, like the European Monetary System (EMS);
- Pursuing the regional programme for bank supervision as part of the action plan for the harmonisation of bank regulation and supervision in the region.

35. Governor Charles Konan BANNY's paper on the experience of **West African Monetary Union (UMOA)** was presented by Mr. Bolo SANOU, BCEAO Director of International Relations.

36. Governor Banny's paper first emphasised the importance of monetary integration in the contemporary context of economic globalisation before dwelling on the UMOA experience in terms of integration. He finally made a brief presentation of the prospects of monetary integration within the Economic Community of West African States (ECOWAS).

37. With regard to the UMOA experience, the Paper indicated that, being aware of the advantages of belonging to a monetary union, and of the solidarity that prevailed among them during the colonial era, a group of States established the West African Monetary Union (UMOA) on May 12, 1962. The States were Côte d'Ivoire, Dahomey (now Benin), Upper Volta (now Burkina Faso), Niger, Senegal and Togo. Mali and Guinea-Bissau joined UMOA in 1984 and 1997 respectively, thereby bringing the number of member States to eight (8).

38. UMOA is characterised by the recognition of a single monetary unit, the CFA Franc, which is issued by the Central Bank of West African States (BCEAO), the common issuing institution. BCEAO's main objectives are rapid and harmonised development of national economies, free movement of goods and capital, in addition to facilitating exchanges with the rest of the world and centralising exchange reserves, managing the convertibility of the common currency as well as currency and exchange stability.

39. The UMOA monetary management framework is based on the standardisation of monetary and banking legislations, the general organisation of credit distribution and control, as well as rules governing banking. The CFA Franc, which was first pegged to the French Franc and subsequently to the Euro as from 1st January 2000, enjoys an unlimited guarantee of convertibility, thanks to a Co-operation Agreement concluded with France.

40. Several reforms have been undertaken within the UMOA framework to enable the States to adapt to the transformations in the international environment and to those in the economic situations prevailing at their level. The major aspects of these reforms include:

- Adopting an open-market policy and a system of compulsory reserves to enhance the efficiency of the interest rate policy;
- Adopting the law on banking regulation by a new prudential mechanism and setting up a Banking Commission as a supra-national structure for bank supervision;
- Creating a Regional Stock Exchange (BRVM: Bourse Régionale des Valeurs Mobilières);
- Elaboration of a uniform Bank Accounting Plan in 1996 and establishment of a West African Accounting System (SYSCOA: System de Comptabilité de l'Afrique de l'Ouest) in 1998 for non-financial enterprises;
- Adoption of a joint Regulation governing external financial relations between UMOA member States in 1999;
- Adoption of a community legislation in 2002 against money laundering on the financing of terrorism;
- Modernisation of payment systems and mechanisms underway since 1998;
- Developing micro finance and establishing a Regional Solidarity Bank for the promotion of community financing, whose activities will take off in the course of year 2004.

41. An evaluation of integration within the UMOA revealed positive results, with less than 3% on average for inflation, and also helped to increase foreign assets external with a 120% cover ratio for currency issue in 2002 against 13% on average between 1980 and 1993. However, the monetary union has not lifted all constraints, for it has left some divergence in the member States' economic performance associated with the difficult international context. Moreover, the volume of intra-UMOA trade has been modest, attaining a ceiling of 10% of the Union's total external trade package. No country has fulfilled all the criteria defined in the Pact for Convergence, Stability, Growth and Solidarity established in January 2000, thus making it necessary to postpone the convergence perspective from January 2003 to January 2005. Finally, the common sector policies adopted between 1999 and 2002 have not yet been fully implemented.

42. On the other hand, the Treaty of the Economic and Monetary Union (UEMOA) was adopted in 1994 to extend the monetary union to other components of the economic policy in order to consolidate the foundation the formation of the common currency. Some generally positive results have been recorded for this new integration scheme, but they are still insufficient.

43. The UEMOA therefore intends to lay emphasis on certain priority actions to improve the integration process. These actions mainly consist in creating a propitious socio-political climate for investments, improved adjustment of public finance, with a focus on coherence between budgetary and monetary policies, acceleration of sector policies and structural reforms and establishment of harmonious co-operative relations with the international community.

44. The presentation of UMOA experience endeed with developments in the proposed creation of a single monetary zone within the ECOWAS territory since 1983 and the establishment of a second monetary entity designated as the West Africa Monetary Zone (WAMZ) to merge with UEMOA under the terms of a successful convergence process. In this zone, the results achieved in the implementation of the monetary co-operation programme have equally turned out to be mixed.

45. Dr. K. R. Jefferis, Deputy Governor of the Bank of Botswana, presented the monetary integration experience in the **Southern Africa Development Community (SADC)** which consists of Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South African, Swaziland, Tanzania, Zambia and Zimbabwe. He first recalled the experience of the Common Monetary Area made up of Lesotho, Namibia, South Africa, and Swaziland.

46. The other three countries of the Common Monetary Area had their own currencies circulating alongside the South Africa Rand. Originally, there was an informal agreement, dating back to 1921, between South Africa and these three neighbouring British colonies. A custom union already exists consisting of Botswana, Lesotho, Namibia, South Africa and Swaziland.

47. At that time, South Africa determined the monetary policies and exchange rates in its own interest without any consultative mechanism. The three countries had no foreign exchange reserves and, therefore, applied South Africa's exchange control system, which, on the other hand, did not exist in the area, and they had no seignorial rights. This situation generated tensions between South Africa and its partners.

48. Consequently, in 1970, negotiations started between Botswana, Lesotho, South Africa and Swaziland to formalise the arrangement and agree on how the agreement was to be changed in future if necessary. The negotiations yielded a new agreement in 1974 called the Rand Monetary Area (RMA). The Agreement was revised in 1986 and again in 1992. Botswana left the RMA in 1976 to have its own currency while Namibia joined in 1992.

49. At present, each country has its own central bank with a national currency that is legal tender only in the issuing country, an independent control policy on foreign exchange reserves, a flexible exchange control policy and shared seigniorial rights. Special agreements were reached to accommodate Swaziland and new negotiations in the Area brought about the following results:

- Free flow of capital within the (CMA) Governors meetings;
- Flexible (floating) exchange rates;
- Establishment of a mechanism for consultation (Commission of the Common Monetary Zone, Meetings of Central Bank Governors);
- Each country has an autonomous monetary policy but, in practice, follows South African monetary policy.

50. On the whole, the Common Monetary Zone is far from being an integrated monetary zone in the absence of a single currency and a Common Central Bank. The zone has rather weakened over the years instead of being strengthening, due to: the withdrawal of Botswana; the introduction of national currencies, and, the individual negotiation of the terms of the Agreement as well as the low economic performances recorded.

51. In general, the principal envisaged for macro-economic convergence within the SADC include:

- Establishing a Free Trade Area by the year 2008;
- The management of financial co-operation by the Committee of Central Bank Governors (CCBG);
- The initiatives of the CCBG consist of harmonising the national payment systems, strengthening bank supervision, liberalising exchange controls leading to the convertibility of the capital account and the creation of a statistical database **(www.sadcbankers.org)**;
- Memoranda of understanding on macroeconomic convergence 2002 commitment to stability oriented macroeconomic policies.
- The establishment of a performance monitoring system and surveillance of macro-economic aggregates within the SADC Secretariat with a peer review system;
- Plans to fix macro-economic convergence targets (inflation, budget-deficit /GDP, public debt debts/GDP, Current Account of the Balance of Payments);
- Low and stable inflation have been selected as key indicators of monetary and macro-economic convergence with indicators of implicit convergence in terms of fiscal and monetary policies supportive of exchange rate stability. South Africa accounts for 67% of the SADC's Gross Domestic Product (GDP) hence the need for convergence between South African economy and the other regional economies and the need for continued macro-economic stability;
- Three indicators were examined recently (inflationary differentials, interest rates and exchange rates) with other indicators such as the degree of

economic diversification, fiscal deficit and debt, openness and trade with partners, capital mobility and labour).

52. Dr. Jefferis ended his presentation by listing the major challenges facing SADC.

53. In the short term, these challenges concern macro-economic stability, controlling inflation at a rate below 10%, formalising the convergence targets and the monitoring process. In the medium term, the challenges are as follows:

- Discussions on exchange rate, in relation to the monetary policy options;
- Convergence of exchange rates;
- Increase in intra-SADC trade;
- Review of necessary conditions for monetary union: (symmetrical shocks, similarities of economic and trade structure and flexible adjustment mechanisms).

54. In general, the presentations on the different monetary integration experiences revealed that these communities are currently making efforts towards monetary integration in Africa despite the fact that they are pegged at different levels of progress. In this regard, most of the regional integration experiences indicate the adoption of convergence criteria necessary for the materialisation of a total integration of the member countries' economies. These macro-economic objectives concern, in particular, inflation, budget deficit, public debt, current account deficit, interest rates and exchange rates.

55. However, the macro-economic convergence programme under way in which region is affected by lack of specific formulation of convergence criteria that are rather general in character, the need to harmonise concepts and definitions of the key macro-economic aggregates and lack of a precise road map, apart from the one for the West Africa region, which defined a final date that has often been extended.

56. The discussions revealed that crucial challenges remain to be met in Africa to ensure the success of monetary integration. The main highlights in this regard are as listed below:

- The question of overlapping membership on the part of certain countries in various regional integration-oriented organisations;
- The problem of achieving macro-economic convergence of the different sub-regional groupings of which the majority are still confronted with a high rate of increase in money supply and sustainable budget and current account deficits;
- The need for currency convertibility in order to promote cross-border trade among member States;
- The need to quantify the sustainability of the macro-economic indicators taking account of the basic macro-economic structure of the different economies;

- Establishment of a specific mechanism for sanctions;
- A strong and continued political will and commitment is essential for accelerating the implementation of regional integration in time with the Abuja Treaty and the Constitutive Act of the African Union.

57. Priority should be given to the resolution of these problems, whose scope clearly highlights the importance of the challenges to be met in order to achieve a successful integration in Africa. In this regard, the Central Banks have a role to play, especially in informing politicians about the costs and benefits of economic and monetary integration.

58. The deliberations of the Symposium ended with the closing speech by the current Chairman of AACB. He again thanked all the participants, and the speakers in particular, who enabled the Governors to have a fruitful exchange of views on important issues of interest to them.