

DRAFT

**WELCOME ADDRESS**

**BY**

**MR SHEKU S. SESAY**

**GOVERNOR OF THE BANK OF SIERRA LEONE,  
CHAIRMAN OF THE COMMITTEE OF  
GOVERNORS**

**ON THE OCCASION OF THE 27<sup>TH</sup> MEETING OF  
THE COMMITTEE OF GOVERNORS OF  
CENTRAL BANKS OF THE WEST AFRICAN  
MONETARY ZONE**

**MONROVIA, LIBERIA**

**JULY 11, 2012**

Honourable Governors,  
Ag. DG WAMI,  
DG WAMA,  
DG WIAFEM,  
Distinguish Delegates,  
Ladies and Gentlemen,

I am delighted to warmly welcome you all to the 27<sup>th</sup> Meeting of the Committee of Governors of Central Banks of the West African Monetary Zone (WAMZ). I wish to firstly express my profound gratitude to Honourable Dr. Joseph. Mills Jones, Governor of the Central Bank of Liberia (CBL) and through him, to the authorities and brotherly

people of the Republic of Liberia, for the hospitality and the excellent facilities put at our disposal.

I must also express my appreciation to all the distinguished governors of the member central banks for your cooperation and unflinching support during my tenure as the Chairman of the Committee of Governors. Indeed, we deliberated on a number of issues at different forums over the last six months with a view to resolving some of the challenges confronting the Zone.

Hon. Governors, we are holding these meetings at a time when the global economy continued to face daunting challenges.

Developments in the Euro zone continue to dampen global economic growth with most Euro member countries experiencing economic recession. It is becoming increasingly clear that the Euro zone malaise is as much a result of policy failure as it is the consequence of the sovereign debt crisis. This, Mr. Chairman, should send a clear signal to us that policy harmonisation and coordination are imperatives for the success and durability of any monetary union. Thus, we in the WAMZ, while making efforts to enlarge our economies, cannot afford to be implementing uncoordinated and divergent policies which could be detrimental to our integration ideals.

This is because it is only through regional policy harmonisation and cohesiveness that we would be better able to hasten our progress towards economic growth and development.

In this light, Distinguished Delegates, there is need to continue to strengthen our institutions to better enable them deliver on our integration objectives as well as meet the challenges in the foreseeable future. This gathering will afford us the opportunity to deliberate on administrative and financial issues pertaining to the WAMZ as well as once again review our progress on the convergence scale and the implementation of the structural

benchmarks. I wish to urge honourable governors to examine these reports and make bold decisions in our recommendations to the Convergence Council for adoption. It is my fervent hope that the outcome of these meetings will contribute in no small measure to moving the WAMZ Programme forward.

At this juncture, I would like to highlight some developments in the affairs of WAMI since our last meeting in Freetown, Sierra Leone in January 2012.

Mr Chairman, Ladies and Gentlemen, with the resignation of the Director General of WAMI in January 2012, the Committee of Governors

took a number of decisions to restore stability to the Institute and I am glad to report that all has been well to date. Indeed, I paid an official visit to WAMI on June 4<sup>th</sup> 2012 to assess the situation there at first hand and to explain to staff the rationale for the restructuring and financial review exercise directed to be undertaken by Council. The process of recruitment of a new DG for WAMI has reached an advanced stage and it is my expectation that this will be concluded by the end of this week.

Distinguished Ladies and Gentlemen, until recently, the implementation of the Payments System Development Project in the four

beneficiary countries of the WAMZ had progressed satisfactorily. The implementation of the components is almost concluded in The Gambia as most of the systems have gone live. The go-live for all the components in Sierra Leone was scheduled for April, 2012, while Guinea had commenced the upgrade of infrastructure and the deployment of the payments system components was the next step. The engagement of contractors for infrastructure upgrade would lay the foundation for the implementation of the components in Liberia.

The execution of the project however suffered a serious setback following the suspension of

payments to Solution Providers by AfDB for almost eight months, from November, 2011. In view of the seriousness of the situation, the Committee of Governors took a number of actions to resolve the issues, including a letter addressed to the President of the AfDB highlighting the potential dire consequences of continued suspension of disbursements on the member countries, WAMI and AfDB; as well as audience with the President of AfDB and Sector Vice President responsible for the Project on the sidelines of the recently held AfDB 2012 Annual General Meeting in Arusha, Tanzania.

With your concerted efforts and support, I am happy to inform you that with the exception of one Solution Provider, AfDB has resumed direct disbursements to the Solution Providers. The AfDB will conduct field missions to The Gambia and Sierra Leone to appraise the implementation capabilities of this Solution Provider before releasing funds for invoices outstanding. In view of the suspension, the Solution Providers withdrew their engineers and consultants from the beneficiary countries and WAMI will hold a Project Steering Committee meeting after these WAMZ Statutory Meetings to determine

new timeframes for the completion of the Project.

Distinguished Ladies and Gentlemen, the ACBF grant which was approved in December 2010 with a resource envelope of US\$2 million became effective on February 14, 2012 after the signing of the Grant Agreement on January 31, 2012. The Grant is intended to strengthen the capacity of WAMI and the member countries to undertake the preparatory activities for the WAMZ to attain the goal of monetary union. As we look forward to a successful implementation of the projects earmarked under the facility, I wish to take this opportunity to advise that the

financial and project management of the Grant should strictly adhere to the set conditions and relevant ACBF procedures.

As you are all aware, additional work is required in the area of trade integration in the Zone to enable member countries maximise the gains from lower transaction cost to justify the adoption of a single currency. I am therefore happy to note that WAMI is undertaking a comprehensive study on trade-related issues in the WAMZ, including an assessment of the status of implementing ETLS and the institutional capacity of Member States to implement trade obligations. The findings and recommendation of the Study

which will be a subject of discussion at the next WAMZ Trade Ministers Forum, scheduled for August 2012, will go a long way in addressing the gaps in implementation and thus enhance trade integration in the Zone.

Distinguished Ladies and Gentlemen, permit me to give highlights of recent macroeconomic development in Sierra Leone.

During 2011, Sierra Leone made significant progress on the macroeconomic front. Economic growth remained strong, at 6.0 percent, compared to 5.0 percent in 2010. However, inflation remained high, although declining from 17.8 percent in 2010 to 16.9

percent in 2011. The Central Bank undertook a number of measures to promote price stability. As a result, growth in monetary aggregates slowed down significantly. Credit to the private sector improved, explained partly by the reduction of credit default risks following the establishment of the credit reference bureau and the commercial court.

Government fiscal operations continued to focus on improving the provision of social services to support economic growth and poverty reduction. Consequently, the fiscal deficit (excl. grants) remained relatively high, at 14.0 percent of GDP, financed largely from external sources. Domestic financing of the

fiscal deficit declined, with virtually no Central Bank financing. Revenue mobilisation efforts continued to improve, following the implementation of improved tax measures to increase tax compliance and broaden the tax base.

Although gross external reserves of the Central Bank increased in 2011, the import cover declined, as a result of a significant increase in imports, especially in support of mining activities. Both the domestic debt stock and stock of external debt as a percentage of GDP declined in 2011. Furthermore, the recent debt sustainability assessment for Sierra Leone shows that the

country's external debt is sustainable in both medium and long term. The exchange rate of the Leone to the US dollar also remained relatively stable. I assure you of Sierra Leone's commitment to achieving full compliance with the primary convergence criteria of the WAMZ in the medium term.

Distinguished Delegates, Ladies and Gentlemen, in conclusion, I wish to express my appreciation to the Technical Committee and WAMI for preparing the necessary reports for our consideration. Let us all resolve to make the integration process which we began a decade ago in the WAMZ an irreversible one in

spite of the internal and external challenges. I  
wish you all successful deliberations.

Thank you for your attention.