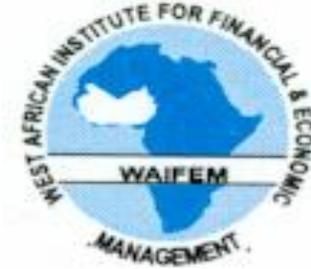


# **WEST AFRICAN INSTITUTE FOR FINANCIAL AND ECONOMIC MANAGEMENT (WAIFEM)**



**REGIONAL COURSE ON MONETARY POLICY  
ANALYSIS AND MANAGEMENT,  
LAGOS, NIGERIA MARCH 31 – APRIL 4, 2008**

## **COMMUNIQUE**

### **1.0 INTRODUCTION**

The West African Institute for Financial and Economic Management organized a regional course on Monetary Policy Analysis and Management in Lagos, Nigeria, from March 31 – April 4, 2008.

### **2.0 OPENING CEREMONY**

In his keynote address, the Director General of WAIFEM, Dr. Osi C. Itsede, highlighted the significance of implementing credible monetary policies in the sub-region and explained some of the technological, institutional and political factors that influence credibility of monetary policy. He also applauded the Monetary Authorities in WAIFEM constituent countries for

instituting international best practices in the execution of monetary policies which he considered as the foundation for the West African Central Bank to be established soon.

### **3.0 OBJECTIVE OF THE COURSE**

The main objective of this course was to upgrade the knowledge and skills of participants in the formulation of monetary policies and conduct of effective monetary operations by the central banks of WAIFEM constituent countries.

### **4.0 Main Themes**

The broad themes covered included monetary policy analysis and economic management, overview of the transmission mechanism of monetary policy, exchange rate and monetary management regimes, institutional frameworks for monetary management, money market analysis, monetary operations, monetary and financial accounts and construction of monetary survey.

### **5.0 Facilitators**

The course was facilitated by a team of academicians and experienced practitioners drawn from the sub-region and WAIFEM staff.

## **6.0 Participation**

The course was attended by 22 (twenty-two) senior/executive level officials from the central banks, ministries of finance and economic planning, Accountant General's Offices, revenue agencies, national planning commission, national assembly, national pension commission, West African Regional Organization, Debt Management Office, and other relevant public sector agencies in The Gambia, Ghana, Liberia, Nigeria and Sierra Leone.

## **7.0 Observations**

On the basis of the lectures, study group works, and discussions during the course, we the participants make the following observations and recommendations:

### **7.1 Observations**

- That the adoption of international best practices in the implementation of monetary policies by the central banks in The Gambia, Ghana, Nigeria and Sierra Leone

is an essential step towards the establishment of the West African Central Bank;

- That Ghana is practicing inflation targeting and The Gambia and Nigeria are at different stages of starting implicit inflation targeting while Sierra Leone is practicing monetary targeting with Liberia operating dual currency regime;
- That high degree of operational autonomy of a central bank coupled with constitutionally guaranteed tenure of office for the Governors of the central bank are critical inputs for enhancing credibility of monetary policies;
- That at the government level, inflation targeting institutionalizes 'good' monetary policies, increases transparency and accountability for the central bank and provides guidelines for other government policies. It also shapes private sector expectations, reducing uncertainty and costs associated with adjustment to new, low inflation regime;

- That excess crude account revenue accruing to the oil rich states in the sub-region should be invested in assets with future streams of benefit for use by future generations as crude oil is a depletable national resource;

## **7.2 Recommendations**

- That governments in the sub-region are urged to continue with the implementation of sound and credible monetary policies in the sub-region as part of efforts to meet the convergence criteria under the West African Monetary Zone (WAMZ) for the establishment of West African Central Bank;
- That Governors of the central banks in the sub-region are enjoined to align their monetary policies towards convergence for ultimate goal of implementing inflation targeting in all the central banks as inflation targeting helps to shape private sector expectations, reduce uncertainty and costs for investment purposes and consumption decision making;

- That in some countries in the sub-region, the tenure of office of the central bank governors are guaranteed in their constitutions which is an international best practice but other WAIFEM constituent countries that are yet to enshrine this in their constitutions, are urged to hasten the process;
- That it is imperative that policy makers in oil-rich countries should invest excess crude funds for the benefit of future generations instead of present consumption with adds to inflationary pressures;

## **7.0 APPRECIATION**

We, the participants, thank WAIFEM, the central banks of The Gambia, Ghana, Liberia, Nigeria and Sierra Leone and our various institutions for granting us this opportunity to benefit from this unique course. We have no doubt that it would add value to our job performance.

***DONE in Lagos, Nigeria THIS 4<sup>th</sup> DAY of April, 2008.***