



**BCEAO**  
CENTRAL BANK OF  
WEST AFRICAN STATES

2006 ANNUAL REPORT

SUMMARISED VERSION

ORIGINAL : FRENCH



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WEST AFRICAN STATES

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Avenue Abdoulaye Fadiga - BP 3108 - Dakar - Sénégal

ISSN 08508674



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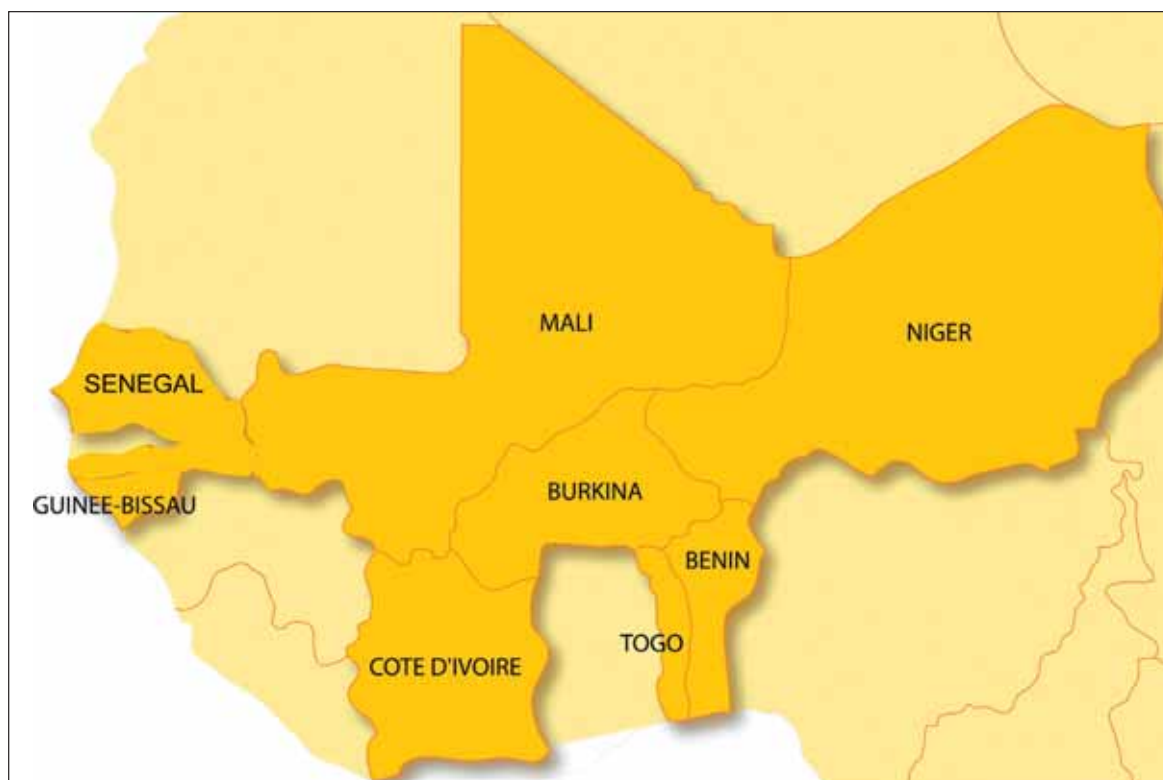
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The West African Monetary Union (WAMU) established by the November 14, 1973 Treaty, which replaced that of May 12, 1962, is made up of the following eight member countries located in West Africa :

BENIN	MALI
BURKINA	NIGER
COTE D'IVOIRE	SENEGAL
GUINEA-BISSAU	TOGO

The Central Bank of West African States (BCEAO), the forty-fourth year of activity of which is described herein, is the common central bank of the WAMU ; it is in charge notably of managing the common currency of member countries, the African Financial Community Franc (CFA Franc), their foreign exchange reserves as well as implementing their common monetary policy.

N.B. Unless otherwise specified, the values indicated hereinafter are expressed in CFA francs.



## HIGHLIGHTS OF BCEAO IN 2006

The following are the highlights that characterised past financial year for the BCEAO :

### AT THE ECONOMIC INTEGRATION AND MONETARY COOPERATION LEVELS

#### Meeting of the Bureau of the Association of African Central Banks (AACB)

The AACB Bureau held an ordinary meeting on Friday, March 3, 2006 at the Headquarters of the BCEAO. Several Governors of member central banks participated in this meeting, including Dr. Paul ACQUAH, Governor of the Bank of Ghana and Chairperson of the AACB, Mr. Jean-Claude Masangu MULONGO, Governor of the Central Bank of Congo, Mr. Zeine Ould ZEIDANE, Governor of the Central Bank of Mauritania, Mrs. Linah K. MOHOHLO, Governor of the Bank of Botswana as well as Representatives of the Governor of the Bank of Namibia and Governor of the National Bank of Rwanda. The opening ceremony was chaired by the interim Governor of the BCEAO, Mr. Damo Justin BARO. The agenda of this meeting included among other items, considering the reports of the Chairpersons of the AACB sub-regional Committees on monetary integration as well as proposals for the establishment of the African Central Banks task force on payment systems.

#### Donor round table for the Regional Economic Programme (REP)

On November 2 and 3, 2006, the donor round table dedicated to the funding of the WAEMU Regional Economic Programme (REP) was held at Hôtel Méridien Président in Dakar, Senegal, under the high patronage of his Excellency Me. Abdoulaye WADE, President of the Republic of Senegal. The Round table was attended by the following :

- the member States of the West African Economic and Monetary Union, the common institutions of the Union (WAEMU Commission, Central Bank of West African States, West African Development Bank, Regional Consular Chamber), the sub-regional and inter-African organisations (ECOWAS, Liptako-Gourma Authority, FAGACE, African Solidarity Fund) and the private sector ;
- Algeria, Canada, Italy, Japan, the French Republic, the Federal Republic of Germany, the People's Republic of China, the Kingdom of Belgium, the Kingdom of Netherlands and the Kingdom of Morocco ;
- other development partners (World Bank, IMF, ADB, ISDB...).

The total amount of financial contributions pledged by development partners reached CFA F 2,438 billion, which substantially meets the CFA F 2,002 billion required and submitted at the round table.

### AT THE MONETARY AND FINANCIAL LEVELS

#### Operationalisation of the WAEMU automated interbank clearing system (SICA-UEMOA)

Initiated in 1999 by the BCEAO, the reform of payment systems translated into the establishment in WAEMU of an automated transfer and settlement system (STAR-UEMOA) and an automated inter-bank clearing system (SICA-UEMOA).

Launched on November 17, 2005 in Mali, SICA-UEMOA operationalised on January 19, 2006 in Senegal, on June 29, 2006 in Burkina, on August 3, 2006 in Côte d'Ivoire and on November 9, 2006 in Benin.



With this new system, it is possible for banks, direct from their premises in the cities where the BCEAO is represented, to send for clearing the electronic files of their various transactions. Clearing balances are calculated on the basis of electronic presentations supported by an exchange of scanned images of values (cheques, commercial papers, transfer forms).

This automated system should notably help reduce the time required for transmitting orders by dematerialising commercial papers and cheques, settling clearing balances and debiting and crediting bank customers' accounts. It should also contribute to lessen risks associated with the handling and transport of values.

### **Start of the settlement of the stock exchange operations in STAR-UEMOA**

On February 3, 2006, the WAEMU automated transfer and settlement system (STAR-UEMOA) integrated the settlement of cleared transactions of the stock exchange Central Depository/Settlement Bank (CD/SB), with the participation of all Union-based management and intermediation companies (SGIs). The integration of the settlement of the regional stock exchange (BRVM) operations into STAR-UEMOA should ensure a more efficient finalisation of the regional financial market transactions.

### **Start of the diffusion of the balance sheet centre's products**

The corporate balance sheet centre (CBE/ UMOA) started on February 27, 2006, the diffusion of its products. The first editions concerned "Sectoral Centralisations", "Individual Company File" and a "Corporate Directory". "Sectoral Centralisations" are aggregated annual financial statements of corporates (cumulative balance sheets, cumulative income statements, cumulative financial tables on resources and uses) per sector of activity, as defined in the classification of activities in AFRISTAT member States, known as NAEMA. The "Individual Company File" consists of the financial analysis of the entity concerned. The enterprise is positioned in its sector by comparing its characteristic values to those calculated for the same sector. The third product of the CBE/UMOA, viz. the "Corporate Directory" was diffused on October 5, 2006.

### **Seminar on the standardisation of non-cash means of payment within the WAEMU space**

On May 3-5, 2006, a seminar on the standardisation of cheques, bills of exchange and promissory notes was held at BCEAO Headquarters in Dakar, Senegal. This seminar aimed at defining the reference or standard functional and technical specifications applicable within the West African Economic and Monetary Union as regards the manufacturing and use of non cash means of payment. It gathered about fifty participants from the Union banks, the BCEAO national branches and head office departments as well as printers and solution providers in cheque and commercial paper processing.

### **First meeting of the Board of Directors of the WAEMU-based corporate data marketing company**

As part of the establishment of the corporate balance sheet centre (CBE), a private-law structure called "*Société de Commercialisation d'Informations d'Entreprise* (SCIE)" was created to produce and diffuse data on WAEMU-based non-financial corporates. Its Board of Directors held its first meeting on July 6, 2006 at BCEAO Headquarters in Dakar, Senegal. It gathered six (06) out of the eight (08) Directors of the SCIE representing the BCEAO, the West African Development Bank (BOAD), the African Fund for Guarantee and Economic Cooperation (FAGACE), the Bank Of Africa Group (BOA), the "Banque Nationale d'Investissement de Côte d'Ivoire (BNI-CI)" and "Banque Togolaise de Développement (BTD)". The Regional Stock Exchange (BRVM) and the "Banque Commerciale du Burkina (BCB)" were also represented.





### **Strengthening the legal framework for payment systems within WAEMU**

The legal framework governing payment systems in WAEMU was reinforced with the signing of BCEAO Governors' instruction on the issuance of electronic money and electronic money institutions. It came into force on July 31, 2006 and its objective is to favour the development of electronic money within the WAEMU zone while contributing to protect populations and preserve financial stability within the Union.

Electronic money issuing institutions comprise banks, postal cheque services, Public Treasuries, decentralised financial systems and bodies authorised by law to carry out electronic money issuing activities, whereas distributing institutions are made up of enterprises providing to customers electronic money upload and download services. Standards relating notably to the minimum social capital and equity have been defined for these structures. Electronic money issuance and distribution are subject to a license delivered by the Central Bank.

### **The BCEAO Governor appointed member of the United Nations Expert Group on the implementation of the recommendations of the international year of microcredit**

As part of the celebration in 2005 of the International Year of Microcredit (IYM), the Governor of the Central Bank was appointed member of the Advisor Group established by the United Nations Secretary General. At the end of the mandate of this Group, it was proposed, under the aegis of the United Nations, the establishment of an Expert Group with a mandate to monitor, over a maximum 2-year period, the implementation of the main recommendations formulated during the IYM.

The UN Secretary General decided in early 2006 to translate this proposal into reality by creating a United Nations Expert Group on the financial sector. The Governor of the BCEAO was again appointed member of this twenty-four member entity which comprises notably the Governor of the Bank of Israël, the Governor of the Bank of Malaysia, the Governor of the Bank of Switzerland and the President of the African Development Bank.

The Expert Group duties included, among other things, widely diffusing the «Blue book on microfinance» and its recommendations, promoting efficient payment systems, disseminating best practices on financial management and improving private and public actors' contribution to microfinance development.

The two first meetings of this group were held in New York (United States), on June 30, 2006, and in Halifax (Canada), on November 15-16, 2006. These meetings highlighted the need to refocus the issue of enlarging people's access to financial services by defining relevant indicators and taking into account the diversity of financial institutions.

### **Launching of electronic banking transactions through the WAEMU interbank card processing centre (CTMI-UEMOA)**

On December 11-15, 2006, the WAEMU interbank card processing grouping (GIM-UEMOA) and the WAEMU interbank card processing centre (CTMI-UEMOA) held their meetings in Bamako, Mali.

These meetings pointed out that CTMI-UEMOA could be operationalised in 2007. Indeed, the card processing solution has been installed, the computer room dedicated to transactions processing is operational and the telecommunication infrastructure built around the VSAT network is operational in Mali and in Senegal ; its deployment is underway in Burkina ( these three (03) countries host the pilot banks). The VSAT network deployment throughout the WAEMU, planned for 2007, will take place concomitantly with the preparation of the Grouping 's other member banks.





## ON THE MANAGEMENT OF BCEAO

### **Third meeting of the departments in charge of training francophone central banks staff**

On March 27-29, 2006, the Headquarters of the Central Bank of West African States hosted the third meeting of the working group comprising directors in charge of training francophone central banks staff. This meeting, which followed the January 2004 Paris and February 2005 Alger editions respectively, gathered the training directors from the Central Bank of Algeria, the International Banking and Finance Institute (IBFI), the *Banque de France*, the Bank Al Maghrib of Morocco, the Central Bank of Mauritania, the Central Bank of Tunisia and the Central Bank of Guinea. The Bundesbank, which established a partnership with the IBFI was also represented at this meeting as an observer.

### **Seminar on the implementation and updating of the BCEAO 2006-2008 business plan**

The Management Control Department, in collaboration with the Training Department organised on June 14-15, 2006, a seminar-workshop on the implementation and updating of the BCEAO 2006-2008 business plan. Broadcasted by videoconference, this seminar gathered auditors and correspondents of the Management Control Department in the BCEAO National Branches, Directors of head office Departments, the WAMU Banking Commission Secretariat General and the Representation of the BCEAO to the WAEMU Commission.

The seminar provided to participants an opportunity to cross-exchange ideas on the nature of the Central Bank's activities, which requires the involvement of the Bank's whole staff. Besides, proceedings resulted in the adoption of the main indicators and identification of the 2007 priority actions.

### **Operationalisation of the automated system of activity indicators management (SAGINA)**

The Central Bank operationalised on August 24, 2006, a new application called SAGINA (automated system of activity indicators management).

SAGINA is a web-type application centralised at BCEAO Headquarters and accessible to all sites via the BCEAO parameterable and progressive network. It aims at facilitating the design of management dashboards while reducing risks associated with manual data processing. Besides, it provides the possibility to share in real time, data which are common to all sites and to standardise working methods.

### **Ceremony in honour of BCEAO high officials who went on retirement in 2006**

On December 27, 2006, a ceremony was organised at Headquarters of the Central Bank in honour of BCEAO high officials who went on retirement in 2006. These valorous men and women who said their farewells to the Central Bank after a three decade prestigious career, entirely devoted to the Central Bank, included the ten following people :

- Mr. Amadou Sadickh DIOP, Secretary General of the BCEAO ;
- Mr. Mamadou DIOP, Secretary General of the WAMU Banking Commission ;
- Mr. Tiémoko Meyliet KONE, Special Advisor to the Governor, Comptroller General ;
- Mr. Pascal Irenée KOUPAKI, Special Advisor to the Governor, Director of the Department of Economic Research and Money ;





Governor BARO and Vice-Governor GAMATIE with some of the high officials who went on retirement.

- Mr. Sosthène Boureïma BAMBARA, Advisor to the Governor, Director of the General Administration and Training Department ;
- Mr. Ambroise KONE, Director of the Issuance, Accounting and Finance Department ;
- Mrs. Sockna BEYE SAKHO, Director of the Security and Legal Matters Department ;
- Mr. Idriss Lyassou DAOUDA, National Director of the BCEAO for Benin ;
- Mr. Seyni NDIAYE, National Director of the BCEAO for Senegal ;
- Mr Abdoulaye SOUMANA, National Director of the BCEAO for Niger.

In his address to the high officials of the Central Bank, Governor BARO praised the professional skills, probity, discretion and unselfishness which they displayed in the performance of their duties throughout their career. For their dedication and service to the common central bank, Mr. BARO expressed, on behalf of the staff and himself, his satisfaction at the work accomplished and extended to them wishes of a peaceful, happy and fulfilled retirement.





## MEMBERSHIP OF THE STATUTORY ORGANS AND ORGANISATION CHART OF THE BCEAO





## MEMBERSHIP OF THE WAMU CONFERENCE OF HEADS OF STATE AND GOVERNMENT

As at December 31, 2006

**CHAIRPERSON : His Excellency Mamadou TANDJA,**  
*President of the Republic of Niger.*

His Excellency **Boni YAYI,**  
*President of the Republic of Benin.*

His Excellency **Blaise COMPAORE,**  
*President of Burkina Faso.*

His Excellency **Laurent GBAGBO,**  
*President of the Republic of Côte d'Ivoire.*

His Excellency **João Bernardo VIEIRA,**  
*President of the Republic of Guinea-Bissau.*

His Excellency **Amadou Toumani TOURE,**  
*President of the Republic of Mali.*

His Excellency **Mamadou TANDJA,**  
*President of the Republic of Niger.*

His Excellency **Abdoulaye WADE,**  
*President of the Republic of Senegal.*

His Excellency **Faure GNASSINGBE,**  
*President of the Republic of Togo.*



## MEMBERSHIP OF THE WAMU COUNCIL OF MINISTERS

As at December 31, 2006

**CHAIRPERSON : Mr. Jean-Baptiste COMPAORE,**

*Minister of Finance and Budget of Burkina Faso*

Republic of Benin

MESSRS. Pascal Irenée KOUPAKI, Minister of Development, Economy and Finance ;  
Albert Sègbégnon HOUNGBO, Minister in charge of Budget, Attached to  
the Minister of Development, Economy and Finance.

Burkina Faso

MESSRS. Jean-Baptiste COMPAORE, Minister of Finance and Budget ;  
Jean de DIEU SOMDA, Minister for Regional Cooperation  
Attached to the Minister of Foreign Affairs and Regional Cooperation.

Republic of Côte d'Ivoire

MESSRS. Koffi Charles DIBY, Minister attached to the Prime Minister in charge  
of Economy and Finance ;  
Albert TOIKEUSE MABRI, Minister for Cooperation and African Integration.

Republic of Guinea-Bissau

MESSRS. Victor MANDINGA, Minister of Finance ;  
Issufo SANHA, Minister of Economy.

Republic of Mali

MESSRS. Abou-Bakar TRAORE, Minister of Economy and Finance ;  
Oumar Hammadoun DICKO, Minister of Malians living abroad and  
African Integration.

Republic of Niger

MESSRS. Ali Mahamane Lamine ZEINE, Minister of Economy and Finance ;  
Seyni OUMAROU, State Minister, Minister of Equipment.

Republic of Senegal

MESSRS. Abdoulaye DIOP, Minister of Economy and Finance ;  
Cheikh Hadjibou SOUMARE, Minister of Budget, Attached to the  
Minister of Economy and Finance.

Republic of Togo

MESSRS. Payadowa BOUKPESSI, Minister of Finance, Budget and Privatisations ;  
Daniel Koboè KLOUTSE, Minister of Economy and Development.





## MEMBERSHIP OF THE BCEAO BOARD OF DIRECTORS

As at December 31, 2006

### **CHAIRPERSON : Mr. Damo Justin BARO**

*Interim Governor of BCEAO*

Republic of Benin

MESSRS. Félicien C. ZACHARIE, Director General, Treasury and Public Accounting ; Minister of Development, Economy and Finance ;  
Dieudonné C. ASSOGBA, Deputy Private Secretary to the Minister of Development, Economy and Finance.

Burkina Faso

MESSRS. Lucien Marie Noël BEMBAMBA, Director General of Treasury and Public Accounting ; Ministry of Finance and Budget ;  
Léné SEBGO, Director General of Cooperation, Ministry of Finance and Budget.

Republic of Côte d'Ivoire

MESSRS. Kouamé KOUASSI, Director General of Budget and Finance, Ministry of Economy and Finance ;  
Claude Yao BEUGRE, Special Advisor to the Minister Attached to the Prime Minister in charge of Economy and Finance.

Republic of Guinea-Bissau

MESSRS. Fernando Jorge Maria CORREIA, Director General of Treasury, Ministry of Finance ;  
João Viriato RODRIGUES, Debt Director, Ministry of Finance.

Republic of Mali

MESSRS. Aboubacar Alhousseyni TOURE, Director General of Treasury and Public Accounting, Ministry of Economy and Finance ;  
Sambou WAGUE, Secretary General, Ministry of Economy and Finance.

Republic of Niger

MESSRS. Boubacar Moumouni SAIDOU, Economy Commissioner, Ministry of Economy and Finance ;  
Abdou SOUMANA, Secretary General, Ministry of Economy and Finance.

Republic of Senegal

MESSRS. Falliou Mbacké DIAGNE, General Treasurer, Central Payer of the Treasury, Ministry of Economy and Finance ;  
Adama DIEYE, Technical Advisor, Ministry of Economy and Finance.

Republic of Togo

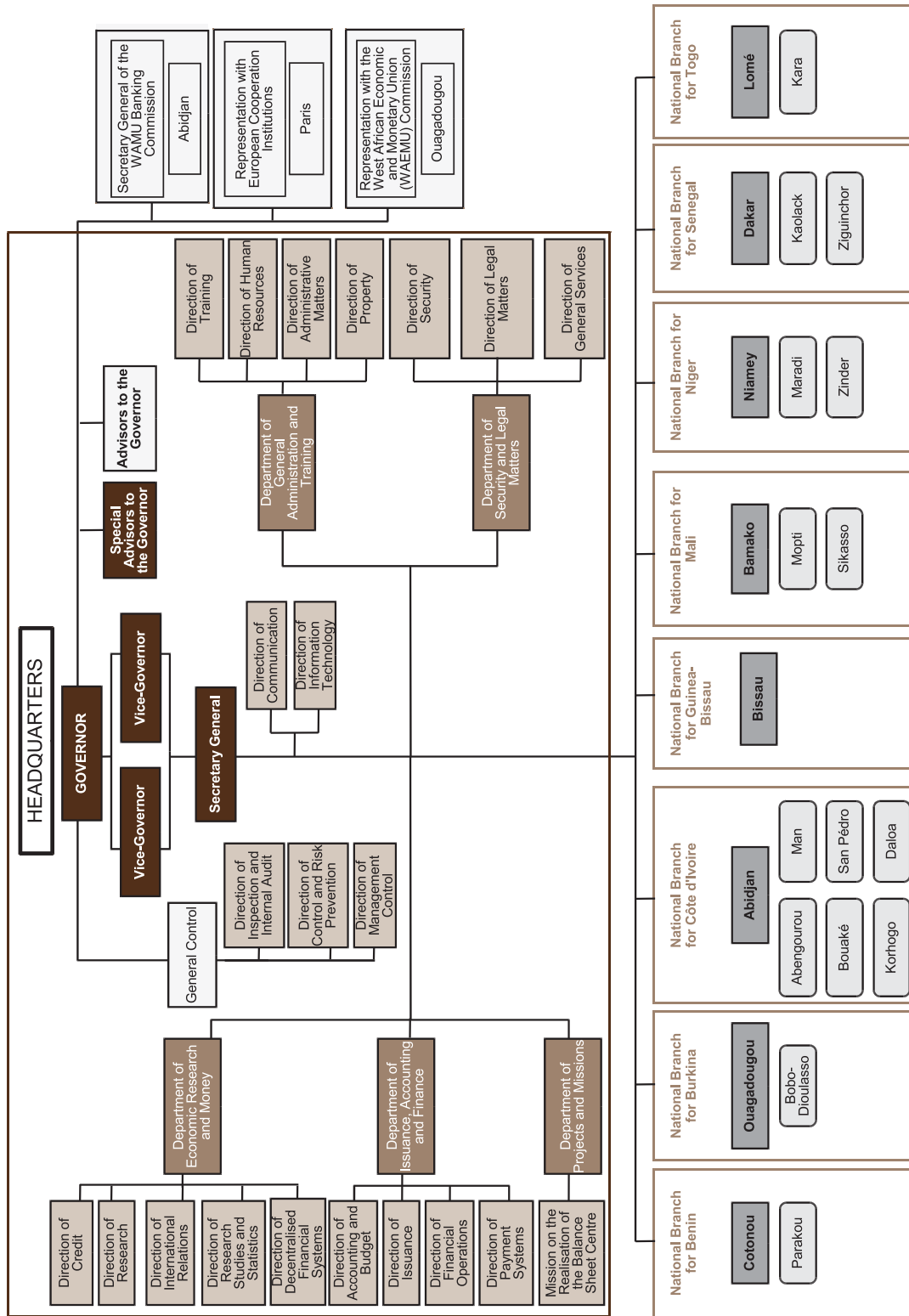
MESSRS. Essowédéou AGBA, Secretary General, Ministry of Finance, Budget and Privatisations.  
Marc Dédériwé ABLY-BIDAMON, Director General, Customs Service  
Ministry of Finance, Budget and Privatisations.

French Republic

MESSRS. Xavier MUSCA, Director General of Treasury and Economic Policy, Ministry of Economy, Finance and Industry ;  
Jean-Christophe DEBERRE, Director of Development Policies, Ministry of Foreign Affairs.



**ORGANISATION CHART OF BCEAO**





# CENTRAL BANK OF WEST AFRICAN STATES

As at December 31, 2006

## MANAGEMENT

Interim Governor	: Mr. Damo Justin BARO
Vice-Governor	: Mr. Ali Badjo GAMATIE
Secretary General	: Mr. Amadou Sadickh DIOP
Special Advisor to the Governor	: Mr. Tiémoko Meyliet KONE

## ADVISOR TO THE GOVERNOR

: Mr. Sosthène Boureima BAMBARA

## GENERAL CONTROL

Comptroller General : Mr. Tiémoko Meyliet KONE

## ASSISTANT TO THE GOVERNOR

: Mr. Alain KOUTANGNI

## DEPARTMENTS

Director, Department of General Administration and Training	: Mr. Sosthène Boureima BAMBARA
Director, Department of Issuance, Accounting and Finance	: Mr. Ambroise KONE
Director, Department of Economic Research and Money	: Mr. Jean-Claude BROU
Director, Department of Projects and Missions	: Mr. Ousmane OUEDRAOGO
Director, Department of Security and Legal Matters	: Mrs. Sockna Bèye SAKHO

## ADVISORS TO THE COMPTROLLER GENERAL AND TO THE DIRECTORS OF DEPARTMENTS

Advisor to the Comptroller General	: Mr. Thiémoko DIARA
Advisor to the Director of the Department of Issuance, Accounting and Finance	: Mr. Christian KOFFI
Advisors to the Director of the Department of Economic Research and Money	: Mr. Mawuena Kodzo DOSSA : Mr. François de Salles NARE : Mr. Mahamadou GADO

## HEAD OFFICE DEPARTMENTS

Director, Administrative Matters	: Mr. Marcel de SOUZA
Director, Legal Matters	: Mr. Elpidio FREITAS
Director, Communication	: Mr. Venance Adamah KANGNI
Director, Accounting and Budget	: Vacant
Director, Management Control	: Mr. Alain KOUTANGNI
Director, Controls and Risk Prevention	: Mr. Soumaïla OUEDRAOGO





Director, Credit	: Mr. Charles KI-ZERBO
Director, Issuance	: Mr. Amadou BACHIR
Director, Research	: Mr. Armand BADIEL
Director, Training	: Mr. Modienne GUISSSE
Director, Information Technology	: Mr. Abdoulaye SECK
Director, Inspection and Internal Audit	: Mr. Denis N'GBE
Director, Financial Operations	: Mr. Oumar Tatam LY
Director, Property	: Mr. Siriki KONE
Director, International Relations	: Mr. Samuel MEANGO
Director, Research Studies and Statistics	: Mr. Ismaïla DEM
Director, Human Resources	: Mr. Jean-Baptiste Ayayé AMAN
Director, Security	: Mr. Paul Marie KYELEM
Director, General Services	: Mr. Félix DJAN DJE
Director, Payment Systems	: Mrs. Fatimatou Zahra DIOP
Director, Decentralised Financial Systems	: Mr. Eric Amah EKUE
Director to the Secretary General	: Mr. Mamadou Lamine DIOUF

#### **MISSIONS**

Director responsible for the Mission on the Realisation of the Balance Sheet Centre	: Mr. Joseph Pindana SAMA
Principal Coordinator, Technical Assistance, Mission to the National Branch of BCEAO for Guinea-Bissau	: Mr. Blaise Djomand DIPLO

#### **REPRESENTATIONS**

Resident Representative of the Governor with the West African Economic and Monetary Union (WAEMU) Commission	: Mr. Théophile Ahoua N'DOLI
Representative of BCEAO with European Cooperation Institutions	: Vacant

#### **NATIONAL BRANCHES**

National Director for Benin	: Mr. Lyassou Idriss DAOUDA
National Director for Burkina	: Mr. Bolo SANOU
National Director for Côte d'Ivoire	: Mr. Kablan YAO SAHI
National Director for Guinea-Bissau	: Mr. Aguinaldo EMBALO
National Director for Mali	: Mr. Idrissa TRAORE
National Director for Niger	: Mr. Abdoulaye SOUMANA
National Director for Senegal	: Mr. Seyni NDIAYE
National Director for Togo	: Mr. Ayéwanou GBEASOR



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Mr. Damo Justin BARO, interim Governor of BCEAO



## Governor's Message

**C**orporate information is today a strategic decision-aid tool for States and firms. For public Authorities, it helps reinforce the analysis of corporates and industries' economic, financial and trade performances and better define and implement economic policy. For investors, more demanding for reliable data in short time, it improves risk perception and helps implement modern and efficient investment strategies. In an increasingly globalised world, quality of corporate information has become a necessary condition to attract capital, secure business relations and develop a sound and stable financial system.

Over the last few years, the development of corporate balance sheet centres in many regions of the world contributed to improve significantly the quality and availability of corporate data. At the West African Economic and Monetary Union (WAEMU) level, the Central Bank of West African States (BCEAO) launched in October 1991 a project for establishing a balance sheet centre. The implementation of this project required the standardisation of the accounting regulation applicable to the Union non financial institutions and of corporate information, and also the establishment of organs in charge of accounting standardisation and organisation of the accounting profession. All these actions contributed to improve the quality of corporate information and facilitate its collection, processing and analysis.

The project on the WAEMU Balance Sheet Centre was entirely completed in 2006. The database built up comprises about 30,000 corporates and is regularly updated and developed. The Central Bank intends today to promote a modern market on corporate information, which will guarantee free access to information, transparency and good governance. In this regard, it undertook, with the authorisation of the WAMU Council of Ministers to create a private-law structure called "Société de Commercialisation d'Informations d'Entreprise (SCIE)". This firm will be in charge of producing and diffusing information on non financial corporates under public service delegation. As regards the common central bank, it is responsible for information collection and administration of the database.

The new firm is the result of a successful regional partnership, associating in a common project the BCEAO and institutional promoters viz. the West African Development Bank (BOAD), the « Fonds Africain de Garantie et de Coopération Economique (FAGACE) » - African fund for guarantee and economic cooperation, the Regional Stock Exchange (BRVM) and many local credit institutions.

In order to ensure the success of this project and contribute to the establishment of a diversified, stable and healthy financial system, the implementation of accompanying measures by the main partners of the project namely the private sector, the WAEMU member States and the Central Bank will be necessary.

As regards corporates, efforts should focus on corporate governance and internal organisation in order to produce within the prescribed deadlines, reliable financial statements to supply the WAEMU balance sheet.

The public bodies involved, notably tax administrations, should ensure the strict application of agreements on corporate data collection convened with the BCEAO. Achievements should also be consolidated, while ensuring the compliance with the legal and regulatory provisions which are essential to the success of the balance sheet centre.





*The BCEAO, for its part, in line with its mission to safeguard financial stability, will continue to ensure the development of the balance sheet centre, notably by preserving the integrity, reliability, availability and updating of the database it is hosting.*

**Damo Justin BARO**

Interim Governor of the Central Bank of West African States,  
Chairperson of the Board of Directors





## OVERVIEW

World economic growth continued to expand in 2006, driven by the performances of emerging countries, despite relatively high prices of crude oil per barrel. The world economy growth pace speeded up to 5.4% in real terms compared to 4.9% in 2005.

In this context, economy activity remained buoyant in developing countries. In Latin America, it continued to be driven by the good performance of exports in relation with growing world demand. In Africa, economic growth stood at 5.5%, compared to 5.6% in 2005, mainly boosted by the improvement in the economic situation of oil-producing countries.

Fears about an upsurge in inflation induced by soaring prices of oil products led several central banks to continue to tighten their monetary policy.

On the foreign exchange market, the buoyant economic activity in particular in the United States partially dissipated fears of dealers about the magnitude of the US fiscal deficits and current payments balance. Accordingly, the American currency only depreciated on average by 0.9% in relation to the Euro.

The role of gold as a hedge became reinforced due to the relative decrease of the dollar, as well as central banks willing to diversify their assets portfolio. On the commodity markets, the prices of the main agricultural export products of the West African Monetary Union (WAMU) member States, notably coffee, cocoa and cotton remained on a rising trend as a result of demand recovery.

The gross domestic product of WAMU countries increased in real terms by 3.0% in 2006 compared to 4.1% a year earlier. Decline in economic growth was due to persistent difficulties in some agricultural fields, crisis in the energy sector as a result of skyrocketing prices of oil products and socio-political environment in some countries.

Average annual inflation dropped noticeably to 2.3% compared to 4.3% in 2005. This decrease in consumer price general level was due to the impact of the favourable outcome of the 2006-2007 crop season on prices of food products.

The overall deficit in public finance, excluding grants, stood at 1,288.5 billion. Weighted by GDP, it decreased to 5.0% compared to 5.3% in 2005. Outstanding external debt amounted to 8,809.4 billion, compared to 12,741.8 billion by end of 2005. This decrease of 3,932.4 billion is mainly due to debt relieves under Highly Indebted Poor Countries Initiative (HIPC) for an overall amount of 4,431.1 billion, the impact of which was moderated by new drawings on borrowings. Consequently, debt stock represented by end of 2006, the equivalent of 34.0 % of GDP compared to 52.1% in 2005.

The aggregate balance of external payments of the Union member States showed a 686.4 billion surplus compared to 98.3 billion in 2005. The deficit in current transactions, excluding official transfers, decreased to 6.4% of GDP compared to 7.7% in 2005.

The cautious orientation given to monetary action by the BCEAO over the past few years was maintained so as to bring inflationary pressures under control and consolidate savings and growth.

In a context characterised by fears about the development in prices within the WAMU member States, the Central Bank increased by one quarter percentage point its intervention rates as from August 24, 2006. The repurchase rate decreased to 4.25% and the discount rate rose to 4.75%.



Taking into consideration trends of credit to the economy in the Union member States, the Central bank remained unchanged the reserve requirement ratios, applicable to the Union banks, and set since June 16, 2005 at 15.0% in Benin, 9.0% in Mali, Niger and Senegal, 7.0% in Burkina, 5.0% in Côte d'Ivoire and 3.0% in Guinea-Bissau and Togo. In view of banks' cash position, the Central bank did not organise any auction to inject or withdraw liquidity in 2006.

The net external credit external position of monetary institutions improved from 586.9 billion to 3,884.7 billion. Foreign exchange reserves stood at 4,013.4 billion inducing a money issuance coverage ratio of 117.1 % by end of December 2006.

Domestic credit was up by 3.4% to stand at 4,783.0 billion, due to an increase in credit to the economy, the impact of which was moderated by the decline in the net position of Governments. Interventions by the Central Bank stood at 342.0 billion in December 2006, reflecting a decline of 24.4 billion compared to the level recorded a year earlier. This development is due to the conjunction of the 37.8 billion decline in central bank's assistance to the States and the 13.4 billion increase in refinancing to the benefit of banks and financial institutions.

Reflecting trends in its counterparts, money supply increased by 11.4% to 7,170.8 billion.

The payment systems modernisation projects were pursued, particularly, the launching of the WAEMU automated interbank clearing system (SICA-UEMOA). In addition, it should be noted the gradual users ownership of the WAEMU automated transfer and settlement system (STAR-UEMOA), reflected by an increase in the volume and amount of exchanges made and better performance indicators.

The centralisation of non financial corporate balance sheets crossed a decisive threshold with the creation of the "Société de Commercialisation d'Informations d'Entreprise - SCIE" and the diffusion within the Central Bank of the first editions of the publications entitled "Sectoral centralisations", "Individual Company File" and "Corporate Directory". The Central Bank also initiated actions aimed at promoting Decentralised Financial Systems (SFD) and regional monetary cooperation.

Furthermore, the Central Bank contributed to enhance the integration process by participating in sensitising actions and implementation of the Regional Economic Programme (REP), designed to stimulate strong growth, in order to efficiently combat poverty.

By end of 2006, in accordance with Article 64 of its Statutes, the accounts of the BCEAO were submitted for consideration to the national controllers and the external auditor appointed by the Council of Ministers. The latter then examined jointly with the controller designated by France, the implementation of the Agreement of an Operations Account.

