

IMPLEMENTATION OF THE MONETARY CO-OPERATION PROGRAM OF NORTHERN AFRICA SUB-REGION IN YEAR 2002

The Program has been adopted in December, 2003. In this regard, the results of its implementation has been made on the basis of the information available in 2002.

1 - Overall Assessments

Economic and financial developments for 2002 indicate that all member countries of the Northern Africa sub-region met the criteria relating to *inflation rate*, whereas Sudan recorded the highest inflation rate (7.9%) followed by Mauritania (3.8%), Algeria (3.0%), Tunisia (2.8%), Egypt (2.7%) and Libya (1.0%).

For the *budget deficit or surplus (excluding grants) / GDP ratio*, it was noted that two countries had deficit ratios [Egypt (-5.7%) and Tunisia (-4%)] while other countries had surplus ratio [Mauritania (+1.6%), Libya (+0.8%) and Algeria (+0.4%)].

Concerning the criteria of *gross reserves cover as months of imports*, all members have met it except Sudan (2.7 months) and Tunisia, (2.8 months). Algeria's gross reserves covered 26.4 months of imports, Libya (24,4 months), Egypt (12.3 months) and Mauritania (8.5 months).

2 - Outstanding Challenges

The members of the sub-regional committee, like most of African countries, share lot of common features such as:

- Very low share of world output (only 2%)
- Low investment to GDP ratio
- Low share of world trade
- Low share of intra-African trade
- Weak financial sector.

Governors agreed those lots of challenges remain to be addressed by countries. In that context, the creation of groupings would be considered as a mean of helping member countries to overcome the difficulties that may occur

3 - Recommendations and conclusions

Governors recommended the following:

- Establishment of a technical Committee comprising representatives of member Central Banks of Northern Africa sub-region. The Committee's co-ordinator will be nominated from the chair country of the sub-region (now Egypt) and be responsible for preparing a detailed program for co-ordination and co-operation, taking into consideration all the proposed

opinions related to the primary and secondary criteria, and in harmony with other sub-regional groupings.

- With regard to the proposal of exchange of experiences within the group, Governors agreed that the Committee should handle all issues of bilateral and regional co-operation between the Central Banks of Northern Africa sub-region including the exchange rate.
- Governors agreed that the rotation of chairmanship of the sub-region should be on alphabetical order based on the English spelling of the names of countries. Therefore, after Egypt, Libya would be the next chairperson of the Northern Africa sub-region after the next AACB annual meetings.