ASSOCIATION DES BANQUES CENTRALES AFRICAINES

ASSOCIATION OF AFRICAN CENTRAL BANKS

Annex 5

ASSOCIATION OF AFRICAN CENTRAL BANKS (AACB)

41st ORDINARY MEETING OF THE ASSEMBLY OF GOVERNORS

(Sharm El Sheikh, Egypt, 9 August 2018)

SUMMARY PROGRESS REPORT ON THE IMPLEMENTATION OF THE AFRICAN MONETARY COOPERATION PROGRAMME (AMCP) FOR 2017

OVERVIEW

Global economic activity strengthened in 2017. According to the International Monetary Fund (IMF) in its estimations published in April 2018, global economic growth stood at 3.8% in 2017 against 3.2% in 2016, the fastest growth rate since the end of the international financial crisis in 2011. This acceleration in the pace of the growth of economic activity is mainly due to the favorable evolution of the global financial environment, the rebound in world trade and improvement of investment conditions.

The economic growth rate in Africa was 3.6% in 2017, compared with 2.2% in 2016, according to the latest African Development Bank estimations (Performance and Macroeconomic Outlook in Africa in 2018). This acceleration is the result of a more favorable international situation and sustained domestic demand. It is also driven by the recovery of commodity prices and the pursuit of internal macroeconomic reforms. In addition, the number of countries in armed conflict is declining, favoring external capital inflows.

As in the previous year, the East African sub-region recorded the strongest growth in 2017 (5.6% against 4.9% in 2016). It is followed by the North Africa sub-region whose growth rate rose to 5.0% in 2017 against 3.3% in 2016. An increase in economic growth is noted in the sub-regions of West Africa (2.5% in 2017 against 0.5% in 2016), Southern Africa (1.6% in 2017 against 0.9% in 2016) and Central Africa (0.7% in 2017 against 0.1% in 2016).

The assessment of the countries' performance in 2017 on the basis of the criteria adopted by the Assembly of Governors in August 2017 in Pretoria shows that 18 countries out of 52 met the four primary convergence criteria against 0 in 2016, based on the former convergence criteria.

The evaluation also revealed that the primary convergence criteria relevant to foreign exchange reserves in months of imports and inflation rate were better met, with compliance ratios of 76.9% and 71.2% respectvely in 2017. The central bank credit to Government criterion recorded the lowest compliance ratio (59.6%) in 2017. For the secondary criteria, the criteria for the variability of the nominal exchange rate and the public debt ratio were beter met (respectively 84.6% and 75.0% as compliance rates). However, almost all countries still face difficulties in meeting criterion relevant to the the tax revenue.

Only one country (Lesotho) met the all eight convergence criteria in 2017. There are disparities among AACB sub-regions in terms of meeting the macroeconomic convergence criteria. Five countries in the West Africa sub-region and five countries in the East Africa sub-region meet seven of the eight convergence criteria (both primary and secondary). Progress is also noticeable in the others sub-regions, especially in Southern Africa.

The Member States should be encouraged to pursue the efforts in order to enhance further countries performances in order to strenghthen the monetary integration process on the continent.

Contents

ACCRONYMS AND ABREVIATIONS

AACB	Association of African Central Banks
AMCP	Africa Monetary Cooperation Program
AU	African Union
AUC	African Union Commission
BCEAO	Banque Centrale des Etats de l'Afrique de l'Ouest
COMESA	Common Market of Eastern and Southern Africa
EAC	East African Community
ECOWAS	Economic Community of West African States
EMCCA	Economic and Monetary Community of Central Africa
FCFA	Franc of the African Financial Community
GDP	Gross Domestic Product
MAU	Maghreb Arab Union
REC	Regional Economic Community
UNECA	United Nations Economic Commission for Africa
SADC	Southern African Development Community
STC	Specialized Technical Committee of African Union Commission
WAEMU	West African Economic and Monetary Union
WAMA	West African Monetary Agency
WAMZ	West African Monetary Zone

INTRODUCTION

The report on the implementation of the African Monetary Cooperation Programme (AMCP) assesses countries macroeconomic peformances in 2017 with respect to the convergence criteria adopted by the Assembly of Governors of the Association of African Central Banks (AACB) at its meeting held on 16 August 2017 in Pretoria, South Africa. The convergence criteria are outlined below:

a) Primary criteria

Four primary convergence criteria over the period 2017-2027 are adopted:

Inflation rate ≤ 7 % (against 5% previously);

Overall budget deficit/GDP ratio ≤ 5 % (against 3% previously);

Central Bank financing of budget deficit ≤ 5 % of the previous year's government's tax revenue (against no central bank financing previously);

External reserves / Import cover ≥ 3 months (against 6 months previously).

b) Secondary criteria

Four secondary criteria over the period 2017-2027 are approved:

General Government debt/GDP ratio < 65 %;

Total Tax Revenue/GDP ≥ 20 %;

Nominal exchange rate variability ≤ ±10 %;

Government Capital Investment/Tax Revenue ≥ 30%.

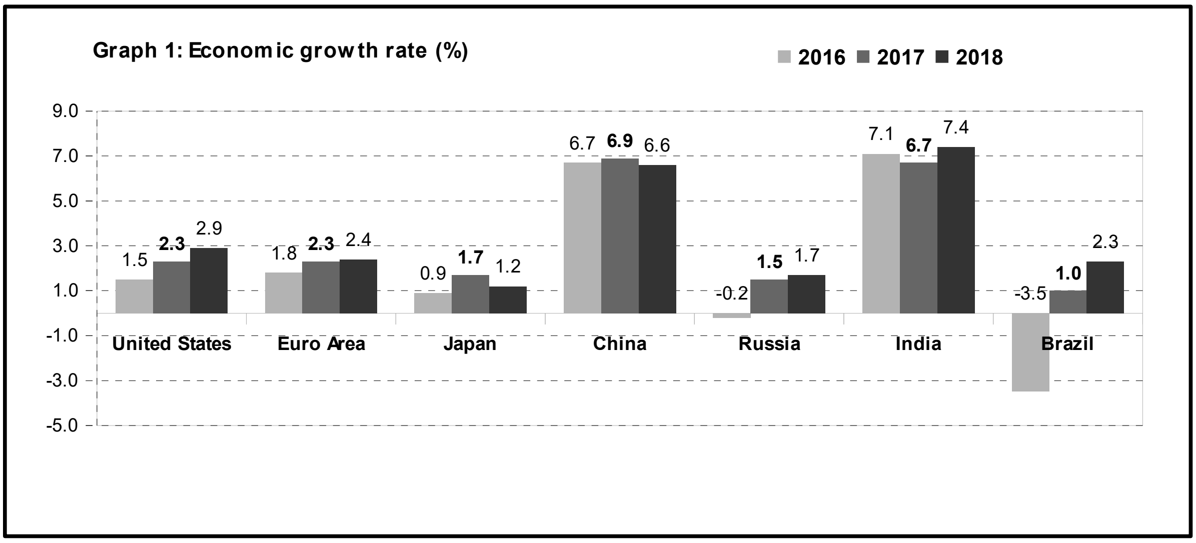
After a presentation of the international economic environment, in the first part, the report reviews in the second part, the countries' macroeconomic performances with respect to the criteria. A summary of the countries' performances is presented in the third part.

I – International economic environment

1.1 – International development in 2017

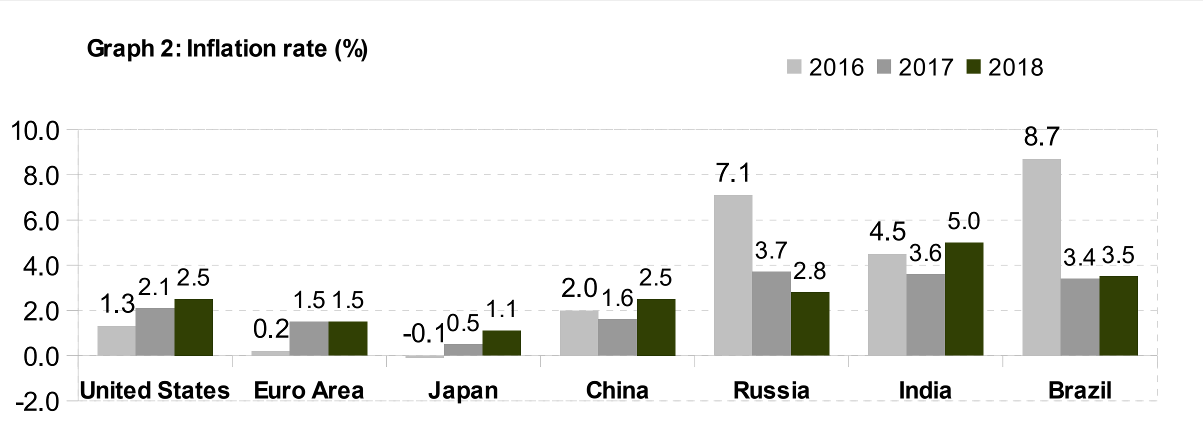
The global economic activity strenghtened in 2017. According to the International Monetary Fund (IMF) World Economic Outlook projections published in April 2018, global economic growth should reach 3.8% in 2017 compared to 3.2% in 2016, which is the strongest growth rate since 2011. It was mainly driven by the notable rebound in global trade, a continued strong growth and the investment recovery in some emerging and developing economies, and signs of recovery in several commodity exporters.

In advanced countries, the economic growth would rise by 0.6 percentage point to stand at 2.3% in 2017, explained almost entirely by investment spending related to both stronger gross fixed capital formation and an acceleration in stock building. The economic growth was strenghtened in North America, the Euro zone and Japan. In fact, in the United States, the economic growth rate is expected to tick up to 2.3% in 2017, compared to 1.5% in 2016, reflecting the easing of financial conditions and repercussions of expansionary fiscal policy. In the Euro area, the growth rate would increase from 1.8% in 2016 to 2.3% in 2017, as a result of a rise in external and domestic demand favored by the gradual improvement of financial conditions. In Japan, the economy is expected to grow by 1.7% in 2017 compared to 0.9% in 2016, driven by the increase in global demand and the impact of investments related in particular to the organization of the 2020 Olympic Games.



Economic growth also remained strong in emerging and developing countries (4.8% in 2017 compared with 4.4% in 2016), even if this global figure masks disparities. The growth of the Chinese economy would stand at 6.9% in 2017 compared to 6.7% in 2016, supported by the resurgent net exports. In Brazil, after years of economic recession, the economic growth would be positive at 1.0% in 2017, buoyed by stronger private consumption and investment. Russia, which also experienced two years of recession, returned to economic growth, which is estimated at 1.5% in 2017, as a result of an improved oil export revenue, stronger business confidence, and looser monetary policy. In India, on the other hand, economic growth slowed from 7.1% in 2016 to 6.7% in 2017, due to slowed investment growth.

In the context of the pick-up in global growth, an increase in inflation is noted in most advanced economies. In the United States, the inflation rate would rise from 1.3% in 2016 to 2.1% in 2017 in response to stronger demand. In the Euro zone, it would stand at 1.5% in 2017, up from 0.2% in 2016, reflecting mainly the recovery of the demand and a rise in energy prices over the year. After being negative in 2016, the inflation in Japan would increase to 0.5% in 2017, due to rising energy prices.



In emerging countries, inflation rate declined broadly, despite its relative higher levels. In China, the inflation rate would fall from 2.0% in 2016 to 1.6% in 2017, in line with the appreciation of the currency and the lower food prices. In India, it would decrease from 4.5% in 2016 to 3.6% in 2017, due to the appreciation of the currency and the increase in the supply of food products. In Brazil and Russia also, the inflation rate trended downward, standing respectively at 3.4% and 3.7% in 2017, compared to 8.7% and 7.1%, in the previous year.

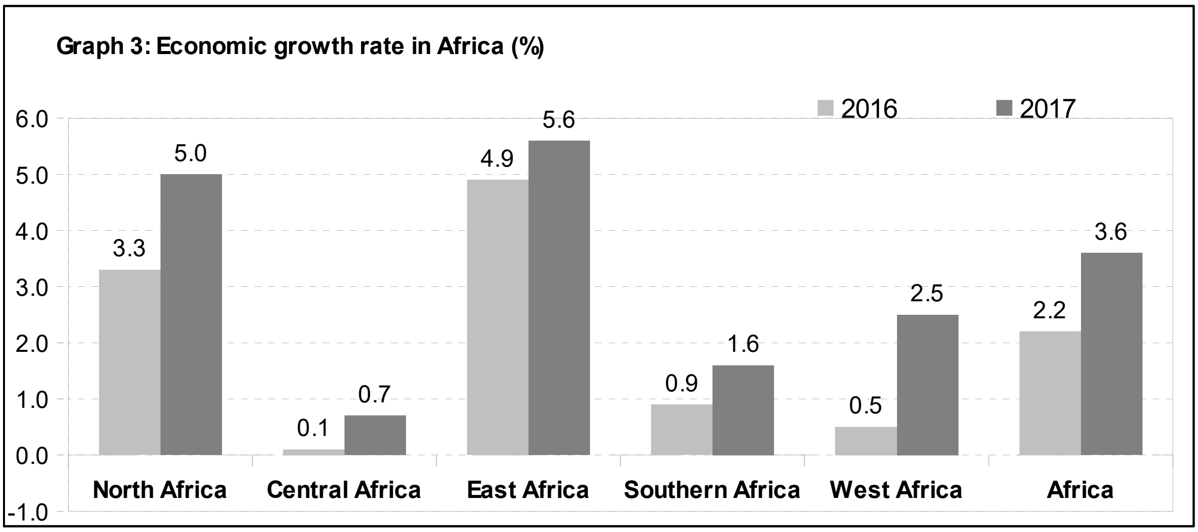
In general, monetary policy remained accommodative in 2017 in the main advanced countries with the stabilization of inflation within the monetary policy objectives. The European Central Bank (ECB) kept its monetary policy unchanged during its meeting, held on december 2017. At that meeting, it confirmed its plan to extend its quantitative easing program in the new year, but with lower monthly purchases. The European Central Bank also said that its quantitative easing program would stay in place until September 2018. It kept the door open to further extensions in the program, depending on the economic conditions of the euro area. It will be reminded that two months earlier, the ECB announced a reduction in the level of its monthly purchases from 60 billion euros to 30 billion euros. The US Federal Reserve decided to raise the target interest rate range of federal funds by 25 basis points on december 2017, the third rate rise in 2017. The decision to raise interest rates, increasing the cost of borrowing, takes the Fed farther away from the ultra-low rates it put in place during the financial crisis to boost economic activity. These increases confirm a growing confidence in the continued economic recovery in the United States.

On the foreign exchange markets, the euro strenghtened against the main currencies, especially since the second quarter of 2017. Between 2016 and 2017, it shoud appreciate against the US dollar (+12.3%), the Swiss franc (+8.7%), the Japanese yen (+9.2%) and the British pound (+4.5%)[1].

In 2017, the economic growth rate in Africa would be at 3.6% compared to 2.2% in 2016, according to the estimates of the African Development Bank (AfDB) published in March 2018. Like the previous year, East Africa would remain the fastest growing sub-region in 2017 (growth of 5.6% in 2017 against 4.9% in 2016), followed by North Africa whose growth rate reached 5.0% in 2017 against 3.3% in 2016. The other sub-regions would also experience an increase in economic growth in 2017, with a growth rate of 2.5% in 2017 against 0.5% in 2016 in West Africa, 1.6% in 2017 against 0.9% in 2016 in Southern Africa and 0.7% in

1/ European Central Bank Economic Bulletin (15 janvier 2018)

2017 against 0.1% in 2016 in Central Africa. The acceleration of growth in Africa in 2017 reflected mainly better global economic conditions (mainly oil and metals), the recovery in commodity prices, and improvements in agricultural production.



Moreover, economic growth is driven by sustained domestic demand, partly met by import substitution, in the context of continued public investments, particulary in the area of infrastructure. With regard to foreign trade, it is expected to improve as a result of lower wheat imports due to higher production and restrictions on imports and the evolution of exports resulting from new jobs in some sectors, such as automobile, aeronautics, and electronics. The African exports rose due to the global economic recovery, particularly as a result of the recovery in commodity prices, mainly oil and metals.

However, the African economy still depends heavily on agriculture, which accounts for more than a third of GDP, on commodity exports, and on fuel and food imports. In addition, political instability in some countries and the volatility of oil prices could be risk factors that could affect economic growth in Africa.

1.2 – Outlook for 2018

Global economic growth is expected to accelerate slightly to reach 3.9% in 2018, driven mainly by a projected pickup in growth in emerging and developing economies and resilient growth in advanced countries.

Emerging Asia, which is forecasted to continue growing during the year 2018, remains the most important engine of global growth. In India, strong private consumption as well as fading transitory effects of the currency exchange initiative and implementation of the national goods and services tax would contribute to a growth rate of 7.4% in 2018, compared to 6.7% in 2017. In Brazil, the economic growth rate is projected to reach 2.3% in 2018, against 1.0% in 2017, buoyed by stronger private consumption and investment. In Russia, improved oil export revenue, stronger business confidence, and looser monetary policy helped the economy return to growth in 2017 and 2018. The growth rate would stand at 1.7% in 2018 against 1.5% in 2017. In contrast, economic growth in China is expected to be softened slightly from 6.9% in 2017 to 6.6% in 2018.

In United States, the economic growth is expected to strenghten to 2.9% in 2018, reflecting the firmer external demand, the pojected spillovers effects of expansionary fiscal policies, particularly the expected macroeconomic impact of the December 2017 tax reform.

In Euro area, the growth rate would be at 2.4% in 2018 compared to 2.3% in 2017, lifted by a stronger-than-expected domestic demand across the currency area, supportive monetary policy, and improved external demand prospects. In Japan, the economic growth is expected to moderate to 1.2% in 2018 against 1.7% in 2017, owing largely to a shrinking labor force.

In Africa, growth prospects remain positive. Economic growth is projected at 4.1% in 2018, representing an increase of 0.5 percentage point relative to 2017. Domestic factors are the main drivers of this growth, with most countries undertaking significant investments in infrastructure projects. The growth projections for 2018 also rely on the continued recovery of commodity prices, the recovery of domestic demand through improved production and the expected positive effects of external demand, in connection with the overall acceleration of world economic activity.

II – Assessment of macroeconomic performance in 2017 in the Sub-regions with respect to the convergence criteria

The performance of each AACB sub-region in terms of economic convergence is measured by the number or proportion of member countries in the sub-region, meeting the convergence criteria.

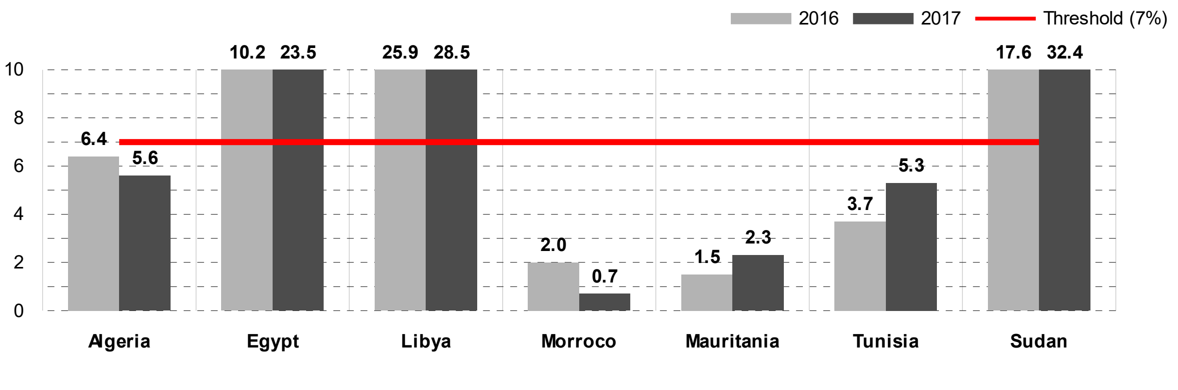
2.1 – North Africa Sub-region

2.1.1. Primary criteria

2.1.1.1. Inflation

Four countries in the su-bregion (Algeria, Mauritania, Morocco, and Tunisia) met the criterion for an inflation rate below ou equal to 7% in 2017. The other three countries (Egypt, Libya and Sudan) did not meet it, due to economic reforms such as exchange rate liberalization, restructuring of fuel and energy subsidies, and application of value added tax in Egypt, monetary expansion, higher import financing costs for major products and exchange rate instability in Sudan (see graph below).

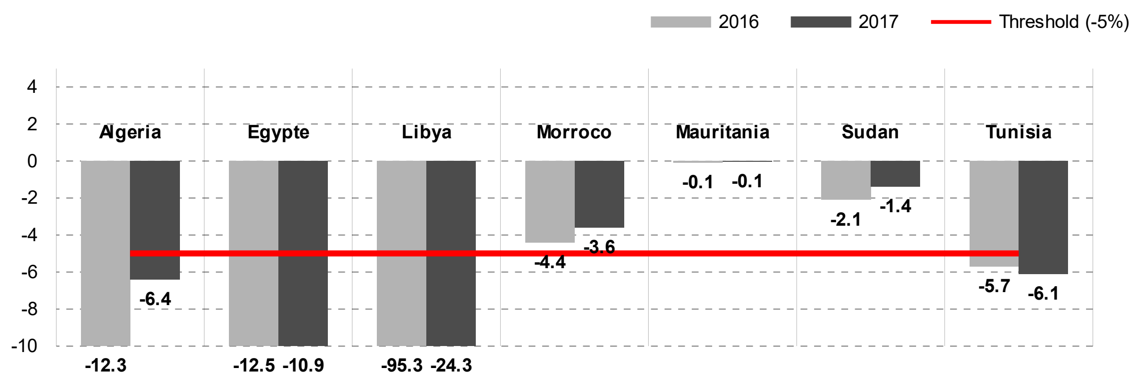
Graph 4: Inflation rate in the North Africa sou-region



2.1.1.2. Budget deficit

Three countries (Morocco, Mauritania and Sudan) met the budget deficit criterion, while the other four countries did not meet the deficit criterion in 2017, in connection with a spending growth higher than the revenue growth.

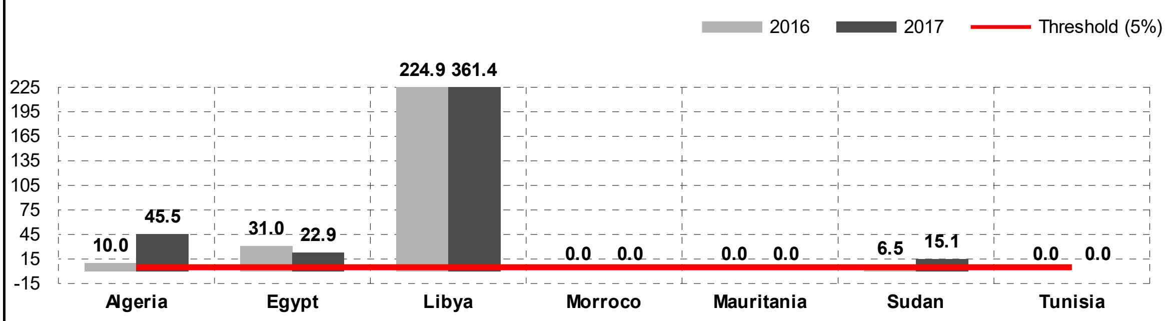
Graph 5 : Budget deficit in the North Africa sub-region



2.1.1.3. Central bank credit to Government

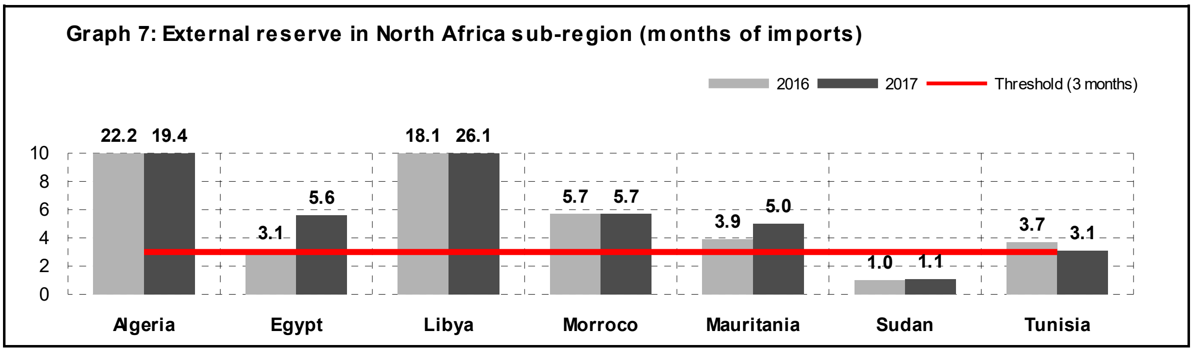
Three out of the seven countries met the criterion for financing the budget deficit by the central bank in 2017. These countries are Morocco, Mauritania and Tunisia, where the Government received no credit from the central bank.

Graph 6: Central Bank credit to Government in North Africa sub-region (% of tax revenues)



2.1.1.4. External reserves

With the exception of Sudan, all countries in the sub-region met the three-month minimum requirement for imports of goods and services by external reserves in 2017. In Sudan, this was due to the challenges facing this country since the separation of the South Sudan and the American sanctions imposed in 1997 despite partial revocation in late 2017.



2.1.2. Secondary criteria

2.1.2.1. General government debt

Two countries (Algeria and Sudan) met the criterion, the ratio of public debt to GDP being less than 65%. The other five countries (Morocco, Egypt, Libya, Mauritania and Tunisia) did not meet it, as a result of the high deficit in government budgets for some of them.

2.1.2.2. Tax revenue (tax revenues / GDP)

Only Marocco and Tunisia met the criterion with a ratio greater than or equal to 20% of GDP. The tax revenue rate is only 2.3% in Libya and 6.0% in Sudan, two countries where government resources are based on foreign sales of petroleum products. The rate of tax pressure has declined sharply in Algeria as well (14.1% of GDP in 2017 against 29.5% in 2016).

2.1.2.3. Nominal exchange rate variability

The exchange rate target indicates that the variability of the country's nominal exchange rate should not exceed ± 10%. With the exception of Egypt and Tunisia, all countries met the variability of the nominal exchange rate criterion in 2017. Both countries benefited from renewed foreign direct and export investment stimulated by the depreciation of their currencies.

2.1.2.4. Government capital investment

Three countries (Algeria, Libya and Mauritania) met the criterion. The share of capital expenditure financed from the country's own resources reached 98.8% in Algeria, 187.0% in Libya and 50.6% in Mauritania. The other four countries (Egypt, Sudan, Tunisia and Morocco) did not meet the criterion.

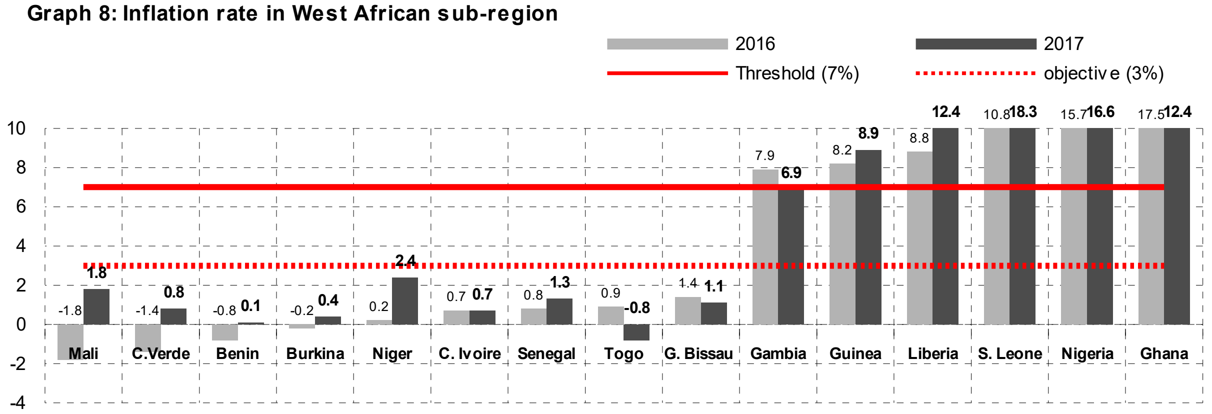
2.2 – West Africa Sub-region

2.2.1. Primary criteria

2.2.1.1. Inflation

The WAEMU zone maintained a moderate inflationary environment with an average inflation rate of 0.6%. All countries in the region posted inflation below the cut-off rate. In the WAMZ, however, inflationary pressures remained high. This trend in the WAMZ is mainly due to the effects of currency depreciation, as in the case of Nigeria and Sierra Leone, and rising prices of food and oil products.

Graph 8: Inflation rate in West African sub-region



In total, the inflation criterion was met by 10 of the 15 countries in the West Africa sub-region.

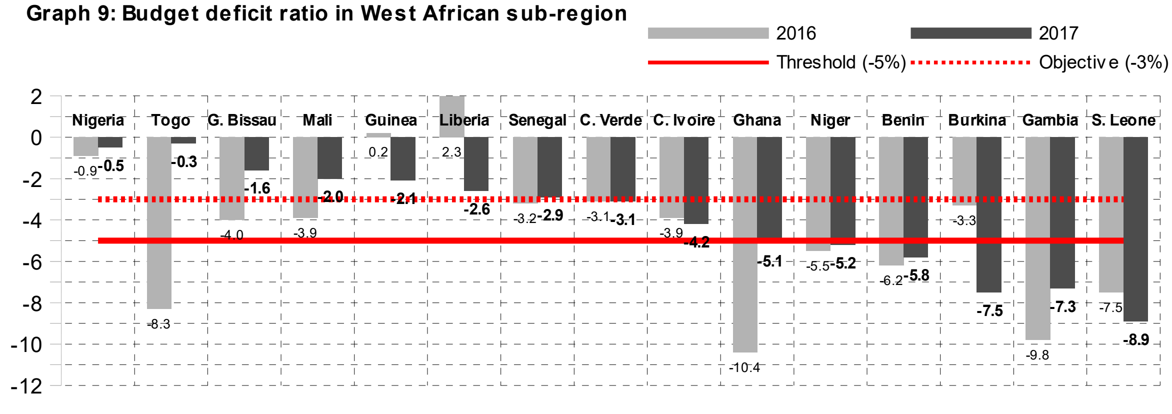
2.2.1.2. Budget deficit

Public finances remain a difficult area for most countries in the West Africa sub-region, reflecting high capital spending in most countries. The budget deficit (including grants) has improved in the WAMZ. This improvement is mainly due to a reduction in interest payments and expenditures on goods and services as well as a moderation of capital expenditure in some countries. The budget deficit decreased slightly in WAEMU in 2017.

The improvement in the public finance situation in this area is mainly related to a reduction in current and investment expenditure as well as an increase in tax revenue in some countries. In the sub-region, 9 out of 15 countries met the budget deficit criterion.

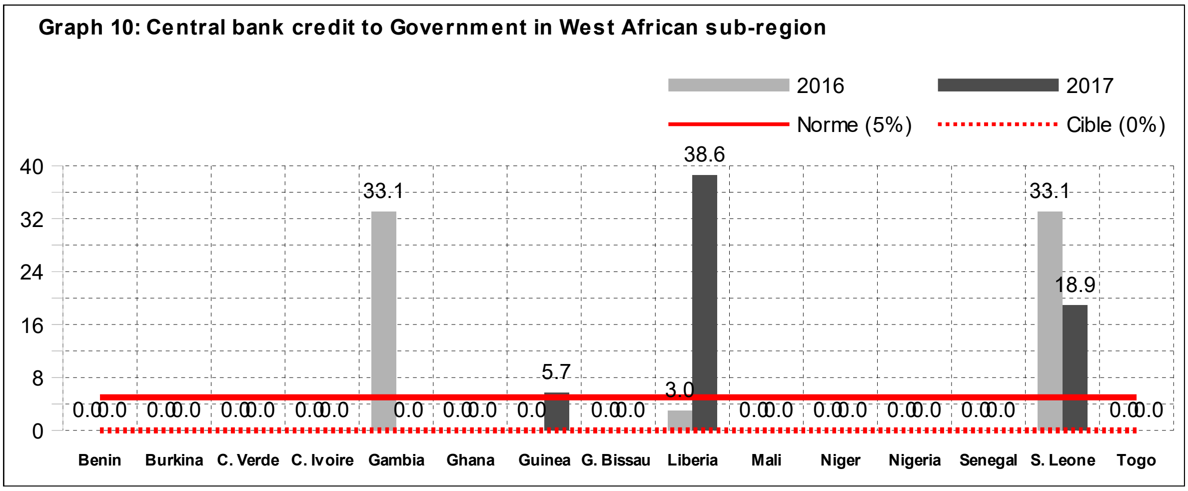
Overall, nine countries out of fifteen in this sub-region met the budget deficit criterion.

Graph 9: Budget deficit ratio in West African sub-region



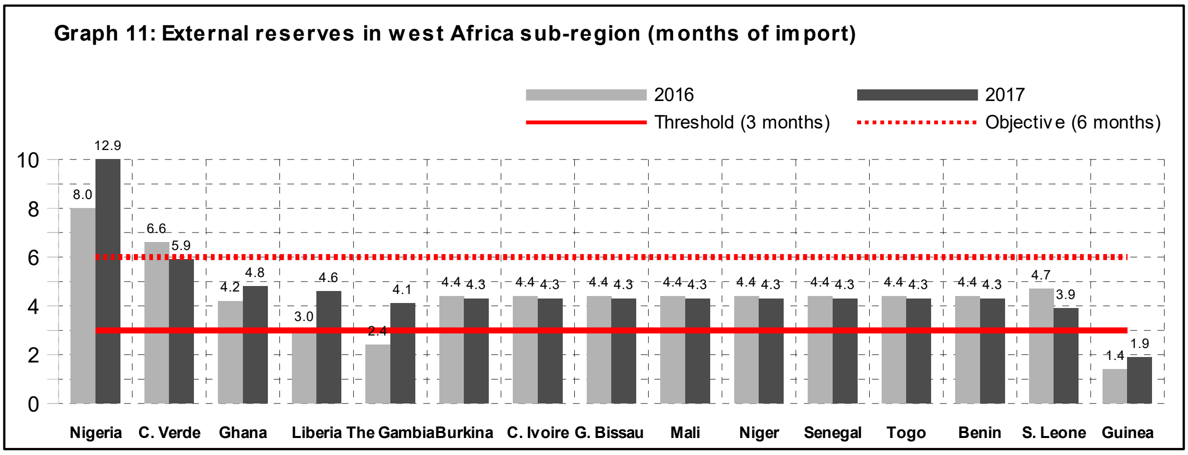
2.2.1.3. Central bank credit to Government

The criteria for the financing of the budget deficit by the central bank were met in most countries of the sub-region in 2017. This is attributed to the improvement of the independence of central banks in the WAMZ and the strengthening of the budgetary discipline in the region in general. Liberia, Sierra Leone and Guinea did not meet this criterion in 2017 due to the fiscal pressures these countries faced.



2.2.1.4. External reserves

As regards the criterion of foreign exchange reserves, a favorable trend was recorded in 2017, in relation with a better balance of payments profile and reserve accumulation efforts by central banks. Guinea could not meet this criterion for the third year in a row. Nigeria has the highest level of reserves, equivalent to almost 13 months of imports. Gambia's performance (from 2.4 months of imports of goods and services in 2016 to 4.1 months in 2017) reflects the financial support of development partners.



In total, fourteen out of fifteen countries in the West African sub-region met the criterion of import coverage by foreign exchange reserves in 2017 (see chart above).

2.2.2. Secondary criteria

2.2.2.1. General government debt

The stock of public debt remained high in some countries of the West Africa sub-region in response to the fiscal situation. Four countries recorded public debt levels above the threshold of 65% of GDP (Cape Verde, The Gambia, Ghana and Togo). All the other countries were in compliance with the ratio of public debt to GDP, which is only 15.5% in Nigeria.

Togo is the only country in WAEMU that has not met the ratio of public debt to GDP, although improvements from one year to the next are noted.

2.2.2.2. Tax revenue

The efficiency of tax collection and administration is a major challenge in the countries of the West Africa sub-region. Only two countries (Cape Verde and Togo) met the threshold for mobilizing tax revenue, set at 20% or more. Togo is the only country to have consistently recorded a ratio more than 20% in the last 5 years.

Overall, the ratio of tax revenues to GDP appears low in most countries in 2017. Only two countries met the criterion.

2.2.2.3. Nominal exchange rate variability

The national currencies of the West Africa sub-region regain their stability after the sharp depreciations experienced in recent years. In 2017, only Nigeria, Liberia and Sierra Leone recorded depreciations of their currency (against the US dollar), exceeding the 10% threshold.

The variations are lower in the WAEMU where they stand at 2.1% in 2017 against -0.4% in 2016. In this sub-region, the secondary criterion relating to the variability of the nominal exchange rate is met by all the countries in 2017.

In total, in the West Africa sub-region, three out of fifteen countries did not meet the nominal exchange rate variability criterion.

2.2.2.4. Government capital investment

Four countries (Cape Verde, Ghana, Liberia and Nigeria) did not meet the criterion on the rate of capital expenditure financed from the State's own resources. The threshold of 30% was met by the other 11 countries of the sub-region in 2017. Capital expenditure financed from the State's own resources, was up to 74.2% in Burkina and 82.0% in Sierra Leonne. In Ghana, on the other hand, the ratio was at 18.5%.

2.3 – Central Africa sub-region

2.3.1. Primary criteria

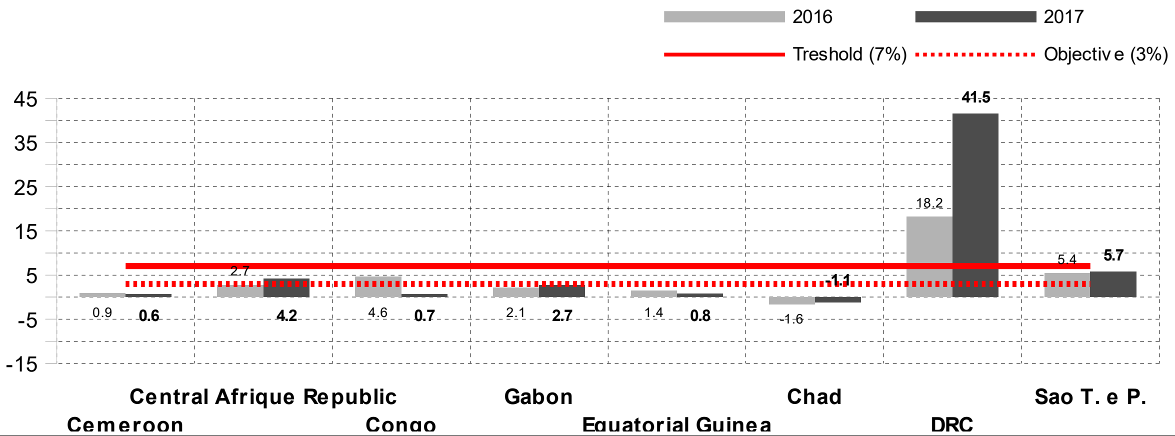
2.3.1.1. Inflation

Inflationary pressures remained contained in the CEMAC zone with a inflation rate of 0.9% in 2017, compared to 1.1% in 2016.

In Democratic Republic of Congo (DRC), the inflation rate reached 41.5% in 2017 against 18.2% in 2016, on account of a rise in the prices of imported goods, following the sharp depreciation of the exchange rate.

In Sao Tome and Principe, the inflation rate is expected to increase to 5.7% in 2017 against 5.4% in 2016, due to a drop in agricultural production induced by unfavorable weather conditions and the impact of increase in import taxes on some products.

Graph 12: Inflation rate in Central Africa sub-region (%)



With the exception of DRC, the criterion for inflation rate was met by all the countries of the sub-region in 2017.

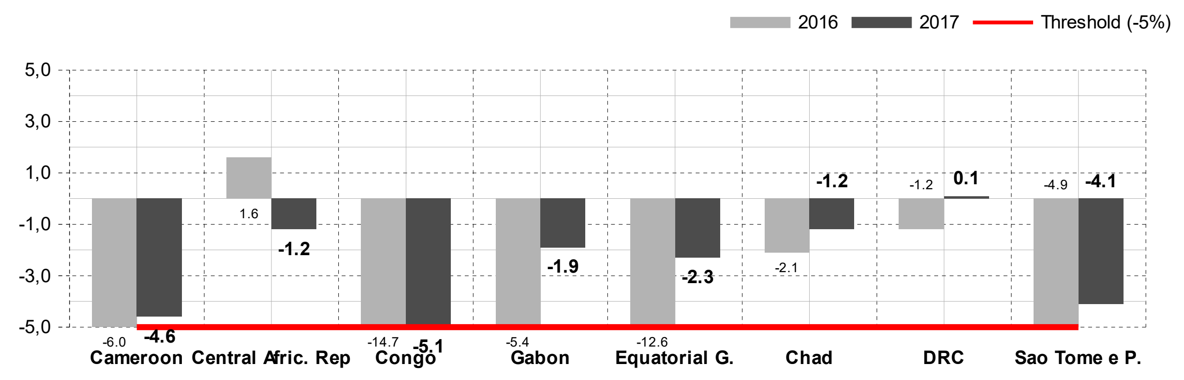
2.3.1.2. Budget deficit

Overall, the budget situation improved in 2017 in the sub-region. In the CEMAC zone, all the countries experienced a budget deficit in 2017. The budget deficit would be reduced to 3.3% of GDP in 2017, compared to 6.9% of GDP in 2016, following an combined effect of effective implementation of fiscal consolidation measures and an increase in oil prices as well as a decrease in Government spending. The fiscal position improved in all countries in 2017 with the exception of Central Africa Republic. Only one country (Congo) in CEMAC zone did not meet the budget deficit criterion in 2017.

On the other hand, in Sao Tome and Principe, the budget deficit decreased slightly, reaching 4.1% of GDP in 2017 against 4.9% in 2016, attributed to decline in government capital investment.

In the DRC, the budget balance is expected to be in surplus due to higher government revenue resulting from the recovery in prices of major mining products. The surplus amounted at 0.1% of GDP in 2017 against a deficit of 1.2% in 2016.

Graph 13: Budget balance in the Central African sub-region (% of GDP)



In the sub-region, all the countries fulfilled the criterion of budget deficit in 2017, with the exception of Congo.

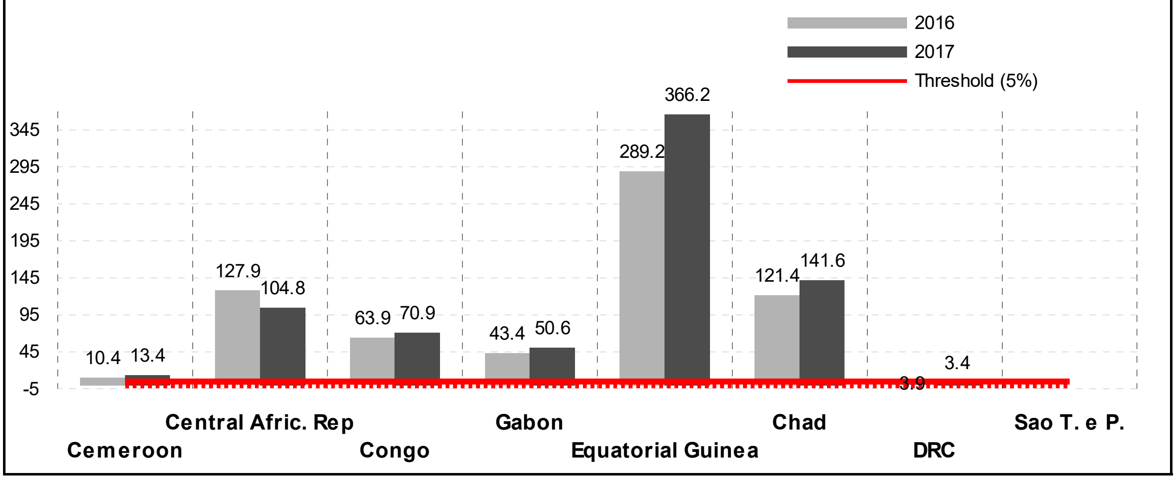
2.3.1.4. Central bank credit to Government

In the CEMAC, all the Governments in the sub-region benefited from central banks financing, despite the sharp rise in oil prices. The credits granted to the States would amount, on average, to 55.1% of the tax revenues of the previous year in 2017 compared with 50.5% a year earlier.

On the other hand, the government of São Tome and Principe was not financed by central bank credit to cope with its budget deficit.

In DRC, central bank credit to government represented 3.4% of previous year tax revenue in 2017 against 3.9% in 2016. The relative decline in central bank financing to the government is essentially due to the stabilization of the public finances situation in 2017.

Graph 14: Central bank credit to Government (% of previous year's tax revenue)



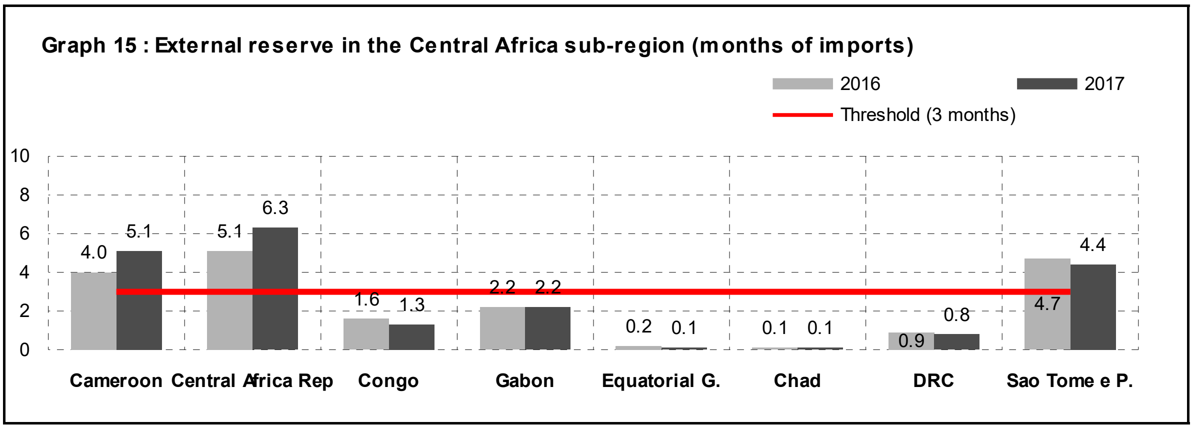
Overall, only two countries in the central African sub-region (DRC and São Tomé et Principe) met the central bank financing criterion.

2.3.1.4. External reserves

The development of the external accounts of the CEMAC would reflect the rise in the prices of exported raw materials. This situation has contributed to an improvement in external reserves, which stood at 2.7 months of import of good and services in 2017 compared with 2.3 months in 2016.

The development of the DRC's external accounts is characterized by a reduction of the external current account deficit (2.9% of GDP compared with 3.6% in 2016) which had no impact on external reserves, covering 0.8 month of imports in 2017 against 0.9 month in 2016. The decline in external reserves is mainly attributable to the intervention of the central bank on the foreign exchange market during the first half 2017 in order to stabilize the exchange rate.

In Sao Tome and Principe, the external current account deficit worsened, resulting in a decline in external reserves. Despites this decrease, the criterion for foreign exchange reserves was fulfilled in 2017.



Overall, 3 countries (Cameroon, Central Africa Republic and Sao Tome and Principe) in the sub-region met this criterion in 2017.

2.3.2. Secondary criteria

2.3.2.1. General government debt

All the countries in the sub-region met the criterion relevant to government debt ratio, except Congo and Sao Tome and Principe, whose debt ratio stood at 131.7% and 79.6% of GDP respectively in 2017, above the target of less than 65%. The government debt to GDP ratio in CEMAC reached 48.9% in 2017 against 44.6% in 2016. In the DRC, the debt ratio would stand at 17.1% in 2017 compared with 16.0% in 2016.

2.3.2.2. Tax revenue

None of the countries in CEMAC dit meet the criterion relating to tax revenue in 2017. The CEMAC tax revenue stood at 9.6% of GDP in 2017 against 9.9% a year earlier.

In DRC, the tax revenue decreased from 9.3% of GDP in 2016 to 8.5% of GDP in 2017.

In Sao Tome and Principe, the ratio of tax revenues to GDP remained unchanged at 12.1% in 2017.

Overall, the criterion was not met by none of the countries in the sub-region.

2.3.2.3. Nominal exchange rate variability

With the exception of DRC, all the countries in the sub-region met the criterion for nominal exchange rate variability in 2017. In this country, the exchange rate has changed by -31.1% in 2017 against -8.3% in 2016.

2.3.5.4. Government capital investment

Two countries in the sub-region (Cameroon and Equatorial Guinea) have fulfilled the criterion relevant to Government capital investment in 2017. In CEMAC, the ratio of government capital investment to tax revenue would be at 68.8% in 2017 compared with 95.8% in 2016.

It was higher in Equatorial Guinea (445.2% in 2017 compared to 699.7% in 2016), for a target of more than or equal to 30%.

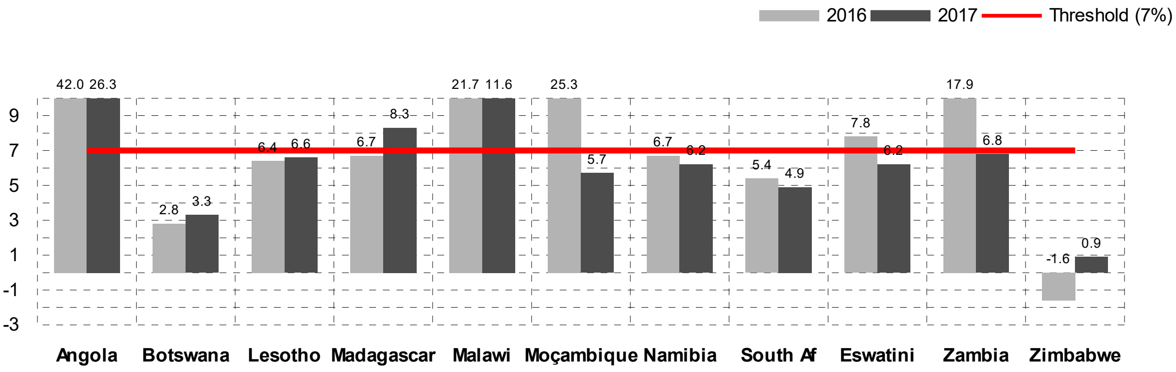
2.4 – Southern African sub-region

2.4.1. Primary criteria

2.4.1.1. Inflation

Based on the available data[2], the inflation rate in three countries (Angola, Madagascar and Malawi) was above the target of 7.0 per cent (see graph below), as a result of elevated food prices pushed by natural disasters like cyclone in 2017.

Graph 16: Inflation rate in the Southern Africa sub-region (%)



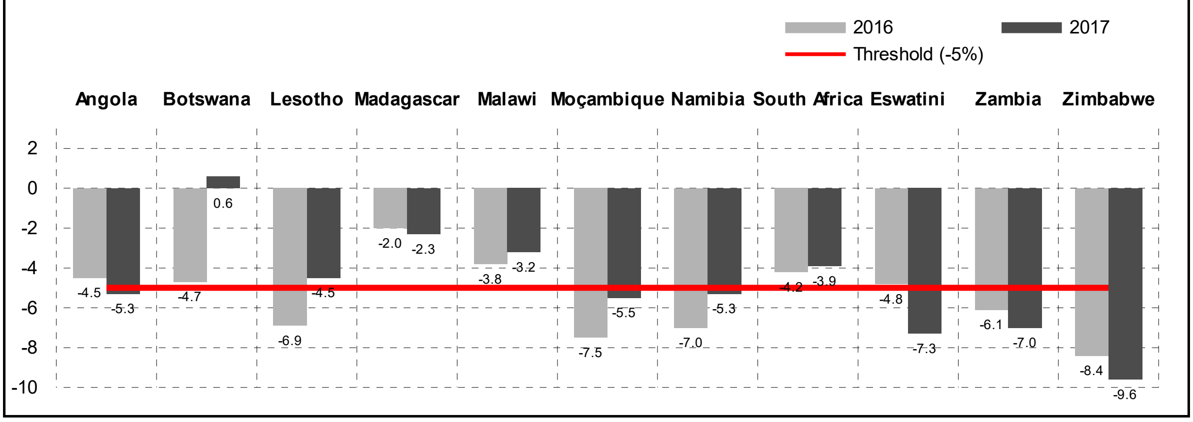
The rest of the member States (8) met the convergence criterion of inflation of less or equal to 7% in 2017.

2.4.1.2. Budget deficit

Six countries recorded budget deficits of above 5 per cent, due to declining government revenues, decline in Southern African Customs (SACU) Union receipts, debt overhang and limited fiscal space. Five countries (Botswana, Lesotho, Madagascar, Malawi and South Africa) met the budget deficit criterion in 2017 (see graph below), in line with the improvements in revenue collection and controls in government expenditure.

2/ / Only six countries (Angola, Eswatini, Madagascar, Namibia, South Africa and Zimbabwe) out of eleven submitted their statistics in 2017. Some countries among them did not transmit data relevant to 2016. We considered the previous data for 2016 submitted in february 2018. For other countries, the IMF estimations were considered.

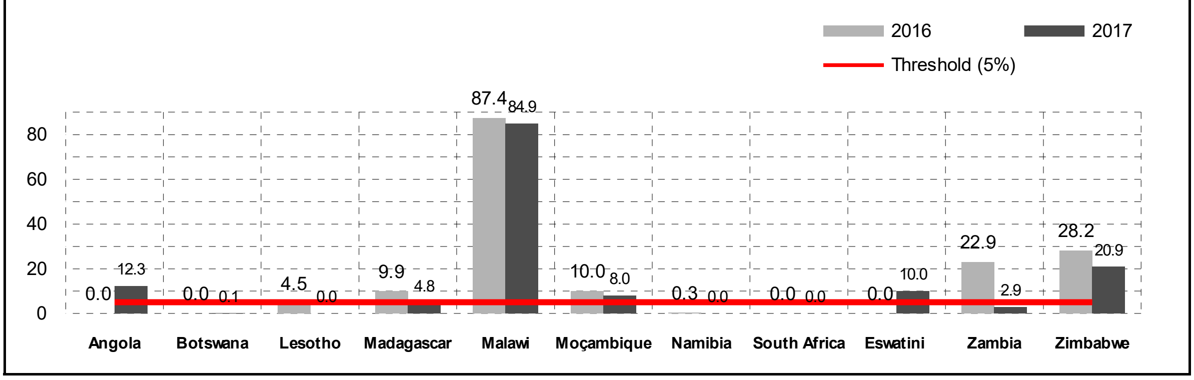
Graph 17: Overall budget balance in the Southern Africa sub-region (% GDP)



2.4.1.3. Central Bank credit to Government

Available data[3] show that five of the member states did not meet this convergence criterion in 2017 (see graph below). Limited fiscal space and declining government revenue resulting in sizable budget deficit led to these governments borrowing from Central Banks.

Graph 18: Central Bank credit to Government in the Southern Africa sub-region

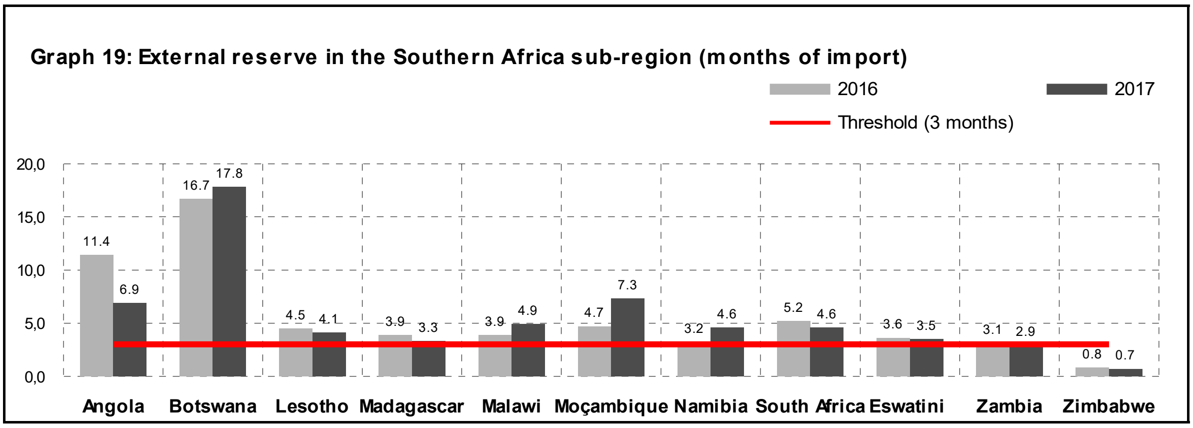


Botswana, Lesotho, Madagascar, Namibia, South Africa and Zambia met the criterion in 2017.

2.4.1.4. External reserves

Almost all the member states in the sub-region, except for Zambia and Zimbabwe, met the external reserves criterion in 2017 (see graph below). Export revenue increases enabled some countries to achieve the target of at least 3 months.

3/ Angola did not submitted data for this criterion both in 2016 and 2017.



2.4.2. Secondary criteria

2.4.2.1. General government debt

With the exception of Mozambique, all the sub-regional members met the general government debt target of less than 65 per cent, in line with national macroeconomic policies limiting debt owed by some member states.

2.4.2.2. Tax revenue

On average the total tax revenue to GDP was 21.2 per cent in 2017, slightly higher than 21.0 per cent recorded in 2016. Five member states (Angola, Madagascar, Malawi, Zambia and Zimbabwe) fell short of this convergence criterion.

The rest of the members states (six) met this target and these include Botswana, Lesotho, Mozambique, Namibia, South Africa and Eswatini.

2.4.2.3. Nominal exchange rate

With the exception of Botswana and Namibia which are marginally outside the target (+10.3% and 13.3% in 2017), all the countries in the sub-region met the target on the variability of the nominal exchange rate of ±10 per cent in 2017.

2.4.2.4. Government capital investment

Four countries did not meet this ratio. They are Angola (28.8 per cent in 2017 from 24.8 per cent in 2016), Botswana (23.1 per cent in 2017 from 23.1 per cent in 2016), Eswatini (27.0 per cent in 2017 from 27.2 per cent in 2016) and South Africa (20.9 per cent in 2017 from 24.1 per cent in 2016).

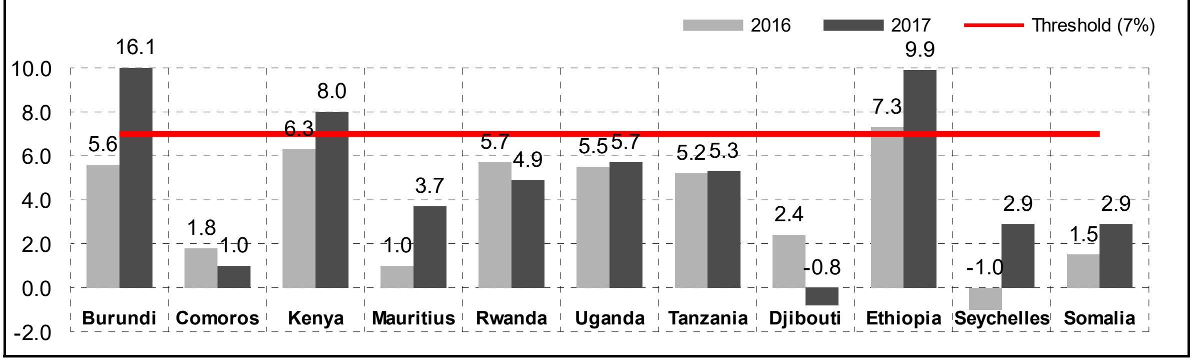
2.5 – East Africa Sub-Region

2.5.1. Primary criteria

2.5.1.1. Inflation

On the basis of the available data, the average inflation rate in the sub-region increased from 3.1 per cent in 2016 to 5.0 in 2017 broadly reflecting the impact of rising food prices and adverse climatic conditions affecting production. Burundi, Kenya and Ethiopia recorded an inflation rate of 16.1 per cent, 8.0 per cent and 8.8 per cent, respectively, above the AMCP target of less than or equal to 7 per cent (see graph below). The high inflation rate recorded in 2017 in Burundi (16.1 per cent against 5.6 per cent in 2016) was mainly due to the adverse climatic conditions on domestic food production.

Graph 20: Inflation rate in the Eastern Africa sub-region



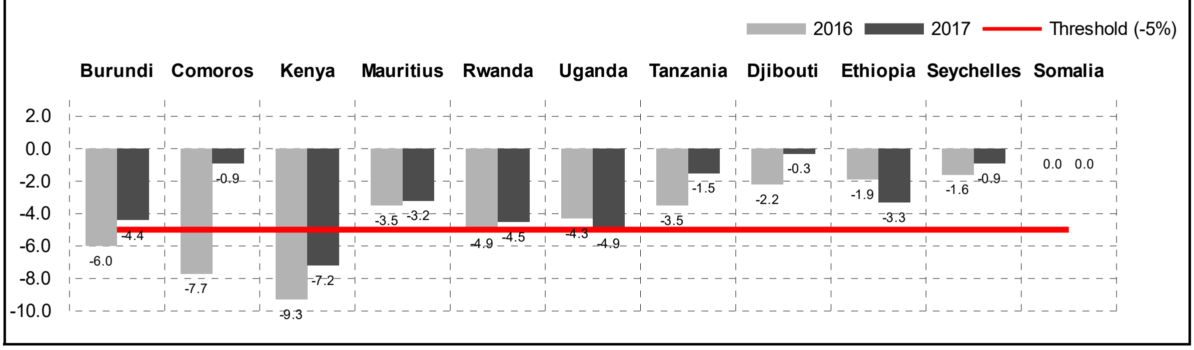
Overall, eight countries out of eleven in the sub-region met the inflation rate criterion in 2017.

2.5.1.2. Budget deficit

The overall budget deficit to GDP ratio in the Eastern Africa sub-region decreased from an average of 4.3 per cent in 2016 to 2.8 per cent in 2017, reflecting efforts by member states to pursue fiscal consolidation. All countries, except for Uganda and Ethiopia, recorded a decrease in the budget deficits.

With the exception of Kenya, all the countries in the sub-region met the public deficit criterion in 2017 (see graph below).

Graph 21: Budget balance position in Eastern Africa sub-region (%GDP)



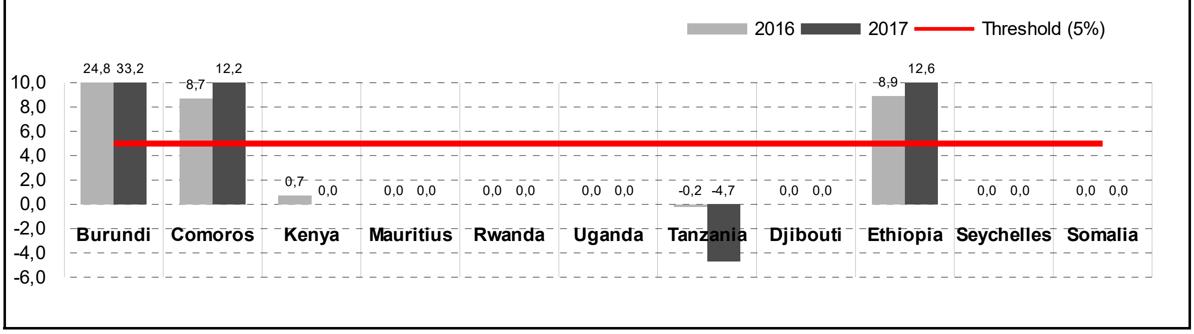
2.5.1.3. Central bank credit to Government

With the exception of Burundi, Comoros and Ethiopia, all the central banks in the sub-region[4] did not extend credit to Government. For the three aforesaid countries, central bank credit to

4/ Data on Ethiopia was not available in the sub-region report. The IMF estimates are considered.

Government stood at double-digit levels of 33.2 per cent, 12.2 per cent and 12.6 per cent, respectively.

Graph 22: Central Bank credit to Government in the Eastern Africa sub-region

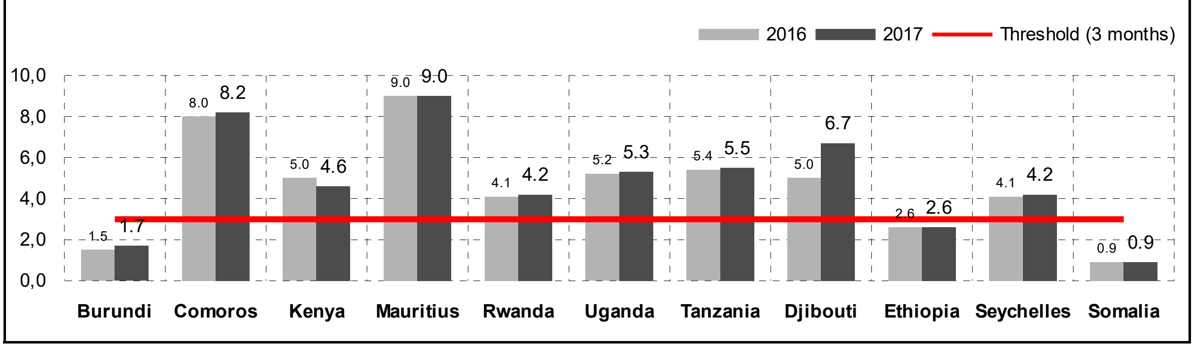


As a result, all the countries met the criterion for central Bank financing of the budget deficit in 2017, with the exception of the three countries mentionned above.

2.5.1.4. External reserves

The average import cover in the region amounted to 5.1 months in 2017, up from 4.8 months in 2016. Three countries (Burundi, Ethiopia and Somalia) did not meet the target of 3-month minimum import coverage (see graph below). Mauritius registered the highest level of import cover at 9.0 months in 2017.

Graph 23: External reserves in Eastern Africa sub-region (months of imports)



2.5.2. Secondary criteria

2.5.2.1. General government debt

General Government Debt to GDP ratio in the region went up from 48.4 per cent in 2016 to 48.9 per cent in 2017. All countries met this criterion, except for Somalia where general government debt stood at 81.0 per cent of GDP both in 2017 and 2016.

2.5.2.2. Tax revenue

The average tax revenue to GDP ratio in the region was at an average to 17.6 per cent in 2017, up from 17.1 per cent a year earlier. Only two out of the eleven countries met this criterion, namely Djibouti and Seychelles. It is noted that some countries (Comoros, Kenya, Mauritus, Uganda and Tanzania) registered improvements in this ratio, due to improved tax collection efforts and implementation of tax administration measures. Somalia had the lowest tax revenue to GDP ratio for the last four years (2.0% of GDP in 2017 compared with 1.4% of GDP in 2016).

2.5.2.3. Nominal exchange rate

Based on the available data, exchange rate movements in the region as a whole were quite stable in 2016 and 2017 as nominal exchange rate variability was in the range of 3 to 5 percent on average, within the target of ±10 per cent. Most of the countries recorded a depreciation of their currencies. All the countries met the criterion.

2.5.2.4. Government capital investment

The overall capital investment to tax revenue ratio in the region stood at an average of 34.3 per cent in 2017, against 29.2 per cent in 2016. Six countries in the sub-region met this criterion, namely Burundi, Kenya, Rwanda, Uganda, Tanzania and Ethiopia. The results in these six countries are mainly attributed to investment in transport infrastructure and the energy sector.

III – Summary of countries performances with respect to the convergence criteria

Following the assessment of the countries performances, a synthesis of the performance is presented in this third part.

The table 1 below outlines the number of countries that met the 4 primary criteria in 2017. Table 2 provides information on performance with respect to the secondary criteria.

Table 1: Number of countries that have met the primary criteria in 2016 and 2017

	Inflation		**Overall budget deficit / GDP**		**Central Bank credit to Government (of previous year's tax revenue)**		**External reserves / Import (in months)**	
Sub-regions	**≤ 5%**	**≤ 7%**	**≤ 3%**	**≤ 5%**	**= 0%**	**≤ 5%**	**≥ 6**	**≥ 3**
	2016	2017	2016	2017	2016	2017	2016	2017
North Africa (7 countries)	3	4	2	3	3	3	2	6
West Africa (15 countries)	9	10	3	9	12	12	1	14
Central Africa (8 countries)	6	7	3	7	1	2	0	3

East Africa (11 countries)	5	8	4	10	7	8	2	8
Southern Africa (11 countries)	2	8	1	5	4	6	2	9
Number of countries	52	52	52	52	52	52	52	52
Number of countries that have met the criteria	25	37	13	34	27	31	7	40
Pourcentage (%)	48.1	71.2	25.0	65.4	51.9	59.6	13.5	76.9
							2016	**2017**
Number of countries that have met the four criteria							**0**	**18**

The analysis of member countries' performance shows that 18[5] out of 52 countries (34.6%) met all the primary criteria in 2017, compared to zero out of 52 countries (0.0%) in 2016, before the refinement of the convergence criteria.

The criteria relevant to foreign exchange reserves in months of imports and and inflation rate were better met, with compliance ratios of 76.9% and 71.2% respectvely in 2017 (see table 1 above). The central bank credit to Government criterion recorded the lowest compliance ratio (59.6%) in 2017.

Table 2: Number of countries that have met the secondary criteria in 2017

Sub-regions	**General Government debt / GDP <65 %**	**Tax revenue / GDP ≥ 20%**	**Nominal exchange rate (variability of ±10%)**	**Government capital investment / Tax revenue ≥ 30**
North Africa (7 countries	2	2	5	3
West Africa (15 countries)	11	2	12	11
Central Africa (8 countries)	6	0	7	2
East Africa (11 countries)	10	2	11	6
Southern Africa (11 countries)	10	6	9	7

5/ They are Morocco, Mauritania, Cape Verde, Côte d'Ivoire, Guinea-Bissau, Mali, Senegal, Togo, Sao Tome and Principe, Mauritius, Rwanda, Uganda, Tanzania, Djibouti, Seychelles, Botswana, Lesotho and South Africa.

Number of countries	52	52	52	52
Number of countries that have met the criteria	39	12	44	29
Pourcentage (%)	75.0	23.1	84.6	55.8
				2017
Number of countries that have met the four criteria				**1**

The analysis of table 2 shows that only 1 country[6] out of 52 (1.9%) is in compliance with all the 4 secondary criteria in 2017, under the new targets approved.

These results are mainly due to the poor performance with respect to the criteria for tax pressure, with a compliance ratio of 23.2% in 2017 (see table 2 above). The criteria for variability of nominal exchange rate and public debt were better met in 2017 (84.6% and 76.9% respectively in 2017).

Table 3 : Number of countries that have met the 4 primary criteria in 2017

Sub-region	**2016**	**2017**
North Africa (7 countries	0	2
West Africa (15 countries)	0	6
Central Africa (8 countries)	0	1
East Africa (11 countries)	0	6
Southern Africa (11 countries)	0	3
Number of countries that have met the criteria	52	52
Total number of countries	0	18
Pourcentage (%)	**0**	**34.6**

Conclusion

Overall, in 2017, under the revised criteria approved by the Assembly of Governors in 2017 in Pretoria, 18 countries met the four primary criteria and one was in compliance with the four secondary criteria. The secondary criterion relevant to the tax revenue recorded the poorest performance among all criteria.

The Member States should be encouraged to pursue the efforts in order to enhance further countries performances in order to strenghthen the monetary and economic integration process on the continent. The favorable economic outlook announced for the years 2018 and 2019 should help improve performance in meeting the convergence criteria. In order to

6/ This country is Lesotho.

improve performance and achieve more satisfactory results, countries should be encouraged to accelerate the implementation of structural reforms aimed at diversifying economies and improving the business environment. It also seems necessary to involve the fiscal authorities more closely in achieving the convergence criteria of the AMCP, as fiscal policies have an impact on countries' performances with respect to the convergence criteria.

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Table 4: Countries' performances with respect to the primary criteria

Sub-regions	Inflation ≤ 7.0% (5% in 2016)		Overall budget deficit / GDP ≤ 5.0% (3% in 2016)		Central Bank credit to Government deficit ≤ 5% (of previous year's tax revenue (=0 in 2016)		External reserves / Import ≥ 3 months (6 in 2016)		Number of criteria met	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
NORTH AFRICA										
Algeria	6.4	5.6	-12.3	-6.4	10.0	45.5	22.2	19.4	1	2
Egypt	10.2	23.5	-12.5	-10.9	31.0	22.9	3.1	5.6	0	1
Libya	25.9	28.5	-95.3	-24.3	224.9	361.4	18.1	26.1	1	1
Marocco	2.0	0.7	-4.4	-3.6	0.0	0.0	5.7	5.7	2	4
Mauritania	1.5	2.3	-0.1	-0.1	0.0	0.0	3.9	5.0	3	4
Sudan	17.6	32.4	-2.1	-1.4	6.5	15.1	1.0	1.1	1	1
Tunisia	3.7	5.3	-5.7	-6.1	0.0	0.0	3.7	3.1	2	3
Total number of countries	**7**	**7**	**7**	**7**	**7**	**7**	**7**	**7**		
Total number of countries that met the criteria	**3**	**4**	**2**	**3**	**3**	**3**	**2**	**6**		
Percentage (%)	**42.9**	**57.1**	**28.6**	**42.9**	**42.9**	**42.9**	**28.6**	**85.7**		
WEST AFRICA	13.3	13.7	-2.1	-1.5	0.3	0.2	5.4	10.8		
WAMZ	15.6	16.1	-1.7	-1.0	0.3	0.2	5.6	12.0		
WAMU	0,3	0.6	-4,3	-4.4	0	0.0	4,4	4.3		
Benin	-0.8	0.1	-6.2	-5.8	0.0	0.0	4.4	4.3	2	3
Burkina Faso	-0.2	0.4	-3.3	-7.5	0.0	0.0	4.4	4.3	2	3
Cabo Verde	-1.4	0.8	-3.1	-3.1	0.0	0.0	6.6	5.9	3	4
Cote d'Ivoire	0.7	0.7	-3.9	-4.2	0.0	0.0	4.4	4.3	2	4
The Gambia	7.9	6.9	-9.8	-7.3	33.1	0.0	2.4	4.1	0	3
Ghana	17.5	12.4	-10.4	-5.1	0.0	0.0	4.2	4.8	1	2
Guinea	8.2	8.9	0.2	-2.1	0.0	5.7	1.4	1.9	2	1
Guinea-Bissau	1.4	1.1	-4.0	-1.6	0.0	0.0	4.4	4.3	2	4
Liberia	8.8	12.4	2.3	-2.6	3.0	38.6	3.0	4.6	1	2
Mali	-1.8	1.8	-3.9	-2.0	0.0	0.0	4.4	4.3	2	4
Niger	0.2	2.4	-5.5	-5.2	0.0	0.0	4.4	4.3	2	3
Nigeria	15.7	16.6	-0.9	-0.5	0.0	0.0	5.8	12.9	2	3
Senegal	0.8	1.3	-3.2	-2.9	0.0	0.0	4.4	4.3	2	4
Sierra Leone	10.8	18.3	-7.5	-8.9	33.1	18.9	4.7	3.9	0	1
Togo	0.9	-0.8	-8.3	-0.3	0.0	0.0	4.4	4.3	2	4
Total number of countries	**15**	**15**	**15**	**15**	**15**	**15**	**15**	**15**		
Total number of countries that met the criteria	**9**	**10**	**3**	**9**	**12**	**12**	**1**	**14**		
Percentage (%)	**60.0**	**66.7**	**20.0**	**60.0**	**80.0**	**80.0**	**6.7**	**93.3**		
Central AFRICA										
CEMAC	1.1	0.9	-6.9	-3.3	50.5	55.1	2.3	2.7		
Cameroon	0.9	0.6	-6.0	-4.6	10.4	13.4	4.0	5.1	1	3
Central Africa Republic	2.7	4.2	1.6	-1.2	127.9	104.8	5.1	6.3	2	3
Congo	4.6	0.7	-14.7	-5.1	63.9	70.9	1.6	1.3	1	1
Gabon	2.1	2.7	-5.4	-1.9	43.4	50.6	2.2	2.2	1	2
Equatorial Guinea	1.4	0.8	-12.6	-2.3	289.2	366.2	0.2	0.1	1	2
Chad	-1.6	-1.1	-2.1	-1.2	121.4	141.6	0.1	0.1	2	2
DRC	18.2	41.5	-1.2	0.1	3.9	3.4	0.9	0.8	1	2
São Tome and Principe	5.4	5.7	-4.9	-4.1	0.0	0.0	4.7	4.4	1	4
Total number of countries	**8**	**8**	**8**	**8**	**8**	**8**	**8**	**8**		
Total number of countries that met the criteria	**6**	**7**	**3**	**7**	**1**	**2**	**0**	**3**		
Percentage (%)	**75.0**	**87.5**	**37.5**	**87.5**	**12.5**	**25.0**	**0.0**	**37.5**		

Sub-regions	Inflation ≤ 7.0% (5% in 2016)		Overall budget deficit / GDP ≤ 5.0% (3% in 2016)		Central Bank credit to Government deficit ≤ 5% (of previous year's tax revenue (=0 in 2016)		External reserves / Import ≥ 3 months (6 in 2016)		Number of criteria met	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
EAST AFRICA	16.1	-6.0	-4.4	24.8	33.2	1.5	4,8	5,1		
Burundi	1.0	-7.7	-0.9	8.7	12.2	8.0	1.5	1.7	0	1
Comoros	1.8	-9.3	-7.2	0.7	0.0	5.0	8.0	8.2	2	3
Kenya	6.3	8.0	-9.3	-7.2	0.7	0.0	5.0	4.6	0	2
Mauritius	1.0	3.7	-3.5	-3.2	0.0	0.0	9.0	9.0	3	4
Rwanda	5.7	4.9	-4.9	-4.5	0.0	0.0	4.1	4.2	1	4
Uganda	5.5	5.7	-4.3	-4.9	0.0	0.0	5.2	5.3	1	4
Tanzania	5.2	5.3	-3.5	-1.5	-0.2	-4.7	5.4	5.5	1	4
Djibouti	2.4	-0.8	-2.2	-0.3	0.0	0.0	5.0	6.7	3	4
Ethiopia	7.5	8.8	-1.9	-3.3	8.9	12.6	2.6	2.6	1	1
Seychelles	-1.0	2.9	-1.6	-0.9	0.0	0.0	4.1	4.2	3	4
Somalia	1.5	2.9	0.0	0.0	0.0	0.0	0.9	0.9	3	3
Total number of countries	**11**	**11**	**11**	**11**	**11**	**11**	**11**	**11**		
Total number of countries that met the criteria	**5**	**8**	**4**	**10**	**7**	**8**	**2**	**8**		
Percentage (%)	**45.5**	**72.7**	**36.4**	**90.9**	**63.6**	**72.7**	**18.2**	**72.7**		
SOUTHERN AFRICA	12.8	7.9	-5.4	-4.8	14.8	13.1	6.2	6.3		
Angola	42.0	26.3	-4.5	-5.3	0.0	12.6	11.4	6.9	2	1
Botswana	2.8	3.3	-4.7	0.6	0.0	0.1	16.7	17.8	3	4
Lesotho	6.4	6.6	-6.9	-4.5	4.5	0.0	4.5	4.1	0	4
Madagascar	6.7	8.3	-2.0	-2.3	9.9	4.8	3.9	4.0	1	3
Malawi	21.7	11.6	-3.8	-3.2	87.4	84.9	3.9	4.9	0	2
Moçambique	25.3	5.7	-7.5	-5.5	10.0	8.0	4.7	7.3	0	2
Namibia	6.7	6.2	-7.0	-5.3	0.3	0.0	3.2	4.6	0	3
South Africa	5.4	4.9	-4.2	-3.9	0.0	0.0	5.2	4.6	1	4
Eswatini	7.8	6.2	-4.8	-7.3	0.0	10.0	3.6	3.5	1	2
Zambia	17.9	6.8	-6.1	-7.0	22.9	2.9	3.1	2.9	0	2
Zimbabwe	-1,6	0,9	-8,4	-9,6	28,2	20,9	0,8	0,7	1	1
Total number of countries	**11**	**11**	**11**	**11**	**11**	**11**	**11**	**11**		
Total number of countries that met the criteria	**2**	**8**	**1**	**5**	**4**	**6**	**2**	**9**		
Percentage (%)	**18.2**	**72.7**	**9.1**	**45.5**	**36.4**	**54.5**	**18.2**	**81.8**		
Total number of countries	**52**	**52**	**52**	**52**	**52**	**52**	**52**	**52**		
Total number of countries that met the criteria	**25**	**37**	**13**	**34**	**27**	**31**	**7**	**40**		
Percentage (%)	48.1	71.2	25.0	65.4	51.9	59.6	13.5	76.9		
									2016	2017
Number of countries that have met the 4 criteria									0	18

Table 5 : Countries' performances with respect to the secondary criteria

Sub-regions	General Government debt / GDP <65 %		Tax revenue / GDP ≥ 20%		Nominal exchange rate (variability of ±10%)		Government capital investment / Tax revenue ≥ 30		Number of criteria met	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
NORTH AFRICA										
Algeria	20.6	26.3	28.8	14.1	8.0	-1.4	55.4	98.8	4	3
Egypt*	92.3	95.5	13.0	13.3	8.0	50.9	19.7	23.6	1	0
Libya	113.7	133.3	3.3	2.3	0.0	-1.4	16.3	187.0	1	2
Marocco	65.1	65.1	21.2	21.2	-8.5	0.0	30.1	29.7	3	2
Mauritania	98.7	76.5	27.6	17.3	7.8	0.9	52.3	50.6	3	2
Sudan	91.4	53.5	8.7	6.0	2.4	8.0	25.4	9.7	1	2
Tunisia	61.2	69.7	22.8	21.8	9.1	-11.2	28.1	27.0	3	1
Total number of countries	**7**	**7**	**7**	**7**	**7**	**7**	**7**	**7**		
Total number of countries that met the criteria	**2**	**2**	**4**	**2**	**7**	**5**	**3**	**3**		
Percentage (%)	**28.6**	**28.6**	**57.1**	**28.6**	**100.0**	**71.4**	**42.9**	**42.9**		
WEST AFRICA	**23.5**	**24.4**	**14.0**							
WAMZ	**19.5**	**20.6**								
WAMU	**43.7**	**44.2**			**-0.4**	**2.1**				
Benin	49.4	54.5	6.8	6.2	-0.4	2.1	35.3	56.5	3	3
Burkina Faso	34.2	36.2	15.8	16.5	-0.4	2.1	48.7	74.2	3	3
Cabo Verde	129.6	125.3	19.8	20.9	-0.4	0.0	9.6	9.6	1	2
Cote d'Ivoire	41.5	42.7	15.5	15.5	-0.4	2.1	42.2	44.4	3	3
The Gambia	114.6	116.2	16.2	15.0	-3.3	-4.4	37.0	101.0	2	2
Ghana	70.2	68.6	15.4	15.7	-4.2	-9.8	29.6	18.5	1	1
Guinea	42.7	36.5	14.4	12.3	-15.9	-1.1	34.0	41.8	2	3
Guinea-Bissau	53.2	50.1	9.5	10.4	-0.4	2.1	64.4	53.6	3	3
Liberia	40.3	42.6	18.2	18.5	-8.4	-16.4	9.3	4.0	2	1
Mali	35.9	35.7	15.0	16.3	-0.4	2.1	59.7	68.4	3	3
Niger	37.9	42.0	13.5	13.1	-0.4	2.1	86.1	91.7	3	3
Nigeria	14.2	15.5	1.5	1.6	-23.5	-16.8	43.8	6.2	2	1
Senegal	47.2	47.7	15.9	15.0	-0.4	2.1	65.7	60.7	3	3
Sierra Leone	53.9	61.5	10.3	10.4	-19.1	-14.5	81.0	82.0	2	2
Togo	78.4	73.0	21.7	20.6	-0.4	2.1	65.1	48.0	3	3
Total number of countries	**15**	**15**	**15**	**15**	**15**	**15**	**15**	**15**		
Total number of countries that met the criteria	**11**	**11**	**1**	**2**	**12**	**12**	**12**	**11**		
Percentage (%)	**73.3**	**73.3**	**6.7**	**13.3**	**80.0**	**80.0**	**80.0**	**73.3**		
Central AFRICA										
CEMAC	44.6	*48.9*	*9.9*	*9.6*	*0.6*	*-3.8*	*95.8*	*68.8*		
Cameroon	27.1	34.4	11.7	12.7	2.7	1.4	49.9	32.9	3	3
Central Africa Republic	59.0	63.6	7.2	7.6	2.0	4.8	3.8	10.6	2	2
Congo	144.8	131.7	16.8	13.4	6.3	-2.2	72.0	22.2	2	1
Gabon	49.0	47.4	11.2	9.1	3.1	-9.7	24.3	21.6	2	2
Equatorial Guinea	47.9	41.5	2.8	2.3	1.5	-1.6	699.7	445.2	3	3
Chad	36.5	32.7	4.8	5.4	-1.0	-1.0	15.0	13.6	2	2
DRC	16.0	17.1	9.3	8.5	-8.3	-31.1	17.3	29.0	2	1
São Tome and Principe	79.1	79.6	12.1	12.1	7.7	0.5	7.3	3.6	1	1
Total number of countries	**8**	**8**	**8**	**8**	**8**	**8**	**8**	**8**		
Total number of countries that met the criteria	**6**	**6**	**0**	**0**	**8**	**7**	**3**	**2**		
Percentage (%)	**75.0**	**75.0**	**0.0**	**0.0**	**100.0**	**87.5**	**37.5**	**25.0**		

Sub-regions	General Government debt / GDP <65 %		Tax revenue / GDP ≥ 20%		Nominal exchange rate (variability of ±10%)		Government capital investment / Tax revenue ≥ 30		Number of criteria met	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
EAST AFRICA	48.4	48.9	17.1	17.6	4.0	1.7	29.2	34.3		
Burundi	44.2	45.0	13.4	13.0	5.3	4.5	44.6	39.4	3	3
Comoros	31.5	28.7	13.7	17.3	-0.4	-2.1	21.1	26.3	2	2
Kenya	53.8	57.5	18.4	18.7	-6.5	-1.9	24.2	54.0	2	3
Mauritius	59.4	56.9	18.7	19.3	2.0	-2.3	12.0	17.1	2	2
Rwanda	44.7	47.8	15.8	15.5	9.7	3.1	67.1	69.1	3	3
Uganda	36.6	39.7	13.8	14.4	5.5	5.6	54.3	51.8	3	3
Tanzania	41.0	43.8	14.5	15.2	1.8	2.3	23.4	36.6	2	3
Djibouti	27.0	26.8	29.2	28.9	3.8	2.9	24.1	29.2	3	3
Ethiopia	55.5	56.3	12.4	11.6	5.0	6.2	74.3	72.6	3	3
Seychelles	65.0	62.0	32.0	32.0	0.1	2.5	14.7	9.2	2	3
Somalia	81.0	81.0	1.4	2.0	3.5	0.2	6.7	10.3	1	1
Total number of countries	**11**	**11**	**11**	**11**	**11**	**11**	**11**	**11**		
Total number of countries that met the criteria	**9**	**10**	**2**	**2**	**11**	**11**	**4**	**6**		
Percentage (%)	**81.8**	**90.9**	**18.2**	**18.2**	**100.0**	**100.0**	**36.4**	**54.5**		
SOUTHERN AFRICA	50.1	44.9	21.0	21.2	-0.7	1.6	37.6	38.7		
Angola	61.9	52.7	15.6	16.1	35.4	-1.4	24.8	28.8	1	2
Botswana	22.6	0.0	30.1	29.1	10.9	10.3	23.1	23.1	2	2
Lesotho	35.4	34.7	26.1	26.1	14.6	-9.6	93.8	97.0	3	4
Madagascar	38.4	36.0	10.9	11.5	-2.8	-0.7	44.6	48.7	3	3
Malawi	53.4	51.5	15.3	16.1	-8.3	0.5	31.9	34.7	3	3
Moçambique	128.3	105.8	20.1	21.4	-56.0	0.0	43.7	34.2	2	3
Namibia	39.5	42.3	31.2	33.1	11.0	13.3	37.9	37.5	3	3
South Africa	48.9	50.6	24.7	25.0	-11.0	9.7	24.1	20.9	2	3
Eswatini	18.8	21.6	24.9	22.0	-11.0	4.9	27.2	27.0	2	3
Zambia	33.6	47.0	12.9	13.7	10.3	-9.5	21.0	31.6	1	3
Zimbabwe	69,8	51,9	19,2	19,2	-0,7	0,0	41,7	41,7	2	3
Total number of countries	**11**	**11**	**11**	**11**	**11**	**11**	**11**	**11**		
Total number of countries that met the criteria	**9**	**10**	**6**	**6**	**3**	**9**	**6**	**7**		
Percentage (%)	**81.8**	**90.9**	**54.5**	**54.5**	**27.3**	**81.8**	**54.5**	**63.6**		
Total number of countries	**52**	**52**	**52**	**52**	**52**	**52**	**52**	**52**		
Total number of countries that met the criteria	**37**	39	**13**	12	**41**	44	**28**	29		
Percentage (%)	**71.2**	75.0	**25.0**	23.1	**78.8**	84.6	**53.8**	55.8		
									2016	2017
Number of countries that have met the 4 criteria									1	1

* The exchange rate as liberalized on novembre 3, 2016.

Table 6: Countries' performance in 2016 and 2017 with respect to the new primary convergence criteria

Sub-regions	Inflation ≤ 7%		Overall budget deficit / GDP ≤ 5%		Central Bank credit to Government deficit ≤ 5% (of previous year's tax revenue)		External reserves / Import ≥ 3 months		Number of criteria met	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
NORTH AFRICA										
Algeria	6.4	5.6	-12.3	-6.4	10.0	45.5	22.2	19.4	2	2
Egypt	10.2	23.5	-12.5	-10.9	31.0	22.9	3.1	5.6	1	1
Libya	25.9	28.5	-95.3	-24.3	224.9	361.4	18.1	26.1	1	1
Marocco	2.0	0.7	-4.4	-3.6	0.0	0.0	5.7	5.7	4	4
Mauritania	1.5	2.3	-0.1	-0.1	0.0	0.0	3.9	5.0	4	4
Sudan	17.6	32.4	-2.1	-1.4	6.5	15.1	1.0	1.1	1	1
Tunisia	3.7	5.3	-5.7	-6.1	0.0	0.0	3.7	3.1	3	3
Total number of countries	**7**	**7**	**7**	**7**	**7**	**7**	**7**	**7**		
Total number of countries that met the criteria	**4**	**4**	**3**	**3**	**3**	**3**	**6**	**6**		
Percentage (%)	**57.1**	**57.1**	**42.9**	**42.9**	**42.9**	**42.9**	**85.7**	**85.7**		
WEST AFRICA	**13.3**	**13.7**	**-2.1**	**-1.5**	0.3	0.2	**5.4**	**10.8**		
WAMZ	**15.6**	**16.1**	**-1.7**	**-1.0**	0.3	0.2	**5.6**	**12.0**		
WAMU	**0,3**	**0.6**	**-4,3**	**-4.4**	**0**	**0.0**	**4,4**	**4.3**		
Benin	-0.8	0.1	-6.2	-5.8	0.0	0.0	4.4	4.3	3	3
Burkina Faso	-0.2	0.4	-3.3	-7.5	0.0	0.0	4.4	4.3	4	3
Cabo Verde	-1.4	0.8	-3.1	-3.1	0.0	0.0	6.6	5.9	4	4
Cote d'Ivoire	0.7	0.7	-3.9	-4.2	0.0	0.0	4.4	4.3	4	4
The Gambia	7.9	6.9	-9.8	-7.3	33.1	0.0	2.4	4.1	0	3
Ghana	17.5	12.4	-10.4	-5.1	0.0	0.0	4.2	4.8	2	2
Guinea	8.2	8.9	0.2	-2.1	0.0	5.7	1.4	1.9	2	1
Guinea-Bissau	1.4	1.1	-4.0	-1.6	0.0	0.0	4.4	4.3	4	4
Liberia	8.8	12.4	2.3	-2.6	3.0	38.6	3.0	4.6	3	2
Mali	-1.8	1.8	-3.9	-2.0	0.0	0.0	4.4	4.3	4	4
Niger	0.2	2.4	-5.5	-5.2	0.0	0.0	4.4	4.3	3	3
Nigeria	15.7	16.6	-0.9	-0.5	0.0	0.0	5.8	12.9	3	3
Senegal	0.8	1.3	-3.2	-2.9	0.0	0.0	4.4	4.3	4	4
Sierra Leone	10.8	18.3	-7.5	-8.9	33.1	18.9	4.7	3.9	1	1
Togo	0.9	-0.8	-8.3	-0.3	0.0	0.0	4.4	4.3	3	4
Total number of countries	**15**	**15**	**15**	**15**	**15**	**15**	**15**	**15**		
Total number of countries that met the criteria	**9**	**10**	**9**	**9**	**13**	**12**	**13**	**14**		
Percentage (%)	**60.0**	**66.7**	**60.0**	**60.0**	**86.7**	**80.0**	**86.7**	**93.3**		
Central AFRICA										
CEMAC	1.1	0.9	-6.9	-3.3	50.5	55.1	2.3	2.7		
Cameroon	0.9	0.6	-6.0	-4.6	10.4	13.4	4.0	5.1	2	3
Central Africa Republic	2.7	4.2	1.6	-1.2	127.9	104.8	5.1	6.3	3	3
Congo	4.6	0.7	-14.7	-5.1	63.9	70.9	1.6	1.3	1	1
Gabon	2.1	2.7	-5.4	-1.9	43.4	50.6	2.2	2.2	1	2
Equatorial Guinea	1.4	0.8	-12.6	-2.3	289.2	366.2	0.2	0.1	1	2
Chad	-1.6	-1.1	-2.1	-1.2	121.4	141.6	0.1	0.1	2	2
DRC	18.2	41.5	-1.2	0.1	3.9	3.4	0.9	0.8	2	2
São Tome and Principe	5.4	5.7	-4.9	-4.1	0.0	0.0	4.7	4.4	4	4
Total number of countries	**8**	**8**	**8**	**8**	**8**	**8**	**8**	**8**		
Total number of countries that met the criteria	**7**	**7**	**4**	**7**	**2**	**2**	**3**	**3**		
Percentage (%)	**87.5**	**87.5**	**50.0**	**87.5**	**25.0**	**25.0**	**37.5**	**37.5**		

Sub-regions	Inflation ≤ 7%		Overall budget deficit / GDP ≤ 5%		Central Bank credit to Government deficit ≤ 5% (of previous year's tax revenue)		External reserves / Import ≥ 3 months		Number of criteria met	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
EAST AFRICA	3,1	4,97	-4,3	-2,8	3,7	4,07	4,8	5,1		
Burundi	5.6	16.1	-6.0	-4.4	24.8	33.2	1.5	1.7	1	1
Comoros	1.8	1.0	-7.7	-0.9	8.7	12.2	8.0	8.2	2	3
Kenya	6.3	8.0	-9.3	-7.2	0.7	0.0	5.0	4.6	3	2
Mauritius	1.0	3.7	-3.5	-3.2	0.0	0.0	9.0	9.0	4	4
Rwanda	5.7	4.9	-4.9	-4.5	0.0	0.0	4.1	4.2	4	4
Uganda	5.5	5.7	-4.3	-4.9	0.0	0.0	5.2	5.3	4	4
Tanzania	5.2	5.3	-3.5	-1.5	-0.2	-4.7	5.4	5.5	4	4
Djibouti	2.4	-0.8	-2.2	-0.3	0.0	0.0	5.0	6.7	4	4
Ethiopia	7.5	8.8	-1.9	-3.3	8.9	12.6	2.6	2.6	1	1
Seychelles	-1.0	2.9	-1.6	-0.9	0.0	0.0	4.1	4.2	4	4
Somalia	1.5	2.9	0.0	0.0	0.0	0.0	0.9	0.9	3	3
Total number of countries	**11**	**11**	**11**	**11**	**11**	**11**	**11**	**11**		
Total number of countries that met the criteria	**10**	**8**	**8**	**10**	**8**	**8**	**8**	**8**		
Percentage (%)	**90.9**	**72.7**	**36.4**	**90.9**	**63.6**	**72.7**	**18.2**	**72.7**		
SOUTHERN AFRICA	12.8	7.9	-5.4	-4.8	14.8	13.1	6.2	6.3		
Angola	42.0	26.3	-4.5	-5.3	0.0	12.6	11.4	6.9	3	1
Botswana	2.8	3.3	-4.7	0.6	0.0	0.1	16.7	17.8	4	4
Lesotho	6.4	6.6	-6.9	-4.5	4.5	0.0	4.5	4.1	3	4
Madagascar	6.7	8.3	-2.0	-2.3	9.9	4.8	3.9	4.0	3	3
Malawi	21.7	11.6	-3.8	-3.2	87.4	84.9	3.9	4.9	2	2
Moçambique	25.3	5.7	-7.5	-5.5	10.0	8.0	4.7	7.3	1	2
Namibia	6.7	6.2	-7.0	-5.3	0.3	0.0	3.2	4.6	3	3
South Africa	5.4	4.9	-4.2	-3.9	0.0	0.0	5.2	4.6	4	4
Eswatini	7.8	6.2	-4.8	-7.3	0.0	10.0	3.6	3.5	3	2
Zambia	17.9	6.8	-6.1	-7.0	22.9	2.9	3.1	2.9	1	2
Zimbabwe	-1,6	0,9	-8,4	-9,6	28,2	20,9	0,8	0,7	1	1
Total number of countries	**11**	**11**	**11**	**11**	**11**	**11**	**11**	**11**		
Total number of countries that met the criteria	**6**	**8**	**6**	**5**	**6**	**6**	**10**	**9**		
Percentage (%)	**54.5**	**72.7**	**54.5**	**45.5**	**54.5**	**54.5**	**90.9**	**81.8**		
Total number of countries	52	52	52	52	52	52	52	52		
Total number of countries that met the criteria	36	37	30	34	32	31	40	40		
Percentage (%)	69.2	71.2	57.7	65.4	61.5	59.6	76.9	76.9		
									2016	2017
Number of countries that have met the 4 criteria									17	18

Table 7: Number of countries that have met the primary criteria in 2016 and 2017 under the new convergence criteria

Sub-regions	Inflation ≤ 7%		Overall budget deficit / GDP ≤ 5 %		Central Bank credit to Government deficit (of previous year's tax revenue) ≤ 5%		External reserves / Import (in months) ≥ 3%	
	2016	2017	2016	2017	2016	2017	2016	2017
North Africa (7 countries	4	4	3	3	3	3	6	6
West Africa (15 countries)	9	10	9	9	13	12	13	14
Central Africa (8 countries)	7	7	4	7	2	2	3	3
East Africa (11 countries)	10	8	8	10	8	8	8	8
Southern Africa (11 countries)	6	8	6	5	6	6	10	9
Number of countries	52	52	52	52	52	52	52	52
Number of countries that have met the criteria	36	37	30	34	32	31	40	40
Percentage (%)	69.2	71.2	57.7	65.4	61.5	59.6	76.9	76.9
							2016	2017
Number of countries that have met the four criteria							17	18
Percentage (%)							32.7	34.6