Association des Banques Centrales Africaines | Association of African Central Banks

Annex 5

ASSOCIATION OF AFRICAN CENTRAL BANKS (AACB)

42^st ORDINARY MEETING OF THE ASSEMBLY OF GOVERNORS

(Kigali, Rwanda, 1st August 2019)

SUMMARY PROGRESS REPORT ON THE IMPLEMENTATION OF THE AFRICAN MONETARY COOPERATION PROGRAMME (AMCP) FOR 2018

OVERVIEW

Global economic activity slowed in 2018, standing at 3.6%, 0.1 percentage point lower than expected in October 2018, according to the International Monetary Fund (IMF) in its estimations published in April 2019. This downward revision of global growth is attributable to poor economic performance in some countries, particularly in Europe and Asia. In 2017, economic growth stood at 3.8%.

The economic growth rate in Africa stood at 3.5% in 2018 compared to 3.6% in 2017, according to the latest African Development Bank estimations (Performance and Macroeconomic Outlook in Africa in 2019). This development in Africa in 2018 is mainly reflecting the decline in oil prices and other regional shocks such as drought in Eastern and Southern Africa.

As in the previous year, the East African Sub-region recorded the strongest growth in 2018 (5.7% against 5.9% in 2017). It is followed by the North Africa Sub-region which growth rate decreased to 4.3% in 2018 from 4.9% in 2017. Economic growth also slowed in Southern Africa from 1.6% in 2017 to 1.2% in 2018. West and Central Africa Sub-regions would experience an increase in their economic growth in 2018, with respectively growth rates of 3.3% and 2.2% against 2.7% and 1.1% in 2017.

The assessment of the countries' performance in 2018 on the basis of the criteria adopted by the Assembly of Governors in August 2017 in Pretoria shows that 22 countries out of 49 (44.9%) met the four primary convergence criteria against 18 out of 52 (34.6%) in 2017.

The evaluation also reveals that the primary convergence criteria relevant to central bank financing and budget deficit were better met, with compliance ratios of 83.7% and 82.4% respectvely in 2018. The inflation rate criterion recorded the lowest compliance ratio (68.6%) in 2018. For the secondary criteria, the criteria for the variability of the nominal exchange rate and the public debt ratio were better met (87.0% and 74.0% respectively in 2018 as compliance rates). However, almost all countries still face difficulties in meeting criterion relevant to the the tax revenue.

None of the countries met the all eight convergence criteria in 2018. There are disparities among AACB Sub-regions in terms of meeting the macroeconomic convergence criteria. Seven countries in the West Africa Sub-region and three countries in the Southern Africa Sub-region meet seven of the eight convergence criteria (both primary and secondary). One country from North Africa and Central Africa and three countries from East Africa also met all seven of the eight convergence criteria in 2018.

The Member States should be encouraged to pursue the efforts to enhance further countries' performances in order to strenghthen the monetary integration process on the continent. In this regard, the Member States should be encouraged to implement structural reforms aimed at diversifying economies for a productive transformation of African economies, with a view to being more resilient to exogenous shocks. In addition, particular attention should be given to those Member States which diverge from the convergence path.

Contents

ACCRONYMS

AACB	**Association of African Central Banks**
AMCP	African Monetary Cooperation Program
AU	African Union
AUC	African Union Commission
ECB	European Central Bank
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 2018 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%;

Overall budget deficit/GDP ratio ≤ 5%;

Central Bank financing of budget deficit ≤ 5% of the previous year's government's tax revenue;

External reserves / Import cover ≥ 3 months.

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.

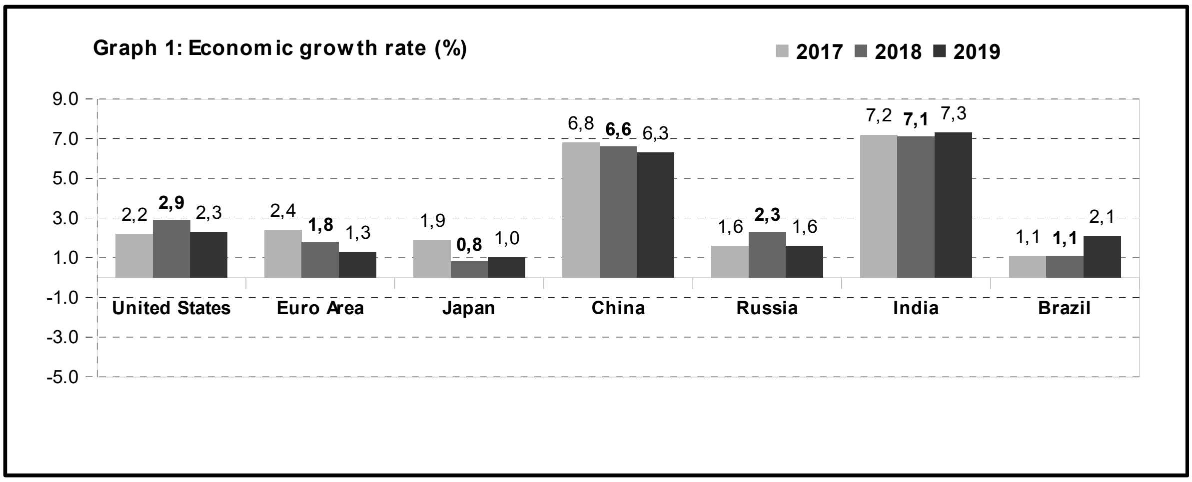
I – International economic environment

1.1 – International development in 2018

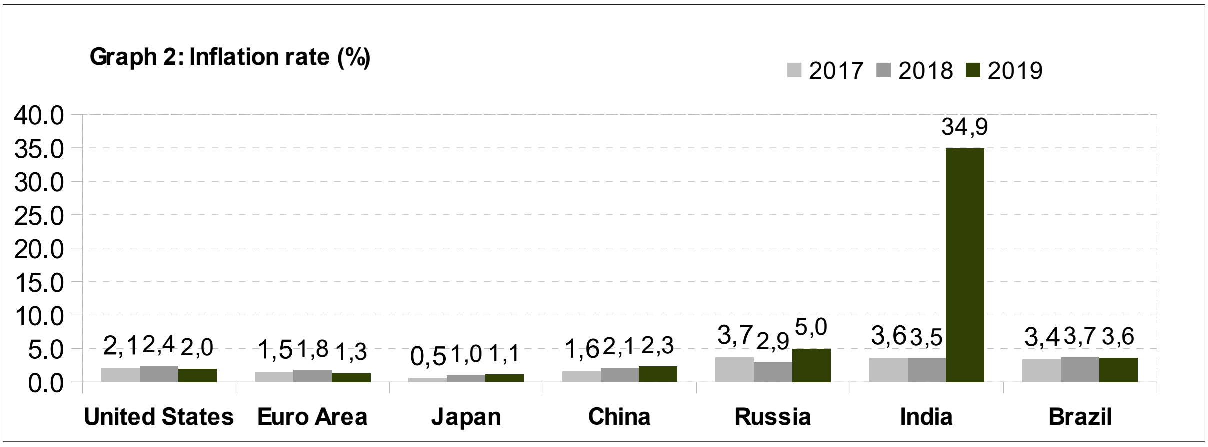
The global economic activity slowed in 2018 compared to the previous year. According to the International Monetary Fund (IMF) World Economic Outlook projections published in April 2019, the global economic growth is projected at 3.6% in 2018, 0.1 percentage point lower than expected in October 2018. This downward revision of global growth in 2018 is attributable to poor economic performance in the second half of the year in some countries, particularly in Europe and Asia. In 2017, the economic growth stood at 3.8%.

In advanced countries, the economic growth would decrease by 0.2 percentage point to stand at 2.2% in 2018. The economic growth strenghtened in North America, while it was weaker in the Euro area and Japan. In fact, in the United States, the economic growth rate is expected to tick up to 2.9% in 2018, compared to 2.2% in 2017, powered by a strong consumption growth, amid investment softening. In the Euro area, the economic growth decreased by 0.6 percentage point at 1.8% in 2018, following notably a softened export growth after a weak intra-euro-area trade and political uncertainty, which exacerbated poor sentiment across the currency area. In Japan, the economy is expected to decrease by 0.8% in 2018 compared to 1.9% in 2017, in connection with a decline in consumption and private investment induced by natural disasters like flood and earthquake.

Economic growth slowed in emerging and developing countries (4.5% in 2018 compared with 4.8% in 2017). But this global figure masks disparities. In China, economic growth would stand at 6.6% in 2018 compared to 6.8% in 2017. This economic slowdown was mainly due to financial regulatory tightening to dampen shadow banking activity and that contributed to the slowdown in local government investment, particularly in the area of infrastructure, in relation with the escalating trade war with the United States. The Indian economy growth rate also declined from 7.2% in 2017 to 7.1% in 2018, reflecting the slowdown in the second half of 2018. By contrast, in Russia, economic growth would continue to increase, reaching 2.3% in 2018, after the 1.6% level observed in 2017, driven by private consumption and, to a lesser extent, investment. In Brazil, economic growth remained steady at 1.1% in 2018.



In the context of slowdown of global growth, an increase in inflation is noted in most advanced economies. In the United States, the inflation rate would rise from 2.1% in 2017 to 2.4% in 2018, due to higher energy prices. In the Euro zone, it would stand at 1.8% in 2018, increasing by 0.3 percentage point compared to 2017, reflecting mainly the recovery of the demand. The inflation rate in Japan would increase from 0.5% in 2017 to 1.0% in 2018, mainly due to rising global energy prices.

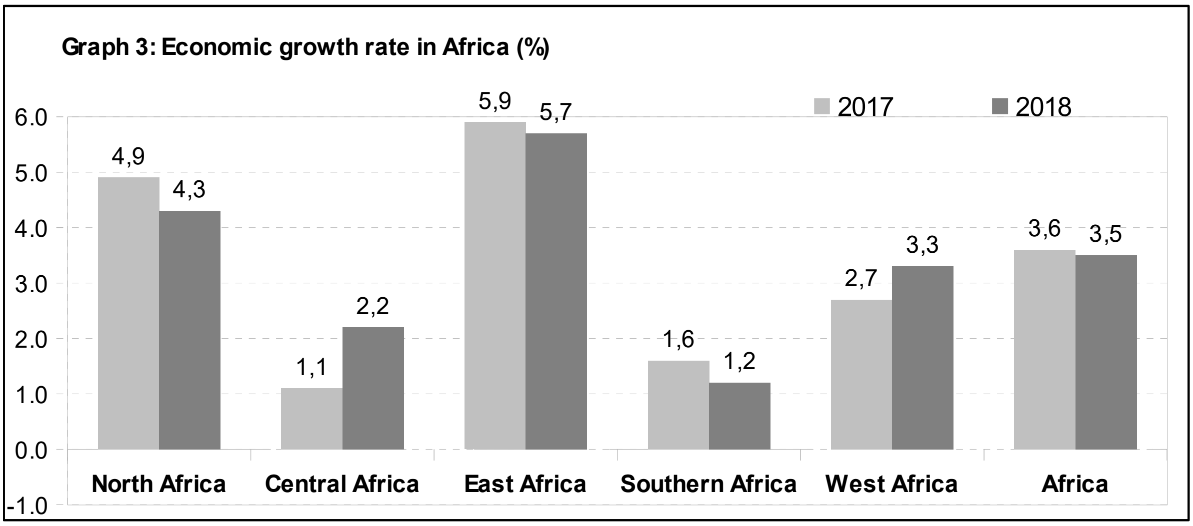


In emerging countries, the inflation rate increased in most of the countries, in part reflecting the pass-through of currency depreciations and higher oil prices. In China, the inflation rate would increase from 1.6% in 2017 to 2.1% in 2018. In Brazil, the inflation rate would increase to 3.7% in 2018 compared with 3.4% in 2017. On the other hand, the inflation rate trended downward in Russia, standing at 2.9% in 2018 against 3.7% in the previous year. In India, it would decrease slightly from 3.6% in 2017 to 3.5% in 2018.

In general, monetary policy remained accommodative in 2018 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 meetings. At its meeting held on December 2018, it decided to maintain the interest rate at its present levels at least until the summer of 2019, and in any case for as long as necessary to ensure the continued sustained convergence of inflation to levels that are in compliance with of objective. Regarding non-standard monetary policy measures, the ECB decided to end the net purchases under the asset purchase programme (APP) in December 2018. At the same time, it enhanced its forecasts on reinvestment. Accordingly, it intended to continue reinvesting totally the principal on the payments from maturing securities purchased under the APP for an extended period of time past the date when it starts raising the key ECB interest rates, and in any case for as long as necessary to maintain favourable liquidity conditions and an ample degree of monetary accommodation. In the United States, the monetary policy stance should be gradually tighten as inflation pressures emerge amid solid growth, historically low unemployment and the solid performance of the economy. As a result, the US Federal Reserve (Fed) decided to raise the target interest rate range of federal funds by 100 basis points over the 2018, from 1.25% in december 2017 to an annual rate of 2.25% in the end of the year 2018. These increases confirm a growing confidence in the continued economic recovery in the United States.

On the foreign exchange markets, the euro weakened against the main currencies. Between 2017 and 2018, it shoud depreciate against the US dollar (-4.7%), the Swiss franc (-3.6%), the Japanese yen (-7.0%). However, the euro strenghtened against the British pound (+1.5%).

In 2018, the economic growth rate in Africa would be at 3.5% compared to 3.6% in 2017, according to the estimates of the African Development Bank (AfDB) published in June 2019. The deceleration of growth in Africa in 2018 reflected mainly the strong decrease in oil prices and other regional shocks like drought in East Africa and in Southern Africa. As in the previous year, East Africa Sub-region remains the fastest growing Sub-region in 2018 (growth of 5.7% in 2018 against 5.9% in 2017), followed by North Africa whose growth rate declined to 4.3% in 2018 from 4.9% in 2017. Economic growth also slowed down in Southern Africa from 1.6% in 2017 to 1.2% in 2018. However, the West and Central Africa Sub-regions would experience an increase in their economic growth in 2018, with respectively growth rates of 3.3% and 2.2% against 2.7% and 1.1% in 2017.



Moreover, economic growth in Africa is driven by sustained domestic demand and the strength of net exports in the context of intensification of public investment by several Member States, particulary in the area of infrastructure.

1.2 – Outlook for 2019

Global economic growth is expected at 3.3% in 2019 compared with 3.6% in 2018, due mainly to the negative effects of tariff increases enacted in the United States and China in 2018. Differences in the outlook across countries and regions are significant.

Growth in advanced economies will remain well above trend at 2.2 percent in 2018, before softening to 1.8 percent in 2019. Recent trade measures are expected to weigh on economic activity, especially in the United States.

While emerging Asia is continuing to expand at a strong pace mostly driven by the strengthening of the activity in commodity exporting countries, growth in the emerging markets and developing countries group should slightly decrease to 4.4 percent in 2019 from 4.5% in 2018. In China, growth is projected to moderate from 6.9 percent in 2017 to 6.6 percent in 2018 and 6.2 percent in 2019, due to a slow down in external demand growth and the need to tighten financial regulation. In India, economic growth is expected to increase to 7.1 percent in 2018 and 7.3 percent in 2019, reflecting a rebound from transitory shocks related to the currency exchange initiative and implementation of the national Goods and Services Tax, with a strengthening of investments and a robust private consumption.

In Brazil, the economy is expected to grow at 1.1 percent and 2.1 percent in 2018 and 2019, respectively, against 1.1 percent in 2017, driven by a recovery of private demand as the output gap gradually closes.

In the United States, the economic growth is expected to soften to 2.3 percent in 2019, decreasing by 0.6 percentage point relative to the level of the previous year, due to the recently introduced trade measures.

In the Euro area, the growth rate would be at 1.8% in 2018 and 1.3% in 2019, lifted by a healthy consumer spending and job creation due to a supportive monetary policy which should continue to provide strong aggregate demand, though at a moderating pace. In Japan, the economic growth is projected to moderate to 1.0 percent in 2019 compared to 0.8% in 2018, owing largely to a shrinking labor force.

In Africa, growth prospects remain positive. Economic growth is projected at 4.0% in 2019, representing an increase of 0.5 percentage point relative to 2018. Growth is expected to be driven mainly by domestic demand, especially in East and West Africa, which has the largest economic dynamism on the continent. However, these good prospects for economic growth could be undermined by commodity dependence, which could weaken macroeconomic levers, creating tensions and trade-offs between strengthening growth and stabilization policies. In addition, a greater-than-envisaged economic slowdown in China, in connection with the escalating trade tensions between the United States and China, could constitute risk factors likely to affect global economic growth in 2019, particularly in Africa. The impact of difficulties related to continuing fiscal and external vulnerabilities on credit in Africa, in a context of global liquidity tightening, could also be a drag on economic growth in Africa.

II – Assessment of macroeconomic performance in 2018 in the Sub-regions with respect to the convergence criteria

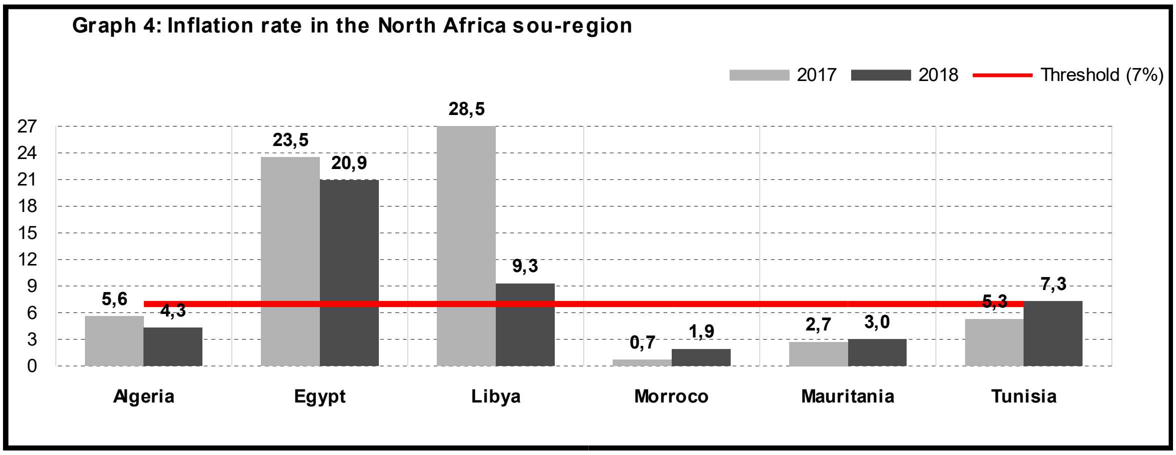
The performance of each AACB Sub-region in terms of economic convergence is measured by the number or proportion of member countries in the Sub-region, meeting the convergence criteria.

2.1 – North Africa Sub-region

2.1.1. Primary criteria

2.1.1.1. Inflation

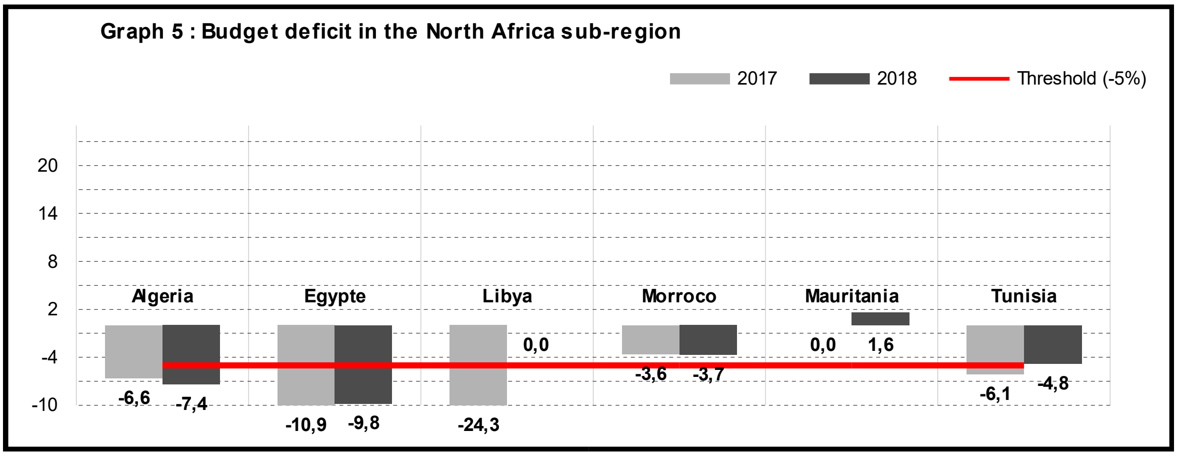
Three countries (Egypt, Libya and Tunisia) out of the six in the Sub-region did not meet the criterion of a rate of inflation below or equal to 7% (see graph below). Libya recorded the sharpest decline in the inflation rate in 2018 (-19.2 percentage points).



Overall, three countries in the Sub-region (Algeria, Mauritania and Morocco) met the 2018 inflation criterion.

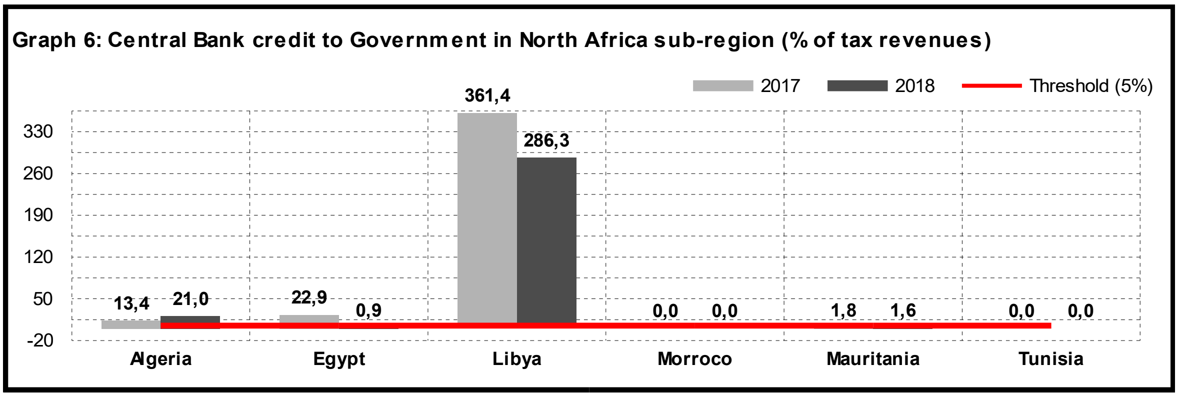
2.1.1.2. Budget deficit

With the exception of Algeria and Egypt, all the countries met the criterion of public deficit in 2018. Libya recorded a drastic reduction in its deficit, which decreased from 24.3% of GDP in 2017 to 0% in 2018.



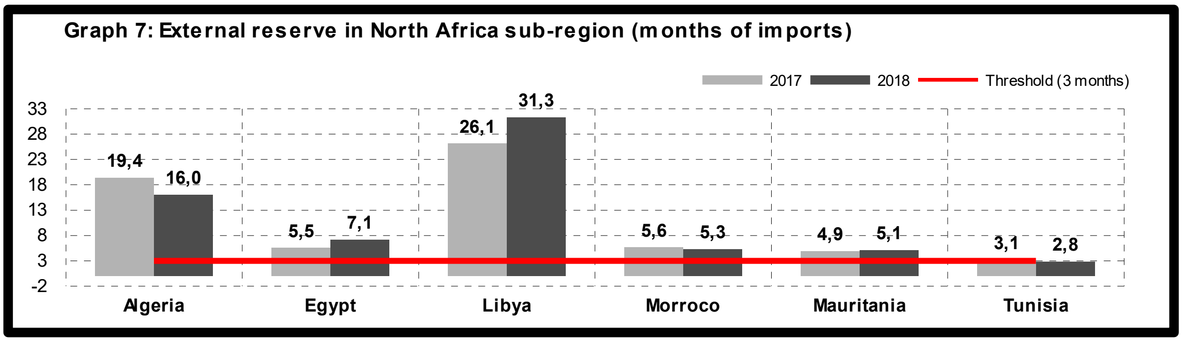
2.1.1.3. Central bank credit to Government

With the exception of Algeria and Libya, all the countries met the criterion on budget deficit financing by the central bank in 2018. Moreover, Egypt made considerable efforts reducing Government's monetary financing, from 22.9% of the previous year's tax revenue in 2017 to 0.9% in 2018.



2.1.1.4. External reserves

With the exception of Tunisia, all countries in the Sub-region met the three-month minimum coverage of imports of goods and services by external reserves in 2018. Moreover, it should be noted that although their level remains comfortable in Algeria (16.0 months in 2018), the external reserves have been in a downward trend since 2015, due to the drastic reduction of oil revenues.



2.1.2. Secondary criteria

2.1.2.1. General government debt

Only one country (Algeria) met the criterion of the ratio of public debt to GDP less than 65%. The other five countries (Morocco, Egypt, Libya, Mauritania, and Tunisia) did not meet it, as a result of the high budget deficits for some of them.

2.1.2.2. Tax revenue (tax revenue / GDP)

With the exception of Egypt and Libya, all the countries met the criterion with a ratio greater than or equal to 20% of GDP. The tax revenue rate is very low in Libya (2.3% in 2018).

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, all countries met the variability of the nominal exchange rate criterion in 2018.

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 51.6% in Algeria, 226.0% in Libya and 46.0% in Mauritania. The other three countries (Egypt, Tunisia and Morocco) did not meet the criterion.

2.2 – West Africa Sub-region

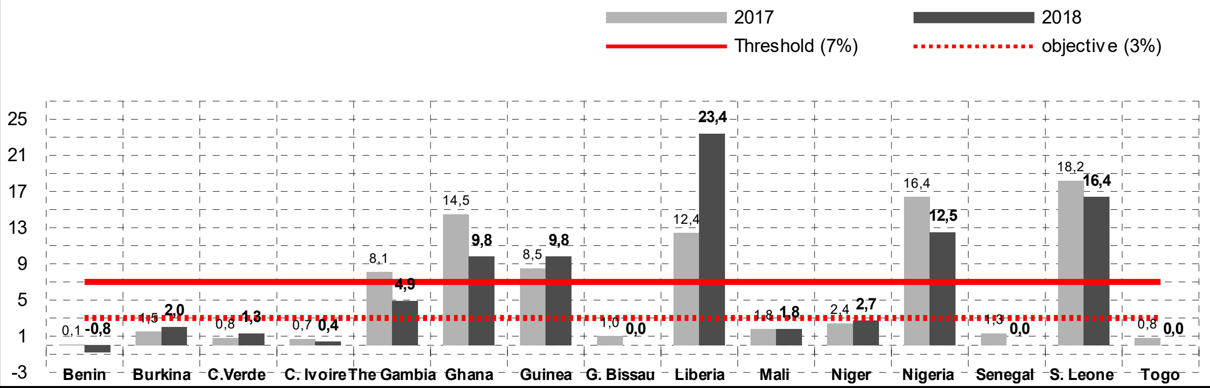
2.2.1. Primary criteria

2.2.1.1. Inflation

Inflationary pressures were broadly mixed in 2018 within the Sub-region, especially in the West African Monetary Zone (WAMZ). In this area, the inflation rate stood at 12.3% in 2018 against 16.1% in 2017. This trend in the WAMZ is mainly due to the decline in the inflation rate in all countries, with the exception of Cape Verde, Guinea and Liberia. Despite this decrease in inflation in other countries, only two countries (Cape Verde and The Gambia) met the inflation rate criterion in 2018.

In the West African and Economic Monetary Union (WAEMU) zone, an annual average inflation rate of 0.8% in 2018 is recorded, up by 0.3 percentage point related to 2017. All countries in the region posted inflation below the cut-off rate.

Graph 8: Inflation rate in West African sub-region

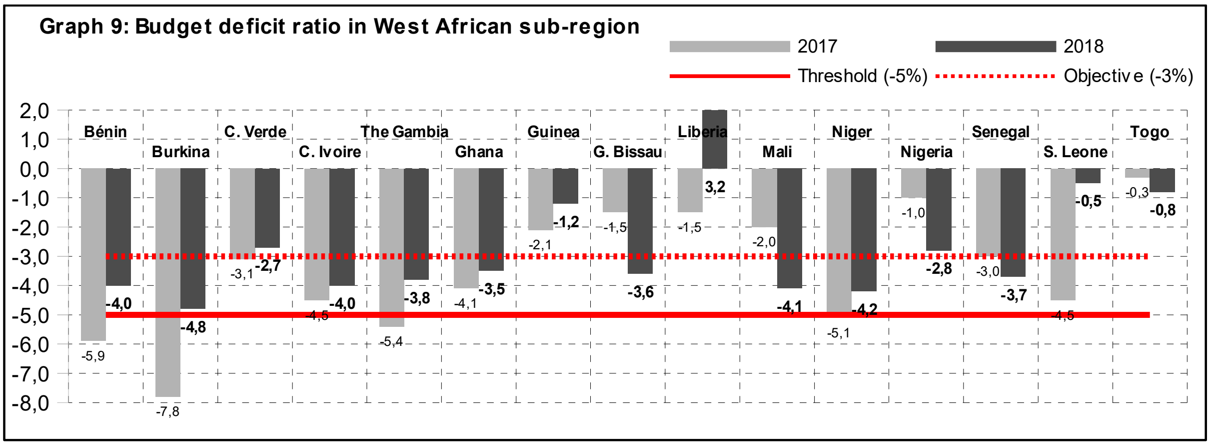


In total, the inflation criterion was met by 10 of the 15 countries in the West Africa Sub-region.

2.2.1.2. Budget deficit

Public finances situation in the West African Sub-region is mixed. In the WAMZ, all the countries experienced a decrease in their budget deficit (including grants) with the exception of Nigeria (+1.8 percentage point). All the countries in WAMZ met the criterion of the budget deficit / GDP ratio in 2018.

In WAEMU, the budget deficit decreased from 4.2% of GDP in 2017 to 3.9% of GDP in 2018. All the countries in this zone met the budget deficit criterion.

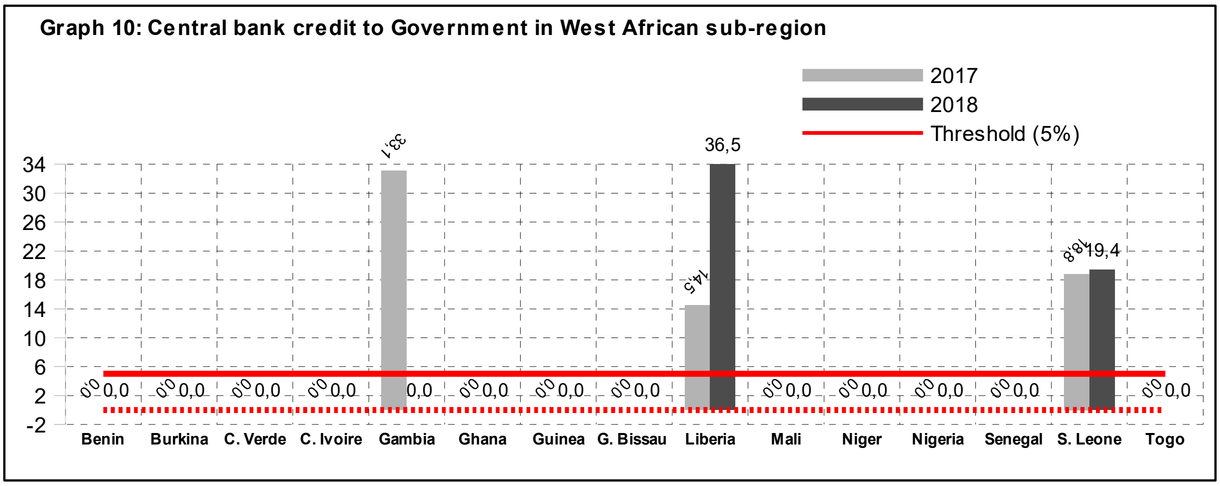


Graph 9: Budget deficit ratio in West African sub-region

Overall, all the fifteen countries in the West Africa Sub-region met the budget deficit criterion.

2.2.1.3. Central bank credit to Government

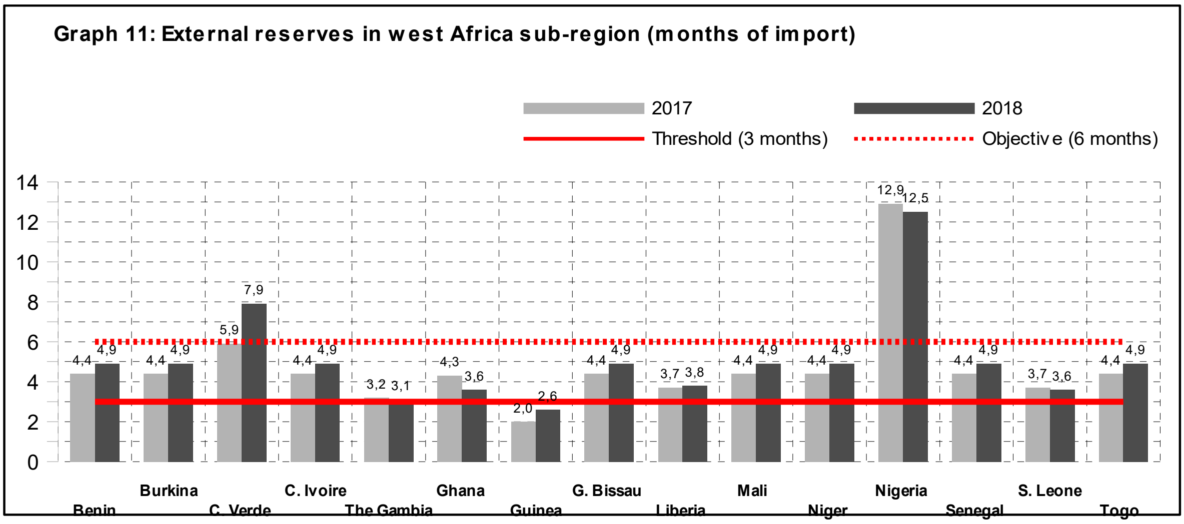
With the exception of Liberia and Sierra Leone, the criteria for the financing of the budget deficit by the central bank were met in all the countries of the Sub-region in 2018. Sierra Leone did not meet the criterion since 2015, indicating a strong presence of fiscal dominance.



Graph 10: Central bank credit to Government in West African sub-region

2.2.1.4. External reserves

Concerning the criterion on foreign exchange reserves, all the fifteen countries in the West African Sub-region met the criterion of import coverage by foreign exchange reserves in 2018, except for Guinea (see chart below). Nigeria has the highest level of reserves, equivalent to almost 12.5 months of imports in 2018.



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. Three countries recorded public debt levels above the threshold of 65% of GDP (Cape Verde, The Gambia and Togo). All the other countries were in compliance with the ratio of public debt to GDP, which is only 14.7% in Nigeria.

Togo is the only country in WAEMU that did not meet the ratio of public debt to GDP.

2.2.2.2. Tax revenue

The efficiency in tax collection and administration is a major challenge in the countries of the West Africa Sub-region. Only one country (Cape Verde) met the threshold for mobilizing tax revenue, set at 20% or more.

2.2.2.3. Nominal exchange rate variability

The domestic currencies of the West Africa Sub-region remained fairly stable in 2018. Fourteen countries out of the fifteen met the criterion relating to the variability of the nominal exchange rate, with the exception of the Liberia, where the liberian dollar recorded a depreciation of 27.9% against the US dollar, exceeding the 10% threshold.

2.2.2.4. Government capital investment

Three countries (Cape Verde, Ghana and Liberia) did not meet the criterion on the rate of capital expenditure financed from the State's own resources in 2018. The threshold of 30% was met by the other 12 countries of the Sub-region in 2018. Capital expenditure financed from the State's own resources was up to 101.3% in Niger, 78.8% in Nigeria and 64.5% in Sierra Leone. On the other hand, the ratio was at 1.8% and 12.5% in Liberia and Ghana, respectively in 2018.

2.3 – Central Africa Sub-region[1]

2.3.1. Primary criteria

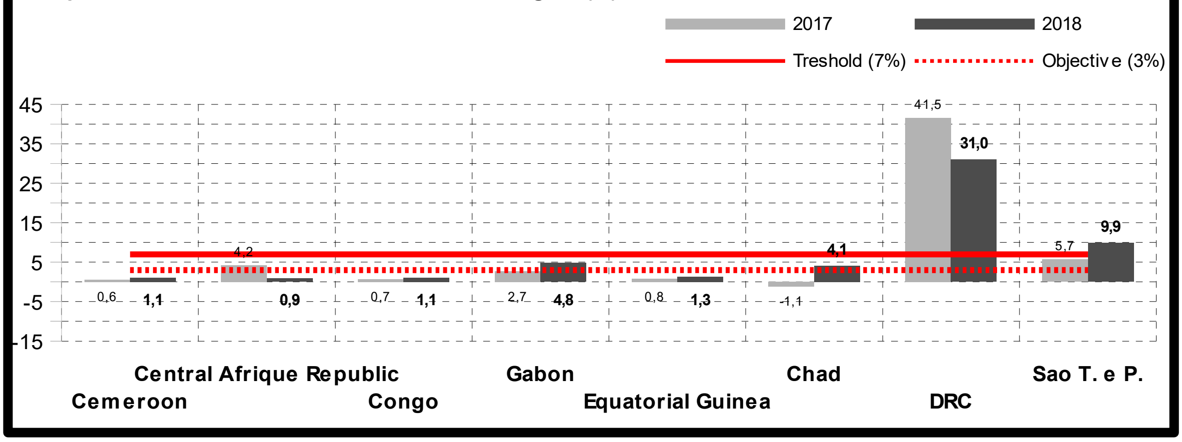
2.3.1.1. Inflation

Inflationary pressures remained contained in the CEMAC zone with an inflation rate of 2.2% in 2018, compared to 0.9% in 2017.

In Democratic Republic of Congo (DRC), the inflation rate decreased from 41.5% in 2017 to 31.0% in 2018, following favorable developments of economic activity.

In Sao Tome and Principe, the inflation rate is expected to be at 9.9% in 2018 against 5.7% in 2017.

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



With the exception of DRC and Sao Tome and Principe, the criterion for inflation rate was met by all the countries of the Sub-region in 2018.

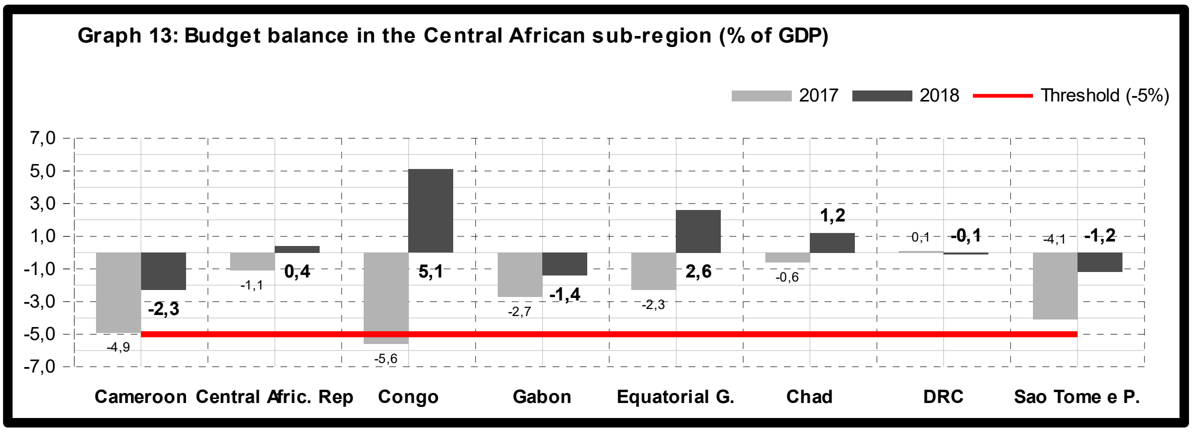
2.3.1.2. Budget deficit

Overall, the budget situation improved in 2018 in the Sub-region. In the CEMAC zone, two countries (Cameroon and Gabon) out of eight experienced a budget deficit in 2018. The budget surplus would stand at 0.1% of GDP in 2018, compared to a deficit budget of 3.6% of GDP in 2017, following the significant reductions in government spending.

Morever, in Sao Tome and Principe, the budget deficit decreased, reaching 1.2% of GDP in 2018 against 4.1% in 2017.

In the DRC, the budget balance deteriorated to a deficit of 0.1% of GDP in 2018 against a surplus of 0.1% of GDP in 2017.

1/ Data was not transmitted by the Sub-region. Data provided by IMF was considered some criteria in 2018.



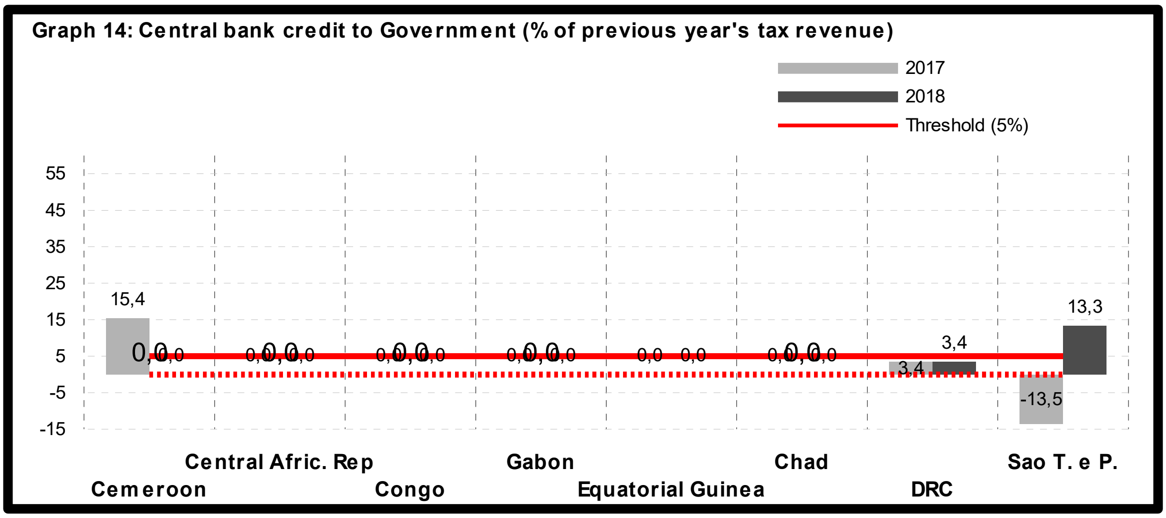
In the Sub-region, all the countries fulfilled the criterion of budget deficit in 2018.

2.3.1.4. Central bank credit to Government

In the CEMAC, no Government benefited from central banks financing.

On the other hand, the Government of Sao Tome and Principe was financed with 13.3% of the previous year's tax revenues by the central bank to cope with its budget deficit.

The DRC government benefited from central bank financing for its budget deficit, which remained at 3.4% of previous year tax revenues in 2018.



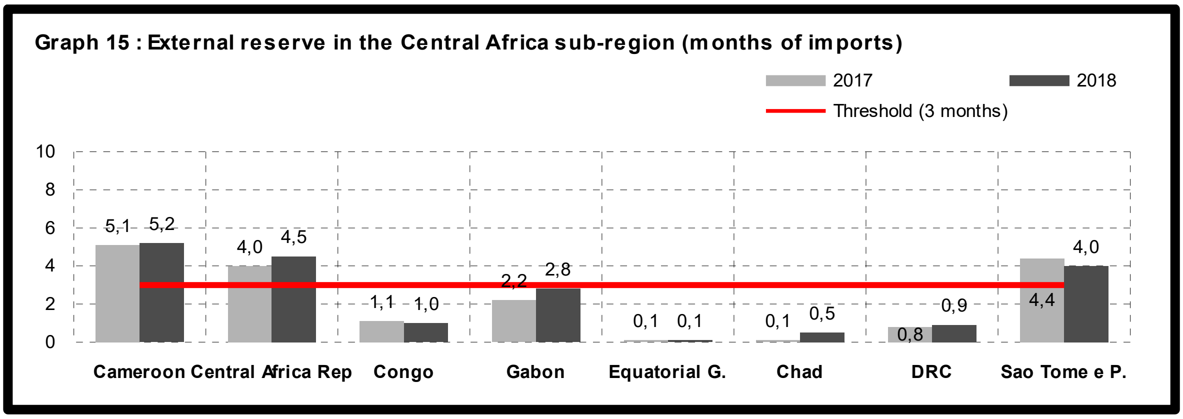
Overall, all the countries in the Sub-region met the central bank financing criterion, with the exception of Sao Tome and Principe.

2.3.1.4. External reserves

In the CEMAC, external reserves amounted to 2.6 months of imports of goods and services in 2018 compared with 2.4 months in 2017, in connection with the fragile economic situation. Only two countries (Cameroon and Central African Republic) met the criterion on foreign exchange reserves in 2018.

In the DRC, the external reserves increased from 0.8 month of imports in 2017 to 0.9 month in 2018, due to the improvement in the balance of payments, which resulted in a positive balance.

In Sao Tome and Principe, the decline in foreign assets and the rise in imports have led to a decrease in external reserves. Despite this decline, the criterion for foreign exchange reserves was fulfilled in 2018.



Overall, 3 countries (Cameroon, Central Africa Republic and Sao Tome and Principe) in the Sub-region met this criterion in 2018.

2.3.2. Secondary criteria

2.3.2.1. General government debt

Based on the Sub-region's data, all the countries in the Sub-region met the criterion on the government debt ratio, except Congo and Sao Tome and Principe, whose debt ratio stood at 71.4% and 74.0% of GDP, respectively in 2018, above the target of less than 65%. The government debt to GDP ratio in CEMAC reached 46.9% in 2018 against 50.8% in 2017. In the DRC, the debt ratio would stand at 14.5% in 2018 compared with 17.1% in 2017.

2.3.2.2. Tax revenue

None of the countries in CEMAC met the criterion on the tax revenue in 2018. The CEMAC tax revenue decreased to 8.9% of GDP in 2018 against 9.2% a year earlier.

In DRC, the tax revenue increased from 8.5% of GDP in 2017 to 9.2% of GDP in 2018.

In Sao Tome and Principe, the ratio of tax revenue to GDP stood at 12.5% in 2018 compared with 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 Sao Tome and Principe, all the countries in the Sub-region met the criterion on the nominal exchange rate variability in 2018.

2.3.5.4. Government capital investment

With the exception of Central Africa Republic, Equatorial Guinea, and Chad, no country in the Sub-region met the criterion of government capital investment in 2018. In CEMAC, the ratio of Government capital investment to tax revenue would be at 34.6% in 2018 against 42.1%

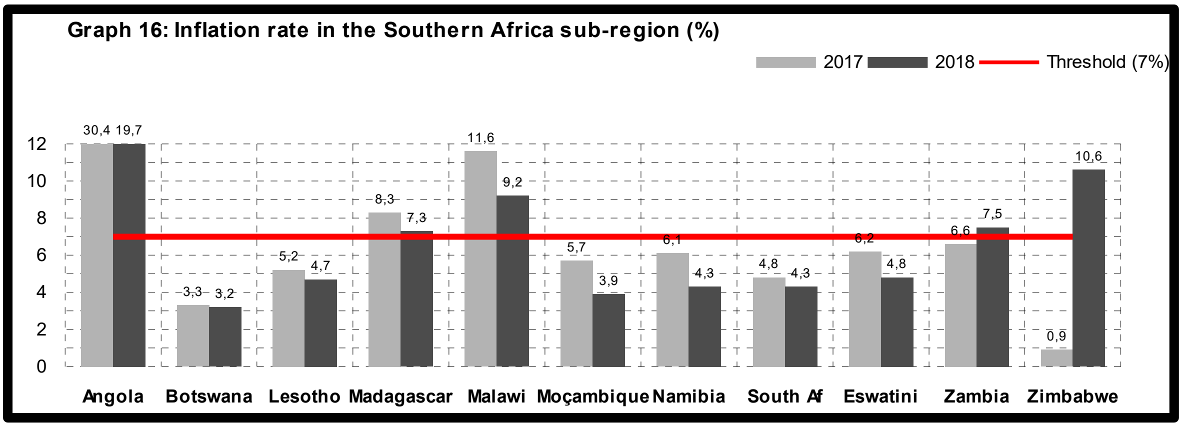
in 2017. It was higher in Equatorial Guinea (481.0% in 2018 compared with 363.6% in 2017) for a target of more than or equal to 30%.

2.4 – Southern African Sub-region

2.4.1. Primary criteria

2.4.1.1. Inflation

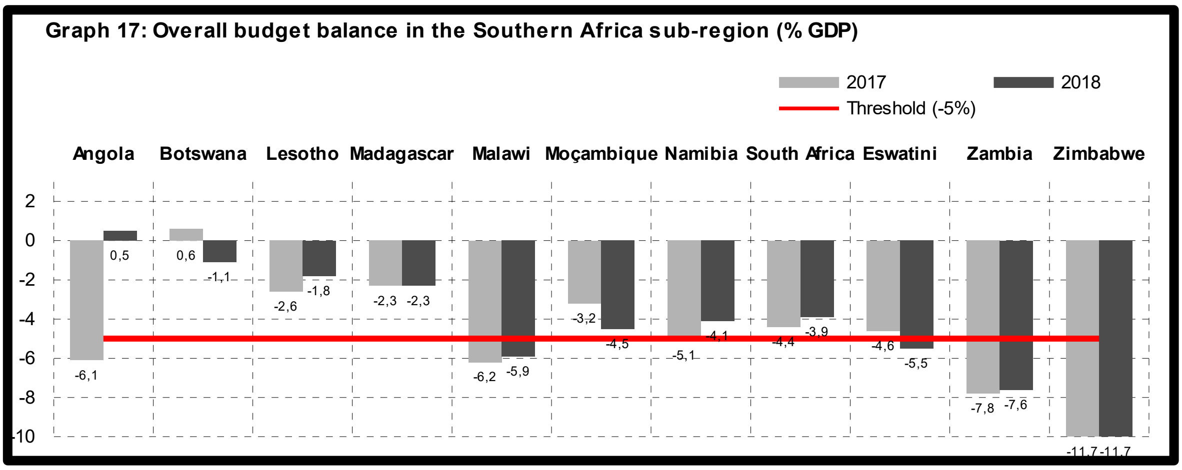
In the Sub-region, the inflation rate in five countries (Angola, Madagascar, Malawi, Zambia and Zimbabwe) was above the target of 7.0 percent (see graph below), as a result of elevated food and oil prices.



The rest of the member States (6) met the convergence criterion of inflation of less or equal to 7% in 2018.

2.4.1.2. Budget deficit

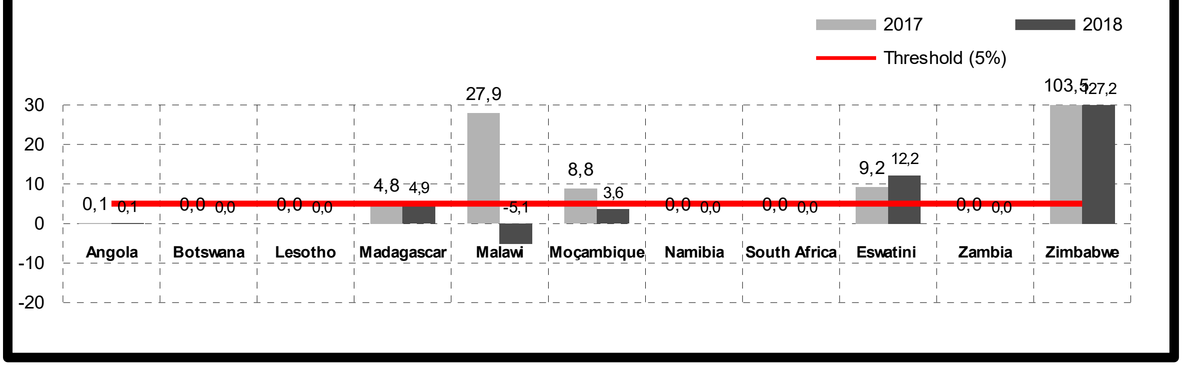
Four countries recorded budget deficit of above 5 percent, due to the non-collection of exceptional revenues and the financing of many renovation and infrastructure projects in 2018. Seven countries (Angola, Botswana, Lesotho, Madagascar, Moçambique, Namibia and South Africa) met the budget deficit criterion in 2018 (see graph below).



2.4.1.3. Central Bank credit to Government

Available data show that two of the member States did not meet this convergence criterion in 2018 (see graph below). This situation is in connection with the difficulties experienced by countries notably due to the steep drop in petroleum product prices in 2017 for some countries.

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

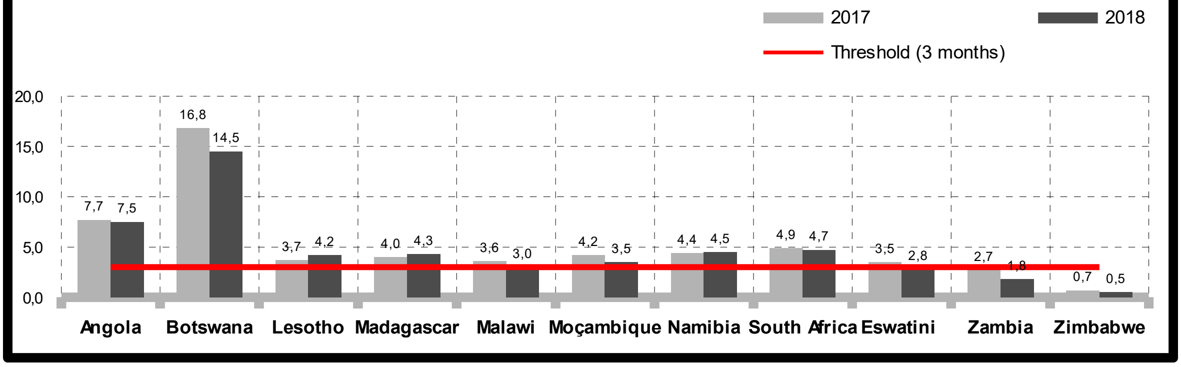


Angola, Botswana, Lesotho, Madagascar, Malawi, Moçambique, Namibia, South Africa and Zambia met the criterion in 2018.

2.4.1.4. External reserves

Almost all the member States in the Sub-region, except for Eswatini, Zambia and Zimbabwe, met the external reserves criterion in 2018 (see graph below). Export revenue increases enabled some countries to achieve the target of at least 3 months.

Graph 19: External reserve in the Southern Africa sub-region (months of import)



2.4.2. Secondary criteria

2.4.2.1. General government debt

With the exception of Angola and Moçambique, all the Sub-regional members met the general government debt target of less than 65 percent. In the two countries aforementioned, the non compliance with the criterion is due to public finance difficulties experienced by these member States.

2.4.2.2. Tax revenue

According to available data, on average the total tax revenue to GDP was 21.6 percent in 2018, slightly lower than 21.3 percent recorded in 2017. Four member states (Angola, Madagascar, Malawi and Zambia) fell short of this convergence criterion.

The rest of the member States (four) met this target and these include Botswana, Lesotho, Moçambique, Namibia, South Africa, Eswatini and Zimbabwe.

2.4.2.3. Nominal exchange rate

According to the available data[2], three countries (Angola, Lesotho and Namibia) did not meet the criterion of the variability of the nominal exchange rate of ±10 percent in 2018.

2.4.2.4. Government capital investment[3]

Five countries out of ten met this ratio. They are Angola (21.5 percent in 2018 from 41.0 percent in 2017), Botswana (27.8 percent in 2018 from 29.8 percent in 2017), Eswatini (19.9 percent in 2018 from 25.0 percent in 2017), Malawi (24.7 percent in 2018 from 38.6 percent in 2017), and South Africa (11.8 percent in 2018 from 12.9 percent in 2017).

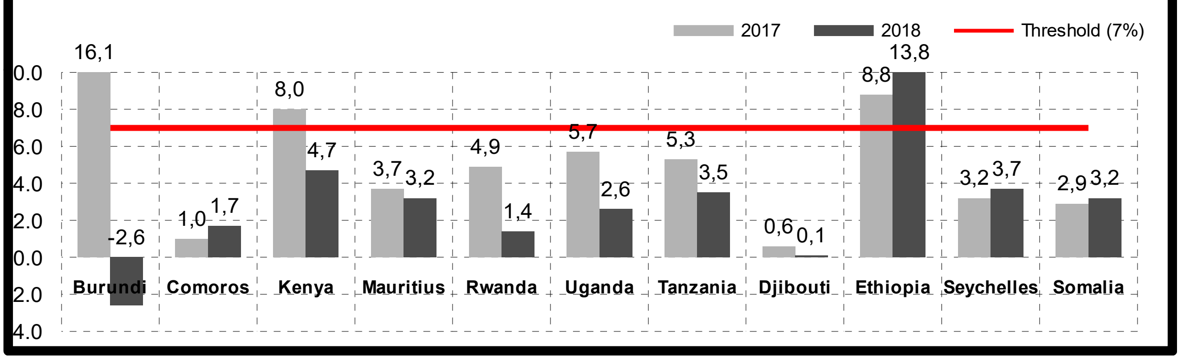
2.5 – East Africa Sub-region

2.5.1. Primary criteria

2.5.1.1. Inflation

The average inflation rate in the Sub-region decreased from 5.5% in 2017 to 3.2% in 2018 broadly reflecting the impact of the decline in food prices induced by the rising of production in some countries and favorable climatic conditions. Ethiopia recorded an inflation rate of 13.8% in 2018, above the AMCP target of less than or equal to 7% (see graph below).

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



Overall, all the countries in the Sub-region, with the exception of Ethiopia, met the inflation rate criterion in 2018.

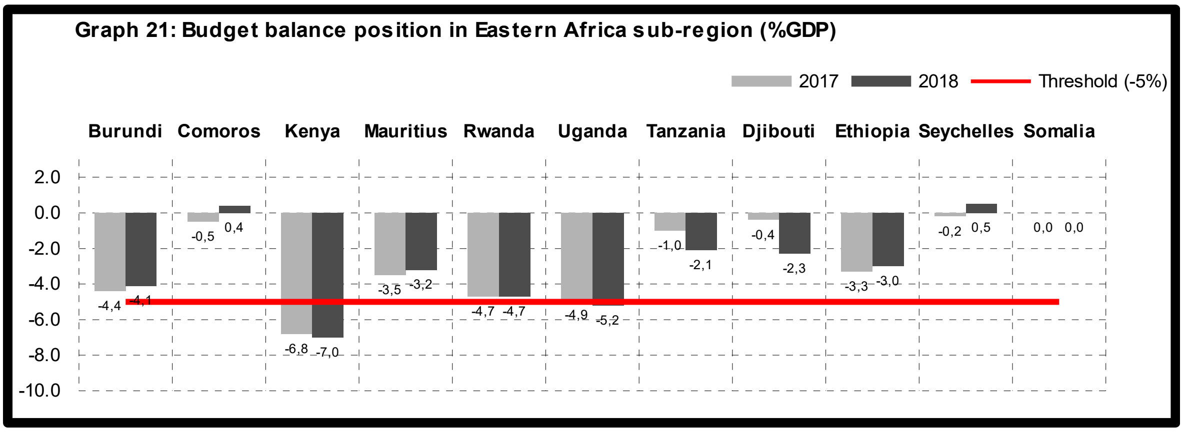
2/ South Africa and Zimbabwe did not send data for the year 2018 in their report. Zimbabwe did not communicate data for the year 2017.

3/ Namibia did not send data for the year 2018 in his report.

2.5.1.2. Budget deficit

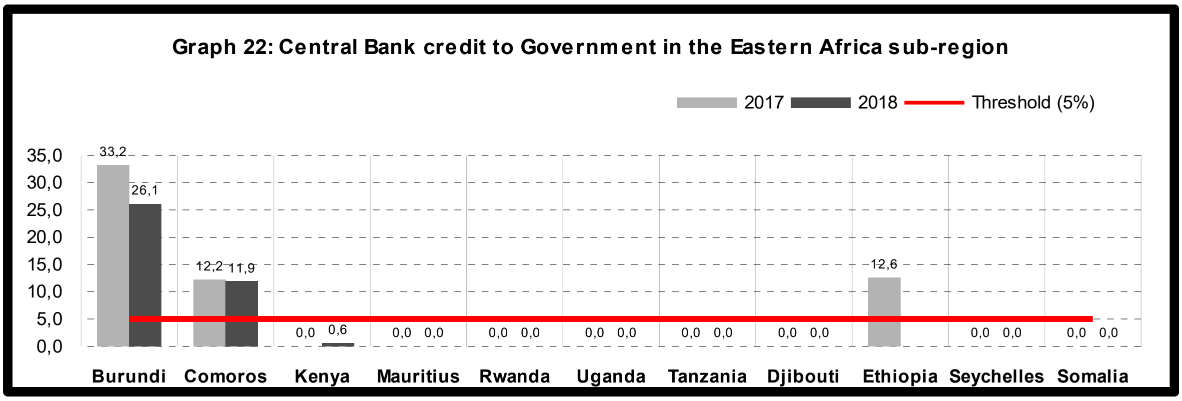
The overall budget deficit to GDP ratio in the Eastern Africa Sub-region increased slightly from an average of 2.7 percent in 2017 to 2.8 percent in 2018, reflecting the difficulties of some countries in revenue mobilization.

With the exception of Kenya and Uganda, all the countries in the Sub-region met the public deficit criterion in 2018 (see graph below).



2.5.1.3. Central bank credit to Government

Based on the available data[4], with the exception of Burundi and Comoros, all the central banks in the Sub-region did not extend credit to Government. For the two aforesaid countries, central bank credit to Government stood at double-digit levels of 26.1% and 11.9%, respectively.

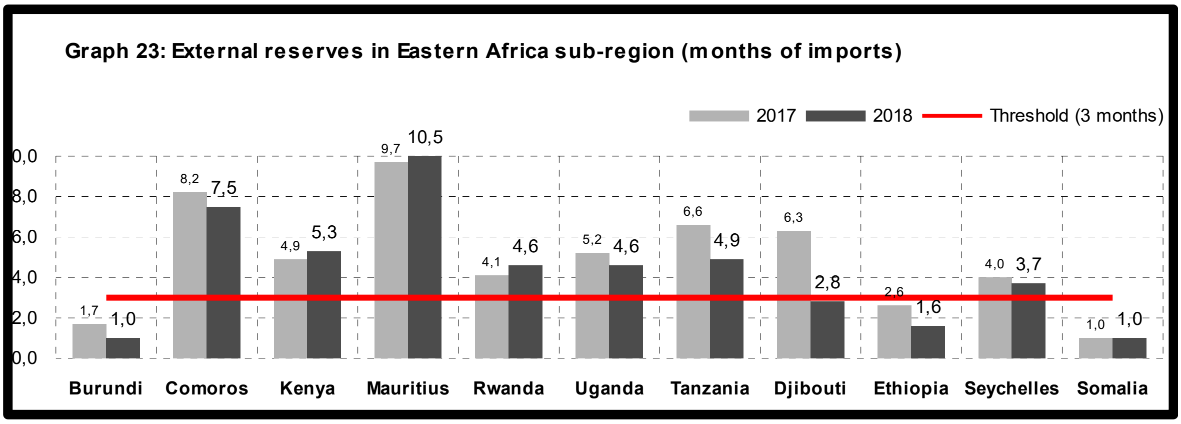


As a result, all the countries met the criterion for central Bank financing of the budget deficit in 2018, with the exception of the two countries mentioned above.

2.5.1.4. External reserves

The average import coverage in the Sub-region amounted to 4.3 months in 2018, down from 4.9 months in 2017. Four countries (Burundi, Djibouti, Ethiopia and Somalia) did not meet the target of 3-month minimum import coverage (see graph below). Mauritius registered the highest level of import coverage at 10.5 months in 2018.

4/ Data was not available in the Sub-region report for Ethiopia and Seychelles in 2018.



2.5.2. Secondary criteria

2.5.2.1. General government debt

General government debt to GDP ratio in the Sub-region went down from 50.9 percent in 2017 to 50.1 percent in 2018. All countries met this criterion in 2018, except for Djibouti where general government debt stood at 70.9 percent of GDP in 2018.

2.5.2.2. Tax revenue

The average tax revenue to GDP ratio in the Sub-region was at 13.5 percent in 2018, down from 14.9 percent a year earlier. None of the eleven countries met this criterion. It is noted that some countries (Mauritius, Rwanda, Uganda and Ethiopia) registered improvements in this ratio, due to improved tax collection efforts. Somalia had the lowest tax revenue to GDP ratio for the last four years (1.7% of GDP in 2018 compared with 1.9% of GDP in 2017).

2.5.2.3. Nominal exchange rate

Based on the data available[5], exchange rate movements in the region as a whole were quite stable in 2017 and 2018, as nominal exchange rate variability generally was in the range of 2 to 4 percent on average, within the target of ±10 percent. 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[6] stood at an average of 28.3 percent in 2018, against 38.4 percent in 2017. Three countries in the Sub-region met this criterion, namely Kenya, Rwanda and Tanzania. However, Burundi and Comoros recorded a decline of 20.5 and 11.9 percentage points respectively in 2018, mainly attributed to the decrease in own funds expenditure allocated to the investment.

5/ Data on Djibouti, Ethiopia and Seychelles was not available in 2018 in the Sub-region report.
6/ Data on Uganda, Ethiopia and Seychelles was not available in 2018 in the Sub-region report.

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.

Table 1 below outlines the number of countries that met the 4 primary criteria in 2018 and 2017. Table 2 provides information on performance with respect to the secondary criteria in 2018.

Table 1: Number of countries that have met the primary criteria in 2017 and 2018

	Inflation≤ 7%		Overall budget deficit / GDP ≤ 5%		Central Bank credit to Government (of previous year's tax revenue) ≤ 5%		External reserves / Import (in months) ≥ 3	
	2017	2018	2017	2018	2017	2018	2017	2018
North Africa (6 countries)[7]	4	3	2	4	3	4	6	5
West Africa (15 countries)	9	10	11	15	12	13	14	14
Central Africa (8 countries)	7	6	7	7	7	7	3	3
East Africa (11 countries)	8	10	10	9	8	7	8	7
Southern Africa (11 countries)	8	6	6	7	7	9	9	8
Number of countries	52	51	52	51	52	49	52	51
Number of countries that have met the criteria	36	35	36	42	37	40	40	37
Pourcentage (%)	69.2	68.6	69.2	82.4	71.5	81.6	76.9	72.5

7/ Sudan has not been evaluated in 2018, bringing the number of countries in this Sub-region to 6 from 7 in 2017.

	2017	2018
Number of countries that have met the four criteria	**19**	**22**

The analysis of member countries' performance, based on available data, shows that 22[8] out of 49[9] countries (44.9%) met all the primary criteria in 2018, compared to 19 out of 52 countries (36.5%) in 2017.

The criteria relevant to budget deficit and central bank financing of the budget deficit were better met, with compliance ratios of 82.4% and 81.6% respectvely in 2018 (see table 1 above). The inflation rate criterion recorded the lowest compliance ratio (68.6%) in 2018.

Table 2: Number of countries that have met the secondary criteria in 2018

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 (6 countries	1	4	5	3
West Africa (15 countries)	12	1	14	12
Central Africa (8 countries)	6	0	7	3
East Africa (11 countries)	9	0	8	3
Southern Africa (11 countries)	9	7	6	5
Number of countries	50	51	46	47
Number of countries that have met the criteria	37	12	40	26
Pourcentage (%)	74.0	23.50	87.0	55.3
				2018
Number of countries that have met the four criteria				**1**

The analysis of table 2 shows that only 1 country[10] out of 46 (2.2%) is in compliance with all the 4 secondary criteria in 2018, as in 2017 (1 country out of 51 or 2.0%).

8/ They are Morocco, Mauritania, Benin, Burkina, Cape Verde, Côte d'Ivoire, The Gambia, Guinea-Bissau, Mali, Niger, Senegal, Togo, cameroon, Central Africa Republic, Mauritius, Rwanda, Tanzania, Botswana, Lesotho, Moçambique, Namibia and South Africa.

9/ Only all countries that communicated data on all the four primary criteria are considered.

10/ This country is Algeria.

These results are mainly due to the poor performance with respect to the criteria for tax pressure, with a compliance ratio of 23.5% in 2018 (see table 2 above). The criteria for variability of nominal exchange rate and public debt were better met in 2018 (87.0% and 74.0% respectively in 2018).

Table 3 : Number of countries that have met the 4 primary criteria in 2018

Sub-region	2017	2018
North Africa (6 countries)	2	2
West Africa (15 countries)	6	10
Central Africa (8 countries)	2	2
East Africa (11 countries)	6	3
Southern Africa (11 countries)	3	5
Total number of countries	52	49
Number of countries that have met the criteria	19	22
Pourcentage (%)	**36.5**	**44.9**

Table 3 shows that West and Southern Africa made progress in terms of performance in compliance of the the primary convergence criteria (66.7% and 45.5% of countries in 2018, compared with 40.0% and 27.3% respectively in 2017), unlike in East Africa where the number of countries has decreased (20.0% in 2018 against 40% in 2017).

Moreover, the table 4 below shows the number of countries based on their performance, following the assessment performance against the 8 convergence criteria (see table 7 in the appendix). An analysis of this table reveals that, with the exception of 2 criteria (General Government debt / GDP and Government capital investment / Tax revenue), countries that did not comply with the convergence criteria diverged more from the convergence path than those that were on the path of convergence. For example, 17.6% (9 out of 51 countries) are diverging from the convergence path for the budget deficit criterion against any country on the convergence path. On the other hand, for the General Government debt / GDP criterion, 18.0% of the countries (9 out of 50 countries) are on the convergence path compared with 8% (4 countries) of the countries that diverge from the convergence path.

Table 4: Number of countries based on their performance against the convergence criteria in 2018

Convergence Criteria	Achieved	Not achieved but on convergence path	Not achieved and diverging from convergence path	Total
	1	2	3	
Inflation	**35**	**7**	**9**	**51**

Overall budget deficit / GDP	**42**	**0**	**9**	**51**
Central bank credit to Government deficit	**40**	**2**	**7**	**49**
External reserves / Import	**37**	**2**	**12**	**51**
General government debt / GDP	**37**	**9**	**4**	**50**
Tax revenue / GDP	**12**	**13**	**26**	**51**
Nominal exchange rate	**40**	**2**	**4**	**46**
Government capital investment / Tax revenue	**26**	**16**	**5**	**47**

1 Achieved 2 Not achieved but on convergence path 3 Not achieved and diverging from convergence path

Conclusion

Overall, in 2018, under the revised criteria approved by the Assembly of Governors in 2017 in Pretoria, 22 countries met the four primary criteria and 1 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 the view of strenghthening the monetary and economic integration process on the continent. The favorable economic outlook announced for the years 2019 and 2020 should help improve performance in meeting the convergence criteria.

In this context characterized by potential risk factors that could jeopardize the favorable economic outlook announced for the year 2019, the States should be argued in this fact to implement structural reforms aimed at diversifying economies for a productive transformation of African economies, with a view to being more resilient to exogenous shocks. In addition, particular attention should be given to those Member States which diverge from convergence path.

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ANNEXURE

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

Sub-regions	Inflation ≤ 7.0%		Overall budget deficit / GDP ≤ 5.0%		Central Bank credit to Government deficit ≤ 5% (of previous year's tax revenue		External reserves / Import ≥ 3 months		Number of criteria met	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
NORTH AFRICA										
Algeria	5,6	4,3	-6,6	-7,4	13,4	21,0	19,4	16,0	2	2
Egypt	23,5	20,9	-10,9	-9,8	22,9	0,9	5,5	7,1	1	2
Libya	28,5	9,3	-24,3	0,0	361,4	286,3	26,1	31,3	1	2
Marocco	0,7	1,9	-3,6	-3,7	0,0	0,0	5,6	5,3	4	4
Mauritania	2,7	3,0	0,0	1,6	1,8	1,6	4,9	5,1	4	4
Sudan	32,6		-1,8		15,1		1,3		1	
Tunisia	5,3	7,3	-6,1	-4,8	0,0	0,0	3,1	2,8	3	2
Total number of countries	7	6	7	6	7	6	7	6		
Total number of countries that met the criteria	4	3	3	4	3	4	6	5		
Percentage (%)	57,1	50,0	42,9	66,7	42,9	66,7	85,7	83,3		
WEST AFRICA	13,8	10,5	-1,7	-3,0	0,2	0,1	10,8	10,5		
WAMZ	16,1	12,3	-1,3	-2,8	0,2	0,2	11,9	11,5		
WAMU	1,1	0,8	-4,2	-3,9	0	0,0	4,4	4,9		
Benin	0,1	-0,8	-5,9	-4,0	0,0	0,0	4,4	4,9	3	4
Burkina Faso	1,5	2,0	-7,8	-4,8	0,0	0,0	4,4	4,9	3	4
Cabo Verde	0,8	1,3	-3,1	-2,7	0,0	0,0	5,9	7,9	4	4
Cote d'Ivoire	0,7	0,4	-4,5	-4,0	0,0	0,0	4,4	4,9	4	4
The Gambia	8,1	4,9	-5,4	-3,8	33,1	0,0	3,2	3,1	1	4
Ghana	14,5	9,8	-4,1	-3,5	0,0	0,0	4,3	3,6	3	3
Guinea	8,5	9,8	-2,1	-1,2	0,0	0,0	2,0	2,6	2	2
Guinea-Bissau	1,0	0,0	-1,5	-3,6	0,0	0,0	4,4	4,9	4	4
Liberia	12,4	23,4	-1,5	3,2	14,5	36,5	3,7	3,8	2	2
Mali	1,8	1,8	-2,0	-4,1	0,0	0,0	4,4	4,9	4	4
Niger	2,4	2,7	-5,1	-4,2	0,0	0,0	4,4	4,9	3	4
Nigeria	16,4	12,5	-1,0	-2,8	0,0	0,0	12,9	12,5	3	3
Senegal	1,3	0,0	-3,0	-3,7	0,0	0,0	4,4	4,9	4	4
Sierra Leone	18,2	16,4	-4,5	-0,5	18,8	19,4	3,7	3,6	2	2
Togo	0,8	0,0	-0,3	-0,8	0,0	0,0	4,4	4,9	4	4
Total number of countries	15	15	15	15	15	15	15	15		
Total number of countries that met the criteria	9	10	11	15	12	13	14	14		
Percentage (%)	60,0	66,7	73,3	100,0	80,0	86,7	93,3	93,3		
Central AFRICA										
CEMAC	0,9	2,2	-3,6	0,1	7,6	0,0	2,4	2,6		
Cameroon	0,6	1,1	-4,9	-2,3	15,4	0,0	5,1	5,2	3	4
Central Africa Republic	4,2	0,9	-1,1	0,4	0,0	0,0	5,0	4,5	4	4
Congo	0,7	1,1	-5,6	5,1	0,0	0,0	1,1	1,0	2	2
Gabon	2,7	4,8	-2,7	-1,4	0,0	0,0	2,2	2,8	3	3
Equatorial Guinea	0,8	1,3	-2,3	2,6	0,0	0,0	0,1	0,1	3	3
Chad	-1,1	4,1	-0,6	1,2	0,0	0,0	0,1	0,5	3	3
DRC	41,5	31,0	0,1	-0,1	3,4	3,4	0,8	0,9	2	2
São Tome and Principe	5,7	9,9	-4,1	-1,2	-13,5	13,3	4,4	4,0	4	2
Total number of countries	8	8	8	8	8	8	8	8		
Total number of countries that met the criteria	7,0	6,0	7,0	7,0	7,0	7	3	3		
Percentage (%)	87,5	75,0	87,5	87,5	87,5	87,5	37,5	37,5		

Sub-regions	Inflation ≤ 7.0%		Overall budget deficit / GDP ≤ 5.0%		Central Bank credit to Government deficit ≤ 5% (of previous year's tax revenue		External reserves / Import ≥ 3 months		Number of criteria met	
	2017	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**
EAST AFRICA	5,5	3,2	-2,7	-2,8	5,3	4,3	4,9	4,3		
Burundi	16,1	-2,6	-4,4	-4,1	33,2	26,1	1,7	1,0	1	2
Comoros	1,0	1,7	-0,5	0,4	12,2	11,9	8,2	7,5	3	3
Kenya	8,0	4,7	-6,8	-7,0	0,0	0,6	4,9	5,3	2	3
Mauritius	3,7	3,2	-3,5	-3,2	0,0	0,0	9,7	10,5	4	4
Rwanda	4,9	1,4	-4,7	-4,7	0,0	0,0	4,1	4,6	4	4
Uganda	5,7	2,6	-4,9	-5,2	0,0	0,0	5,2	4,6	4	3
Tanzania	5,3	3,5	-1,0	-2,1	0,0	0,0	6,6	4,9	4	4
Djibouti	0,6	0,1	-0,4	-2,3	0,0	0,0	6,3	2,8	4	3
Ethiopia	8,8	13,8	-3,3	-3,0	12,6		2,6	1,6	1	1
Seychelles	3,2	3,7	-0,2	0,5	0,0		4,0	3,7	4	3
Somalia	2,9	3,2	0,0	0,0	0,0	0,0	1,0	1,0	3	3
Total number of countries	**11**	**11**	**11**	**11**	**11**	**9**	**11**	**11**		
Total number of countries that met the criteria	**8**	**10**	**10**	**9**	**8**	**7**	**8**	**7**		
Percentage (%)	**72,7**	**90,9**	**90,9**	**81,8**	**72,7**	**77,8**	**72,7**	**63,6**		
SOUTHERN AFRICA	8,1	7,2	-4,9	-4,4	15,4	13,0	5,1	4,7		
Angola	30,4	19,7	-6,1	0,5	0,1	0,1	7,7	7,5	2	3
Botswana	3,3	3,2	0,6	-1,1	0,0	0,0	16,8	14,5	4	4
Lesotho	5,2	4,7	-2,6	-1,8	0,0	0,0	3,7	4,2	4	4
Madagascar	8,3	7,3	-2,3	-2,3	4,8	4,9	4,0	4,3	3	3
Malawi	11,6	9,2	-6,2	-5,9	27,9	-5,1	3,6	3,0	1	2
Moçambique	5,7	3,9	-3,2	-4,5	8,8	3,6	4,2	3,5	3	4
Namibia	6,1	4,3	-5,1	-4,1	0,0	0,0	4,4	4,5	3	4
South Africa	4,8	4,3	-4,4	-3,9	0,0	0,0	4,9	4,7	4	4
Eswatini	6,2	4,8	-4,6	-5,5	9,2	12,2	3,5	2,8	3	1
Zambia	6,6	7,5	-7,8	-7,6	0,0	0,0	2,7	1,8	2	1
Zimbabwe	0,9	10,6	-11,7	-11,7	103,5	127,2	0,7	0,5	1	0
Total number of countries	**11**	**11**	**11**	**11**	**11**	**11**	**11**	**11**		
Total number of countries that met the criteria	**8**	**6**	**6**	**7**	**7**	**9**	**9**	**8**		
Percentage (%)	**72,7**	**54,5**	**54,5**	**63,6**	**63,6**	**81,8**	**81,8**	**72,7**		
Total number of countries	**52**	**51**	**52**	**51**	**52**	**49**	**52**	**51**		
Total number of countries that met the criteria	**36**	**35**	**37**	**42**	**37**	**40**	**40**	**37**		
Percentage (%)	**69,2**	**68,6**	**71,2**	**82,4**	**71,2**	**81,6**	**76,9**	**72,5**		
									2017	2018
Number of countries that have met the 4 criteria									19	22

Table 6 : Countries' performances with respect to the secondary criteria

Sub-regions	General Government debt / GDP <65 %		≥ 20% Tax revenue / GDP ≥ 20% Tax revenue / GDP ≥ 20% Tax revenue / GDP		(variability of ±10%)Nominal exchange rate (variability of ±10%)Nominal exchange rate		Government capital investment / Tax revenue ≥ 30		Number of
	2017	2017	2016	2017	2016	2017	2016	2017	2016
NORTH AFRICA									
Algeria	30,6	38,1	26,6	30,7	-1,3	-4,8	52,3	51,6	4
Egypt*	92,2	89,3	13,3	14,2	-44,8	-16,4	23,6	16,8	0
Libya	133,3	97,6	2,3	2,3	1,4	1,4	187,0	226,0	2
Marocco	65,1	65,1	21,2	20,9	1,1	0,2	29,7	28,8	2
Mauritania	76,8	84,4	17,5	21,0	-0,8	2,7	52,2	46,0	2
Sudan	54,1		8,2		6,7		1,1		2
Tunisia	70,2	71,4	21,9	23,1	-11,2	-8,6	27,0	24,3	1
Total number of countries	**7**	**6**	**7**	**6**	**7**	**6**	**7**	**6**	
Total number of countries that met the criteria	**3**	**3**	**1**	**1**	**1**	**3**	**3**	**3**	
Percentage (%)	**42,9**	**50,0**	**14,3**	**16,7**	**14,3**	**50,0**	**42,9**	**50,0**	
WEST AFRICA	**22,9**	**23,5**	**4,8**	**4,8**	-2,9	-1,6	**15,9**	**69,4**	
WAMZ	**18,6**	**18,8**	**2,8**	**2,8**	-3,8	-2,4	**8,6**	**72,6**	
WAMU	**45,4**	**48,7**	**15,8**	**15,3**	**2,1**	**2,6**	**56,3**	**52,1**	
Benin	54,4	55,7	13,2	14,0	2,1	2,6	69,0	58,7	3
Burkina Faso	38,1	41,5	17,2	16,9	2,1	2,6	67,1	55,7	3
Cabo Verde	125,8	123,0	20,7	21,9	2,1	2,6	28,1	20,2	2
Cote d'Ivoire	45,3	48,6	16,3	16,2	2,1	2,6	42,1	40,0	3
The Gambia	80,9	84,1	10,2	10,2	-5,1	-5,4	101,3	51,8	2
Ghana	55,4	57,5	12,6	12,6	-8,4	-7,0	19,6	12,5	2
Guinea	35,9	34,2	13,8	14,1	-0,4	-3,2	43,4	38,9	3
Guinea-Bissau	49,8	55,7	10,4	10,1	2,1	2,6	67,5	49,6	3
Liberia	29,6	31,7	11,7	12,0	19,2	27,9	4,2	1,8	1
Mali	35,5	36,6	16,2	12,5	2,1	2,6	54,4	51,6	3
Niger	42,0	45,7	13,1	15,3	2,1	2,6	96,8	101,3	3
Nigeria	14,6	14,7	1,6	1,7	-3,6	-2,0	6,2	78,8	2
Senegal	48,1	54,0	15,2	15,3	2,1	2,6	58,4	51,9	3
Sierra Leone	57,4	60,8	11,1	11,8	-17,4	-8,7	84,5	64,5	2
Togo	72,8	73,9	20,3	18,4	2,1	2,6	31,0	36,9	3
Total number of countries	**15**	**15**	**15**	**15**	**15**	**15**	**15**	**15**	
Total number of countries that met the criteria	**12**	**12**	**2**	**1**	**13**	**14**	**11**	**12**	
Percentage (%)	**80,0**	**80,0**	**13,3**	**6,7**	**86,7**	**93,3**	**73,3**	**80,0**	
Central AFRICA									
CEMAC	50,8	*46,9*	*9,2*	*8,9*	*2,3*	*6,9*	*42,1*	*34,6*	
Cameroon	33,7	36,5	12,4	12,8	4,4	5,1	33,3	25,3	3
Central Africa Republic	49,2	46,9	7,0	8,1	0,3	3,1	53,1	44,3	3
Congo	95,0	71,4	9,8	7,2	2,4	8,5	22,2	22,5	1
Gabon	64,5	63,0	9,2	9,9	1,9	7,5	20,0	17,0	2
Equatorial Guinea	44,8	38,7	2,8	2,4	1,7	6,7	363,6	481,0	3
Chad	42,8	39,2	5,3	4,9	2,3	7,5	42,1	34,6	3
DRC	17,1	16,9	8,5	9,2	-31,1	-9,7	29,0	7,3	1
São Tome and Principe	79,6	74,0	12,1	12,5	0,5	10,9	3,6	2,3	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**	**7**	**7**	**4**	**3**	
Percentage (%)	**75,0**	**75,0**	**0,0**	**0,0**	**87,5**	**87,5**	**50,0**	**37,5**	

Sub-regions	criteria met
	2017
NORTH AFRICA	
Algeria	4
Egypt*	0
Libya	2
Marocco	2
Mauritania	3
Sudan	
Tunisia	2
Total number of countries	
Total number of countries that met the criteria	
Percentage (%)	
WEST AFRICA	
WAMZ	
WAMU	
Benin	3
Burkina Faso	3
Cabo Verde	2
Cote d'Ivoire	3
The Gambia	2
Ghana	2
Guinea	3
Guinea-Bissau	3
Liberia	1
Mali	3
Niger	3
Nigeria	3
Senegal	3
Sierra Leone	3
Togo	2
Total number of countries	
Total number of countries that met the criteria	
Percentage (%)	
Central AFRICA	
CEMAC	
Cameroon	2
Central Africa Republic	3
Congo	1
Gabon	2
Equatorial Guinea	3
Chad	3
DRC	2
São Tome and Principe	0
Total number of countries	
Total number of countries that met the criteria	
Percentage (%)	

Sub-regions	General Government debt / GDP <65 %		≥ 20% Tax revenue / GDP ≥ 20% Tax revenue / GDP ≥ 20% Tax revenue / GDP		(variability of ±10%)Nominal exchange rate (variability of ±10%)Nominal exchange rate		Government capital investment / Tax revenue ≥ 30		Number of
	2017	2017	2016	2017	2016	2017	2016	2017	2016
EAST AFRICA	50,9	50,1	14,9	13,5	3,2	2,4	38,4	28,3	
Burundi	44,0	43,6	12,6	12,8	4,5	3,1	39,4	18,9	3
Comoros	16,3	15,5	9,9	9,0	2,1	3,5	26,3	14,4	2
Kenya	57,5	59,3	16,6	15,7	1,9	-2,0	51,9	36,5	3
Mauritius	57,2	57,8	18,8	19,2	2,9	2,1	17,1	17,9	2
Rwanda	45,0	49,8	15,5	15,9	3,1	4,0	69,0	67,9	3
Uganda	41,3	42,3	14,5	15,4	5,6	3,2	51,8		3
Tanzania	41,7	42,4	12,4	12,2	2,4	1,2	36,6	35,8	3
Djibouti	71,1	70,9	16,7	16,1	2,9		27,5	25,1	1
Ethiopia	56,3	61,1	11,6	13,9	6,2		72,6		3
Seychelles	64,0	58,2	33,0	16,2	3,1		19,8		3
Somalia	65,5		1,9	1,7	0,2	3,8	10,3	10,0	1
Total number of countries	**11**	**10**	**11**	**11**	**11**	**8**	**11**	**8**	
Total number of countries that met the criteria	**9**	**9**	**1**	**0**	**11**	**8**	**6**	**3**	
Percentage (%)	**81,8**	**90,0**	**9,1**	**0,0**	**100,0**	**100,0**	**54,5**	**37,5**	
SOUTHERN AFRICA	50,9	53,8	21,3	21,6	0,3	-0,1	36,0	34,8	
Angola	61,0	76,7	15,4	17,0	0,0	-46,2	41,0	21,5	3
Botswana	19,9	25,0	29,1	29,1	-5,1	-1,4	29,8	27,8	3
Lesotho	37,0	41,1	28,2	28,3	13,3	13,3	44,0	39,0	3
Madagascar	46,0	45,7	11,5	11,7	-1,9	7,0	47,8	48,7	3
Malawi	61,4	62,7	16,8	16,0	1,7	0,3	38,6	24,7	3
Moçambique	110,4	110,5	21,1	20,7	-17,4	4,8	33,6	41,0	2
Namibia	40,4	44,9	29,6	28,3	13,3	13,2	37,5		3
South Africa	53,0	56,7	24,6	25,3	-1,0		12,9	11,8	3
Eswatini	21,5	25,6	25,9	24,0	-3,4	-0,7	25,0	19,9	3
Zambia	53,8	54,4	14,8	15,8	-7,5	9,7	37,4	52,2	3
Zimbabwe	55,8	48,5	16,9	21,0			48,1	61,6	2
Total number of countries	**11**	**11**	**11**	**11**	**10**	**9**	**11**	**10**	
Total number of countries that met the criteria	**10**	**9**	**6**	**7**	**7**	**6**	**8**	**5**	
Percentage (%)	**90,9**	**81,8**	**54,5**	**63,6**	**70,0**	**66,7**	**72,7**	**50,0**	
Total number of countries	**52**	**50**	**52**	**51**	**51**	**46**	**52**	**47**	
Total number of countries that met the criteria	**40**	39	**10**	9	**39**	38	**32**	26	
Percentage (%)	**76,9**	**78,0**	**19,2**	**17,6**	**76,5**	**82,6**	**61,5**	**55,3**	
									2017
Number of countries that have met the 4 criteria									1

Sub-regions	criteria met
	2017
EAST AFRICA	
Burundi	2
Comoros	2
Kenya	3
Mauritius	2
Rwanda	3
Uganda	2
Tanzania	3
Djibouti	0
Ethiopia	1
Seychelles	1
Somalia	1
Total number of countries	
Total number of countries that met the criteria	
Percentage (%)	
SOUTHERN AFRICA	
Angola	0
Botswana	3
Lesotho	3
Madagascar	3
Malawi	2
Moçambique	3
Namibia	2
South Africa	2
Eswatini	3
Zambia	3
Zimbabwe	3
Total number of countries	
Total number of countries that met the criteria	
Percentage (%)	
Total number of countries	
Total number of countries that met the criteria	
Percentage (%)	
	2018
Number of countries that have met the 4 criteria	1

Table 7: assessment performance against convergence criteria

Sub-regions	Inflation	Overall budget deficit / GDP	Central Bank credit to Government deficit	External reserves / Import	General Government debt / GDP	Tax revenue / GDP	Nominal exchange rate	Government capital investment / Tax revenue
NORTH AFRICA								
Algeria	1	3	3	1	1	1	1	1
Egypt	3	3	1	1	2	2	3	2
Libya	2	1	3	1	2	2	1	1
Marocco	1	1	1	1	3	1	1	2
Mauritania	1	1	1	1	2	1	1	1
Tunisia	3	1	1	2	3	1	1	2
WEST AFRICA								
Benin	1	1	1	1	1	3	1	1
Burkina Faso	1	1	1	1	1	3	1	1
Cabo Verde	1	1	1	1	2	1	1	3
Cote d'Ivoire	1	1	1	1	1	3	1	1
The Gambia	1	1	1	1	2	3	1	1
Ghana	2	1	1	1	1	3	1	2
Guinea	3	1	1	3	1	3	1	1
Guinea-Bissau	1	1	1	1	1	3	1	1
Liberia	3	1	3	1	1	2	3	2
Mali	1	1	1	1	1	3	1	1
Niger	1	1	1	1	1	3	1	1
Nigeria	2	1	1	1	1	3	1	1
Senegal	1	1	1	1	1	3	1	1
Sierra Leone	3	1	2	1	1	3	1	1
Togo	1	1	1	1	2	3	1	1
Central AFRICA								
Cameroon	1	1	2	3	1	3	1	2
Central Africa Republic	1	1	3	1	1	2	1	1
Congo	1	3	1	1	2	2	1	2
Gabon	1	1	1	1	1	2	1	2
Equatorial Guinea	1	1	1	1	1	2	1	1
Chad	1	3	1	1	1	2	1	1
DRC	1	1	1	1	1	2	1	2
São Tome and Principe	1	1	1	3	2	3	3	2
EAST AFRICA								
Burundi	1	1	2	3	1	2	1	2
Comoros	1	1	3	1	1	3	1	3
Kenya	1	3	1	1	1	3	1	1
Mauritius	1	1	1	1	1	3	1	3
Rwanda	1	1	1	1	1	3	1	1
Uganda	1	3	1	1	1	3	1	
Tanzania	1	1	1	1	1	3	1	1
Djibouti	1	1	1	3	3	2		2
Ethiopia	3	1		3	1	3		
Seychelles	1	1		1	1	2		
Somalia	1	1	1	3		3	1	2
SOUTHERN AFRICA								
Angola	2	1	1	1	3	2	2	2
Botswana	1	1	1	1	1	1	1	3
Lesotho	1	1	1	1	1	1	2	1
Madagascar	3	1	1	1	1	3	1	1
Malawi	2	3	1	1	1	3	1	3
Moçambique	1	1	1	1	2	1	1	1
Namibia	1	1	1	1	1	1	3	
South Africa	1	1	1	1	1	1		2
Eswatini	1	3	3	2	1	1	1	2
Zambia	2	3	1	3	1	3	1	1
Zimbabwe	3	3	3	3	1	1		1

NB: White cells represent countries that did not submit data on the indicator

1	Achieved
2	Not achieved but on convergence path
3	Not achieved and diverging from convergence path

Table 8: State of compliance with the convergence criteria

Sub-regions	Number of primary criteria complied (out of 4)		Number of secondary criteria complied (out of 4)		Number of secondary criteria complied (out of 8)	
	2017	2018	2017	2018	2017	2018
NORTH AFRICA						
Algeria	2	2	4	4	6	6
Egypt	1	2	0	0	1	2
Libya	1	2	2	2	3	4
Marocco	4	4	2	2	6	6
Mauritania	4	4	2	3	6	7
Sudan	1		2		3	0
Tunisia	3	2	1	2	4	4
WEST AFRICA						
Benin	3	4	3	3	6	7
Burkina Faso	3	4	3	3	6	7
Cabo Verde	4	4	2	2	6	6
Cote d'Ivoire	4	4	3	3	7	7
The Gambia	1	4	2	2	3	6
Ghana	3	3	2	2	5	5
Guinea	2	2	3	3	5	5
Guinea-Bissau	4	4	3	3	7	7
Liberia	2	2	1	1	3	3
Mali	4	4	3	3	7	7
Niger	3	4	3	3	6	7
Nigeria	3	3	2	3	5	6
Senegal	4	4	3	3	7	7
Sierra Leone	2	2	2	3	4	5
Togo	4	4	3	2	7	6
Central AFRICA						
Cameroon	3	4	3	2	6	6
Central Africa Republic	4	4	3	3	7	7
Congo	2	2	1	1	3	3
Gabon	3	3	2	2	5	5
Equatorial Guinea	3	3	3	3	6	6
Chad	3	3	3	3	6	6
DRC	2	2	1	2	3	4
São Tome and Principe	4	2	1	0	5	2
EAST AFRICA						
Burundi	1	2	3	2	4	4
Comoros	3	3	2	2	5	5
Kenya	2	3	3	3	5	6
Mauritius	4	4	2	2	6	6
Rwanda	4	4	3	3	7	7
Uganda	4	3	3	2	7	5
Tanzania	4	4	3	3	7	7
Djibouti	4	3	1	0	5	3
Ethiopia	1	1	3	1	4	2
Seychelles	4	3	3	1	7	4
Somalia	3	3	1	1	4	4
SOUTHERN AFRICA						
Angola	2	3	3	0	5	3
Botswana	4	4	3	3	7	7
Lesotho	4	4	3	3	7	7
Madagascar	3	3	3	3	6	6
Malawi	1	2	3	2	4	4
Moçambique	3	4	2	3	5	7
Namibia	3	4	3	2	6	6
South Africa	4	4	3	2	7	6
Eswatini	3	1	3	3	6	4
Zambia	2	1	3	3	5	4
Zimbabwe	1	0	2	3	3	3