

Regional Harmonization of Macroeconomic Statistics

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Overview of the Presentation

- 1 Importance of good data for macroeconomic policymaking
- 2 The role of macroeconomic convergence criteria in monetary unions
- 3 Challenges with convergence criteria for analysis and policy formulation
- 4 EAC harmonization strategy and achievements

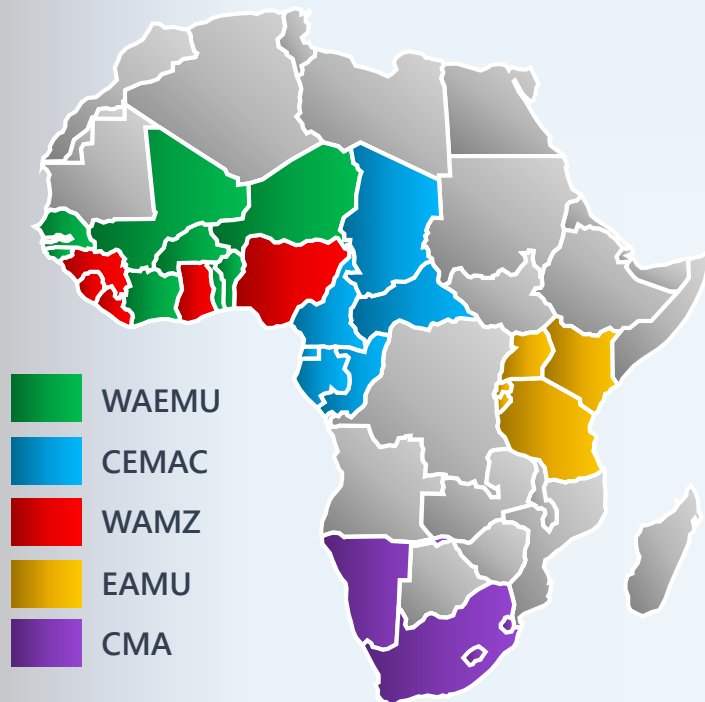
1. Importance of good data for macroeconomic policymaking

- Ensures decision makers (public and private) have an accurate picture of economic conditions, costs, benefits, and risks of policy changes
- Allows economies function better, reducing vulnerability to crises (less surprises). Lowers uncertainty for international investors
- Enhances the accountability of policymakers and the credibility of policies, and facilitates efficient and orderly functioning of markets
- Promotes transparency which can attract investors during times of risk aversion (i.e. lower country risk premium)

2. Role of macroeconomic convergence criteria

Fiscal and monetary convergence in Sub-Saharan Africa

(Prospective) monetary unions are common in the region...

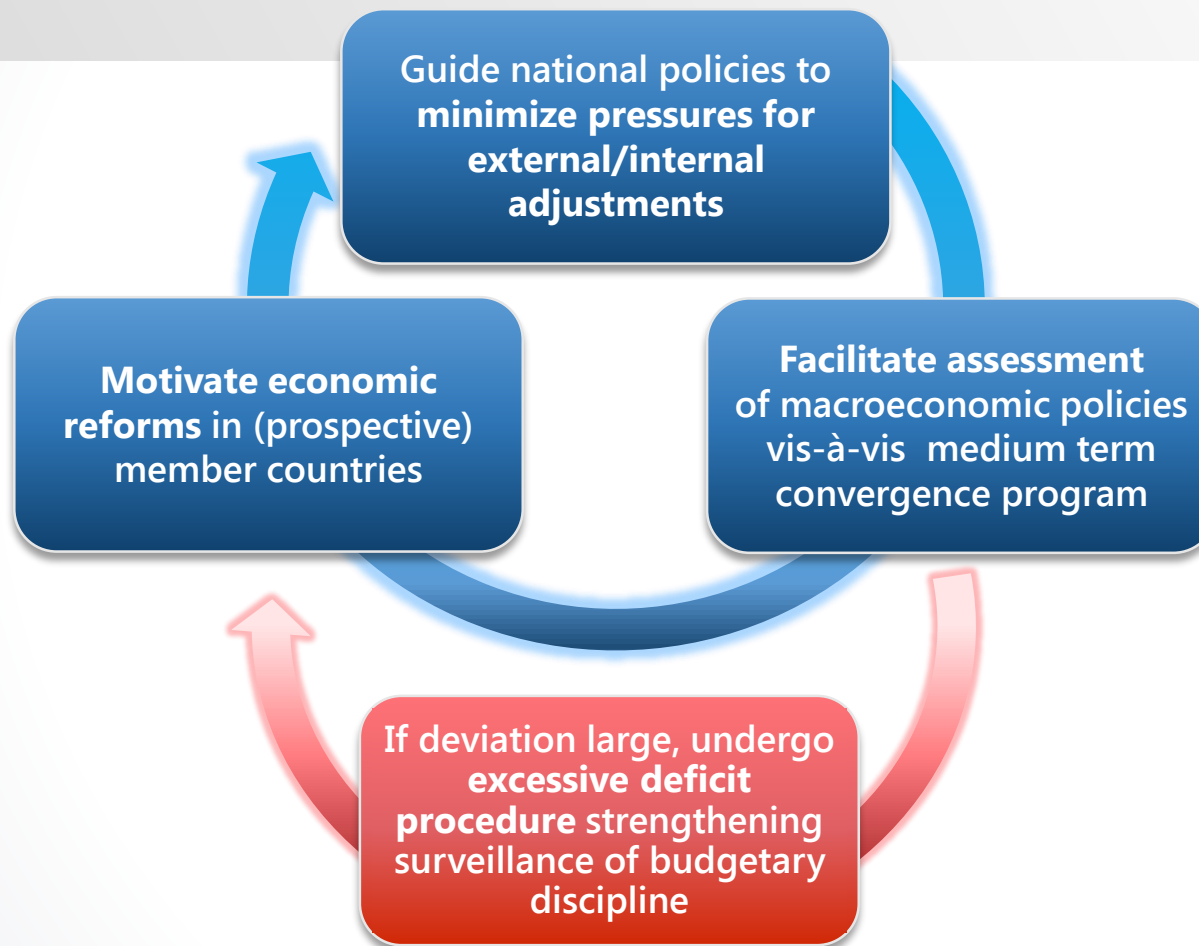


... and their convergence criteria tend to focus on fiscal sustainability and low inflation

| Criteria | WAEMU | CEMAC | WAMZ | EAC | EU |
|----------------------------------|---------|---------|----------|----------|---------------------------|
| Inflation (%) | <3 | <3 | <10 | <8 | <1.5 above best 3 members |
| Fiscal deficit (% of GDP) | <0 | <0 | <4 (5) | <3 | <3 |
| Debt (% of GDP) | <70 | <70 | n/a | <50 | <60 |
| Other | Arrears | Arrears | Reserves | Reserves | Interest rates |

2. Role of macroeconomic convergence criteria

Support macroeconomic stability and sustainability



3. Challenges with convergence criteria

Substantial requirements for effective implementation

Medium term
**macroeconomic
framework**

**Frequent reporting on timely,
comprehensive, comparable
basis** with high quality data

**Operational definitions
of convergence criteria**
(metadata, reporting frequency,
lag, agency responsible)

Compliance monitoring

**Sufficient
resources
and capacity**

Adequate institutional setup

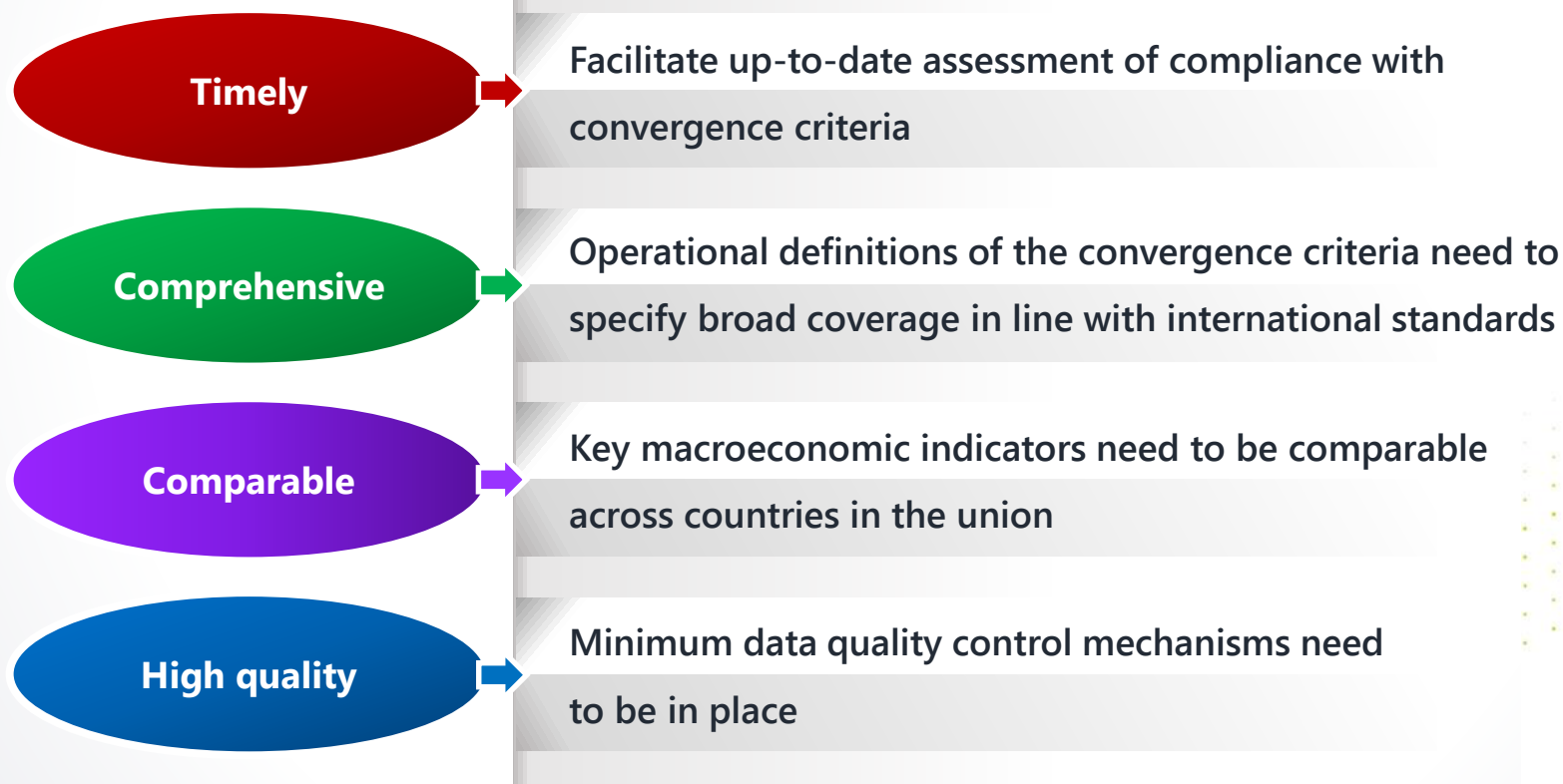
Strong legal framework

Policy formulation

3. Challenges with convergence criteria

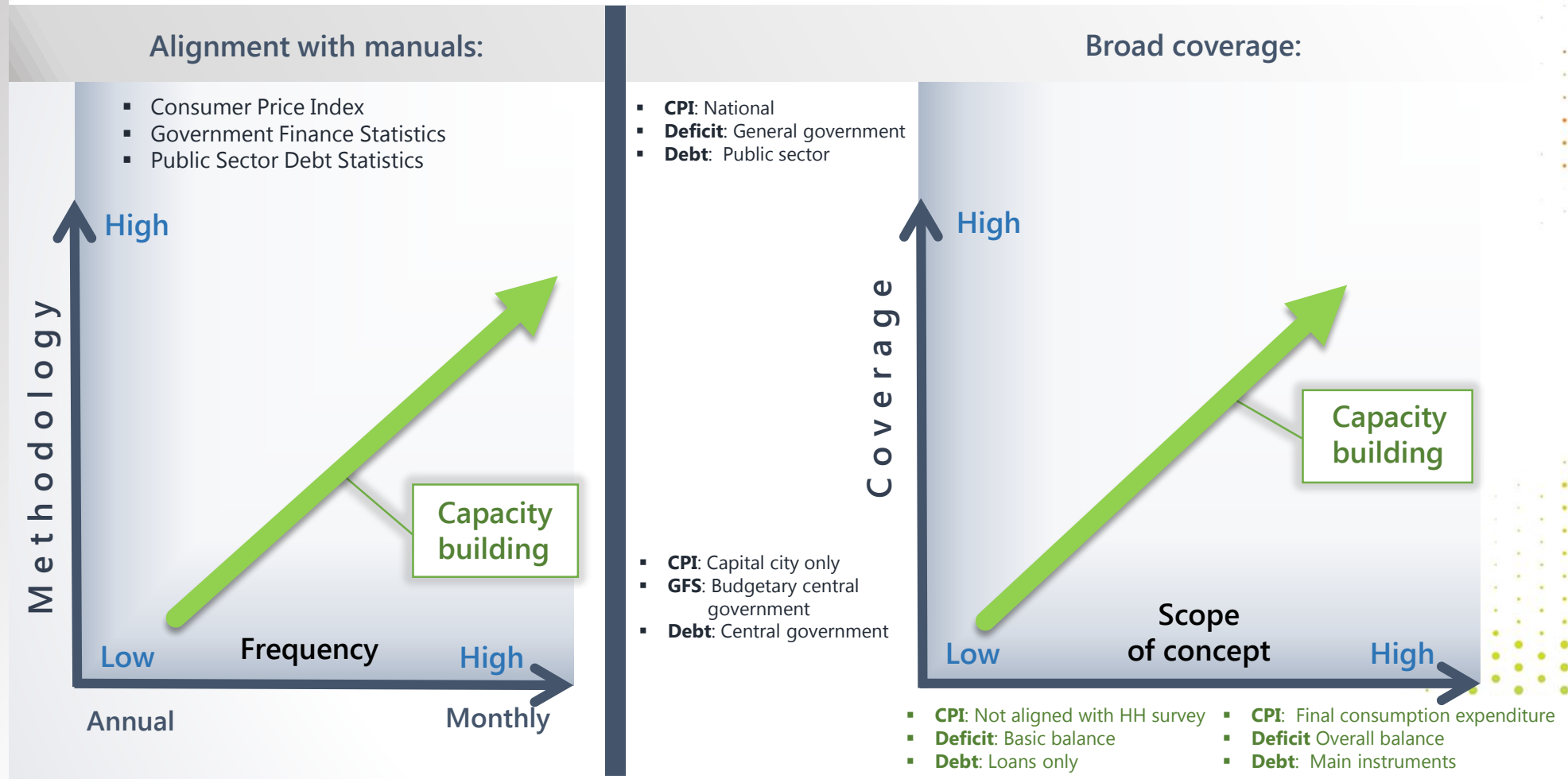
Currency union data requirements for policymaking are more demanding...

- Effective, coordinated policymaking in currency unions require data to be:



3. Challenges with convergence criteria

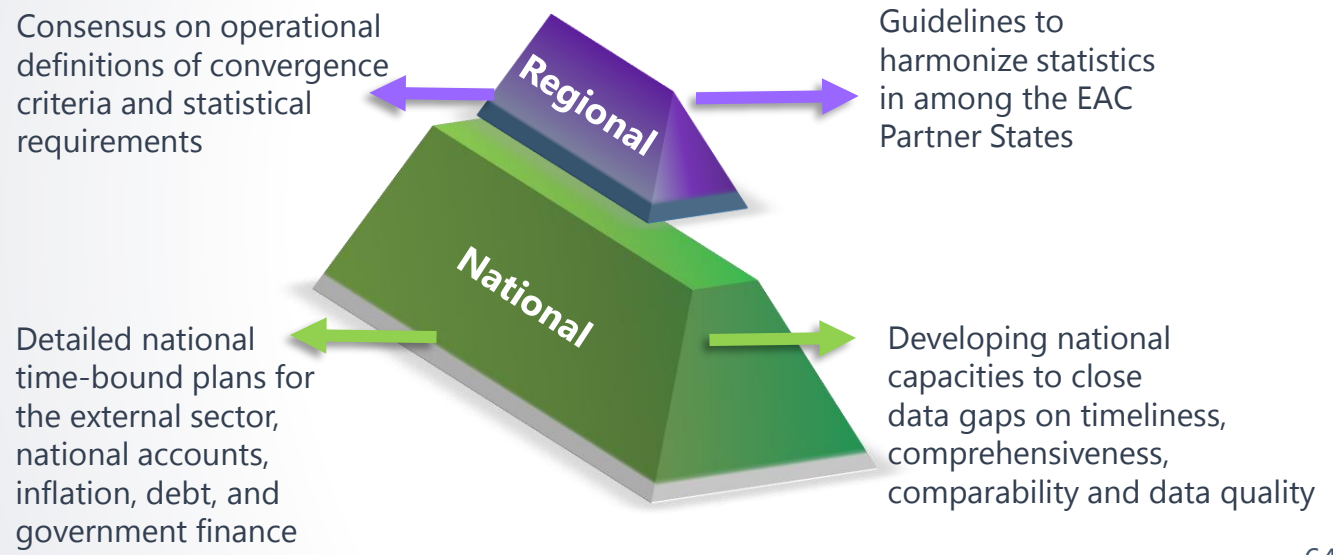
...and satisfying the data requirements for analysis and policymaking can vary



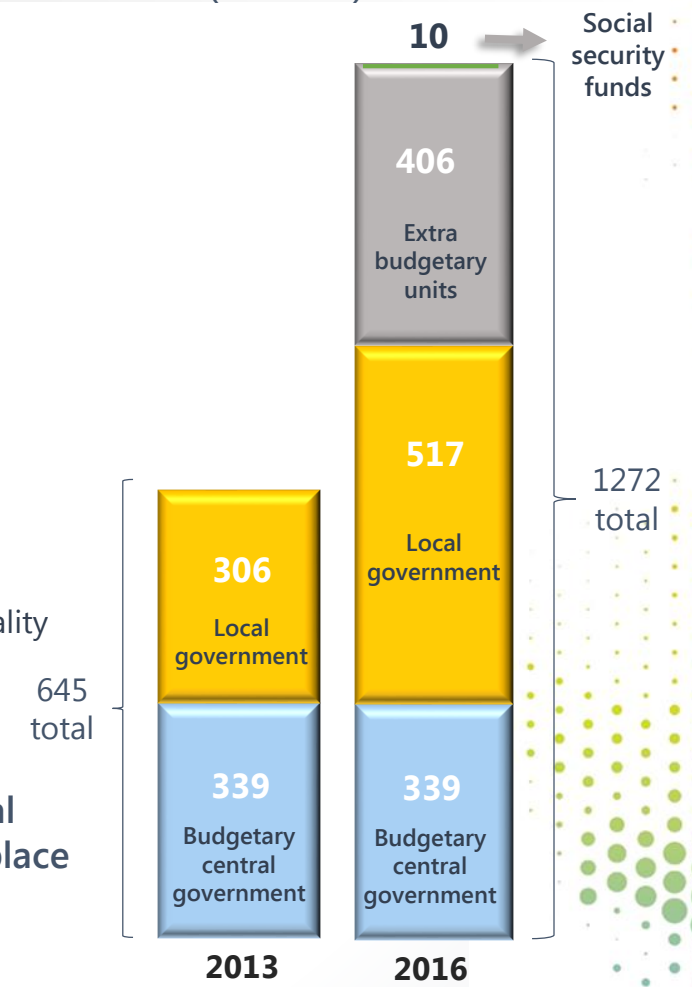
4. EAC harmonization strategy and achievements

STA/EAC macroeconomic statistics capacity building program

Fiscal coverage among EAC Partner States
(# entities)



The EAC capacity development program is designed to satisfy statistical requirements by the time surveillance institutions are envisaged to be in place





Thank you