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**UNITED NATIONS ECONOMIC COMMISSION FOR AFRICA  
(UNECA)**

**RATIONALIZATION AND HARMONIZATION  
OF  
ECA-SPONSORED INSTITUTIONS**

**TEAM 4:  
TRADE, FINANCE AND BANKING SERVICES INSTITUTIONS**

**APRIL 1997**

**Review of Recommendations on  
the Rationalization and Harmonization of ECA-Sponsored  
Trade, Financial and Banking Services Institutions**

**PART I**

**INTRODUCTION**

1. Since its establishment in 1958, the United Nations Economic Commission for Africa (ECA) has played an on-going pioneering role in African institution and capacity building. Thus far, the Commission has sponsored the creation of more than 3 dozen regional and continent wide institutions across Africa.
2. Mindful that in order to assure operational efficiency, it is necessary to reassess periodically institutional objectives, in 1983 ECA launched a programme to review across the board all ECA created institutions. To this end, the Commission established an Ad-hoc Committee comprising 10 member States to evaluate the institutions, determine their continued relevance each, and make recommendations as regards appropriate remedial solutions. The Committee in May 1984 submitted its report to the Conference of Ministers, confirming the continued relevance of the institutions and recommending the merger of two of them; namely, the African Association of Cartography and the African Remote Sensing Council.
3. The issue resurfaced in 1992 as a result of continued mediocre performance by some of the institutions. The ECA Conference of Ministers requested the Secretariat to undertake another study of the operating situations of the institutions and make recommendations. Acting on this request, the ECA reactivated the 1983 Ad-hoc Committee of 10 to work with the Secretariat. The recommendations presently under considerations for the rationalization and harmonization of ECA sponsored institutions emerged from this process.
4. **Objectives** The primary objectives of the present mission are as follows:
  - (a) to consult African Governments, the Institutions under review, IGOs, and UNDP, with respect to their views and dispositions on the present recommendations that have been developed for the rationalization and harmonization of ECA-sponsored institutions;
  - (b) to assess the views expressed by the parties consulted and evaluate the operating condition of the institutions;

- (c) to re-examine the recommendations that have been tabled; and
- (d) to confirm same or make new ones as necessary.

5. Methodology The mission constituted to undertake this task consists of 5 teams, corresponding to the 5 functional categories into which the institutions have been classified by ECA. Each team is to submit a separate report on the set of institutions to be studied by it. This is the report of team 4. It covers the category of institutions referred to as trade, financial and banking services institutions.

6. The report comprises 3 principal parts, the first of which gives an introductory background, objectives, methodology and summary of standing recommendations. Part two contains the results of the consultation process, based on assessment of the views expressed by the countries, institutions and other parties consulted.

7. The third and final part contains the conclusions reached, again, taken into consideration the views of the parties consulted, and, of course, the material situation of each institution concerned. Finally, recommendations are made based on conclusions reached through the process described above.

8. Before turning to a review of each of the 7 institutions covered by this report, below is a summary of recommendations advanced for the future of each of them.

Institutions	Headquarters/ Host Country	Recommendations
(a) Central African Clearing House (CACH)	Kinshasa, Zaïre	To become a specialized monetary agency of either the Economic Community of Central African States (ECCAS) or the Communauté économique et monétaire d'Afrique Centrale (CEMAC)
(b) West African Clearing House (WACH) now West African Monetary Agency (WAMA)	Freetown, Sierra Leone	To be transformed into a specialized monetary Agency of ECOWAS
(c) African Centre for Monetary Studies (ACMS)	Dakar, Senegal	To transfer its functions to the monetary agencies of RECs or join the merger of IDEP and ACARTSOD
(d) Association of African Central Banks (AACB)	Dakar, Senegal	To be maintained and used as an instrument to promote the establishment of the African Monetary Fund
(e) Association of African Trade Promotion Organizations (AATPO)	Tangier, Morocco	To assume all trade functions attributed to the Federation of African Chambers of Commerce (FACC)
(f) Federation of African Chambers of Commerce	Addis Ababa, Ethiopia (at the ECA)	To remain purely as a nominal consultative forum for all the national Chambers of Commerce to exchange experiences and coordinate their activities
(g) Association of African Tax Administration (AATA)	Yaounde, Cameroon	That monetary agencies take over the functions of AATA

**PART II      REVIEW OF THE 7 INSTITUTIONS UNDER STUDY AND THE  
RESULTS OF CONSULTATIONS ON THEM**

**1.      Central Africa Clearing House (CACH)**

9.      The Central African Clearing House was originally established in 1979 as a bilateral clearing house between the Bank of Zaïre (BZ) and the Banque des Etats de l'Afrique Centrale (BEAC). The latter, BEAC, is a common central bank which regroups 6 countries; namely, Cameroon, Chad, Central African Republic, Congo, Gabon and Equatorial Guinea.

10.     In 1989, it was transformed into a multilateral clearing house when it became a specialized agency of the Economic Community of Central African States (ECCAS). In this new role, CACH conducts clearing operations among 5 central banks, the BEAC and the central banks of Zaïre, Rwanda, Sao Tome and Principe and Burundi.

11.     The main objectives of CACH include the following:

- (a)     the promotion of the use of currencies of member States for subregional trade and other transactions;
- (b)     the conservation of foreign reserves of member States;
- (c)     the encouragement and promotion of intra subregional trade; and
- (d)     the stimulation of monetary cooperation and consultation among member States.

12.     CACH is governed by an Assembly of Governors of all member countries. The Assembly determines the policies, operating guidelines and procedures of the organization. The day-to-day management of CACH is incumbent upon a Director-General, appointed by the Assembly.

13.     The change from bilateral to multilateral institution did little to alter the operations of CACH in practice as BZ and BEAC continued to claim the lion's share of operations. The role of the other 4 central banks remained insignificant in terms of the volume and monetary value of their transactions through the clearing house. This dominance of BEAC and BZ in fact will lead to the unraveling of CACH.

14. Thus, by 1992 BZ had accumulated huge debit balances with BEAC. As BZ was in no position to effect settlement, a decision was taken to suspend the activities of CACH indefinitely. The arrears of BZ are reported to have been rescheduled for payment upto the year 2005. Meanwhile, Burundi and Rwanda are said to have served notice of their intention to terminate their membership in CACH. Responding to these uncertainties, CACH was streamlined and left with a skeleton staff of 10 from 21. Still more, the prevailing political instability and the attendant economic malaise in the subregion make the future of CACH tentative and uncertain.

15. A joint meeting held with representatives of the Zairian Ministry of Planning, the management of CACH and UNDP indicated that there is general agreement across the board for CACH to become a specialized monetary agency. The question to which an answer could not easily be broached was specialized monetary agency of what economic community. In fact, it is strongly felt that ECCAS is unlikely to survive in its present form and configuration. CACH will no doubt have to wait for the future to unravel one way or another.

## 2. West African Monetary Agency (WAMA)

16. The West African Clearing House was established in 1975 by the 10 central banks of the member States of ECOWAS. After hobbling for 17 years, WACH was replaced in 1996 by a new institution, the West African Monetary Agency (WAMA), in compliance with a 1992 decision of the Heads of State and Government of ECOWAS. The new institution is an autonomous specialized agency of ECOWAS. Indeed, the switch from WACH to WAMA seems to also signal a switch of emphasis, as regards institutional objectives, from trade promotion and financing to monetary issues. Thus, the transformation and change of name are meant to strengthen WAMA and enable it to assume responsibility for the implementation of monetary and multilateral payments related issues including the ECOWAS Monetary Cooperation Programme.

17. The main objectives of WAMA are:

- to ensure the establishment of a single monetary zone by creating the necessary conditions leading upto the implementation of uniform monetary policy and the creation of a single currency;
- to initiate and promote policies and programmes aimed at achieving monetary integration within the region;

- to encourage the implementation by member States of macro-economic policies conducive to market-determined exchange and interest rates for intra-regional trade;
- to ensure the monitoring, coordination and implementation of the ECOWAS Monetary Cooperation Programme;
- to assist member States in the harmonization and coordination of their monetary and fiscal policies as well as their structural adjustment programmes;
- to promote the use of the currencies of member States for regional trade and other transactions;
- to bring about savings in the use of the foreign reserves of members;
- to encourage and promote trade and exchange rate liberalization among member States; and
- to promote monetary cooperation and consultation among members.

18. The management of WAMA is vested in a Committee of Governors which comprises all central bank Governors of ECOWAS membership. They determine the steps to be taken to achieve the objectives of the Agency. In this context, they determine the policies and operating programmes and procedures of the agency, while leaving the its day-to-day management to the Director-General. The Committee appoints and dismisses the Director-General of the agency and determines his functions and conditions of service.

19. WACH was established during a very difficult period for the economies of all ECOWAS member States, except Nigeria which, at the time, was experiencing an oil boom. Acute shortage of foreign exchange obtained throughout the region. As a matter of fact, WACH was established in large measure to mitigate the short supply of foreign exchange. In the context of these difficulties and its own inherent institutional defects, when compared to its counterparts elsewhere, the results achieved have been remarkable. Perhaps too much importance has been attached to the issue of its modest and diminishing share of intra-regional trade.

20. The team called at the Ministry of Planning and Economic Development of Sierra Leone and met with the Development Secretary of the Ministry. Unfortunately, no substantive discussion could take place because the requisite documentation sent by ECA in advance of the visit had not yet arrived at the Ministry. He however gave his undertaking that the documents would be studied and a cabinet decision would be reached before the forthcoming meetings of the ECA Conference of Ministers.

21. Discussions were also held with the Director-General of WAMA, the Resident Representative and Deputy Resident Representative of UNDP concerning the entire rationalization exercise, and, in particular, WAMA and ACMS. They consider the ECA rationalization scheme to be praiseworthy and hailed the transformation of WACH into a specialized monetary agency of ECOWAS, WAMA, as timely and important. The Director-General of WAMA was particularly upbeat and excited about the future of WAMA in its present role of monetary agency for ECOWAS.

22. On the contrary, the parties were not at all optimistic about the future of ACMS. The UNDP staff expressed the view that the institution eroded member States confidence in it by failing to meet their practical, felt needs, and, that consequently, its future was in jeopardy. The Director-General of WAMA went further. He emphatically stated that the existence of ACMS had come to an end, and that its functions had been assumed by WAMA in so far as the ECOWAS subregion was concerned.

### **3. African Centre for Monetary Studies (ACMS)**

23. The African Centre for Monetary Studies was conceived and established in 1973 as a response to the felt need of African countries and Governments to have a forum of their own, where monetary matters and related issues would be deliberated upon from an African vantage point, with an African bias and interest. Its offices are located in Dakar, Senegal. The principal objectives for which the Centre was established include the following:

- to study African monetary problems and the impact of international monetary developments on African economies;
- to promote better understanding of the banking and monetary policies of African countries;
- to provide independent counsel to member Central banks on monetary matters;
- to disseminate information on international banking and monetary affairs among member States;
- to undertake fundamental research in the fields of banking and monetary policy;
- to organize training, courses, seminars and symposiums for employees, staff and executives of member central banks;
- to provide secretariat services to the AACB.

24. Under the direction and supervision of the Council of Governors, ACMS is run by a Director appointed by the Council. He is the Chief Executive Officer of the Centre. The Centre is reported to have completed an impressive number of assignments or activities. For example, it has prepared over 30 studies in the fields of monetary policy, finance and banking; it conducted more than 14 symposiums, 12 training courses, etc.

25. Notwithstanding the above, discussions with officials of the Senegalese Ministry of Planning, UNDP staff, the Acting Director and Senior Economist of the Centres indicated clearly that it experienced grave difficulties over the past several years. There were two principal sources for the difficulties. The first was the failure of the Council of Governors to agree on a second four year term for the second Director of ACMS, after his predecessor served for a total of twelve years or three terms. A strong minority viewed the decision of the majority as high handed, impartial and unjustified. Secondly, on the heel of this, the management of ACMS undertook to downsize from 48 to 16 in what may be seen as a harsh manner, and perhaps without sufficient consultations with the host country. The retrenchment exercise backfired and the affected local staff occupied the offices of the Centre.

26. The host country, at best, did very little to prevent the occupation of ACMS premises. Many Governors view the complacency of the host Government to be unjustifiable, and this contributed further to undermine confidence in ACMS. Fortunately, all these problems have been put in perspective at present, and there seems to be a consensus that the Centre cannot be replaced in its regional vocation by subregional monetary agencies. In any case, the future of ACMS will be decided upon definitively in May of this year when the Council of Governors meets.

#### **4. Association of African Central Banks (AACB)**

27. The Association of African Central Banks (AACB) was created in 1966 by central banks of African countries with the view of stimulating cooperation in monetary, banking and financial matters in the African region.

28. The objectives of AACB are:

- to facilitate cooperation between African countries on monetary, banking and financial issues;
- to contribute to the formulation of the principles necessary for the application of agreements reached between African countries in monetary and financial matters;

- to support the efforts designed to bring about and maintain monetary stability in the African region;
  - to study the effectiveness of the international economic and financial institutions in which African countries are members in order to propose possible improvements. etc.
29. The Association operates under three main organs; namely, a council of governors, an Executive Committee and subregional committees. The council of governors comprises governors of all central banks of Member States and is responsible for all aspects of the Association's management, operations and activities. The governors elect one of their members as President. He chairs both the council of governors and the Executive Committee. The Executive Committee comprises the President and Vice-President of the Association, and the Presidents of subregional committees.

30. The organs of the Association meet periodically in accordance with the Charter. The primary purpose of the meetings of the Governors is to review monetary policies and related issues, their relevance to and impact on African economies as well as to consider internal policy and administrative matters of the AACB. The Association has no standing day-to-day activities. As such, it has no need for a standing administration. In many respects, the African Centre for Monetary Studies addresses routine and exigent administrative matters on behalf of the Association. The two institutions are therefore mutually dependent. No arrangements were made for the team to consult the Association or the central banks of countries visited.

## **5. Association of African Trade Promotion Organization (AATPO)**

31. The Association of African Trade Promotion Organizations (AATPO) was established in 1974 under the joint sponsorship of the OAU and the ECA. It became operational in 1977. Its offices are located in Tangier, Morocco.

32. The primary objectives for which AATPO was established include the development and promotion of intra-african trade, the development, flow and exchange of trade information and data.

33. The main governing organ of the organization is the General Assembly; it comprises representatives of all member States of AATPO. There are also subregional conferences which are groupings of representatives of the 4 subregions.

34. The AATPO secretariat serves as the main Centre of operations and activities. It is headed by a General Secretary appointed by the General Assembly. Under the general supervision of the Assembly, the General Secretary conducts the day-to-day running of AATPO.

35. The major activities undertaken by AATPO thus far have included five areas of concentration; namely, trade information, research and studies, trade development, training and inter-institutional cooperation. The organization has put out several publications including Flash on Africa Trade, Directory of African State Trade Organizations, Directory of Trade Information Sources in Africa, Directory of Importers and Exporters of Food Products in Africa, Bibliography on Intra-African Trade, Calendar of Trade Events in Africa, etc.

36. Meetings held with officials of the Moroccan Ministries of Foreign Trade, Economic Incitation, Population and Planning and Foreign Affairs revealed that the host country expected a whole lot from AATPO. They were disappointed and have lost confidence in the ability of the Institution to have a meaningful impact on the promotion and expansion of intra-African trade, so long as orientation at AATPO remains theoretical. During discussions with the Director-General of AATPO, it was borne out that the main difficulties faced by it are uncertain sources of funding. Not only are member countries accumulating arrearages; some have actually withdrawn from membership, which has thus slipped to 18 from 28. All the parties consulted expressed the hope that the proposed merger of AATPO and FACC will do much to reenergize the emergent Institution.

## **6. Federation of African Chambers of Commerce (FACC)**

37. The Federation of African Chambers of Commerce was established 1984 with the objectives of promoting African economic development by:

- assisting in the development and strengthening of national chambers of commerce, and similar institutions involved with the promotion of intra-african trade;
- encouraging the establishment of subregional federation of chambers of commerce;
- serving as a link between its members and African subregional and regional organizations in the promotion of African economic integration;
- assisting African Governments in removing barriers to the free movement of goods, services and people;
- serving as liaison between members and foreign federations of chambers of commerce;

- acting as forum for the exchange of information and experience among members;
- collecting, analyzing and disseminating trade, production and technological information in Africa and promoting the exchange of trade missions within Africa; etc.

38. The main management organs of the federation are the General Assembly, the governing council and the Secretariat. Though it was intended for FACC to become a full service operating institution in respect of meeting the objectives for which it was established, it has to date not taken off the ground. No contacts were organized with FACC. Discussions with the ECA staff handling the affairs of FACC revealed that it never actually became operational. There are suggestions that they will look favourably upon the merger proposal.

#### **7. Association of African Tax Administration (AATA)**

39. The Association of African Tax Administration was established in 1980. Its primary objective is to promote international cooperation in tax administration in Africa, to share experiences, to harmonize taxation practices and policies; to promote dialogue between tax practitioners in African countries. The institution had grave difficulties getting started due to its inability to find a host government. After nearly 8 years, the Government of Cameroon in 1992 offered to host AATA for four years on mutually acceptable terms. Cameroon is said to have renewed their offer to host AATA for another four years. Suggestions are that the institution is gaining momentum and could render invaluable service to African development if it could lay emphasis on the training of tax of African tax administrators. But that training need can no doubt be met by existing training institutions such as CAFRAD.

### PART III CONCLUSIONS AND RECOMMENDATIONS

40. Conclusion Efforts to rationalize and harmonize ECA sponsored institutions are viewed by the parties consulted to be timely and important. There is agreement that the multiplication of institutions in Africa should no longer continue unabated, and that existing ones should be examined closely with a view to stem duplication and inefficiency. These efforts, it is felt, deserve the support and cooperation of all concerned. Even those likely to be adversely affected are putting their self-interest aside to rally behind them.

41. Recommendations

- (a) All the institutions established by ECA are not inherently public sector institutions. Most of them are 'entreprises publiques à caractère industriel et commercial' (public enterprises but are operated on commercial basis). They should not constitute a permanent charge on the public purse. Therefore, a reasonable timetable should be established for each of them to revert to the market place in the private sector;
- (b) The Central African Clearing House should prepare to become: (i) either a specialized monetary agency of ECCAS, should circumstances favourably evolve to permit same, or (ii) remain a clearing house for the Bank of Zaïre, BEAC and central bank of Sao Tome and Principe;
- (c) The West African Clearing House has already been succeeded by the West African Monetary Agency, a specialized agency of ECOWAS. No further action is required;
- (d) Stay the merger of ACMS with IDEP and CARTSOD; instead, in consultation with the AACB and the OAU expand its mandate to include the provision of such underpinning services that will lead to the emergence of a full fledged African Monetary Fund;
- (e) The Association of African Central Banks should remain in its present form and should continue to maintain close working relations with ACMS, its de facto secretariat;

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- (f) The Association of African Trade Promotion Organization and the Federation of African Chambers of Commerce should (i) merge into a single institution, and (ii) the emergent institution, if feasible, be relocated to Cairo to facilitate cooperation and cross fertilization with Afrexim Bank;
- (g) That decision on the future of the African Association of Tax Administration be deferred until that institution is properly consulted.

List of People MetKinshasa (Zaire)Central African Clearing House (CACH)

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- Joseph Nkwanga Toka, Deputy Executive Secretary
- Chirishungu Mukuku, Legal Advisor
- Alradi Ahouat Hassan, Finance Officer

Ministry of Planning

- Tansia Molinde, Director
- Yembe Ta Mfum Tawaba, Officer

UNDP

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Freetown (Sierra Leone)West African Monetary Agency (WAMA (Ex WACH))

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- Antoine N'Diaye, Director ad interim
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