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**FINAL REPORT OF THE THIRD ANNUAL MEETING  
OF WEST AFRICAN SUB-REGIONAL COMMITTEE OF THE ASSOCIATION  
OF AFRICAN CENTRAL BANKS**

**BANJUL, 8-9 MAY 1973**

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1. The Third Annual Meeting of the West African Sub-regional Committee of the Association of African Central Banks was held in Banjul on 8 and 9 May 1973, under the Chairmanship of Mr. Sheriff S. Sisay, Governor of the Central Bank of The Gambia, and Chairman of the Sub-regional Committee for 1972/73.

I. Attendance

2. All the member Central Banks of the Committee were represented by delegations. Mr. W. Katabi, Head of the Fiscal and Monetary Affairs Section of the secretariat of the United Nations Economic Commission for Africa and Secretary of the Association of African Central Banks, as well as Mr. J.H. Primpong-Ansah, Vice-Chairman of the Deputies of the Committee of 20, also attended the meeting.

II. Opening of the meeting

3. The meeting was opened at 10 a.m. on Tuesday, 8 May 1973 by Mr. Sisay. Mr. Sisay then yielded the floor to H.E. Sir Dawda Jawara, President of the Republic of The Gambia. Mr. J. Tevi, President of the Banque Centrale des Etats de l'Afrique de l'Ouest, answered in the name of the delegates, and thanked Sir Dawda for the interest he took in the Sub-regional Committee's meeting.

III. Adoption of agenda

4. The Chairman then moved for the adoption of the provisional agenda and, as no alterations were proposed, the following agenda has been unanimously adopted:

1. Opening address by H.E. Sir Dawda Jawara, President of the Republic of The Gambia.
2. Adoption of agenda.
3. Discussion of the Reports prepared by the Study Group:
  - (a) Guidelines for the Establishment of a Clearing Arrangement among member States of the West African sub-region;
  - (b) Exchange of staff between the Central Banks of the sub-region.
4. Other business:
  - (a) Organization of a seminar on "Problems, Ways and Means of Promoting Indigenous Entrepreneurship in West Africa";
  - (b) Exchange of views on the international monetary situation;
  - (c) Choice of a topic to be examined by the Study Group prior to the Committee's 1974 meeting.
5. Closing address by Mr. S.S. Sisay, Governor of the Central Bank of The Gambia and Chairman of the sub-regional Committee for 1972/73.

IV. Report of the Study Group on Guidelines for the Establishment of a Clearing Arrangement between the member States of the sub-regional Committee

5. The Chairman called upon Dr. Alhasan Mohammed, Joint Director of Research of the Bank of Ghana and Chairman of the Study Group, to present the Report on Guidelines for the Establishment of a Clearing Arrangement. When Dr. Mohammed finished his presentation, the Committee discussed the Report's recommendations, first in a general manner and then item by item. The Committee accepted in principle the Report's recommendations (shown as amended in Appendix I), subject however, to the reservations and comments listed below.

6. The first set of reservations was presented by Mr. S.O. Asabia, Deputy Governor of the Central Bank of Nigeria. He mentioned that the Report did not provide sanctions in case of failure to pay. There is a problem of competitive exchange rate changes; how do we avoid manipulations of exchange rates to the disadvantage of trading partners, he asked. How does one identify countries of origin of re-exports? He also mentioned unrecorded trade, and felt the 20 per cent figure was arbitrary. Mr. Asabia also felt that, rather than designating the BCEAO as clearing agent, a joint institution should be created to act as a bank for intra-West African settlements.

7. Mr. A.S.C. Johnson, Deputy Governor of the Bank of Sierra Leone, felt that efforts should be made to bring unrecorded border trade under the ambit of the clearing arrangements by the erection of border posts. He further opined that since increased trade was one of the main objectives of the arrangement, the respective governments should be urged to avoid competitive industrialization, as the primary obstacle to intra-West African trade was posed by the competitive structure of the economies of the sub-region.

8. U Tin Tun, General Manager of the Central Bank of The Gambia, said it was necessary to be mindful of those aspects that would not be to the sub-region's advantage. A Clearing Arrangement would not simplify transactions, since additional institutions would now be involved; commercial banks would continue to charge commissions; and central banks would incur higher costs. He also felt that the technical aspects had still to be worked out, and that a detailed analysis of the operations of each institution should be made.

9. Mr. S. Sangare, President of the Banque centrale du Mali, requested the addition of the following sentence to point 7 of the recommendations: "It is to be understood that, in determining total sub-regional trade, only transactions having to be settled through the multilateral clearing system would be taken into account".

10. Mr. Tevi, Chairman of the BCEAO Board of Directors, stated that the Bank did not seek to serve as the Agent for the Clearing Arrangement. The Bank, however, would be willing to accept this role, but would be equally willing to accept any other solution which would more effectively ensure the development of exchanges and the settlement of payments between states of the sub-region.

V. Report of the Study Group on Exchange of staff between Central Banks of the sub-region

11. At the Chairman's request, Dr. Mohammed, the Chairman of the Study Group, presented the Report, whose recommendations were then discussed one by one. The Committee adopted the recommendations as amended, the final text of which is reproduced in Appendix II.

VI. Other Business

12. Opening the exchange of views on the international monetary situation, the Chairman gave the floor to Mr. Frimpong-Ansah, Vice-Chairman of the Deputies of the Committee of 20. Mr. Frimpong-Ansah described the progress made to date to reform the international monetary system, outlined the areas in which further work was required, and stressed both the crucial importance of co-operation among African States, and the need for more research to strengthen the African countries' position in international negotiations. Mr. Frimpong-Ansah's presentation, which the Committee greatly appreciated, was followed by a general discussion.

13. The organization by the Bank of Sierra Leone of a seminar on "Problems, Ways and Means of Promoting Indigenous Entrepreneurship in West Africa", to be held in Freetown from 26 to 30 November 1973, was strongly seconded by the member central banks, and was adopted by the Committee.

14. The final item of other business discussed on the first day of the meeting was the choice of a topic to be examined by the Study Group prior to the Committee's 1974 meeting. The Committee's consensus was that the examination of the Establishment of a Clearing Arrangement should be pursued, under the Chairmanship of the Director of Research of the Bank of Sierra Leone, and that a study of "The Regime of Floating Exchange Rates - Experience and Implementation", proposed by the Central Bank of Nigeria, be undertaken under the Chairmanship of that Bank's Director of Research.

15. The President of the Central Bank of Mali requested that, henceforth, all documents be presented in both English and French, so that all the delegations may have equal access to information. This recommendation was strongly supported by all delegations.

16. Mr. Katabi conveyed to the Committee the best wishes of the Executive Secretary of the ECA and of the Vice-President of the Association for the success of the meeting. He expressed the hope that the report of the Committee's meeting could be adopted and issued in time to be distributed to the plenary meeting of the Association, which is to be held in Lagos from 20 to 24 August 1973. Mr. Katabi also mentioned that the secretariat felt that its representative should not be considered as an observer at the meeting, but rather as a participant who would represent ECA and the Association secretariat. Following a discussion in which various points of view were expressed, the Chairman ruled that Mr. Katabi's statement should be taken note of in the report, and submitted to the Association of African Central Banks.

17. The Committee then named a drafting commission directed to prepare an Interim Report of the first day's proceedings. The Interim Report was examined the following day by the Committee and adopted with several amendments. The amended Interim Report constitutes paragraphs 1 through 16 of the present final report.

18. Mr. S.B. Falegan, Senior Economist of the Central Bank of Nigeria, then tabled a resolution endorsing the Study Group's amended report on the Establishment of a Clearing Arrangement, and directing the Study Group to pursue the study further, taking into account the comments and reservations of the Governors, and to identify the mechanism and technical details involved in the practical implementation of such a scheme. The resolution called upon the Study Group to convene under the Chairmanship of the Director of Research of the Bank of Sierra Leone not later than November 1973 and to complete its report and draft articles of agreement in time for consideration by the Governors at the Committee's fourth annual meeting, to be held in Accra in 1974. Several amendments were proposed and adopted. The Central Bank of Mali presented an amendment that would have enjoined the Study Group to pursue its work primarily within the framework of the report that had been endorsed and only subsidiarily on the basis of the reservations that had been voiced, but withdrew the amendment after the Chairman had expressed the opinion that the resolution did convey this order of priorities. The Committee then adopted the resolution submitted by the Central Bank of Nigeria, and seconded by the BCEAO, in the form shown in Appendix III.

#### VII. Appointment of Chairman for the year 1973/74

19. The Chairman recalled that, at its first meeting, held in Bamako in May 1971, the Committee had agreed to rotate the chairmanship on a yearly basis. According to that decision, the chairmanship, as of the end of the present meeting, was to be held in succession by:

- the Bank of Ghana
- the Central Bank of Nigeria
- the Bank of Sierra Leone
- the Banque Centrale du Mali
- the Banque Centrale des Etats de l'Afrique de l'Ouest
- the Central Bank of The Gambia.

The Chairman therefore proposed that the Governor of the Bank of Ghana be appointed as Chairman of the West African sub-regional Committee of the Association of African Central Banks for the year 1973/74. The proposal was seconded by the BCEAO, whose President, Mr. Tevi, took the opportunity to thank the Government and people of The Gambia for their hospitality, as well as Mr. Sisay for his able chairmanship and the secretariat for its work. The Committee then unanimously voted that the Bank of Ghana succeed to the Chairmanship. Professor Sey said that, if such was the Committee's wish, the Bank of Ghana accepted the chairmanship for 1973/74, and he expressed his Bank's thanks for the vote.

#### VIII. Closing of the meeting

20. As all the items on the agenda had been dealt with, the Chairman said that the time had come for the Committee to wind up its deliberations. In an address, he said that, as he had confidently anticipated, the Committee's Third Annual Meeting had been a most fruitful one, in which substantial

progress had been made. On behalf of the entire Committee, the Chairman expressed appreciation of the excellent work accomplished by Dr. A. Mohammed, Joint Director of Research of the Bank of Ghana, and his colleagues in preparing the two reports which constituted the main items of the agenda.

21. Professor Sey, who said he was speaking not only for the Bank of Ghana but was also expressing the feelings of the other delegations, thanked the Government, the Central Bank and the people of The Gambia for their warm hospitality, and congratulated Mr. Sisay for his able chairmanship of the meeting. Professor Sey also proposed that the Committee meet at about the same time next year - in the first week of May 1974, in Accra.

APPENDIX I

SUMMARY OF RECOMMENDATIONS ON GUIDELINES FOR THE ESTABLISHMENT  
OF A CLEARING ARRANGEMENT BETWEEN MEMBER STATES  
OF THE WEST AFRICAN SUB-REGIONAL COMMITTEE

1. A Clearing Arrangement on the lines suggested in this study should be established as soon as possible.
2. Although membership should in principle be optional, it must be realised that the benefits of a multilateral arrangement are maximised the greater the number of participants. Member-countries of the sub-region are therefore enjoined to participate in the Clearing Arrangement.
3. Attempts should be made to induce West African states (notably Guinea and Liberia) which are not members of the Association of African Central Banks to participate in the Clearing Arrangement.
4. The Clearing Arrangement should cover all transactions (trade and non-trade). Re-exports, however, should not be eligible for settlement through the Clearing system. Transactions among the members of the West African Monetary Union and transactions between those members of the Union and Mali should not be channelled through the Clearing system.
5. The Unit of Account should be the S.D.R.
6. The size of interim credit should be such as would accommodate unrecorded trade, monthly fluctuations in trade flows and the potential for expansion in trade.  
  
We therefore recommend an interim credit line equivalent to 20 per cent of each country's share in total intra sub-regional trade calculated as an average over the latest three-year period for which figures are available.
7. The settlement period should be one calendar month.
8. The Central Bank of West African States (BCEAO) should be designated as Clearing Agent.
9. Bilateral trade and/or payments agreements should not be renewed when they expire. While they subsist, payments (if any) under such agreements may be channelled through the Clearing System.



APPENDIX II

SUMMARY AND RECOMMENDATIONS ON EXCHANGE OF STAFF  
BETWEEN CENTRAL BANKS OF THE WEST AFRICAN SUB-REGIONAL GROUP

1. The idea of instituting an exchange programme, first mooted at the sub-regional Committee's meeting in Bamako and subsequently endorsed at the Committee's second meeting in Dakar, should be implemented without delay. Such an exchange programme is both desirable and feasible.
2. Central banks in the sub-region are enjoined to institute a programme to train bilingual staff to facilitate better mutual understanding.
3. In the initial stages of the programme of exchange of staff the narrow form of training is recommended.
4. The broad type of training would be most suitable for top management personnel.
5. Attachments should initially not exceed 6 months.
6. Each bank should bear the expenses of its candidates, but the sub-regional Committee may be drawn into financing part of the cost.

APPENDIX III

RESOLUTION ON THE ESTABLISHMENT OF A CLEARING ARRANGEMENT  
OF THE WEST AFRICAN SUB-REGION

1. The delegation of the Central Bank of Nigeria would like to propose that the Central Bank Governors of the West African sub-region meeting in Banjul, The Gambia, to consider among other things the report of the Study Group on Guidelines for the Establishment of a Clearing Arrangement between member States of the sub-regional Committee:
  - (a) endorse the amended report of the Study Group;
  - (b) resolve that the Study Group pursue the study further, taking into account comments and reservations of Governors, and identifying the mechanism and technical details involved in practical implementation of a clearing arrangement.
2. The Study Group should convene under the Chairmanship of the Director of Research of the Bank of Sierra Leone not later than November 1973 to draft the articles of agreement.
3. The report of the Study Group together with the draft articles of agreement should be ready for consideration by the Governors of the sub-region at their next meeting, in Accra, Ghana, in 1974.