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ECONOMIC COMMISSION FOR AFRICA
ASSOCIATION OF AFRICAN CENTRAL BANKS

REPORT OF THE SECOND MEETING OF THE
EXECUTIVE COMMITTEE OF THE
ASSOCIATION OF AFRICAN
CENTRAL BANKS

Washington, D.C., 28 September 1974

Part I : Organization of work and participation

On 29 July 1974 the Governor of the Central Bank of Nigeria, acting in his capacity as Chairman of the Association of African Central Banks and of its Executive Committee, sent a letter to all the members of the Association informing them that a meeting of the Executive Committee would be held in Washington, D.C., in September 1974 at the time of the Annual Assembly of the International Monetary Fund and the World Bank. In his letter he specified that the meeting would be open to all governors and presidents of banks members of the Association who wished to participate in it.

The Chairman of the Association also sent the governors and presidents of member banks a letter from Washington dated 27 September 1974 reminding them of his first letter and renewing the invitation to participate in the second meeting of the Executive Committee of the Association on Saturday, 28 September 1974 in Room 4 of the North Cotillon of the Sheraton Park Hotel at 5 p.m. The meeting took place as indicated in that letter.

Opening of the meeting

The meeting was opened by the Governor of the Central Bank of Nigeria in his capacity as Chairman of the Association of African Central Banks and of its Executive Committee. The Chairman welcomed the delegations present and thanked them for attending the meeting. He apologized for having asked them to devote some of their time to the meeting and explained that since the Association had a great many important problems to discuss, he had decided to take the opportunity offered by the meeting of the Executive Committee to invite all the members of the Association to participate in its work and discussions.

Participation

Nineteen of the twenty-six members of the Association participated in the meeting.

Representatives of the following central banks and similar monetary institutions were present: The Banque centrale d'Algérie, the Banque de la République du Burundi, the Banque des Etats de l'Afrique Centrale, the Banque Centrale des Etats de l'Afrique de l'Ouest, the Central Bank of the Gambia, the Bank of Ghana, the Central Bank of Kenya, the Banque Centrale de la République malgache, the Banque Centrale du Mali, the Banque Centrale de Mauritanie, the Central Bank of Nigeria, the Banque nationale du Rwanda, the Somali National Bank, the Bank of Sudan, the Bank of Tanzania, the Banque Centrale de Tunisie, the Bank of Uganda, the Banque du Zaïre and the Bank of Zambia. Most of the delegations present were led by the governor of the member bank which they represented.

Documentation and secretariat

At the request of the Chairman of the Association, the secretariat of the Economic Commission for Africa had prepared the working papers for the meeting (see Annex I - List of documents) and had appointed one of its officers to act as Secretary of the meeting.

Adoption of the agenda

The Chairman drew attention to the agenda which he had suggested for the meeting in his letter of 29 July 1974. The following agenda was adopted:

1. Opening of the meeting.
2. Programme of work of the Association of African Central Banks for the period 1973-1975:
 - (a) Interim report;
 - (b) Financing of studies conducted by individual central banks.
3. Study Group on the African Centre for Monetary Studies - Progress Report.
4. Report on the second seminar organized by the Association of African Central Banks.
5. Other matters.
6. Closure of the meeting.

Part II : Consideration of agenda items

Programme of work of the Association of African Central Banks for the period 1973 - 1975

- (a) Interim report;
- (b) Financing of studies conducted by individual central banks.

At the request of the Chairman, the representative of the ECA secretariat introduced document E/CN.14/AMA/53 concerning the work programme of the Association for the period 1973-1975, which had been prepared by the secretariat and submitted to the Assembly of Governors of the Association when it had met at Lagos from 20 to 24 August 1973. The document also outlined the progress made towards the various objectives of the programme.

In connexion with research in particular, the document stressed the exchanges of view which had taken place between the Chairman of the Association and a representative of the secretariat concerning the distribution of studies among individual central banks and the secretariat, which had been assigned the studies on the following two topics:

- (a) Impact of the world's monetary and trade problems on the economy of African countries;
- (b) Export-credit financing and export-credit insurance.

The document summarized the work undertaken by the secretariat in connexion with those two studies and gave an account of the meetings held, the studies, completed and the work planned for the future.

Members of the Association were reminded that the Chairman of the Association had asked them to volunteer to carry out the other studies included in the programme of work. The Central Bank of Kenya had expressed its willingness to undertake the study on the creation of subregional payments arrangements, and the Bank of Sierra Leone had indicated that it would be prepared to handle the one on private foreign investment in Africa.

The Chairman said that after document E/CN.14/AMA/53 had been issued, the Bank of Sudan had informed him of its wish to undertake the study on the role of financial institutions in the mobilization of domestic financial resources and the Bank of Zambia had expressed a desire to carry out the study on the creation of subregional payments arrangements, which had already been selected by the Central Bank of Kenya.

The Chairman had accepted the offers submitted to carry out some of the studies on the 1973-1975 programme of work of the Association. The Central Bank of Kenya and the Bank of Zambia would conduct one study each on the same subject. In that way the Association would benefit by two constructive approaches to the same subject. The secretariat would notify the banks concerned that their offers had been accepted.

The participants then considered the financing of the studies conducted by individual central banks.

Some representatives stressed the importance of the studies called for and the need to conduct very thorough surveys and analysis in carrying them out. That would require collecting a large quantity of material and engaging in a considerable amount of travel. The task could take several months to complete, in which case costs would be high. The secretariat should help in estimating the costs, and the Association should give priority to financing the studies.

Other participants felt that a bank was demonstrating its wish to co-operate by volunteering to carry out a study and that there was therefore, no need for it to demand financial assistance from the Association. They also felt that the studies would not cost very much and would not be difficult to finance. The banks to which they were assigned could finance them in so far as they were able, with assistance from other central banks, if necessary.

The Chairman observed that he, for his part, had expected that each bank would be responsible for financing the study it conducted. However, he agreed that the expenses incurred might be high, and that the Association might be willing to consider covering them. Therefore, one of the following two solutions should be adopted:

- (1) Those banks which had offered to carry out a study should finance the study they had volunteered for themselves;
- (2) Those banks could request assistance from the common fund of the Association in financing their study.

The majority of the participants favoured the first solution.

Study Group on the African Centre for Monetary Studies

At the Chairman's request, the representative of the ECA secretariat introduced document E/CN.14/AMA/54 concerning the activities of the Study Group on the African Centre for Monetary Studies.

In the document the establishment and terms of reference of the Group were reviewed, and it was pointed out that since the Group had been set up, it had held two meetings at ECA headquarters at Addis Ababa. The report of the first meeting, which had been held from 29 to 31 October 1973, was contained in document E/CN.14/AMA/47, and the report of the second meeting, which had taken place between 24 and 28 June 1974, was contained in document E/CN.14/AMA/50. The Group had also carried out a mission outside of Africa for the purpose of obtaining information on institutions similar to the proposal centre. Information concerning that mission was contained in document E/CN.14/AMA/48, which gave a general idea of the work done in the two meetings as well as during the mission of inquiry.

The report of the second meeting of the Study Group in particular summarized the work of the Group in respect of the fact-finding mission, the objectives of the Centre, its legal status and structure, the scale of salaries and other remunerations to be paid to its staff, meetings and quorum of and provisions for voting in its Executive Board, arrangements for financing it, its location and draft rules and regulations, the possibility of requesting assistance from UNDP, the final stages in the preparatory work to be carried out and the date and place of the next meeting of the Group.

The participants took note of the statement made by the representative of ECA and expressed their satisfaction with the work done.

There was exchange of view on a number of points. The Chairman asked the participants to see that their banks replied as soon as possible to the questionnaire sent out by the secretariat concerning the location of the Centre. Some participants said that their banks wished to send their replies in to the secretariat but that it took an inordinately long time for mail to reach the secretariat from some African countries and that in some cases it never arrived at its destination. They suggested that the 15 September deadline set by the secretariat for receipt of replies to the questionnaire should be extended. They were assured that replies which reached the secretariat after 15 September but before the next meeting of the Group would be submitted to the Group. In any case, the decision as to the location of the Centre would be taken by the Assembly of Governors alone, at its next meeting, which was planned for 1975.

Some participants noted that the Association did not have its own secretariat at present and that its secretariat was provided by the secretariat of the Economic Commission for Africa, which was expected to continue to help the Association even during the first few years of operation of the Centre. Consequently, the Centre should not be located far from the ECA secretariat since that would create difficulties. The Chairman replied that it was true that the Association did not have its own secretariat at present and that it was grateful to the Economic Commission for Africa for providing it with the necessary services. However, he pointed out that the present state of affairs was perhaps only transitory. It was possible that when the African Centre for Monetary Studies was established, it would function as the secretariat of the Association in attention to carrying out its duties as a study centre. In that event, the Centre and the secretariat of the Association would not be separated.

The Chairman asked the secretariat to send information explaining the point he had just made to all the banks members of the Association. The members should take that point into consideration in deciding on the location of the Centre since it might increase the cost of establishing the Centre.

Some participants said they had been wondering whether the Association would finance the Centre by raising the contribution of the member banks to its Common Fund or whether a separate budget would be established.

Speaking on behalf of the Association, the Chairman thanked the member banks whose representatives had participated in the meeting and had helped to make it a success. After expressing the hope that representatives of the African Central Banks could meet frequently to examine their problems together, he declared the meeting closed.

The criterion adopted by the Study Group for assessing the contribution of members towards the financing of the Centre, i.e. basing their contribution on the IMF quota of their Government, was considered to be inadequate; the contribution paid by the Governments concerned to OAU and ADB should also be taken into consideration.

Report on the second seminar sponsored by the Association of African Central Banks

At the Chairman's request, the representative of the ECA secretariat introduced document E/CN.14/AMA/55/Rev.1 concerning the second seminar organized by the Association of African Central Banks, which had taken place at ECA headquarters in Addis Ababa from 5 to 16 August 1974.

The document dealt with the organization of the work of the seminar, the participation in it of member central banks, the programme of the seminar, the background documents which had been prepared in connexion with the topics considered at the seminar and the recommendations adopted by those who had participated in it.

The participants in the meeting expressed their satisfaction and gratitude at the way in which the second seminar of the Association had been conducted. Some of them stressed the need to translate some of the background documents submitted to the seminar which dealt with matters of interest to the Association. Those translations should either be assigned to the secretariat or the Association should bear the expense of producing them.

The Chairman said he had visited the seminar and had been present at it while part of its work was being conducted. It had been a very important and successful seminar.

Other matters

No other matters were raised.

Closure of the meeting.

Before the meeting was closed, several participants thanked the Chairman of the Association for convening it, thereby giving them an opportunity to be brought up to date on the problems facing the Association, which was especially important in view of the uncertainty involved in conveying communications between the secretariat and some of the members, as mentioned earlier in this report.

The Chairman said he wished to reiterate his gratitude and that of the Association as a whole to the secretariat of the Economic Commission for Africa for having prepared the working papers for the meeting and for having appointed one of its members to service it. He also reiterated the Association's gratitude for the services provided by the secretariat in organizing the second seminar of the Association. It was the secretariat's co-operation which had made the seminar the great success it had been.

ANNEX I

LIST OF DOCUMENTS

- E/CN.14/AMA/52: Annotated provisional agenda.
- E/CN.14/AMA/53: Work programme of the Association of African Central Banks, 1973-1975.
- (a) Interim report;
 - (b) Financing of studies carried out by separate central banks.
- E/CN.14/AMA/54: Study Group on the African Centre for Monetary Studies - Progress report.
- E/CN.14/AMA/55/Rev.1: Summary of the report on the second seminar of the Association of African Central Banks held at the headquarters of the ECA secretariat, Addis Ababa, 5 - 16 August 1974.