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ECONOMIC COMMISSION FOR AFRICA
ASSOCIATION OF AFRICAN CENTRAL BANKS

FINAL REPORT OF THE FOURTH ANNUAL MEETING OF THE
CENTRAL AFRICAN SUBREGIONAL COMMITTEE
(held at Lubumbashi, Zaïre, 11-14 September 1974)

The fourth annual meeting of the Central African Subregional Committee of the Association of African Central Banks was held in Lubumbashi, Zaïre on 11, 12, 13 and 14 September 1974 under the chairmanship of citizen TSHISHIMBI wa BILENGA, a member of the General Management Committee of the Banque du Zaïre, who represented the Governor, SAMB WA PIDA NBAGUI, the Chairman of the Subregional Committee, who was unable to attend.

The meeting was attended by the following:

For the Banque des Etats de l'Afrique Centrale

Mr. Christian JOUDIOU	Director-General
Mr. Jean-Edouard SATHOUD	Assistant Director-General
Mr. Gaston BOUCKAT-BOU-NZIENGUI	Director responsible for external relations

For the Banque du Zaïre

Citizen Tshishimbi wa BILENGA	Member of the General Management Committee
Citizen Mawakani SAMBA	Director of the Department of Studies
Citizen Kilolo Musamba LUBEMBA	Director of the Department of the Secretariat
Citizen Buhendwa bwa MUSHABA	Director of the Department for Exchange Regulation and International Agreements

For the Banque du Zaïre (Cont'd)

Citizen Kwey Mosengo NTWA	Assistant to the Director of the Department of Credit
Citizen Kashwantale ka RUHANGA	Manager of the Banque du Zaïre Lubumbashi branch
Citizen Mob Wano ATHENDE	Assistant to the Manager
Citizen Kasusula Bania Pene ALI	Official
Citizen Mafumba MADUABA	Official
Citizen Nganga LALIBAR	Official
Citizen Boya Kiteti LOSO	Official

The agenda for the meeting included the following items:

1. Medium-term and long-term financing and action by central banks in connexion with such financing.
2. International monetary reform.
3. Other matters.

1. Medium-term and long-term financing

Each of the two central banks submitted a working paper on this item.

The following considerations emerged from an analysis of the documents and the subsequent discussion.

The participants recognized that a Central Bank would not be carrying out its task fully if it did not take an interest in financing investment. Special attention was given to the financing of agriculture, small-and medium-sized enterprises and personal housing as well as State financing. Over-all, the experience of the two banks converged on several points. Nevertheless, some differences in their modes of action were noted.

In connexion with the difficulties encountered by development banks in the Central African monetary zone, the participants recognized that agricultural credit provided for the financing of small individual holdings could bear fruit only within the framework of a well thought-out and sustained agricultural development programme, and only if appropriate infrastructure already existed.

The concepts of small and medium-sized enterprises were fairly close in the two currency zones: essentially, economic activity organized or controlled by nationals, on a small or medium-scale and with undeveloped management methods. On both sides encouragement was given to assistance from banks for that sector so as to ensure better integration of nationals in economic activities.

In order to solve the housing problem in the large urban centres, BEAC had established special procedures governing financing of the property sector, with particular emphasis on public housing. Zaïre had faced similar problems just after independence, when several cities had expanded at an unexpected rate. Financing for individual housing units had been organized through the establishment of specialized bodies with regular sources of income. More recently, the Banque du Zaïre had strengthened the regulatory mechanism in that field so as to channel greater savings towards productive investment.

The statutes of the two Central Banks determined the conditions in which they would take action to benefit the State. With special reference to medium-term or long-term credits, apart from the volume restrictions on advances from the bank, the current provisions at BEAC laid down that action by it would depend on the recipient State submitting specific investment projects and undertaking to record amounts corresponding to depreciation in the budget for the duration of the credit. The statutes of the Banque du Zaïre also provided for a restriction of the volume of advances to the State, but did not contain any provision requiring the prior preparation of a depreciation schedule.

As far as interest rates were concerned, the policies followed in the two currency areas were similar. The formation of term deposits was encouraged through the establishment of minimum rates on deposits. In addition, the fixing of maximum lending rates made it possible to limit the cost of credit in all sectors and promote the financing of priority activities.

As for the over-all liquidity of the banking system, BEAC was not for the moment feeling any need to restrict the assets available to the banks. The situation was due to the low volume of bank deposits as against their uses. In the future, if difficulties arose in that field, control could be ensured through the imposition of a number of ratios.

On the other hand, the Banque du Zaïre had been obliged to ensure that banks respected a reserve co-efficient, whose level was periodically revised so as to limit the possibilities for granting credits from the banking system by freezing part of the liquidities resulting from inflationary situations in the past.

On the subject of the self-financing of enterprises, similar trends had been observed in the two currency areas. In the past, because of the nature of the investment which was made, - extension of existing capacity -, self-financing had represented the main source of financing for enterprises. For a number of years external inputs had been playing a growing role because of the increasing number of new enterprises.

2. Reform of the international monetary system

Consideration of international monetary problems covered two aspects:

- (a) The context within which the work of the Committee of Twenty had proceeded;
- (b) The views of the developing countries concerning the reform.

The participants traced the background to the establishment of the Committee of Twenty and the tasks entrusted to it by the Board of Governors in September 1972.

The Committee's work had produced recommendations in three areas which would be considered by the next Board of Governors of the International Monetary Fund.

- (a) Steps for immediate action which constituted the points on which the participants in the Committee of Twenty had agreed;
- (b) Medium-term measures for which additional studies would be required;
- (c) Long-term measures for which no agreement was reached and which would require new discussions.

On the subject of the views of the developing countries on the various aspects of the reform, the participants recognized that the principal merit of the Committee of Twenty was that it had been a forum for concerted action by the developed and the developing countries on all the problems posed by the functioning of the present international monetary system and the establishment of a new monetary order.

The participants stressed their disappointment that the Committee of Twenty had not explicitly conceded the principle of the transfer of real resources from the industrialized countries to the developing countries, which constituted the main claim of the latter group.

3. Other matters

The two central banks agreed to hold their next meeting at Kinshasa, just before the meeting of the Association of African Central Banks to be held in the same city, in order to obviate travel by the delegates of the Banque du Zaïre, who would be engaged in preparing for the two meetings. As a result, the 1976 and 1977 meetings would be held in the Central African States. It was also understood that the chairmanship of the Subregional Committee should be allocated to the Central Bank of the country which organized the meeting.

BEAC invited the Banque du Zaïre to send delegates to the seminar it would be organizing during 1975 on the analysis of monetary problems of interest to the countries of the area. The Banque du Zaïre recorded its acceptance in principle of the invitation.

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