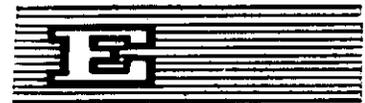


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ECONOMIC COMMISSION FOR AFRICA
ASSOCIATION OF AFRICAN CENTRAL BANKS

Fifth regular meeting

Lusaka, 15-19 August 1977

PROGRESS REPORT ON THE IMPLEMENTATION OF THE WORK PROGRAMME OF
THE ASSOCIATION OF AFRICAN CENTRAL BANKS, 1975-1977

The work programme of the Association of African Central Banks for 1975-1977 (E/CN.14/AMA/74) was prepared by the secretariat and adopted by the Fourth Regular Meeting held in Kinshasa from 18 to 22 August 1975. It had four main headings which had been identified by the Inaugural Meeting of the Association as constituting the framework of the Association's activities. These headings are:

- (a) Research
- (b) Training and seminars
- (c) Technical assistance and advisory services
- (d) Current international monetary problems

Research

In the field of research, the work programme adopted by the Association at its Fourth Meeting contained the following topics:

- (a) International financial and monetary problems and their impact on the trade and development of African countries;
- (b) Study of ways and means and measures to be proposed to implement the Programme of Action on the Establishment of a New International Economic Order;
- (c) Financial resources of the oil-producing countries and assistance for the development of African countries;
- (d) Inflation in African countries;
- (e) Assistance for development in African countries;
- (f) Mobilization of domestic financial resources;
- (g) Creation of subregional payments systems in Africa.

For purposes of practicality and effectiveness, the work programme specified that research would be carried out by the secretariat, by the subregional committees, by African experts specially engaged and possibly by certain member central banks appointed by the Chairman of the Association.

The Assembly of Governors felt that the section on research was overloaded, containing, as it did, seven topics, and consequently decided to give priority to three studies which would be undertaken by the African Centre for Monetary Studies. These studies were:

(c) Financial resources of oil-producing countries and assistance for the development of African countries;

(f) Mobilization of domestic financial resources;

(g) Creation of subregional payments systems in Africa.

For reasons which will be reported to the Assembly by the Chairman of the Governing Council of the African Centre for Monetary Studies, the Centre has not become operational as expected with the result that the secretariat has had to find ways and means of carrying out the priority studies assigned to the Centre.

Following consultations with representatives of the Chairman of the Association and the Bank of Zambia on 9 and 10 March 1977, it was agreed that the secretariat would undertake the following studies:

(a) International financial and monetary problems and their impact on the trade and development of African countries;

(b) Creation of subregional payments systems and their impact on the trade and development of African countries.

It was also agreed to request the Central Bank of Nigeria to carry out the study on Inflation in African countries (d), the Bank of Ghana the one on assistance for development in African countries (e), and the Bank of Zaire, the one on mobilization of domestic financial resources (f). The secretariat communicated these requests to the relevant central banks in time.

While the Banks of Ghana and Zaire indicated their willingness to undertake the work entrusted to them the Central Bank of Nigeria said it would not be able to carry out its assignment mainly because it would be very difficult to secure data concerning all African countries. The Bank suggested that individual member central banks might be asked to provide reviews on their respective countries as background papers for discussion. However, communications problems and pressure of time made it impossible to carry out this suggestion; and in the consultations between the Chairman of the Association and Representatives of the Bank of Zambia and the secretariat, it was decided to drop this item for the time being.

Other studies

The remaining two studies are:

- (b) Study of ways and means and measures to be proposed to implement the Programme of Action on the Establishment of a New International Economic Order

It was thought that the best exposition of this aspect of the programme would be the work already done by the Economic Commission for Africa as reflected in its document entitled "Framework of principles for the implementation of the New International Economic Order" (E/CN.14/ECO/90/Rev.3) which deals specifically with the establishment of a new international economic order, in the African region. This document is placed before the meeting as a background paper together with the Programme of work and priorities (E/CN.14/683/Add.1) in which the principles and guidelines are translated into concrete action programmes.

- (c) Financial resources of the oil-producing countries and assistance for the development of African countries

This study was supposed to indicate the need for and the advantages and possibilities of utilizing a substantial part of the surplus resources accruing to the oil-exporting countries in one form or another to finance external payments deficits and development in African countries.

Since the African Centre for Monetary Studies has not yet started operating, the secretariat felt that, instead of the required study, two documents adopted by the first Afro-Arab Summit Conference held in Cairo from 7 to 9 March 1977 might be submitted to the meeting. These are the "Declaration and programme of action on Afro-Arab co-operation" and a document entitled "Organization and method for the realization of Afro-Arab co-operation".

Creation of subregional clearing and payments arrangements

The West African Clearing House (WACH) which was established following the signing and ratification of the Articles of Agreement in 1975 is now fully operational. The Executive Secretary of this organization which is based in Freetown, Sierra Leone, has been invited to attend the fifth regular meeting of the Association and to present a paper to it so that the other subregions may benefit from the West African experience.

At its sixth regular meeting, the Central African Subregional Committee came to the conclusion that monetary co-operation in Central Africa would be facilitated by the establishment of a clearing house, preferably one following the pattern of WACH. The Committee agreed that a working group should be set up to undertake studies on the harmonization of customs systems and on the co-ordination of development programmes to ensure the success of the envisaged co-operative institution.

The Working Group met in Yaoundé from 14 to 16 March 1977, and two views emerged from it. Some members of the group felt, that although the level of trade within the subregion did not justify the establishment of a clearing house, the establishment of such a body might accelerate the development of trade. Other members thought that intra-subregional trade should be intensified before clearing arrangements were introduced. At the request of the Working Group, the secretariat prepared a paper entitled "Modalities of an agreement for the creation of a Clearing House for the Central African Subregion" (E/CN.14/AMA/CA/7), including a draft agreement for discussion at the second session of the Working Group to be held at Pointe-Noire in the Congo on 25 and 26 July 1977.

The study undertaken by the secretariat with respect to institutional clearing and payments arrangements has focussed on the Eastern and Southern subregion. This study constitutes a partial response to a recommendation made by the Lusaka ECA/UNDAT¹/ Second Council of Ministers and the Supervisory Committee of Officials at their meetings held in Lusaka in April and July 1976, respectively, on the need for a study on the possibilities of establishing a clearing and payments system for the subregion. The study recommends the establishment of an institutional clearing and payments system for the subregion in view of the comparatively large volume of inter-subregional trade, both current and potential.

Training and seminars

At the fourth regular meeting of the Association, the Assembly of Governors accepted the offer made by the Banque du Zaïre to host the third Seminar of the Association in 1976. The seminar was held in Kinshasa from 13 to 18 December 1976. A report (E/CN.14/AMA/90) has been prepared and submitted to the meeting for consideration.

Technical assistance and advisory services

The central banks members of the Association have been contacted with a view to the provision of technical assistance services by those banks which can afford to do so to those banks which need them. This project includes drawing up and maintaining a list of highly qualified specialists who could provide such assistance on a short-term advisory basis. On the other hand the African Centre for Monetary Studies is the only case in which a request has been made for technical assistance in the monetary and banking fields from United Nations agencies, and in this case assistance could not be provided since the Centre had not yet started operations. However, in both cases the secretariat would do its best to secure the required technical assistance facilities during the coming two years.

¹/ The ECA UNDATs have recently been re-named ECA Multinational Programming and Operation Centres (MPOCs).

Current international monetary problems

The Assembly of Governors at its fourth regular meeting in Kinshasa set up a working party to examine international financial and monetary problems and formulate recommendations to enable African Central banks to:

- (a) Adopt a common position on such problems;
- (b) Develop measures which may be followed in the field of the management of exchange rates and payments in Africa under conditions of generalized floating of the major currencies;
- (c) Define the contribution of the Association to the implementation of the Programme of Action on the Establishment of the New International Economic Order.

The Working Party, which held its first meeting on 21 August 1974 in Kinshasa, adopted some recommendations on international financial and monetary problems and their implications for African countries, and these recommendations have been reproduced in document (E/CN.14/AMA/75) prepared by the secretariat. The report of the Working Party was considered by the Executive Committee of the Association at its meeting held on 30 August 1975 in Washington D.C. (see E/CN.14/AMA/80). The Working Party did not have time to meet in Washington, and was therefore unable to carry out the other two parts of its assignment (see (b) and (c) above).

The participants, who included all the members of the Association present in Washington at that time, took note of the report and decided that "it was too late to adopt a joint position of the African central banks on international financial and monetary problems, and that accordingly the position adopted by the African Group in the annual Assembly of the Fund and the Bank was adequate".

The meeting decided that the Executive Committee would take up the matter of the remaining two parts of the Working Party's assignment. In a letter dated 7 February 1977, the secretariat asked the Chairman of the Association whether further action had as yet been taken by the Executive Committee in this regard. This meeting might wish to lay down some guidelines for further action in this connexion.

Observations

This report covers only those activities of the Association which relate directly to the work programme for 1975-1977. The report by the Chairman on the activities of the Association since its fourth meeting gives an overall view of the activities of the Association; the reports by the Chairmen of the Subregional Committees summarize their activities during the period involved. The Chairman of the Governing Council for the African Centre for Monetary Studies will, in his report, cover the activities pertaining to that institution.

With regard to the implementation of the Association's work programme for 1977-1979 in the field of research the secretariat thinks that after the programme of work is adopted the meeting might wish to allocate the studies to the secretariat, the Subregional Committees and the central banks. This would remove the need for a time-consuming exchange of correspondence between the secretariat, the Chairman of the Association and the institutions being requested to undertake studies.

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