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First Meeting of Intergovernmental Group of  
Experts from Ministries of Finance and  
Central Banks of the African Region on  
the Establishment of an African Monetary  
Fund

REPORT OF THE FIRST MEETING OF INTERGOVERNMENTAL GROUP OF EXPERTS FROM  
MINISTRIES OF FINANCE AND CENTRAL BANKS OF THE AFRICAN REGION ON  
THE ESTABLISHMENT OF AN AFRICAN MONETARY FUND

(Addis Ababa, from 4 to 7 October 1982)

## A. INTRODUCTION

1. The First Meeting of the Intergovernmental Group of Experts from Ministries of Finance and Central Banks of the African Region on the establishment of an African Monetary Fund was held in Addis Ababa, Ethiopia, from 4 to 7 October 1982.
2. This meeting was convened in compliance with the decision taken by the Heads of State and Government of the Organization of African Unity at the Economic Summit held in Lagos, Nigeria in April 1980 to the effect that an African Monetary Fund should be established not later than 1985. To this end, the Heads of State and Government directed that "a high-level expert group should be set up as soon as possible to study and recommend the modalities for the establishment of an African Monetary Fund and submit its report thereon to the Ministerial Follow-up Committee on International Trade and Finance for African Development not later than 1982".

## B. ATTENDANCE AND ORGANIZATION OF WORK

Opening of the Meeting (agenda item 1)

3. The meeting was opened by Comrade Desta Bishaw, Permanent Secretary, Ministry of Finance of the Provisional Military Government of Socialist Ethiopia. Mr. S. Nsanzimana, Assistant Secretary-General of the Organization of African Unity and Professor Adebayo Adedeji, United Nations Under-Secretary-General and Executive Secretary of the Economic Commission for Africa also made opening statements.

Attendance

4. The meeting was attended by representatives of Ministries of Finance and Central Banks from the following African countries:

Algeria, Benin, Botswana, Burundi, Congo, Djibouti, Egypt, Equatorial Guinea, Ethiopia, Gambia, Ghana, Guinea, Ivory Coast, Kenya, Liberia, Libyan Arab Jamahiriya, Malawi, Mali, Mauritania, Morocco, Nigeria, Rwanda, Senegal, Sudan, Togo, Tunisia, Tanzania, Upper Volta, Zaire, Zambia and Zimbabwe.

5. Also attending were observers from the following organizations:

African Development Bank, African Centre for Monetary Studies, the Banque centrale des Etats de l'Afrique de l'Ouest, Banque des Etats de l'Afrique centrale, Central African Clearing House, West African Development Bank, West African Clearing House.

The list of participants is shown in Annex I.

Election of officers (agenda item 2)

6. The following officers were elected to form the Bureau:

Chairman - Dr. Ihab Sorour (Egypt)  
 Vice-Chairman - Mr. Augustin Ruzindana (Rwanda)  
 Rapporteurs - (a) Mr. Saïl Bachir (Algeria)  
 (b) Mr. Nathaniel Ogbe (Nigeria)

Adoption of the agenda and organization of work (agenda item 3)

7. The meeting adopted the following agenda:

- (i) Opening of the meeting
- (ii) Election of officers
- (iii) Adoption of agenda and organization of work
- (iv) Elaboration of terms of reference for the feasibility study on the establishment of an African Monetary Fund
- (v) Adoption of guidelines for the establishment of an African Monetary Fund
- (vi) Elaboration of tentative work schedule for the finalization of the technical study
- (vii) Dates and venue of the next meeting of Intergovernmental Group of Experts
- (viii) Any other business
- (ix) Adoption of the report of the meeting.

C. ACCOUNT OF PROCEEDINGS

8. In her opening statement Comrade Desta Bishaw, Permanent Secretary, Ministry of Finance of the Provisional Military Government of Socialist Ethiopia, welcomed the experts from Ministries of Finance and Central Banks to Addis Ababa, the capital city of Socialist Ethiopia, and expressed the hope that their meeting would lay a sound foundation for an African Monetary Fund.

9. Comrade Desta Bishaw then highlighted some of the prevailing international economic crises, and in particular the international monetary and financial crises whose impact had adverse effects on the economies of African countries. Stress was laid on the fact that establishment of an African Monetary Fund should be based on sound foundations and that the study should accordingly begin with a critical review of monetary and financial problems facing African countries, a thorough analysis of the objectives of the African Monetary Fund and an identification of those problems that the Fund should tackle immediately on its own and those it should attend to in collaboration with other international organizations in the long run.

10. Mr. S. Nsanzimana, the Assistant Secretary-General of the Organization of African Unity also welcomed the delegations to Addis Ababa and pointed out that their presence at this historic meeting was indicative of the commitment of African governments to solve together problems facing them. He reminded the delegations of the fact that their deliberations at that meeting should be regarded as one of the ways of implementing the directives of the Heads of State and Government because the adoption of the Lagos Plan of Action was intended to facilitate the attainment of the objective of collective self-reliance and to liberate the continent economically.

11. He pointed out that the establishment of an African Monetary Fund would not be easy. Accordingly, there is need for close co-operation among African institutions such as the African Development Bank, the African Centre for Monetary Studies, the Organization of African Unity, ECA, etc. These institutions would assist in the preparation of the required studies.

12. Professor Adebayo Adedeji, United Nations Under-Secretary-General and Executive Secretary of ECA also welcomed delegates to this first meeting. He pointed out that the organization of the meeting would not have been possible without the generous contribution of the Government of the Republic of Algeria. In addition to that, the same government had undertaken to meet the costs of the required feasibility studies.

13. He further observed that this meeting of experts marked the beginning of one of the most intellectually stimulating, challenging and hopefully economically and politically rewarding ventures which the African region had embarked upon since its liberation from colonial rule. The main objective of the proposed Fund should be to assist, along with other relevant African institutions, in furthering the socio-economic development of the African region. The Fund should also be designed in such a way as to respond to the needs of African countries as member States themselves perceive them. The Executive Secretary concluded his statement by a word of caution to the effect that the establishment of an African Monetary Fund would not be easy because of various forces that may try to stand in its way, just as they tried in the past to stand in the way of various similar institutions, such as the African Development Bank.

Consideration of the Draft Guidelines for the Establishment of an African Monetary Fund (agenda item 5)

(a) Objectives

14. After deciding to discuss item 5 before item 4 in view of the fact that the proposed terms of reference would be derived from the Guidelines, the meeting had a general discussion on the manner in which the various documents submitted to it should be studied and the way the objectives should be framed.

15. It was finally agreed that the guidelines should be formulated in as broad a manner as possible, without, however, being too general. It was also agreed that the guidelines should be considered as indicative, and not necessarily exhaustive, so as not to constrain too much those who would have to undertake the feasibility studies. In this respect, it was decided for the sake of clarity to amend the title of document E/ECA/ITF/IAT/MP.6 to read as follows: Draft Guidelines for the feasibility study on the establishment of an African Monetary Fund. It was also stressed that, in any case, the Intergovernmental Group of Experts would have the opportunity to review the study after it has been prepared and, in the light of its findings, they would be in a position to see to what extent the proposed objectives are adequate and feasible and revise them accordingly, as the case may be.

16. Having discussed the objectives in detail, the following were adopted as amended:

- (i) to assist in providing finance for balance of payments deficits on current accounts and for structural adjustments in the economies of member States to improve their balance of payments positions;
- (ii) to promote the liberalization of trade and work towards eventual elimination of payments restrictions among countries of the region, to facilitate the linkage of all the subregional clearing and payments arrangements into an African clearing and payments union which may constitute a window within the African Monetary Fund and thereby to assist in the development of intra-African trade and improvement of intra-African trade channels;
- (iii) to promote convertibility of national currencies;
- (iv) to promote the use of national currencies in the settlement of intra-African trade and other intra-African current account transactions;
- (v) to provide a machinery for the harmonization of exchange rate policies of African countries and for an appropriate exchange rate regime that could ensure stability in the exchange rates of member States;

- (vi) to assist in the harmonization of exchange control regulations and practices among member countries and vis-a-vis the rest of the world;
- (vii) to promote the development of financial markets in Africa;
- (viii) to promote co-operation in monetary policies among African countries; and
- (ix) to work towards the development and eventual establishment of an African common currency.

(b) Functions

17. The first function was adopted without amendment while the second and third functions (items ii and iii) were amended to read as follows:

- (ii) assist member States seeking loans from international financial markets for balance of payments purposes by contributing to the strengthening of their negotiating capacity vis-a-vis these markets;
- (iii) assist in guaranteeing loans to member States on agreed terms and conditions provided they are used for balance of payments purposes.

Item (iv) of the functions was adopted after discussion without amendment. Items (v) and (vi) were amended to read:

- (v) borrow in the national and international financial markets and from non-market sources to increase the resources of the Fund;
- (vi) conduct periodic consultations with member States on their economies particularly on the monetary, exchange rates, exchange control and fiscal policies pursued with a view to, inter alia, promoting co-operation among member States in these areas.

18. Item (vii) was deleted from the list of functions while items (viii) and (ix) were adopted without any amendments. Item (x) was amended to read as follows:

- (x) provide other types of assistance from time to time, as may be required of it to achieve its objectives.

(c) Membership

19. This item was amended to read as follows:

Membership of the proposed African Monetary Fund should be reserved for African countries.

All the African members of the African Development Bank should be encouraged to be members of the African Monetary Fund.

(d) (iv) Resources of the proposed African Monetary Fund

1. Resources

20. This section was adopted after inserting a third factor in determining the total amount of resources required by the AMF; i.e. (iii) assist in financing structural adjustments under favourable conditions.

2. Allocation

21. This was adopted with the inclusion of a sentence at the end of the first paragraph as follows:

It may also be necessary for the Fund to undertake a periodic review of these various economic indicators.

(e) (v) Borrowing authority

22. This section was deleted.

(f) (vi) Voting rights

23. This section was adopted with the deletion of the last sentence and the substitution of the word "compromise" for "variant" and deletion of the word "extreme".

(g) (vii) The use of the resources of the African Monetary Fund

24. This section was adopted after transferring the following statement from the heading "Ordinary Facilities" to a new second heading to be entitled "Extraordinary Facilities" to be inserted between VII.1 and the old VII.2; this last one to become VII.3:

"This may include:

- Extended loans of up to ten years for structural adjustments in case of persistent balance of payments deficits."

(h) (viii) Exchange rates

25. Adopted without amendment.

26. The following sentence should appear under a new heading entitled: "Relations between the AFMF and other related institutions"; "The relationships between the African Monetary Fund and other related institutions should be examined by the study team".

Elaboration of terms of reference for the feasibility study on the Establishment of an African Monetary Fund (agenda item 4)

27. The draft terms of reference for the feasibility study on the establishment of an African Monetary Fund were adopted with the indicated amendments on the following items:

(ii) Examine the current and likely future balance of payments deficits for the next five years arising from;

(iii) Review and identify the current and possible future sources of financing the balance of payments deficits and determine the existing gap in the financing of these deficits;

(ix) Indicate the capacity of the Fund to borrow, and the possible terms and conditions in respect of the Fund's borrowing and lending;

(x) Propose the facilities which the Fund would provide to its member countries and conditionalities to be attached thereto;

- (xi) Propose the organizational and management structure of the Fund;
- (xii) Indicate the linkages and co-operation of the Fund with other subregional, regional, and international financial and monetary institutions;
- (xiii) Examine the present exchange rate and exchange control policies and practices of African countries with a view to recommending how best these could be co-ordinated within the framework of the AfMF and payments problems minimized.

28. The following re-ordering of the items of the terms of reference was adopted:

- (a) former (xi) changed to (viii)
- (b) " (viii) " " (ix)
- (c) " (ix) " " (x)
- (d) " (x) " " (xi).

29. The Intergovernmental Group of Experts expressed the view that the various studies should be sent to member States as and when they are ready.

Consideration of the tentative work schedule for the implementation of the African Monetary Fund (AfMF) project (agenda item 6)

30. The tentative work schedule for the implementation of the African Monetary Fund Project, as contained in Document ITF/IAT/WP.2, was amended as follows:

- (a) Under Phase II: Item 4: November-December 1982  
Missions to relevant institutions to collect necessary information and data for the study including:
  - add: (VII) visits to relevant African institutions and selected African countries to collect information and have consultations;
  - (VIII) any other institutions that the study team may deem it necessary to visit for the purpose of the study;
- (b) Phase II: Item 5: January-September 1983  
add: Second meeting of the Intergovernmental Group to review the feasibility study.
- (c) Phase II: Item 7: January 1984  
Amend the first paragraph as follows:
  - Third meeting of the Intergovernmental Group of Experts to be held jointly with that of legal experts from the respective countries to review the articles of agreement.
  - Delete the second paragraph.
- (d) Phase II: Item 8: February 1984  
Amended to read:
  - Joint Conference of Ministers of Finance, Trade and Central Bank Governors to consider the AfMF Articles of Agreement and make appropriate decisions.

(e) Item 9 on the meeting of Attorneys-General was deleted.

(f) Add new item 9 to read:

Phase II: 9. October 1984

- Conference of Plenipotentiaries to adopt and sign the Articles of Agreement.

Phase II: Item 10: November 1984-April 1985

- Ratification of the Articles of Agreement.

Phase II: Item 11: August 1985

- Entering into force of the Articles of Agreement: 1st August 1985.

Phase II: Item 12: August 1985

- Commencement of operations by the AfMF

Consideration of the dates and venue of the next meeting of the Intergovernmental Group of Experts (agenda item 7)

31. It was proposed that the next meeting of the Intergovernmental Group of Experts be held in Cairo, Egypt. Consultations will take place between the possible host government and the secretariat on both the dates and venue of this meeting. The secretariat will advise member States accordingly.

Any other business (agenda item 8)

32. In response to an inquiry on the composition of the study team, the Executive Secretary of ECA informed the meeting that all the relevant African institutions had co-operated in the preparation of the guidelines and the draft terms of reference and that since the study is a jointly executed project, all relevant African institutions will be expected to co-operate and contribute towards the preparation and finalization of the feasibility study. With regard to the co-ordinator, he explained that the importance and complexity of the study call for an individual with the relevant experience and expertise who would be able to devote his full time to the co-ordination of the various inputs of institutions and consultants.

Adoption of the Report of the Meeting (agenda item 9)

33. The first meeting of Intergovernmental Group of Experts from Ministries of Finance and Central Banks of the African region on the establishment of an African Monetary Fund unanimously adopted the Report of its proceedings on 7 October 1982.

Closure of the Meeting

34. After proposing a vote of thanks to the Government and people of Socialist Ethiopia for the warm hospitality they had provided to all delegations and expressing his gratefulness to the delegates and the secretariats, for the co-operation they had extended to him the Chairman of the First Meeting of the Intergovernmental Group declared the meeting closed.