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ECONOMIC COMMISSION FOR AFRICA

Second Regular Meeting of the Association
of African Central Banks

Rabat, 13-17 September 1971

FINAL REPORT OF THE FIRST MEETING OF THE WEST
AFRICAN SUB-REGIONAL COMMITTEE
BAMAKO, 13 May 1971

I. The first meeting of the West African sub-regional committee of the Association of African Central Banks was held at Bamako on 13 May 1971, under the chairmanship of Mr. Sekou SANGARE, Chairman of the Board of Directors of the Banque Centrale du Mali who was elected Chairman by the Sub-regional Committee at the meeting of the Association of African Central Banks held in Addis Ababa in December 1969.

a) Opening of the meeting

The meeting was opened by the Minister of Production of the Government of the Republic of Mali, acting Minister of Finance and Trade, in the presence of members of the Diplomatic Corps representing those States whose Central Banks were to participate in the meeting and of leading financial figures of the Republic of Mali.

In his opening address, the Minister welcomed the delegates of those Central Banks represented, thanked them for having elected the Chairman of the Banque centrale du Mali as Chairman of the Committee and wished success to the deliberations of the meeting. Mr. Sekou SANGARE, Chairman of the Board of Directors of the Banque centrale du Mali, then gave an opening address the text of which is attached.

b) Participants

The following six central banks took part in the meeting:

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

A representative of the Economic Commission for Africa was also present at this meeting.

II. Adoption of the agenda procedure for the appointment of the Chairman and the organization of the secretariat

Before referring to the items included in the agenda, the Chairman indicated to the Committee that he first wished to submit to them the conditions which would apply to the appointment of future Chairmen, their term of office and the conditions relating to the provision of the secretariat of the meeting.

a) Chairmanship of the Committee

On the first point, the Committee, having noted that the appointment of its present Chairman had been carried out in accordance with standard procedure at the meeting at Addis Ababa in December 1969, felt it advisable for precise rules to be laid down regarding the succession to the chairmanship and the conditions for the appointment of the office-holders. After hearing an explanation by the representative of the Economic Commission for Africa regarding the methods employed by other Sub-regional Committees in this respect, the Committee agreed on the following principles:

- 1) The chairmanship of the West African Sub-regional Committee shall be held by each member in turn. It shall be held in succession by all the Central Banks, in accordance with a rota to be completed within a fixed period of time.
- 2) The Chairman's term of office shall be fixed at one year, with the change of chairmanship to become effective from the end of the annual meeting of the Sub-regional committee.
- 3) Having considered the respective merits of election, drawing lots, or of alphabetical order, the Committee finally agreed on this last method. It was, however, decided that the order to be applied would commence with the beginning of the alphabet and not with the letter M corresponding to the first chairmanship which was held by the Banque centrale du Mali, and that, by virtue of this initial chairmanship, the Banque centrale du Mali would be placed at the end of the list. The Central Banks shall therefore succeed to the chairmanship in the following order:

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

Consequently, the Chairman of the Board of Directors of the Banque centrale des Etats de l'Afrique de l'Ouest (BCAO) succeeded his colleague from the Banque centrale du Mali as Chairman of the Sub-regional Committee. He is to be responsible for organizing the 1972 meeting.

- 4) Each Chairman shall convene the annual meeting of the Sub-regional Committee at a place to be designated by him within the issuing area of his Central Bank.
- b) Secretariat

It was decided that a small secretariat for the meeting would be provided by the presiding Central Bank, with the assistance of the Economic Commission for Africa.

The Committee decided to leave to the Banque centrale du Mali, in conjunction with the new Chairman, the task of preparing the draft report of the present meeting and of forwarding it to the other participants so that this document might be ready in good time for the plenary meeting of the Association to be held in Rabat in September 1971.

- c) Approval of the agenda

The attached agenda was adopted without discussion after the inclusion under "other business" of an item raised by Mr. Katabi (of para. 8 below).

III. Studies on the desirability of implementing measures for monetary co-operation between the Central Banks

The Chairman reminded the meeting that a document relating to the conditions for establishing sub-regional payments agreements had been distributed in 1969 by the Economic Commission for Africa on the occasion of the first meeting of the Association. He added that the Central Bank of Nigeria had expressly requested that this item be included in the agenda.

Following a lengthy discussion in which all the Central Banks took an active part, it became apparent that this was a particularly complex field requiring a knowledge of actual conditions which was not at that time available, particularly with regard to trade and the economic and financial conditions under which it is conducted. It was recognized that the monetary aspect constituted only one facet of these relations, and not always the most important. The meeting therefore agreed unanimously that studies should first be carried out by the Central Banks into the actual extent and conditions of the flows of trade and transactions between the countries of the Sub-region.

Differing points of views were expressed by a number of Central Banks regarding the monetary aspects and the effects of the terms of financial settlements, and certain delegates expressed the wish that these problems be studied without delay.

The Central Bank of Nigeria proposed that the Central Banks of the Sub-region set up a study group which would enable such examinations and analyses as might appear necessary to be carried out.

This proposal was accepted. It was consequently decided that a study group in which all the Central Banks would be invited to participate and which, under the authority of the new Chairman of the Committee, could be led by the Central Bank of Nigeria, would carry out an examination of the actual trade and flow of goods between countries of the Sub-region, and report on its observations to the Chairman of the Committee. This report would then be presented by the new Chairman at the next meeting of the Committee.

A number of Central Banks had stressed that it would be advisable at this time for the Committee to formulate proposals with a view to facilitating monetary settlements, while others felt, conversely, that no decision could be reached on this matter without an accurate analysis of the existing situation, including the extent of obstacles of a monetary nature. It was therefore decided that the Study Group, after having carried out the analysis requested of it, and after having ascertained the difficulties arising from terms of repayment, could formulate suggestions in this connexion, but that these suggestions should be intended merely as guidelines, specific decisions being made by the Governments concerned and not by the Association.

IV. Exchange of general information

It was agreed that all the Central Banks of the Sub-region should exchange publications, it being noted, moreover, that such an exchange was already taking place.

At this juncture, the Deputy Governor of the Central Bank of Nigeria strongly urged the creation of a permanent secretariat for the West African Sub-regional Group through which all such communications would be required to pass and which would systematically translate documents from French into English and from English into French.

This proposal was widely discussed with views being expressed both for and against.

At this point, some discussion developed on bilingualism and on the disadvantages experienced by the Central Banks of the Sub-region in being unable to understand one another sufficiently and, consequently, to profit from their respective documents.

After a rather lengthy discussion, it was agreed that it would be highly desirable for the Central Banks to take steps to ensure that their senior staff have an adequate understanding and practical knowledge of both languages. Furthermore, the Central Banks would continue to exchange documents directly, without any intermediate agency, and no secretariat would be established for the moment. Documents could, for the present, continue to be distributed in the original language, but the Committee agreed to work towards the objective of ensuring some degree of distribution in the other language.

In this connexion, the Committee requested the Central Banks to publish, as soon as possible, in the second language not a full translation of their documents, but a summary synthesizing the main trends shown in the original texts. This procedure should be implemented within three years, with the understanding that the individual Central Banks should, according to their means, endeavour to achieve this objective in a shorter time.

The Deputy Governor of the Central Bank of Nigeria nevertheless made it clear that, although he was willing to give up the idea of the establishments of a permanent secretariat for the moment, he would persist in this desire and would propose its creation at future meetings.

V. Exchange of information on specific problems

Three specific problems were raised:

- a) In answer to a request by the BC_{EA}O for information on the experiments conducted by the Central Banks of the English-speaking countries in making bank loans to small-scale African enterprises, reports were presented by the Vice-Governors of the Central Banks of Ghana and Nigeria. The Central Bank of Sierra Leone announced the forthcoming publication of a report which was then being prepared by a Committee set up in 1969 to study this sector of activity.

These institutions undertook to forward to the Central Banks any relevant documentation on this subject. They also stated that the implementation of a policy of providing loans to African enterprises assumed not only the implementation of measures in the credit field itself, but above all the establishment by the Central Banks, and the banking system as a whole, of services to advise national entrepreneurs on matters of management and to observe the quality of such managements.

- b) With regard to the organization of financial markets, the Deputy Governor of the Central Bank of Nigeria explained the conditions of operation of the Lagos Stock Exchange, as well as the measures implemented to enable 30 per cent of the capital of Nigerian enterprises to be held by Nigerian authorities or individuals. Documents were also to be distributed on this subject.

The Central Bank of Ghana explained the conditions for financing the cocoa harvests.

- c) The Central Bank of Nigeria, which had raised the question of the contribution of the monetary authorities to the prevention of smuggling, acknowledged that this activity was not the responsibility of the Central Banks, but pointed out that better harmonization of monetary policies could make smuggling less profitable.

VI. Training of staff

With regard to the joint measures taken by the Central Banks of the Sub-region for the training of staff, the participating banks were unanimous in congratulating the Central Bank of Nigeria for the training course which it had organized so successfully in Lagos in October 1970, in both English and French. The Chairman of the Banque centrale du Mali also expressed his thanks to BCEAO for having received staff from his organization at the Abidjan Training Centre.

The Central Banks recognized the potential advantages offered by the organization of joint training courses for some of their officials, which also enabled them to become better acquainted. They also recognized the advantages offered by exchange visits of senior personnel from one organization to another.

It was decided that a bilingual seminar for the staff of the six Central Banks of the Sub-region could in principle be organized every two years, and it was requested that this proposal be brought to the attention of the new Chairman so that he might examine together with the Central Banks how, when, on which topics and under what conditions such a seminar could be organized.

In principle, each Central Bank in turn should have the opportunity to organize such seminars, but this rotation system would not be imperative, bearing in mind the widely varying resources of the different institutions; naturally, applications made by the banks concerned, would be given consideration.

VII. Organization of the Secretariat and distribution of the corresponding expenses

It was agreed that, in so far as only a small secretariat was provided by the presiding Central Bank, the problem of the expenses which might be shared by the Central Banks collectively was limited to the costs arising from the use of external services, notably for simultaneous translation. These expenses had been estimated by the Banque centrale du Mali at between 4 million and 5 million Mali francs for the present meeting.

After an exchange of views as to the various solutions - sharing expenses, expenses to be borne by the presiding bank, since that each bank was to occupy the chair in turn - the Committee finally decided in favour of an equal distribution between the Central Banks of the external costs borne by the presiding bank. The latter would, however, bear the cost of services provided by its own staff.

VIII. Next meeting of the Association of African Central Banks
(Rabat, September 1971)

Mr. Katabi, representing LCA, submitted to the participants the draft agenda for the meeting in Rabat, together with a document concerning a project for a common fund. These documents were distributed simply by way of information, since these matters did not come within the competence of the Sub-regional Committees.

IX. Date and place of the next meeting of the Sub-regional Committee

It was decided that, since each annual meeting was to be organized by the presiding Central Bank, the 1972 meeting would be organized by the BCEAO at a venue within the territory of the West African Monetary Union.

With regard to the dates of meetings, the Committee requested that they be held once annually before 31 May, this time-limit being dictated by the necessity of presenting in good time, every two years, a report of the work of the Committee to the President of the Association prior to the Association's plenary meeting.

The Committee left to the new Chairman the task of setting a more precise time and place for the 1972 meeting, in accordance with the general framework outlined above.

The Committee session closed with an address given by Mr. Sekou SANGARE, Chairman of the Board of Directors of the Banque centrale du Mali, in which he expressed his satisfaction at the results achieved in this first meeting and at the spirit of trust and co-operation demonstrated by the Central Banks present.

The representatives of the other Central Banks congratulated Mr. Sekou SANGARE on the way in which he had performed his duties as Chairman and thanked the authorities of the Republic of Mali and the Banque centrale du Mali for the hospitality shown to them in Bamako.

ADDRESS GIVEN BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF THE BANQUE CENTRALE DU MALI, CHAIRMAN OF THE WEST AFRICAN SUB-REGIONAL COMMITTEE OF THE ASSOCIATION OF AFRICAN CENTRAL BANKS.

Your Excellency,
Distinguished Delegates,
Honoured Guests,
Gentlemen,

The Banque centrale du Mali today has the great honour to act as host to the first conference of the West African Sub-regional Committee of the Association of African Central Banks.

The political and technical significance of such an event is undeniable; consequently, I too, on behalf of the Board of Directors and the Director General of the Banque centrale du Mali, would like to welcome all those distinguished personalities who have agreed to come to our humble capital to demonstrate their fervent desire to build a united and independent Africa.

I would ask the indulgence of our distinguished colleagues in recognizing that any imperfections which might become apparent with regard to the organization of this conference stem from a lack of material resources and not from any unwillingness to show our hospitality.

As we see it, the keynote of the present session is to stimulate and accelerate intra-African co-operation as far as is humanly possible.

This objective which can only be achieved with time, must never be lost sight of, since no one could, in all conscience, contest its legitimacy.

In effect, the more far-reaching the steps we take in the economic, commercial, financial or monetary fields, the more obvious and imperative the necessity of strengthening co-operation between our countries.

The disproportion between the production potential of a number of our factories and the absorption capacity of our domestic markets is a problem which is already causing concern to many African leaders. Africa should demonstrate her maturity by taking the appropriate measures while there is still time. It would be a sad thing for us to prove the enemies of our continent right in their expectation that only the passage of time and the disillusionment brought about by our individual experiences will force us to realise, because of the true extent of the

problem, the expediency of a certain amount of co-ordination of our economic and trade policies.

It is understandable that each country aspires to establish within its own borders a group of industries which will bestow a certain viability and consequently keep it from becoming too vulnerable in the event of political tension with one or more of its partners.

It is, however, clear that not all of our countries are able to create, on a sound economic basis, all the desired industries within their national borders. With time and experience we shall come to understand the usefulness and even the necessity for planning the distribution of economic activities in Africa.

Yet this division of labour on a regional scale will only be accepted by the countries concerned if it is sincerely and consistently motivated by a real desire for economic equilibrium within the regional or sub-regional groups.

Any policy which might attempt to induce certain countries to specialize in activities which are of secondary importance, while others engage in activities which are vital to development, is doomed to failure.

Let us hope that we may all, as soon as possible, become convinced of this necessity of basing African co-operation on a policy of mutually advantageous short and long-term concessions?

At present, there are obstacles of all sorts which are hindering the intensification of intra-African economic co-operation. Monetary barriers, protectionist policies, communication problems and habits of long-standing are all bottlenecks which can only be eliminated gradually in the interest of all concerned. The only proof which we need of this is the difficulty and frequency of the negotiations which we are endeavouring to conduct in our respective regions, in order to eliminate restrictions on the movement of goods from one country to another.

The problems which we face in this area are certainly difficult, but by no means insoluble. The bitterness of the negotiations should in no way divert us from the objective of intensifying intra-African co-operation in the economic, monetary and financial fields.

Africa is receiving increasing encouragement in this area from the International Financial Agencies and at times even by Governments, if one takes into account the growing interest shown by the financing sources in the regional advantages of projects.

The desire for co-operation which motivated the founders of the Association of African Central Banks therefore is deserving of the most careful consideration within the Sub-regional Committees.

The Central Banks, over whose future we all have the honour to preside, undoubtedly occupy a privileged position in the field of economic co-operation between African States.

The important role played by the Central Banks in international economic relations places Governors and all Officials of Issuing Institutions in the best position to work towards economic co-operation in general, and monetary co-operation in particular. The measures implemented by Central Bankers are characterized by their realism and their effectiveness due to the competence of their initiators who are in direct contact with the actual problems of each country. When considerations such as these are taken into account, the usefulness of the Association of African Central Banks stands in need of no further proof.

I remain convinced that this institution, although modest in its ambitions for the moment, will achieve its objective, for it is led by the financiers who have already succeeded in bringing the African Development Bank into being, an organization of which ACA can today be justly proud.

Our Association held its first meeting at Addis Ababa at the end of 1969. This session saw the creation of our West African Sub-regional group which includes the Banque centrale des Etats de l'Afrique de l'Ouest, the Central Bank of Gambia, the Bank of Ghana, the Central Bank of Nigeria, the Bank of Sierra Leone and the Banque centrale du Mali.

During this same session, the members of the sub-regional group wished to entrust to the Banque centrale du Mali, through my humble person, the task of presiding over the West African Sub-regional Committee. I should like to once more reiterate my feelings of deep gratitude for this demonstration of confidence.

I cannot conclude this brief report on the Association without mentioning the important role played by the Economic Commission for Africa in the establishment of our institution.

It is therefore with the greatest of pleasure that I note the presence among us today of Mr. Katabi, representing ACA.

In conclusion, gentlemen, I should like to repeat simply that the people of Mali, the Comité militaire de liberation nationale, the Government and Banque centrale du Mali are happy and very proud to welcome here today, 13 May 1971, the first meeting of the West African Sub-regional Committee of the Association of African Central Banks.

I should like, on behalf of the Banque centrale du Mali, to express our regrets for the postponement of the meeting which was due to material difficulties arising largely from the extreme slowness of postal communications.

Now, the West African Sub-regional Committee of our Association is to hold its first meeting, by virtue of the determination of its members and their faith in the future of our continent.

It now remains for me to thank Doctor Zanga Coulibaly, Minister of Production, acting Minister for Finance and Trade, for his expressions of welcome and support for the conference on behalf of the people of Mali for the conference, the Comité militaire de libération nationale and the Government of the Republic of Mali. His message will be a valuable source of inspiration to us all.

I should like, with your permission, to accompany him back to his department so that he may continue his examination of the many papers which await him on the eve of this sowing season.

Thank you.

PROVISIONAL AGENDA

- I. Adoption of agenda
 - II. Studies to be undertaken on the desirability of implementing measures for monetary co-operation within the sub-group
 - III. Exchange of general information
 - (a) documents to be distributed
 - (b) distribution procedure
 - IV. Exchange of information on specific problems
 - (a) distribution of bank loans to small-scale African enterprises
 - (b) organization of financial markets
 - (c) contribution of the monetary authorities to the prevention of smuggling
 - V. Training of staff
 - (a) organization of seminars
 - (b) exchange of visits
 - VI. Organization of secretariat and distribution of the corresponding expenses
 - VII. Any other business
 - VIII. Date and place of the next meeting.
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