

WA 9m U 6

SEC-77,949

Translated by R. Renfield

236171

0522 EST

BECEAO PARIS 1030 AM

NO. 4

M. TOURE

DIRECTOR AFRICAN DEPARTMENT

Orig: AFR  
cc: DMD  
CBS  
ADM

<del>M. T.</del>
<del>G. L. W.</del>
<del>J. W.</del>
<del>L. D.</del>
<del>R. B.</del>
cc: Files

FIRST: THANK YOU FOR ARRANGEMENTS MADE DURING VISIT MR. OUATTARA AND TELEX CONCERNING APPOINTMENT OF THREE EXPERTS BY IMF TO PARTICIPATE DRAWING UP NEW BCEAO RULES OF INTERVENTION.

SECOND: DATE FIRST WORK GROUP MEETING SET FOR MONDAY JANUARY 20 BY MINISTER GARANGO. HOWEVER HE WOULD LIKE TO HOLD PRELIMINARY MEETING WITH FUND EXPERTS JANUARY 17 AND 18. WOULD APPRECIATE CONFIRMATION YOUR AGREEMENT TO ABOVE SCHEDULE. FORESEE ONE WEEK OF WORK IN PARIS.

OUR  
THIRD: /BEST WISHES FOR NEW YEAR TO YOU YOUR WIFE AND FAMILY AND COLLEAGUES.

REGARDS

DANIEL CABOU.

PARIS JANUARY 2, 1975 AT 1130 AM

Received in Cable Room  
January 2, 1975

0522 EST\*

440040 FUND UI

BECEAO PARIS 10H30

NR 4

RECEIVED  
I.N.F.

1975 JAN -2 AM 8:56

CABLE  
ROOM

236171

Orig: AFR  
cc: DMD  
CBS  
ADM

M. TOURE

DIRECTEUR DEPARTEMENT AFRIQUE.

PRIMO: VOUS REMERCIE POUR DISPOSITIONS PRISES LORS SEJOUR M. OUATTARA  
ET TELEX CONCERNANT DESIGNATION TROIS EXPERTS PAR F M I POUR PARTICI-  
PER ELABORATION NOUVELLES REGLES INTERVENTION B.C.E.A.O.

SECUNDO: DATE PREMIERE REUNION GROUPE DE TRAVAIL FIXEE AU LUNDI  
20 JANVIER PAR MINISTRE GARANGO STOP CEPENDANT IL SOUHAITERAIT  
TENIR REUNION PRELIMINAIRE AVEC EXPERTS DU FONDS 17 ET 18 JANVIER  
STOP VOUS SERAIS RECONNAISSANT NOUS CONFIRMER VOTRE ACCORD POUR  
CALENDRIER CI-DESSUS. PREVOIR UNE SEMAINE DE TRAVAIL A PARIS .

TERTIO POUR VOUS MME VOTRE FAMILLE ET VOS COLLABORATEURS NO S  
VOEUX LES MEILLEURS POUR LA NOUVELLE ANNEE.

HAUTE ET FRATERNELLE CONSIDERATION.

DANIEL CABOU.

PARIS LE 2/1/75 A11H30

\*

440040 FUND UI

BECEAO PARIS BN RECU S VP .

0533 EST\*

ITT World Communications Inc.

1709 L St. N.W. Washington D.C. Phone 296-6200

Phone 296-6200

X  
2

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ITT World Communications Inc.

ITT World

Do we have a file  
or file



# Office Memorandum

TO : Mr. Taplin

DATE: May 19, 1975

FROM : L. Dini *LD*

SUBJECT : West African Monetary Union (WAMU)

With reference to my memorandum of May 16, 1975 to the Managing Director on the technical assistance to the WAMU, I am attaching for the information and files of your Division a copy of the following documents:

(1) Directives de Politique Générale de la Monnaie et du Crédit, containing the complete set of documents presented to the Council of Ministers of WAMU and the Board of Directors of BCEAO, in Dakar May 2-3, 1975;

(2) Informations Statistiques pour la Détermination du Montant Global des Concours de la Banque Centrale des Etats de l'Afrique de l'Ouest for Ivory Coast; and

(3) Informations Statistiques pour la Détermination du Montant Global des Concours de la Banque Centrale des Etats de l'Afrique de l'Ouest for Dahomey.

Attachments



# Office Memorandum

Mr. Taphin <sup>ST</sup>

TO : Managing Director ✓  
Deputy Managing Director

DATE: May 16, 1975

FROM : L. Dini *Dini*

SUBJECT : Report on technical assistance provided to the West African  
Monetary Union (WAMU)

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In response to a request from Minister Garango, Chairman of the Ministerial Committee for the reform of the monetary institutions of the West African Monetary Union (WAMU) and pursuant to EBD/74/246 and Sup. 1, a staff team comprising Mr. Tenconi (CBS), and Mr. François and myself of the African Department participated in the meetings of pertinent working groups set up to prepare proposals governing monetary and credit policy instruments of the West African Central Bank (BCEAO) and the revision of the existing banking legislation in the six member countries of the Monetary Union, namely Dahomey, Ivory Coast, Niger, Senegal, Togo, and Upper Volta. The meetings were held in three sessions in Paris during the periods January 17-25, February 18-28, and April 21-25, 1975. The working meetings were chaired by Mr. Daniel Cabou, Permanent Secretary of the Committee for Reform, and were attended by Mr. Abdoulaye Fadiga, Governor of the BCEAO. Minister Garango chaired both opening and closing meetings at each session. Mr. Tenconi and myself were in Dakar on May 2-3, 1975 when the Council of Ministers of the WAMU met and approved the proposals that had been set forth by the working groups.

During the first meeting the working group prepared a preliminary report providing a broad framework of the monetary and credit policy instruments to be used by the BCEAO and the amendments to be made to the national banking legislations. The working group comprised, besides the Fund team, representatives of the Bank of France, the National Bank of Belgium, and two private French commercial banks which operate in all the WAMU countries.

The preliminary report was then examined by the directors and other responsible officials of the BCEAO stationed in Paris and in each of the member countries and was discussed in detail by the working group with these officials at the February meeting. The enlarged working group agreed on the draft report setting out the general monetary and credit policy directives for the BCEAO and prepared two detailed draft documents containing new policy regulations for the BCEAO and the amendments to be made to the banking legislations.

These documents were reviewed and finalized at the April meeting of the enlarged working group with government representatives of the member countries, and were then approved, together with a full draft banking law, by the Council of Ministers of WAMU in Dakar on May 2-3, 1975. During the April meeting in Paris the participants also discussed two papers prepared by the Fund team on quantitative criteria to be followed by the Central Bank in determining the credit expansion which, in each member country, would be compatible with the authorities' targets in the area of balance of payments and foreign reserves. These papers were presented for information to the Council of Ministers of WAMU and the Board of Directors of BCEAO at the Dakar meeting.

The terms of reference given in writing to the working group by Minister Garango placed considerable emphasis on the need for the BCEAO to pursue more active policies with a view to facilitating the development, integration, and africanisation of the economies of member countries. To this end the new monetary and credit policy directives to be proposed by the working group were to give the Central Bank the technical means:

(1) to adjust total liquidity on the basis of economic trends, the monetary and foreign reserve position of each member country and of the WAMU as a whole, and the needs of economic development;

(2) to facilitate the financing of productive activities and the infrastructure necessary for development while increasing the participation of nationals in the management of economic activities; and

(3) to ensure a better utilization of the financial resources of the member countries within the WAMU.

These objectives required a major revision of the monetary and credit policy of the Central Bank, which has so far been based largely on rediscounts at relatively low interest rates, and the utilization of additional policy instruments.

Under the proposals approved by the Council of Ministers the Central Bank would use rediscount policy in conjunction with a system of reserve requirements; it would establish criteria to facilitate the orientation of credit toward those sectors and categories of beneficiaries that the authorities intend to encourage; it would raise interest rates (except those applied to crop financing and credit to small national enterprises) to bring them in line with those prevailing in international markets and especially in France; and it would create a money market to facilitate the redistribution and utilization within the WAMU of bank liquidities. It is expected that the Central Bank will introduce the new policy instruments gradually, the first step being the adoption of a new structure of interest rate in the coming months.

The proposals approved by the Council of Ministers concerning revision of the national banking legislations aim mainly at harmonizing within the WAMU the rules governing the banking profession and the organization and distribution of credit, and give the Monetary Union the powers to control the proper application by the banks of the new credit policy instruments and regulations.

cc: Mr. Mladek  
Mr. Sturc

12

SEC-80,284  
Translated by J. Davies  
388900

ORIG: AFR ✓  
CC: MD  
DMD  
MR. YAMEOGO  
TRE  
MR. HICKS  
MR. BOUTER  
ETR  
CBS  
SEC  
ADM

CENTRAL BANK OF WEST AFRICAN STATES /BCEAO/  
The Secretary General

003826

Paris, May 16, 1975

The Secretary  
International Monetary Fund  
Washington, D.C.

M. I. ✓  
~~G. I. M.~~  
~~H. D.~~  
~~R. B.~~  
cc: MW, FA, WA  
Files

Sir:

I wish to inform you that, under the reform of West African Monetary Institutions, on December 15, 1974 the Council of Ministers of the West African Monetary Union /UMOA/ appointed Mr. Abdoulaye FADIGA as Governor of the Central Bank of West African States.

The Governor officially took office on February 11, 1975 and since that date has assumed all the powers exercised up to that time by Mr. Robert JULIENNE, whose term of office as Director General expired on the same date.

Consequently, I should appreciate your advising the Fund's Managing Director of this appointment.

In addition, please be informed that correspondence sent by the Bank's governing officers to the International Monetary Fund will be signed by the following: Governor Abdoulaye FADIGA, Vice-Governor Charles Bila KABORE, Secretary General Daniel CABOU.

Enclosed are the following documents:

specimens of the original signature of the Governor, Vice-Governor and the Secretary General of the Central Bank;

an extract of the decision by the Council of Ministers of the West African Monetary Union appointing Mr. FADIGA as Governor of the Central Bank.

*not enclosed*

Very truly yours,

/s/

D. CABOU

Received in Correspondence Sec. MAY 29 1975  
Received from Translation Sec. MAY 29 1975

INFORMATION NOTICE

CENTRAL BANK OF WEST AFRICAN STATES

Council of Ministers of the West African Monetary Union

Ouagadougou, December 15, 1974

The Council of Ministers of the West African Monetary Union met in Ouagadougou, Republic of Upper Volta on December 15, 1974 under the chairmanship of the incumbent, Mr. Ed. Kodjo, Minister of Finance and Economy of the Republic of Togo.

This meeting was held within the framework of the new institutions established on October 11, 1974 in Lomé by the Conference of the Heads of State of the UMOA.

The Council appointed Mr. Abdoulaye Fadiga, currently Director General of the Fund for the Stabilization and Support of Prices of Agricultural Products of the Republic of Ivory Coast, to the post of Governor of the BCEAO and decided that he would be officially installed at the new headquarters of the Bank in Dakar during the first half of January 1975.

The Secretary General

[ Seal: Central Bank of West African States, Paris ]

BANQUE CENTRALE  
DES ETATS DE L'AFRIQUE DE L'OUEST

*Le Secrétaire général*

003826

PARIS, le 16 Mai 1975

ORIG: AFR  
CC: MD  
DMD  
MR. YAMEOGO  
TRE  
MR. HICKS  
ETR  
MR. BOUTER  
CBS  
SEC  
ADM

Monsieur le Secrétaire,

J'ai l'honneur de vous faire connaître que, dans le cadre de la réforme des Institutions Monétaires Ouest Africaines, le Conseil des Ministres de l'Union Monétaire Ouest Africaine a nommé le 15 Décembre 1974, M. Abdoulaye FADIGA, Gouverneur de la Banque Centrale des Etats de l'Afrique de l'Ouest.

Le Gouverneur a pris officiellement son poste le 11 Février 1975, et assume depuis cette date tous les pouvoirs jusque là exercés par M. Robert JULIENNE, dont les fonctions de Directeur Général ont pris fin à la même date.

Je vous serais obligé, en conséquence, de bien vouloir porter cette nomination à la connaissance de M. le Directeur Général du Fonds.

Je vous indique, par ailleurs, que les correspondances adressées par le Gouvernement de la Banque au Fonds Monétaire International seront signées par

- le Gouverneur Abdoulaye FADIGA
- le Vice-Gouverneur Charles Bila KABORE
- le Secrétaire Général Daniel CABOU

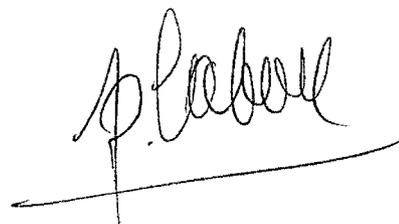
Vous trouverez ci-joint :

- les spécimens de signature originale du Gouverneur, du Vice-Gouverneur et du Secrétaire Général de la Banque Centrale ;
- l'extrait de la décision du Conseil des Ministres de l'Union Monétaire Ouest Africaine nommant M. FADIGA, Gouverneur de la Banque Centrale.

Veillez agréer, Monsieur le Secrétaire, l'assurance de ma considération distinguée.

Monsieur le SECRETAIRE  
du Fonds Monétaire International

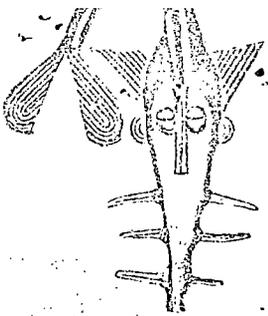
WASHINGTON D.C.



D. CABOU

RECEIVED  
INTERNATIONAL  
MONETARY FUND  
1975 MAY 28 PM 2:45  
COMMUNICATIONS  
DIVISION

388900



NOTE

UNION MONÉTAIRE OUEST AFRICAINE

## Banque Centrale des États de l'Afrique de l'Ouest

### CONSEIL DES MINISTRES DE L'UNION MONÉTAIRE OUEST AFRICAINE

Ouagadougou - 15 décembre 1974

Le Conseil des Ministres de l'Union Monétaire Ouest Africaine s'est réuni le 15 décembre 1974, à Ouagadougou (République de Haute-Volta), sous la présidence de M. Ed. Kodjo, Ministre des Finances et de l'Economie de la République du Togo, son Président en exercice.

Cette réunion s'est déroulée dans le cadre des nouvelles institutions mises en vigueur, le 11 octobre 1974 à Lomé, par la Conférence des Chefs d'Etat de l'U.M.O.A.

Le Conseil a nommé M. Abdoulaye Fadiga, actuellement Directeur général de la Caisse de Stabilisation et de Soutien des Prix des Produits Agricoles de la République de Côte d'Ivoire, au poste de Gouverneur de la B.C.E.A.O., et a décidé que son installation officielle se ferait au nouveau siège de la Banque à Dakar dans la première quinzaine de janvier 1975.

Le Secrétaire Général,



# Office Memorandum

cc = HDM  
Mr. Mladek  
done 9/4

WBD

TO : Acting Managing Director

DATE: April 8, 1975

FROM : Mamoudou Touré

SUBJECT : Technical Assistance to West African Monetary Union (WAMU)

Messrs. Dini, Tenconi and François have participated in the first two meetings of the Working Group in accordance with EBD/74/246 dated December 26, 1974 which provides authority also for their participation in the third meeting.

In a cable dated April 3, 1975 the Governor of the BCEAO has requested that Messrs. Dini, Tenconi and François attend the meetings of the Working Group in Paris during April 21-30, 1975 and that Mr. Tenconi arrive in Paris one week prior to these meetings to review with BCEAO experts the legal aspects of the monetary reform. He also has requested that Messrs. Dini and Tenconi attend the ministerial meetings of the WAMU in Dakar May 2-3, 1975 at which time the bank control regulations will be approved.

We propose that we comply with this request, except that Mr. Dini's presence in Washington prior to the Dakar meeting is essential and that he will only participate in the first three or four days of the Paris meetings. Mr. Tenconi will link this assignment with a technical assistance visit to the Yemen Arab Republic. This matter has been cleared with the Central Banking Service.

OK WBD

cc: Mr. Mladek  
Administration

1357 EDT

440040 FUND UI

BECEAO PARIS

*W.A. Monetary Reform file*

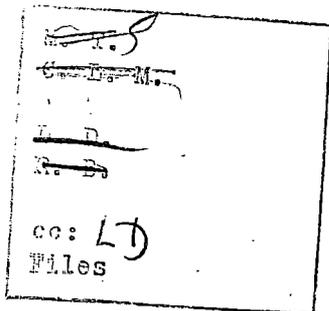
5  
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ITT World Communications Inc.  
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RECEIVED  
I.M.F.

1975 APR -3 PM 2:13

243072

CABLE  
ROOM



ATTENTION M.TOURE DIRECTEUR DEPARTEMENT AFRIQUE

ATTENTION M.MLADEK DIRECTEUR SERVICE DES BANQUES CENTRALES

EN RAISON PROGRAMME CHARGE MINISTRES DES FINANCES CONSEIL DES  
MINISTRES DE L U M O A ET CONSEIL D ADMINISTRATION DE LA  
B C E A O SE TIENDRONT LES 2 ET 3 MAI A DAKAR POUR EXAMEN ET  
APPROBATION REGLES D INTERVENTION ET REGLEMENTATION BANCAIRE -

GROUPE DE TRAVAIL DES EXPERTS SE REUNIRA DONC A PARIS DU  
21 AU 30 AVRIL

VOUS SERAIS RECONNAISSANT NOUS DONNER VOTRE ACCORD POUR QUE  
EXPERTS DINI TENCONI ET FRANCOIS PUISSENT PROLONGER SEJOUR A  
PARIS ET PARTICIPATION DINI ET TENCONI AUX REUNIONS DE DAKAR

SOUHAITERAIS TOUJOURS ARRIVEE M.TENCONI UNE SEMAINE PLUS TOT  
POUR REVOIR AVEC JURISITES ET EXPERTS BCEAO PROJET REGLEMENTATION  
BANCAIRE

HAUTE CONSIDERATION

LE GOUVERNEUR BCEAO FADIGA

PARIS LE 3 4 75

440040 FUND UI

ITT World Communications Inc.  
1709 L St. N.W. Washington D.C. Phone 296-6200



# Office Memorandum

<del>H. T.</del>
<del>C. L. M.</del>
<del>J. W.</del>
<del>L. D.</del>
<del>R. B.</del>
cc: CBS, ADM Files

cc ADM  
CBS

TO : Deputy Managing Director

DATE: March 24, 1975

FROM : Charles L. Merwin

*Cl. Merwin*

SUBJECT : Technical Assistance to the West African Monetary Union (WAMU)

In a letter dated March 1, 1975 to the Managing Director, Minister Garango, Chairman of the Ministerial Committee for the Reform of the WAMU, has requested the participation of Messrs. Dini, Tenconi, and François in the third and last meeting of the Working Group set up to prepare detailed regulations for the implementation of monetary and credit policy instruments of the BCEAO and the revision of the national banking legislation. We have now been informed that this meeting has been scheduled in Paris for the period April 21-25, 1975.

Messrs. Dini, Tenconi, and François have participated in the first two meetings of the Working Group in accordance with EBD/74/246 dated December 26, 1974, which provides authority also for their participation in the third meeting.

Messrs. Dini and François will carry out this assignment in conjunction with the consultation discussion with Morocco (March 31-April 16). We understand that Mr. Tenconi will likewise link the assignment in Paris with a technical assistance visit to the Yemen Arab Republic.

*OK - WFO*

440040 FUND UI

3

NR847

RECEIVED  
I.M.F.

1975 MAR 24 AM 8:51

242347

CABLE  
ROOM

ATTENTION M.TOURE, DIRECTEUR DEPARTMENT AFRIQUE.

-REFERENCE MON TELEX NR 767 DU 17 MARS 1975, PRESIDENT GARANGO A RE  
-TENU DATE DU 21 AVRIL POUR EXERCICE SIMULATION CONCERNANT DETERMINA-  
TION CONCOURS GLOBAL BANQUE CENTRALE SELON METHODE INDIQUEE DANS  
DOCUMENT EXPERTS SUR NOUVELLES REGLES INTERVENTION.

-VOUS SERIONS RECONNAISSANTS BIEN VOULOIR FAIRE PREPARER PAR VOS  
SERVICES COMME INDIQUE A M.DINI LORS DE SON DERNIER SEJOUR A PARIS  
NOTES DE SIMULATION POUR COTE D'IVOIRE ET EVENTUELLEMENT POUR  
SENEGAL ET NIGER.

- SOMMES A VOTRE ENTIERE DISPOSITION POUR TOUTES INFORMATIONS  
NECESSAIRES MAIS ANNEES ET OBJECTIFS POURRAIENT ETRE A VOTRE CHOIX.

HAUTE ET FRATERNELLE CONSIDERATION.

LE SECRETAIRE GENERAL.

DANIEL CABOU.

<del>M. I.</del>
<del>C. D. M.</del>
<del>S. W.</del>
<del>T. D.</del>
<del>R. B.</del>
cc: <i>Jen emi, Franon</i>
Files <i>SBCEAO</i>
<i>West Afr. Man. Union</i>

PARIS LE 24/3/75A 13030

✻

440040 FUND UI

V

1709 L St. N.W. Washington D.C. Phone 296-6200

ns inc. World Communications Inc. 1709 L St. N.W. Washington D.C. Phone 296-6200



# Office Memorandum

TO : Mr. Touré

DATE: March 17, 1975

FROM : L. Dini *LD*

SUBJECT : Technical Assistance to West African Monetary Union (WAMU) -  
Second Meeting, February 18-28, 1975

You will recall that in the period January 17-25, 1975 Messrs. Tenconi, François, and myself participated in Paris in the first meeting of the Working Group set up by Minister Garango, Chairman of the Ministerial Committee for the Reform of the WAMU, which led to the preparation of a pre-report on the monetary and credit policy instruments of the BCEAO and the revision of the national banking legislation.

The pre-report was examined in detail during a second meeting of the Working Group convened in Paris, February 18-28, 1975, in which Messrs. Tenconi, François, and myself participated. The meeting was also attended by the directors and other responsible officials of the BCEAO stationed in Paris and in each of the member countries. The working sessions of this enlarged Working Group were chaired either by Mr. Daniel Cabou, Permanent Secretary of the Committee for Reform and recently appointed Secretary General of the BCEAO, or by Mr. Alasanne Ouattara, Special Advisor to the Governor of the BCEAO. The opening and closing sessions as well as certain substantive meetings were chaired by Minister Garango and were attended by Governor Abdoulaye Fadiga.

In accordance with the task assigned to it, after a discussion of the pre-report, the enlarged Working Group agreed on the draft report setting out the general policy directives for the BCEAO and prepared two detailed draft documents containing the proposed new policy regulations for the BCEAO and the amendments to be made to the national banking legislations. As originally envisaged, these three documents, a copy of which is attached, are to be reviewed and finalized at a third and last meeting of the enlarged Working Group with the authorities of the member countries before they are presented to the Council of Ministers of the WAMU for approval.

In a letter dated March 1, 1975 to the Managing Director, Minister Garango has indicated that this third meeting will be convened in Paris in April and has requested the participation of the Fund staff as in the previous meetings. In a cable of March 17, 1975 Mr. Cabou has indicated that the dates of this meeting have now been set for the period April 21-25.

Attachment

M

0538 EDT\*

440040 FUND UI

BECEAO PARIS

RECEIVED  
I.M.F.

1975 MAR 17 AM 8:45

241861

CABLE  
ROOM

NR 767

<del>_____</del>
cc: Mr. Francois Files W.A.M.U.

ATTENTION M.TOURE, DIRECTOR AFRICAN DEPARTMENT

ATTENTION M.MLADEK, DIRECTOR CENTRAL BANKING SERVICE

PROCHAINE REUNION DU GROUPE DE TRAVAIL PREVUE POUR LA SEMAINE DU  
21 AU 25 AVRIL 1975

SOUHAITERIONS PARTICIPATION EXPERTS FMI (DINI, TENCONI, FRANCOIS,  
COMME INDIQUE DANS LETTRE NR 002060 DU 1 MARS ADRESSEE AU DIRECTEUR  
GENERAL DU FMI PAR PRESIDENT COMITE DE REFORME.

VOUS SERIONS RECONNAISSANT SI M.TENCONI POUVAIT ARRIVER UNE SEMAINE  
PLUS TOT POUR REVOIR AVEC JURISTES ET EXPERTS B.C.E.A.O. PROJET  
REGLEMENTATION BANCAIRE.

HAUTE CONSIDERATION.  
LE SECRETAIRE GENERAL  
DANIEL CABOU

PARIS LE 17/3/75A 10045

\*

440040 FUND UI

BECEAO PARIS

9

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Communications Inc. 1709 L St. N.W. Washington D.C. Phone 296-6200 ITT World Communication

M. T.  
~~C. M.~~  
~~J. W.~~  
~~V. D.~~  
~~R. B.~~  
cc: L.D. Francis  
Files

SEC-79,126  
Translated by J. Roumani  
Reviewed by R. Renfield  
384894

WEST AFRICAN MONETARY UNION

Paris, March 1, 1975

The Chairman

No. 002060

Mr. H. Johannes Witteveen  
Managing Director of the  
International Monetary Fund  
19th and H Streets, N.W.  
Washington, D.C. 20431

*per*  
ORIG: ^ AFR ✓  
CC: CBS

Dear Sir:

I am pleased to send you three copies of the enclosed document containing:

- (i) the general policy directives for the Central Bank of West African States
- (ii) the draft rules for intervention by the Central Bank
- (iii) the proposed amendments to the banking regulations.

This document has been prepared with the highly constructive and valuable assistance of the experts (Messrs. DINI, TENCONI, FRANÇOIS) whom you were kind enough to make available to the Committee of Ministers responsible for the Reform of the UMOA Institutions.

This document will be subject to very close study, until April 1975, by the Experts of the member countries of our Monetary Union.

In April, two important meetings will be held in Paris on dates of which I will inform you as soon as they are fixed.

These meetings will bring together experts of the member countries of the UMOA and those who drafted the document, in order to "finalize" it and report to the Ministers of Finance, who will then meet to draw up the definitive document on the basis of the report by the experts of UMOA countries.

Received in Correspondence Sec. MAR 14 1975  
Received from Translation Sec. MAR 18 1975

I should be very grateful if you would agree to make Messrs. DINI, TENCONI and FRANÇOIS available again to the Committee of Ministers for the working meetings in April 1975.

Very truly yours,

/s/

Tiémoko Marc GARANGO

Chairman, Committee of Ministers  
responsible for the Reform of UMOA Institutions

RECEIVED  
INTERNATIONAL  
MONETARY FUND  
MONÉTAIRE OUEST - AFRICAINE

1975 MAR 14 AM 11:16

COMMUNICATIONS  
DIVISION

Paris, le 1er Mars 1975

Le PRESIDENT

N° 002060

Monsieur le Directeur Général du F.M.I.,

J'ai l'honneur de vous faire parvenir 3 exemplaires du document ci-joint contenant :

- les directives de politique générale pour la Banque Centrale des Etats de l'Afrique de l'Ouest
- le projet de règles d'intervention de la Banque Centrale
- les propositions de modification à apporter à la réglementation bancaire.

Ce document a été mis au point grâce à la contribution très positive et très précieuse des Experts (DINI, TANCONI, FRANÇOIS) que vous avez eu la bonté de mettre à la disposition du Comité des Ministres chargé de la Réforme des Institutions de l'U.M.O.A.

Ce document va faire l'objet d'une étude très attentive des Experts des Etats membres de notre Union Monétaire jusqu'au mois d'Avril 1975.

En Avril, deux importantes réunions vont se tenir à Paris à des dates que je porterai à votre connaissance dès qu'elles seront arrêtées.

Ces réunions grouperont les Experts des Etats membres de l'U.M.O.A. et les rédacteurs de ce document pour le "finaliser" et faire rapport aux Ministres des Finances qui se réuniront ensuite pour arrêter le document définitif au vu du rapport établi par les Experts des Etats de l'U.M.O.A.

Je vous serais obligé, de bien vouloir accepter à nouveau de mettre à la disposition du Comité des Ministres, Messieurs DINI, TANCONI, FRANÇOIS, pour les réunions de travail du mois d'Avril 75.

Je vous prie d'agréer, Monsieur le Directeur Général, l'expression de ma haute considération et de ma profonde reconnaissance.



Monsieur H. Johannes WITTEVEEN  
Directeur Général du F.M.I.

WASHINGTON

Tiémoko Marc GARANGO  
Président du Comité des Ministres  
chargé de la Réforme des Institutions de l'UMOA



# Office Memorandum

155

*Handwritten initials and signature*

TO : Mr. Touré

DATE: January 30, 1975

FROM : L. Dini *Dini*

SUBJECT : Technical Assistance: West African Monetary Union (WAMU)

As you know, in the period January 17-25 Messrs. Tenconi, François, and myself participated in Paris in the first meeting of the Working Group set up by Minister Garango, Chairman of the Ministerial Committee for the Reform of the WAMU, for the implementation of the new statutory provisions governing the monetary and credit policy instruments of the BCEAO, and for the revision of the existing banking legislation. As shown in the enclosed report, the Working Group comprised, besides the Fund team, representatives of the Bank of France, the National Bank of Belgium, and two private commercial banks (the BNP and the BIAO) which operate in all the WAMU countries.

The task of the Working Group was defined by Minister Garango himself in a seven-page document containing detailed terms of reference and the request that the preliminary report of the Working Group be completed by the end of its first meeting in Paris. This was done and a copy of the pre-report is attached together with a copy of the terms of reference.

As it turned out, the Fund team played a major role in the actual drafting of the pre-report. However, its preparation followed detailed discussion of each of the subjects with all the members of the Working Group, and the pre-report represents without reservations the views of the entire Group.

The meetings of the Working Group were chaired by Mr. Cabou, Deputy Director General of the BCEAO and Permanent Secretary of the Committee for Reform of the WAMU, and were attended by Mr. Fadiga, Governor of the BCEAO. Minister Garango chaired both opening and closing meetings.

The pre-report is now to be examined by the directors and other responsible officials of the BCEAO stationed in Paris and in the member countries. It is to be discussed with these officials at a second meeting of the Working Group called by Minister Garango for the period February 18-28, 1975 in Paris. The purpose of this meeting will be to prepare the final report and the revised credit policy regulations of the BCEAO and the banking legislation, which Chairman Garango is to transmit to the Council of Ministers for the Reform of the WAMU for their approval.

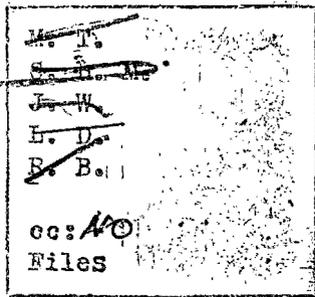
- Attachments: 1. Terms of Reference, Cte for Reform of WAMU  
Ouagadougou - 17 Jan. 1975
- Attachments (2)
- cc: Mr. Mladek 2. Pre-Report, Cte for Reform of WAMU  
Paris - 25 Jan. 1975

( 1. and 2. filed in International Organizations,  
West Africa)

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BECEAO PARIS

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ATTENTION M. TOURE

Orig: Mr. Toure  
cc: Mr. Mladek

ATTENTION M. MLADEK

PRIMO : PREMIERE REUNION GROUPE DE TRAVAIL TERMINEE  
AVEC REDACTION PRE RAPPORT CONCERNANT SUGGESTIONS DES  
EXPERTS EN REPONSE AUX OBJECTIFS DEFINIS PAR PRESIDENT  
COMITE DE REFORME STOP

SECUNDO DEUXIEME REUNION PREVUE DU 18 AU 28 FEVRIER  
POUR EXAMEN PRE-RAPPORT ET PROJETS REGLES D INTERVENTION  
ET REGLEMENTATION BANCAIRE STOP

TERTIO: PRIERE AUTORISER A NOUVEAU EXPERTS DINI-  
TENCONI ET FRANCOIS QUI ONT APPORTE AUX TRAVAUX DU GROUPE  
UNE CONTRIBUTION QUE J AI HAUTEMENT  
APPRECIEE, A ASSISTER A CETTE DEUXIEME REUNION.

HAUTE CONSIDERATION

TIEMOKO MARC GARANGO  
PRESIDENT DU COMITE DES MINISTRES  
CHARGE DE LA REFORME DES INSTITUTIONS  
DE L U M O A

1709 L St. N.W. W

ITT World Communications Inc.

1709 L St. N.W. Washington D.C. Phone 296-6200

ITT WORLD COMMUNICATIONS INC. 1709 L St. N.W. Was

Paris, le 15 mai 1975

3/84622 ✓

*Le Gouverneur*

3767

Monsieur le Directeur Général,

J'ai l'honneur de porter à votre connaissance que, sur proposition du Gouvernement de la Côte d'Ivoire, le Conseil des Ministres de l'Union Monétaire Ouest Africaine m'a nommé, au cours de sa séance du 15 décembre 1974 à Ouagadougou, Gouverneur de la Banque Centrale des Etats de l'Afrique de l'Ouest (B.C.E.A.O.). J'ai pris la direction effective de la B.C.E.A.O. après avoir prêté serment entre les mains du Ministre des Finances et de l'Economie de la République Togolaise, M. Edem KODJO, Président en exercice du Conseil des Ministres de l'Union monétaire, conformément aux dispositions des Statuts de la Banque centrale, le 10 février 1975 à Dakar.

Au cours des derniers mois, le Comité des Ministres chargé de la Réforme des Institutions de l'U.M.O.A. a procédé à des études tendant à adapter aux nouveaux statuts les règles d'intervention de la B.C.E.A.O. et la réglementation bancaire en vigueur dans les six Etats concernés avec l'éminente contribution du Fonds Monétaire International qui a bien voulu mettre à la disposition de son Président, M. Tiémoko M. GARANGO, Ministre des Finances de la République de Haute-Volta, trois experts de haute et exceptionnelle qualité.

Le Conseil des Ministres de l'Union Monétaire Ouest Africaine a donc adopté, le 2 mai dernier à Dakar, les directives sur la nouvelle politique monétaire et du crédit de la B.C.E.A.O. qu'il a transmises, pour application, au Conseil d'Administration de la Banque centrale, lequel s'est réuni le lendemain 3 mai sous ma présidence.

.../...

Son Excellence Dr H. Johannes WITTEVEEN  
Directeur Général du  
Fonds Monétaire International

WASHINGTON - D.C. 20431

RECEIVED  
INTERNATIONAL  
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1975 MAY 21 PM 5:12  
COMMUNICATIONS  
DIVISION

Dans le cadre de la mise en place de la nouvelle politique monétaire et du crédit, je viens solliciter, au nom des six Etats membres de l'Union Monétaire Ouest Africaine, l'assistance technique du Fonds Monétaire International à la Banque Centrale des Etats de l'Afrique de l'Ouest pour aussi bien son Siège social, provisoirement installé à Paris, que pour ses agences dans les différents Etats.

L'administrateur représentant les pays de la B.C.E.A.O. m'a informé qu'à l'occasion de l'établissement du Budget du F.M.I. pour l'exercice 1975/1976, il a demandé au Conseil d'Administration de tenir compte des besoins potentiels d'assistance technique de la B.C.E.A.O., tant au niveau du Siège que dans les agences nationales.

C'est donc dans cet esprit que je me propose, sous réserve de votre accord, de vous rendre visite à Washington vers la fin du mois de juin, accompagné de certains de mes collaborateurs, et de saisir cette occasion pour prendre contact avec vous-même et les autres autorités du F.M.I. et discuter des différents aspects de notre coopération future.

Cependant, je me permets de vous donner, d'ores et déjà, en annexe jointe à la présente lettre, quelques indications sur les besoins des six Etats de l'Union en cette matière.

Dans l'espoir de pouvoir vous rencontrer bientôt, je vous prie de croire, Monsieur le Directeur Général, à l'assurance de ma haute considération.



A. FADIGA.

c.c. : Son Excellence M. Antoine W. YAMEOGO  
Administrateur représentant les pays  
de la B.C.E.A.O. au F.M.I.

DEMANDE D'ASSISTANCE TECHNIQUE AU FONDS MONETAIRE

POUR LES ETATS MEMBRES DE L'U.M.O.A.

- Agence COTE D'IVOIRE : 2 Conseillers techniques dont l'un pour le Centre de Formation et l'autre auprès du Directeur National
- Agence NIGER : 1 Conseiller technique auprès du Directeur National
- Agence SENEGAL : 1 Conseiller technique auprès du Directeur National
- SIEGE (Paris) : 6 personnes, dont 3 Conseillers pour la Direction des Etudes, 1 Conseiller pour la Direction du Crédit et 2 Inspecteurs pour la Direction de l'Inspection

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Soit au total 10 personnes pour les six Etats membres de la Banque Centrale des Etats de l'Afrique de l'Ouest.

October 10, 1978

MEMORANDUM FOR FILES

Subject: Annual Meeting 1978, Washington, D.C.--Meeting with BCEAO Officials,  
Wednesday, September 27, 1978, 10:30 a.m., Sheraton Park

BCEAO representatives

Mr. Alassane Ouattara, Conseiller Spécial du  
Gouverneur  
Mr. Marcel Kodjo, Directeur du Crédit  
Mr. Patrice Kouamé, Directeur des Opérations  
Financières  
Mr. Kassoum Congo, Directeur National, BCEAO--  
Haute-Volta  
Mr. Ady Niang, Directeur National, BCEAO--  
Senegal  
Mr. Boukary Adji, Directeur National, BCEAO--  
Niger  
Mr. Guy Pognon, Directeur National, BCEAO--  
Benin  
Mr. Lamine Diabaté, Directeur National,  
BCEAO--Côte d'Ivoire  
Mr. K. Klousseh, Directeur National, BCEAO--Togo

Fund representatives

Mr. O. B. Makalou  
Mr. R. J. Bhatia  
Mr. G. B. Taplin  
Mr. R. O. Carstens  
Mr. R. F. Blin  
Mr. S. Kimaro  
Mr. R. Franks  
Mr. M. Fiator

In the absence of Governor Fadiga, who departed from Washington on Tuesday, September 26, Mr. Ouattara led the BCEAO delegation. He agreed with the agenda prepared by Mr. Taplin covering seven points: exchange commissions, counterpart of Fund drawings, forecasts for 1978, objectives for 1979, interest rate policy, review of mission schedules, and review of Fund technical assistance.

1. The BCEAO levies a single banking commission at a rate of 2.5 per mil on transfers to any country outside the West African Monetary Union (WAMU). Some transactions, in particular those made by the Treasuries, are exempted from this commission. Three fourths of the proceeds of this levy are ceded to the Treasuries. The BCEAO agreed to prepare a note on this subject for ETR.

2. According to a decision taken by the WAMU Council of Ministers, the local currency counterpart of drawings made under the Trust Fund or under the extended facility is made available to the Governments. Counterparts of the drawings made in February 1978 have been made available to all drawing countries while counterparts of the drawings made in July 1978 have been made available to only five countries out of six, because the sixth (Ivory Coast) has not yet signed the convention. In the monetary survey, Trust Fund drawings are reflected in foreign exchange holdings on the asset side and in liabilities to the Fund on the liability side. The statistical treatment is the same for all types of purchases from the Fund.

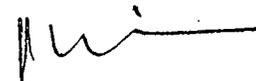
3. The current economic situation in most WAMU countries is less favorable than envisaged when the BCEAO established the credit programs for 1978. In particular, the external deficits in Togo and Senegal will be much larger than forecast. On the other hand, it now appears that Ivory Coast will achieve a payments surplus instead of the forecast deficit. The Ivorian surplus can be attributed to a better than expected export performance and to a slowdown in import growth which has resulted from a strict implementation of the financial program by the Ivorian authorities.

4. The current forecasts for 1978 show that BCEAO policies have already achieved a better balance between member countries' performance for growth and external payments. Accordingly, the targets for 1979 will be for the various member countries to achieve external balance. However, a deficit appears likely in the case of Ivory Coast and a surplus appears desirable in the case of Senegal. In this context, requests for Trust Fund assistance are unlikely to be made before the second half of 1979, with the exception of Senegal.

5. Since the reform of the BCEAO, a main objective of interest rate policies has been the slowing down of capital outflows. The BCEAO, by maintaining a close relationship between money market interest rates in France and in the WAMU, has succeeded in discouraging capital outflows and in encouraging capital inflows. At the same time, it has been possible to maintain the money market rate between the preferential discount rate and the normal discount rate. Presently, some thought is being given to changing the interest rate structure if the decline of the French money market rate continues. However, such a change would become necessary only if the French money market rate were to decline sufficiently to be in the neighborhood of the preferential rate. Answering a question raised by Mr. Bhatia, the BCEAO representatives said that in case of excess demand on the national money market, the national agency notifies headquarters which, in turn, cables back to the agency the amount of funds that will be available. After headquarter's reply, the agency is able to determine the amount of funds that will be provided through the money market and the amount that will be provided through the rediscount window.

6. Only one mission for use of Fund resources was foreseen at the moment, a mission to Senegal scheduled for October-November. The regular Article IV consultation discussions could be held in November with Niger, in December or January with Benin, in March-April with Ivory Coast, in May with Togo, and in July-August with Upper Volta.

7. The BCEAO representatives expressed their appreciation for the technical assistance extended by the Fund consisting of one advisor posted in Niger, of three advisors posted at headquarters, and of various stays of BCEAO staff at Fund headquarters. They also expressed their appreciation for IMF Institute training of BCEAO staff and wished that all applicants from the BCEAO could be admitted to Institute courses in view of the severe selection of applicants made by the BCEAO before forwarding applications to the Institute.



Régis F. Blin  
Senior Economist,  
Midwest African Division

Annual Meeting 1978

Country: West Africa

Delegate: Mr. Alassane Ouattara, Special Advisor to the Governor, Central Bank of West African States  
Mr. Patrik Kouame, Director of Financial Operations, Central Bank of West African States

Bureau Staff: Messrs. Dannemann, Gupta, Bouter, Billoud, Daumont and Raymond

Date: September 26, 1978

Mr. Dannemann commented briefly on the Bureau's plan to add two new general tables in the forthcoming October issue of *IFS* and drew attention to the recent publication of the second issue of the *Government Finance Statistics Yearbook* and the *Direction of Trade Annual*.

Mr. Ouattara inquired about the country composition of the *IFS* general tables since in his opinion several BCEAO members are qualified to be included in these tables. He also mentioned that he previously suggested showing West Africa instead of the individual member countries of the BCEAO in the *IFS* general tables. Mr. Dannemann explained how the general table set was developed and promised to consider further the point raised.

With regard to the staff's request for money and banking data on Benin, Mr. Ouattara indicated that updates will be available soon.

Mr. Ouattara also expressed his desire to send a few more of his staff members for training in the Bureau. He was asked to write to us separately on this point.

In discussing the submission of data called for in the government finance statistics questionnaire, Mr. Ouattara mentioned that BCEAO have tried very hard to get the Ministries of Finance to reply to the questionnaires and that more could not be done to help than what is presently being done. The staff expressed appreciation for BCEAO's cooperation and assistance. In reviewing the present situation on the government finance statistics work for the six countries, the Bureau mentioned it had not received replies from four countries (Benin, Ivory Coast, Niger, Senegal); received an incomplete reply from Togo and a reply from Upper Volta that the Bureau has reworked with the cooperation of Mr. Konan of the BCEAO. Mr. Ouattara thanked the Bureau for providing training for Mr. Konan and asked if it would be possible to provide the same kind of training for two other staff members of the BCEAO. Mr. Dannemann said that this may be possible within the next 12 months and asked that a written request be sent to the Bureau on this matter.

Mr. Levin mentioned that some missions were being scheduled and that we would inform them of this. He also raised the possibility of having, in the future, joint missions with the BCEAO on government finance statistics.

In discussing the currentness lag of data communicated to the Balance of Payments Division, Mr. Ouattara promised that they would try to reduce this lag from 21/24 months to 18/21 months for data concerning 1977 but he did not think it would be possible to improve the situation further, at least until a new system of compilation is put in force.

Asked about the possibility of sending provisional reports before approval by the countries Balance of Payments Committees, he reiterated that this was not possible except through Fund consultation missions and indicated that such provisional data could not be published by the Fund. Furthermore, these data are estimates that are not in a format appropriate for filling out the Bureau's report forms.

Regarding the implementation of a new compiling system, Mr. Ouattara said that it had been delayed but that they are going to take the matter up again very soon. No data for implementation was given.

Finally, it was agreed that the current treatment of foreign assets and liabilities of the only commercial bank in Benin should not be changed in spite of the institutional changes in the banking sector in 1975, i.e. they should not be entered under "Reserves and Related Items".

8-100

BCEAO

CC: MD  
DMD  
Mr. Yameogo  
TRE  
ETRD  
Mr. Hicks  
Mr. Bouter  
CES  
SEC  
ADM  
AFR

MAY 30 1975

Monsieur le Gouverneur,

Je viens de recevoir votre lettre en date du 15 mai 1975, m'annonçant votre nomination au poste de Gouverneur de la Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO). Je crois savoir que vous êtes le premier Gouverneur de cette Institution et aussi le premier Africain à avoir été investi de si hautes responsabilités à la BCEAO. Je voudrais saisir cette occasion pour vous présenter mes sincères félicitations et vous souhaiter plein succès dans vos nouvelles fonctions.

Dans la même lettre vous m'avez annoncé votre visite à Washington vers la fin du mois de juin pour y discuter des différents aspects de la coopération future entre la BCEAO et le FMI. A cet égard, je puis vous assurer que, comme par le passé, nous sommes prêts à examiner avec la plus grande attention et dans les limites de nos moyens, ceux de vos besoins d'assistance technique qu'il nous serait possible de satisfaire.

J'ai été heureux d'apprendre que vous avez accepté avec plaisir l'invitation à déjeuner que je vous ai fait transmettre.

En attendant le plaisir de vous accueillir à Washington, veuillez agréer, Monsieur le Gouverneur, l'assurance de ma considération distinguée.

Le Directeur général

H. Johannes Witteveen

Monsieur A. Fadiga  
Gouverneur de la Banque Centrale  
des Etats de l'Afrique de l'Ouest  
29, rue du Colisée  
75008 Paris, France

M. Touré:as  
5/29/75

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Translated by M. T. Iordanow  
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Orig: AFR  
cc: MD  
DMD  
Mr. Yameogo  
TRE  
ETR  
Mr. Hicks  
Mr. Bouter  
CBS  
SEC ADM

CENTRAL BANK OF WEST AFRICAN STATES

The Governor

Paris, May 15, 1975

His Excellency  
Dr. H. Johannes Witteveen  
Managing Director  
International Monetary Fund  
Washington, D.C., 20431

~~M. T.~~  
C. L. M.  
~~L. D.~~  
~~R. B.~~  
cc: MW, NA, WA  
Files

Sir:

I have the honor to inform you that, acting on a proposal by the Government of the Ivory Coast, the Council of Ministers of the West African Monetary Union appointed me Governor of the Central Bank of West African States (BCEAO) at its meeting of December 15, 1974 in Ouagadougou. I took office at BCEAO after having been sworn in, in accordance with the provisions of the Statutes of the Central Bank, by the Minister of Finance and Economy of the Togolese Republic Mr. Edem Kodjo, present President of the Council of Ministers of the Monetary Union, on February 10, 1975 in Dakar.

In recent months, the Committee of Ministers responsible for the Reform of the Institutions of the West African Monetary Union has been studying the manner in which the rules governing BCEAO's intervention and the banking regulations in force in the six countries can be adapted to the new Statutes. This work was undertaken with the valuable assistance of the International Monetary Fund which put three experts of the highest quality at the disposal of the Committee's Chairman Mr. Tiémoko M. Garango, Minister of Finance of the Republic of Upper Volta.

The Council of Ministers of the West African Monetary Union adopted, on May 2, 1975 in Dakar, guidelines for the new monetary and credit policy of BCEAO that were transmitted for implementation to the Board of Directors of the Central Bank, which met the next day, May 3, under my chairmanship.

Within the framework of the implementation of the new monetary and credit policy, I take leave to request, on behalf of the six Member States of the West African Monetary Union, that the International Monetary Fund give technical assistance to the Central Bank of West African States both at its Headquarters, temporarily located in Paris, and at its national agencies.

The Executive Director who represents the BCEAO countries has informed me that, when the IMF's budget for the 1975/76 fiscal year was prepared, he asked the Executive Board to take into account the potential technical assistance needs of BCEAO both at Headquarters and in the national agencies.

For this reason I intend, if you agree, to visit Washington towards the end of June accompanied by some members of my staff, to have the opportunity of contacting you and the high officials of the IMF and to discuss the various aspects of our future cooperation.

I would, however, like to give you as of now in the enclosed note, some idea of the technical assistance requirements of the six States of the Union.

I hope I will soon have the opportunity of meeting you.

Yours very truly,

/s/

A. Fadiga

cc: His Excellency Mr. Antoine W. Yaméogo  
Executive Director representing the BCEAO countries at IMF

Request to the International Monetary Fund for technical  
assistance to the Member States of the West African Monetary Union

Ivory Coast Agency:	2 Technical advisors, one for the Training Center, the other to the National Manager
Niger Agency:	1 technical advisor to the National Manager
Senegal Agency:	1 technical advisor to the National Manager
Headquarters (Paris):	6 persons, of whom: 3 advisors for the Research Department, 1 advisor for the Credit Department and two inspectors for the Inspection Department

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A total of 10 persons for the six Member States of the Central Bank of West African States.

CONVENTION ON EXECUTION BY THE CENTRAL BANK OF WEST AFRICAN STATES OF  
OPERATIONS RESULTING FROM THE PARTICIPATION OF THE MEMBER STATES OF THE  
WEST AFRICAN MONETARY UNION IN THE INTERNATIONAL MONETARY FUND

Article 1

The Central Bank of West African States (hereafter called the Central Bank) shall serve as fiscal agent for the member States of the West African Monetary Union vis-à-vis the International Monetary Fund (hereafter called the Fund), for the purposes of Article V, section 1, of the Fund's Articles of Agreement.

The Central Bank shall also be the Fund's depository for francs of the African Financial Community (CFAF) pursuant to Article XIII, Section 2, of the Fund's Articles of Agreement.

Article 2

The Central Bank shall take part in all consultations and negotiations between a member State of the Union and the Fund.

Article 3

Communications to the Fund concerning the definition of par value and procedures for establishing the rates of conversion or quotation on the exchange market of the Union's common monetary unit shall be sent on behalf of all member States of the Union by the President of the Council of Ministers on the advice of the Governor of the Central Bank.

Article 4

When the statement of issue of money and of its counterparts drawn up pursuant to Articles 19 and 20 of the Treaty Establishing the West African Monetary Union reveals the insufficiency or absence of liquid external assets in the possession of a State, the Governor of the Central Bank may request of

the Minister of Finance of that State that he have recourse to the financing facilities offered by the Fund; such recourse shall be sought promptly.

#### Article 5

The Central Bank, acting on behalf of the member States after consultation with the Minister of Finance of the State or States concerned:

shall conduct all operations and transactions with the Fund;

shall make such payments in gold, special drawing rights, foreign currencies, or currency of its own issue as required by the obligations assumed by the member States through their membership in the Fund;

shall, if the state of the official holdings of a member State so requires, and after obtaining the Fund's agreement under the conditions specified in Article 4 above, make drawing upon the Fund, surrender special drawing rights held by it on behalf of the member State concerned, or mobilize such aid as might be granted by the Fund.

The Central Bank shall inform the Minister of Finance of the State concerned of any transactions conducted by it with the Fund.

#### Article 6

The charges, miscellaneous fees, cost to the Central Bank of paying or collecting interest, and exchange differentials incurred in operations pursuant to this convention shall be borne by the Central Bank.

#### Article 7

As a consequence of the joint assumption of costs provided for in Articles 5 and 6 above, and in order to assure that the Monetary Union as a whole will benefit from the assistance obtained from the Fund, each State expressly agrees not to request, for itself:

either that any assistance provided by the Fund be paid directly to it,

or that the CFAF equivalent of foreign currencies placed in its behalf at the disposal of the Central Bank by the Fund be paid to it.

#### Article 8

All operations conducted with the Fund shall be recorded, according to their nature, in the centralized accounts of the Central Bank. In addition, each national Agency shall record in memoranda accounts the operations conducted on behalf of the State on whose territory it is located. In order that the Fund's accounts and those of the Central Bank may be reconciled, these operations shall be recorded both in SDR and in CFAF.

#### Article 9

In case a member State of the Monetary Union, in agreement with the other member States, should not maintain its membership in the Fund, or in case the Fund should be abolished, the Central Bank would assume responsibility for making or receiving all payments required to balance the position of the member State concerned in the Fund's accounts.

#### Article 10

In case a member State should decide to create a currency of its own and a national bank of issue /and should withdraw from the West African Monetary Union, the Central Bank would be released by that act from all obligations under this Convention.

Operations entered in the Central Bank's accounts under this Convention (gold quota, SDR holdings, <sup>and</sup> /payments of CFAF to the Fund on the assets side, and allocated SDRs and Fund holdings of CFAF on the liabilities side) would be assets and liabilities which the Central Bank would be required to transfer to the new bank of issue in accordance with the agreements on transfer of issue, and would therefore be incorporated in the balance sheet drawn up on the date of transfer.

Article 11

The provisions of this Convention which replaces the Convention of December 4, 1969, shall be deemed to enter into effect on October 1, 1974.

To this end, member States which, prior to this date, receive Fund assistance which, under Article 7 above, they are required to surrender, shall settle their position vis-à-vis the Central Bank and shall make any appropriate payments.

The Central Bank, for its part, shall assume responsibility for interest and charges paid prior to this date by the use of SDRs and for exchange differentials previously incurred.

Paris, September 5, 1975

For the Ivory Coast

/s/

For the Republic of Dahomey

/s/

For the Republic of Upper Volta

/s/

For the Republic of Niger

/s/

For the Republic of Senegal

/s/

For the Republic of Togo

/s/

For the Central Bank of West African States

/s/



# Office Memorandum

*Office Memorandum*  
*Mr. Callings*  
*FOR 8-200*  
*APV JW*  
*AP-AP*

TO : Immediate Office and Division Chiefs  
FROM : Grant B. Taplin *G.B.T.*  
SUBJECT : Reform of the West African Monetary Union

DATE: May 30, 1975

*Seen [Signature]*  
*6/13*

*→ D File - CFA prom/over*

Attached, for your information, is a note prepared by Mr. Briffaux summarizing the reform of the West African Monetary Union.

A version of this note will be prepared for a wider audience and will appear either as part of a country report of one of the UMOA countries or in some other form, provided that the BCEAO raise no objections.

cc: Mr. Dini

Reform of the West African Monetary Union<sup>1/</sup>

The West African Monetary Union (UMOA) has recently been restructured and strengthened to provide the member countries with central banking operations that are more responsive to their needs for economic development, integration, and Africanization. There are major changes in the institutional structure and in central bank operations. The institutional system has been decentralized to provide more flexibility in the application of the monetary policy at the national level. The Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO), which is to be moved from Paris to Dakar, will continue to issue the common currency, but has been supplied with new policy instruments and new intervention rules; it can also provide extended credit facilities to the member governments. The changes in the UMOA system have been introduced by a set of new statutory documents, and subsequent decisions taken by the new UMOA bodies. The statutory documents, which the Conference of UMOA's Heads of State put into force on October 11, 1974 comprise (1) a treaty between the UMOA countries including statutes for the BCEAO, which provides the legal basis for UMOA's institutions; (2) agreements with France governing cooperation and the operations account, which lay down the principles for diversifying BCEAO foreign reserves through nonfranc currency holdings, and for an exchange guarantee<sup>2/</sup> by France to cover the BCEAO deposits in the operations account; and (3) an agreement and statutes for establishing the West African Development Bank (BOAD).

On the basis of the treaty, administrative power has been reallocated among the Conference of the Heads of State and the Council of Ministers, which are the highest political bodies and take their decisions at unanimity; the Governor and the Board of Directors of the BCEAO, which manage the central banking operations; and the National Credit Committees, which decide on the national priorities to be

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<sup>1/</sup> The West African Monetary Union--Union Monétaire Ouest Africaine (UMOA)--comprises Dahomey, Ivory Coast, Niger, Senegal, Togo, and Upper Volta.

<sup>2/</sup> The exchange guarantee is provided on a SDR basis.

pursued through central banking operations. The Conference of the Heads of State meets at least once a year, and decides on matters related to membership in the Union and on all matters remaining unresolved from the next lower level of authority, the Council of Ministers. The Council of Ministers comprises two ministers for each member country, one of whom is the Minister of Finance, and is responsible for the formulation of the broad outline of monetary policy and overseeing the coordination of banking legislations among the member countries. The Governor of the BCEAO is appointed for a six-year term by the Council of Ministers and is chairman of the Board of Directors of the BCEAO. The Board is composed of two representatives for each member country and for France; they are appointed by the national governments. For most central banking operations, Board decisions are taken on the basis of the single majority. For determining general credit conditions, rediscounting of long-term public loans and acquiring participations in the equity capital of UMOA development institutions, a majority of 6/7 of the votes is necessary. However, when BCEAO foreign reserves have averaged less than 20 per cent of the Central Bank's sight liabilities for more than three consecutive months, unanimity is required for decisions concerning long-term rediscounting and for taking up participations in equity capital. In each member country, there is a National Credit Committee, with the Minister of Finance as chairman. Under the new system, the Committee proposes the amount of total central bank credit that seems economically justified for the coming 12-month period to BCEAO Board of Directors; the Board decides on a ceiling on the basis of economic considerations for the country as well as for UMOA as a whole. Also, the Committee will determine the policy to be implemented by the local branch of the Central Bank in allocating credit.

A set of new directives for central banking operations in the UMOA was adopted by the Council of Ministers on May 2, 1975 in Dakar. In accordance with the directives, the Board of Directors of the BCEAO decided on a major revision of monetary and credit policy and adopted a new set of intervention rules at its Dakar meeting the following day. The directives and their implementation were the outcome of proposals developed by a working group chaired by Mr. T. M. Garango, Minister of Finance of Upper Volta, and are designed to adjust central banking operations to the economic conditions that evolved in the UMOA during the 1970s, and to respond to the policy objective underlying the UMOA statutory documents.

Central banking operations in UMOA have so far been based largely on rediscounts at relatively low interest rates. However, in the 1970s, as the deposit money banks received larger deposit resources, their dependence on central bank rediscounts decreased considerably and it appeared that additional policy instruments were needed to control credit expansion. In the year ending September 1974, the sharp rise in the public and private deposits, resulting in part from the balance of payments surplus of the UMOA as a whole, enabled the deposit money banks to foster a large credit expansion with their own resources: half of the short-term credit expansion was in the nonrediscountable credit and, in several member countries, there was almost no actual use of the rediscount facilities. Moreover, the low interest rates and the absence of a regional monetary market in the UMOA resulted in a situation where banks in a member country were using rediscount facilities to supplement their resources, while other banks in the same or in the other member countries were increasing their external deposits. Part of the credit upswing was explainable by the rising demand from UMOA branches of foreign enterprises which faced tightening

money markets abroad, especially in France. Because of the lower level of UMOA interest rates, foreign enterprises found it profitable to keep liquid funds abroad and to borrow from UMOA banking system through their local branches.

To keep the monetary developments under control, the directives issued by the Council of Ministers provide the Central Bank with new technical means designed (1) to adjust total liquidity on the basis of economic trends, the monetary and foreign reserve position of each member country and of the UMOA as a whole, and the needs of economic development; (2) to facilitate the financing of the economic sectors that are given priority in the national development objectives, while increasing the role of nationals in the management of the economic activities; and (3) to ensure a better utilization within the UMOA of the financial resources of the member countries.

To control total liquidity, the Central Bank will fix global ceilings for its credit facilities and, eventually, will impose reserve ratios on the banks. The ceilings will be determined by the BCEAO Board of Directors for each member country, on the basis of the proposals submitted by the National Credit Committee, the developments in the main economic aggregates, and the level of BCEAO foreign reserves position. The directives emphasize that the accumulation of foreign reserves is not among UMOA's objectives since solidarity within the Union allows a member country to maintain a lower level of foreign reserves than if it had not been a member. Deposit money banks will not be authorized to maintain foreign reserves in excess of their need for working balances and it is recommended that foreign assets of the public sector be centralized in the Central Bank. Furthermore, it is expected that the new interest rate policy to be implemented will result in repatriation of private deposits from abroad. Central bank credit for crop-marketing extended to governments or government-controlled marketing enterprises,

will not be included in the credit ceiling, because those credit needs are largely unforeseeable and are self-liquidating in a very short period of time. Within the ceiling, credit to the small local enterprises (credit lower than CFAF 20 million) will be granted priority. Should the total credit extended by the banking system exceed what the Central Bank finds a safe limit, the Central Bank may require the banks to deposit an amount proportional to their deposit liabilities or to their credits with itself. The ratio would be determined for each country individually. Interest may be paid by the Central Bank on these deposits.

In each member country, the National Credit Committee is to allocate the ceiling granted by the Board among the banks, the Treasury (customs duty bills), and the Government. On the basis of the Article 16 of the new BCEAO statutes, a member government is entitled to a BCEAO credit line equivalent to 20 per cent of its tax receipts during the preceding budgetary year. However, utilization of this credit line reduces the credit available to the banks. Furthermore, the 20 per cent ceiling has a wide coverage including all BCEAO direct advances to the Government, holdings of Treasury bills, creditor balances with the Postal Checking System, and any kind of credit extended to the Government by the deposit money banks or the other financial institutions that utilize central bank credit facilities. If the credit extended by the Central Bank to those institutions is lower than their credit to the Government, the amount of central bank credit only may be considered for inclusion in the 20 per cent line. On the basis of its new statutes, the BCEAO is permitted to extend longer term investment credits, such as medium-term credit to the indigenous enterprises and long-term public bonds up to ten years. The public bonds are to be included in the 20 per cent credit line. The BCEAO can also acquire participation in the equity capital of the BOAD and other common development institutions.

The distribution of bank credit can be subject to control on the basis of priority lists by economic sectors elaborated by the National Credit Committees. The Committees may impose minimal sectoral ratios on the total credit extended by the banks of a member country, individual banks being allowed to specialize in the credit to a particular sector. The Committees may also impose minimal ratios for the credit to be extended to the enterprises run by nationals of the member countries. The local branches of the Central Bank will be responsible for the implementation of the directives imposed by the Committees. Moreover, a limit can be imposed on the total credit that a single enterprise can be extended in a particular member country without prior authorization. While this limit would be fixed by the National Credit Committee, the local BCEAO branch would be responsible for giving authorizations on a case-by-case basis for credits in excess of the limit. Selective criteria can be applied for credit to foreign enterprises.

To achieve a better use of local financial resources within the monetary union, the BCEAO will fix its interest rates in relation to the interest rates prevailing abroad, mainly in France. Since the basic BCEAO rate will follow the trend in the foreign interest rates, the entire structure of creditor and debtor rates applied by the banks will also be related to the trends prevailing in the foreign money market. This should encourage the repatriation of funds by the enterprises having excess liquidity invested abroad, and bank deposits should increase accordingly. In turn, the banks, which will no longer be allowed to maintain more than working balances abroad, will place their excess liquid resources in sight deposits with the Central Bank. The Central Bank, which will pay a call-money market interest rates on those deposits, will thus be enabled to operate a regional call-money market within the UMOA. However, to mitigate the effect of the increase in the interest rates on the capital cost in the

UMOA, a preferential rate will be charged on loans to government entities and government-controlled crop marketing agencies, and on small credits (up to CFAF 20 million) to local enterprises. To the extent that governments provide subsidies, a preferential rate can be applied also to national enterprises borrowing amounts larger than CFAF 20 million.

Uniform banking regulations are being adopted by the member governments. To protect depositors against unsound banking practices, a cash ratio (coefficient de trésorerie) and a risk exposure ratio (coefficient de division des risques) will be imposed on the banks. The former will be the ratio of short-term assets to liabilities, and is different from the liquidity ratio used for various policy objectives in the old system. The risk exposure ratio will limit the amount of total unguaranteed credit that a bank can extend to a single borrower related to the bank's net worth.

M.T.	
<del>C.I.M.</del>	
L.D.	
<del>R.B.</del>	
cc:	
File:	

CONFIDENTIAL

July 2, 1975

MEMORANDUM FOR FILES

Subject: Meeting with Mr. Fadiga, Governor of BCEAO, on June 30, 1975

Following the luncheon with the Managing Director--which was attended by Messrs. Dale, Polak, Familton, Tenconi, and myself--the Governor together with his two assistants (Messrs. Ouattara and Kouame) and Mr. Yaméogo met with Messrs. Tenconi, Bhatia, and myself to review in more detail the BCEAO requests for Fund technical assistance which had been discussed at some length during the luncheon with the Managing Director.

Aside from reiterating his request for a total of 10 experts (to serve at the BCEAO headquarters and in certain branches of BCEAO) presented in a letter to the Managing Director dated May 15, 1975, the Governor requested that the Fund:

(1) envisages periodic staff missions to the BCEAO headquarters to review monetary and credit policies in the light of developments and the progress made in the implementation of the reform;

(2) accepts a larger number of BCEAO staff members as participants in the IMF Institute courses; and

(3) accepts BCEAO staff members as special trainees in different Departments of the Fund.

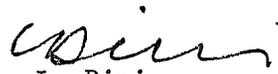
In reply to the Governor I said that periodic staff missions to the BCEAO can be envisaged, although each and everyone of them will probably require Executive Board approval having the nature of staff technical assistance. Regarding increased BCEAO participation in the IMF Institute courses, the Managing Director had indicated during the luncheon that Mr. Dale will be in touch with Mr. Teyssier concerning this matter. The possibility existed for accepting special trainees as there were precedents in this area. However, the Fund capacity to absorb such trainees in various departments was limited and the matter should be considered on an ad hoc basis.

In respect to the requests contained in his letter of May 15, the Governor said that two expert positions out of the six requested for the BCEAO headquarters should be filled by IMF staff members and that one of these two should preferably be filled by one of the three staff members who participated in the work on the reform of monetary and credit policies of the BCEAO earlier this year in Paris. I told the Governor that there were going to be difficulties with this particular request. I explained the few precedents (e.g., Messrs. Kroc, Zassenhaus, Reichardt) in this area and their very special nature, and indicated that no promise could be made in this respect. The Governor pointed out that the Managing Director had not replied negatively when confronted with this request. I agreed he had been noncommittal.

The discussion then turned to the other experts requested in the Governor's letter of May 15. Mr. Tenconi said that it would not be possible to recruit such a large number of experts in a short time and asked the Governor what was the order of priorities to be followed in filling these positions. The Governor and Mr. Ouattara said that the most urgent request was for an expert for the research department of BCEAO in Abidjan, who could also deal with training of local staff; second priority was for an expert (mainly for research) for the BCEAO in Niamey, and the third priority was for three experts for the headquarters of the Bank. Of these three experts one would be for the research department, one for bank inspection and supervision, and one for dealing mainly with foreign exchange operations in the Department of Financial Operations.

Mr. Tenconi indicated that contacts had already been made with the National Bank of Belgium to obtain release of Mr. Desseart (who had participated in the Paris work on the reform of the monetary and credit policies of BCEAO) to serve in Abidjan. Mr. Tenconi then presented the names of several other possible candidates (including Mr. Heng Kim Y, who had served under CBS in Rwanda and is now an Alternate Executive Director in the IBRD) for the posts in Niger and Paris. It was further indicated that by the time of the Annual Meeting we will be able to know whether certain other suitable experts now serving in other countries would be available for new assignments. It was agreed that Mr. Ouattara will be in touch with Mr. Tenconi and myself to discuss these matters further prior to his departure from Washington on July 4.

Asked whether he had any difficulties to our issuing a short paper on the structure of the new monetary credit policy instruments of the BCEAO, Governor Fadiga said that we should refrain from issuing any such paper until the beginning of 1976 when he expects that the reform measures will be fully implemented. The BCEAO itself had not given any publicity to the material contained in the document presented to the Council of Ministers of the Monetary Union in Dakar in early May.

  
L. Dini

cc: Mr. Tenconi

391039  
4 JUIL. 1975  
K

005190

- UNION MONETAIRE OUEST AFRICAINE -

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Monsieur le Directeur,

Au nom du Conseil des Ministres des Finances chargé de la Réforme des Institutions de l'Union Monétaire Ouest Africaine, et en mon nom personnel j'ai l'honneur de vous présenter mes sincères remerciements pour l'importante contribution de MM. DINI et FRANCOIS aux travaux d'élaboration des directives de la nouvelle politique de la monnaie et du crédit de l'Union Monétaire Ouest Africaine, des nouvelles règles d'intervention de la Banque Centrale des Etats de l'Afrique de l'Ouest et de la nouvelle réglementation bancaire applicable dans les Etats de l'Union Monétaire Ouest Africaine.

Le Conseil des Ministres de l'Union Monétaire Ouest Africaine et le Conseil d'administration de la Banque Centrale des Etats de l'Afrique de l'Ouest qui ont siégé à DAKAR les 2 et 3 mai 1975 ont souligné l'excellente qualité du dossier présenté et ont adopté sans aucune modification le document mis au point par les experts. Ils ont adressé à tous les experts leurs très chaleureuses félicitations pour cet important travail.

Monsieur le Directeur, grâce à la contribution active et efficace de MM. DINI et FRANCOIS au sein de la Commission des Experts, l'Union Monétaire Ouest Africaine possède désormais des instruments lui permettant de définir et de conduire une politique monétaire active et susceptible d'être modulée en fonction des besoins de développement de nos Etats, des circonstances et de la conjoncture.

Monsieur le Directeur  
du département "AFRIQUE"  
du Fonds Monétaire International

../..

- WASHINGTON -

Je vous prie de bien vouloir trouver ci-joint deux exemplaires de cet important document contenant les directives de politique générale de la monnaie et du crédit, les nouvelles règles d'intervention de la Banque Centrale des Etats de l'Afrique de l'Ouest et le projet de loi portant réglementation bancaire.

Veillez agréer, Monsieur le Directeur, l'assurance de ma haute considération.

A large, stylized handwritten signature in black ink, appearing to read 'Garango', is written over a horizontal line. The signature is composed of several sweeping, connected strokes.

T.M. GARANGO

Président du Comité des Ministres  
chargé de la Réforme des Institutions  
de l'Union Monétaire Ouest Africaine



391039  
1. JUIL. 1975

- UNION MONETAIRE OUEST AFRICAINE -

005056

Monsieur le Directeur Général,

Au nom du Conseil des Ministres des Finances chargé de la Réforme des Institutions de l'Union Monétaire Ouest-Africaine, et en mon nom personnel j'ai l'honneur de vous présenter mes sincères remerciements pour l'importante contribution de MM. DINI, TENCONI et FRANCOIS aux travaux d'élaboration des directives de la nouvelle politique de la monnaie et du crédit de l'Union Monétaire Ouest Africaine, des nouvelles règles d'intervention de la Banque Centrale des Etats de l'Afrique de l'Ouest et de la nouvelle réglementation bancaire applicable dans les Etats de l'Union Monétaire Ouest Africaine.

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Monsieur le Directeur, grâce à la contribution active et efficace de MM. DINI, TENCONI et FRANCOIS au sein de la Commission des Experts, l'Union Monétaire Ouest Africaine possède désormais des instruments lui permettant de définir et de conduire une politique monétaire active et susceptible d'être modulée en fonction des besoins de développement de nos Etats, des circonstances et de la conjoncture.

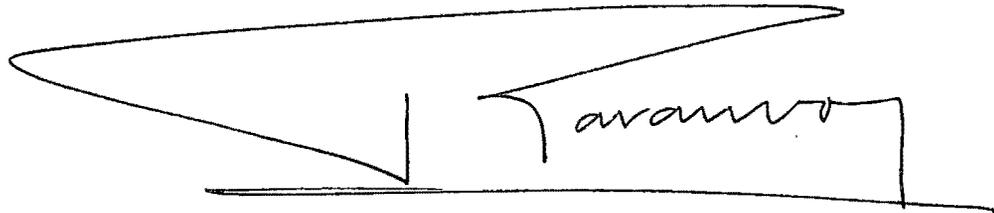
Monsieur le Directeur Général  
du FONDS MONETAIRE INTERNATIONAL  
à WASHINGTON -

../..

RECEIVED  
INTERNATIONAL  
MONETARY FUND  
1975 JUL 28 PM 12:01  
COMMUNICATIONS  
DIVISION

Je vous prie de bien vouloir trouver ci-joint deux exemplaires de cet important document contenant les directives de politique générale de la monnaie et du crédit, les nouvelles règles d'intervention de la Banque Centrale des Etats de l'Afrique de l'Ouest et le projet de loi portant réglementation bancaire.

Veillez agréer, Monsieur le Directeur Général, l'assurance de ma haute considération.

A large, stylized handwritten signature in black ink, appearing to read 'Garango', is written over a horizontal line. The signature is enclosed within a rectangular box that is open on the right side.

T.M. GARANGO

Président du Comité des Ministres  
chargé de la Réforme des Institutions  
de l'Union Monétaire Ouest Africaine

Mr. Gupta  
Mr. Fawzi

June 21, 1976

Grant B. Taplin

Monetary Data for the West African Monetary Union

In light of the discussions held last week with Dr. Ouattara, Director of Research of the BCEAO, I would like to withdraw my request contained in my memoranda of December 16, 1975 and May 11, 1976 concerning more detailed data on commercial banks and development banks in the member countries of the West African Monetary Union.

Many thanks for your assistance to date on this question.

cc. Mr. Keyes

~~RB~~ INTERNATIONAL MONETARY FUND

~~CLM~~

11/26

I spoke to Mrs  
Watkins on this  
matter. She  
said that the  
BLEAD was  
already fiscal  
agent and  
depository for  
all six BLEAD  
countries and  
therefore the TRE  
Dept feels that  
a reply to the  
Governor's letter  
dated Oct. 1954 is not  
warranted on their part. Will

INTERNATIONAL MONETARY FUND

11/28

LD

Mr. Towse asked me  
to take action on this.  
But, I do not think  
we have any comments  
to offer. Accordingly,  
shall we merely take  
note of it and write to  
the Governor mentioning him  
for the copy?

Rattan J. Bhatia

RJB

M.T.
C.L.M.
I.D.
R.B.
cc: MW, WA
File:

SEC-82,323  
 Translated by R. Renfield  
 396571

ORIG: AFR  
 CC: MD  
 DMD  
 MR. YAMEOGO  
 LEG  
 ETR  
 CBS  
 SEC

CENTRAL BANK OF WEST AFRICAN STATES

October 9, 1975

The Governor

007444

Mr. Mamadou TOURE  
 Director, African Department  
 International Monetary Fund  
 Washington, D.C. 20431  
 U.S.A.

cc: TOURE  
 done 11/5/75

Dear Sir:

As you were informed at the time, the Central Bank of West African States has been acting as fiscal agent for the member States of the West African Monetary Union vis-à-vis the International Monetary Fund since December 4, 1969 on the basis of a Convention concluded with each of them on that date.

of the Monetary Union has  
 The Council of Ministers/deemed it necessary to revise the existing arrangements; this has/accomplished by means of a new Convention, approved by all the States, on September 5, 1975.

I enclose a copy of the new Convention.

As you did with the earlier Convention, I should very much appreciate your circulating the new text to your staff for its information and advising me of any staff comments.

Thank you in advance for your assistance.

Very truly and fraternally yours,

/s/

A. FADIGA

Received in Correspondence Sec. OCT 17 1975  
 Received from Translation Sec. OCT 21 1975

BANQUE CENTRALE  
DES ETATS DE L'AFRIQUE DE L'OUEST

RECEIVED  
INTERNATIONAL  
MONETARY FUND

1975 OCT 17 PM 1:46

*Le Gouverneur* COMMUNICATIONS  
DIVISION

396571  
9 OCT. 1975

007444

Monsieur le Directeur,

Ainsi que vous en avez été informé en son temps, la Banque Centrale des Etats de l'Afrique de l'Ouest assume, depuis le 4 décembre 1969, les fonctions d'agent financier des Etats membres de l'Union Monétaire Ouest Africaine auprès du Fonds Monétaire International, en vertu d'une Convention conclue avec chacun d'eux à la date visée ci-dessus.

Il est apparu nécessaire au Conseil des Ministres de l'Union Monétaire de réviser les dispositions en vigueur qui ont été modifiées par une nouvelle Convention, approuvée par tous les Etats, le 5 septembre 1975.

Je vous fais parvenir, ci-joint, un exemplaire de la nouvelle Convention.

Comme vous l'avez fait pour la Convention précédente, je vous serais très obligé de bien vouloir communiquer le nouveau texte, pour avis, aux services compétents du Fonds et me faire part de leurs observations éventuelles.

D'avance, je vous remercie et vous prie d'agréer, Monsieur le Directeur, l'expression de mes sentiments distingués.

*af amato*

A. FADIGA

Monsieur Mamadou TOURE  
Directeur du Département Afrique  
Fonds Monétaire International  
WASHINGTON - D.C. 20431  
(U.S.A.)

M. T.
<del>C. H. M.</del>
J. W.
<del>L. D.</del>
<del>R. B.</del>
cc:
Files

December 24, 1974

Deputy Managing Director

Charles L. Merwin

Technical Assistance to the BCEAO

With reference to the attached memorandum and your own recent meeting with Mr. Ouattara, in agreement with Mr. Mladek I recommend that the assistance to BCEAO requested in a letter of November 15 to Mr. Witteveen be provided by a staff team consisting of Messrs. Dini (head) and François of the African Department and Mr. Tenconi of the Central Banking Service. If you agree, a draft cable to Minister Garango for your signature and a draft paper to the Executive Board are attached for your clearance.

Attachments

cc: - CBS  
- ADM

LD: fo

DRAFT

To: Members of the Executive Board  
From: The Secretary  
Subject: West African Monetary Union - Fund Cooperation Technical Assistance

The Chairman of the Ministerial Committee for the reform of the monetary institutions of the West African Monetary Union has requested the participation of the Fund staff in a Working Group set up to prepare detailed regulations for the implementation of the new statutory provisions governing monetary and credit policy instruments of the West African Central Bank and for the revision of the existing commercial banking legislation in the six member countries of the Monetary Union--namely, Chad, Dahomey, Ivory Coast, Niger, Senegal, and Upper Volta.

The Working Group is to meet in Paris for approximately two days in early January 1975 to decide on the program and orientation of the work and again for a few days in February to discuss the substantive provisions of the regulations, and in March to review and complete the draft regulations.

It is proposed that Messrs. Dini and François of the African Department and Mr. Tenconi of the Central Banking Service be assigned to participate in the meetings of the Working Group and to provide the assistance specified above.

It is not proposed to bring this proposal to the Agenda of the Executive Board for discussion unless an Executive Director so requests by the close of business on [Tuesday, December 31, 1974]. In the absence of such a request this proposal will be deemed approved by the Executive Board and a decision to that effect will be recorded in the minutes of the next meeting thereafter.

Other Distribution:  
Department Heads

TELEX

S.E. Monsieur Tiéoko Marc GARANGO  
Président Comité Ministres Finances  
Chargé Réforme Union Monétaire Ouest Africaine  
BECEAO 27081  
Paris

Référence votre lettre 15 novembre et récente visite  
Monsieur Quattara honneur vous informer que sous réserve  
approbation Conseil Administration sommes disposés répondre  
favorablement à votre demande en désignant MM. Dini, Tenconi  
et François pour participer travaux Groupe de Travail  
mentionné dans votre lettre. Haute considération.

Dale  
Interfund

LDini:as  
African  
December 24, 1974

TRANSLATION

12/24/74

S.E. Monsieur Tiémoko Marc GARANGO  
Président Comité Ministres Finances  
chargé Réforme Union Monétaire Ouest Africaine  
BECEAO 27081  
Paris

Reference you letter November 15 and Mr. Ouattara's recent visit honor to inform you that subject to approval of Executive Board we are prepared to respond favorably your request by designating Messrs. Dini, Tenconi, and François to participate in working group mentioned in your letter. Best regards.

Dale  
Interfund



# Office Memorandum

M. T.  
C. M.  
J. N.  
L. D.  
R. B.  
cc: Adm.  
Files  
DATE: December 13, 1974

TO : Acting Managing Director  
FROM : M. Touré  
SUBJECT : Request for Technical Assistance for the Central Bank of West Africa

Mr. Ouattara, former economist in this Department and now Deputy Manager of the Research Department of the Central Bank of West Africa, came to see me to request the Fund's technical assistance in completing the reform of the monetary institutions of the West African Monetary Union. Mr. Tenconi of CBS attended the meeting.

Mr. Ouattara brought the attached copy of a letter sent on November 15, to Mr. Witteveen by Mr. Garango, Minister of Finance of Upper Volta and Chairman of the Committee for the Reform of the monetary institutions of the West African Monetary Union. Apparently, the letter as well as the accompanying documents have been delayed or gone astray because of the recent postal strike in France.

The Committee, chaired by Mr. Garango, was instrumental in preparing the reform of the West African Monetary Union. This reform should now be completed by the drafting of detailed regulations to implement the legal provisions, which are of a very general nature, regarding the use of monetary and credit policy instruments by the Central Bank and the corresponding revision of the commercial banking legislation of the six member countries of the Monetary Union. The preparatory work would be entrusted to a Working Group which would consist of two representatives of each member country (Senegal, Ivory Coast, Dahomey, Upper Volta, Togo and Niger), representatives of the Bank of France, the National Bank of Belgium and two commercial banks, assisted by two or three staff members of the Fund.

The Working Group is expected to meet for one or two days in Paris on January 6 and 7 to decide the program and orientation of the work, then in mid-February for a few days to discuss the substantive provisions of the draft regulations and law, and, for the last time in March, again for a few days, to approve the drafts prepared in the meantime by the Central Bank of West Africa with the possible assistance of other participants - including the Fund team - on the basis of the discussions at the February meeting.

In the absence of Mr. Mladek, I have discussed the matter with Mr. Tenconi and we have agreed that in view of the importance of this exercise, we should try to meet the request of Mr. Garango. The composition of the staff team would be decided after Mr. Mladek returns from his present trip but, in the meantime, we feel that we should give a positive answer to Mr. Ouattara.

Attachment

OK ASD

cc: Mr. Tenconi

UNION MONETAIRE OUEST - AFRICAINE

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PARIS, le 15 novembre 1974

Le PRESIDENT

N° 9490

Monsieur le Ministre,

Les textes réformant les institutions de l'Union Monétaire Ouest Africaine ont été ratifiés par tous les Etats concernés.

Les nouvelles structures sont à mettre en place. La première conférence des Chefs d'Etat et le premier Conseil des Ministres prévus par les nouveaux textes de notre Union Monétaire, se sont tenus le 11 octobre 1974 à Lomé.

Nous entrons ainsi dans la phase d'application.

C'est pourquoi, au nom du Comité des Ministres des Finances chargé de la réforme des institutions de l'U. M. O. A., que j' ai l'honneur de présider, je vous prie de bien vouloir accepter de nous aider à élaborer les nouvelles règles d'intervention de notre Banque Centrale, à la lumière des nouveaux statuts et des nécessités de développement des économies des Etats de l'U. M. O. A.

Cette aide pourrait, dans un premier temps, consister à mettre à notre disposition, à temps partiel, à partir du 6 janvier 1975, un ou plusieurs experts <sup>du Fonds Monétaire</sup> ~~de la Banque de France~~, qui nous aideraient à réfléchir à ces problèmes, au sein d'un Groupe de travail que je créé à cet effet. Le secrétariat de ce Groupe de travail est assuré par Monsieur Daniel CABOU, Directeur Général Adjoint de la Banque Centrale des Etats de l'Afrique de l'Ouest, 29 rue du Colisée - 75008-PARIS, qui suivra le déroulement des travaux en mon absence.

M.H.Johannes WITTEVEEN

Directeur Général du  
Fonds Monétaire International

WASHINGTON

../. ..

...

Dès que vous m'aurez fait connaître les noms de vos experts, je réunirai à PARIS, au 29 rue du Colisée, dans la salle du Conseil d'Administration de la B. C. E. A. O. le Groupe de travail pour lui préciser sa mission et arrêter avec lui le calendrier de ses travaux.

Veillez trouver, ci-joint, à l'intention de vos experts, deux exemplaires d'un dossier comprenant :

- mon rapport de présentation des propositions d'adaptation des institutions de l'U. M. O. A. qui dégage les lignes de force de la réforme de nos institutions et précise le rôle de notre Banque Centrale ;

- les nouveaux textes issus de cette réforme et organisant notre Union Monétaire ;

- les règles actuelles d'intervention de la Banque Centrale que le Groupe de travail aura à examiner et à en proposer l'adaptation à la situation nouvelle née de cette réforme, pour tenir compte de la volonté de changement exprimée par les Etats ;

- les réglementations bancaires nationales qui, elles aussi, sont à adapter par les Etats.

Veillez agréer, Monsieur le Ministre, l'assurance de ma haute considération.

Tiémoko Marc GARANGO  
Président du Comité  
des Ministres des Finances  
chargé de la Réforme des Institutions  
Monétaires de l' Union Monétaire.

~~M. T.~~  
~~S. B. H.~~  
~~J. W.~~  
~~H. D.~~  
~~R. B.~~  
cc: Admin. V  
Files

Acting Managing Director

December 13, 1974

M. Touré

Request for Technical Assistance for the Central Bank of West Africa

Mr. Ouattara, former economist in this Department and now Deputy Manager of the Research Department of the Central Bank of West Africa, came to see me to request the Fund's technical assistance in completing the reform of the monetary institutions of the West African Monetary Union. Mr. Tenconi of CBS attended the meeting.

Mr. Ouattara brought the attached copy of a letter sent on November 15, to Mr. Witteveen by Mr. Garango, Minister of Finance of Upper Volta and Chairman of the Committee for the Reform of the monetary institutions of the West African Monetary Union. Apparently, the letter as well as the accompanying documents have been delayed or gone astray because of the recent postal strike in France.

The Committee, chaired by Mr. Garango, was instrumental in preparing the reform of the West African Monetary Union. This reform should now be completed by the drafting of detailed regulations to implement the legal provisions, which are of a very general nature, regarding the use of monetary and credit policy instruments by the Central Bank and the corresponding revision of the commercial banking legislation of the six member countries of the Monetary Union. The preparatory work would be entrusted to a Working Group which would consist of two representatives of each member country (Senegal, Ivory Coast, Dahomey, Upper Volta, Togo and Niger), representatives of the Bank of France, the National Bank of Belgium and two commercial banks, assisted by two or three staff members of the Fund.

The Working Group is expected to meet for one or two days in Paris on January 6 and 7 to decide the program and orientation of the work, then in mid-February for a few days to discuss the substantive provisions of the draft regulations and law, and, for the last time in March, again for a few days, to approve the drafts prepared in the meantime by the Central Bank of West Africa with the possible assistance of other participants - including the Fund team - on the basis of the discussions at the February meeting.

In the absence of Mr. Mladek, I have discussed the matter with Mr. Tenconi and we have agreed that in view of the importance of this exercise, we should try to meet the request of Mr. Garango. The composition of the staff team would be decided after Mr. Mladek returns from his present trip but, in the meantime, we feel that we should give a positive answer to Mr. Ouattara.

Attachment

cc: Mr. Tenconi

UNION MONÉTAIRE OUEST - AFRICAINE

PARIS, le 15 novembre 1974

Le PRESIDENT

N° 9490

Monsieur le Ministre,

Les textes réformant les institutions de l'Union Monétaire Ouest Africaine ont été ratifiés par tous les Etats concernés.

Les nouvelles structures sont à mettre en place. La première conférence des Chefs d'Etat et le premier Conseil des Ministres prévus par les nouveaux textes de notre Union Monétaire, se sont tenus le 11 octobre 1974 à Lomé.

Nous entrons ainsi dans la phase d'application.

C'est pourquoi, au nom du Comité des Ministres des Finances chargé de la réforme des institutions de l'U.M.O.A., que j' ai l'honneur de présider, je vous prie de bien vouloir accepter de nous aider à élaborer les nouvelles règles d'intervention de notre Banque Centrale, à la lumière des nouveaux statuts et des nécessités de développement des économies des Etats de l'U.M.O.A.

Cette aide pourrait, dans un premier temps, consister à mettre à notre disposition, à temps partiel, à partir du 6 janvier 1975, un ou plusieurs experts ~~de la Banque de France~~ <sup>du Fonds Monétaire</sup>, qui nous aideraient à réfléchir à ces problèmes, au sein d'un Groupe de travail que je crée à cet effet. Le secrétariat de ce Groupe de travail est assuré par Monsieur Daniel CABOU, Directeur Général Adjoint de la Banque Centrale des Etats de l'Afrique de l'Ouest, 29 rue du Colisée - 75008-PARIS, qui suivra le déroulement des travaux en mon absence.

M.H.Johannes WITTEVEEN  
Directeur Général du  
Fonds Monétaire International  
WASHINGTON

../. ..

...

Dès que vous m'aurez fait connaître les noms de vos experts, je réunirai à PARIS, au 29 rue du Colisée, dans la salle du Conseil d'Administration de la B. C. E. A. O. le Groupe de travail pour lui préciser sa mission et arrêter avec lui le calendrier de ses travaux.

Veillez trouver, ci-joint, à l'intention de vos experts, deux exemplaires d'un dossier comprenant :

- mon rapport de présentation des propositions d'adaptation des institutions de l'U. M. O. A. qui dégage les lignes de force de la réforme de nos institutions et précise le rôle de notre Banque Centrale ;

- les nouveaux textes issus de cette réforme et organisant notre Union Monétaire ;

- les règles actuelles d'intervention de la Banque Centrale que le Groupe de travail aura à examiner et à en proposer l'adaptation à la situation nouvelle née de cette réforme, pour tenir compte de la volonté de changement exprimée par les Etats ;

- les réglementations bancaires nationales qui, elles aussi, sont à adapter par les Etats.

Veillez agréer, Monsieur le Ministre, l'assurance de ma haute considération.

Tiémoko Marc GARANGO  
Président du Comité  
des Ministres des Finances  
chargé de la Réforme des Institutions  
Monétaires de l' Union Monétaire.



# Office Memorandum

M.A. T. and Mr. ...  
to see Mr. Datta 12/11  
3:30

*[Handwritten signature]*

TO : Acting Managing Director  
FROM : Mamoudou Touré  
SUBJECT : Technical Assistance: BCEAO

DATE: December 10, 1974

Through the attached cable I have been informed that Minister Garango, who presides over the Ministerial Committee on the reform of the UMOA, has charged Mr. Ouattara (formerly an economist in this department) to visit Fund headquarters on December 11, 1974 to present to you a request for technical assistance for the BCEAO.

After discussing the details of the request, Mr. Ouattara may wish to present the Minister's request to you personally.

Attachments

Translation

Paris, 9/12/74

Attention Mr. Touré, Director of the African Department

At the request of Minister Garango, President of the Ministerial Committee charged with the reform of the institutions of the UMOA, Mr. Ouattara will visit Washington Wednesday, December 11 to request the Fund's technical assistance regarding the adaptation of intervention policies of the BCEAO. Would be grateful if you would kindly take the necessary steps to present request as is the wish of Minister Garango. Regards.

/s/ D. Cabou

cc: Mr. Yaméogo

0509 EST

440040 FUND UIMO

0516 EST

440040 FUND UI

RECEIVED  
I.M.F.

1974 DEC -9 AM 9: 02

234640

NR 4015

CABLE  
ROOM

ATTENTION MONSIEUR TOURE, DIRECTEUR DEPARTEXT AFRIQUE

A LA DEMANDE MINISTRE GARANGO, PRESIDENT COMITE DES MINISTRES CHARGE  
DE LA REFORME DE S INSTITUTIONS DE L'U M O A , MONSIEUR OUATTARA  
SE RENDRA WASHINGTON MERCREDI 11 DECEMBRE POUR DEMANDE ASSISTANCE  
TECHNIQUE DU FONDS CONCERNANT ADAPTATION REGLES D INTERVENTION

B C E A O STOP

VOUS SERAIS RECONNAISSANT BIEN VOULOIR PRENDRE DISPOSITIONS UTILES Q  
POUR PRESENTATION DEMANDE, COMME LE SOUHAITE MINISTRE GARANGO, AU  
DIRECTEUR GENERAL F M I STOP.

FRATERNELLE CONSIDERATION

D. CABOU

COPIE MONSIEUR YAMEOGO.

<del>M. P.</del>
<del>C. L. M.</del>
<del>J. W.</del>
<del>J. D.</del>
<del>B. B.</del>
cc: MW, NA Files

PARIS LE 9/12/74 A 11H15

⊕

440040 FUND UI

BECEAO PARIVO

177 North  
1705 L St. N.W. Washington D.C. Phone 296-6200

177 North  
1705 L St. N.W. Washington D.C. Phone 296-6200

177 North  
1705 L St. N.W. Washington D.C. Phone 296-6200



# Office Memorandum

TO : Acting Managing Director  
FROM : M. Touré  
SUBJECT : Visit of Mr. Ouattara

*to Baschekian  
to present  
visit from*

DATE: December 10, 1974

Mr.  
The attached cable informs me of Ouattara's visit to the Fund tomorrow on behalf of the BCEAO regarding technical assistance to the newly created institution. We will hear more about it after we talk to Mr. Ouattara who is a former staff member (economist in the African Department). Mr. Ouattara may wish to have an appointment with you during his stay.

Attachment

0509 EST#

440040 FUND UIMO

0516 EST#

440040 FUND UI

NR 4015

RECEIVED  
I.M.F.

1974 DEC -9 AM 9:02

CABLE  
ROOM

2701  
234640

ATTENTION MONSIEUR TOURE, DIRECTEUR DEPARTEMENT AFRIQUE

A LA DEMANDE MINISTRE GARANGO, PRESIDENT COMITE DES MINISTRES CHARGE  
DE LA REFORME DE S INSTITUTIONS DE L'U M O A , MONSIEUR OUATTARA  
SE RENDRA WASHINGTON MERCREDI 11 DECEMBRE POUR DEMANDE ASSISTANCE  
TECHNIQUE DU FONDS CONCERNANT ADAPTATION REGLES D INTERVENTION  
B C E A O STOP

VOUS SERAIS RECONNAISSANT BIEN VOULOIR PRENDRE DISPOSITIONS UTILES Q  
POUR PRESENTATION DEMANDE, COMME LE SOUHAITE MINISTRE GARANGO, AU  
DIRECTEUR GENERAL F M I STOP.

FRATERNELLE CONSIDERATION

D. CABOU

COPIE MONSIEUR YAMEOGO.

M. T.	<input checked="" type="checkbox"/>
G. U. M.	<input checked="" type="checkbox"/>
J. W.	<input checked="" type="checkbox"/>
M. D.	<input checked="" type="checkbox"/>
E. B.	<input checked="" type="checkbox"/>
cc: MW, NA	
Files	

PARIS LE 9/12/74 A 11H15

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440040 FUND UI

BECEAO PARIVO

ITT World

1709 L St. N.W. Washington D.C. Phone 296-6200

W. Washington D.C. Phone 296-6200

Phone 296-6200

ITT World Communications Inc. ITT World Communications

*See Mr. Bhatia*  
*[Signature]*



# Office Memorandum

TO : Deputy Managing Director  
FROM : J. Waitzenegger *[Signature]*  
SUBJECT : Stopover in Paris Following Mission to Kenya

DATE: November 19, 1974

During last month's consultation discussions with Senegal, the mission was informed that the staff of the Central Bank of the West African States (BCEAO), which has its main office in Paris, was in the process of reviewing the Bank's practices and rules under the recently approved changes in the statutes of the BCEAO. The Central Bank was particularly interested in knowing how, in countries like Kenya, the monetary authorities controlled bank credit and its distribution and at the same time met the needs of small and indigenous entrepreneurs (cf. Mr. Bhatia's memo of November 5) (copy attached). They had requested that, if possible, Mr. Bhatia could stop over in Paris after his mission to Kenya and provide them with this information.

As you know, Mr. Bhatia is going to Nairobi at the end of this month to negotiate the use of Fund resources by Kenya in the first credit tranche. Subject to your approval, I propose asking him to stop over in Paris for two days on his return from Nairobi to comply with the request of the BCEAO.

Attachment

*OK WSD*

cc: Administration

<del>M. T.</del>
<del>C. L. M.</del>
<del>J. W.</del>
<del>L. D.</del>
<del>S. S.</del>
cc: <i>WA, EA</i>
Files

~~M. T.~~  
~~C. L. M.~~  
~~J. A.~~  
~~L. D.~~  
~~R. B.~~  
cc:  
Files

Deputy Managing Director

November 19, 1974

J. Waitzenegger

Stopover in Paris Following Mission to Kenya

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*Attachment*

cc: Administration

RJBhatia/jvb  
November 18, 1974

Managing Director  
Deputy Managing Director  
R. J. Ehatia

November 5, 1974

Senegal--1974 Article XIV Consultation Discussions

A staff team consisting of Messrs. Jacques Baldet, Hans Flickenschild, Paul Acquah and myself was in Dakar (Senegal) during October 21-30 to conduct the 1974 Article XIV consultation discussions. Mission members also stopped over in Paris for discussions with the officials of the Central Bank for West Africa (BCEAO).

After years of slow rate of growth, characterized by high and increasing import-oriented consumption and low, mainly foreign-financed, investment, Senegal's prospects in the coming year appear more promising. Although some of the relative stagnation is explained by weather conditions and structural weaknesses in the economy, principally a high dependence on groundnut production and exports whose prices until recently had remained depressed, government policies have also contributed toward low investment by encouraging consumption through price subsidies and rising current budgetary expenditures. In the past two years, excessive credit expansion has had an adverse impact on the balance of payments, leading to a virtual exhaustion of Senegal's external reserves in 1973.

The favorable prospects in the period ahead emanate from the recent sharp increase in the export price for groundnuts, the return of normal weather conditions which promise almost a doubling of groundnut production in the coming season, and the spectacular increase in the export price of phosphates, which would more than offset the additional cost of SDR 32 million in oil imports. In foreign exchange terms, Senegal's export receipts in 1975 could well increase by over 30 per cent to about SDR 420 million. The effect on the resources of the public sector will be equally dramatic, through an increase in the surplus on the marketing of groundnuts and in the intake from the profits of the phosphate mining company.

During years of low growth and depressed exports, the authorities did not feel that they had the flexibility to reorient their policies, particularly since it could have involved a significant reduction in the living standards of the urban population. However, with the prospects of increased resources the Government appears anxious to carry through with a major reform of their economic and financial policies. The authorities took advantage of the mission's presence in Dakar to involve us in their deliberations prior to finalizing their new policies which were announced just as the mission completed its consultation discussions.

The main thrust of the new policies is to conserve as much of the additional resources as possible for improving the growth and investment performance of the economy. The main element in this strategy is a sharp upward revision of consumer prices through lowering of subsidies which had cost the public exchequer CFAF 11.5 billion in 1973/74 and could have cost

nearly CFAF 27 billion in 1974/75. Effective November 1, the subsidy on rice was withdrawn completely (raising the consumer price by nearly 70 per cent) and that on sugar and oil reduced by 68 per cent and 50 per cent, respectively (raising the corresponding consumer prices by 88 per cent and 33 per cent). At the same time, in order to compensate wage and salary earners, the Government announced salary increases ranging between 3 per cent and 57 per cent (averaging about 15 per cent). Furthermore, to provide incentives to farmers, producer prices were increased, 41 per cent for groundnuts, 7 per cent for millet, 37 per cent for cotton and 19 per cent for rice (paddy). As a result of these measures, the estimated cost of subsidies to the Government should be reduced by CFAF 20 billion to about CFAF 7 billion but the Government's annual salary bill would increase by about CFAF 5 billion. The changes in producer prices should put almost CFAF 9.5 billion as additional cash income to the farmers.

In commenting on these measures, the mission said that, while the increase in consumer prices was a step in the right direction, the increases granted in wages and salaries overcompensated employees and could have unfavorable long-term repercussions on the government budget and on the wage-price structure of Senegal. Furthermore, while some increase in producer prices appears justified, the increase granted for groundnuts may have been too high, relative to that granted for millet, and could discourage production of millet which is a potential substitute for imported rice in the consumer budget. The authorities, however, feel that there is already an over-production of millet in the country and that they should take advantage of the present world prices for groundnut.

The other main topic of the consultation discussions related to monetary developments. Since early 1973, the annual rate of growth in domestic credit has increased to nearly 40 per cent and appears to have financed non-rediscountable credit, presumably to non-priority sectors such as imports and construction. The Central Bank is unable to check this credit expansion most of which has been financed by an increase in deposits with the commercial banks. The Central Bank representatives said that under the present rules and practices, so long as commercial banks satisfied the liquidity requirements and were left with surplus funds of their own, there was little the Central Bank could do either to control bank credit or to influence its distribution. They agreed with the mission that as a part of the review of their practices under the recently approved changes in the statutes of the BCEAO, they would consider how this deficiency could be corrected. In this respect, they hoped the Fund could provide them detailed information as to how countries like Kenya and Nigeria tackle such problems.

The mission reviewed with the Senegalese representatives the balance of payments prospects for 1974 and concluded that a deficit of SDR 15.5 million could be expected for the year; although Senegal's net reserves increased seasonally by SDR 26.2 million in the first half of the year, they have been declining rather sharply by about SDR 4.3 million a month since then. It is expected that this rate of decline would accelerate in the remainder of the year. If the reserve movements for October confirm such an acceleration,

Senegal would apply, in mid-November, to draw the full SDR 15.5 million (i.e., 90 per cent of its total eligibility of SDR 17.25 million) under the Oil Facility.

The Senegalese authorities indicated that they would soon subscribe positively to the Voluntary Declaration on Trade and Other Current Account Measures.

Our mission overlapped with an IBRD mission for the first week and the two missions coordinated their work closely. Their recommendations in financial areas will closely parallel our findings and policy recommendations.

cc: CBS  
ETR  
FAD  
INST  
LEG  
RES  
TRE

SEC-77,747

Translated by J. Roumani

Reviewed by R. Renfield

379808

WEST AFRICAN MONETARY UNION

PARIS, November 15, 1974

The Chairman

No. 9490

Orig. & enc: AFR

Mr. H. Johannes Witteveen  
Managing Director of the International Monetary Fund  
19th and H Streets N.W.  
Washington D.C. 20431  
U.S.A.

<del>M. P.</del>	(copy encl)
<del>C. H.</del>	
J. W.	
<del>L. B.</del>	
<del>R. B.</del>	
cc: MW; NA; WA; KD	
Files	

(with encl.)

Dear Sir:

The articles modifying the institutions of the West African Monetary Union /UMOA/ have been ratified by all states concerned.

The new organs are coming into being. The first conference of Heads of State and the first meeting of the Council of Ministers--organs provided for in the new articles of our Monetary Union--were held in Lomé on October 11, 1974.

We are thus entering the application phase.

For this reason, on behalf of the Committee of Ministers of Finance responsible for the Reform of the UMOA institutions, of which I have the honor of being chairman, I wish to request your kind assistance in drawing up new rules for intervention by our Central Bank, in view of the new articles and of the development needs of the economies of the UMOA states.

Initially, this assistance might consist of making available to us, on a part-time basis, from January 6, 1975, one or more experts of the International Monetary Fund, to help us to think about these problems in a working party which I have set up for the purpose. The Secretariat for the working party is under Mr. Daniel CABOU, Deputy Director-General of the Central Bank of West African States /BCEAO/, 29 rue du Colisée, 75008, PARIS, who will follow the progress of the work in my absence.

When you have informed me of the names of your experts, I shall call a meeting of the working party in the Board Room of the BCEAO at 29, rue du Colisée, Paris, in order to clarify its mission and jointly draw up its work schedule.

Received in Correspondence Sec. DEC 16 1974  
Received from Translation Sec. DEC 18 1974

Please find attached, for the use of your experts, two copies of a file containing:

(1) my report presenting proposals for adapting the institutions of the UMOA, indicating the broad outlines of the reform of our institutions and stating the role which the Central Bank will play;

(2) the new article resulting from this reform and organizing our Monetary Union;

(3) the present rules for Central Bank intervention, which the working party will examine and in which it will suggest changes in view of the new situation arising from the reform, taking into account the desire for change expressed by the states;

(4) the national banking regulations, which also will have to be adapted by the states.

Very truly yours,

/s/

Tiémoko Marc GARANGO  
Chairman, Committee of  
Ministers of Finance  
responsible for the Reform of  
UMOA Institutions

1974 DEC 16 AM 3:52

PARIS, le 15 NOVEMBRE 1974

COMMUNICATIONS  
DIVISION

Le PRESIDENT

N) 9490

Monsieur le Directeur Général,

Les textes réformant les institutions de l'Union Monétaire Ouest Africaine ont été ratifiés par tous les Etats concernés.

Les nouvelles structures sont à mettre en place. La première conférence des Chefs d'Etat et le premier Conseil des Ministres prévus par les nouveaux textes de notre Union Monétaire se sont tenus le 11 octobre 1974 à Lomé.

Nous entrons ainsi dans la phase d'application.

C'est pourquoi, au nom du Comité des Ministres des Finances chargé de la Réforme des institutions de l'U.M.O.A., que j'ai l'honneur de présider, je vous prie de bien vouloir accepter de nous aider à élaborer les nouvelles règles d'intervention de notre Banque Centrale, à la lumière des nouveaux statuts et des nécessités de développement des économies des Etats de l'U.M.O.A.

Cette aide pourrait, dans un premier temps, consister à mettre à notre disposition, à temps partiel, à partir du 6 janvier 1975, un ou plusieurs experts du Fonds Monétaire International, qui nous aideraient à réfléchir à ces problèmes, au sein d'un Groupe de travail que je crée à cet effet. Le Secrétariat de ce Groupe de travail est assuré par Monsieur Daniel CABOU, Directeur Général Adjoint de la Banque Centrale des Etats de l'Afrique de l'Ouest, 29 rue du Colisée - 75008 - PARIS -, qui suivra le déroulement des travaux en mon absence.

Dès que vous m'aurez fait connaître les noms de vos experts, je réunirai à Paris, au 29 rue du Colisée, dans la salle du Conseil d'Administration de la B.C.E.A.O. le Groupe de travail pour lui préciser sa mission et arrêter avec lui le calendrier de ses travaux.

Veillez trouver, ci-joint, à l'intention de vos experts, deux exemplaires d'un dossier comprenant :

Monsieur H. Johannes WITTEVEEN  
Directeur Général du Fonds Monétaire International  
19 th. and H. Street  
N.W. DC 20431 - WASHINGTON - U.S.A. -

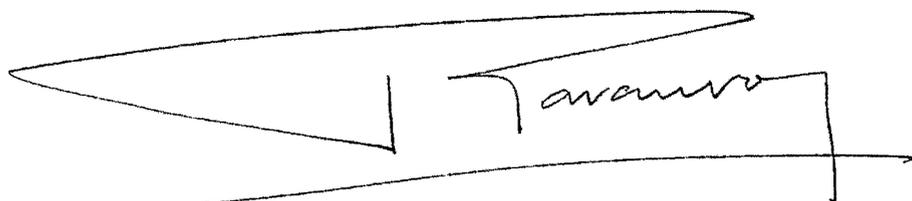
- mon rapport de présentation des propositions d'adaptation des institutions de l'U. M. O. A. qui dégage les lignes de force de la réforme de nos institutions et précise le rôle de notre Banque Centrale ;

- les nouveaux textes issus de cette réforme et organisant notre Union Monétaire ;

- les règles actuelles d'intervention de la Banque Centrale que le Groupe de travail aura à examiner et à en proposer l'adaptation à la situation nouvelle née de cette réforme, pour tenir compte de la volonté de changement exprimée par les Etats ;

- les réglementations bancaires nationales qui, elles aussi, sont à adapter par les Etats.

Veillez agréer, Monsieur le Directeur Général, l'assurance de ma haute considération.

A large, stylized handwritten signature in black ink, appearing to read 'Garango', enclosed within a rectangular box. The signature is written in a cursive, somewhat abstract style.

Tiémoko Marc GARANGO  
Président du Comité  
des Ministres des Finances  
chargé de la Réforme des Institutions  
de l'U. M. O. A.



# Office Memorandum

BCEAO  
cc: Annual Meeting

TO : Mr. Mamoudou Touré

DATE: September 6, 1974

FROM : Joachim W. Kratz JK

SUBJECT : Statistical Issues--Cooperation with Bureau of Statistics and BCEAO

1. In his monthly letter to the statistical correspondent of IFS in the BCEAO countries, Mr. Hicks in response to a suggestion by Mr. Sanner has agreed to a meeting\* with Mr. Sanner on the treatment of reserves data of BCEAO countries in lines 1 and 11 of IFS. Since, independently and without knowledge of Mr. Sanner's suggestion, we had included the question of defining reserves for Ivory Coast (because of the CAA) and for Togo (because of OPAT and OTP) in the outstanding issues presented in the Annual Meeting briefs for these two countries, I should like, if this is agreeable to you, to participate in this meeting between the Bureau and the BCEAO.

2. This would also give me an opportunity to take up the question of a somewhat more detailed transmittal of data from the BCEAO to the Fund. We would like to obtain from the BCEAO such additional items which we customarily show in our consultation reports but which are not available in IFS (e.g., breakdown of credits between short, medium, and long term, breakdown of foreign liabilities between short-term liabilities and long-term liabilities such as borrowing from the CCCE). These data are available in Paris on a monthly basis and could easily be added to the reporting form sent by the BCEAO to the Bureau each month. They could then be put in the Data Fund and we could receive printouts to keep our consultation reports' presentation up to date. I have raised this matter already informally with Mr. Nose, Assistant Director in the Bureau, and we have in mind a similar arrangement for Ghana.

\* during the Annual Meeting

cc: Mr. Merwin  
Mr. Waitzenegger

6.2466

September 4, 1974

Dear Mr. Sanner:

Thank you very much for your letter of August 28, 1974 which reached me yesterday. I am indeed very grateful for having obtained the June data for Togo's banking system. I am, at the same time, somewhat embarrassed for not yet having finished the report on Togo and for not having thanked you yet for all the information and data you sent us in response to my letter of July 23. These delays are due to the fact that we had to give our attention to other issues such as the Oil Facility and the UN Emergency Fund. Please accept my apologies and rest assured that all the information will be put to use.

With regard to the two questions you raised, I have been informed that Mrs. Watkins has already answered, in her letter dated August 29, 1974, the question concerning the conversion rates used in the calculation of April 30, 1974 reserve data. Concerning the other question you raised, namely the text of a decision permitting countries to postpone repurchase obligations payable in gold, it is my understanding that such a single decision does not exist. Instead, in the case of four countries (Colombia, Iraq, Philippines, and Turkey), the Executive Directors permitted the postponement of the discharge of portions of repurchase obligations under Article V, Section 7(b) of the Fund Agreement, that were payable in gold. Hence, there exists no general decision by the Executive Board, but postponements have been granted on a case-by-case basis and the respective decisions are subject to review not later than October 31, 1974. In any case, it is my belief that this issue is somewhat academic with regard to the BCEAO since, as long as the BCEAO does not hold any gold in its reserves, it would not incur a repurchase obligation under Article V, Section 7(b) of the Fund Agreement, payable in gold. For your convenience, I enclose the relevant pages from the forthcoming 1974 Annual Report of the Fund which describe these developments. I hope that these explanations will be helpful to you.

Let me thank you once more for all your cooperation. I am also looking forward to seeing you soon.

Very sincerely yours,

Joachim W. Kratz  
Advisor  
African Department

Encl.

Mr. P. Sanner  
Directeur des Etudes  
Banque Centrale des Etats de l'Afrique de l'Ouest  
29 rue du Colisée  
Paris 8<sup>e</sup>, France

P.S. Since you asked me to reply as quickly as possible, I took the liberty to send you my reply in English; having it translated would have taken several days so close to the Annual Meeting; on the other hand, I do not trust my own French sufficiently to get the subtleties of the Fund Agreement across.

GF 135

BANQUE CENTRALE  
DES ETATS DE L'AFRIQUE DE L'OUEST  
29, RUE DU COLISÉE - PARIS, 8<sup>E</sup>

Paris, le 28 août 1974

TÉL: BAL. 71-60 TELEX: BECEAO 27081 PARIS  
ADRESSE TÉLÉGRAPHIQUE INSTEMAFOC

- Direction des Etudes -

Cher Monsieur KRATZ,

Je ne sais si vous avez déjà pu achever votre Rapport de Consultation sur le Togo ; s'il n'en était pas ainsi, il vous intéressera peut-être de disposer de la situation intégrée des institutions monétaires togolaises au 30 juin 1974 que nous venons d'établir.

Je vous l'adresse à toutes fins utiles.

Puis-je me permettre de vous demander deux informations qu'il me serait très utile d'avoir le plus rapidement possible :

a) Le texte de la décision par laquelle le Conseil d'Administration du Fonds Monétaire aurait convenu, à la demande des membres intéressés, de différer l'acquittement par ceux-ci de leur obligation de rachat en or, tant que le rôle de l'or n'aura pas été précisé (Monsieur M. TOURE fait référence à cette décision par la lettre qu'il a bien voulu m'adresser le 19 août dernier).

b) Le taux de conversion en D.T.S. utilisé par le Fonds Monétaire pour le calcul des réserves au 30 avril 1974 (j'avais demandé communication de ce taux à Madame WATKINS par la lettre dont vous trouverez ci-joint copie mais dont elle n'a peut-être pas pris connaissance, étant en congé).

En m'excusant de vous mettre ainsi à contribution, et avec l'espoir d'une prochaine rencontre, je vous prie de croire, cher Monsieur KRATZ, en mes sentiments les meilleurs.

Le Directeur des Etudes,



P. SANNER

Monsieur J.W. KRATZ  
African Department  
INTERNATIONAL MONETARY FUND  
WASHINGTON D.C. 20431 (U.S.A.)

P O S T E S	30 juin 1972	30 sept. 1972	31 déc. 1972	31 mars 1973	30 juin 1973	30 sept. 1973	31 déc. 1973	31 mars 1974	30 juin 1974
	<i>Millions de francs c.f.a.</i>								
Avoirs extérieurs nets .....	8.072,4	7.754,1	6.562,0	7.138,0	5.241,2	5.258,7	4.734,2	9.166,6	12.587,9
- B.C.E.A.O. ....	8.106,3	8.241,8	7.565,4	7.109,9	6.551,5	6.910,3	7.296,5	8.525,1	10.587,6
- Trésors publics .....	-	-	-	-	-	-	-	-	-
- Banques commerciales .....	599,2	213,4	95,0	1.205,5	- 55,4	- 348,5	- 1.214,7	2.028,9	3.104,2
- Banques de développement (a) .....	- 633,1	- 701,1	- 1.098,4	- 1.177,4	- 1.254,9	- 1.303,1	- 1.347,6	- 1.387,4	- 1.003,9
Crédits à l'économie .....	9.308,0	9.652,9	10.189,4	10.430,1	11.033,9	11.929,8	13.335,5	14.532,3	14.806,7
- Court terme .....	7.042,0	7.407,5	7.311,9	7.480,4	7.983,7	8.715,8	9.596,4	10.657,2	10.831,6
- Moyen et long terme .....	2.266,0	2.245,4	2.877,5	2.949,7	3.050,2	3.214,0	3.739,1	3.875,1	3.975,1
dont portés par B.C.E.A.O. ....	- 92,1	119,3	187,4	190,3	224,2	503,8	675,8	563,0	688,1
<b>A C T I F = P A S S I F ...</b>	<b>17.380,4</b>	<b>17.407,0</b>	<b>16.751,4</b>	<b>17.568,1</b>	<b>16.275,1</b>	<b>17.188,5</b>	<b>18.069,7</b>	<b>23.698,9</b>	<b>27.494,6</b>
Engagements monétaires à l'égard :									
- des Trésors publics et Postes (nets) ...	3.121,0	3.071,8	2.269,3	1.252,3	1.400,1	1.438,7	1.802,6	1.220,1	2.421,9
- des Particuliers et entreprises .....	13.799,3	14.089,3	13.898,9	15.910,5	14.847,8	15.635,7	15.914,5	19.842,0	22.351,6
- Billets et pièces .....	5.312,0	5.304,0	5.447,0	5.700,0	5.307,0	5.683,0	6.032,0	7.093,0	7.310,0
- Dépôts en C.C.P. ....	335,8	334,2	324,9	359,0	341,5	331,1	334,2	408,2	432,5
- Dépôts à vue en banque :									
- Organismes publics .....	1.310,0	1.296,2	837,4	1.221,1	1.592,7	1.209,2	1.094,7	3.078,2	4.614,4
- Autres .....	4.706,4	4.821,4	5.214,7	5.915,9	5.074,9	4.123,5	4.099,4	5.171,3	5.760,6
- Dépôts à terme en banque :									
- Organismes publics .....	1.414,6	1.726,6	1.448,1	1.464,0	1.589,6	1.381,7	1.397,3	1.540,9	1.541,3
- Autres .....	720,5	606,9	626,8	1.250,5	942,1	2.907,2	2.956,9	2.550,4	2.692,8
Autres éléments (nets) .....	460,1	245,9	583,2	405,3	27,2	114,1	352,6	2.636,8	2.721,1
- Fonds propres .....	1.704,2	1.710,1	2.045,8	2.085,0	2.251,8	2.273,7	2.328,5	2.451,2	2.558,1
- Autres (nets) (b) .....	- 1.244,1	- 1.464,2	- 1.462,6	- 1.679,7	- 2.224,6	- 2.159,6	- 1.975,9	185,6	163,0
(a) dont : engagements ext. à long terme ..	749,5	785,3	1.119,3	1.190,6	1.275,7	1.339,2	1.357,5	1.391,1	1.512,2
(b) dont : - participations (-) .....	35,5	24,2	40,2	527,8	528,6	537,4	537,4	537,4	686,0
- emprunts locaux (+) .....	288,8	223,8	223,8	227,0	211,5	256,6	236,5	221,1	208,2

- 1 - *Au cours du 2ème trimestre 1974, l'augmentation de 3,8 milliards des engagements monétaires à l'égard tant du secteur public que du secteur privé résulte, à 92 %, de la hausse des avoirs extérieurs nets des institutions monétaires, dont l'origine est à rechercher dans le supplément de recettes dû à la majoration du prix de vente des phosphates.*

*La relative stabilité des crédits à court terme à l'économie masque en réalité de profonds mouvements en sens contraire dans la répartition des risques bancaires par branches d'activité (tableau ci-contre) :*

- *contraction des encours de crédits à l'exploitation minière (538 millions), aux entreprises de travaux publics (324 millions), aux industries produisant pour le marché local (131 millions) ;*
- *octroi de nouveaux crédits, principalement au secteur de la distribution des marchandises (844 millions) et à des bénéficiaires non recensés (108 millions).*

*La progression des disponibilités monétaires et quasi-monétaires des particuliers et entreprises intéresse surtout les organismes publics (1,6 milliard) ; elle est le double de celle des dépôts privés (0,8 milliard). La circulation fiduciaire continue de croître alors qu'à pareille époque on assistait habituellement à sa résorption.*

- 2 - *Par comparaison à celle établie un an plus tôt, la situation des institutions monétaires à fin juin 1974 fait apparaître une très forte hausse des avoirs extérieurs nets (7,5 milliards, ou 142 %) dont bénéficie surtout la Banque Centrale (4 milliards) et les banques commerciales (3,2 milliards.*

.../...

Par rapport à celui constaté à fin mars 1974 (+ 39,3 %), le taux d'accroissement annuel des *crédits à l'économie* s'est un peu ralenti (34,2 %).

L'augmentation résiduelle des *crédits à court terme* (2,848 millions) (voir tableau ci-contre) est le fait, pour près de la moitié (1,367 millions) des crédits à la distribution des marchandises. A noter également la forte hausse des crédits non recensés (956 millions, ou 88 %).

L'encours accru *aux crédits à moyen et à long terme* (0,9 milliard) est à imputer principalement à la Compagnie Togolaise des Mines du Bénin (0,3 milliard), à l'Industrie Textile Togolaise (0,1 milliard) et à des bénéficiaires de crédits non recensés (0,3 milliard).

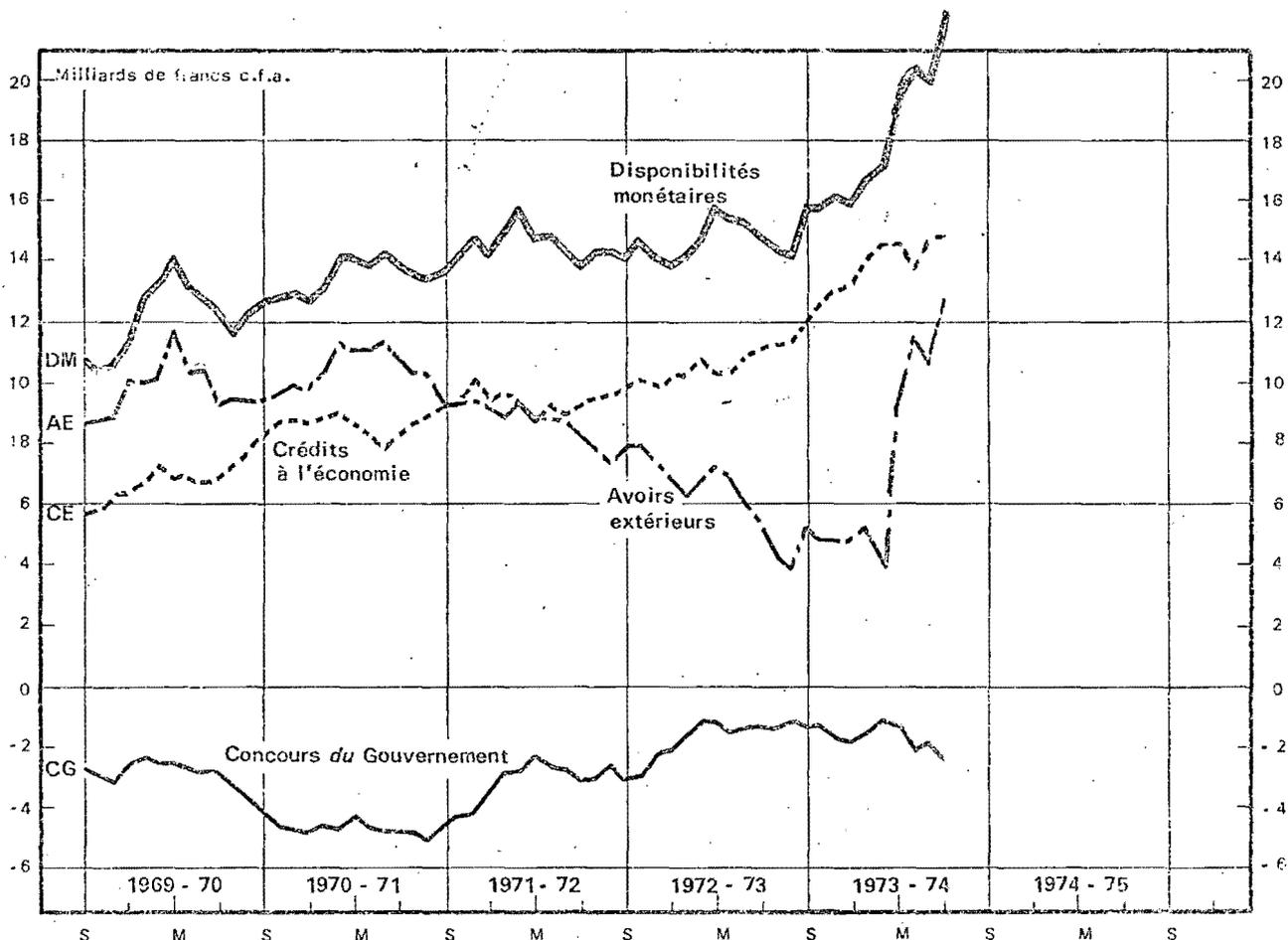
*Les disponibilités monétaires et quasi-monétaires* progressent de 7,5 milliards, ou 50,5 %. Cette augmentation affecte, pour 40 % de son montant, les dépôts d'organismes publics - qui doublent presque en un an - pour le tiers, les dépôts estimés du secteur privé, et pour 27 %, la circulation fiduciaire.

La position créditrice nette du *Trésor public et des Postes* vis-à-vis des autres institutions monétaires et des particuliers et entreprises s'est améliorée de 1 milliard, montant correspondant à la hausse constatée des liquidités que le Trésor entretient auprès de la Banque Centrale.

-----cOo-----



SITUATION DES INSTITUTIONS MONETAIRES - TOGO



EVOLUTION DES CREDITS A COURT TERME

Branches d'activité	Septembre 1972	Juin 1973	Septembre 1973	Mars 1974	Juin 1974	Variation juin 1973-1974
Millions de francs c.f.a.						
Product., transform., export. de produits agric.	702	723	765	478	486	- 237
Exploitation minière .....	34	14	11	732	194	+ 180
Pêche, industrie du poisson .....	10	59	40	35	40	- 19
Exploitation forestière, industrie du bois ..	9	8	9	13	9	+ 1
Autres activités de production de biens .....	670	906	988	1.419	1.288	+ 382
Travaux publics et bâtiments .....	427	661	735	941	717	+ 56
Distribution de marchandises .....	3.751	4.053	4.266	4.576	5.420	+ 1.367
Construction d'immeubles d'habitation .....	3	6	22	4	4	- 2
Autres activités .....	300	233	242	302	389	+ 156
Total des crédits bancaires recensés ..	5.906	6.663	7.078	8.500	8.547	+ 1.884
Crédits bancaires non recensés .....	1.015	1.090	1.420	1.938	2.046	+ 956
Obligations cautionnées .....	487	231	218	219	239	+ 8
Total des crédits à court terme .....	7.408	7.984	8.716	10.657	10.832	+ 2.848

M. T.
<del>C. B. M.</del>
<del>J. W.</del>
L. D.
<del>R. B.</del>
cc: MW; NA; WA Files

Le 19 août 1974

Monsieur le Directeur,

Je vous remercie de votre lettre du 9 août 1974 à laquelle était jointe une copie d'un article paru dans le Financial Times du 9 mars 1974. Le passage relatif à la tranche-or et, en particulier, la phrase "Puisqu'elle est normalement remboursable en or, tirer sur cette tranche revient à utiliser un crédit rattaché à l'or" appelle quelques commentaires. Conformément aux Statuts du Fonds et aux décisions des Administrateurs, les tirages sur la tranche-or ne peuvent pas normalement être réputés remboursables en or. C'est, en fait, le contraire. Comme vous le savez, lorsqu'un membre effectue un achat dans sa tranche-or, il déclare au Fonds qu'il s'engage à effectuer un rachat correspondant dans les cinq années qui suivent la date d'achat. Il effectue normalement ce rachat en monnaies convertibles d'autres membres mais peut également utiliser à cet effet ses droits de tirages spéciaux.

Tout achat peut, dans certaines circonstances, donner lieu à une obligation de rachat en vertu de l'article V, section 7(b) des Statuts, obligation dont ce membre doit s'acquitter en fonction de la composition de ses réserves. Si celles-ci comprennent de l'or le rachat pourra s'effectuer en partie avec de l'or. Toutefois, en raison de l'incertitude actuelle concernant le statut de l'or dans le cadre de la réforme du système monétaire international, le Fonds a décidé, à la demande des membres intéressés, de différer l'acquittement par ceux-ci de leurs obligations de rachat en or tant que le rôle de l'or n'aura pas été précisé. A la lumière de ces commentaires, il n'y a donc aucune raison de supposer qu'un tirage sur la tranche-or doit entraîner l'obligation d'utiliser de l'or dans les opérations de rachat.

Je vous prie d'agréer, Monsieur le Directeur, l'expression de ma considération distinguée.

Le Directeur du Département Afrique

Mamoudou Touré

Monsieur P. Sanner  
 Directeur des Etudes  
 Banque Centrale des Etats de l'Afrique de l'Ouest  
 29 rue du Colisée  
 Paris 8<sup>e</sup>, France

SEC-75,779  
Translated by J. Merry  
372615

CENTRAL BANK OF WEST AFRICAN STATES

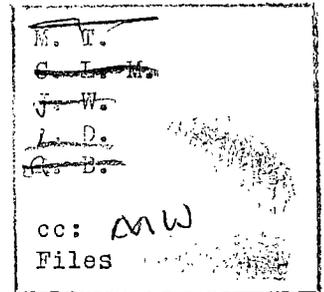
29, rue du Colisée, Paris 8<sup>e</sup>

Research Directorate

Paris, August 9, 1974

Mr. Mamoudou Touré  
Director  
African Department  
International Monetary Fund  
Washington, D.C. 20431  
U.S.A.

Orig. & enc: AFR



Dear Mr. Director:

Thank you very much for transmitting to us the cables addressed by you to the States of the Monetary Union regarding the oil facilities, and for your reply to my question on Togo.

As your telexes pointed out, most of the States in our Monetary Union will need to draw their gold tranches before availing themselves of the oil facilities. Some authorities are rather apprehensive about doing so, mainly, it seems, on account of the terms on which the repurchase of their gold tranches will have to be effected. Their fears spring from reasons probably best expressed by the journalist of the "Financial Times" in the article of which I am sending you a copy herewith. It seems to me that they are without foundation, but, as you will understand, I would like to be quite sure of this and would greatly appreciate your confirmation.

Very truly yours,

/s/

P. SANNER  
Director of Research

Received in Correspondence Sec. AUG 14 1974  
Received from Translation Sec. AUG 19 1974

BANQUE CENTRALE  
DES ETATS DE L'AFRIQUE DE L'OUEST  
29, RUE DU COLISÉE - PARIS, 8<sup>e</sup>

TÉL: BAL. 71-60 TELEX: BECEAO 27081 PARIS  
ADRESSE TÉLÉGRAPHIQUE INSTEMAFOC

372615  
Paris, le 9 août 1974

Orig: AFR

- Direction des Etudes -

Monsieur le Directeur,

Je vous remercie très vivement de votre transmission des câbles adressés par vous aux Etats de l'Union Monétaire concernant les facilités "pétrole" et de votre réponse à ma question concernant le Togo.

Ainsi que le soulignaient vos télex, la plupart des Etats de notre Union Monétaire seront appelés à tirer leur tranche-or avant d'utiliser les facilités "pétrole". Certaines autorités éprouvent quelques craintes à le faire qui paraissent essentiellement provoquées par les conditions dans lesquelles le rachat de la tranche-or devra être opéré. Ces craintes trouvent leur origine dans des motifs dont la meilleure expression est sans doute celle donnée par le chroniqueur du "Financial Times" dans l'article dont je vous donne, ci-joint, copie. Il me semble qu'elles n'ont pas de fondement, mais vous comprendrez que je voudrais en être bien assuré et je vous serais très reconnaissant de bien vouloir me le confirmer.

Avec mes remerciements, je vous prie d'agréer, Monsieur le Directeur, l'expression de ma considération distinguée.

Le Directeur des Etudes,



P. SANNER

M. MAMADOU TOURE  
Director  
African Department  
International Monetary Fund  
WASHINGTON D.C. 20431  
(U.S.A.)

Lombard

# Fund runs into gold valuation problem

BY C. GORDON TETHER

IT'S AN ILL-WIND that blows no good. And it is becoming increasingly clear that the intensified international monetary crisis precipitated by the spectacular rise in oil prices should soon have one very welcome "side-effect." For it looks as though it will prove to be the last straw for the gold policy vacuum that has been keeping a substantial part of the world's reserves frozen by holding down the official price of the metal at a totally unrealistic level.

For some time it has been evident that clearing the way for a resumption of official gold traffic would help to reduce the new international payments tensions by enabling the deficit countries to count on getting a reasonable price for gold drawn from their reserves for settling deficits with the oil-producers. The development that has suddenly given the subject a much greater urgency is the International Monetary Fund's attempt to increase the gap-bridging resources at the disposal of its afflicted members by introducing a new "oil facility."

There are two reasons for this. The first is that it is now evident that, if the Fund is hoping to mobilise a significant part of the additional money needs by encouraging the oil-producers to put part of their greatly enlarged surpluses at its disposal, it will have to be prepared to acquire these resources—in some measure at least—in exchange for gold.

## A sweetener

At the moment, the Fund's own holdings of the currencies of the oil-producers amount to no more than about \$1,300m.—just about enough to enable the major oil-consuming countries to settle their bills for about a week. So it will obviously want to increase them greatly.

It has been the Fund's practice in the past, when seeking to add to its holdings of wanted currencies, to offer to buy them from the countries concerned against a package containing a significant gold element drawn from its own stocks. The oil-producing countries would naturally have a particularly strong case for expecting such a "sweetener" under present conditions.

Yet the Fund would obviously expose itself to the charge of having given the metal away if it were to include it in such a package—as it would have to, as things stand at present—at the existing official gold price of \$42 per ounce. For the open market price has recently been standing at some three to four times that level.

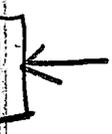
Here, then is one extremely important reason why the IMF's plan to play a major part in resolving oil-induced payments tensions calls for urgent new thinking on the gold price issue. And, as I have already noted, there is another. It concerns the stipulation it has had to make that access to its proposed new "oil facility" would have to be "supplementary to members' other access to Fund resources."

## Gold tranche

The point is that recourse by the principal oil-consuming countries to the Fund's existing resources would involve most of them in utilising the so-called gold tranche portion of their drawing rights. The gold tranche, it should be explained, is the amount by which the Fund's holdings of a member's currency fall short of its quota and is roughly equivalent, in the ordinary way, to the part of its original subscription to the Fund's capital that it paid in gold. Since it is in the normal course of events repayable in gold, drawing upon it means using up a gold-linked credit balance.

In the past, this would not have bothered borrowing members because they could expect to have reconstituted such a credit balance at no great lapse of time—certainly before the value of the "gold rights" involved had materially changed. But it is a very different matter with the transactions at present in contemplation. For all the indications are that it will be many years before these borrowings can be repaid, whereas it is almost everywhere taken for granted that the days of the \$42 per ounce official gold price are numbered.

The upshot is that it is going to be extremely difficult, if not impossible, for the Fund to play the part it wants to—and could do—in containing the oil-induced payments crisis unless something is done about the gold price hiatus. That does not necessarily mean that a permanent new parity has to be fixed forthwith. But what it does call for is the introduction of an interim working arrangement aimed at enabling gold to help rather than obstruct.



?

8-216

SEC-75,779  
Translated by J. Merry  
372615

CENTRAL BANK OF WEST AFRICAN STATES

29, rue du Colisée, Paris 8<sup>e</sup>

Research Directorate

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Washington, D.C. 20431  
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Orig. & enc: AFR

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Very truly yours,

/s/

P. SANNER  
Director of Research

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## Comment

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For some time it has been evident that clearing the way for a resumption of official gold traffic would help to reduce the new international payments tensions by enabling the deficit countries to count on getting a reasonable price for gold drawn from their reserves for settling deficits with the oil-producers. The development that has suddenly given the subject a much greater urgency is the International Monetary Fund's attempt to increase the gap-bridging resources at the disposal of its afflicted members by introducing a new "oil facility."

There are two reasons for this. The first is that it is now evident that, if the Fund is hoping to mobilise a significant part of the additional money needs by encouraging the oil-producers to put part of their greatly enlarged surpluses at its disposal, it will have to be prepared to acquire these resources—in some measure at least—in exchange for gold.

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It has been the Fund's practice in the past, when seeking to add to its holdings of wanted currencies, to offer to buy them from the countries concerned against a package containing a significant gold element drawn from its own stocks. The oil-producing countries would naturally have a particularly strong case for expecting such a "sweetener" under present conditions.

Yet the Fund would obviously expose itself to the charge of having given the metal away if it were to include it in such a package—as it would have to, as things stand at present—at the existing official gold price of \$42 per ounce. For the open market price has recently been standing at some three to four times that level.

Here, then is one extremely important reason why the IMF's plan to play a major part in resolving oil-induced payments tensions calls for urgent new thinking on the gold price issue. And, as I have already noted, there is another. It concerns the stipulation it has had to make that access to its proposed new "oil facility" would have to be "supplementary to members' other access to Fund resources."

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The upshot is that it is going to be extremely difficult, if not impossible, for the Fund to play the part it wants to—and could do—in containing the oil-induced payments crisis unless something is done about the gold price hiatus. That does not necessarily mean that a permanent new parity has to be fixed forthwith. But what it does call for is the introduction of an interim working arrangement aimed at enabling gold to help rather than obstruct.

SEC-73,816  
Translated by L. Humphreys  
Reviewed by U. Wilson  
215870

<del>M. T.</del>
<del>C. I. R.</del>
<del>J. W.</del>
<del>E. D.</del>
<del>P. B.</del>
cc: MW, WA
Files

0810 EDT  
440040 FUND UI  
BCEAO PARIS

Orig: AFR  
cc : MD  
DMD  
Mr. Yameogo  
LEG  
RES  
ETR  
SEC  
TRE

ATTENTION: MANAGING DIRECTOR

IN MY CAPACITY AS CHAIRMAN OF THE BOARD OF DIRECTORS OF THE BCEAO, JOINT INSTITUTE OF ISSUE FOR THE MONETARY UNION, I INFORM YOU THAT THE GOVERNMENTS OF ITS MEMBER STATES, I.E., IVORY COAST, DAHOMEY, UPPER VOLTA, NIGER, SENEGAL AND TOGO, HAVE DECIDED TO RESTORE THE UNITY OF THE EXCHANGE MARKET, FOLLOWING ABOLITION OF THE TWO-TIER MARKET FOR THE FRENCH FRANC WHICH IS THEIR INTERVENTION CURRENCY.

REGARDS.

EDOUARD KODJA

PARIS, MARCH 26, 1974 13:10

Received in Cable Room

March 26, 1974

08 10 EDT

440040 FUND UI

BECEAO PARIS

Orig: AFR  
cc: MD  
DMD  
Mr. Yameogo  
TRE  
LEG  
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ATTENTION DIRECTEUR GENERAL.

EN MA QUALITE DE PRESIDENT DU CONSEIL D'ADMINISTRATION DE LA  
B.C.E.A.O., INSTITUT D'EMISSION COMMUN DE L'UNION MONETAIRE,  
J'AI L'HONNEUR DE VOUS INFORMER QUE LES GOUVERNEMENTS DES ETATS  
MEMBRES DE CELLE-CI, A SAVOIR COTE D'IVOIRE, DAHOMEY, HAUTE-VOLTA,  
NIGER, SENEGAL ET TOGO, ONT DECIDE DE RETABLIR L'UNITE DU MARCHE  
DES CHANGES, COMME SUITE A LA SUPPRESSION DU DOUBLE MARCHE DU  
FRANC FRANCAIS CONSTITUANT LEUR MONNAIE D'INTERVENTION.

HAUTE CONSIDERATION.

EDOUARD KODJO

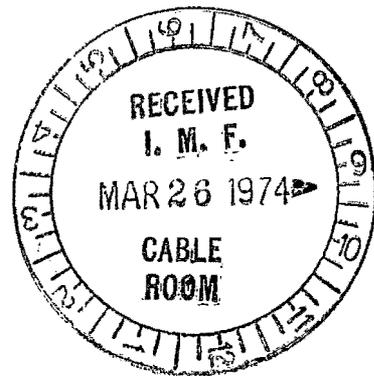
BCEAO PARIS

PARIS LE 26 MARS 1974 - 13H10

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440040 FUND UI

BECEAO PARIS



709 L St. N.W. Washington D.C. Phone 296-6200

ITT World Communications Inc.

ITT W/O

1709 L St. N.W. Washington D.C. Phone 296-6200

1709 L St. N.W. Washington D.C. Phone 296-6200

cc: MW  
WA  
Foy

February 5, 1974

To: Members of the Executive Board  
From: The Secretary  
Subject: Information on Exchange Practices in the Member Countries of the West African Monetary Union (Central Bank of West African States) - Dahomey, Ivory Coast, Niger, Senegal, Togo, and Upper Volta

---

The Fund has received the following information from the President of the Central Bank of West African States (BCEAO):

Honor to inform you that following meeting Board of West African Monetary Union in Abidjan all Member States have decided to let the CFA franc float in line with decision of French monetary authorities.

It is understood that the relationship between the CFA franc and the French franc remains unchanged at CFAF 0.02 = F 1. Pursuant to paragraph 7(a) of the revised decision on "Central Rates and Wider Margins: A Temporary Regime" (Decision No. 3463-(71/126), December 18, 1971, as amended by Decision No. 4083-(73/104)), no action by the Fund is required.

Cleared by Mr. Sweeney  
& Mrs. Bachmann  
Taken to Miss Thompson  
2/5/74  
/as



# Office Memorandum

TO : Mr. M. Touré

FROM : Antoine Yaméogo

SUBJECT : CFA Franc

A handwritten signature in black ink, appearing to be "Antoine Yaméogo", written over a horizontal line.

DATE: February 4, 1974

In reply to my cable of January 29, Mr. Edouard Kodjo, President of the BCEAO, advised me, on January 30, of the decision of the member countries of that central bank to float their common currency jointly with the French franc.

You have already received directly from Mr. N'De Ingar Mbailemdana, President of the BEAC, notice of a similar measure taken by the Bank of Central African States. As soon as I receive an answer from the Malian authorities, I will forward it to you.

On behalf of my authorities, I would be grateful to you for any necessary action you will take to comply with their decision.

VO

1402 EDT

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JAN 30 1974

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ETAT

MINAFFAIRES ETRANGERES LOME A MONSIEUR ANTOINE YAMEOGO

ADMINISTRATEUR

INTERFUND

WASHINGTONDC20431

94/TO/AE/74 COMME SUITE VOTRE TELEGRAMME 29 JANVIER STOP HONNEUR  
VOUS FAIRE CONNAITRE QU APRES DELIBERATIONS CONSEIL UMOA ABIDJAN  
TOUS ETATS MEMBRES DECIMENT DE LAISXSER FLOTTER FRANCS CFA A  
L INSTAR DECISION PRISE PAR AUTORITES MONETAIRES FRANCAISES STOP  
CONSIDERATION DISTINGUEE STOP FINAL

ED KODJO PRESIDENT BCEAO

COL 94/TO /AE/74 29 20431

7001 S. M. W. Washington D.C. Phone 202-5200

OFFICE MEMORANDUM

*General Files  
135*

TO: See Below

DATE: August 22, 1973

FROM: Barend A. de Vries, Chief Economist, Western Africa Region

SUBJECT: Discussion on Franc Zone in Africa

We are planning an informal round table discussion on recent developments in the Franc zone and their effect on African countries. Participation is limited to Economists directly concerned. Please let my office (ext. 2065) know if you plan to attend.

Place: Conference Room C 310

Time: Wednesday, September 12, 1973, at 3 p.m.

Distribution:

- IMF: Mr. Dini (and colleagues), *Mr Calamitsis*, *Mr Suen*, and *Ms. Doherty or Green*
- IBRD: Mr. Saxe, EPDIE *will attend*
- Mr. Please, EANVP
- Mr. Maubouche, EA2
- Mr. Gintzburger, EA2
- Mr. Hattori, WANSA *Dini*
- Mr. Jansen, WA2 *9/7*
- Mr. Westebbe, WA2
- Mr. de Azcarate (o/a)

*Mauritania  
Madagascar  
Cameroun  
CCEA reform*



# Office Memorandum

8-218 } +7586

① Pl. circulate  
② file in new file

DATE: May 7, 1973

6F 135  
WMOA

TO : The Secretary  
FROM : S. Nana-Sinkam *Sankar*  
SUBJECT : Exchange rates

The attached cable has been received from Mr. Jean Tévi, President of the Board of Directors of the BCEAO, regarding the exchange rates of this common central bank's member countries.

Orig: AFR  
cc: MD  
DMD  
LEG  
RES  
ETR  
SEC  
TRE

Encl.

SEC-69,607  
Translated by J. Davies  
Reviewed by F. Neter  
347586

440040 FUND UI

BCEAO PARIS

NO. 1468

ATTENTION ANTOINE YAMEOGO EXECUTIVE DIRECTOR

IN REPLY TO YOUR CABLE OF APRIL 16 PLEASE CONVEY FOLLOWING  
MESSAGE TO MANAGING DIRECTOR MONETARY FUND.

"AS CHAIRMAN OF BOARD OF DIRECTORS CENTRAL BANK  
WEST AFRICAN STATES BANK OF ISSUE OF JOINT CURRENCY OF  
SEVEN COUNTRIES, IVORY COAST, DAHOMEY, UPPER VOLTA, MAURITANIA,  
NIGER, SENEGAL AND TOGO I CONFIRM TO YOU MAINTENANCE OF  
FIXED PARITY BETWEEN OUR JOINT CURRENCY AND FRENCH FRANC,  
I.E. ONE CFA FRANC EQUAL TO TWO HUNDREDTHS OF FRENCH FRANC."  
KIND REGARDS

JEAN TEVI CHAIRMAN BOARD OF DIRECTORS BCEAO

☒

440040 FUND UI

BECEAO PARIS

NO 1468

*Paris 8 327586*  
*11-1308*  
*1073*  
~~ERRATA~~

MAY 4 - 1973

ATTENTION ANTOINE YAMEOGO EXECUTIVE DIRECTOR

=====

EN REPONSE A VOTRE CABLE DU 16 AVRIL VOUS PRIE COMMUNIQUER MESSAGE  
CI-APRES A DIRECTEUR GENERAL FONDS MONETAIRE.

CITATION - '' EN MA QUALITE DE PRESIDENT CONSEIL D'ADMINISTRATION  
BANQUE CENTRALE ETATS DE L'AFRIQUE DE L'OUEST INSTITUT D'EMISSION  
DE LA MONNAIE COMMUNE AUX SEPT ETATS DE COTE D'IVOIRE, DAHOMEY  
HAUTE-VOLTA, MAURITANIE, NIGER, SENEGAL ET TOGO VOUS CONFIRME  
MAINTIEN RELATION FIXE ENTRE NOTRE MONNAIE COMMUNE AVEC FRANC  
FRANCAIS, SOIT UN FRANC CFA EGAL DEUX CENTIEMES DE FRANC FRANCAIS. ''

HAUTE CONSIDERATION

JEAN TEVI PRESIDENT CONSEIL ADMINISTRATION B C E A O



# Office Memorandum

TO : Deputy Managing Director

DATE: February 5, 1973

FROM : Charles L. Merwin

*Cl. Merwin*

SUBJECT : Publication of Article on BCEAO Interest Rate Policy

Mr. Nana-Sinkam has transmitted to us a cable from Mr. Julienne requesting permission to publish in the monthly bulletin of the BCEAO the staff study on interest rates which we prepared at the request of the BCEAO in June 1972. You will recall that this study was referred to in the Board by Mr. Yameogo and copies were communicated to Mr. Bull and Miss Fuenfgelt with your approval. I attach a copy of Mr. Julienne's cable and of Mr. Nana-Sinkam's reply.

We recommend that permission be granted to publish this study in the BCEAO bulletin. A cable to this effect is attached. We will also plan to issue the study as a DM.

Attachments

cc: Messrs. Anderson  
Humphreys  
Reid  
Yameogo

*OK*  
*Cl. Merwin*  
*[Signature]*

*cable dispatched*  
*2/5/73*



# Office Memorandum

TO : The Secretary

FROM : Samuel Nana-Sinkam *Samuel Nana-Sinkam*

SUBJECT : Change in discount rate

DATE: January 30, 1973

<del>M. T.</del>
<del>J. W.</del>
<del>R. W.</del>
<del>L. D.</del>
<del>A. B.</del>
cc:
Files

Would you please inform the Executive Directors of the following communication received from the BCEAO authorities:

Effective January 29, 1973 the discount rate of the BCEAO has been increased from 3.5 per cent to 5.5 per cent.

Orig: AFR ✓

cc: MD

DMD

TRE

LEG

RES

ETR

SEC

PS/ad  
BANQUE CENTRALE  
DES ETATS DE L'AFRIQUE DE L'OUEST  
29, RUE DU COLISÉE - PARIS, 8<sup>e</sup>

TÉL: BAL. 71-60 TELEX: BECEAO 27081 PARIS  
ADRESSE TÉLÉGRAPHIQUE INSTEMAFOC

- Direction des Etudes -

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Paris, le

30 JAN. 1973

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Monsieur le Directeur,

000988

Ainsi que M. YAMEOGO a dû vous en aviser, sont entrés en vigueur, le 29 janvier, de nouveaux taux des opérations de la Banque Centrale et de nouvelles conditions générales à appliquer par les banques aux opérations avec leur clientèle ; ces nouveaux taux et conditions découlent des décisions arrêtées par le Conseil de l'Union Monétaire Ouest Africaine et le Conseil d'Administration de la Banque Centrale des Etats de l'Afrique de l'Ouest en leur réunion de Niamey en décembre dernier.

Je vous prie d'agréer, Monsieur le Directeur, l'expression de ma considération très distinguée.

P. SANNER.

Directeur des Etudes.

Monsieur Mamadou TOURE  
Director  
African Department  
International Monetary Fund  
19th and H. Streets - N.W.  
WASHINGTON - D.C. 20431

(U.S.A.)

Paris, le 29 janvier 1973

29, RUE DU COLISÉE - PARIS-8<sup>è</sup>

TÉL. : DAL. 71-60 TELEX : BECRAO 65067 PARIS  
ADRESSE TÉLÉGRAPHIQUE INSTEMAFOC

C O M M U N I Q U E

Modification du taux d'escompte de la Banque Centrale des Etats de l'Afrique de l'Ouest et des conditions générales applicables par les banques de l'Union Monétaire Ouest Africaine.

Sur proposition du Conseil de l'Union Monétaire Ouest Africaine et du Conseil d'Administration de la Banque centrale les conditions générales applicables par les banques de l'Union à leur clientèle ont fait l'objet d'une nouvelle définition uniforme promulguée par actes des Gouvernements des sept Etats de l'Union monétaire selon les dispositions des législations nationales.

Ces nouvelles dispositions ont pour caractéristiques de lier les taux des intérêts débiteurs et des intérêts créditeurs applicables par les banques aux concours à la clientèle ou aux dépôts reçus d'elle, à des taux de base déterminés par le Conseil d'administration de la Banque centrale en relation avec les taux appliqués par celle-ci à ses opérations.

En sa réunion du 2 décembre 1972, le Conseil d'administration de la Banque centrale a décidé de porter de 3,5 à 5,5 % l'an le taux appliqué par elle au réescompte des effets à court terme ou à moyen terme présentés par les banques ainsi que le taux applicable au découvert consenti aux Trésors publics.

Il a également fixé :

- à 5,5 % le taux de base des crédits débiteurs (T.B.D.) ;
- à 2,5 % le taux de base des intérêts créditeurs (T.B.C.)

servant à l'application des conditions générales applicables par les banques de l'Union monétaire.

Ces nouveaux taux de la Banque centrale et conditions générales des banques sont entrés en vigueur le lundi 29 janvier 1973.

Pour notification :

Le Directeur Général Adjoint,  
D. CABOU

CONDITIONS GENERALES APPLICABLES PAR LES BANQUES  
INSTALLEES DANS LES ETATS DE L'UNION MONETAIRE OUEST AFRICAINE

=====

Côte d'Ivoire

- Décret n° 73.47 du 26 janvier 1973 relatif au barème des conditions générales applicables par les banques installées sur le territoire de la République de Côte d'Ivoire.

Dahomey

- Décret n° 73.31 du 26 janvier 1973 relatif au barème des conditions générales applicables par les banques installées sur le territoire de la République du Dahomey.
- Arrêté n° 28 du 26 janvier 1973 portant application du décret n° 73.31 du 26 janvier 1972 (entrée en vigueur du décret à compter du 29 janvier 1973).

Haute-Volta

- Arrêté n° 7 du 16 janvier 1973 relatif au barème des conditions générales applicables par les banques installées sur le territoire de la République de Haute-Volta.

Mauritanie

- Arrêté n° 6 du 16 janvier 1973 relatif au barème des conditions générales applicables par les banques installées sur le territoire de la République Islamique de Mauritanie.

Niger

- Arrêté n° 30 du 26 janvier 1973 relatif au barème des conditions générales applicables par les banques installées sur le territoire de la République du Niger.

Sénégal

- Arrêté n° 221 du 13 janvier 1973 relatif au barème des conditions générales applicables par les banques installées sur le territoire de la République du Sénégal.

Togo

- Arrêté n° 34 du 24 janvier 1973 relatif au barème des conditions générales applicables par les banques installées sur le territoire de la République Togolaise.

CONDITIONS GENERALES APPLICABLES PAR LES BANQUES  
installées dans les Etats de l'Union Monétaire Ouest Africaine

I. - DISPOSITIONS GENERALES

1. Les opérations entre banques ne sont pas soumises aux conditions fixées par le présent texte.

Par contre, ces conditions s'appliquent à tous les comptes tenus par les banques de toute nature exerçant leur activité dans les Etats membres de l'Union Monétaire Ouest Africaine et pour toutes les catégories de clientèle, qu'il s'agisse :

- de particuliers ;
- d'entreprises privées ;
- d'organismes publics ;
- d'organismes d'économie mixte.

Toutefois, en ce qui concerne les banques de développement et autres institutions financières, ayant la qualité de banques spécialisées (notamment, caisses de crédit agricole, ex-crédits sociaux, etc.) , ces conditions ne s'imposent à elles que pour les opérations relevant, par leur nature, de l'activité normale des banques commerciales ou de dépôts.

Enfin, lorsque des opérations importantes, présentant un intérêt majeur pour l'économie des Etats, ne peuvent être initiées normalement par les banques dans le respect des conditions générales ainsi fixées, des dérogations sont possibles.

Elles sont accordées, sur cas d'espèce, par les autorités nationales chargées de la direction du crédit, en accord avec la Banque Centrale.

2. Les taxes à la production et sur les transactions, les taxes locales et toutes taxes assises sur le chiffre d'affaires doivent, dans tous les cas, être intégralement à la charge de la clientèle.

3. Les dates de valeurs sont ainsi fixées :

- Versements espèces, virements, remises de chèques : crédit le premier jour ouvrable suivant celui de la réception ou de la remise ;
- Remises d'effets à l'escompte : décompte du jour de la remise, crédit valeur premier jour ouvrable suivant celui de la remise ;
- Retraits espèces, virements, paiements chèques, domiciliations effets et dispositions diverses : débit premier jour ouvrable précédant celui du paiement ou de l'exécution.

4. Sont considérées comme places bancables, les places sur lesquelles la Banque Centrale des Etats de l'Afrique de l'Ouest (B.C.E.A.O.) est, soit installée, soit représentée.

5. Le taux de base des intérêts créditeurs (T.B.C.) et celui des intérêts débiteurs (T.B.D.) visés par les présentes conditions sont fixés par le Conseil d'administration de la Banque Centrale en proportion du taux officiel de réescompte de celle-ci.

## II - CONDITIONS DES COMPTES

### 1. - Intérêts créditeurs

#### 1a - Dépôts publics ou assimilés :

Les taux de rémunération sont librement fixés par conventions entre les parties.

Par "dépôts publics ou assimilés", il convient d'entendre les dépôts :

- du Trésor national, de l'Administration nationale des Postes et autres fonds d'Etats nationaux ;
- des organismes publics, para-publics ou privés (sociétés d'assurances, par exemple), dont les dépôts à la banque concernée résulteraient d'une obligation réglementaire.

#### 1b - Dépôts privés

Par "dépôts privés", il convient d'entendre les dépôts de la clientèle autres que ceux ci-dessus énumérés .

Les taux de rémunération à appliquer à ces dépôts sont ceux portés au tableau ci-joint ; ils sont déterminés par rapport au "Taux de base des intérêts créditeurs" fixé conformément à l'alinéa 5 des présentes "conditions générales".

Taux des intérêts créditeurs

T e r m e	Montant des comptes ou des bons (en francs c.f.a.)				
	jusqu'à 200.000	de 200.001 à 500.000	de 500.001 à 1.000.000	de 1.000.001 à 5.000.000	au-dessus de 5.000.000
<u>dépôts à vue</u>	sans intérêt	TBC	TBC + 0,50	TBC + 0,75	TBC + 1,25 minimum
<u>dépôts à terme (a)</u>					
moins de 6 mois	TBC *	TBC + 0,75	TBC + 1,25	TBC + 1,75	TBC + 2,50 minimum
de 6 mois à moins d'1 an	TBC + 1,50	TBC + 1,75	TBC + 2,00	TBC + 2,50	TBC + 3,50 minimum
d'1 an à moins de 2 ans	TBC + 2,50	TBC + 2,75	TBC + 3,00	TBC + 3,50	TBC + 3,75 minimum
à partir de 2 ans	TBC + 3,50	TBC + 3,50	TBC + 3,75	TBC + 3,75	TBC + 4,00 minimum
<u>Bons de caisse (b)</u>					
de 6 mois à moins d'1 an	TBC + 1,50	TBC + 1,75	TBC + 2,00	TBC + 2,50	TBC + 3,50 minimum
d'1 an à moins de 2 ans	TBC + 2,50	TBC + 2,75	TBC + 3,00	TBC + 3,50	TBC + 3,75 minimum
plus de 2 ans	TBC + 3,50	TBC + 3,50	TBC + 3,75	TBC + 3,75	TBC + 4,00 minimum

Comptes d'épargne : TBC + 2,25 (dans les limites du montant maximum fixé par les "conditions particulières")

TBC = Taux de base des intérêts créditeurs de chaque Etat de l'Union.

- (a) Des avances sur dépôts à terme peuvent être consenties à un taux correspondant au taux d'intérêt versé sur ces dépôts plus 1 %
- (b) Les bons de caisse sont émis en coupures de 5.000 F/cfa minimum pour une durée qui ne peut être inférieure à 6 mois. Ils peuvent être rachetés par les établissements émetteurs sous déduction d'un escompte calculé à un taux, pour la période restant à courir, qui ne peut être, ni supérieur au taux nominal du bon plus 1 %, ni inférieur au taux nominal du bon.

502 : 10000  
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2. - Crédits à court terme

2a - Intérêts débiteurs

Les conditions ci-dessous s'appliquent aux concours par caisse ou par escompte de papier financier de mobilisation.

Il n'y a pas de conditions préférentielles pour les crédits appuyés par une contre-garantie bancaire ou assimilée. Il est loisible à la banque qui bénéficie d'un engagement de ce genre, de rémunérer le garant à l'intérieur du taux fixe appliqué à son client, au besoin en entente avec lui.

A l'intérieur des limites individuelles de réescompte	En dépassement des limites individuelles ou hors limite
---	---

- Financement, au profit d'organismes publics, de <u>commercialisation</u> de produits	T.B.D. + 1,00 % Taux fixe	T.B.D. + 5,50 % Taux fixe
- Crédits accordés aux entreprises de production bénéficiant d'une convention d'établissement ou d'agrément ou d'un régime privilégié	T.B.D. + 1,00 % min. + 1,75 % max.	T.B.D. + 5,50 % Taux fixe
- Avances sur <u>stocks</u> de produits régulièrement nantis ou <u>individualisés</u> et <u>déclarés à la Banque Centrale</u>	T.B.D. + 1,00 % Taux fixe	T.B.D. + 5,50 % Taux fixe
- Autres crédits ou avances	T.B.D. + 2,00 % min. + 4,00 % max.	T.B.D. + 5,50 % Taux fixe
- Crédits ou avances consentis <i>en faveur d'entreprises contrôlées par des nationaux</i> et ne bénéficiant pas d'un accord de réescompte de la Banque Centrale.		T.B.D. + 2,50 % min. + 4,50 % max.
- jusqu'à 5.000.000 F/cfa inclus		T.B.D. + 3,50 % min. + 5,50 % max.
- de 5.000.001 à 15.000.000 F/cfa.		Taux libras
- Comptes litigieux ou contentieux ayant donné lieu à engagement de procédure.		

.../...

2b - Commission de découvert

Tous les comptes débiteurs ou ayant présenté une situation débitrice au cours d'un mois supportent une commission calculée sur le plus fort découvert de ce mois de

1/24 % au maximum

En ce qui concerne les comptes d'avances sur produits régulièrement nantis, cette commission est ramenée à

1/48 % au maximum

2c - Opérations de portefeuille

Il n'y a pas de conditions préférentielles pour les crédits appuyés par une contre-garantie bancaire ou assimilée. Il est loisible à la banque, qui bénéficie d'un engagement de ce genre, de rémunérer le garant à l'intérieur du taux fixe perçu sur le client, au besoin après entente avec lui.

A l'intérieur des limites individuelles de réescompte de la Banque Centrale

- Effets commerciaux locaux

T.B.D.  
+ 2,00 % minimum  
+ 4,00 % maximum

*87/10/11*  
- Exportations - Autres que produits

. Effets commerciaux sur Etats de l'U.M.O.A.

T.B.D.  
+ 1,50 % minimum  
+ 2,50 % maximum

. Effets documentaires avant dessaisissement

T.B.D.  
+ 1,50 % minimum  
+ 2,00 % maximum

. Effets documentaires après dessaisissement

T.B.D.  
+ 2,00 % minimum  
+ 2,50 % maximum

- Exportations de produits

. Effets documentaires avant dessaisissement

T.B.D.  
+ 1,50 % minimum  
+ 2,00 % maximum

. Effets documentaires après dessaisissement

T.B.D.  
+ 2,00 % minimum  
+ 2,50 % maximum

qu'il s'agisse d'effets sur la zone franc ou d'effets sur l'étranger.

En dépassement des limites individuelles de réescompte ou hors limite

T.B.D.  
+ 5,50 %  
Taux fixe

2d - Financement de ventes à crédit par les établissements spécialisés

-- Par négociation d'effets de chaîne ou effets de mobilisation d'effets de chaîne non bancables.

A l'intérieur des limites individuelles de réescompte de la Banque Centrale

T.B.D.  
+ 2,75 % taux fixe  
net de toute commission

- Par négociation d'effets de mobilisation de découvert

A l'intérieur des limites individuelles de réescompte de la Banque Centrale

T.B.D.  
+ 2,50 % taux fixe  
net de toute commission

3. Crédits à moyen terme

3a - Crédits assortis d'un accord de mobilisation de la Banque Centrale

- crédits immobiliers à caractère non social (crédits pour lesquels l'intervention de la Banque Centrale est limitée à 30 % du montant des investissements).  
T.B.D.  
+ commission d'engagement de la Banque Centrale  
+ 3,50 % minimum  
+ 5,00 % maximum
- Autres crédits immobiliers non déclarés d'utilité sociale ou n'entrant pas dans les normes d'habitat d'utilité sociale définies par le Gouvernement  
T.B.D.  
+ commission d'engagement de la Banque Centrale  
+ 3,50 % minimum  
+ 4,00 % maximum
- Crédits agricoles, industriels et commerciaux de caractère productif  
T.B.D.  
+ commission d'engagement de la Banque Centrale  
+ 1,75 % minimum  
+ 2,50 % maximum
- Crédits d'investissement en faveur d'entreprises bénéficiant des dispositions du Code des Investissements ou crédits immobiliers d'intérêt social  
T.B.D.  
+ commission d'engagement de la Banque Centrale  
+ 1,75 % minimum  
+ 2,25 % maximum

3b - Crédits non assortis d'un accord de mobilisation de la Banque Centrale

T.B.D.  
+ 5,50 % taux fixe

3c - Commission d'attente

Commission d'attente de la Banque Centrale

4. Transferts et opérations de change manuel

4a - Transferts (a) :

4a-1 - Entre Etats de l'Union Monétaire :

Au départ des places bancables :

- sur place bancable 0,15 pour mille  
minimum de perception 100 F. cfa
- sur place non bancable 1,00 pour mille  
minimum de perception 100 F. cfa

Au départ des places non bancables :

- sur place bancable 1,00 pour mille  
minimum de perception 100 F. cfa
- sur place non bancable 1,00 pour mille  
minimum de perception 100 F. cfa

Les frais de câble sont décomptés en sus des commissions précitées.

(a) Les commissions pour transferts entre places d'un même Etat de l'Union sont déterminées par les "conditions particulières" propres à chacun d'eux.

## 4-a2 - A l'extérieur de l'Union Monétaire :

## Au départ des places bancables ou non bancables :

- Sur France ou Etats de la zone franc, dont les monnaies sont librement transférables à l'intérieur de cette zone	Commission de la B.C.E.A.O. minimum de perception 200 F.cfa
- Sur autres Etats	Commission de la B.C.E.A.O. + 0,6 pour mille minimum de perception 200 F/cfa

*La commission de transfert est obligatoirement mise à la charge de la clientèle pour tout règlement effectué en francs c.f.a. en couverture d'encaissement de chèques ou d'effets en francs c.f.a., en francs français ou autres devises dont le montant doit être transféré hors de l'U.M.O.A.*

- Aux tarifs de transfert, s'ajoutent pour les opérations traitées hors zone franc, les commissions de change, dont le taux est libre.

Les frais de câble sont décomptés en sus des conditions précitées.

4b - Opérations de change manuel :

*Les opérations de change manuel portant sur des billets de la Banque de France ou des Instituts d'émission d'Etats disposant d'un compte d'opérations auprès du Trésor Français sont effectuées sans commission et à la parité appliquée par la B.C.E.A.O.*

5. Divers- Engagements par signature :

. Avals, cautions, ducroire, acceptations ;	1,00 % 1'an
. Contre-garanties données à des banques locales ou extérieures ;	1,00 % 1'an
. Cautions fiscales	1,00 % 1'an
. Ouvertures de crédits documentaires :	
- crédits révocables	0,50 % 1'an
- crédits irrévocables	1,00 % 1'an
- commission de levée de documents	0,125 %

#

TAUX DES OPERATIONS DE LA BANQUE CENTRALE  
DES ETATS DE L'AFRIQUE DE L'OUEST \*

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1.- Opérations de crédit à court terme

1-1 Taux d'escompte des effets à court terme ..... 5,50 % 1'an

Ce taux est exclusif de toute commission, mais un minimum de 10 jours d'agios est perçu sur tout effet admis au réescompte.

1-2 Avances sur effets publics :

- à terme fixe ..... 7,00 % 1'an

- en compte courant ..... 7,50 % 1'an

1-3 Avances sur titres admis en garantie ..... 7,00 % 1'an

1-4 Pensions sur effets publics et privés à moins de six mois d'échéance :

a) à l'intérieur du plafond de réescompte, en cas de remise tardive de documents statistiques, dont la production est prescrite ..... 8,00 % 1'an

b) hors plafond, dans la limite de 100 millions de francs cfa ou de 10 % du plafond de réescompte si ce dernier montant est plus élevé ..... 8,00 % 1'an

c) hors plafond, au-delà de la faculté précédente, sans limite ..... 10,00 % 1'an

1-5 Escompte ou pensions d'obligations cautionnées ..... 5,50 % 1'an

1-6 Une commission de 1 % 1'an est en outre perçue des banques de dépôts et établissements assimilés sur la partie ci-après définie des concours à court terme consentis par la Banque Centrale ; la commission est appliquée au montant de ces concours qui excède le total de 75 % du plafond de réescompte à court terme consenti à la banque considérée et d'un montant déterminé en proportion de l'augmentation de la moyenne des "dépôts privés", tels que définis ci-après, à la fin des six mois précédents, par rapport à la moyenne des dépôts de même nature durant la même période de l'année précédente, corrigée du taux d'accroissement moyen des dépôts privés recueillis par l'ensemble des banques considérées exerçant leur activité dans l'Etat.

.../...

---

Déterminés par le Conseil d'administration du 2 décembre 1972.

Les modalités de liquidation et de recouvrement de cette commission sont précisées par instruction de la Banque Centrale aux banques concernées.

Par "dépôts privés" il convient d'entendre les dépôts de la clientèle, à l'exception :

- de ceux du Trésor national, de l'Administration nationale des Postes et autres Fonds d'Etat nationaux,
- ainsi que des organismes publics, para-publics ou privés (sociétés d'assurance, par exemple), dont les dépôts à la banque concernée résulteraient d'une obligation réglementaire.

## 2.- Opérations de crédit à moyen terme

2-1 Taux d'escompte des effets de mobilisation ..... 5,50 % 1'an

2-2 Commission d'attente ..... 0,15 % 1'an

perçue: lorsque la mise en place du crédit à moyen terme intervient plus de trois mois après la notification d'accord ;

2-3 Commission d'engagement

- sur la partie du crédit amortissable au cours des cinq premières années ; ..... 0,25 % 1'an

- sur la partie du crédit amortissable au-delà de la cinquième année ..... 0,50 % 1'an

La commission d'engagement est perçue lorsque le crédit est mis en place, soit moins de trois mois après la notification d'accord, soit à l'issue de la période d'attente.

2-4 Sont exonérés de toute commission d'attente et d'engagement

- les crédits à moyen terme bénéficiant de l'aval d'un Etat de l'Union Monétaire Ouest Africaine ;
- les crédits à moyen terme assortis de l'aval d'une institution publique, ou agréée par le Gouvernement, de garantie des crédits aux petites et moyennes entreprises à condition que cet aval représente au moins 50 % du montant du crédit auquel il s'applique ;
- les crédits à moyen terme d'un montant inférieur ou égal à 4.000.000 francs c.f.a. destinés à financer la construction de logements individuels.

2-5 Une commission de 1 % l'an est appliquée aux effets de mobilisation présentés à l'escompte par les banques dont le montant des crédits à moyen et à long terme accordés à la clientèle figurant sur deux situations mensuelles consécutives est supérieur au montant des ressources permanentes et à terme de six mois et plus retenues pour le calcul de leur potentiel d'engagements à moyen et long terme.

Les modalités de liquidation et de recouvrement périodiques de cette commission sont précisées par instruction de la Banque Centrale aux banques concernées.

3.- Découvert en compte courant aux Trésors nationaux 5,50 % l'an

4.- Commissions de transfert

4.1	Transferts entre sièges de la Banque Centrale dans l'Union Monétaire .....	commission forfaitaire de 100 F.
4.2	Transferts sur l'Union Monétaire (a)	0,10°/°° minimum 100 F
4.3	Transferts de l'Union Monétaire sur l'extérieur (a), (b) .....	0,40°/°° minimum 100 F

A ces commissions s'ajoutent les frais de câbles ou télex des transferts exécutés par ces voies.

---

(a) Les remises de francs cfa en devises autres que le franc français et inversement donnent lieu à perception de remboursement des frais de transferts et de changes supportés par la Banque Centrale.

(b) La Banque Centrale exécute sans commission :

- les transferts entre ses sièges de l'Union Monétaire,
- les transferts hors de l'Union Monétaire,

qui lui sont demandés par les Trésors publics, les administrations des Postes et les Institutions assimilées des Etats de l'Union Monétaire.



# Office Memorandum

*Chu*

TO : Acting Managing Director

FROM : Mamoudou Touré *[Signature]*

SUBJECT : Interest Rate Policy in BCEAEC Countries

DATE: December 22, 1972

In a meeting with Mr. Waitzenegger, Mr. Panouillot, Managing Director of the Central Bank of Equatorial African States and Cameroon, indicated that the Board of Directors of the Central Bank was presently reviewing the interest rate policy in the monetary area. He said that the Directors would appreciate receiving a copy of the note on the subject which was prepared by the Fund staff in June 1972 at the request of the Central Bank of West African States. Subject to your approval, I plan to communicate our study to Mr. Panouillot.

*Approved*  
*[Signature]*

SEC-67,054

Translated by L. Humphreys

Reviewed by J. Merry

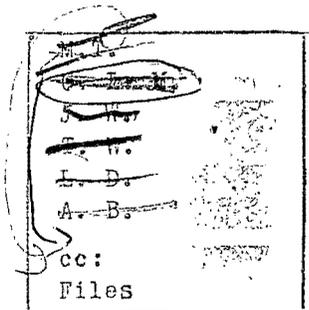
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PS/rr  
CENTRAL BANK OF WEST  
AFRICAN STATES  
29, rue du Colisée  
Paris 8(e)

Paris, October 6, 1972

008845

Mr. Mamoudou Touré  
Director, African Department  
International Monetary Fund  
19th and H Streets, N.W.  
Washington, D.C. 20431  
U.S.A.



Sir:

In reply to my request you were kind enough to express your opinion on the "interest rate policy" of the Central Bank of West African States, in a note attached to your letter of June 20 last.

This note, as well as those drawn up on the same subject by the staff of the International Bank for Reconstruction and Development, were submitted to the Board of Directors of the BCEAO at their meeting of September 19 last, together with a note drawn up by my staff which summarized your comments and those of the World Bank and set forth, in detail, the consequences and conditions of a change in the procedures followed until the present time, should the Board so decide.

As a result of this initial review, our Board has requested that, precisely by reason of its competence and of the multiple effects of any measure in its domain, the matter be referred to the Heads of States of the Monetary Union by their Ministers of Finance, all of whom are members of our Council.

From the guidelines that may then be formulated by the Heads of the States of the Union with regard to the general principles of interest rate policy, the Council of the Monetary Union will be called upon to determine the general principles of a policy common to the entire Union.

Then, the technical measures for applying this policy can be defined by the Board of Directors of the Central Bank, whose particular responsibility it is to fix the rediscount rate applied by it.

Received in Correspondence Sec. OCT 13 1972  
Received From Translation Sec. OCT 17 1972

Mr. Babacar BA, President of the Council of the Monetary Union and Chairman of the Central Bank's Board of Directors, intends to convene both of these bodies in Niamey early in December. The meeting of the Council of the Union, which will precede that of the Board of Directors, will then be required to consider the problem of interest rates.

The decisions of both of these bodies will be made known to you as soon as they are adopted.

Very truly yours

/s/

R. JULIENNE

PS/rr  
BANQUE CENTRALE  
DES ETATS DE L'AFRIQUE DE L'OUEST

29. RUE DU COLISÉE - PARIS-8<sup>è</sup>

TÉL. : BAL. 71-60 TELEX : BECEAO 65087 PARIS  
ADRESSE TÉLÉGRAPHIQUE INSTEMAFOG

Paris, le 06 OCT. 1972

336314

008845

Monsieur le Directeur,

En réponse à ma demande vous avez bien voulu me préciser votre sentiment sur la "politique en matière de taux d'intérêt" de la Banque Centrale des Etats de l'Afrique de l'Ouest, par une note jointe à votre lettre du 20 juin dernier.

Cette note et celles établies sur le même sujet par les services de la Banque Internationale pour la Reconstruction et le Développement ont été soumises au Conseil d'administration de la B.C.E.A.O. à sa Réunion du 19 septembre dernier, en même temps qu'une note établie par mes services résumant vos observations et celles de la Banque mondiale, et, exposant en détail les conséquences et conditions d'un changement des errements jusqu'ici suivis, au cas où le Conseil en déciderait ainsi.

En conclusion de ce premier examen, notre Conseil a demandé que le problème, en raison même de sa compétence et des multiples incidences de toute mesure en son domaine, soit porté à l'attention des Chefs des Etats de l'Union monétaire par leurs Ministres des Finances, tous membres de notre Conseil.

Des directives susceptibles d'être ainsi formulées par les Chefs des Etats de l'Union concernant les principes généraux de la politique des taux d'intérêt, le Conseil de l'Union monétaire sera appelé à dégager les principes généraux d'une politique commune à l'ensemble de l'Union. Les mesures techniques d'application de cette politique pourront être alors définies par le Conseil d'administration de la Banque centrale à laquelle il appartient notamment de fixer le taux de réescompte appliqué par elle.

Monsieur Mamadou TOURE  
Directeur du Département Afrique  
International Monetary Fund  
9th and H. Streets N.W.

WASHINGTON D.C. 20431

(U.S.A.)

Il est de l'intention de M. Babacar BA, Président du Conseil de l'Union monétaire et du Conseil de la Banque Centrale de convier l'un et l'autre à se réunir à Niamey au début de décembre ; la réunion du Conseil de l'Union qui précédera celle du Conseil d'administration sera alors appelée à considérer le problème des taux d'intérêts.

Les décisions de l'un et l'autre organisme seront aussitôt portées à votre connaissance.

Je vous prie d'agréer, Monsieur le Directeur, l'expression de ma considération distinguée.

R. Julien

R. JULIENNE

<del>M.F.</del>
U. L. M.
J. W.
<del>R. W.</del>
L. D.
A. B.
cc:
Files

May 23, 1972

Barend A. de Vries

Charles L. Merwin

Reply to Mr. Julienne's Letter of April 17 on  
Interest Rate Policy in West Africa

With reference to your memorandum of May 16, the African Department of the Fund also received a similar letter from Mr. Julienne (copy attached).

We propose to respond to Mr. Julienne's letter by sending him a short paper on "Interest Rate Policy in the BCEAO Area", which will attempt to make a case for a more flexible role for interest rates, mainly in the upward direction. Mr. Tun Wai, who is in charge of the project, is preparing a draft which should be completed within the next two weeks. At that time, we shall send you a copy for comments.

As regards your general note, we are in general agreement with the arguments presented. Naturally our emphasis on some points would be different. Mr. Tun Wai will be in touch with you to give specific comments. I understand that Mr. Dini has already been in touch with/you concerning the note on Senegal.

cc: Mr. Tun Wai

*Handwritten notes:* *Mr. Merwin* *600*

# OFFICE MEMORANDUM

TO: Mr. Charles L. Merwin : International Monetary Fund      DATE:

FROM: Barend A. de Vries *BW*

May 16, 1972

SUBJECT: Reply to Mr. Julienne's letter of April 17  
on Interest Rate Policy in West Africa

In reply to Mr. Julienne's letter, we propose to send a general note on interest policy (which he could use in discussion with his directors) accompanied by a brief note on Senegal and Ivory Coast. I am attaching hereto a draft of the general note and the annex on Senegal; also attached is a copy of Mr. Julienne's letter. We would appreciate having your comments on these drafts. We would, of course, also be interested in learning how you plan to respond to Mr. Julienne's letter.

Attachments

cc. Mr. Chaufournier  
Mr. Jansen

*Handwritten notes:*  
~~SW~~  
~~HW~~  
~~LD~~  
For comments

SUMMARY NOTE ON INTEREST RATE POLICY  
IN THE WEST AFRICAN MONETARY UNION

1. In its assessment of economic development in Africa and elsewhere, the World Bank Group has been concerned with interest rate and related financial policies because they have an impact on the mobilization of financial resources for development and on the use of these resources for purposes with a high economic priority. Consequently, a number of our recent Economic missions have considered the level of interest rates in member countries of the monetary unions.

2. This note makes certain general observations on interest policies in the two Unions, based on our studies thus far. Our conclusions are necessarily tentative and preliminary. We propose to make further studies in the context of our economic missions. We also draw your attention to the background statements on Ivory Coast and Senegal (attached).

3. The level and structure of interest rates must be considered in the broader context of financial policy and the development of a financial system which plays an essential role in the mobilization of financial resources and their application to purposes with a high economic priority. Thus, a crucial question to be considered is whether short and longer term credits are permitted to expand sufficiently so as to facilitate and sustain development, particularly in key sectors such as agriculture, industry, small-scale businesses and small farmers. In this connection, particular attention should be given to the establishment and effectiveness of

specialized credit institutions (industrial development banks, agricultural credit banks), special provisions under which commercial banks are encouraged to extend credit to smaller businesses (for risky operations) and, more generally, the extent to which commercial banks take an interest in the development of the country (e.g., by opening new branches, helping small business and extending medium-term loans).

4. The pooling of reserves, the maintenance of convertibility at a stable exchange rate and freedom of capital movements and remittances are made possible by the two Monetary Unions. In this this system of monetary arrangements, credit policy and, particularly, rediscounts play a key role in the maintenance of external equilibrium. Credit and rediscount policies must necessarily be adjusted to counteract movements in trade and capital flows. The question arises whether these adjustments can be carried out in such a way that the financing of longer-term development is not impaired.

5. At the present low discount rate, adjustments in credit policies must be effected largely through rationing. The low rate puts a strain on the rediscounting system and may make it more difficult to combine the short-term adjustment function with longer-term developmental interests. At the lower rates the danger exists that credit applications from lesser-known and smaller clients are turned down regardless of their economic merits.

6. In a system of free capital movements at a stable exchange rate, the question may well be raised whether a difference in interest rates between African and European, particularly French, markets is desirable. Since financial managers and investors regard risks in Africa to be higher

than in Europe, one would normally expect interest rates in Africa to be higher. However, the present system maintains interest rates below those in Europe. It would seem that an increase in the interest level up to French levels, or somewhat higher, would discourage abnormal outflows and encourage larger balances to be kept in Africa. Higher rates would also encourage short-term borrowing abroad, e.g., for trade financing and inter-bank transactions. We recognize that considerations other than interest yield may influence the outward flow of funds. However, as the outward flow of investment income and remittances is substantial in some countries, even a proportionally small reduction would mean a significant contribution to balance-of-payments viability. Furthermore, maintenance of larger balances in Africa would increase the base for credit expansion and thus make more credit available for development. While, to some observers, higher interest rates may be prejudicial to development, in actual practice larger amounts of development credit would become available.

7. The prime lending rates of commercial banks would appear to be below levels in France. On the other hand, they are not much below those in certain Latin-American countries, particularly when allowance is made for the relatively moderate pace of domestic price inflation. However, the spread between the discount rates and the commercial lending rates appears to be rather high. A narrower spread may induce greater efficiency and introduce a desirable element of competition.

8. Financial savings and the growth of financial assets have been low in many countries. Improvements must await growth in real income and productivity but can also be encouraged by institutional development and interest rate policy. It is recognized also that in many countries personal

savings are influenced by many factors other than interest rates. However, more remunerative deposit rates would be beneficial to the growth of financial assets - both short and longer-term - and would encourage a change in saving habits. Experience elsewhere suggests that higher interest rates would be beneficial to the long range development of the financial system, including the promotion of financial savings.

9. Interest rates reach usury levels in non-institutional or traditional markets. In the interest of development, these markets should be integrated with the organized credit system managed by the Central Bank and the commercial banks. Higher interest rates would make this integration more feasible and would make it more rewarding for the commercial banks.

May 11, 1972  
Barend A. de Vries

The Role of the Interest Rate Structure in Senegal <sup>1/</sup>

General Remarks about the Financial System

1. Before entering the discussion of the role of the interest rate in Senegal, it might be useful to describe some elements of the financial system in which the interest rate structure plays a role.

	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>
GDP (current market prices) (CFAF billion)	180.5	187.4	192.3	201.0	201.7	208.8	209.5	220.6
Money supply as per- <sup>2/</sup> cent of GDP	18.2	15.4	15.3	14.6	14.2	14.0	14.5	14.6
Time deposits as <sup>2/</sup> percent of GDP	0.53	0.53	0.58	0.46	0.44	0.44	0.78	0.99
Credit to the private <sup>2/</sup> sector as percent of GDP	18.7	18.6	19.0	17.6	16.5	16.7	17.0	17.5

In the 1960's, money supply dropped from over 18 percent to 14 to 15 percent of GDP, while time deposits remained virtually unchanged between 1963 and 1968. The latter grew rapidly between 1969 and 1971, but still represents only about 1 percent of GDP in this latter year.

Underlying factors of these developments were the virtual stagnation of credit to the private sector and the continuous drop in net foreign assets<sup>2/</sup> held by banking institutions, from about CFAF 12 billion in 1963 to a negative level in 1969 and 1970. The only offsetting factor was the steady decline in Government's deposits with the banks,<sup>2/</sup> to an average of about CFAF 0.55 for 1971 (11 months' average). The stagnation of the money supply and time deposits until 1970 and the slow

<sup>1/</sup> Some of the statements in this paper refer to the whole Western Africa Monetary Union.  
<sup>2/</sup> Money supply, time deposits, credit to the private sector, Government deposits with the Banks, and net foreign assets are 12 months' averages.

increase in claims on the private sector reflect the poor economic performance of the 1960's.

2. To some extent however, these magnitudes are also the result of economic policies. As will be explained further, there are indications that credit policies have been restrictive. The direct consequence of these restrictions has been that the limited credit available was distributed to the foreign-owned, larger firms and to state agencies, which represented the lesser risk, at the expense of the smaller entrepreneurs. Clearly lack of credit has been only one element explaining the insignificant role played by the small Senegalese entrepreneurs in the industrial sector. Lack of training and lack of market studies are the other two main elements explaining this situation.

3. Efforts have been made, however, to correct this state of affairs through the BNDS, the commercial banks and SONEPI. Results however remain limited. The volume of commercial credit extended to Senegalese entrepreneurs in 1970 represented about 6 percent of the total, or CFAF 2 billion. The BNDS had credits of about CFAF 4 billion outstanding to Senegalese at that time. However, only a small proportion of these credits were devoted to the financing of Senegalese artisanal and industrial enterprises. SONEPI contributed to finding a solution to this problem by establishing a Participation Fund and a Guaranty Fund, in early 1971. Each fund is endowed with CFAF 25 million/ which were almost entirely committed by the end of 1971. These amounts are indeed too limited to make a substantial contribution, but these are first helpful steps. Another Guaranty Fund was created recently with SONAGAC, the primary concern of which will be to help small local commercial businesses obtain financing.

4. Credit restrictions have also been felt with respect to the term of credit. The maximum term for which a loan is rediscountable with the Central Bank is seven years. As of June 1971, out of a total credit outstanding of CFAF 33.7 billion, 84 percent were short-term credits, (less than two years) (two to seven years) 11 percent were for medium-term credits/and only 5 percent represented long-term credits (over seven years).

5. Two more remarks are in order about the banking system. Branch banking has been expanding at a slow rate. According to information received from bankers in Dakar, there are 21 permanent bank branches in Senegal, 12 of which are in Dakar. There are also six secondary branches, opened part-time, in secondary centers. Three main reasons were given to explain this relative underdevelopment of the banking institutions: the low level of <sup>savings</sup> in Senegal in general and in the countryside in particular, the general preference for non-financial savings, and the importance of keeping one's savings anonymous. These factors are reflected in the parallel existence of an organized and a traditional money market, with little or no communication between the two. Interest rates in the traditional market may reach 50 or even 100 percent per annum. Little is known about the specifics of the arrangements. However, it is generally agreed that such rates are charged for small consumption loans of short duration.

Interest Rates

6. Interest rates in the Western Africa Monetary Union are determined by the Central Bank for the seven-country zone. On the deposit side, interest rates range from 0 to 4.50 percent, depending on the amount and the term of deposit, according to the table below:

	<u>Amount of Deposit</u> (CFAP)	<u>Interest Rate</u> (%)
<u>Demand Deposits</u>		
<u>(up to 6 months)</u>		
	0-200,000	0
	200,001-500,000	1.00
	500,001-1,000,000	1.50
	1,000,001-5,000,000	2.00
	5,000,001 +	2.50
<u>Savings Account</u>		3.25
<u>Time Deposits</u>		
<u>(over 6 months)</u>		
	0-200,000	0
	200,001-5,000,000	3.50
	5,000,001 +	4.50
<u>Bills</u>	6 months	3.50
	1 year	4.00
	2 years	4.25
	3 years	4.50
<u>Rediscount Rate at</u>		
<u>Central Bank</u>		3.50

7. Debit interest rates range from 4.50 to 9 percent, depending mainly on whether the loan is rediscountable with the Central Bank, but also on the investment sector and the quality of the borrower.

<u>Loans Rediscountable with the Central Bank</u>	<u>Interest Rate</u> (%)
Short-term (0-2 years)	
Public enterprises, "privileged status" enterprises, and agricultural campaigns	4.50-5.25
Other loans rediscountable	5.50-6.50

Medium-term (2-7 years)	
Loans for buildings of public interest or for "privileged status" enterprises	5.50-6.25
Loans for trade or industry	5.50-6.50
Loans for buildings of no public interest	7.25-7.75

Loans Not Rediscountable with the Central Bank

Short-term	below CFAF 1,000,000	6.00-8.00
	above CFAF 1,000,000	9.00
Medium-term		8.00-8.50

8. These rates do not include a certain number of commissions which raise the rate of interest by about 1 percentage point on the average. The spread between credit and debit interest rates (weighted averages, including commissions) for the entire zone amount to the following:

	<u>1968/69</u>	<u>1969/70</u>	<u>1970/71</u>
Average rate charged on loans	8.74%	8.30%	8.30%
Average cost of borrowing for the banks (incl. rediscount)	<u>2.74%</u>	<u>3.00%</u>	<u>3.14%</u>
Average spread	<u>6.00%</u>	<u>5.30%</u>	<u>5.16%</u>

The average cost for the banks of using rediscount facilities (3.5 percent) is above the average remuneration of the deposits (about 3 percent). According to BCEAO officials the increase in the average cost of borrowing is due to a relative increase in the use of rediscount with the Central Bank between 1968 and 1970. In spite of a slight decrease in the average spread over the past three years, it remains very substantial indeed. It makes banking in the West Africa Monetary Union a highly profitable business. The average rate of return on the banks' own capital has increased from about 8 percent in 1966/67 to 14 percent in 1970/71<sup>1/</sup>, net of accumulation of substantial hidden reserves.

9. These rates are low by international standards, both on the debit and credit side, although the difference between international market rates and BCEAO rates has narrowed in recent years due to the fall in interest rates on the international market. However, because the rate of inflation in Senegal<sup>1/</sup> is below that in other countries, the effective difference between international market rates and rates prevailing in Senegal is reduced. In fact, allowing for 2.0 percent inflation, the real cost of borrowing from the banking system in Senegal would amount to about 6.30 percent, on the average. This rate is higher than that prevailing in some Latin American countries, where a high rate of inflation may bring the real cost of borrowing to low or even negative levels. It is not below that in many developed countries which have experienced generally higher rates of inflation than Senegal. On the other hand, the real remuneration of deposits (on average below 2 percent p.a.) remains low and certainly does not stimulate local savings, nor, more generally, induce a change in savings habits or in the attitude toward financial assets.

10. The question however is not whether it compares favorably or unfavorably with either developing or developed countries, but rather whether the interest rate structure in Senegal reflects the equilibrium price of capital. Because of Senegal's participation in the French zone and the free convertibility between the French franc and the CFA franc, the interest rate structure in Senegal will be affected by that in France. Other factors however also affect the level and structure of interest rates in Senegal, and to this extent the interest rate structure in Senegal will differ from that in France.

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<sup>1/</sup> Annual rate of increase for the period 1968-1970: GDP deflator, 1.3 percent; import price index, 4.9 percent; cost of living index, 2.3 percent (Senegalese), 2.6 percent (European).

In particular, investors and money managers tend to consider the economic, financial, and political risks higher in Africa than in Europe and, as a consequence, one would expect the interest rate level in Africa to be higher.

11. As observed above, the level and structure of interest rates in Senegal is found to be slightly lower than in France rather than higher. This state of affairs has tended to limit the role of the Central Bank, which appears to have been concerned with the overall equilibrium of the balance of payments and therefore with the prevention of capital outflows other than the normal investment income payments on foreign capital. However, the concern over capital outflows does not seem to stem only out of a general concern over the balance of payments equilibrium. The monetary authorities' objective is also to reserve the use of the limited credit supply to satisfy local needs rather than to financing foreign operations. The advantage of obtaining financing in Senegal rather than in France has increased markedly since 1967 if we consider the following facts. First, the Central Bank discount rate in France, after having fluctuated between 3.50 and 4.00 percent during the period 1960-1967, rose sharply to 6.00-8.00 percent during 1968-1971, while the discount rate in Senegal remained at 3.50 percent. This difference can be taken as a measure of the financial advantage of borrowing in Senegal. Second, net foreign assets<sup>1/</sup> of banking institutions in Senegal, after having reached a peak

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<sup>1/</sup> Twelve months' average.

of CFAF 12 billion in 1963, dropped to a negative level of CFAF 0.6 billion in 1969, to recover to CFAF 4 billion in 1971.<sup>1/</sup> This fall in foreign assets in the 1960's may have contributed to the devaluation rumors in certain quarters and therefore increased the advantage of borrowing locally. The concern of the Central Bank over the balance of payments and capital outflows tended to prevent the Central Bank from using monetary policies as a development tool as can be seen from the credit rules in the Western Africa Monetary Union.

12. Under the present rules, according to information received in Dakar and Paris, the individual bank rediscount ceiling is determined as the difference between the projected financing needs of the bank over the following six months and the bank's own resources.

The sum of the individual bank ceilings gives the ceiling for the country and the sum of the countries' ceilings gives the overall credit ceiling for the zone. Should this global ceiling be inconsistent with the balance of payments equilibrium for the zone, it is revised downward in consultation between the Headquarters in Paris, the regional offices and the individual commercial banks. Although the relationship between the individual countries' balance of payments and their credit ceiling may be loose, it seems that this element plays a role. This system is not conducive to an active monetary policy, because the Central Bank is first concerned over whether the enterprises are using their own resources to finance their needs. What is more serious is the fact that it will be difficult to change this role as long as the interest rate structure of Senegal remains below its competitive level, since the present role is forced upon the Central Bank by the relatively low interest rate policy and the convertibility of the CFAF.

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<sup>1/</sup> Eleven months' average.

13. There are other indications of the restrictiveness of the present policy. A majority of the entrepreneurs and bankers interviewed found that credit policies have been very restrictive, in particular since 1968. (This coincides with the beginning of a difficult period for Senegal from the point of view of foreign exchange reserves.) Several entrepreneurs indicated their willingness to borrow even at high rates, but were unable to find financing.

14. The discussion so far has begged the question of how much should the interest rate structure be raised to better reflect the scarcity price of capital. The answer depends on the expected effects from such a raise, mainly in three fields: the role of the Central Bank, resource allocation, and resource mobilization.

#### Effect on the Role of the Central Bank

15. As mentioned above, an increase in the interest rate structure could permit the Central Bank to play a more active role in the monetary field, if the concern about the balance of payments in general and capital outflow in particular is decreased. There are three reasons to think that even a relatively small increase in the interest rate structure (2 to 3 percentage points) could help decrease the importance of capital outflows or the financing of foreign operations by local banks. An interest rate structure / <sup>above that</sup> in France would induce importers to turn toward foreign financing of their operations, while in the past few years, and according to information received from the Central Bank in Dakar, it is the opposite which happened. This would free some resources for other short or longer term operations.

Second, local banks would find it more attractive to borrow from their head office to finance non-rediscountable operations. At present, this type of financing is practically not used because the cost of borrowing is about the same or slightly above the rate for non-rediscountable operations. Finally, the outflow of funds due to the difference in interest rates between France and Senegal is likely to be decreased.

Effect on the Use of Capital-Intensive versus Labor-Intensive Methods

16. The low cost of capital tends to create a bias in favor of capital-intensive techniques which a 2 to 3 point increase in the interest rate may do little to correct. Furthermore, the choice of technology is governed by other elements as well, e.g.:

- the cost of capital goods to local investors is governed by the level of the exchange rate and customs duties;
- the technology most readily available is capital-intensive;
- capital-intensive techniques, generally involving higher fixed costs, require a larger market; therefore the choice of technique will be importantly affected by the size of the market;
- independently of economies of scale, certain techniques prove more profitable than others, for almost any size of production; in this case, the choice of techniques is limited;
- the quality of the product to be manufactured may determine the technique to be used;
- the wage level and labor productivity.

17. Most of these factors were mentioned by Senegalese entrepreneurs as being more important individually than the

cost of capital in determining the choice of production technique. Therefore a small change (2 to 3 points) in the cost of capital above its present level cannot be expected to outweigh the considerations above. However, if the cost of capital, reflecting its <sup>true</sup> relative scarcity, should be much higher than its present level, then it is likely that it become as important a consideration as the other factors mentioned above.

#### Effect on Resource Mobilization

18. As far as the Senegalese are concerned, it is generally agreed that their rate of saving is very low indeed, even among the middle and upper classes. When savings takes place, there is generally a preference for non-financial forms of savings (cattle, housing, land speculation). In these circumstances, it is expected that a small change in interest rates would in the short run have only a negligible effect on savings. In the longer run however, higher rates would encourage the necessary institutional developments and influence personal preferences toward holding financial assets.

19. As far as the European and Lebanese residents are concerned, an increase in the rate of interest of 2 or 3 percentage points is not likely to be sufficient to reduce significantly their preference for keeping savings and balances abroad. Although, as was already briefly mentioned in the last consideration of paragraph 15, even a small increase in interest rates could affect the present tendency of modern enterprises to minimize liquid balances in Senegal. A substantial increase in the deposit rate might have more than a marginal effect according to some bankers interviewed.

Conclusion

20. The primary benefit from a rise in the interest rate structure would be to make the Central Bank role easier and enable it to pay more attention to development needs. At present the concern over the balance of payments and capital outflows other than the normal flow of expatriate remittances and investment income payments overburdens the Central Bank and prevents it to some extent from providing credit expansion in line with development needs. Also a higher interest rate would make a first selection of the loan applications, again unburdening the Central Bank which has had to examine a large number of files in great details. This could be accomplished even with a relatively small increase in interest rates. A much larger increase would be necessary to achieve a better allocation of resources between labor and capital and to have an impact on resource mobilization unless other measures are taken along with it.

TRANSLATION

RAssa:jfe  
April 27, 1972

Re: Interest rates in the West African  
Monetary Union

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Banque Centrale  
des Etats de l'Afrique de l'Ouest

Paris, April 17, 1972

Mr. Roger Chaufournier, Director  
Western Africa Department  
International Bank for Reconstruction  
and Development  
1818 H Street, N. W.  
Washington, D. C. 20433

Dear Sir:

During various advisory missions sent over the years to member countries of the West African Monetary Union, the World Bank made comments on the rate of interest and in particular expressed on several occasions the views that an increase in this rate would be beneficial to the economy of these countries.

This point of view was recently expressed during a conversation I had in Abidjan with Mr. Jansen.

Even though a certain decrease in the interest rates now prevailing in the world has made the problem less acute as far as debit interests are concerned, the Bank representatives feel that this problem remains very important with respect to credit interests. In this regard they are of the opinion that a higher rate might facilitate the mobilization of domestic savings and provide part of the resources which are needed for the development of these countries.

We have been struck by these repeated remarks and by similar comments expressed by the IMF missions, Mr. Ba, President of the Banque Centrale des Etats de l'Afrique de l'Ouest and myself have therefore deemed

it useful to raise this important question at a meeting of the Board of Directors of the Banque Centrale.

However, we believe that in order to effectively submit the points argued by the Monetary Fund and the World Bank, it would be useful that both of these institutions prepare for our use a summary memorandum explaining their position which would then be transmitted to our directors as a basis for debate.

Should you accept this suggestion, I would be grateful if you would prepare and send me a note restating the views of the World Bank on the interest rates applied in the West African Monetary Union and presenting the arguments on which these views are based.

I am sending a similar request to the International Monetary Fund.

Sincerely yours,

S/ R. Julienne



# Office Memorandum

cc. M.T.  
Done

TO : Mr. Merwin

FROM : A.R. Bengur *A*

SUBJECT : Interest Rates in the BCEAO Countries

DATE: May 15, 1972

In our discussion with BCEAO countries on the subject of interest rates, the principal emphasis has been on the fact that bank rates generally were out of line with such rates in France with which these countries have a close financial link through membership in a common currency union. The unfavorable effects of this lack of alignment on the banks' operations are well recognized by all concerned, including the governments of these countries. In the past the Central Bank has made several unsuccessful attempts to change these rates. We have been informed that the governors of the Central Bank have resisted change on the ground that an increase in interest rates might raise domestic costs, thereby impeding economic development. In my view, this is a misconception since the return on capital in such capital scarce countries can in no way be measured by the existing pattern of rates which are kept low artificially. I feel that the argument of our memorandum to Mr. Julienne in favor of a rate increase will be strengthened if we address ourselves also to this question. /

With respect to the effect of a rate increase on domestic savings, I am inclined to believe that this will be reflected in the first instance by a repatriation of savings kept abroad by enterprises because of higher interest earnings. This is based on the assumption, which seems to be valid generally for developing countries, that the principal source of savings in these countries is entrepreneurial profits. In these circumstances, the mobilization of small savings is likely to depend more on a host of other factors than an appropriate rate of interest, such as the extent of monetization of the economy, the level and distribution of incomes, and the adequacy of available institutional arrangements. In assessing the effect of an interest rate adjustment on domestic savings, therefore, I believe that an allowance should be made for these factors; this may help to avoid a possible interpretation that the expected effects are all realizable in the short run.

cc: Mr. Waitzenegger  
Mr. Tun Wai  
Mr. Dini  
Mr. Foz



# Office Memorandum

BCEAO - (Ceres,  
(Westafri. group,  
(Union))

TO : Mr. Touré  
FROM : U Tun Wai *U Tun Wai*  
SUBJECT : BCEAO - Interest Rate Policy

DATE: May 10, 1972

As mentioned at the last Chiefs Meeting, I had doubts about the approach used by Messrs. Boushehri and Erweze in their memoranda of May 5, 1972. Consequently, I showed their work to Messrs. Kollias and Rothman for comments. Mr. Kollias has sent me a memorandum (copy attached), while Rothman has given me oral comments along the same lines.

I have other conceptual difficulties, such as the "savings data" used is the stock of partial financial assets and not flow, the data for BCEAO and BCEAEC are not included in the pooled cross-section regressions, and there are questions of partial versus multiple correlation.

In any event, I believe that we cannot, for the purpose of the BCEAO request, do much by way of regression analysis for the time being, as it would slow down the work.



# Office Memorandum

TO : Mr. U Tun Wai

DATE: May 9, 1972

FROM : S. Kollias *S.K.*

SUBJECT : Interest Rates and Financial Savings in Selected African Countries

The above study is limited to statistical tests of the relationship between interest rates and financial savings in African countries. The results are regarded to be "fairly conclusive" or "so consistently good to be spurious". Looking closely at the models tested, the estimation methodology and the interpretation of the results, I fail to arrive at such conclusions even if the first two aspects are overlooked.

1. Specification of models. There is very little economics discussion of the problem although the author of the study mentions other important variables such as per capita income, proxies for institutional setting-up etc. These other variables are ignored and the main concern is "with what may be called the interest elasticity of financial savings in African countries". Now the fact that one is concerned with this interest elasticity does not mean that other variables can be left aside. Genuine estimation of the interest elasticity can be made only if the model is correctly specified.

I am a little worried to see that the author switches from simple linear regressions to log-linear ones for the only reason that the coefficients of the latter are the corresponding elasticities. Why cannot one get an elasticity from a simple linear regression?

2. Estimation methodology. No special econometric problems arise in estimating the equations adopted. There is a serious problem, however, with the definition of Interest Rate variable used in the regressions. The simple average of interest rates (AVR) is a crude proxy. The shares of Savings and Time Deposits in total Financial Savings, may be very unequal. The simple average will, then, distort the true picture. Admittedly, finding or constructing a proxy for the interest rates structure is a difficult problem. Nevertheless, with more thought one may arrive at some reasonably satisfactory answer.

3. Interpretation of the results. Here I have many reservations and criticisms. I quote once again the results:

$$(2) \quad \frac{TS}{T} = 9.588 + 8.090 \text{ AVR} \quad \begin{array}{l} 14 \text{ countries} \\ \bar{R}^2 = 0.181 \end{array}$$

(1.968)

$$(3) \quad \frac{TS}{T} = -2.358 + 11.53 \text{ AVR} \quad \begin{array}{l} 12 \text{ countries} \\ \bar{R}^2 = 0.397 \end{array}$$

(2.871)

$$(4) \quad \log \frac{TS}{T} = 0.8550 + 1.228 \log \text{ AVR} \quad \begin{array}{l} 14 \text{ countries} \\ \bar{R}^2 = 0.148 \end{array}$$

(1.804)

$$(5) \quad \log \frac{TS}{T} = 0.6205 + 1.6555 \log \text{ AVR} \quad \begin{array}{l} 12 \text{ countries} \\ \bar{R}^2 = 0.227 \end{array}$$

( ? )





# Office Memorandum

TO : Mr. Mamoudou Touré

FROM : D. Boushehri *[Signature]*

SUBJECT : Interest Rate Policy in BCEAO Countries

DATE: May 5, 1972

Unfortunately the time available to me has not been adequate to finish your requested study on this subject. The raw data has been prepared and is attached, as well as some comments from Mr. Enweze.

1. Apriori it seems that higher interest rates paid on savings does result in larger savings. However, more work is needed. I suggest that comparisons be made between countries with varying interest rates but real per capita gross domestic product (GDP) levels similar to that of the BCEAO and to calculate what absolute increase in savings will result for each percentage increase in interest rates. This, however, would be a gross concept. In order to establish the net increment in savings for each percentage point increase calculations have to be made regarding the loss of public savings resulting from higher rates the Government would have to pay on its debt vis-à-vis the banking system and deposits held by the private sector with the CCP and the Treasury (see Table III).

2. Calculations should be made regarding the additional cost that would be incurred on (a) crop and export financing; (b) import and domestic trade and stock financing. The additional absolute cost under 2(a) should be compared with total export receipts to determine the percentage unit cost increase of exports and its impact on competitiveness or viability of the exchange rate. The additional cost under 2(b) should be prorated on consumption value in GDP accounts to arrive at an estimate of increase in consumer prices (see Table III for some of the relevant basic data).

3. Remittances of dividends and transfers should be plotted for the BCEAO countries and countries with comparable restrictive practices on such transfers but having interest rates varying from those ruling in the BCEAO to see if an inverse correlation can be established between outward transfers and the level of interest rates.

4. Similar to three inward private capital and other transfers should be correlated to determine if higher interest rates stimulate repatriation of savings and/or inflow of capital.

cc: Messrs. Merwin  
Waitzenegger  
Tun Wai  
Bengur  
Dini  
Foz  
Division Chiefs



# Office Memorandum

TO : Mr. Boushehri

DATE: May 5, 1972

FROM : C. Enweze *CE*

SUBJECT : Interest Rates and Financial Savings in Selected African Countries--  
A Cross-Section Study

Students of the structure of interest rates in underdeveloped countries have usually attempted to emphasize the structural similarities between interest rates in these countries and similar interest rates in advanced economies. Thus in an early and important study, U Tun Wai pointed out that:

"The structure of interest rates in the organized money markets of underdeveloped countries is usually more or less the same as in the developed ones. The short-term rate of interest is generally much below the long-term rate, as indicated by the spread between the government Treasury bill rate and the government bond yield rate; the rate at which bills of exchange are discounted is also lower than the rate at which loans and advances are granted."<sup>1/</sup>

However, since this study did not include any African countries it was not exactly clear how general such a conclusion is. As a result, general skepticism has tended to accompany discussions of the structure and the role of interest rates in African countries.

Similarly, in a recent paper, Chandavarkar<sup>2/</sup> attempted to draw attention to the role of interest rates in savings mobilization in a few Asian countries. So far, there has been no study of either the structure or the role of interest rates in African countries. This paper attempts to throw light on the question of the role of interest rates in mobilizing financial savings in African countries. Although results are available which strongly support the conclusions of U Tun Wai noted earlier regarding the structure of interest rates in developing countries, these results are not reported here due to pressure of time. However, they will be reported in substantial detail in a later and more comprehensive study of this important problem in African countries.

In what follows, we limit ourselves to statistical tests of the relationship between interest rates and financial savings in African countries. It must be emphasized that while the results presented here may be regarded as fairly conclusive, they must be viewed as strongly indicative of the potential role of interest rates in African countries. Indeed, in terms of representativeness, the study which covers some 24-26 countries (i.e., if the BCEAEC and the BCEAO countries are included) is considered reliable enough to warrant generalization for African countries as a whole.

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<sup>1/</sup> U Tun Wai, "Interest Rates in the Organized Money Markets of Underdeveloped Countries" IMF Staff Papers, Vol. V, No. 2, August 1956, p. 253.

<sup>2/</sup> Anand G. Chandavarkar "Some Aspects of Interest Rate Policies in Less Developed Economies: The Experience of Selected Asian Countries", IMF Staff Papers, pp. 48-110.

It must be stressed however that although the emphasis of this paper is on the role of interest rates in mobilizing financial savings, we do not deny the possible importance of other variables. For example, it seems reasonable to postulate that in addition to interest rates, per capita incomes, and banking density (used as a proxy variable for availability of financial institutions), are also important determinants of financial savings in African countries. Indeed it is on these and other lines that the more detailed study will be based. For the moment our main aim concern here is with what may be called the interest-elasticity of financial savings in African countries.

#### Types of Savings Elasticity:

For empirical purposes three definitions of savings elasticity are attempted in this paper, viz.;

I. The elasticity which derives from a shift from one type of financial asset into another, given a change in interest rates. Thus, although the total deposits of the banking system may remain unchanged, an increase in interest rates could lead to a shift from demand deposits held with the banking system into time and savings deposits of the banking system. This type of savings elasticity is tested in this note.

II. Another type of elasticity refers to the level of aggregate financial savings in the economy. This is the more common definition of the term "savings-elasticity."

III. Per capita savings elasticity, which captures the percentage increase in financial savings per head of the population given a one per cent change in interest rates.

#### Some Results

Data on financial savings (defined as time and savings deposits in the commercial banks, and hereafter referred to as savings for brevity) in African countries were collected from the International Monetary Fund's International Financial Statistics and are summarized in Appendix Table 2. The interest rate data which were collected for African countries for which data was available, is summarized in Appendix Table 1.

In summarizing the interest rate data, the following considerations prevailed:

a) It was sought to concentrate the greater part of the analysis on the African countries with independent central banks as a yardstick for comparing the efforts of the BCEAEC and the BCEAO countries.

b) The Table was compiled on the basis of the relative preponderance of observations on particular subheads. Thus, although one or two countries may pay interest on time deposits over 24 months, this is not considered a representative practice. It was therefore decided to retain only subheadings which yield an adequate number of observations.

c) In countries where a range of interest rates may prevail in one category of deposits, the midvalue of such range (i.e., the mean) has been used in the averaging process. In the statistical presentation, the following legend is employed.

Notation

AVR = average rate of interest on time and savings deposits of the banking system

$\frac{SAV}{POP}$  = per capita savings

$\frac{TS}{T}$  = the ratio of time and savings deposit of the banking system in total deposits of the banking system

N = number of observations

$\bar{R}^2$  = degree of explained variation

S.E.E. = standard error of estimate

D-W = Durbin-Watson Statistic (test for autocorrelation). Fortunately this test may not be emphasized in a cross-section equation.

Finally, since the data is in cross-section form, the usual assumptions of a cross-section regression model are retained throughout and are not stated here. For interpretative purposes the results may be viewed as

a) showing how countries with different average rates of interest and different savings variables compare at a particular point in time.

b) showing how the average rate of interest on savings and time deposits and the different savings variables will react in any one country over a period of time with the familiar assumption that the plots on the scatter diagrams represent temporal observation for the variables under consideration, rather than inter-country observations.

With respect to the first type of financial saving (that is the movement from one type of financial asset into another), data was collected for the BCEAEC and the BCEAO countries, each as a separate group, and for 14 other African countries which have independent Central Banks. For the BCEAEC countries the ratio of savings and time deposits in total deposits is 20.3 and for the BCEAO countries the ratio is 28.0. The average rate of interest on savings and time deposits for the BCEAEC countries was calculated from the following:

- I for savings deposits 3.50 per cent
  - II for time deposits up to 6 months 2.50 per cent
  - III " " " more than 6 months 3.50 per cent
- The average rate is 3.25 per cent.<sup>1/</sup>

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<sup>1/</sup> There was no immediate feasible way in which the rates could be weighted for the amount of deposits on each category. So we exercised some discretion. I am grateful to Misrahi for suggestions with the BCEAEC and BCEAO countries.

For the BCEAO countries the average rate was calculated from the following:

- I for savings deposits 3.50 per cent
- II for time deposits less than 6 months 2 per cent
- III " " " more than 6 months 4.50 per cent

On the whole, for this group of countries the average rate of interest on savings and time deposits is 3.33 per cent.

With respect to the share of time and savings deposits in total deposits, the ratios are 20.32 and 28.04 for the BCEAEC and BCEAO countries, respectively. For the African countries with independent central banks, data on the average rate of interest on savings and time deposits and the ratio of time and savings deposits in total deposits of the banking system, is given in Table 1.

Table 1 shows clearly that as a general tendency, countries with relatively high average rate of interest on savings and time deposits also reveal relatively higher ratios of savings and time deposits to total deposits compared with countries who record a relatively lower average rate of interest on savings and time deposits.

This interesting revelation is more clearly shown in the accompanying chart. In Chart 1, we have plotted the average rate of interest on savings and time deposits on the vertical (y-axis) and the ratio of savings and time deposits of the banking system to total deposits of the banking system for the sample countries.

The first interesting observation is that the BCEAO countries, which have a higher average rate of interest on savings and time deposits compared with the BCEAEC countries, also have a higher ratio of savings and time deposits to total deposits. Secondly, these two groups of countries reveal a relatively lower share of savings and time deposits to total deposits for most countries in the sample.

Specifically, in order to reveal the nature of the least squares line, such a line was fitted to the observations in Chart 1 for those countries with independent central banks. It is interesting to observe that the fit of the least squares line would be stronger with the BCEAO and the BCEAEC countries included.

Two linear equations of the form

$$\frac{TS}{T} = \alpha + \beta AVR + U \quad (1)$$

was fitted to the data, one with  $N = 14$  and the other with  $N = 12$  (i.e., excluding Ghana which has experienced unique economic problems and Malagasy which is noticeable out of line on the scatter diagram). Even for  $N = 14$ , the trend line is given by

$$\frac{TS}{T} = 9.588 + 8.090AVR \quad (2)$$

(1.968)

$$\bar{R}^2 = 0.181$$

$$S.E.E. = 12.6$$

Table 1. Average Rates of Interest on Savings and Time Deposits and the Ratio of Savings and Time Deposits in Total Deposits of the Banking System in Selected African Countries in 1970

(In per cent)

Countries <sup>1/</sup>	Ratio of Savings and time deposits in total deposits	Average rate of interest on savings and time deposits
Sierra Leone	61.5	4.38
South Africa	58.8	5.90
Mauritius	58.0	4.60
Uganda	51.7	3.45
Ghana	44.5	3.08
Malawi	42.7	3.19
Gambia	40.1	3.25
Kenya	39.5	3.50
Zambia	39.1	3.87
Tanzania	37.9	3.96
Somalia	32.4	2.50
Libya	27.3	4.00
Malagasy	26.6	4.88
Mali	5.0	2.70

Sources: Appendix Tables 1 and 2.

<sup>1/</sup> Arranged in descending order of the ratio of savings and time deposits in total deposits.

This trend line yields an explained variation of 18 per cent with a standard error of 12.6 per cent. This is due to the fact that other factors may also be important in explaining  $\frac{TS}{T}$ . However, the second equation has an unquestionably high explanatory power, and yields

$$\frac{TS}{T} = -2.358 + \frac{11.53AVR}{(2.871)} \quad (3)$$

$$\bar{R}^2 = 0.397$$

$$S.E.E. = 11.1$$

Notice that the explanatory power rises to about 40 per cent and the standard error drops to 11.1.

In terms of elasticity, these linear equations were fitted in double-logarithmic form in order to show the percentage change in the ratio, given a 1 per cent change in average interest rate. Specifically, we fitted an equation of the type

$$\log \frac{TS}{T} = \alpha + \beta \log AVR + U \quad (4)$$

For  $N = 14$  the result was computed as

$$\log \frac{TS}{T} = 0.8550 + \frac{1.2281 \log AVR}{(1.804)} \quad (5)$$

$$\bar{R}^2 = 0.148$$

$$S.E.E. = 0.232$$

Thus this equation shows that a 1 per cent increase in interest rates will lead to 1.2 per cent in the rate of time and savings deposits to total deposits. A stronger result is obtained for  $N = 12$  which when fitted yielded the following elasticity:

$$\log \frac{TS}{T} = 0.6205 + 1.6551 \log AVR \quad (6)$$

$$\bar{R}^2 = 0.270$$

$$S.E.E. = 0.227$$

In other words the ratio will increase by some 1.7 per cent, given a 1 per cent increase in the independent variable.

With respect to the absolute level of financial savings, data on time and savings deposits of the banking system for the countries in the sample with independent central banks was converted into a common denominator--U.S. dollars, at the prevailing (1970) exchange rate in each country. The results even though positive were not entirely satisfactory--at least conceptionally. We therefore decided to view the variable in more meaningful, per capita, terms. The population figures were taken from the IFS. Table 2 gives data on the average rate of interest on savings and time deposits of the banking system, and per capita savings and time deposits in U.S. dollars for 12 African countries. For the BCEAO countries per capita savings and time deposits of the banking system was calculated at \$4.70; and for the BCEAEC countries \$2.72.

The relationship between these two variables is brought out clearly in Chart 2. Again, this Chart shows that the BCEAO countries have both a higher average rate of interest on savings and time deposits and a higher per capita savings and time deposits in U.S. dollars compared with the BCEAEC countries. Furthermore, these two countries are on the lower side of the chart relative to the majority of other African countries, the fitted (least squares) line for which is given as

$$\frac{SAV}{POP} = -134.0 + 43.04AVR \quad (7)$$

(4.464)

$$\frac{R^2}{R} = 0.632$$

$$S.E.E. = 25.7$$

The least squares line explains about 63 per cent of the variation in the dependent variable  $\frac{SAV}{POP}$  (which is labeled as  $\frac{TS}{POP}$  in the chart). With respect to the elasticity of per capita time and savings deposits in U.S. dollars to average interest rates, a double-log equation yields

$$\log \frac{SAV}{POP} = -1.188 + 4.118AVR$$

(3.502)

$$\frac{R^2}{R} = 0.506$$

$$S.E.E. = 0.343$$

Thus a 1 per cent increase in average interest rates will lead to a 4.1 per cent increase in per capita savings and time deposits in U.S. dollars. Notice that the equation explains about 51 per cent of the variation in the dependent variable with a low S.E.E. of 0.343.

#### Concluding Remarks

The results of these preliminary statistical tests are, to say the least, encouraging. These results are so consistently good to be spurious, and they show

Table 2. Per Capita Savings and Time Deposits of the Banking System  
and the Average Rate of Interest on Savings and Time Deposits

(In U.S. dollars and in per cent)

	Savings divided by population	Average rate of interest
South Africa	171.1	5.70
Libya	41.4	4.00
Mauritius	38.1	4.60
Zambia	33.7	3.87
Gambia	19.4	3.25
Kenya	13.6	3.50
Ghana	13.2	3.08
Malawi	7.8	3.19
Uganda	7.8	3.45
Tanzania	6.0	3.96
Sierra Leone	4.8	4.38
Somalia	1.6	2.50

Sources: IFS, and Appendix Tables I and II.

clearly that the skepticism over the role of interest rates in African countries is perhaps unfounded--although understandable in the context of the structure of these countries. Furthermore, observers have been overimpressed by the existence of companies in these countries, and their share in deposits. But this is unnecessary hair-splitting and the argument is largely fanciful since it is perhaps a very difficult task to get a sectoral breakdown of deposits in all African countries. But even this is equally unnecessary, since all that advocates of high interest rates for savings mobilization are saying is that financial savings will tend to increase if interest rates are increased. Whether the increase in financial savings is traceable to increased mining companies' savings would appear immaterial. Indeed, were such the case, so much the better for the contention of the higher interest rate advocate in so far as an increase in financial savings is the objective, whether this comes about from increased private individual savings or not. In the end, these results show that the question of interest rate policies in African countries demand more rigorous and intensive study instead of the sweeping, negative platitudes with which the subject has been visited in the past.

Table I. Structure of Interest Rates Applied by the Banking System in Selected African Countries--Cross Sector Data

(In per cent)

Countries	Central Bank		Commercial Banks								
	Treasury bill rate	Bank discount rate	Deposit Rates			Loans and advances		Discounts		Other	
			3-6 months	6-12 months	From 12 months	Savings	Minimum	Maximum	Minimum		Maximum
Gambia		6.00				3.00-4.00	7.00	10.00			
Ghana	4.00	5.50		2.75-3.00 <sup>1/</sup>	3.25-2.50	2.50-3.50	7.00	10.00	7.00	10.00	6.50-10.00
Kenya			3.50	4.00 <sup>2/</sup>		3.00	7.00				
Libya		5.50				4.00	7.00	7.50	7.00	7.50	
Malagasy				4.60	5.15		8.00	9.25 <sup>3/</sup>			
Malawi	5.2	5.50	4.25	5.00	5.50	3.00	9.00		8.50	9.50	
Mali	3.50	3.50	2.00 <sup>1/</sup>	2.50 <sup>4/</sup>	3.50						
Mauritius		6.00	4.50 <sup>5/</sup>	4.75 <sup>1/</sup>	5.25 <sup>4/</sup>	4.00	9.00 <sup>6/</sup>			9.50	
Nigeria	4.00	4.50					7.00	12.00			
Rwanda	1.00-3.00	5.00					9.00				
Sierra Leone	5.5	6.00	4.00	4.50	5.00	4.00	8.5				
Somalia		3.50	2.50 <sup>1/</sup>				6.00	9.00			
South Africa	4.530	5.50	6.00-6.50 <sup>1/</sup>	7.50 <sup>4/</sup>		4.00	7.50				
Tanzania			4.00	4.25 <sup>2/</sup> -4.50 <sup>7/</sup>		3.50	6.50	10.00			
Uganda	5.50	6.00	3.50	3.75 <sup>2/</sup> -4.00 <sup>7/</sup>		3.00	7.00				
Zambia	3.11	5.00	3.50	4.00	4.50	3.50	7.00		7.00		

Sources: Interest Rate Tables

- <sup>1/</sup> Six months.  
<sup>2/</sup> Six-nine months.  
<sup>3/</sup> Overdrafts.  
<sup>4/</sup> Twelve months.  
<sup>5/</sup> Three months.  
<sup>6/</sup> Commercial rate.  
<sup>7/</sup> Nine-twelve months.

Table III. Some Financial Variables in Selected African Countries

(Cross sector data in national currencies)

	Currency unit denomination	M (1)	D (2)	TS (3)	T (4)	$\frac{D}{M}$ (5)	$\frac{D}{T}$ (6)	$\frac{TS}{T}$ (7)
Gambia	Million	16.44	4.34	2.91	7.25	26.39	59.9	40.1
Ghana	Million	305.90	150.90	121.20	272.10	49.32	55.5	44.5
Kenya	Million	2,426	1,674	1,095	2,969	69.00	60.5	39.5
Libya	Million	241.08	76.47	28.67	105.14	31.71	72.7	27.3
Malagasy Republic	Billion	39.39	17.06	6.17	23.23	43.31	73.4	26.6
Malawi	Million	32.68	19.37	14.44	33.81	59.27	57.3	42.7
Mali	Billion	27.35	8.63	0.45	9.08	31.55	95.0	5.0
Mauritius	Million	231.50	123.80	171.10	2,949	53.47	42.0	58.0
Nigeria	Million	320.00	144.60	168.40	313.00	45.18	46.2	53.8
Rwanda	Million	20.77	828.00	104.00	932.00	39.86	88.8	11.2
Sierra Leone	Million	28.23	8.99	14.34	23.33	31.84	38.5	61.5
Somalia	Million	314.20	65.40	31.30	96.70	20.81	67.6	32.4
South Africa	Million	2,259	1,735	2,476	4,211	76.80	41.2	58.8
Tanzania	Million	1,755	937.00	571.00	1,508	53.39	62.1	37.9
Uganda	Million	1,105	509.00	544.00	1,053	46.06	48.3	51.7
Zambia	Million	240.05	161.21	103.53	264.74	67.15	60.9	39.1

Source: International Financial Statistics.

Variable legend:

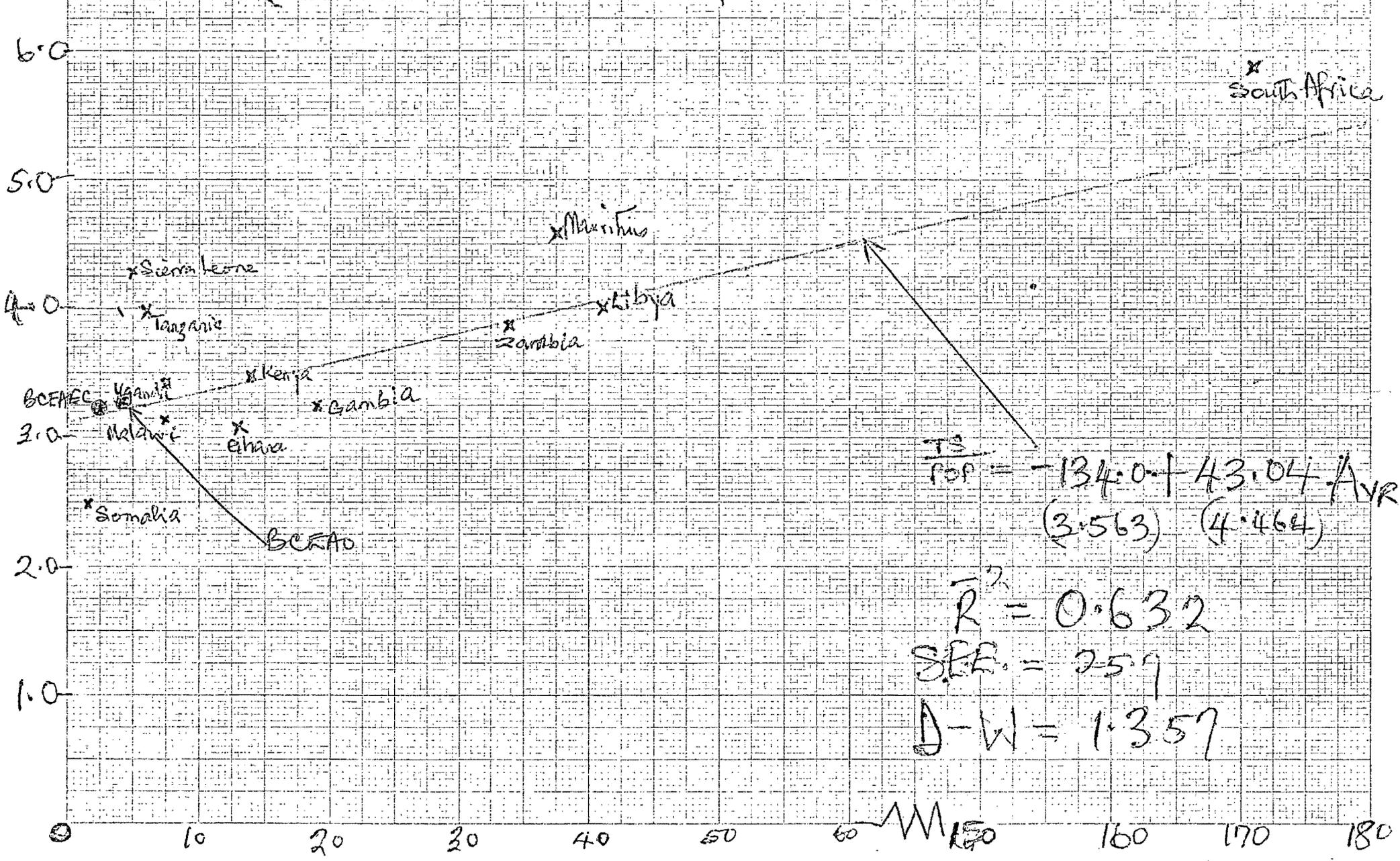
- M = Money supply  
D = Demand deposits of the banking system  
TS = Time and savings deposits of the banking system  
T = Total deposits of the banking system  
 $\frac{D}{M}$  = Ratio of D to M  
 $\frac{D}{T}$  = Ratio of D to T  
 $\frac{TS}{T}$  = Ratio of TS to T

Table III. Selected Financial Data for the Member Countries of the West African Monetary Union, 1970

(In millions of CFA francs)

	Dahomey	Ivory Coast	Mauritania	Niger	Senegal	Togo	Upper Volta	Total
Claims on government (gross, monthly average)	1,510	-1,540	232	263	4,090	-269	233	4,519
Claims on private sector (monthly average)	6,800	88,410	6,303	9,847	38,560	7,463	5,640	163,023
of which: Crop financing	...	2,300 <sup>1/</sup>	...	...	11,000	321	552	14,173
Trade	...	37,400	1,386	1,760	9,900	4,227	1,538	56,211
Post Office: Checking deposits	530	1,680	304	458	1,730	264	490	5,456
Time and savings deposits	370	24,790	656	751	2,190	2,169	180	31,106
Private deposits with Treasury								
Budgetary revenues*	9,753	83,200	7,989	10,941	38,930*	9,420	10,648	170,881
Treasury surplus* (overall)	83	-20,800	-156	-300	820	2,429	1,186	-16,738
Total export receipts*	14,380	495,800	27,900	10,300	42,200	18,410	6,530	615,410

Chart 2: Average Rate on Savings and Time deposits of "2e banking system, and  
 Per capita Banking System Savings and Time deposits in Selected African Countries.  
 (In US \$ and in percent)



$$\frac{Y}{X} = -134.0 + 43.04 \cdot \text{AVR}$$

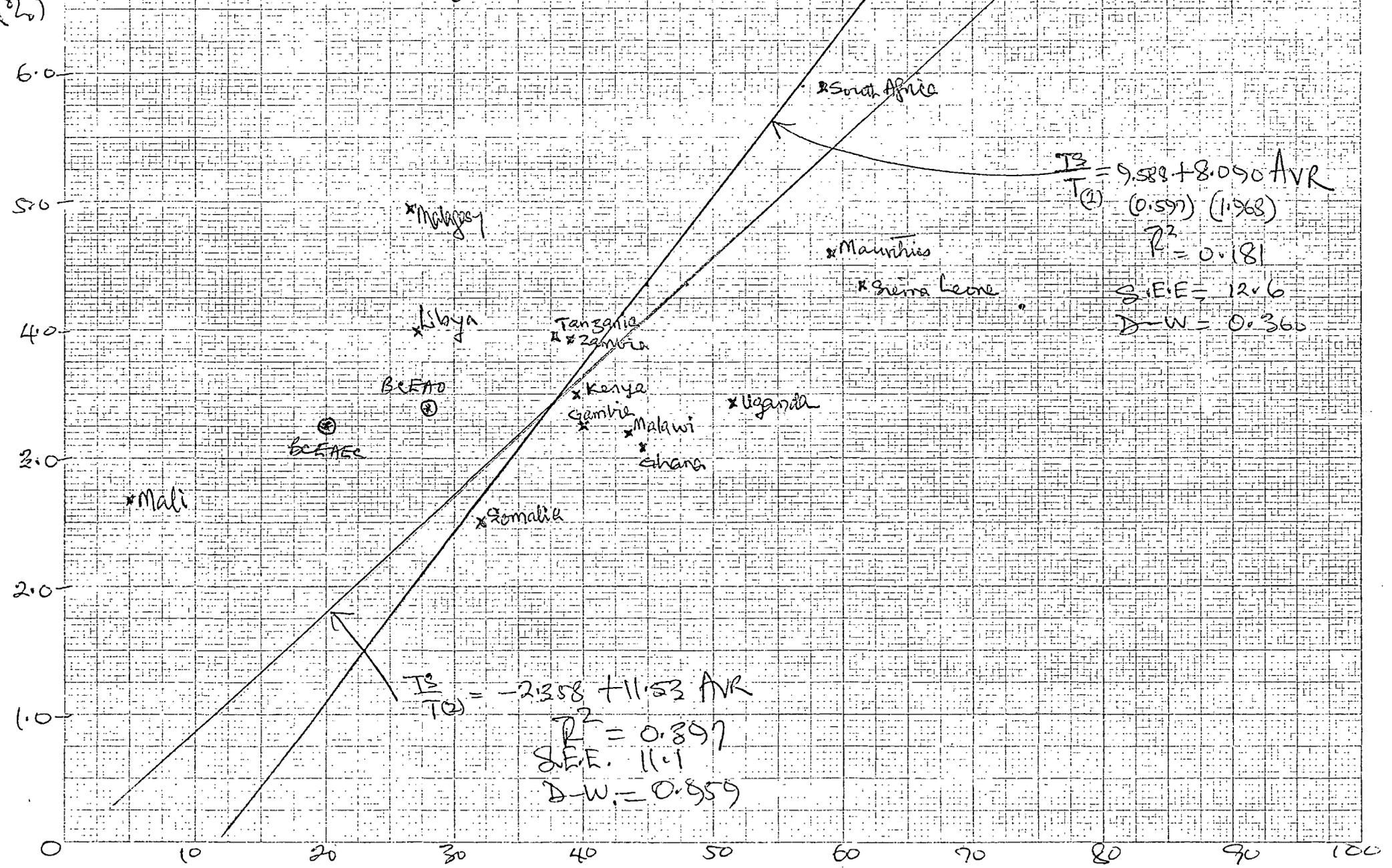
(3.563)      (4.464)

$$R^2 = 0.632$$

$$S.E.E. = 2.57$$

$$D-W = 1.357$$

Chart 1. Average Rate on Savings and Time Deposits and Ratio of Savings and Time Deposits To Total Deposits of the Banking System in Selected African Countries (1970)



$$\frac{I_2}{T_2} = 9.588 + 8.090 \text{ AVR}$$

$$R^2 = 0.181$$

$$S.E.E = 12.6$$

$$D-W = 0.360$$

$$\frac{I_1}{T_1} = -2.358 + 11.53 \text{ AVR}$$

$$R^2 = 0.897$$

$$S.E.E = 11.1$$

$$D-W = 0.959$$

Ratio (%)



# Office Memorandum

TO : Mr. Touré

DATE: April 28, 1972

FROM : L. Dini *Dini*

SUBJECT : Interest Rates in the BCEAO Countries

The main argument which I think should be developed in the memorandum requested by Mr. Julienne is that present interest rates do not facilitate a proper allocation of resources in the BCEAO countries. As stated in a number of our consultation reports, the principal negative aspects of present interest rate policy appear to be the following:

1. Present interest rates are in no way related to demand and availability of capital and credit resources in the economy;
2. Present interest rates are not conducive to the formation and mobilization of domestic savings;
3. Present interest rates add considerably to the incentive of foreign companies (and banks) to seek domestic accommodation for all of their credit requirements and thus tend to reduce, *ceateris paribus*, the resources available in the economy;
4. Similarly, present interest rates are an obstacle to the smooth functioning of the present rediscount policy of the Central Bank.

Some of these arguments may be substantiated by an examination of the evolution of bank deposits and of private savings deposits in the BCEAO countries.

cc: Mr. Merwin  
Mr. Waitzenegger  
Mr. Tun Wai  
Mr. Bhatia  
Mr. Bornemann  
Mr. Keyes

SEC-64,698  
Translated by F. Neter  
Reviewed by J. Merry

CENTRAL BANK OF WEST AFRICAN STATES

The Director General

003688

Paris, April 17, 1972

M. T.
<del>J. W.</del>
<del>J. W.</del>
<del>J. W.</del>
L. D.
A. B.
cc: <i>Dwa.</i>
Files

Orig: AFR  
cc: MD  
DMD  
RES  
ETR  
TRE  
CBS

Mr. Mamoudou TOURE  
Director, African Department  
International Monetary Fund  
19th and H Streets, N. W.  
Washington, D.C. 20431

*Yamoussa* → *Commun. to read copy.*  
*Jef*  
*4/27*

Dear Sir:

On the occasion of several consultation missions which the International Monetary Fund in the past few years sent to the States of the West African Monetary Union, the Fund made comments on the interest rate and, in particular, repeatedly expressed the opinion that raising the rate would be favorable to the economy of these States.

This opinion was just recently expressed again by the head of the consultation mission to Senegal even before he had drawn up his written report.

Although a certain decline in the interest rates now being charged in the world has made the problem less acute as far as debtor interest is concerned, the Fund representatives feel that the problem continues to be very important in respect of creditor interest, a higher rate of which would, in their opinion, be likely to facilitate mobilization of national savings and to contribute part of the resources needed for the development of these States.

Struck by these repeated remarks and those made along the same lines by the mission of the International Bank for Reconstruction and Development, Mr. BA, President of the Central Bank of West African States, and I myself have considered it useful to raise this important matter at a meeting of the Board of Directors of the Central Bank.

We feel, however, that in order for the arguments of the International Monetary Fund and the World Bank to be reported faithfully and in full, it would be advisable for both these institutions to draw up a comprehensive summary clearly setting forth their position, which would be conveyed to the members of our Board to serve as a point of departure for their discussions.

Received in Correspondence Sec. APR 21 1972  
Received from Translation Sec. APR 25 1972

If you agree to consider this suggestion, I would appreciate your drawing up and to sending to me a statement setting forth both the opinion of the International Monetary Fund on the interest rates applied in the West African Monetary Union and the arguments on which it is based.

I am sending a similar request to the World Bank.

Very truly yours,

/s/

R. JULIENNE

345117

BANQUE CENTRALE  
DES ETATS DE L'AFRIQUE DE L'OUEST

Paris, le 17 avril 1972.

*Le Directeur Général*

Monsieur le Directeur et cher Ami,

003688

A l'occasion de diverses missions de consultation envoyées par le Fonds depuis quelques années dans les Etats de l' Union Monétaire Ouest Africaine, le Fonds Monétaire a formulé des remarques sur le taux de l'intérêt et notamment a exprimé, à plusieurs reprises, l'opinion qu'un relèvement du taux serait favorable à l'économie de ces Etats.

Cette opinion vient récemment d'être exprimée de nouveau par le Chef de la mission de consultation au Sénégal en attendant même qu'il ait établi son rapport écrit.

Même si une certaine baisse des taux d'intérêt actuellement pratiqués dans le monde a rendu le problème moins aigu en ce qui concerne les intérêts débiteurs, les représentants du Fonds estiment que celui-ci demeure très important en ce qui concerne les intérêts créditeurs dont un taux plus élevé serait susceptible, à leur avis, de faciliter la mobilisation des épargnes nationales et d'apporter une partie des ressources qui font défaut au développement de ces Etats.

Frappés par ces remarques réitérées et par celles que les missions de la Banque Internationale pour la Reconstruction et le Développement ont formulées dans le même sens, M. BA, Président de la Banque Centrale des Etats de l'Afrique de l'Ouest, et moi-même, avons estimé utile de soulever cette importante question lors d'une réunion du Conseil d'administration de la Banque Centrale

Monsieur Mamadou TOURE  
Directeur pour l'Afrique  
Fonds Monétaire International  
19 th. and h. Streets - N. W. -  
DC 20431 - WASHINGTON -

...

Nous pensons toutefois que, pour que les arguments du Fonds Monétaire comme de la Banque Internationale, soient fidèlement et pleinement rapportés, il serait opportun que l'une et l'autre de ces institutions établissent une note de synthèse explicitant leur position, qui serait communiquée à nos Administrateurs pour servir de point de départ à leurs débats.

Je vous serais reconnaissant, si vous acceptiez de retenir cette suggestion, d'établir et de m'envoyer une note reprenant l'opinion du Fonds Monétaire sur les taux d'intérêt pratiqués dans l'Union Monétaire Ouest Africaine et les arguments sur lesquels elle se fonde.

J'adresse une demande analogue à la Banque Internationale.

Je vous prie d'agréer, Monsieur le Directeur et cher Ami, l'assurance de ma considération distinguée et de mes sentiments les meilleurs.

R. Julien

R. JULIENNE.