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REPORT

TENTH ANNUAL MEETING OF THE ~~AFRICAN DEVELOPMENT BANK~~

and

FIRST ANNUAL MEETING OF THE AFRICAN DEVELOPMENT FUND

Rabat, Morocco

(1 - 6 July 1974)

U. Looser  
UNIDO Official

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1. The Tenth Annual Meeting of the Board of Governors of the African Development Bank and the First Annual Meeting of the African Development Fund took place in Rabat, Morocco from 1 - 6 July 1974.

2. Following UNIDO's Fifth Meeting on Co-operation Among Industrial Development Financing Institutions held in Tunis, Tunisia from 24 - 29 June 1974, it became evident that many participants at the UNIDO meeting wished to proceed to Rabat either in their capacity as members of delegations or as observers on behalf of their respective development banks. Therefore, it was considered advantageous to send a staff member from the substantive section to attend the meeting on behalf of UNIDO.

3. The meeting offered an excellent opportunity to follow up on discussions started in Tunis and to establish new or closer relationships between UNIDO and development bankers. There were also occasions to discuss UNIDO's technical assistance operation in several African countries with either the governmental authorities or the presidents of the development banks directly.

4. This opportunity was used particularly with regard to UNIDO's technical assistance projects with the Somali Development Bank, the Liberian Bank for Industrial Development and Investment, The Gambia Commercial and Development Bank, and the Tanzania Investment Bank. Meetings were held with the following delegates to review the needs for further technical assistance to the respective development banks:

Mr. Bonus Kamwenubusa, President, Development Bank of Burundi

Mr. Abou Baba-Moussa, Director General, Development Bank of Dahomey

H.E. Mr. I.M. Jahumpa, Minister of Finance, Commerce and Industry, The Gambia

Mr. Demba A. N'Dow, Permanent Secretary, Ministry of Finance, Commerce and Industry

Mr. E. Saleby, President, the Liberian Bank for Industrial Development and Investment

Mr. S.B. Daniyan, General Manager, Nigerian Industrial Development Bank

Mr. J. Moutou-Mondziaou, Director General, National Development Bank of the Central African Republic

H.M. Mr. Yusuf Weyrah, Secretary of State for Finance of Somalia

H.E. Mr. Cleopa D. Msuya, Minister of Finance of Tanzania

Mr. G.M. Mukonge, Managing Director, State Finance and Development Corporation Ltd., Zambia

5. Attached please find the programme (Document ADE/BG/X/ORG/1/Corr.2 - ADF/BG/1/ORG/1/Corr.2) and the List of Participants. We also have at our disposal all addresses, statements and printed documentation distributed during the meeting.

6. In general it can be stated that according to the African Development Bank's annual report, covering the period from 1 January - 31 December 1973, their operational activities and lending were considered satisfactory by the Governors. From UNIDO's point of view of financing industry or as regards co-operation with national development financing institutions, it appears there still remains a wide field to be covered by the African Development Bank.

7. The African Development Bank endeavours to foster economic and social progress in member countries by assisting, inter alia, African national development banks. As part of its technical assistance programme, the African Development Bank has been prepared since its inception to consider requests from member countries to help in the establishment of development banks or to provide assistance in reviewing the organization, operations and resources of such institutions. The African Development Bank is also prepared to train personnel in development financing and hold seminars on development banking. It seems from all information made available that very little has been done in this field. This may partly explain why UNIDO's annual bankers meetings are so well-received by African development bankers.

8. As regards the African Development Bank's activities in financing industry through development financing institutions in Africa, the potential has not been realized. From the African Development Bank's statement of approved loans as at 31 December 1973, it appears that only the Union sénégalaise de banque has received a line of credit for programmes of industrial and crafts projects which, however, had not been disbursed. The National Development Bank of Upper Volta has received a line of credit for financing industrial projects which has been disbursed by approximately 60%. Loans to the Development Bank of Algeria, the National Investment Bank of Ghana, the Malawi Development Corporation, the Development Bank of Mali, the Tanzania Investment Bank and the Development Bank of Zambia are either lines of credit for the financing of foreign exchange costs for the construction of infrastructure or for the development of the agricultural sector.

9. Although the African Development Bank report emphasizes that the Bank continues to increase and widen its co-operation with international development organizations and government aid resources, no reference is made to any joint activities with UNIDO. In light of the above, it appears worthwhile to consider exploring this heretofore dormant field of potential joint operation.

10. As regards the activities of the African Development Fund, which has been in existence for one year, statements of delegations of donor countries were very favourable to its performance. Delegations of African member states also expressed their gratitude

for its fast establishment and efficient operation. Funds available have been committed to the maximum, particularly for the drought-stricken countries of the Sahelian region. In view of additional contributions and its efficient management, it is hoped that the African Development Fund will make a valuable contribution to African development in years to come.

11. The African Development Bank's Annual Meeting was attended by a large number of observers from commercial banks, high-level delegations from the other regional development banks and representatives of Arab banking institutions. The role of most of them appeared to be rather passive, if not to say reluctant, to hold any conversations with potential partners in African countries. In this respect it appeared to be a typical international conference without the mandate and desire to promote development financing for specific projects. In conclusion, one might state that UNIDO's promotional role in industrial financing, investment and banking is particularly suited to Africa. A unique opportunity exists and participants of the Tunis meeting repeated in many conversations that they benefitted more from promotional meetings.

12. From a substantive point of view, lots of interesting information on aid and private flows from oil-exporting countries came to our attention. The existing oil revenues have increased the interest in institutions arrangements available to channel them into development. Recently, a number of commitments or agreements with African countries have been announced by Kuwait, Libya, Saudi Arabia, the United Arab Emirates and Algeria. It was said that the authorized capital of the various development funds which have been created by Arab countries exceeds US \$ 6 billion.

13. The delegations of the Inter-American Development Bank, the Asian Development Bank and the World Bank indicated in private conversations their keen interest in channelling substantial amounts through their own institutions. It seems that the African Development Bank meeting was a welcome neutral place to discuss this issue unofficially among regional banks.

14. As regards individual countries, some Arab-African development banks have been created or joint ventures are being discussed, i.e. between Libya and Niger:

- Libya also provided capital to Uganda for a joint banking venture.
- In March 1974 Libya agreed to set up a development bank jointly with Somalia.
- Libya also has a vested interest in the Malta Development Corporation.
- The Libyan-Arab Foreign Bank participates in financial institutions in Chad, Egypt, Mauritania and Uganda.

15. In January 1974 the Arab countries decided to create a US \$ 200 million special fund for Africa. The fund was to be established

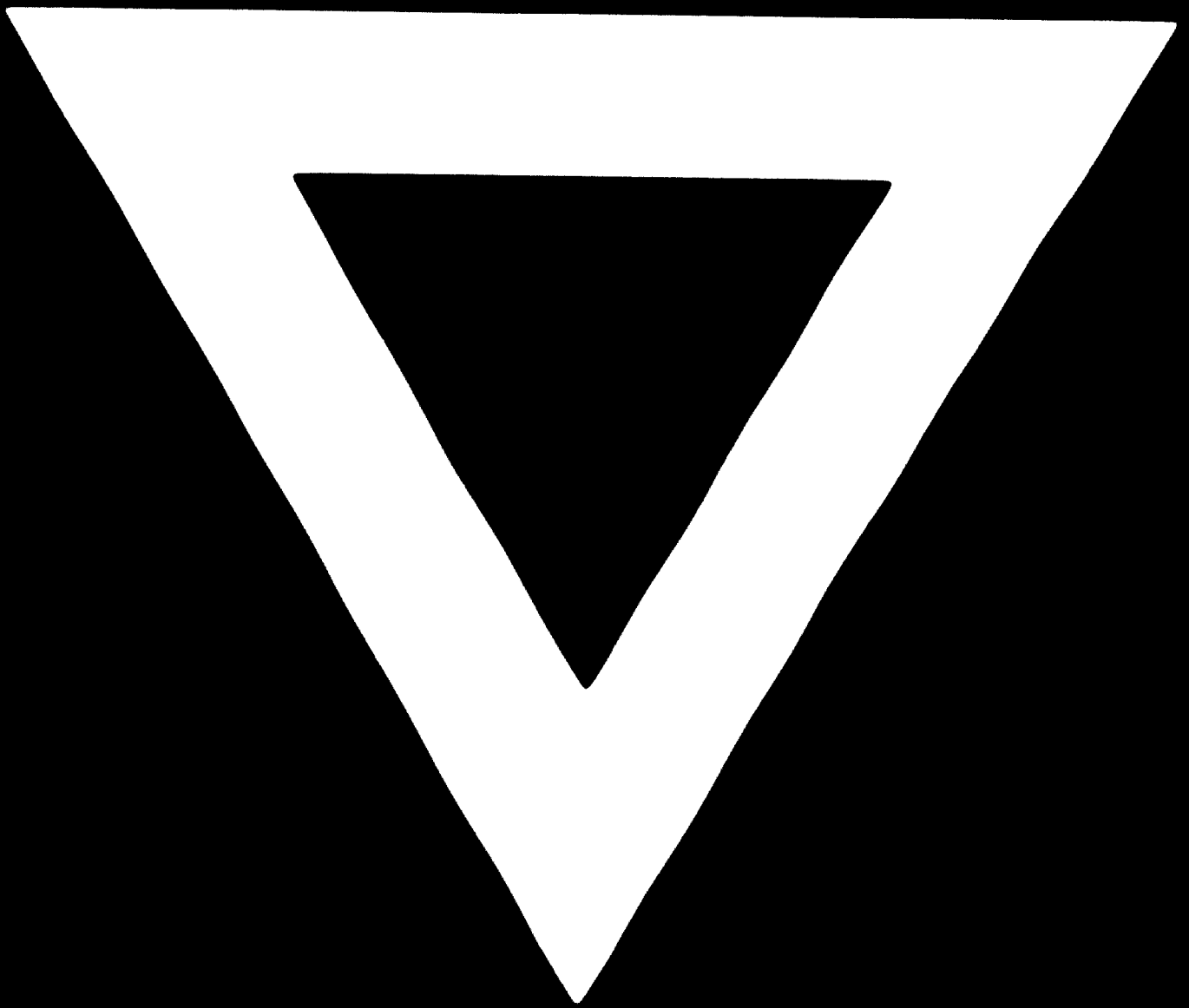
in March 1974 to support the purchase of oil by African countries and to develop oil resources in Africa. The fund was expected to be linked ultimately to the "Arab Bank for Industrial and Agricultural Development in Africa." The creation of this Arab Bank for Africa was decided upon at the Sixth Arab Summit Meeting in Algiers in November 1973. The Bank's capital had been stated to be somewhere between US \$ 250 - 500 million.

16. In December 1973, twenty-five Islamic states also signed an agreement to establish an Islamic Development Bank with a capital of US \$ 2.5 billion. The creation of the bank was largely due to Saudi Arabian initiative. Its head office was expected to be in Jeddah. However, membership and operations will also cover African states.

17. The future development of these new development banks will be observed by the Industrial Financing and Investment Promotion Section for possible co-operation.

18. I think that UNIDO's representation at this meeting offered an opportunity to initiate many new contacts. It is hoped that the African Development Bank and the development banks of the African region will fully recognize UNIDO's willingness to contribute to their own work through its industrial development and banking programme.





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