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**ORGANISATION DE L'UNITE
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PAN AFRICAN TELECOMMUNICATIONS FUND



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PAN AFRICAN-TELECOMMUNICATIONS FUND

1. The Pan-African Telecommunications Network has now become a thoroughly familiar project throughout the Ministerial Meetings of the OAU. On the whole the importances attached to the project by the African States can hardly find a better forum than the Council of Ministers where it can illuminate all stages of its development.
2. Today the problem of the financing of the Pan-African Telecommunications Network constitute a cardinal question for Africa and hence for the Council of Ministers of the OAU. All the effort that had gone into the preparation for the establishment of the Pan-African Telecommunications Fund was presented to the Council in Kampala in a document dealing with the subject. The draft agreement establishing the Fund which was prepared by the Coordinating Committee, is attached here as Annex I. However, the Council was informed in Kampala that the establishment of the Pan African-Telecommunications Fund received unfavourable response from international, bilateral and multilateral financiers. Hence the Council was of the opinion that alternative possibilities of financing should be explored but that the alternatives to be considered should be in harmony with Africa's development.
3. Not long after the Council of Ministers meeting in Kampala, the Coordinating Committee for the Pan-African Telecommunications Fund met in Geneva. During the meeting the Committee was informed that 75% of the capital required to finance the project was already available. This, however, does not constitute a de facto or de jure establishment of the proposed Fund. The capital thus far available, is in fact from bilateral and multilateral sources which have committed

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themselves to financing sectors of the Network. Report of the meeting of the Coordinating Committee is attached herewith as Annex II.

4. It is noteworthy that the Committee's report reiterates the desire to maintain the principle of the establishments of the Pan-African Telecommunications Fund. This would serve not only as a safeguard against any possible disruption of the flow of bilateral and multilateral capital but at the same time assert Africa's determination against any sort of exploitation in her effort to establish a harmonious telecommunications Network.

5. As far as the presently available capital is concerned, the Committee stressed the need that in the execution of the project strict control must be exercised at all stages of the undertaking, thus ensuring technical and financial coordination. As a step towards defining the modality of this task the Coordinating Committee is now organizing a meeting with representative of bilateral and multilateral sources of funds. The terms of reference of this meeting are annexed to this report as Annex III.

6. With some capital now available the Council might now consider it imperative to emphasise its position against any conditions that might make the Pan-African Telecommunications Network vulnerable to elements of unfavourable implementation and thus cause balkanization of the Network. African countries must therefore harmonize their policies in order to ensure that no vestiges of the past would creep into this vital and badly needed infrastructure.

AGREEMENT ESTABLISHING THE PAN-AFRICANTELECOMMUNICATIONS FUNDPreamble

Pursuant to the Resolutions of the Organization of African Unity (OAU) CN/RES/224(XV) and CN/RES/309(XXI), the Organization of African Unity, the International Telecommunications Union (ITU), the Economic Commission for Africa (ECA), and the African Development Bank (ADB), have agreed to establish a Pan-African Telecommunications Fund (hereinafter called "the Fund") which shall be governed by the following provisions:

Article I

Purpose

The purpose of the Fund is to mobilize resources to provide for financing and co-ordinating efforts to implement the Pan-African Telecommunications Network within the framework of an integrated network in order to promote economic and social co-operation among the African States.

Article 2

Contributing participants

The Bank, Member States of OAU, non-African States (any extra-continental state or states which shall have indicated intention to contribute) or any entity or agency on behalf of any such state or any entity, organization or financial body, (hereinafter called "the contributing participants") shall be eligible to be contributing participants to the Fund.

Article 3

Administration

The Bank shall be responsible for the management of the resources of the Fund under the aegis of a joint Administrative Council (hereinafter referred to as "the Council"). However, the Bank's role with regard to the operational activities of the Fund is to co-ordinate and supervise such activities with the technical support of the I.T.U.

Article 4

Resources

1. The Fund may accept:

- (i) Grants
- (ii) Loans
- (iii) Other types of appropriate contributions

Such resources may be received from national, international, bilateral and multilateral sources of financial assistance, including grants from non-contributing participants or from any public or private entity or entities on terms and conditions which are consistent with the Fund's purposes, operations and which will not impose an undue administrative or financial burden on the Fund or the Bank.

Such contributions may be made in:

- (a) Convertible currencies;
- (b) Promisory notes, letters of credit or similar obligations, in place of any part of the contribution not immediately needed.

by the Bank in the operations of the Fund, denominated in a convertible currency issued by the Government of a Member State of the Bank or by a non-member contributing participant or by the depository designated by such member or contributing participant. Such promissory notes or other obligations shall be non-negotiable, non-interest bearing and payable to the Fund at their par value on demand when needed and required for the conduct of its operations;

- (c) Currency of a state which is a contributing participant to the extent that the Council determines such currency is required in furtherance of the Fund's operations;
- (d) Goods and services which the Council determines to be required in furtherance of the Fund's operations.

2. All principal payments on loans, interest, fees and other income arising from its operations shall accrue to the Fund.

Article 5

Limitation on operations

The total amount outstanding of loans and other commitments by the Fund shall not at any time exceed the total amount of its unimpaired paid-in contributions, (excluding promissory notes or similar securities) reserves and surpluses.

Article 6

Valuation of Currencies

1. The accounts of the Fund shall be kept in Units of Account, the value of which shall be equal to 0.88867088 gramme of fine gold.

2. Whenever it shall become necessary under these rules and regulations to value any currency in terms of another currency, or in terms of units of account such valuation shall be determined by the Council after consultation with the International Monetary Fund.

Article 7

Additional Contributions

Contributing participants may at any time make additional contributions. Such additional contributions shall be subject to the terms and conditions set forth herein.

Article 8

Subscription

Upon agreeing to participate in the Fund, each initial contributing participant shall subscribe funds in the amounts specified in Annex A hereto and such funds shall be expressed in units of account and payable in freely convertible currency. States, entities and agencies subsequently becoming contributing participants shall subscribe such amounts as may be agreed upon between the Council and the respective state, entity or agency.

Article 9

Payment of subscriptions

The subscription of each initial contributing participant shall be payable insemi-annual instalments, beginning on Subscriptions of subsequent contributing participants shall be payable on such terms and conditions as the Council may determine

Article 10

Special Certificates as to Contributions

The Bank shall deliver to each contributing participant a special certificate setting forth the amount and currency of the resources contributed.

Article 11

Terms and Conditions of Operations

The resources of the Fund shall be utilized to finance project of the Pan-African Telecommunications network on such terms and conditions as the Council may from time to time determine.

Article 12

Limitation on Liability

No contributing participant shall be liable, by reason of its participation, for acts or obligations of the Fund.

Article 13

Selection and Processing of Grant and Loan Applications

The criteria for the selection and processing of grant and loan applications and implementation and execution of individual projects within the Pan-African framework shall be as determined by the Council.

Article 14

Technical Assistance

Upon request, technical assistance may be provided by the Fund from the resources available to the Fund, on a grant or reimbursable basis, especially for the preparation of projects and their executions consistent with the purposes of the Fund.

Article 15

The Council: Composition

1. Any contributing participant, or contributing participants having contributed to the Fund shall be entitled to appoint or arrange to appoint a member of the Council and an alternate for a term of three years on the basis of a formula to be agreed.

2. The Council shall be composed of eight members, four of whom shall be representing African States and the other four shall represent the non-African contributing participants. Members of the Council may be eligible for reappointment.

3. The alternate may act for a member of the Council in the event of the latter's absence.

4. The President of the Bank shall be ex officio President of the Fund and serve as Chairman of the Council but shall have no vote except a deciding vote in case of an equal division. In his absence, the Vice-President acting for him shall serve.

Article 16

Powers of the Council

The Council shall be responsible for the conduct of the operations of the Fund and for this purpose it shall approve its administrative budget, make loans, determine terms and conditions of loans and exercise all other powers consistent with its functions and the purpose of this

agreement, and in particular,

1. define the general framework of policy for the implementation of this agreement,
2. review progress and coordinate efforts for the implementation of the Pan-African Telecommunications Network, and
3. approve the report and financial statements to be submitted by the President annually

Article 17

Office of the Fund

The Office of the Fund shall be the principal office of the Bank.

Article 18

Meetings of the Council

1. The Council shall be available for meetings at the office of the Fund at least once every six months and may meet more often if it deems appropriate, either on its own initiative or at the request of the President of the Bank.

2. The President of the Bank shall present to the Council each proposal for a loan, grants or technical assistance operations to be financed under this Agreement.

3. The Fund Council shall establish its own rules of procedure.

Article 19

Voting

All matters before the Council shall be decided by a simple majority of the voting power represented at the meeting.

Six members of the Council excluding the Chairman, shall constitute a quorum for any meeting of the Council.

Article 20

Relationship with the Bank

The Fund will utilize the officers, staff, organization, services and facilities of the Bank to carry out its functions and if the Council determines that there is need of additional personnel, it shall authorize the President to recruit such personnel.

Article 21

Separation of Resources

The resources of the Fund shall be held, used, committed, invested, and otherwise disposed of entirely separate from the other monies and assets available to the Bank.

Article 22

Standard of Care

The Bank shall exercise the same care in the discharge of its functions under this Agreement as it applies in the administration and management of its own affairs.

Article 23

Reimbursement of Expenses

The Fund shall reimburse the Bank for the fair value of its use of the officers, staff, organization, services and facilities of the Bank, in accordance with the arrangement made between the Fund and the Bank.

Article 24

Annual Report

The President shall submit an annual report within three months after the end of each financial year, which shall coincide with that of the Bank, on the operations of the Fund to the Council for approval. The report shall then be distributed to the contributing participants.

Article 25

Certification of Accounts

The Bank's external auditors shall audit and certify the accounts of the Fund

Article 26

Entry into Force

This Agreement shall enter into effect when not less than...per cent and of the participants listed in Annex A, have signed/deposited with the Bank appropriate instruments agreeing to become participants and make their respective contributions.

Article 27

Amendments

The provisions of this Agreement may be amended with the consent of at least three-quarters majority of the total voting power of the Council expressed through a resolution of the same Council.

Article 28

Termination of Operations

The Council may decide to terminate its operations by a three-quarter majority vote of the Council.

Article 29

Distribution of Assets

If a decision to liquidate the Fund is made, any assets remaining in it after settlement of all its liabilities shall be within the competence of the Council to be applied to appropriate purposes.

FIRST REPORT OF THE COORDINATING COMMITTEE
ON THE IMPLEMENTATION OF THE PAN-AFRICAN TELECOMMUNICATIONS NETWORK

In accordance with Resolution CM/Res.309(XXI) of the Council of Ministers approved by the tenth Heads of State and Governments of OAU (Addis Ababa May 1973), the Coordinating Committee has the honour of submitting the following report:

Following a recommendation by an OAU Committee in 1964, a joint meeting of the ECA and the OAU in 1966 discussed the possibility of a Pan-African Telecommunications network. At a meeting held in Addis Ababa early in 1968, the Secretary-General of the ITU and the Executive Secretary of the ECA decided to submit to UNDP a request for the financing of pre-investment studies for this Pan-African network. These studies were followed with great interest by the ADB, the ECA and the OAU and were completed in 1972.

In collaboration with the OAU, the ECA and the ADB, the ITU then organized a technical meeting in Addis Ababa in October 1972, attended by representatives of the telecommunication administrations concerned, to discuss the results of the studies. This meeting was followed by a financial meeting which was also attended by representatives of bilateral and multilateral financing agencies. At the initiative of some of the participants, the following recommendations were formulated:

- the project must be considered as a whole and executed as such;
- it would be desirable to set up a special fund to finance the network, under the auspices of the ADB;
- both technical and financial coordination must be ensured between all the interested parties;
- financial coordination would be entrusted to the ADB, which would have to set up under its auspices a special fund for financing the network, while technical coordination would continue to be the responsibility of the ITU, in cooperation with the OAU and the ECA.

At the latest Conference of Ministers of Trade, Development and Monetary Problems, held in Abidjan in May 1973, the African delegates confirmed their wish that the four organizations should perform those functions.

A consultative meeting of the interested international bodies and of the bilateral and multilateral financing agencies was then convened at ITU Headquarters in Geneva on 21 and 22 May 1973. The exchanges of views unanimously confirmed the necessity of considering the project as a whole, as well as the following principles:

- the overall programme must be financed and executed within a strict four-year time-limit;
- coordination round the ADB is essential.

This meeting also brought to light the practical steps to be taken for the execution of the project. In particular, various consultations between the ADB, the OAU, the ECA and the ITU were planned, to prepare for a large-scale meeting of representatives of the various sources of financing.

Finally, at their most recent summit meeting, the Heads of State and Government of the OAU adopted a resolution entrusting a consultative and coordination committee comprising the ADB, the OAU, the ECA and the ITU with the task of taking steps for the execution of the Pan-African Telecommunications Network.

At the July meeting of the Coordination Committee and at the following one in September, it was recognized that the preparation of tender specifications was well under way. It was hoped that all the specifications and other technical documents would be available by the end of February 1974 at the latest.

The Coordination Committee met in Abidjan from 5 to 7 September 1973 to complete preparations for the second consultative meeting of the international bodies concerned and of the bilateral and multilateral financing agencies. The Committee fixed the date and place of the meeting, drew up the agenda and decided on the practical

arrangements. In particular, it prepared a draft agreement establishing the Fund for financing the Pan-African Telecommunications Network. One of the Committee's major concerns was to ensure that the legal framework of the Fund would be flexible enough to allow for participation from all sources and in different forms, such as gifts, loans and contributions in kind. It nevertheless stressed the basic necessity of coordination in the execution of the project by all sources of technical assistance and finance. The Committee took steps to ensure that the countries participating in the execution of the project would be genuinely associated with the management of the Fund. That second meeting was held in Geneva (Switzerland) on 19 and 20 November 1973.

The importance attached to the meeting is due to the vital interest that the African countries have in the execution of the Pan-African telecommunication project. At the present time, Africa is the continent which is least well equipped with telecommunication facilities. The present African network consists of national networks which, generally, are little developed and are linked to the former metropolitan countries. As a result, these networks can route telecommunication traffic to other African countries only in transit through the former metropolitan States, which is more expensive and tends to increase the African countries' dependence on the outside world and to hamper the development of inter-African cooperation.

Although its various sections have widely varying profitability rates, the proposed project, taken as a whole, is an economically viable operation. The project must accordingly be treated as integral whole, which must be executed harmoniously.

Coordination of the execution of the Pan-African Telecommunication Network is essential for several reasons. Indeed, without coordination the network would be executed in incoherent sections which might be technically incompatible and financially costly. Moreover, it is desirable to follow a harmonious timetable of execution to ensure higher efficiency and better yield from the network. That is why it is important to avoid uncoordinated action on the part of sources of financing which, in some cases, wish to secure political advantages without regard for the principle of achieving technical efficiency at the lowest possible

cost. Furthermore, certain sections with a low profitability rate if taken in isolation might not be executed at all, and that would detract from the advantages obtained from the part of the network which would be installed.

For all these reasons, the Committee considered it vitally important to assemble within the necessary time limits the total sum required for the execution of the project, resources estimated at 140 million United States dollars.

But the proposal to finance the whole network from a fund did not meet with the approval of the participants in the 19 and 20 November meeting, who preferred other possible sources of financing, particularly bilateral sources, while the multinational agencies were in favour of a co-financing solution.

However, the participants recognized unanimously the need to ensure technical and financial coordination in implementing the project. The great majority of the participants opted for the establishment of a flexible organization, consisting of the African States concerned and the donor countries, with the functions:

- checking specification and seeing that they were followed
- checking the quality of equipment (conformity with tender specifications)
- control over prices to avoid flagrant differences between the various parties to the project.

It was decided at the meeting on 19 and 20 November 1973 to set up an Ad Hoc Committee consisting of the Coordination Committee, UNDP, IBRD and EEC representing multilateral financial sources, and Canada, France, Federal Republic of Germany and Sweden representing bilateral financial sources, to recommend appropriate machinery for ensuring technical and financial coordination of the project in the most favourable conditions.

At its meeting in Geneva on 10 and 11 April 1974 the Coordinating Committee noted with satisfaction that about 75% of the capital requirements necessary for financing the project was

already available. The Committee is now trying to find the additional funds necessary for total implementation of the project.

The Coordinating Committee confirmed the need to maintain strict control at all stages of implementation.

The Committee recalled the need to find financing with the best possible conditions for the whole of the project.

Despite the generally unfavourable reaction of the donor countries towards the special fund proposed, the Coordination Committee feels that the principle of its establishment should be maintained and it will continue to make every effort to obtain contributions to the fund.

The Coordinating Committee decided to meet in Geneva on 9 and 10 May 1974 to examine the conclusions of the work of the Ad Hoc Committee.+

The Coordinating Committee will submit a second report to the Administrative Secretary-General of OAU before the end of May 1974.

IMPLEMENTATION OF THE PAN-AFRICAN TELECOMMUNICATIONS NETWORK

GENEVA, 10-11 APRIL 1974

COMPOSITION AND TERMS OF REFERENCE OF THE
AD HOC COMMITTEE FOR THE TECHNICAL AND
FINANCIAL COORDINATION OF THE PANAFTEL NETWORK

Considering the results of the Panaftel Consultative meeting, held in November 1973 at ITU Headquarters and in particular the reactions of donor countries to the creation of the Special Fund.

Considering the unanimous agreement of all participants on the need to ensure technical and financial coordination in the implementation of the project.

Considering the decision of the said meeting to set up an Ad Hoc committee consisting of:

- a) Representatives of the Coordinating Committee
- b) Representatives of UNDP, IBRD and EEC (sources of multilateral financing)
- c) Representatives of Canada, France, F.R. of Germany and Sweden (sources of bilateral financing)

to recommend an adequate machinery to ensure the technical and financial coordination of the implementation of the project under the best conditions.

The Coordination Committee (OAU, ITU, ADB, ECA) meeting in Geneva on April 10-11, 1974 decides to convene the ad hoc committee in Geneva on 9 and 10 of May 1974.

The Ad Hoc committee shall report to the Coordinating Committee as soon as it has completed its work. It shall then cease to exist.

The ITU is responsible for convening the ad hoc committee and for providing the secretariat for the meeting.

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