



**ORGANIZATION OF
AFRICAN UNITY**

Secretariat
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منظمة الوحدة الأفريقية
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**ORGANISATION DE L'UNITÉ
AFRICAIN**

Secretariat
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Addis Ababa •••••

COUNCIL OF MINISTERS

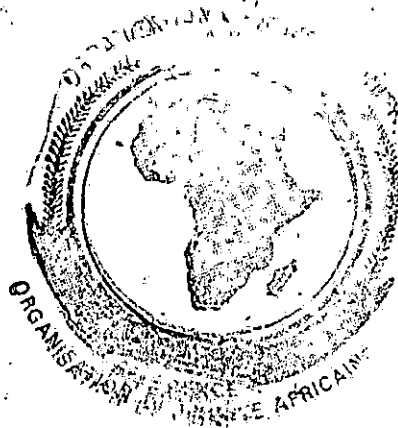
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Twenty-Fourth Ordinary Session

Addis Ababa, February, 1975

D R A F T

REPORT OF THE COMMITTEE
OF SEVEN



REPORT OF THE COMMITTEE OF SEVENTable of Contents

| | <u>PARAS</u> | <u>PAGES</u> |
|---|--------------|--------------|
| I. Introduction | 1 - 4 | 1 |
| II. Dar-es-Salaam Meeting: | | |
| Proceeding and Decisions..... | 5 - 10 | 1 - 2 |
| III. Follow-up of Dar-es-Salaam Resolution by the Sub-Committee of Ambassadors and the General Secretariat..... | 11 - 24 | 3 - 6 |
| IV. Proceedings of the Fifth Session of the Committee of Seven: | 25 - 45 | |
| - Contacts with African Oil Producers | 30 - 31 | 7 |
| - Contacts with non-Arab donors | 32 - 35 | 7 - 8 |
| - Contacts with the Arab League | 36 - 39 | 8 - 9 |
| V. Recommendations..... | 45 | 10 - 11 |
| VI. <u>ANNEXES</u> | | |
| (i) Resolution ECM/Res.20/Rev.1(VIII) | | |
| (ii) Resolution CM/Res.333 (XXIII) | | |
| (iii) Dar-es-Salaam Resolution Adopted by the Committee of Seven | | |
| (iv) Table on Country Allocation of the US \$200 Million Fund and Explanatory Notes | | |
| (v) Cable Despatched by the Arab League Secretariat to Beneficiary State Members of the OAU | | |

- (vi, vii & viii) Letters Exchanged between The Administrative Secretary-General and the Secretary-General of the Arab League
- (ix) Report on the Mission of the Committee of Seven to African Oil-producing countries (Nigeria, Gabon and the Congo)
- (x) List of Member States in Receipt of all or Part of their Allocation of the Fund.

I. INTRODUCTION:

1. The Eighth Extraordinary Session of the Council of Ministers, convened in Addis Ababa barely a month after the October 1973 Middle East War, took up the issue of the effects of the oil embargo on African Countries. In that Session the Council adopted its first resolution on the subject. In that resolution, ECM/Res.20/Rev.1(VIII) attached as Annex I to this report, the Council "Decides to establish a Committee of Seven OAU Member States who will make contacts with Arab countries through the Arab League-

- (a) to study the effects of the oil embargo on African countries;
- (b) to discuss with Arab Crude Oil producing countries how best to alleviate the effects of this impact on African Countries".

2. The Committee of Seven was set up immediately after the adoption of the resolution cited above. Barely a month After it was established, the Committee initiated contacts with the Arab League Secretariat and its Member countries, particularly its oil-producing Members.

3. In Mogadishu, on the occasion of the Twenty-Third Ordinary Session of the Council and the Eleventh Assembly of Heads of State and Government, the Committee's activities, its achievements and The Committee's role in the establishment of a 200 million dollar Fund were reported in full. Afro-Arab Co-operation as a whole was, moreover, treated comprehensively in separate paper.

4. At its Twenty-Third Ordinary Session, the Council adopted resolution CM/Res.333 on the activities of the Committee of Seven. In operative paragraph three (3), the resolution 'requests that the OAU Committee of Seven, in co-operation with all Member States, especially oil-producing Member States, to name and define the terms and conditions of access to the Fund'. In eight other operative paragraphs the resolution takes up other aspects of the Oil Fund. The resolution is attached to this report as ANNEX II.

II. DAR-ES-SALAAM MEETING: PROCEEDINGS AND DECISIONS OF THE COMMITTEE OF SEVEN

5. In pursuance of the mandate given by the Council in resolution CM/Res.333(XXIII) and endorsed by the Eleventh Assembly of Heads of State and Government, the Committee of Seven met at Dar-es-Salaam from 14 to 15 August 1974.

6. The Committee met at Ministerial level and considered a report on the activities and deliberations of the Sub-Committee of Ambassadors as well as a document vetted by the Ambassadors and jointly prepared by the Secretariats of the OAU and the African Development Bank.

7. In a two day meeting, the Committee of Seven considered in detail the above-mentioned document entitled "The Fund for alleviating the effects of high oil prices on the Economies of Member States of the Organization of African Unity. Part I of the document on the terms conditions of the Fund and relevant administrative procedures, were given priority treatment and accounted for the major part of discussions on the paper.

8. After extensive decisions and deliberation, the Committee adopted a Comprehensive resolution of Nine operative paragraphs and a Table on country allocations of the Fund. Both the resolution and the Table are attached to this report as Annexes III and IV respectively. Detailed explanatory notes for the Table are also appended to facilitate easier perusal. The Committee reiterated the terms adopted at the Mogadishu Summit, namely, that the Fund be administered by the African Development Bank on behalf of the OAU. It also reiterated the terms and modalities of the Fund agreed on at the Cairo meeting between the Committee of Seven and Arab Oil Ministers.

9. After the Dar-es-Salaam meeting, the Chairman visited Mogadishu where he briefed President Mohamed Siyad Barre, Current Chairman of the OAU, and stressed the importance of OAU representation at the Seventh Summit of the Arab League at Rabat. The Chairman also visited Addis Ababa to discuss with the Sub-Committee of Ambassadors and the Secretariat on matters relating to the implementation of the Dar-es-Salaam resolution.

10. The period after the conclusion of the Dar-es-Salaam meeting and up to the convening of the Twenty-Fourth Session of the Council could be termed eventful. The implementations requirements of both the Mogadishu and Dar-es-Salaam resolution necessitated increased contacts between the Committee of Seven and the General Secretariat on the one hand and the Arab League Secretariat and Member Countries of the League on the other. Events, initiatives and achievements in the period will be outlined in the remaining parts of this report.

III. FOLLOW-UP OF THE DAR-ES-SALAAM RESOLUTION BY THE SUB-COMMITTEE OF AMBASSADORS AND THE GENERAL SECRETARIAT

11. In the five weeks, between the latest meeting of the Committee of Seven and the meeting of Arab League Foreign Ministers held in late September, the General Secretariat despatched, informally at first and officially at a later date, to the Secretary General of the Arab League both the Dar-es-Salaam resolution as well as the base-document outlining the criteria for the allocation of the Fund.

12. In its September meeting in Cairo, the Arab League Foreign Ministers generally, and the contributors in particular, discussed the Dar-Es-Salaam resolution and -

- adopted the criteria for allocation recommended by the Committee of Seven in its Dar-es-Salaam resolution,
- charged the Secretary-General of the Arab League, in co-operation with the beneficiary states, with the responsibility of disbursing the Fund.

13. An emissary of the Secretary General of the Arab League Secretariat brought this decision to the attention of the Administrative Secretary General of the OAU. A few days later, on the 26th of September, the Arab League Secretariat despatched the attached Cable (Annex V) to all beneficiary states members of the OAU.

14. In a series of three meetings the Sub-Committee reviewed implementation requirements of the Dar-Es-Salaam resolution. Follow-up action initiated by the Sub-Committee is summarized in the following paragraphs.

15. In its First meeting (October first, 1974) after Dar-es-Salaam the Sub-Committee directed the Secretariat to proceed to Cairo, Headquarters of the Arab League, to seek clarifications on a cable sent out by the league's Secretariat to Member States of the OAU.

16. Consequent to the directive of the Sub-Committee of Ambassadors, a mission led by the then Acting Secretary General, Ambassador N. Djoudi, left for Cairo, on Friday 5 October, to hold consultations and to seek clarifications on the implementation of the Dar-es-Salaam resolution.

17. In a series of formal and informal meetings, the two Secretariats exchanged views. Dr. Nofal, Acting Secretary-General and Under-Secretary for Political Affairs informed the representative of the General Secretariat that:

- (a) The Arab League, in much the same manner as the OAU, adopts resolutions that are to be implemented by its Secretary-General;
- (b) The resolutions adopted on the subject of the Oil Fund are available and are unambiguous on who is charged with their implementation;
- (c) On setting up the Fund, the Arab League charged its Secretary-General with implementing the relevant resolution in co-operation with the OAU;
- (d) The Secretary-General of the Arab League despatched the relevant resolution (passed on January 24, 1974) to the OAU Secretariat requesting it to advise on distribution formulae etc;
- (e) The OAU delayed communication on (d) above;
- (f) The Committee of Seven consequently reached a decision on modalities in Dar-es-Salaam;
- (g) In its September, 1974 meeting, the Arab League discussed the Dar-es-Salaam resolution in earnest and decided as follows:
 - (i) the Secretary-General of the Arab League, in co-operation with the beneficiary states, will be responsible for the disbursement of the 'Arab Loan Fund';
 - (ii) Loans are to be refunded to the Arab Bank for African Economic Development, unless the contributing states decided otherwise;
 - (iii) Fifty percent (50%) of the Loan was ready for disbursement;
 - (iv) The criteria, allocation and the number of beneficiary states will be as decided by the Committee of Seven in its last meeting in Dar-es-Salaam; except that Member countries of the Arab League would not be eligible for participation in the Fund.

18. In its Second meeting, held on the 16th of October, the Sub-Committee reviewed the report of the General Secretariat on the mission to the Arab League Secretariat.

19. The Administrative Secretary-General complemented the above report with information acquired in New York from the Secretary-General of the Arab League on the occasion of the Twenty-Ninth Session of the General Assembly. In his consultations with his counterpart in the Arab League, the Administrative Secretary-General was informed about the cable to beneficiary States of the OAU. Furthermore, Mr. Mahmoud Riad regretted the misunderstanding that appears to have merged and emphasized that, though the League of Arab States was prepared to hand over the Administration of the Fund to the OAU, the transfer of this function to the ADB was inopportune politically. Moreover, the cable to Member States of the OAU was promoted by the need to report to the Arab League Summit, that at least a portion of the Fund had been disbursed. Mr. Mahmoud Riad further informed his counterpart at the OAU that he planned to clear up the whole issue in the forthcoming Rabat Summit.

20. Discussions followed the Secretary-General's complementary information. Most of the deliberations centered on the cable and the feasibility of disbursing the remaining fifty percent (50%) of the Fund through the African Development Bank (ADB).

21. In concluding its deliberations the Sub-Committee recommended that:

- (i) The Administrative Secretary-General should join the Chairman of the Committee of Seven at Rabat, on the occasion of the Seventh Arab League Summit, with a view to holding further consultations on the implementation of the Dar-es-Salaam resolution, and
- (ii) A third meeting of the Sub-Committee may be convened to consider both the result of the consultations of the Administrative Secretary-General with the Chairman of the Committee of Seven and to hear the former's report on the Arab Summit.

22. In a third meeting, held on November 12, 1974, the Sub-Committee heard an oral report, by the Administrative Secretary-General, on his consultations at Rabat.

23. The Administrative Secretary General informed the Sub-Committee of the decision of the Arab League Summit to:

- replenish the Fund for 1975,
- To extend the repayment period of the Fund to 25 years preceded by a ten-year grace period and with an interest rate of one percent (1%) per annum.

24. In his contacts he also reaffirmed the need to reintegrate the OAU in the handling of the Arab oil Fund specially the remaining undisbursed 50%. He added that he is waiting written confirmation on the compromise reached with the Arab League Secretariat before he could take any further steps.

IV. PROCEEDINGS OF THE FIFTH SESSION OF THE COMMITTEE OF SEVEN

25. The Committee of Seven met, at Ministerial level at the General Secretariat on February 13, under the Chairmanship of H.E. Dr. Mansour Khalid. All member countries of the Committee were represented.

26. Apart from the Chairman, the following Ministers and Ambassadors represented their countries;

- I. The Hon. Mr. A. M. Mogwe, Minister for External Affairs,
(Botswana)
- II. H.E. Lt. Col. Kwame Baah, Commissioner for Foreign Affairs,
(Ghana),
- III. Hon. J.S. Malecola M. P., Minister for Foreign Affairs,
(Tanzania)
- IV. H. E. El Haj Mahmoudou Haman Dicko,
(Ambassador to Ethiopia, Cameroon)
- V. H.E. Citoyen Bagbeni Adieto Nzengeya,
(Ambassador to Ethiopia, Zaire)
- VI. Mr. Halidou Toure, Director General of Foreign Affairs,
(Mali).

27. The Arab League was represented by an observer: Mr. Ali Abu-Sinn, Director of African Affairs in the Secretariat of the Arab League.

28. The Agenda of the Meeting was composed of five items. These were:

1. Opening of the Meeting,
2. Report of the Sub-Committee of Ambassadors,
3. Report of the Mission to Nigeria, Gabon and Congo,
4. Report of the Committee of Seven to the Council of Ministers,
5. Any other business.

29. After the adoption of the Agenda, the Chairman briefed the Committee on his contacts and consultations since the Committee last met, at Ministerial level in Dar-es-Salaam (August 14 - 15, 1974).

CONTACTS WITH AFRICAN OIL-PRODUCING COUNTRIES

30. In pursuance of the Mogadishu and Dar-es-Salaam resolutions, after consultations between the Chairman and the Sub-Committee of Ambassadors, a Mission was sent to the African Oil-producing Countries (Nigeria, Gabon and Congo). The Mission was led by H.E. Vincent EFON, the Foreign Minister of Cameroon, and included the Ambassadors of Zaire and Ghana in Ethiopia, their Excellencies Citoyen Bagbeni-Adeito-Nzengeya and Yaw Turkson respectively. The General Secretariat was represented by Mr. Osanya-Nyenneque, Assistant Secretary-General in Charge of Economic Affairs.

31. The Mission was received by the Presidents of Gabon and the People's Republic of Congo. In the course of the audience granted, both Presidents affirmed their Governments' readiness to contribute to the Fund. Due to circumstances beyond its control, however, the mission was not able to meet officially with the Nigerian authorities.

CONTACTS WITH NON-ARAB DONORS

32. In pursuance of operative paragraph 7 (b) and (c) of the Dar-es-Salaam Resolution, the chairman met the Secretary-General of the U.N. and the Executive Director of the IMF, on the 'UN Emergency Fund' and the 'IMF oil Facility'

respectively and impressed on the Heads of both Organizations the importance Africa attaches to the acceleration of the setting up of these funds and their speedy and equitable distribution to African countries hit by high oil prices.

33. In the course of this meeting, the UN Secretary-General explained that the major part of the Emergency Fund of 3 billion dollars would be pledged by the end of 1974. Though the criteria for eligibility and distribution has been established already, the Secretary-General expressed his readiness to consult with the Committee of Seven and the African Development Bank on criteria relevant to African countries.

34. In contacts with the Executive Director of the IMF, the Chairman was informed that the IMF will consult, where relevant, with the Committee of Seven.

35. The Chairman also met with Sr. Perez Guerrero, the Venezuelan Minister for International Co-operation informing him of the current difficult economic situation in Africa in general, and particularly of the mandate and achievements of the Committee of Seven. The Chairman called on Venezuela to contribute towards alleviating the current hardships faced by African countries with fragile economies. The Venezuelan Minister explained that his country has contributed to funds for Latin and Central America as well as to International Organizations. He continued that an Opec Fund on which Africa can draw is envisaged.

CONTACTS WITH THE ARAB LEAGUE.

36. Reporting on the Seventh Summit of the Arab League held at Rabat, the Chairman informed the Committee that Heads of State of countries who are members of both the Arab League and the OAU, spared no effort in persuading their colleagues to endorse the Mogadishu Resolution - CM/Res.333 (XXIII) - 'on the activities of the Committee of Seven'. Their efforts met with some success in that the Summit decided to replenish the Fund for the current year (1975) and to soften its terms.

37. The Chairman then informed the Committee about preparations for the joint summit agreed on Rabat, in particular, the setting up of a Committee of Nine for Co-ordination of the Joint OAU/Arab League Summit.
38. He further informed the Committee that the Summit chose Khartoum as the Headquarters of the Arab Bank for the Economic Development of Africa and agreed on the President of the Bank.
39. The Committee expressed its appreciation of the Chairman's efforts in fulfilling his mandate under the Dar-es-Salaam Resolution which called for these consultations.
40. After the Chairman's briefing the Committee took up discussion of the Report of the Sub-Committee of Ambassadors.
41. Some members of the Committee raised the question of the faithful implementation of the Mogadishu and Dar-es-Salaam Resolutions.
42. The Chairman explained that the arrangements made by the Arab League for the ~~disbursement~~ of the Fund were not the result of a joint decision between the Arab League and the OAU. However, the OAU Member States accepted these arrangements as a matter of expediency, and further contacts are being made with a view to ensuring that the criteria established in Dar-es-Salaam are respected.
43. Discussion then moved on to item 3 of the Agenda on the report of the Mission to Nigeria, Gabon and Congo. The Committee dealt with the report of the mission and commended the efforts of its members. It requested the Chairman to convey to the Governments of Congo and Gabon the Committee's appreciation of their generosity and to request them to contribute on an emergency basis and to deposit their contributions with the ADB. The Committee further, requested its Sub-Committee of Ambassadors to continue their contacts with the Government of Nigeria.

44. At the end of discussions and deliberations in its fifth session, the Committee of Seven elected by acclamation, H.E. John Malecella, Minister of Foreign Affairs of Tanzania, as its new Chairman.

V RECOMMENDATIONS

45. The fifth session of the Committee of Seven decided to recommend to the Council as follows:

- (a) The Committee of Seven and the Administrative Secretary-General should continue consultations with the Arab League on the modalities of disbursement of the Fund with due regard to the provisions of the Mogadishu and Dar-es-Salaam resolutions,
- (b) To institutionalize Afro-Arab Co-operation with a view to enhancing its continuity and efficiency and to safeguarding against lapses and misunderstanding,
- (c) Since the mandate of the Committee of Seven was considerably extended by the Mogadishu resolution (CM/Res.333 (XXIII)), the Council may authorize the Committee to explore new horizons over and above the oil issue, in Afro-Arab Co-operation,
- (d) The Joint Summit of African and Arab Countries should not be allowed to become a protocol gathering, consequently the Council may consider the desirability of entrusting the Committee of Seven with undertaking this task on the basis of the new mandate given to it in Mogadishu,
- (e) The two Committees - the Committee of Seven of the OAU and the Co-ordinating Committee of Nine of the Arab League - should meet to set a plan of action in the political, economic and cultural fields for submission to the joint meeting of Foreign Ministers that will precede the joint summit,

- (f) The Committee requested the Chairman and the Administrative Secretary-General to write to the Governments of the three African Oil-producing Countries, thanking them for their support of the emergency Fund.

MINUTE OF MEETING

OF THE

COMMITTEE OF SEVEN

CM/636/Rev.3(XXIV)

ANNEX I - X

REPORT OF COMMITTEE OF SEVEN

RESOLUTION ON CO-OPERATION BETWEEN AFRICAN AND
ARAB STATES

The Council of Ministers of the Organization of African Unity meeting in its Eighth Extraordinary Session in Addis Ababa, from 19 - 21 November 1973,

Considering the fact that the present situation in the Middle East has demonstrated the common objectives between African and Arab peoples,

Bearing in mind the forthcoming Special Summit Conference of the Arab Countries on the Middle East question,

Bearing in mind the need for African and Arab countries to foil attempts of some Western oil companies to harm African economic interests,

Convinced of the need for closer cooperation between the African and Arab peoples to achieve the total liberation of their territories and to speed up their economic development,

1. DECIDES to establish a Committee of Seven OAU Member States who will make contacts with Arab countries through the Arab League so as,

- (a) to study the effects of the oil embargo on African countries,
- (b) to discuss with Arab crude oil producing countries how best to alleviate the effects of this impact on African countries.

2. RECOMMENDS the establishment of economic co-operation between the Arab League States and the OAU Member States and instructs the Administrative Secretary-General, in consultation with the Secretary-General of the Arab League, to set up the machinery for such co-operation.
3. RECOMMENDS the holding of periodic consultations at various levels between the Arab League and the OAU in order to ensure the continued co-operation which will further strengthen our unity of purpose and action,
4. APPEALS to Arab countries, which have not yet done so, well as to Iran to extend the oil embargo to South Africa, Portugal and Southern Rhodesia until they comply with the United Nations General Assembly and Security Council resolutions on decolonization,
5. INSTRUCTS the Administrative Secretary-General to transmit this resolution to the Secretary-General of the Arab League.



RESOLUTION ON THE ACTIVITIES
OF THE COMMITTEE OF SEVEN

The Council of Ministers of the Organization of African Unity, meeting in its Twenty-Third Ordinary Session in Mogadishu, Somalia, from 6 - 11 June 1974,

Having Studied Reports CM/600, CM/603 and CM/606 submitted by the Committee of Seven and the General Secretariat on the effects of the oil Embargo on Member States and having considered the opinion of the Member States of the Arab League as contained in the Report and the proposals of the Arab League with the view to strengthening co-operation between African and Arab States.

Mindful of the need to strengthening co-operation between OAU Member States and Members of the Arab League:

1. ACCEPTS the US\$200 million set up by the Arab oil-producing countries and wishes to record its appreciation for this valuable act of solidarity;
2. REQUESTS that this fund be transferred to the African Development Bank which would administer it on behalf of the OAU;
3. REQUESTS that the OAU Committee of Seven, in co-operation with all Member States especially oil-producing Member States, to name and define the terms and conditions of access to this fund,
4. DECIDES that the Fund be open to all oil importing Member States and that special attention be paid to the land-locked and drought-stricken countries;
5. APPEALS to all oil-producing countries to contribute to this fund,
6. SPECIFICALLY REQUESTS all African oil-producing countries to contribute whatever they can to the fund;
7. INVITES the OAU Administrative Secretary-General to inform the Secretary-General of the Arab League of the Council's recommendations on Afro-Arab Co-operation, especially as regards the effects of the rise in the price of the oil on Member States;
8. CONGRATULATES the Committee of Seven for its good work and report and invites the Committee of Seven to continue its contacts with Members of the Arab League and report to the Council of Ministers;
9. INVITES the Arab and African States to promote co-operation in all fields particularly in the economic and commercial spheres.

RESOLUTION ON THE ALLOCATION AND ADMINISTRATION OF
THE FUND FOR ALLEVIATING EFFECTS OF HIGH OIL PRICES
ON THE ECONOMIES OF MEMBER STATES OF THE
ORGANIZATION OF AFRICAN UNITY

The Committee of Seven of the Organization of African Unity,
Meeting in Dar-es-Salaam, Tanzania, on 15 August 1974;

Acting in accordance with their mandate as determined by the
Resolution adopted on the subject by the Council of Ministers of OAU in
its Twenty-Third Ordinary Session, in Mogadiscio Somalia, in June 1974;

Mindful of the purpose for which this Fund has been set-up and
the impelling financial needs of Member States hit by higher prices of oil;

Appreciative of the spirit of solidarity and cooperation shown
by Member States of the Arab League;

Considering the proposals made by its Chairman regarding accessi-
bility to this Fund;

Taking note of the documents prepared on the subject by the OAU,
ADB and ECA Secretariats;

(1) Adopts the method of allocation jointly proposed by the
OAU Secretariat and the African Development Bank, and recommends that
African States Members of the Arab League be approached to waive their
right of accessibility to this Fund;

(2) Requests the Secretary General of the Arab League to forward
as soon as possible the US\$200 million set aside by the Arab oil-producing
countries to the African Development Bank;

(3) Decides that:

(a) the African Development Bank shall disburse the above
amount as soon as possible on the basis of a loan
agreement to be signed between the Bank and each
recipient State;

- (b) this disbursement shall be made according to the attached schedule as amended in the light of responses of the African countries Members of the Arab League;
- (c) Twenty Five per cent of the amounts indicated shall however be disbursed immediately pending finalization of formalities;

(4) Decides further:

- (a) that the amount disbursed to each State according to the preceding paragraph shall be in the form of a loan bearing an Administrative charge of 1% per annum, and repayable to the African Development Bank over ten half-yearly instalments following a 3-year grace period from the date disbursement shall be made;
- (b) that all amounts received by the African Development Bank in settlement of the above-mentioned loans, as well as other amounts contributed by African and non-African oil-producing countries over and above the 200 million dollar Fund shall constitute a special revolving fund;
- (c) that this Fund shall be open to all OAU Member States, to be used for financing development of the energy sector and allied services, as well as other national priority projects;
- (d) to obtain the concurrence of the Arab League on the grant nature of the US\$200 million as well as the desirability of having a revolving Fund in the ADB;

(5) Reiterates the Council of Ministers' appeal to all oil-producing countries, and its special request addressed to all African oil-producing countries to contribute to this Special Fund;

(6) Decides:

- (a) to recommend to the Current Chairman of the OAU to contact his colleagues, the Current Vice-Presidents of the Summit, with a view to ascertaining the possibility of one of the latter addressing the forthcoming Arab Summit in Rabat, Morocco;

- (b) to be represented in the forthcoming Ministerial Conference preceding the Rabat Summit;
- (c) to continue its work in respect of promoting Afro-Arab cooperation in all fields particularly in the economic and commercial spheres, and authorizes its Chairman to arrange for under-taking the necessary contacts in this respect;

(7) Requests the Secretary General of the OAU in collaboration with the President of ADB;

- (a) to propose the appropriate regulations for administering this Special Fund for the consideration of the Committee of Seven;
- (b) to undertake the necessary approaches to the UN Secretary General with a view to accelerating the allocation and disbursement to African States of appropriate shares of the "Emergency Operation Fund" currently underway;
- (c) to contact the Executive Director of the IMF with a view to providing better facilities than presently envisaged for African countries hit by the high oil prices;

(8) Invites the Secretary General of the OAU to clarify the geographical status of Zaire in the light of UN Resolutions and/or documents classifying Zaire as landlocked and to modify the Table on 'Tentative Allocations' accordingly;

(9) Congratulates the African Development Bank and the Economic Commission for Africa for their fruitful and constructive cooperation in facilitating the work of this Committee of Seven, and invites the two Organizations to pursue their important role in the service of Africa.

II: EXPLANATORY NOTE ON THE DRAFT TENTATIVE ALLOCATION OF THE FUND
INTO CREDIT CIELINGS FOR ELIGIBLE OAU MEMBER STATES

1. The attached table is merely tentative in nature, and is meant to invite discussion by the Committee of Seven with a view to arriving at the most appropriate allocation of the Fund into credit cielings to eligible OAU Member States.
2. It is possible to think of many criteria as bases of allocation. However, according to the resolution of the Council of Ministers on the subject, the increase in oil import bills is the basic criterion. Factors such as a country being land-locked, drought-stricken, suffering a low GDP, or not enjoying exports of primary commodities at high prices, appear to be the most relevant elements by which the basic criterion may be corrected. The Committee of Seven may delete, add, and/or modify the said factors or the weight given to each of them.
3. It may also be noted that the criteria used for this tentative allocation are based on current economic conditions of eligible member States. These criteria as well as the number of eligible member states and the nature of the Fund are likely to change in future. Therefore, the Committee of Seven may wish to regard any allocation to be made presently as of temporary validity, and would therefore be subject to periodical revision.
4. The tentative allocation appearing on the attached table was arrived at in the following manner:-
 - (a) The increase in the oil import bills of 1974 over 1973 due to higher oil prices, as calculated by ECA, was selected as the basic criterion for allocation (column I). The figures for Equatorial Guinea and for Guinea Bissau are estimates.
 - (b) The additional weight method was followed to arrive at a series of figures corrected to reflect the Council of Ministers' decision to give special attention to land-locked and drought-stricken countries. In order to arrive at a fairer allocation, figures relating to countries with GDP of/or under \$150, and to countries which did not benefit from the price spiral of primary commodities e.g. Copper, Phosphate, Aluminium and Uranium, and also to be corrected.

- (c) An original weight of one point is given equally to all eligible countries to emphasise the increase in their oil import bills as basis for the allocation. (Column 2).
- (d) An additional weight of two (2) points is given to each land-locked country (Column 3). The reason is that these countries suffer most because of difficulties of transporting oil inland.
- (e) An additional weight of one (1) point is given to each drought-stricken country (column 4), in accordance with the decision of the Council of Ministers directing special attention to them. It is to be noted, however, that other Funds are available for dealing with the drought problem in these countries.
- (f) An additional weight of half ($\frac{1}{2}$) a point is given to each country with a per capita GDP of/or under \$150 (column 5). The Committee may wish to give a higher weight to GDP per capita below 100 and/or 50 dollars.
- (g) An additional weight of half ($\frac{1}{2}$) a point is given to each country not exporting Phosphates, Copper, Aluminium or Uranium (column 6).
- (h) Column 7 gives the total of points by which the increase in the oil import bill of each country is weighted.
- (i) Column 8 gives the increase in the oil import bills of each country as corrected by the weights assigned to it in order to establish an equitable basis for allocation.
- (j) Column 9 gives the allocation of the amount of the Fund, i.e. \$200 million between the 35 countries in proportion to figures relating to them in column 8. The figures appearing in column 9 represent the tentative credit ceilings of the respective countries.

5. The example of Mali may be used to illustrate the method of calculation. Mali is land-locked, drought-stricken with GDP per capita below \$150 and does not export any of the currently high-priced primary commodities. Therefore, it is given the maximum number of points i.e. 5 points, by which the increase in its oil-import bill is corrected, thus amounting to $(13 \times 5) = 65$.

Its share in the Fund is calculated accordingly i.e. $\frac{200 \times 65}{1865} = 7.8$ million dollars.

6. The Committee of Seven is invited to examine the above method of allocation, and to approve, modify or amend the criteria and weights employed. The final allocation will be calculated accordingly.

CM/636/RW./ (XXIV)

ANNEX V

CABLE

H.E. THE FOREIGN MINISTER OF

HAVE PLEASURE TO INFORM YOU THAT FIFTY PER CENT OF THE SHARE
OF YOUR COUNTRY IN THE ARAB LOAN FUND FOR AFRICA IS NOW READY TO BE CASHED
UPON SIGNATURE OF LOAN AGREEMENT BETWEEN YOUR COUNTRY AND SECRETARY GENERAL
OF THE ARAB LEAGUE IN ACCORDANCE WITH PROPOSALS FOR ALLOCATION REACHED BY
THE OAU COMMITTEE OF SEVEN STOP

CONDITIONS OF AGREEMENT ARE

1. - ONE PERCENT INTEREST
2. - THREE YEAR PERIOD OF GRACE
3. - REPAYMENT DURATION FIVE YEARS

CM/636/RW./ (XXIV)

PLEASE NAME REPRESENTATIVE WITH LEGAL AUTHORITY TO SIGN FOR YOUR
COUNTRY AS SOON AS POSSIBLE STOP

1. - ONE PERCENT INTEREST

HAVE PLEASURE TO INFORM YOU THAT FIFTY PER CENT OF THE SHARE
OF YOUR COUNTRY IN THE ARAB LOAN FUND FOR AFRICA IS NOW READY TO BE CASHED
UPON SIGNATURE OF LOAN AGREEMENT BETWEEN YOUR COUNTRY AND SECRETARY GENERAL
OF THE ARAB LEAGUE IN ACCORDANCE WITH PROPOSALS FOR ALLOCATION REACHED BY
THE OAU COMMITTEE OF SEVEN STOP

26/9/1974.

1. - ONE PERCENT INTEREST

2. - THREE YEAR PERIOD OF GRACE

3. - REPAYMENT DURATION FIVE YEARS

HAVE PLEASURE TO INFORM YOU THAT FIFTY PER CENT OF THE SHARE
OF YOUR COUNTRY IN THE ARAB LOAN FUND FOR AFRICA IS NOW READY TO BE CASHED
UPON SIGNATURE OF LOAN AGREEMENT BETWEEN YOUR COUNTRY AND SECRETARY GENERAL
OF THE ARAB LEAGUE IN ACCORDANCE WITH PROPOSALS FOR ALLOCATION REACHED BY
THE OAU COMMITTEE OF SEVEN STOP

CM/636/Rev.1 (XXIV)
ANNEX, VI.

LIGUE DES ETATS ARABES
Secretariat General

Le Caire,
le 20 November 1974.

Your Excellency,

I have received with great pleasure your letter No. CMB/GM/56/11/1 dated 10th September 1974, in which you have officially communicated to me ~~the~~ proposals of the OAU Committee of Seven on the allocation, administration and disbursement of the Arab Loan Fund for Alleviating Effects of High Oil Prices on the Economics of African Countries.

In its subsequent meeting which was held in late September, the Committee of the Donor-Countries has unanimously adopted the proposals of the Committee of Seven concerning the allocation of funds among African Countries and requested me, in accordance with the resolution of the Oil Ministers and the Sixty-Second Session of the Council of the Arab League, to proceed with preparations for a speedy disbursement of the Fund's capital. The Committee of the Donor-Countries has decided to disburse 55% of the Fund immediately in view of the urgency of the matter.

I have subsequently taken all the necessary measures to render the disbursement of the said 50% possible without delay. Those include Agreements to be signed between the Arab League Secretariat in Cairo and each recipient African Country with payment made promptly upon signature. Conditions of the loans shall be specified in the Agreements. They may be summed up as follows:

1. A one percent interest charge annually.
2. A ten-year repayment period of Grace.
3. The duration of the loan is twenty five years.

Permit me, your Excellency, to solicit your assistance in informing all member-states of the OAU of the terms of the above mentioned agreements. I would be grateful if your excellency could also recommend to the OAU member-states to nominate, to our attention, their respective representatives, vested with the necessary legal authority to sign the agreements on their behalf.

May I add that I was pleased to see that the proposals for allocation made by the Committee of Seven and approved by the Committee of the Donor countries, were taken in consultation with the African Development Bank.

Regarding the disbursement of the second instalments of the loans from the Fund I would like to assure your excellency that we would remain in close consultations with you.

We are optimistically looking forward to a period of fruitful co-operation between the African and Arab States.

Kindly accept, you excellency, the assurances of my highest esteem.

Yours sincerely

(Mahmoud Riad)

H.E. Mr. William Eteki Mboumoua
Secretary General,
Organization of African Unity,
Addis Ababa,

Ligue of Arab States
Secretariat

Cairo, the 14th December 1974

Your Excellency,

Further to my cable of 10 December 1974, it gives me great pleasure to confirm hereby that agreement was reached in my meeting with the President of the African Development Bank over the question of the accessibility of African countries to the twenty million american dollars which the people's Democration Republic of Algeria has deposited with the ADB, as part of the Arab Loan Fund for Africa.

Nine African countries whose instalments total twenty million dollars shall receive their loans upon signature of agreement with the ADB in Abidjan containing the same conditions which characterized the agreements signed with the Arab League in Cairo. The nine countries are:

Cameroon - Ivory Coast - Ghana - Guinea - Guinea Bissau - Upper Volta - Togo - Kenya - Niger.

Only Guinea Bissau will have received its two instalments for this year having already received its first instalment from the Arab-League. This is due to the special difficulties which this newly independent African Country is facing.

I would be grateful if you could kindly inform the above mentioned nine countries to send authorized representatives to sign the Loan Agreements with the ADB.

Kindly inform the OAU Council of Ministers which is due to be held in February of these steps. The President of the Bank will inform Algeria of these arrangements.

Please accept, Your Excellency, the assurances of my highest Considerations.

Yours faithfully

Mahmoud Riad
Secretary General
League of Arab States

H.E. Mr. William Eteki Mboumoua
Secretary General
Organization of African Unity

CAIRO, 10/2/75

TO THE SECRETARY GENERAL

ORGANIZATION AFRICAN UNITY

ADDIS ABABA

FURTHER TO OUR CORRESPONDANCE CONCERNING AGREEMENT BETWEEN THE ARAB LEAGUE AND THE ADB OVER THE ACCESSIBILITY OF AFRICAN COUNTRIES TO THE TWENTY MILLION AMERICAN DOLLARS DEPOSITED BY ALGERIA WITH THE ADB STOP THE ADB DECIDED TO REDUCE BY 10% THE LOANS ALLOCATED BY THE COMMITTEE OF SEVEN STOP THE ARAB LEAGUE OBJECTED TO THIS REDUCTION SINCE IT REPRESENTS A VIOLATION OF DECISIONS TAKEN BY THE OAU AND THE ARAB LEAGUE AT POLITICAL LEVELS STOP WE PAID IN CAIRO KENYA'S LOAN WHICH WAS SUPPOSED TO BE PAID IN ABIDJAN TO BALANCE A DEFICIT CAUSED BY ALGERIA'S DECISION TO RESERVE TWO MILLION AMERICAN DOLLARS OUT OF ITS TWENTY MILLION CONTRIBUTION FOR THE BENEFIT OF FORMER PORTUGUESE COLONIES STOP KINDLY UNDERLINE THE ARAB LEAGUE REJECTION OF ANY REDUCTION IN THE LOANS RECEIVED FROM THE ADB SINCE THE ADB HAS SUFFICIENT FUNDS STOP LETTER FOLLOWS

MAHMOUD RIAD

SECRETARY GENERAL

LEAGUE OF ARAB STATES

CM/636/Rev.I (XXIV)

Annex LX

REPORT ON THE MISSION OF THE COMMITTEE OF SEVEN
TO THE AFRICAN OIL-PRODUCING COUNTRIES
(NIGERIA, GABON AND CONGO)

REPORT ON THE MISSION OF THE COMMITTEE OF SEVEN TO
THE AFRICAN OIL-PRODUCING COUNTRIES
(NIGERIA, GABON AND CONGO)

In conformity with operative paragraph 6 of resolution CM/Res.333 which stipulates, "specifically requests all African oil-producing countries to contribute whatever they can to the fund," the Committee of seven, meeting in Dar-es-Salaam on 15 and 16 August 1974, decided to send a delegation to the above countries with a view to considering ways and means of implementing this resolution.

2. COMPOSITION OF THE DELEGATION

After the usual consultations, the delegation was constituted as follows:

- CAMEROUN His Excellency Mr. Vincent Efon, Minister for Foreign Affairs, head of delegation;
- GHANA His Excellency Mr. Yaw Turkson, Ambassador of Ghana in Ethiopia.
- ZAIRE Citizen Bagbeni - Adeito-Nzengeya, Ambassador of Zaire in Ethiopia;
- TANZANIA His Excellency Mr. George Mogombe, Ambassador of Tanzania in Ethiopia.
- OAU GENERAL SECRETARIAT
Mr. Osanya-Nyenneque, OAU Assistant Secretary-General in Charge of Economic Affairs.

The Ambassador of Tanzania was unable to take part in this mission owing to obligations in Dar-es-Salaam.

3. ITINERARY OF THE MISSION

After establishing the necessary contacts, the itinerary was drawn up as follows:

- A -- NIGERIA - from 19 to 20 January 1975
- B -- GABON - from 20 to 22 January 1975
- C -- CONGO - from 22 to 24 January 1975.

4. AIM OF THE MISSION

Set up by the eighth extraordinary session of the Council of Ministers immediately after the October war, the Committee of Seven was entrusted with studying the situation created by the effects of the oil embargo on the African economies and with finding ways and means capable of ~~alleviating~~ the said effects.

To this end, the Committee of Seven was to pursue the action already undertaken in respect of the Arab oil-producers by approaching the African oil-producers as well.

This is why the delegation of the Committee of Seven visited the African oil-producing countries with a view to obtaining effective support for the solidarity fund already established, and securing their agreement to subscribe to it.

5. MISSION TO NIGERIA - 19 - 20 January 1975

A -- Owing to circumstances beyond its control, the delegation was not able to meet officially with the Nigerian authorities.

B -- Results: The delegation hopes to hold fruitful discussions with the Nigerian authorities in the very near future.

5. MISSION TO GABON - 21 - 23 January 1975

A -- In Libreville, the delegation was received on 22 January 1975 at

.../3

9:45 a.m. by the President of the Republic, His Excellency Mr. Albert-Bernard Bongo; at this meeting, which lasted nearly one hour, were present:

- His Excellency Mr. Martin Rekangoli, High Commissioner in the Ministry of Foreign Affairs and
- Mr. André Mangongo, Diplomatic Adviser.

The delegation had met previously with the High Commissioner for Foreign Affairs in the presence of the Diplomatic Adviser and the Assistant Secretary-General for Foreign Affairs, Mr. Leon Metogo.

The High Commissioner for Foreign Affairs represented the Minister for Foreign Affairs who was away from Libreville on a mission abroad.

3 -- SUMMARY OF THE DISCUSSIONS WITH THE PRESIDENT OF
THE REPUBLIC OF GABON AND OTHER OFFICIALS

After thanking the President of the Republic and the High Commissioner for Foreign Affairs for the warm welcome accorded to the members of the delegation, His Excellency, Mr. Vincent Efon, Minister for Foreign Affairs of Cameroun and Head of the Delegation, explained the aim of the Mission of the Committee of Seven to Gabon.

After welcoming the delegation, the President expressed his satisfaction with the aim pursued by the Committee of Seven. He observed that the mere existence of the solidarity fund would not solve the energy problem on a long term basis. Consequently, he suggested that a comprehensive study should be undertaken to find a medium and long-term solution to this problem. Moreover, the President remarked that the contributions to the solidarity fund should be related to the production of each donor country.

C -- RESULTS OBTAINED

The President of the Republic of Gabon, His Excellency Mr. Albert Bongo, informed the delegation of Gabon's decision to contribute to the OAU solidarity fund despite Gabon's numerous economic and social problems.

The amount of Gabon's contribution would be communicated to the OAU General Secretariat by January or February at the latest.

7. MISSION TO THE CONGO -- 22 - 24 January 1975

A - In Brazzaville, the delegation also received the special attention of the People's Republic of Congo, His Excellency, Commandant Marien Nguabi and the Prime Minister, His Excellency Mr. Hensi Lopej.

After being met on its arrival by His Excellency Mr. David Ganao, Minister for Foreign Affairs, with whom talks were held immediately, the delegation, represented by its leader, was received on 23 January 1975 at 12:30 by the President of the Republic.

On the afternoon of the same day, the entire delegation, was received by the Prime Minister. The Minister for Foreign Affairs was present at both meetings.

B - SUMMARY OF DISCUSSIONS

1. During the audience granted to the Head of Delegation of the Committee of Seven, the President of the People's Republic of Congo, His Excellency Commandant Marien Nguabi made the following observations on the orientation of the Committee's work:

The contribution of each oil-producing State should be proportionate to the revenue derived from the sale of oil.

Whatever Congo's production capacity, the President of the Republic affirmed that his Government was determined to honour its commitments to the solidarity fund.

He further expressed the hope that the Arab oil-producing countries would invest more in Africa than in other countries.

2. TALKS WITH THE PRIME MINISTER

After drawing the delegation's attention to the importance of the Congo's development problems since the revenue from the sale of oil do not

.../3

cover all the country's financial needs, the Prime Minister said that the commitment undertaken by the Congo to contribute to this solidarity fund will be honoured without fail.

C - RESULTS OBTAINED

The People's Republic of the Congo has pledged to pay its contribution to the OAU solidarity fund shortly.

The amount of this contribution will be announced as soon as possible.

GENERAL CONCLUSIONS

1. The delegation of the Committee of Seven wishes to express its appreciation and ~~gratitude~~ to the authorities of Gabon and the Congo for the warm welcome it received and the good-will shown by Gabon and Congo in ~~undertaking~~ to contribute to the emergency oil fund.

Despite the fact that their oil resources do not meet all their national development needs, Gabon and the Congo have responded favourably to the OAU's appeal for solidarity.

The delegation of the Committee of Seven hopes that Nigeria will be able to join the other African oil-producing countries in the near future.

2. The delegation of the Committee of Seven feels that this approach consisting in soliciting financial assistance from the oil-producing States cannot solve the problem of the rise in the price of oil on a medium or long term basis.

Consequently, it recommends that the OAU Member States consider medium and long-term actions and measures for the solution to this problem.

Such actions and measures may consist in:

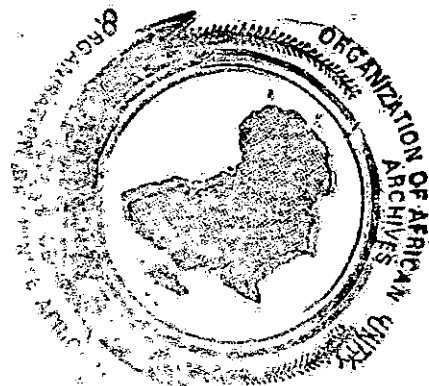
- (a) exploring financial possibilities offered by the special funds created by the United Nations and the International Monetary

Fund;

- (b) the establishment of an African oil transport company;
- (c) the establishment of geographical zones of oil production and distribution among African States to strengthen their co-operation in this field.

| N° | PAYS /Countries | 50% du Prêt | Date de Signature (1ère Tranche) | Date de Signature (2ème Tranche) | Remarques |
|----|--------------------|--------------|---------------------------------------|---------------------------------------|----------------|
| | | 50% of Loan | Date of Signature (1st Instalment) | Date of Signature (2nd Instalment) | Remarks |
| 1 | Botswana | 2.700.000 \$ | 1/2/75 | | |
| 2 | Burundi | 1.000.000 | 3/12/74 | | |
| 3 | Cameroon | 2.850.000 | BAD/ADB | | |
| 4 | Côte-d'Ivoire | 3.600.000 | BAD/ADB | | |
| 5 | Dahomey | 1.200.000 | 17/12/74 | | |
| 6 | Ethiopie | 7.100.000 | 25/1/75 | 1/2/75 | |
| 7 | Gambie | 0.350.000 | 24/10/74 | | |
| 8 | Ghana | 4.400.000 | BAD/ADB | | |
| 9 | Guinée | 0.800.000 | BAD/ADB | | |
| 10 | Guinée-Bissao | 0.250.000 | 2/12/74 | BAD/ADB | |
| 11 | Guinée Equatoriale | 0.250.000 | 10/11/74 | | |
| 12 | Haute-Volta | 2.700.000 | BAD/ADB | | |
| 13 | Ile Maurice | 1.350.000 | | | |
| 14 | Kenya | 1.800.000 | 23/1/75 | | |
| 15 | Lesotho | 1.400.000 | 16/12/74 | | |
| 16 | Libéria | 1.800.000 | 17/10/74 | | |
| 17 | Madagascar | 2.400.000 | | | |
| 18 | Malawi | 3.750.000 | 14/11/74 | | Bloqué/Blocked |

| N° | PAYS/COUNTRIES | 50% du Prêt | Date de Signature (1ère Tranche) | Date de Signature (2ème Tranche) | Remarques |
|----|---------------------------|-------------|---------------------------------------|---------------------------------------|-----------|
| | | 50% of Loan | Date of Signature (1st Instalment) | Date of Signature (2nd Instalment) | Remarks |
| 19 | Mali | 3.900.000 | 28/10/74 | | |
| 20 | Niger | 2.700.000 | BAD/ADB | 30/1/75 | |
| 21 | Ouganda | 5.650.000 | 13/10/74 | 20/1/75 | |
| 22 | Rwanda | 1.000.000 | 3/11/74 | | |
| 23 | République Centrafricaine | 1.200.000 | 21/11/74 | 29/1/75 | |
| 24 | Sénégal | 3.750.000 | 15/1/75 | | |
| 25 | Sierra Leone | 1.800.000 | 7/12/74 | | |
| 26 | Swaziland | 2.100.000 | 27/1/75 | | |
| 27 | Tanzanie | 7.100.000 | 17/10/74 | | |
| 28 | Tchad | 4.400.000 | 6/11/74 | 1/2/75 | |
| 29 | Togo | 0.900.000 | BAD/ADB | | |
| 30 | Zambie | 6.350.000 | 28/12/74 | | |
| 31 | Zaïre | 6.200.000 | | | |



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