# The Creation of the African Monetary Fund

## *Introduction*

The Syrte Declaration by the Heads of State and Government of the member states of the African Union and the Article 19 of the African Union's Constitutive Act requested a speedy establishment of an **African Monetary Fund** (AMF) as one of the three financial institutions[1] needed to advance monetary integration in Africa during the decades ahead. A meeting of a Working Group of African experts[2], convened by the African Union in Addis Ababa in late 2003, raised a question about "the role of an AMF and what motivated the Heads of State and Government in their decision to request its creation". Therefore, prior to the establishment of the AMF, a number of concerns, that are likely to be raised, must be addressed. One important concern in that regard is whether the activities of the AMF would duplicate those of the International Monetary Fund (IMF) and create moral hazard[3].

The intention of the African Heads of State and Government is certainly not to create a financial institution that would duplicate the activities of the IMF in Africa. The implementation of the Strategic Plan of the African Union requires the existence of institutions, including monetary ones, which would facilitate the integration of African economies, through the elimination of trade restrictions and greater monetary integration. Many African experts support the idea of creating the AMF, on the grounds that programs supported by the IMF have not solved the balance of payments problems of the African countries in a lasting manner. In their view, these programs have tended to rely too much on "adjustment" without providing the "financial resources" needed to promote growth and reduce poverty.

To that end, it is expected that the AMF, which will be a pool of central bank reserves and national currencies of the member states of the African Union, will play a critical role. The main objective will be to provide financial assistance to *member states of the African Union* that are faced with balance of payments problems. The AMF will differ from the IMF in its lending policies, as it will give priority to regional macroeconomic objectives.

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[1] / The other two institutions are: the African Central Bank and the African Investment Bank.

[2] / Chaired by Mr. Mamadou L. Loum, former Prime Minister of Senegal.

[3] / The IMF and the US government used that argument to oppose a proposal by some Asian countries to create an Asian Monetary Fund in the wake of the Asian financial crisis of 1997-98. Indeed, Mr. Eisuke Sakakibara, Vice-Minister for international affairs proposed the creation of an "Asian Monetary Fund" arguing that the IMF was "imposing all kinds of conditions" on countries affected by the crisis, making their situation worse than it would have been otherwise. In 2000, China, Japan and South Korea and the Association of Southeast Asian Nations (ASEAN) put in place bilateral currency swap arrangements that are now expected to be "multilateralized" and constitute the basis for the creation of an Asian Monetary Fund. Asian countries reaffirmed their intention to create an Asian Monetary Fund during the annual meeting of the Asian Development Bank in Istanbul (Turkey) in May 2005.

As regards the risk for moral hazard, it would be misleading to assume that African countries would like to obtain "easy money" from the AMF. African countries recognize the importance of improving their macroeconomic management. To that end, they would like to act collectively and responsibly in order to find a lasting solution to their balance of payments problems and improving the living conditions of their populations. To achieve these objectives the AMF will make the lending of its resources conditional on the implementation of a number of policy measures. Such measures will include the adoption of good governance practices and transparency in the management of public resources.

Most African countries are facing long-term current account problems that result from their huge external debt burden and the instability of their export earnings. Because of that, a lasting solution to these problems requires a combination of a reduction of Africa's debt to a more sustainable level and the provision of additional resources. If Africa's debt is not brought to a more sustainable level, the AMF will not be able to assist African countries more effectively. In addition, it should be noted that AMF financial assistance would not necessarily exclude some form of cooperation with other international financial institutions, including the IMF.

The provision of financial assistance by the AMF will also require the existence of a strong system of ***economic and financial surveillance*** in Africa. Here, emphasis will be put on regional surveillance. In that context, the AMF will assess the soundness of the financial system and other policies that may affect the economic performance of the regions. With that system in place, the AMF will be able to detect problems at an early stage and recommend the application of appropriate remedies.

The AMF will only be a ***precursor*** for the African Central Bank, the establishment of which is contemplated as the ***apex of monetary integration*** in Africa. Therefore, it would not be conceivable to have both, the AMF and the African Central Bank operating concurrently. Once the African Central Bank is established, it will take over some of the activities of the AMF, including the management of international reserves and its lending operations. From that moment, the AMF will be transformed into an ***agency*** responsible for (i) the economic and financial surveillance and (ii) bank supervision and regulation, as well as the audits of central banks.

Discussions on the establishment of the AMF must center around its: (1) purposes; (2) membership; (3) funding; (4) organization and management; and (5) co-operation with other financial institutions, such as the IMF, which pursue similar objectives in Africa. In that connection, it is important to indicate that the creation of the AMF will, in the main, be guided by the articles of Agreement, which led to the creation of the IMF and the Arab Monetary Fund.

***Purposes of an African Monetary Fund***

In the theory of the balance of payments, a country is running an overall balance of payments deficit if (i) its debt burden to foreign monetary authorities is increasing and/or (ii) its holdings of international reserves is declining. A country in such a situation has two options: one is to "finance" its balance of payments deficit and the other is to "adjust it". To finance its deficit, a country must either use its own international reserves or borrow from foreign sources. Since a country's ability to finance its balance of payments deficit through the use of its own reserves or through borrowing is limited, a mechanism must be found in order to "adjust" the balance of payments and bring it into equilibrium, whenever necessary.

In order to assist countries that are faced with balance of payments problems, two solutions were proposed when the International Monetary Fund was created in July 1944. It was agreed that short-term (temporary and reversible) payments imbalances should be financed by the use of the countries' existing reserve assets, mainly gold, supplemented by the ability to borrow foreign exchange from the IMF[4]. To deal with a long-term, therefore irreversible or fundamental imbalances, the exchange rate was to be readjusted. The main idea behind the creation of the IMF was that the provision of sufficient liquidity and of an adjustment mechanism would create conditions under which countries would be able to pursue their domestic economic objectives of full-employment, economic growth and price stability without being distracted by external payments difficulties.

According to the *Articles of Agreement* of the IMF its mandate is to: (1) promote international monetary cooperation through a permanent institution; (2) facilitate the expansion and balanced growth of international trade, and contribute thereby to the promotion and maintenance of high levels of employment and real income; (3) promote exchange stability and avoid competitive exchange rates depreciation; (4) assist in the establishment of a multilateral system of payments in respect of current transactions between members and eliminate foreign exchange restrictions which hamper the growth of world trade; and (5) make its general resources temporary available to members under adequate safeguards and enable them to correct maladjustments in their balance of payments without resorting to measures destructive of national and international prosperity.

To fulfill its mandate, the IMF allows its members to draw on its resources to meet their balance of payments needs. These resources come from the capital subscriptions[5] that countries pay when they become members, or following periodic reviews in which subscriptions are increased.[6] Capital subscriptions by

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[4] / The IMF was established on December 29, 1945, when 29 countries signed its Articles of Agreement.
[5] / These capital subscriptions are called "quotas".
[6] / The most recent review of capital subscriptions by members of the IMF came into effect in January 1999, raising the total amount of capital subscriptions or quotas to SDR 212 billion or about $ 300 billion.

members determine (i) the amount of financing members can receive from the IMF; (ii) their shares in SDR allocations; and (iii) their voting powers. Each member's subscription to the capital of the IMF reflects its relative size in the world economy. The IMF has also put in place a number of "facilities" for specific purposes. These facilities are: (a) for compensatory financing of fluctuations in export earnings; (b) buffer stock financing facility; (c) Extended Fund facility; and (d) Poverty Reduction and Growth Facility (PRGF)[7].

When a member country draws on the IMF resources, it uses its own currency to purchase currencies of other members or SDRs[8] held by the General Resources Account. Consequently, as a result of drawing, the IMF's holdings of the purchasing member's currency increase while there is a corresponding decrease in the IMF's holdings of the currencies or SDRs sold when the member repurchases its currency. A member must reverse the transaction by buying back its own currency with SDRs or currencies specified by the IMF within a prescribed period or earlier when the balance of payments of the member improves.

During the 59 years of its existence, the IMF has indeed played an important role through the exercise of its surveillance function in the framework of annual consultations with member countries. In recent years, it has extended its surveillance activities to the areas of banking soundness, transparency and good governance. It has also been very useful in offering training programs and courses in financial programming to participants from African countries. However, the contribution of the IMF in solving the problem of international liquidity for the economic development of African countries has been less successful.

The quotas given to African countries, which are in proportion to their importance in the world economy, remain small. This has limited the amount of liquidity they could receive from the IMF. For small and developing countries, like African countries, this implies that both the size and the type of liquidity provided by the IMF have been largely inadequate for their economic development financing needs. African countries have often abandoned their domestic economic objectives, such as employment creation through investment, in order to satisfy the exigencies of their balance of payments imbalances.

In essence, African countries have had to resort to "structural " adjustment measures that are opposed to the principles that the IMF was supposed to promote. The IMF has allowed external constraints, particularly debt service payments to official bilateral and multilateral creditors to impose unwanted

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[7] / This facility replaced the ESAF (enhanced structural adjustment facility) in November 1999. This replacement was done in order to make poverty reduction and economic growth the central objectives of the adjustment programs.

[8] / The "Special Drawing Right", SDR, is an international reserve asset created by the IMF in 1969 and allocated to its members to supplement existing reserve assets. Between 1970 and 2000, the total amount of SDRs allocated and issued was SDR 21.4 billion.

domestic demand policies on African countries. As a result, these countries have been forced to run their economies well below the level that would normally be necessary for them to achieve high rates of economic growth and reduce poverty.

Under these circumstances, there is an urgent need for Africa to ***change course***. Such a change requires, *inter alia* the promotion of greater *co-operation among African central banks* in the conduct of monetary policy. This means in part pooling their international reserves to create an institution, the purposes of which will be to: (1) correct imbalances in the balances of payments of the regional economic communities (RECs) of the African Union with the rest of the world; (2) contribute to the removal of restrictions on current payments between the member states; (3) settle current payments between member states in order to promote intra African trade; and (4) coordinate the position of member states on international monetary issues.

To achieve these objectives the AMF will provide short-term and medium-term loans to member states (or to the RECs) for the financing of their overall balance of payments deficits with countries outside Africa, resulting from trade in goods and services, transfers and capital movements. The AMF will also issue guarantees in order to strengthen the borrowing capabilities of member states or the RECs from other financial sources for the purpose of financing the overall deficits in their balances of payments.

Furthermore, the AMF will (a) coordinate the monetary policies of member states and promote cooperation between the monetary authorities in these states; (b) promote trade and encourage capital movements between member states; (c) allocate from its resources, subscribed in the currencies of the member states, funds necessary for the settlement of current payments among them, within the framework of a special account to be opened by the AMF for that purpose; (d) manage any resources placed under special accounts[9] of the AMF by a member state or member states for the benefit of other member states in accordance with the objectives of monetary integration; (e) in the framework of its surveillance exercise, hold periodic consultations with regional economic communities on their economic developments and policies in support of the achievement of the objectives of the AMF; and (f) cooperate with other pan- African financial institutions and international organizations, such as the IMF, pursuing the same objectives as those of the AMF.

### *Membership and Resources of the Fund*[10]

All member states of the African Union, which agree to subscribe to the AMF's Articles of Agreement, are eligible for its membership[11]. Every member of the

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[9] / Countries would be allowed to open special accounts that will be used for specific purposes only.

[10] / This part of the document is inspired by the Articles of Agreement establishing the Arab Monetary Fund as a regional institution.

AMF must subscribe an amount to be called its "subscription"[12]. Members' subscriptions in the AMF will determine (a) their capacity to borrow from the AMF; (b) their voting powers; and (c) their shares of any increase in the AMF authorized capital. Capital subscriptions by member states will only be part of the AMF resources that will also include borrowed resources[13] and special funds provided by some members.

Prior to finalizing the AMF's Articles of Agreement, member states of the African Union will have to determine the initial amount of authorized capital during a special meeting of the Ministers of Finance and Central Bank Governors, convened for that purpose. Subscriptions to the authorized capital will be made in accordance with a schedule to be proposed in the Articles of Agreement. The capital of the AMF may be increased by a decision of the Board of Governors under the following conditions:

a. With the consent of the majority of the members representing more than fifty per cent of the total voting power of the membership, if the increase is for the issuance of shares for the subscription of a member state joining the AMF;

b. With the consent of eighty per cent majority of the total voting power of the membership, if the apportionment of the increase in capital does not affect the relative voting power among members; and

c. The consent of all members shall be required for an increase that affects the relative voting power among the members.

Apart from its authorized capital, the AMF will have the power to borrow resources from member states of the African Union as well as from African and foreign monetary authorities and financial markets for the purpose of conducting its operations. To that end, it will have the right to issue securities. At any given

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[11] / The AMF will be established as soon as half of the member states of the African Union will have subscribed to its capital and ratified its Articles of Agreement.

[12] / We will not use the concept of "quota" to designate capital subscriptions.

[13] / Both the IMF and the Arab Monetary Fund are authorized to borrow resources from capital markets. In the case of the IMF there are two sets of standing arrangements to borrow if necessary. One is the General Arrangements to Borrow (GAB) set up in 1962 and the other is the New Arrangements to Borrow (NAB) introduced in 1997. GAB has 11 participants (governments and central banks) of the group of ten industrialized countries plus Switzerland. The NAB has 25 participating countries and institutions. Under the two arrangements combined, the IMF can borrow up to SDR 34 billion or about $ 50 billion.
As far as the Arab Monetary Fund is concerned, its Articles of Agreement indicate in Article 17 that it "may borrow from member states and from Arab and foreign monetary and financial institutions and markets. It should have the right to issue securities for that purpose. Article 18: The maximum amount of indebtedness of the Arab monetary Fund, including the amounts borrowed and the guarantees issued, shall be 200 (two hundred) per cent of the total of the authorized capital and the general reserve.

time, the amount of borrowed resources shall not exceed 200 per cent[14] of the total amount of subscribed capital and reserves accumulated by the AMF.

### *Lending Operations of the African Monetary Fund*[15]

The AMF will provide short-term and medium-term loans to members or RECs for a period not exceeding five (5) years[16]. In deciding on loan applications by member states or the RECs, the following factors will be taken into account: (1) the financial position of the AMF, including its capability to borrow additional resources; (2) the balance of payments financing needs and the economic and financial conditions of the applicant; (3) the ability of the member state or the REC to the repay the AMF at a predetermined date and its ability to borrow or receive grants from other sources; and (4) the amount of capital subscribed by the member or the REC requesting financial assistance from the AMF; and (5) the degree to which the member state or the REC has used up its unconditional rights to borrow from international and regional institutions of a similar nature.

Limits will be imposed on the use of AMF resources. For example, there will be a ceiling on loans granted by the AMF to a member state or a REC during a twelve-month period. Another ceiling will be imposed on total outstanding loans to a member state or a REC at any given time. These two ceilings will be indicated in the Articles of Agreement. If the financing needs of a member state or a REC do not exceeded 75 per cent[17] of its subscribed capital, AMF resources shall cover them automatically. Above this amount, a member state or a REC can use AMF resources only in support of a financial program to be agreed upon by the AMF and the member state or the REC concerned. The financial program will be in place for a period to be determined by the Board of Directors of the AMF. If a member state or a REC has a fundamental balance of payments problem due to a structural imbalance in its economy, the AMF will provide financing in support of a program formulated by the member state or the REC for the purpose of finding an appropriate solution the problem.

In addition to the above-mentioned provisions, a member shall have the right to borrow up to 100 per cent of its subscribed capital in order to deal with an unexpected loss in its export earnings or a large increase in the cost of its

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[14] / This percentage is taken from the Articles of Agreement establishing the Arab Monetary Fund.

[15] / The IMF lends to a country's central bank to supplement its international reserves and give balance of payments support. Its lending requires the borrowing country to adopt policies that are likely to correct the existing balance of payments problem. Depending on the facility used, IMF loans may be disbursed over periods as short as six months and as long as four years. The borrowing country must pay back the IMF on schedule. Because of that, The IMF has procedures to deter the build-up of any arrears, or overdue repayments and interest charges. The IMF has the status of "preferred creditor". This means that it is among the first to be repaid.

[16] / In Article 19 of its Articles of Agreement, the Arab Monetary Fund states that "loans to members will not exceed seven years and the terms of each loan shall be determined separately".

[17] / This limit is taken from the Article twenty-two of the Articles of Agreement of the Arab Monetary Fund.

imports of oil and/or agricultural products consecutive to a poor harvest. Such a loan will have to be reimbursed over a period of one to five years. The AMF will be responsible for determining, on the basis of appropriate criteria to be spelled out in the Articles of Agreement, the extent of the fall in a member's export earnings or the rise in the cost of its imports of oil and /or agricultural products.

The AMF will provide its loans and guarantees at concessional and uniform rates of interest and commissions. Interest rates will be more concessional on loans extended to a member in order to finance that part of the overall deficit of the balance of payments resulting from its trade with other member states of the African Union.The interest rates and commissions to be applied on AMF loans and guarantees will be determined by the Board of Directors from time to time. In determining these interest rates and commissions, the Board of Directors will take into account the size of the loan or guarantee, the cost of procuring resources for the loan (guarantee) and other relevant factors.

A member can be declared ineligible to the use of AMF resources if the AMF concludes that the member concerned is using AMF resources in a manner that is contrary to the purposes for which the AMF was established. If a member becomes ineligible for the use of the AMF resources, that ban will remain in effect until a decision by the Board of Governors repeals it. Before the removal of the ban, the member will have to compensate the AMF for any damage caused as a result of the violation committed by it.

***Organization and Structure of the African Monetary Fund***

For the conduct of its operations the AMF will have: (1) a management team and (2) the staff. The management team that will be supervised by a Board of Governors and a Board of Directors and will be composed of a President and a Vice-President.

The *Board of Governors* will consist of one Governor and one alternate Governor appointed by each member of the AMF for a term of two years renewable, unless the member decides to replace either one during that period. The Board of Governors will elect annually, in rotation, one of its members as Chairman of the Board of Governors.  The Board of Governors shall hold all administrative powers.

However, it can delegate some of its powers to the Board of Directors except those to: (i) admit new members; (ii) authorize a capital increase/ decrease; (iii) determine the distribution of the net income of the AMF; (iv) appoint auditors and approve the final accounts; (v) settle disputes concerning the application of the Articles of Agreement; (vi) suspend a member of the AMF; (vii) suspend the operations of the AMF or decide on its liquidation; and (viii) amend the Articles of Agreement establishing the AMF.

The Board of Governors will meet at least once annually and shall also be convened at the request of one half of its total membership or of a group of members representing over fifty per cent of total voting power. The Board of Directors may also request a meeting of the Board of Governors. A majority representing at least three quarters of the voting power of the membership will be required in order to have a quorum for a meeting of the Board of Governors. The Board of Governors shall take decisions relating to such rules, instructions and by-laws as are necessary for the management of the AMF.

The Governors and their Alternates shall perform their tasks on the Board of Governors without compensation. However, the AMF will pay them reasonable expenses incurred in attending the meetings. The Board of Governors shall determine the salaries of the members of the Board of Directors and the salary and other terms of employment of the President.

For the purpose of voting at the meetings of the Board of Governors, each member shall have a number of basic votes, which are given to all members regardless of the share of capital they hold plus a voting power that will depend on the number of shares subscribed by the member. Except as otherwise indicated, all matters before the Board of Governors shall be decided upon by an absolute majority of the voting power.

The *Board of Directors* shall exercise the powers delegated to it by the Board of Governors. The Board of Directors shall comprise the President of the AMF as its Chairperson and fifteen resident members[18]. Members of the Board of Directors shall be individuals with recognized experience and competence in monetary and financial matters, elected by the Board of Governors from among the citizens of Member States of the African Union. The term of office of the Board of Directors shall be for two years and renewable. Directors will appoint alternate Directors who will attend meetings of the Board of Directors in their absence. In such cases, the alternate Directors shall have the right to vote.

Members of the Board of Directors will continue to be in office until their successors are elected. If the office of a Director becomes vacant more than ninety days before the end of his/her term, another Director shall be elected for the remainder of the term by the Governors who voted for the outgoing Director.

As regards the *management of the AMF*, the Board of Governors will appoint its *President* from among individuals other than the Governors or members of the Board of Directors. The President will be appointed for a five-year term renewable for another five-year term only. The President will also serve as a Chairperson of the Board of Directors. The President shall chair the meetings of the Board of Governors and participate in the deliberations but will not have the right to vote. She/he will vote in the Board of Directors in the event of a tie. The

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[18] / Three Directors will represent each Regional Economic Community (REC) at the Board of Directors.

President will submit an annual report, on the activities of the AMF, to the Board of Governors at the regular Annual Meeting of the AMF.

The President will be the head of the staff of the AMF and responsible to the Board of Directors for all the activities of the AMF. She/ he shall be in charge of the technical and administrative matters of the AMF and, as such, will have the right to appoint and discharge the staff and experts in conformity with the regulations of the AMF. The President and the staff owe their allegiance to the AMF only. In carrying out their duties, staff shall refrain from exerting any influence except in the interests of the AMF. Therefore they shall remain impartial. In appointing the staff, the President shall, insofar as is possible, observe the principle of regional balance in the distribution of positions between the citizens of the member states of the AMF, provided that this will not compromise the policy of securing the necessary competence and expertise.

***Committees on loans and investments***

The President shall set up committees on loans and investments that will make recommendations with respect to loan and investment policies. They shall also examine these policies and submit proposals on them to the Board of Directors.

***Withdrawal, Suspension and Termination of Membership***

Any member may withdraw from the AMF *at any time* [19]by transmitting a notice in writing to the AMF at its principal office. Withdrawal shall become effective from the date of receipt of the notice or on a date specified in the notice, within a period of six months from the date of its receipt. If the AMF terminates its operations within six months from the effective date of the member's withdrawal, the member shall be deemed to remain a member for the purposes of the liquidation.

Unless otherwise specified, a member who has withdrawn from the AMF shall remain liable for all financial obligations to the AMF in its capacity as borrower or guarantor. Upon the date on which the withdrawal of a member becomes effective, the liability of that member with respect to any part of its unpaid or not called subscription shall be suspended. The AMF and the member who has withdrawn shall agree on the settlement of their accounts and the shares of that member will be returned at par value less capital loss or plus its share of the amount of surplus and general reserve available for distribution as net income. The withdrawing member and the AMF must also reach an agreement on the date for the settlement of their accounts and on the currency of payment. If the AMF and the withdrawing member fail to reach an agreement on the settlement of their accounts, the matter will have to be referred to arbitration.

[19] / Members of the Arab Monetary Fund may withdraw after at least five years membership.

The Board of Governors has the power to suspend a member who fails to fulfill its obligations to the AMF. If a member has to be suspended compulsorily, it shall be given the opportunity to present its case prior to a decision by the Board of Governors on this matter. Suspension of membership will void the member's right to vote and to borrow. However, the member shall remain liable for all its obligations vis-à-vis the AMF. The Board of Governors can terminate the membership of a state if it continues to fail to fulfill its obligations to the AMF for a period of three years from the date of a temporary suspension of its membership.

***Liquidation of the African Monetary Fund***

The AMF may terminate its operations by a decision taken by three-quarters of the total voting power of the membership. Upon taking a decision to terminate its operations, the AMF will cease all its activities except those connected with the recovery of its assets, their conservation and maintenance and the settlement of its obligations. The AMF will remain in existence pending the final settlement of its liabilities and the distribution of its assets.

Distribution of the net income of the AMF will be made in proportion to each member's share of subscription to its capital. Such distribution will be made in cash or in other remaining assets.

***Privileges and Immunities***

All properties and assets of the AMF, regardless of where they are located and by whom they are held in member states of the AMF, will enjoy immunity against all types of precautionary measures pending a final judgment against the AMF by a body of competent jurisdiction. In that regard, it is important to note that a legal action can be taken against the AMF in a court where its Principal Office is located. However, a suit may be file in courts at the location of dispute provided that the AMF has an agency or a branch office in such place.

The properties and assets of the AMF will also enjoy immunity against search, requisition, confiscation, expropriation, or any other coercive measures by executive or legislative authority, regardless of where they are located and by whom they are held. The papers, records and documents of the AMF, regardless of where they are located and by whom they are held, will enjoy immunity in member countries.

All properties and assets of the AMF will also be exempt from all restrictions, regulations and controls of any nature in member states of the AMF. In addition, the AMF, its properties, assets, income, transactions and operations will be exempt from all taxes and customs duties in member states of the AMF. In that regard, shares of the AMF, upon issue, will be exempt from all taxes and fees. Furthermore, securities issued by the AMF will be exempt from all taxes and fees as will be all interest and revenues accruing from loans of the AMF, as well as from deposits, credits and guarantees of the AMF.

***Priveleges and immunities granted to the Personnel of the AMF***

Governors and their Alternates, the President and the Vice President, the members of the Board of Directors and their Alternates, and the officers, experts and employees of the AMF will enjoy the following:

a. Immunity from legal process for actions taken by them in their official capacity;

b. Exemption from migration restrictions, registration requirements pertaining to aliens, and exchange controls;

c. Facilities relating to travel;

d. Exemption from tax on their salaries and other emoluments paid to them by the AMF.

The State in whose territory the Principal Office of the AMF is located and other member sates, will undertake to accord these privileges and immunities to the Personnel of the AMF.

***General Provisions***

The assets, liabilities and transactions of the AMF will be valued in the "African Liquidity Unit (ALU)"[20], the value of which will be determined as a trade-weighted average of the US dollar, the Euro and the Yen. The weights used to calculate the ALU will be derived from African trade with the rest of the world.

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[20] / This unit could also be called: "African Monetary Unit (AMU)"