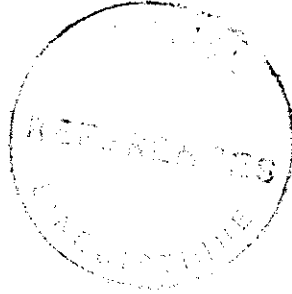


56014

Distr.  
LIMITED

ECA/MULPOC/LUSAKA/PTA/ITF/CM/II/9  
29 November 1982

Original: ENGLISH



ECONOMIC COMMISSION FOR AFRICA

REPORT ON THE BUDGET OF THE PTA

(Item 7 of the Agenda: Progress Report  
on Administrative Matters)

1. It will be recalled that, as requested by the Joint Meeting of the Lusaka-based MULPOC Council of Ministers and the Extraordinary Conference of Ministers of Trade, Finance and Planning of Eastern and Southern Africa held in Maseru, Kingdom of Lesotho, from 19 to 22 January 1981, 1/ the Secretariat of the Economic Commission for Africa designed for consideration of the Resumed Conference of Ministers of Trade, Finance and Planning a draft structure of the Secretariat of the PTA as well as a draft formula for determining contribution by member States to the annual budget of the PTA Secretariat. 2/ The memorandum contained three basic proposals namely - the proposed Organizational Structure of the PTA Secretariat; the Financial Requirements and the Budget of the PTA for 5 years (1982-1986); and the Formula for Determining Contributions by Member States to the Annual Budget of the PTA.

2. The Resumed Session of the Enlarged Conference of Ministers of Trade, Finance and Planning of Eastern and Southern Africa was held in Addis Ababa, Ethiopia, during the period 18-21 May, 1981. During that session, the Conference of Ministers adopted the proposed organizational structure of the PTA Secretariat and the formula for determining contributions by member States to the annual budget of the PTA as amended and approved at a Meeting of Officials that preceded their session. 3/ In adopting the formula for determining contributions by member States to the annual budget of the PTA, both the meeting of Officials and the resumed Session of the Conference of Ministers were guided by the principle of fair participation. To this end, they agreed that every member State should make a contribution to the budget and that no single member State should be overburdened by paying more than its share. Furthermore, they agreed that individual contributions should, as far as possible, be related to a country's ability to pay and to apparent advantages likely to accrue to a member State as a result of the PTA arrangements and in particular with respect to intra-subregional exports that are accorded preferential treatment.

3. On the basis of the above principles, the following criteria were adopted for determining individual country contributions to the budget of the PTA: 4/

- (a) each member State shall make a contribution in respect of the revenue required to meet the annual budget of the PTA, and such contribution shall be based on the member State's gross domestic product (GDP), per capita income and intra-PTA exports which are accorded preferential treatment:

-----  
1/ See paragraphs 72-77 of their Report - document ECA/MULPOC/LUSAKA/IV/23/ Rev.1 of 3 March 1981.

2/ See document ECA/MULPOC/LUSAKA/PTA/IX/5 of April 1981.

3/ See document ECA/MULPOC/LUSAKA/PTA/IX/13 of 22 June 1981 entitled: Report of the Resumed Session of the Enlarged Conference of Ministers of Trade, Finance and Planning of Eastern and Southern Africa, Addis Ababa, Ethiopia, 18-21 May 1981.

- (b) in calculating the contributions of member States, gross domestic product (GDP), per capita income and intra-PTA exports accorded preferential treatment shall be assigned weights of 30, 40 and 30 per cent respectively;
- (c) no single member State should be required to contribute more than 20 per cent or less than 1 per cent to the total annual budget of the PTA; and
- (d) 50 per cent of the contributions due from member States should be paid into the budget of the PTA within the first month from the beginning of the financial year to which they relate, and the balance should be due within six months from the beginning of the financial year.

4. Using the above principles and criteria and based on 1979 data on GDP, per capita income and intra-PTA exports supplied to the ECA secretariat by the member States, individual country contributions to the budget were calculated <sup>5/</sup> and adopted by the Third Extraordinary Conference of Ministers at their meeting held in October 1981. <sup>6/</sup>

5. Following the signing of the PTA Treaty in December 1981 and the decision that the ECA secretariat should act as an interim PTA secretariat and that the PTA Secretariat should become operational as from 1 January 1983, budget estimates showing the anticipated total expenditure of US\$1 738 132 for the period January-December 1983 were prepared. These total expenditures were based on the number of posts and the programme of work approved by the Conference of Ministers in October 1981.

6. Both the programme of work and the anticipated total expenditure for the period January-December 1983 were submitted to the first Meeting of the Intergovernmental Commission of Experts held in Lusaka, Zambia from 14 to 19 June 1981. <sup>7/</sup> Since the budget estimates showed the expenditure side only, the Intergovernmental Commission of Experts set up a special sub-committee to work out the revenue side of the budget on the basis of the formula adopted by the Conference of Ministers in October 1981 to show the individual contributions of the 12 countries that had signed the PTA Treaty.

7. The sub-committee, noting that the Comoros and Djibouti were, in accordance with Article 37 of the Treaty, exempted from payment of any contributions during the three years after the definitive entry into force of the Treaty, worked out contributions to be made by 10 countries. The percentage contributions and actual amounts to be

-----  
<sup>4/</sup> See paragraphs 19 and 20 of the Report of the Third Extraordinary Conference of Ministers of Trade, Finance and Planning of Eastern and Southern Africa, Addis Ababa, Ethiopia, 12-15 October 1981 - document ECA/MULPOC/LUSAKA/PTA/X/5 of 14 October 1981.

<sup>5/</sup> See Annexes 1 and 11 of document ECA/MULPOC/LUSAKA/PTA/IX/5/Add.2 of 26 August 1981 - addendum to the Structure of the PTA Secretariat and Formula for contributions by Member States Towards the Budget of that Secretariat.

<sup>6/</sup> See the Report of this meeting - document ECA/MULPOC/LUSAKA/PTA/X/5 of 14 October 1981.

<sup>7/</sup> See document ECA/MULPOC/LUSAKA/PTA/CM.1/2 and ECA/MULPOC/LUSAKA/PTA/CM.1/1.

paid by each member State that were adopted by both the first Meeting of the Intergovernmental Commission of Experts 8/ and the First Meeting of the Council of Ministers of the PTA for Eastern and Southern Africa 9/ are as follows:

	<u>Country</u>	<u>Percentage contributions</u>	<u>Actual amount</u>
1.	Comoros	-	-
2.	Djibouti	-	-
3.	Ethiopia	8.4	145 786
4.	Kenya	20.0	347 627
5.	Lesotho	3.6	62 355
6.	Malawi	8.3	144 048
7.	Mauritius	6.9	119 714
8.	Somalia	4.8	83 213
9.	Swaziland	10.1	175 334
10.	Uganda	10.5	182 395
11.	Zambia	8.7	151 000
12.	Zimbabwe	18.8	326 660
-----			
	Total	100 %	1 738 132
-----			

8. The indicative individual country contributions were adopted on the explicit understanding that the figures would be readjusted at a later date as more members joined the PTA. 10/ The recommendation of the Intergovernmental Commission of Experts to the effect that payment to the 1983 budget of the PTA should be effected as an emergency measure to make it possible for the PTA to become operational in January 1983 rather than in accordance with paragraph 6 of Article 36 of the Treaty

8/ See paragraphs 22-24 of document ECA/MULPOC/LUSAKA/PTA/ICE/1/7 of 19 June 1982 - Report of the First Meeting of the PTA Intergovernmental Commission of Experts, 14-19 June 1982.

9/ See paragraph 18 of the Report of the First Meeting of the Council of Ministers of the PTA for Eastern and Southern Africa 22-25 June 1982. - document ECA/MULPOC/LUSAKA/PTA/CM/1/2 of 23 June 1982.

10/ See paragraph 23 of the Commission's Report, Op. cit.

was adopted by the Council of Ministers of the PTA at their inaugural meeting in June 1982. It was decided 11/ :

- (i) to adopt the indicative figures for individual country contributions shown in Annex II and to have 50 per cent of each member's annual contribution to the 1983 budget paid not later than 15 December 1982 so that by January 1983 the PTA Secretariat would have funds to start its operations; and
- (ii) that payments should be made in favour of the PTA and remitted to the Director, ECA/MULPOC, P.O. Box 30647, Lusaka, Zambia, it being understood that the Interim Secretariat would open a foreign currency account to this effect.

9. Following the decision of the Council of Ministers of the PTA, the Executive Secretary of ECA, in his capacity as Secretary-General of the Interim PTA Secretariat, wrote to the ministers of the appropriate Government Ministries, on 6 July 1982, requesting them to effect payment in accordance with the decision of the Council of Ministers of the PTA as well as informing them that a foreign currency account for the PTA Secretariat would be opened in Lusaka.

10. List of countries which have paid their contributions are indicated in the Annex.