ORGANIZATION OF AFRICAN UNITY
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منظمة الوحدة الافريقية
السكرتاريه
ص. ب. ٣٢٤٣

ORGANISATION DE L'UNITE AFRICAINE
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Addis Ababa اديس ابابا

COUNCIL OF MINISTERS
THIRTY-SECOND ORDINARY SESSION
NAIROBI, KENYA
26 FEBRUARY - 4 MARCH 1978

CM/780(XXVIII) Rev. 2

REPORT OF THE ADMINISTRATIVE SECRETARY-GENERAL ON THE REVIEW OF THE OAU SCALE OF ASSESSMENT

REPORT OF THE ADMINISTRATIVE SECRETARY-GENERAL ON THE REVIEW OF THE OAU SCALE OF ASSESSMENT

The present OAU scale of assessment was approved by the Council of Ministers at its 29th Ordinary Session in Libreville in June 1977, after which it was endorsed by the 14th Assembly of Heads of State and Government. Both during the meeting of the Council of Ministers and of the Assembly of Heads of State and Government, a number of Member States made observations that (a) they were over-assessed; (b) they should be exempted on the grounds of their economic circumstances. (a) refers to the case of the Socialist People's Libyan Arab Jamahiriya, while the case of the Seychelles falls into the second group.

2. The principles governing the construction of the OAU scale are the following:-

i) The scale is to utilise to the extent possible the principles on which the UN scale of assessment is based; and

ii) Account is to be taken of the economic conditions of the Member States. In effect, account is taken of the liquidity, productivity and solvency of the economies of the Member States. In any case, no Member State is to be assessed more than 20% of the total budget, while the floor of the scale is fixed at 0.5 of 1%. In practice, however, the ceiling is 10%.

3. The UN Scale takes the following principles into account:

"a) That the maximum rate of assessment be established at 25% /c.f. OAU theoritical 20% and actual 10%/;

b) That the minimum rate of assessment be established at 0.01 per cent (between 1974 and 1977 this minimum was 0.02 per cent and prior to 1974, 0.04 per cent) /This is absolutely impossible to apply to the OAU situation. Instead OAU has established 0.5 of 1%/;

c) That the measurement of capacity to pay should be based on comparative estimates of national income, which seemed to the Assembly to be the fairest guide (in 1977 the /UN/ Committee /on Contributions/ sought to find an alternative measure of capacity to pay, but was unable to find any other universally applicable indicator. /OAU was similarly unable to use a measure other than GDP in 1976/;

d) An allowance should be given to countries with low per capita incomes. /This would not necessarily offer relief to usch states as the Seychelles and Djibouti, whose per capita incomes are often higher than some of those of the geographically bigger Member States/."

4. Generally it should be noted that:

(a) As far as condition (c) is concerned, the Committee on Contributions "uses net national income estimates which are supplied confidentially by the Governments themselves. Lacking such data directly from Governments, the Statistical Office of the United Nations gather data for the Committee from other sources such as United Nations Economic Commission in the region of the Member States." Moreover, the difficulty identified there by the UN Committee on Contributions should be clearly and carefully noted.

(b) As far as the OAU Member States are concerned, the most appropriate figures used in order to measure the capacity to pay are those of Gross Domestic Product (GDP) rather than Net National Income (Net Y). Hence the OAU scale is based on the GDP figures and not Net Y, which are not generally available. (Y = Income)

5. As far as relief to economically disadvantaged Members are concerned, the UN uses a formula based on comparative per capita incomes of the Member States. In addition, in order to avoid as far as possible any disparities that may arise from the use of single year figures, the UN uses average figures for three immediately preceding years. In this connexion, it should be noted that the UN relief formula is additive. The OAU uses, on the other hand, different formula which is more appropriate to Africa's and the Organization's circumstances.

6. If the UN approach is to be adopted by the OAU, the present scale would have to be recalculated in its entity. Failing this, the Council might wish to examine individual cases of hardship presented by Member States and on that basis decide on the Kind of relief to be given to such member states. It is necessary to emphasise this, because, whenever a Member State is given relief, the share of that Member State is assumed by the rest of members of the Organization. Accordingly, the scale cannot be adjusted until a policy decision has been taken by the Council on how to offer relief to certain Member States. Naturally, the Council can grant the Seychelles (or Djibouti, for the matter) an

ad hoc relief, such as was granted to some other Member States previously. This does not, however, help much for future and long-term handling of applications for relief.

7. Document CM/780(XXVIII) Rev. 1 which was adopted by the 29th Ordinary Session of the Council of Ministers which was the subject of observations by some OAU Member States is attached for ease of reference.

C O M M E N T S

I. THE CASE OF LIBYA

1. Distribution of contributions takes into consideration objective data used by the UN.

2. The 10% rate applied to Libya is within the limits set and adopted by the Council of Ministers.

3. Libyan request is not based on any concrete increase or any data proving that Libya has been wronged.

4. Furthermore, if there should be a resolution in the case of Libya, the amount should be distributed among member states; and have there states ready to accept this? On the other hand, isn't there the risk of receiving similar requests?

Finally, we find it difficult to grant the request of the Libyan Government since it has not been proved that there were errors in the selection and the application of the economic data.

II. THE CASE OF SEYCHELLES

The situation of Seychelles appears different and results more from a political decision than a technical analysis.

The question is whether a country which is going through difficult economic conditions should be exempted from paying her contribution to the OAU. This gives a sort of idea, namely, the facilities that other member states would give member states in difficulties.

contributing [illegible] made [illegible] [illegible] [illegible] [illegible]
facilities that other [illegible] [illegible] [illegible] [illegible]
criteria have applied [illegible] [illegible] [illegible] and are
approved by the Council of Ministers.

2. [illegible]

3. [illegible]

Finally, [illegible]

[illegible]

III. THE CASE OF [illegible]

[illegible] more than a political decision than a technical analysis.

I. THE CASE OF [illegible]

The question of whether a country which is going through [illegible]
difficulties [illegible]
countries [illegible]
facilities [illegible]
criteria [illegible]
approved by the Council of Ministers.

2. [illegible]

3. [illegible]

Finally, [illegible]

[illegible]

[illegible] more than a political decision than a technical analysis.

[illegible]

If the decision has been taken, it is necessary to define at the same time and in advance, the exact economic conditions in which this decision should be implemented (loss of resources following the fall in the price of the main raw materials exported by the country requesting them - level of the loss - period to be taken into consideration in determining the loss - natural calamities and disasters leading to production loss, and so on.).

NB

N.B. However, it is necessary to observe that in this case, the contribution of the state exempted should be distributed among other states to enable the OAU to secure its budget appropriations.

CM/780(XXVIII) Rev. 1

COUNCIL OF MINISTERS
TWENTY-EIGHTH ORDINARY SESSION
LOME, TOGO - 21-28 February 1977

REPORT OF THE ADMINISTRATIVE SECRETARY-GENERAL ON THE REVIEW OF THE OAU SCALE OF ASSESSMENT

CM/780(XXVIII)
Rev. 1

REPORT OF THE ADMINISTRATIVE SECRETARY-GENERAL ON THE REVIEW OF THE OAU SCALE OF ASSESSMENT

GENERAL REMARKS

The present OAU Scale of Assessment was adopted by the Assembly of Heads of State and Government at its 5th Ordinary Session held in Algiers, September 1968.

2. The relevant decision - AHG/Dec. 25(V) - provides, among other things, "that the Scale of Assessment drawn up by the General Secretariat, with due regard to /the/ basic data, once approved by the Council of Ministers, shall be subject to revision every five years".

3. The first revision of the scale should, therefore, have been made in 1973; but this was precluded by intervening circumstances beyond the control of the Administrative Secretary-General. One of these was the lack of response to the request by the General Secretariat for up-to-date national income data from the Member States.

4. Since the current scale was adopted, however, the Membership of the Organization has increased from 38 to 48, and, to accommodate the new Member States, the revision of the scale has become an urgent matter.

5. In order to deal with this urgency, the Administrative Secretary-General has had to seek the co-operation and support of the United Nations system, particularly the UN Economic Commission for Africa. The revised scale presented herewith has in fact been constructed from total gross domestic product, population, and gross domestic product per capita figures furnished by the ECA, to which the Administrative Secretary-General extends sincere appreciation.

EXPLANATORY NOTES

6. The scale is brought up-to-date by:-

(a) Basing it, as already indicated, on 1975 Gross Domestic Product and population figures; and

(b) Including those OAU Member States which have acceded to independence since 1968.

7. The floor and the ceiling of the scale remain 0.5% and 10% respectively. The application of these limits have led to the following adjustments.

(a) Rwanda and the Comoros are each assigned 0.5%;

(b) Libya, with an arithmetical contribution of 14.57%, has been assigned the ceiling of 10%;

(c) As a result of assigning to these three states, the percentages indicated, it became necessary to distribute the balance, particularly from Libya's share over and above 10% among some of the rest of the Member States. This has been done by distributing that excess percentage among all member states whose arithmetical contribution was below 5%;

(d) The reason why Rwanda has been assigned .5% will become apparent from column 7 of Annex 2 to this report.

(ii) In the case of Comoros, .5% has been assigned because, although her GDP, population and GDP per capita data place her contribution at .55%, 60% of her gross domestic product is attributable to Mayotte, which for the time being is still under French occupation. In these circumstances, the Council might indeed consider exempting the Comoros from contribution, altogether at least for 1977/78 financial year; and

(e) The result of such adjustment gives the figures in column 5 of Annex 1 and 8 of Annex 2 to this document.

ACTION REQUIRED

8. The Administrative Secretary-General commends the revised scale to the attention of the Council and requests that it be recommended by the Council for application with effect from the financial year 1977/78.

PROPOSED OAU SCALE OF ASSESSMENT OF THE CONTRIBUTIONS OF MEMBER STATES

TO BE EFFECTIVE FROM 1977/78 FINANCIAL YEAR

	COUNTRY (1)	TOTAL GROSS DOMESTIC PRODUCT (GDP) $1,000's US (2)	MID-1975 POPULATION 1,000's (3)	GDP/ CAPITA US $ (4)	PROPOSED SCALE % (5)	
1	Algeria	6,267,162	15,590	402	6.15	1
2	Angola	1,552,229	5,750	270	2.36	2
3	Benin	210,162	3,110	68	0.54	3
4	Botswana	281,833	690	408	1.96	4
5	Burundi	314,846	3,760	84	0.61	5
6	Cameroon	1,342,928	6,970	193	1.86	6
7	Cape Verde	28,920	302	96	0.54	7
8	Central African Empire	233,014	1,980	118	0.69	8
9	Chad	327,050	4,030	81	0.61	9
10	Comoros	39,971	310	129	0.50	10
11	Congo	342,660	1,349	254	1.35	11
12	Egypt	9,098,484	37,230	244	7.57	12
13	Ethiopia	2,155,016	27,950	77	2.00	13
14	Equatorial Guinea	69,621	310	225	1.01	14
15	Gabon	749,055	519	1,443	6.29	15
16	Gambia	66,503	516	129	0.61	16
17	Ghana	2,674,667	9,870	271	3.24	17
18	Guinea	387,571	4,420	88	0.68	18
19	Guinea Bissau	107,446	530	203	0.95	19
20	Ivory Coast	2,217,745	6,740	329	3.13	20
21	Kenya	2,084,126	13,400	156	2.28	21
22	Lesotho	88,425	1,040	85	0.54	22
23	Liberia	516,343	1,567	330	1.81	23
24	Libya	6,178,538	2,440	2,532	10.00	24
25	Madagascar	917,243	7,520	122	1.23	25
26	Malawi	510,904	5,040	101	0.83	26
27	Mali	327,143	5,700	57	0.54	27
	Totals c/f	39,089,605	168,633	8,495	59.88	

PROPOSED OAU SCALE OF ASSESSMENT OF THE CONTRIBUTIONS OF MEMBER STATES TO TAKE EFFECT FROM 1977/78 FINANCIAL YEAR

W O R K S H E E T

	COUNTRY (1)	TOTAL GROSS DOMESTIC PRODUCT (GDP) $1,000's US (2)	MID-1975 POPULATION 1,000's (3)	GDP/ CAPITA US $ (4)	SCALE IF BASED ON TOTAL GDP, % (5)	SCALE IF BASED ON GDP/ CAPITA, % (6)	SCALE IF BASED ON AVERAGE OF (5) & (6), % (7)	SCALE, ADJUSTED FOR CEILING AND FLOOR, AND RECOMMENDED % (8)	
1	Algeria	6,267,162	15,590	402	9.10	3.20	6.15	6.15	1
2	Angola	1,552,229	5,750	270	2.25	2.15	2.20	2.36	2
3	Benin	210,162	3,110	68	0.31	0.54	0.43	0.54	3
4	Botswana	281,833	690	408	0.41	3.25	1.83	1.93	4
5	Burundi	314,846	3,760	84	0.46	0.67	0.57	0.61	5
6	Cameroon	1,342,928	6,970	193	1.95	1.54	1.74	1.86	6
7	Cape Verde	28,920	302	96	0.04	0.77	0.41	0.54	7
8	Central African Empire	233,014	1,980	118	0.34	0.94	0.64	0.69	8
9	Chad	327,050	4,030	81	0.48	0.65	0.57	0.61	9
10	Comoros	39,971	310	129	0.06	1.03	0.55	0.50	10
11	Congo	342,660	1,349	254	0.50	2.02	1.26	1.35	11
12	Egypt	9,098,484	37,230	244	13.21	1.94	7.57	7.57	12
	Totals c/f	20,039,259	81,071	2,347	29.11	18.70	23.92	24.74	

	COUNTRY (1)	TOTAL GROSS DOMESTIC PRODUCT (GDP) $1,000's US (2)	MID-1975 POPULATION 1,000's (3)	GDP/ CAPITA US $ (4)	PROPOSED SCALE % (5)	
	Totals b/f	39,089,605	168,633	8,495	59.88	
28	Mauritania	235,415	1,320	178	0.94	28
29	Mauritius	278,170	885	314	1.55	29
30	Morocco	4,200,302	11,250	243	4.30	30
31	Mozambique	1,541,124	9.060	170	1.92	31
32	Niger	416,629	4,600	91	0.72	32
33	Nigeria	9,663,892	62,930	154	7.63	33
34	Rwanda	159,167	4,200	38	0.50	34
35	Sao Tome e Principe	23,508	79	298	1.29	35
36	Senegal	590,143	4,985	118	0.96	36
37	Seychelles	21,693	60	362	1.55	37
38	Sierra Leone	588,210	2,750	214	1.37	38
39	Somalia	320,454	3,170	101	0.69	39
40	Sudan	1,826,456	17,760	103	1.85	40
41	Swaziland	206,626	490	422	1.96	41
42	Tanzania	1,550,631	15,160	102	1.64	42
43	Togo	213,647	2,220	96	0.58	43
44	Tunisia	2,284,864	5,582	409	3.53	44
45	Uganda	1,033,117	11,550	89	1.18	45
46	Upper Volta	357,759	6,030	59	0.54	46
47	Zaire	2,268,602	24,900	91	2.15	47
48	Zambia	1,982,562	4,900	405	3.27	48
	TOTALS	68,852,576	362,514	12,552	100.00	

	COUNTRY (1)	TOTAL GROSS DOMESTIC PRODUCT (GDP) $1,000's US (2)	MID-1975 POPULATION 1,000's (3)	GDP/ CAPITA US $ (4)	SCALE IF BASED ON TOTAL GDP, % (5)	SCALE IF BASED ON GDP/ CAPITA, % (6)	SCALE IF BASED ON AVERAGE OF (5) & (6), % (7)	SCALE, ADJUSTED FOR CEILING AND FLOOR, & RECOMMENDED, % (8)	
	Totals b/f	39,089,605	168,633	8,495	5[illegible].78	67.67	62.24	59.88	
28	Mauritania	235,415	1,320	178	0.34	1.42	0.88	0.94	28
29	Mauritius	278,170	885	314	0.40	2.50	1.45	1.55	29
30	Morocco	4,200,302	11,250	243	6.10	1.94	4.02	4.30	30
31	Mozambique	1,541,124	9,060	170	2.24	1.35	1.79	1.92	31
32	Niger	416,629	4,600	91	0.61	0.73	0.67	0.72	32
33	Nigeria	9,663,892	62,930	154	14.04	1.23	7.63	7.63	33
34	Rwanda	159,167	4,200	38	0.23	0.30	0.27	0.50	34
35	Sao Tome e Principe	23,508	79	298	0.03	2.37	1.20	1.29	35
36	Senegal	590,143	4,985	118	0.86	0.94	0.90	0.96	36
37	Seychelles	21,693	60	362	0.03	2.88	1.45	1.55	37
38	Sierra Leone	588,210	2,750	214	0.85	1.71	1.28	1.37	38
39	Somalia	320,454	3,170	101	0.47	0.80	0.64	0.69	39
40	Sudan	1,826,456	17,760	103	2.65	0.82	1.73	1.85	40
41	Swaziland	206,626	490	422	0.30	3.36	1.83	1.96	41
	Totals c/f	59,161,394	292,172	11,301	85.93	90.02	87.98	87.11	

	COUNTRY (1)	TOTAL GROSS DOMESTIC PRODUCT (GDP) $1,000's US (2)	MID-1975 POPULATION 1,000's (3)	GDP/ CAPITA US $ (4)	SCALE IF BASED ON TOTAL GDP, % (5)	SCALE IF BASED ON GDP/ CAPITA, % (6)	SCALE IF BASED ON AVERAGE OF (5) & (6), % (7)	SCALE, ADJUSTED FOR CEILING AND FLOOR, & RECOMMENDED, % (8)	
	Totals b/f	20,039,259	81,071	[illegible]	29.11	38.70	23.92	24.74	
13	Ethiopia	2,155,016	27,950	77	3.13	0.61	1.87	2.00	13
14	Equatorial Guinea	69,621	310	225	0.10	1.79	0.94	1.01	14
15	Gabon	749,055	519	1,443	1.09	11.50	6.29	6.29	15
16	Gambia	66,503	516	129	0.10	1.03	0.57	0.61	16
17	Ghana	2,674,667	9,870	271	3.88	2.16	3.02	3.24	17
18	Guinea	387,571	4,420	88	0.56	0.70	0.63	0.68	18
19	Guinea Bissau	107,446	530	203	0.16	1.62	0.89	0.95	19
20	Ivory Coast	2,217,745	6,740	329	3.22	2.62	2.92	3.13	20
21	Kenya	2,084,126	13,400	156	3.03	1.24	2.13	2.28	21
22	Lesotho	88,425	1,040	85	0.13	0.68	0.41	0.54	22
23	Liberia	516,343	1,567	330	0.75	2.63	1.69	1.81	23
24	Libya	6,178,538	2,440	2,532	8.97	20.17	14.57	10.00	24
25	Madagascar	917,243	7,520	122	1.33	0.97	1.15	1.23	25
26	Malawi	510,904	5,040	101	0.74	0.80	0.77	0.83	26
27	Mali	327,143	5,700	57	0.48	0.45	0.47	0.54	27
	Totals c/f	39,089,605	168,633	8,495	56.78	67.67	62.24	59.88	

	COUNTRY (1)	TOTAL GROSS DOMESTIC PRODUCT (GDP) $1,000's US (2)	MID-1975 POPULATION 1,000's (3)	GDP/ CAPITA US $ (4)	SCALE IF BASED ON TOTAL GDP, % (5)	SCALE IF BASED ON GDP/ CAPITA, % (6)	SCALE IF BASED ON AVERAGE OF (5) & (6), % (7)	SCALE, ADJUSTED FOR CEILING AND FLOOR, & RECOMMENDED, % (8)	
	Totals b/f	59,161,394	292,172	11,301	85.93	90.02	87.98	87.11	
42	Tanzania	1,550,631	15,160	102	2.25	0.81	1.53	1.64	42
43	Togo	213,647	2,220	96	0.31	0.77	0.54	0.58	43
44	Tunisia	2,284,864	5,582	409	3.32	3.26	3.29	3.53	44
45	Uganda	1,033,117	11,550	89	1.50	0.71	1.10	1.18	45
46	Upper Volta	357,759	6,030	59	0.52	0.47	0.50	0.54	46
47	Zaire	2,268,602	24,900	91	3.29	0.72	2.01	2.15	47
48	Zambia	1,982,562	4,900	405	2.88	3.23	3.05	3.27	48
	TOTALS	68,852,576	362,514	12,552	100.00	100.00	100.00	100.00	

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CM/780(XXVIII)Rev. 2
Addendum 1

COUNCIL OF MINISTERS
Thirty-Second Ordinary Session
NAIROBI, Kenya
23 February - 3 March 1979

REPORT OF THE OAU ADMINISTRATIVE SECRETARY-GENERAL ON THE REVIEW OF THE OAU SCALE OF ASSESSMENT

FA/353/13

NOTE NO. 7/78

The Ministry of Foreign Affairs and Tourism of the Republic of Seychelles presents its compliments to the General Secretariat of the Organization of African Unity and, with reference to its telegrams No. FA 13 of 12 January 1978 and No. FA 35 of 6 February 1978, has the honour to enclose herewith two copies of a paper concerning Seychelles' Application for a Reduction in the Percentage of Assessment for Budget and Other Contribution Purposes.

The Ministry requests that the General Secretariat take all necessary action to have this item inscribed in the agenda of the 30th Session of the Council of Ministers, as originally requested in its telegram No. FA 13 of 12 January 1978.

The Ministry of Foreign Affairs and Tourism of the Republic of Seychelles avails itself of this opportunity to renew to the General Secretariat of the Organization of African Unity the assurances of its highest consideration.

VICTORIA

8 February, 1978.

SEYCHELLES: APPLICATION FOR REDUCTION IN PERCENTAGE OF ASSESSMENT FOR BUDGET AND OTHER CONTRIBUTION PURPOSES

GENERAL FINANCIAL POSITION OF GOVERNMENT

Seychelles achieved independence in June 1976 without any financial reserves. The Government was then and still remains in receipt of assistance for its recurrent budget. Its Ordinary Budget deficit at 31 December 1976 was Rs.5,730,145 (US Dollars 764,020). Subject to audit, this had risen to Rs. 15,580,145(US Dollars 2,077,350) at the end of 1977. Despite the curtailment or postponement of many necessary services in 1978, it is estimated that by the end of this year the deficit will have reached Rs.30,122,445 (US Dollars 4,016,330). Since 1976 Government has incurred expenditure in entirely new fields such as Defence and Foreign Affairs, but this expenditure, as will be readily appreciated, is an unavoidable concomitant of independence. There has been no irresponsible expansion of Government spending.

2. The state of the Government's finances has meant that almost all capital for new investment and development purposes of whatever kind has come and will continue to have to come from overseas, whether from private sources, foreign governments or international organizations, though efforts to generate and utilise domestic savings are being energetically pursued.

3. It also has to be remembered that, in Seychelles:-

(a) there are no local authorities or governments, and virtually all services are provided by the national government;

(b) the scattered nature of the country - the islands farthermost from Victoria, the country's capital, are 650 miles away - make administration and the provision of basic services expensive by comparison with a country of the same population concentrated in one small, physical area; and

(c) in 1976, Government consumption expenditure cost US Dollars 230 per head of the population.

4. SCALE OF ASSESSMENT

The scale of assessment currently in force requires Seychelles to contribute 1.55% of the OAU Ordinary Budget expenditure. This percentage also determines contributions to at least some Special Funds.

5. It is the view of the Seychelles Government that when this scale of assessment (based on gross domestic product (GDP) and population factors) is translated into actual contributions, it results in an undue financial burden on Seychelles. For this reason, Seychelles seeks a reduction in its assessment in respect of the Ordinary Budget and, insofar as the scale of assessment determines contribution to Special Funds, in respect of those Funds also. In 1977/78, Seychelles known contributions are as follows:-

ITEM	US DOLLARS
Ordinary Budget	160,984
Special Fund, Liberation Committee	52,095
Drought Emergency Relief Fund	10,732
Financial Assistance to Djibouti	15,500
	239,311

The sum of US Dollars 239,311 itself represents 0.87% of the total estimated Government expenditure of US Dollars 27,365,880 in 1978.

6. In support of this application for a reduction in the percentage at which it is assessed, Seychelles puts forward the following for consideration:-

LIMITATIONS FOR GDP COMPARISONS AND MEASUREMENT

(a) The limitations of using GDP to make international comparisions are well known. Seychelles has no subsistence production. Such production in bigger countries or in contries wher subsistence production is a large and significant item tends to be understated, so that GDP comparison between Seychelles and such countries may well be misleading and adverse to Seychelles. For example, a staple food of Seychelles is rice, which has to be imported. In recent years, the country's supply has come from Australia. Consequently, the landed cost reflects a high proportion of shipping and related charges. The resulting market price (even though strictly controlled by Government) is probably several times the value put on subsistance production of rice or other cereals in other countries. Further, Seychelles also lacks any other form of domestic production of cereals which makes it entirely dependent upon imports of rice and flour. This dependence inflates the cost of living and makes Seychelles' GDP figure misleading by comparison with other countries in which the basic cereal or

carbohydrate foodstuffs are produced by its own subsistence and/or domestic producers at lower than world market prices.

EFFECTS OF IMPORTATION OF COMMODITIES AND GOODS

(b) A very large percentage of commodities and goods required by Seychelles has to be imported as they just cannot be produced in Seychelles. The size of the orders for each (which are relatively small because of the size of the population) and the long distances over which they have to be imported mean that the landed unit cost is high. This has also meant that in recent years Seychelles has been very open to the importation of world inflation. In the face of this inflation incomes have had to rise to assist the people in their endeavours to maintain their standard of living. In effect, whilst the monetary value of incomes in Seychelles may be higher than quite a number of other developing countries, its real value is not necessarily greater.

EFFECTS OF FOREIGN AID AND PRIVATE CAPITAL

(c) As mentioned above in paragraph 2, virtually all capital for new investment and development has to come from abroad, whether in the form of foreign aid or private finance. This inflow, which helps to inflate Seychelles GDP, was estimated to have been about Rs.120 per head in 1976 or nearly 40% of GDP and was responsible for most of the construction activity in the country. Such capital inflows are welcome, but it must also be understood that they are very volatile.

INEQUITIES OF THE GDP PER CAPITA FORMULA

(d) From Annex I of document CM/780(XXVII) Rev.1, the following comparisons may be drawn:-

COUNTRY	GDP US$1000's	POPULATION 1000's	GDP P/HEAD	CONTRIBUTION AS % OF OAU BUDGET
Seychelles	21,693	60	362	1.55%
Somalia	320,454	3,170	101	0.69%
Senegal	590,143	4,985	118	0.96%
Uganda	1,033,117	11,550	89	1.18%
Madagascar	917,243	7,520	122	1.23%

The above are a few examples only, but they show that Seychelles is being called upon to pay a larger contribution to the Regular Budget and the Special Funds than, say, Madagascar and Uganda whose populations are over 100 times bigger. Thus, the formula used for assessment purposes does not recognise the very significant differences in total GDP between member countries and, in consequence, discriminates in a particularly unfair way against a small state which happens to have an above average level of GDP per capita. As to actual figures, document CM/843(XXX) provides illustrations of the amounts Seychelles is called upon to pay by comparison with those countries quoted above, solely for illustrative purposes.

CATEGORISATION AS A LEAST DEVELOPED COUNTRY

(e) Recognition of the distortion sometimes afforded by pure figures is evidenced by the acceptance of Seychelles as a least developed country at the joint ACP/EEC Council of Ministers Meeting in April 1977 and by the UN General Assembly by resolution 32/101 on 13 December 1977.

7. It is therefore requested that Seychelles' percentage in the scale of assessment for Budget and Special Funds purposes be reduced to 0.50% with effect from and including 1977/78.

1978-03

Report of the Administrative Secretary-General on the Review of the OAU Scale of Assessment

Organization of African Unity

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