

DOCUMENT OF INTERNATIONAL MONETARY FUND
AND NOT FOR PUBLIC USE

**IMMEDIATE
ATTENTION**

EB/CM/Mozambique/84/2

July 30, 1984

To: Members of the Committee on Membership - Mozambique
From: The Committee Secretary
Subject: Draft Report of the Committee and Note by the Committee Chairman

There is attached a draft of the report of the Committee to the Executive Board, together with a note by the Committee Chairman proposing alternative language in the event that Mozambique does not respond in time for the Resolution to be submitted to the Board of Governors for a vote by mail.

Att: (1)

Other Distribution:
Members of the Executive Board
Department Heads
Mr. Cr  vier (IBRD)

July 27, 1984

To: Members of the Committee on Membership - Mozambique

From: B. de Maulde, Chairman

Subject: Draft Report of the Committee

In view of the very tight time schedule to complete the membership procedures for Mozambique I am circulating now a draft of the Committee's report on the recommended quota and other terms of membership for Mozambique. The draft recommends to the Executive Board that it waive the practice by which resolutions are not normally transmitted to the Board of Governors for a vote by mail less than three months before the date of the Annual Meeting.

The final effective date by which the Executive Board could decide to transmit a resolution on membership to the Board of Governors for a vote by mail is August 10, 1984, the date of the last Executive Board Meeting before the informal recess.

The Mozambican authorities have been informed of the time constraints. The report has been drafted on the assumption that a reply accepting the Committee's recommendations is received by the Fund no later than August 6, 1984. Even that date allows for only a very short period for circulation of the final report to the Executive Board. Accordingly, this draft report is being copied to all members of the Executive Board, so that in practice they will have a longer period to consider the Committee's recommendations.

If a reply accepting the recommended quota and other terms of membership is received later than August 6, 1984, I suggest that the Committee recommends to the Executive Board that the question of Mozambique's membership be submitted for a vote by the Board of Governors at the Annual Meeting. In those circumstances, the following changes would be made to the draft:

Annex I

Pages 1 and 2: delete the paragraph beginning "With regard to the three-month period..." and the footnote; substitute "The Committee recommends that the attached draft Resolution be approved for submission to the Board of Governors at the 1984 Annual Meeting. A draft letter of transmittal to the Chairman of the Board of Governors is also attached."

Page 3: delete paragraphs 1-6; substitute "The following draft Resolution is approved for submission to the Board of Governors at the 1984 Annual Meeting."

Page 4, second paragraph: delete "without meeting pursuant to Section 13 of the By-Laws"; substitute "at the 1984 Annual Meeting pursuant to Section 6(b) of the By-Laws."

New page:

Add the draft letter of transmittal attached as Annex II.

With the concurrence of the Committee, the appropriate version of the Committee's report will be circulated to the Executive Board in light of the timing of the reply from the Mozambican authorities.

July , 1984

To: The Chairman of the Executive Board

From: B. de Maulde, Chairman,
Committee on Membership - Mozambique

Subject: Mozambique - Report on Membership

At Meeting 84/92 (6/13/84), the Executive Board decided to proceed with the formal investigation of the application by the Government of Mozambique for membership in the Fund, and appointed this Committee to consider the application and prepare a draft report to the Board of Governors.

After considering the size and characteristics of the economy of Mozambique in relation to those of existing members and taking into account the existing structure of Fund quotas, the Committee concluded that a quota of SDR 61 million would be appropriate for Mozambique.

The Committee considers that, in order to permit sufficient time for the completion of certain technical arrangements, Mozambique should be permitted to pay its subscription within six months from the effective date of its membership.

The Committee recommends that Mozambique should make a payment in SDRs or in other currencies acceptable to the Fund equivalent to 21.7 percent of its quota. Such a payment would be in accordance with Article II, Section 2 of the Articles and the guidelines adopted by the Executive Board in September 1979 for the payment of reserve assets in connection with the initial quota payments.

The authorities of Mozambique have indicated that the proposed terms and conditions for the membership of Mozambique are acceptable to them.

With regard to the three-month period referred to in Executive Board Decision No. 1270-(64/32), 1/ the Committee considers that, in view

1/ Executive Board Decision No. 1270-(64/32), adopted June 12, 1964, approved the procedure which was described as follows:

Inquiries have been made with respect to the appropriate procedure for dealing with matters which require action by the Board of Governors and which arise in a period closely preceding the Annual Meeting of that Board. It is suggested that, as a matter of general procedure and provided circumstances of an exceptional nature do not dictate otherwise, such matters should be placed on the agenda of the Annual Meeting, rather than being handled by mail or cable vote, unless all steps preliminary to referral to the Board of Governors have been completed at least three months in advance of the meeting.

of the difficult economic circumstances of Mozambique, the desire of the authorities that Mozambique should become a member of the Fund and other international institutions as soon as feasible, and the short period since application, the Board of Governors should be requested to vote by mail on the membership resolution, thereby making it possible for the country to become a member of the Fund by the time of the Annual Meeting.

Accordingly, it is recommended that the attached draft decision be adopted by the Executive Board and that the communication and the draft Resolution appended thereto be sent to the Board of Governors for a vote without meeting.

DRAFT DECISION

MEMBERSHIP FOR MOZAMBIQUE

1. The Board of Governors is requested to vote without meeting pursuant to Section 13 of the By-Laws of the Fund upon the attached draft Resolution.
2. The Secretary is directed to send the attached report and draft Resolution on Membership for Mozambique to each member of the Fund by rapid means of communication on or before _____, 1984.
3. To be valid, votes must be cast by Governors or Alternate Governors and must be received at the seat of the Fund before 6:00 p.m. _____, 1984. Votes received after that time will not be counted.
4. The effective date of the Resolution of the Board of Governors shall be the last day allowed for voting.
5. All votes cast pursuant to this decision shall be held in the custody of the Secretary until counted, and all proceedings with respect thereto shall be confidential until the Executive Board determines the result of the vote.
6. The Secretary is authorized to take such further action as he shall deem appropriate in order to carry out the purposes of this decision.

REPORT BY THE EXECUTIVE BOARD

MEMBERSHIP FOR MOZAMBIQUE

Mozambique applied on May 3, 1984 for admission to membership in the International Monetary Fund in accordance with Article II, Section 2 of the Articles of Agreement of the Fund; and, pursuant to Section 21 of the By-Laws, the Executive Board has consulted with the representative of that Government and has agreed upon the terms and conditions which, in the opinion of the Executive Board, the Board of Governors may wish to prescribe for admitting Mozambique to membership in the Fund.

The Executive Board has therefore approved the attached Resolution for submission to the Board of Governors for a vote without meeting pursuant to Section 13 of the By-Laws.

INTERNATIONAL MONETARY FUND

DRAFT RESOLUTION

MEMBERSHIP FOR MOZAMBIQUE

WHEREAS, Mozambique on May 3, 1984 requested admission to membership in the International Monetary Fund in accordance with Article II, Section 2 of the Articles of Agreement of the Fund;

WHEREAS, pursuant to Section 21 of the By-Laws of the Fund, the Executive Board has consulted with the representative of Mozambique and has agreed upon the terms and conditions which, in the opinion of the Executive Board, the Board of Governors may wish to prescribe for admitting Mozambique to membership in the Fund;

NOW, THEREFORE, the Board of Governors, having considered the recommendations of the Executive Board, hereby resolves that the terms and conditions upon which Mozambique shall be admitted to membership in the Fund shall be as follows:

1. Definitions: As used in this Resolution:
 - (a) The term "Fund" means the International Monetary Fund;
 - (b) The terms "Articles" means the Articles of Agreement of the International Monetary Fund, as amended;
2. Quota: The quota of Mozambique shall be SDR 61 million.
3. Payment of Subscription: The subscription of Mozambique shall be equal to its quota. Mozambique shall pay 21.7 percent of its subscription in SDRs or in the currencies of other members selected from those currencies that the Fund would receive in accordance with the operational budget in effect at the time of payment. The balance of the subscription shall be paid in the currency of Mozambique.
4. Timing of Payment and Subscription: Mozambique shall pay its subscription within six months after accepting membership in the Fund.
5. Exchange Transactions with the Fund and Remuneration: Mozambique may not engage in transactions under Article V, Section 3, or receive remuneration under Article V, Section 9, until its subscription has been paid in full.

6. Exchange Arrangements: Within 30 days after accepting membership in the Fund, Mozambique shall notify the Fund of the exchange arrangements it intends to apply in fulfillment of its obligations under Article IV, Section 1 of the Articles.
7. Representation and Information: Before accepting membership in the Fund, Mozambique shall represent to the Fund that it has taken all action necessary to sign and deposit the Instrument of Acceptance and sign the Articles as contemplated by paragraph 8(a) and 8(b) of this Resolution, and Mozambique shall furnish to the Fund such information in respect of such action as the Fund may request.
8. Effective Date of Membership: After the Fund shall have informed the Government of the United States of America that Mozambique has complied with the conditions set forth in paragraph 7 of this Resolution, Mozambique shall become a member of the Fund on the date when Mozambique shall have complied with the following requirements:
 - (a) Mozambique shall deposit with the Government of the United States of America an instrument stating that it accepts in accordance with its law the Articles and all the terms and conditions prescribed in this Resolution, and that it has taken all steps necessary to enable it to carry out all its obligations under the Articles and this Resolution; and
 - (b) Mozambique shall sign the original copy of the Articles held in the Archives of the Government of the United States of America.
9. Period for Acceptance of Membership: Mozambique may accept membership in the Fund pursuant to this Resolution not later than six months after the effective date of this Resolution, which date shall be the date of its adoption by the Board of Governors; provided, however, that, if the circumstances of Mozambique are deemed by the Executive Board to warrant an extension of the period during which Mozambique may accept membership pursuant to this Resolution, the Executive Board may extend such period until such later date as it may determine.

Dear Mr. Chairman:

I am transmitting herewith on behalf of the Executive Board a proposed Resolution, which is recommended for adoption by the Board of Governors, on the admission of Mozambique to membership in the Fund.

Very truly yours,

J. de Larosière
Managing Director
and
Chairman of the Executive Board

Chairman of the Board of Governors
1984 Annual Meeting
International Monetary Fund