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REPORT ON THE AMORTIZATION OF THE STRC BUILDINGS IN LAGOS

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At the 4th Ordinary Session of the Advisory Committee on Budgetary and Financial Matters which took place in Bathurst last July, the Committee recommended that full report on the amortization of the STRC buildings in Lagos be submitted at the next session of the Committee.

The General Secretariat has carefully considered the matter and has decided to submit this interim report. The report is regarded as interim because the Council of Ministers has, by the adoption of Document CM/159, approved the expenditure US.\$10,000. on the team of liquidators who should submit a report on all the assets and liabilities of the former CCTA which includes the Ex. CCTA buildings now properly called the STRC buildings in Lagos. It is expected that the report of the liquidators will be extended to cover the amortization of the buildings occupied by the STRC so that the question of the buildings should not be settled in isolation from the rest of the total assets of the CCTA taken over by the STRC in January 1965.

In view of the fact that discussions of the Committee in Bathurst, and of the Council in Kinshasa revealed the desire to have some information on the history of acquiring the buildings, the present legal position of the buildings, and the amount of debt still outstanding on them, the Secretariat requested the Executive Secretary in Lagos to submit a brief report which is reproduced below:-

"NOTES ON EX-CCTA HOUSES IN LAGOS

"When the CCTA transferred to Nigeria in 1959, the staff were first houses by the Nigerian Government. As the Office developed and expanded its activities, the Commission decided that it was cheaper to build residential houses for its staff. The Nigerian Government conceded to the Commission lease-hold landed properties at very generous rates, and the Nigerian Government undertake to subsidize

property and utilities rates on condition that the houses would be exclusively for residential purposes of Commission Staff and not for commercial purposes. In addition to generous offer of land for building these houses, the Nigerian Government guaranteed a loan from the Nigerian Building Society for building the houses. These loans were to be repaid annually with interest on the same basis as Nigerian citizens, who obtain loan for residential houses from the Society. At present, the balance of the debt on the loan is £46,654. 1s. 8d.; all told 7 houses are involved.

"In 1964, when the CCTA had political and financial problems, the present Executive Secretary of the S.T.R.C. who was at that time, the Acting Secretary General of the C.C.T.A. obtained a special concession because of the abnormal circumstances from the Nigerian Building Society of the houses, in order to ensure a regular flow of funds to meet the loan re-payment, repairs and maintenance of these houses. So that, since 1965, the repayment and the general maintenance costs have been met from the revenue accruing from the property.

"In view of this, it has now been proposed that the accounting for these houses should be separate from the regular budget of the STRC; since it is clear that annual subvention is not required for maintaining the houses.

"The legal position in respect of the houses is as follows:-

- "1. The houses are on mortgage to the Nigerian Building Society until the loan re-payments are completed.
- "2. This mortgage is guaranteed by the Nigerian Government.
- "3. The relevant documents on the houses are therefore in the hands of the Nigerian Building Society. They will be returned when the loan re-payment are completed.
- "4. The houses are exclusively for staff residential purposes and MUST not be commercialized."

From this report it is clear that the real ownership of the buildings in Lagos is subject to mortgage in favour of the Nigerian Building Society. One cannot regard the buildings as properly belonging to STRC until the total debts are discharged. The buildings were erected

on properties acquired on lease-hold and not free-hold. However long may be the duration of the lease, on the expiration of the lease, the entire property will still revert to the free-holder, which is the Nigerian Government. Nigerian Government has undertaken to continue to pay the landed properties rates and utilities rates on the houses.

In view of the important points that have been emphasized in the preceding paragraphs, the General Secretariat would recommend for the consideration of the Committee that the liquidators of the assets of ex-CCTA be specially instructed to devote a special chapter in their report to the subject and that on the basis of their report, further action relating to the buildings may be decided by the OAU. For the time being, however, the following legal actions may be taken if the Advisory Committee has no objection:

The contracts of lease and mortgage relating to the properties and the houses on them should now be assigned to the OAU which is the legal successor of the CCTA. The consent of the Nigerian Government and that of the Nigerian Building Society will be necessary before such a legal assignment can be executed. This is because the OAU Resolution by which the Ex-CCTA became the STRC of the OAU may not be interpreted to have any effect on the civil contracts previously entered into by the ex-CCTA. Further legal actions are necessary to transfer the ex-CCTA's rights and obligations under such civil contracts to the OAU STRC. Such an assignment might be effected by the mere exchange of letters or by fresh agreement.

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