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SECRETARIAT  
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ADDIS ABABA

**ORGANISATION DE L'UNITE  
AFRICAINNE  
SECRETARIAT  
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COUNCIL OF MINISTERS  
Ninth Ordinary Session  
Kinshasa - September 1967

CM/171

RAPPORTEUR'S REPORT ON THE FOURTH ORDINARY SESSION  
OF THE ADVISORY COMMITTEE ON BUDGETARY AND FINANCIAL MATTERS  
HELD AT BATHURST, THE GAMBIA  
17TH JULY TO 20TH JULY, 1967

RAPORTEUR'S REPORT ON THE FOURTH ORDINARY SESSION  
OF THE ADVISORY COMMITTEE ON BUDGETARY AND FINANCIAL MATTERS

The Fourth Ordinary Session of the Advisory Committee for Budgetary and Financial Matters was, at the invitation of the Government of the Gambia, held at Bathurst from July 17, to July 20, 1967.

The five members of the Committee were represented as follows:

<u>Country</u>	<u>Delegates</u>
BUKUNDI	H.E. Mr. Baragengana - Ambassador at Addis Ababa.
GAMBIA	H.E. Mr. Alhaji A.B. N'Jie (Chairman) Mr. E.H. Christensen - Permanent Secretary Prime Minister's Office Mr. F.A. M'Boge - Principal Assistant Sec. Prime Minister's Office Mr. E.M. Tdal - Assistant Secretary (External Affairs)
NIGERIA	Mr. V.A. Adegoro - Deputy Permanent Sec. Mr. Alhaji S. Kontagora - Nigerian High Commissioner to the Gambia Colonel O. Olutoye - Nigerian Army Mr. L.A. Maliki - Assistant Secretary
SENEGAL	Mr. Adadou Ly - Director of Cabinet Ministry of Finance Mr. Momar Faal - Counsellor, Senegalese Embassy, Bathurst
U.A.R.	Mr. Zaghoul M. Hamdy - Counsellor, U.A.R. Embassy, Dakar

The fourth session was declared open by the Chairman, Mr. N'Jie, Foreign Minister of the Gambia, at 10.15 a.m. on July 17. He welcomed the delegates on behalf of the Government and people of Gambia. He hoped that as a result of first-hand experience of the Gambia, delegates would appreciate both the efforts and difficulties of the Gambia.

The delegate of Nigeria replied on behalf of the other Members of the Committee. He thanked the Government of the Gambia for inviting delegates to meet in Bathurst and for the facilities and hospitality provided.

The committee then adopted the following agenda in response to a motion by Senegal seconded by the Gambia:

1. Opening address by the Chairman
2. Adoption of the Agenda
3. Organization of work
4. Brief statement by the General Secretariat
5. Consideration of the financial statements covering the financial years 1965/66 and 1966/67
6. Scale of assessment
7. Items to be proposed by members of the Committee
8. Other business
9. Date and place of next meeting

#### ORGANIZATION OF WORK

After a short consideration of the agenda item 3, the Committee adopted the following hours of work:

Morning Sessions	- 9.00 a.m. to 12.30 p.m.
Afternoon "	- 3.00 p.m. to 6.00 p.m.

#### RAPPORTEUR

At the suggestion of the Chairman it was decided that Nigeria should continue to be the Rapporteur until the next ordinary session of the Committee.

#### AGENDA ITEM 4 - STATEMENT BY THE GENERAL SECRETARIAT

Mr. S.U. Yolah (Assistant Secretary-General) explained certain features of the documents distributed. He stressed that contrary to popular belief in certain quarters, the 1966/67 budget was revoked for 1967/68 by the Council of Ministers at its budget session in Addis Ababa in February/March, 1967.

He stated that certain recommendations made by the Committee at its previous session were not considered by the Council of Ministers. The Secretariat would place the recommendations before the Committee with a view to their being adopted again for the consideration of the Council. Some of the recommendations would require more funds but these could be accommodated within the budget already provided, in view of the unencumbered balance shown in the statement of actual expenditure in the previous financial year.

He explained why the documents before the Committee were submitted late and apologized for the late submission.

In the short debate which followed the delegate of Nigeria regretted the late submission of documents and stated that in the view of the Nigerian delegation no budget was approved at the last budget session of the Council of Ministers. To the best of his knowledge the Secretariat was requested to spend up to 50 per cent of the previous budget pending proper financial allocation. Mr. Yoloh of the Secretariat, however, expressed surprise that the Nigerian delegate was not aware of resolution CM/Res.91 (VIII).

AGENDA ITEM 5 - Consideration of the Financial Statements covering the financial years 1965/66 and 1966/67.

The Committee examined the Financial statement submitted by the Secretariat item by item and several observations were made. The Committee observed that resolution CM/Res.91 (VIII) meant that the surpluses shown in the statement had been voted and requested the Secretariat not to utilise all these amounts simply because the money was available.

The Committee noted that large sums had been spend for temporary staff and requested the Secretariat to take immediate steps to appoint some permanent conference staff, who should normally cost the Secretariat less.

The Committee was not happy about the over-expenditre incurred under several items and the Secretariat agreed to seek the necessary authority to cover expenditures in excess of the approved estimates at the next budget meeting of the Council of Ministers through the Advisory Committee.

Several unauthorized expenditures were also noted and the Committee recorded its strong disapproval of these. The Secretariat however explained that in some cases it had broken into several items what used to be single items in order to give a truer picture of the Secretariat's finances. Hitherto several items were paid for under the same head. It was the breakdown of items which were formerly lumped together that gave the impression of unauthorized expenditures under items for which no monetary allocations were made.

The Financial Statement showed that a large sum of money had been spent on travel on official missions. After careful examination of the reasons for these travels, the Committee came to the conclusion that the Secretariat should be selective in its attendance at U.N. and other meetings. Meetings should only be attended if they are of special interest to Africa. Also in order to ascertain the true cost of the various departments, the travel vote should be departmentalized and it should show how much was spent by each department for travel. This departmentalization of expenditure should also be applied to other items as far as practicable.

In considering the statement of revenues from 1st March 1965 to 31st March, 1967, the Committee noted that contributions for the current budget would be based on the current rate of assessment and expressed its regret for the absence of a new and more equitable rate of assessment.

At this juncture, the U.A.R. delegate made a statement. (see Appendix) by which he indicated that the financial policy of the U.A.R. would be one of strict austerity owing to present circumstances. He requested reduction of the contribution of the U.A.R. for the current financial year without reducing the efficiency of the O.A.U. He also stressed the importance of abiding by the decision of the Council of Ministers on the use of the Arabic language.

All members of the Committee expressed sympathy with the U.A.R. The Committee was however unable to make any recommendation with regard to reduction in the contribution of a particular member state in view of the unfortunate precedent it might create and the fact that the Committee had no power to authorize such reduction. It was agreed that the total budget should be reduced so that the contribution of each member state could be reduced. It was also agreed that the U.A.R.'s request be referred to the Council of Ministers.

The format of the OAU budget.

The draft format of the budget presented by the Secretariat was adopted with the following amendments:

- (i) Two columns of "increase and decrease" should be added to show whether the new estimates constitute an increase or decrease over the previous estimates.
- (ii) other common staff costs should as far as possible be shown under the expenditure of the appropriate department as "other charges".
- (iii) the item "alteration to premises" should be deleted.

AGENDA ITEM 6

OAU Scale of Assessment

The subject was introduced by the Secretariat which outlined the difficulties it encountered in its efforts to apply the terms of resolution CM/93 (VIII) to determine a scale of assessment. Not one of the elements stated in the resolution could be fairly used by itself to determine a proportion for assessment. Also there was no agreed way of combining these elements to produce an acceptable measure of assessment. The Secretariat also observed that the African Development Bank used a modified form of the net national product.

After very careful consideration, the Committee came to the conclusion that the continued use of the present scale of assessment is unfair and a new and fair scale should be adopted at the earliest possible moment. Since the present scale is erroneous in many aspects, Member States, in deciding whether or not the new scale is acceptable, should not compare any new assessments with what they were paying before. The new scale should be accepted on the grounds of merit and the criterion should be equity.

The Committee came to the conclusion that despite criticisms which may be levelled, net national product and total population were the most equitable criteria for assessing the contribution of Member States. It was also of the opinion that a firm date to which the net national product related should be selected. It decided on 1965 and agreed that the figures should be revised once every 5 years. The Secretariat was mandated by the Committee to produce a revised scale of assessment based on the above two factors for the consideration of the Council.

Budgetary Appropriations for the period June 1, 1967 - May 31, 1968.

After careful reconsideration of previous recommendations of the Committee that Heads of Department should be upgraded to P6 which recommendation could not be considered by Council at its last meeting, the Committee decided to recommend as follows:-

- (i) The post of Head of Administration should be upgraded to P-6
- (ii) The posts of other Heads of Departments should be upgraded to P-5 (The delegate of Senegal reserved his position with regard to the above two recommendations).
- (iii) The post of Co-ordinator, New York should be upgraded to P-5 and the title changed to "Executive Secretary".
- (iv) The post of Internal Auditor should be upgraded to P-3 and should be established as a separate unit.
- (v) The Internal Audit should be independent and responsible to the Administrative Secretary-General and the unit should be provided with an Assistant at P-1.

In considering an amount of U.S.\$10,000 requested by the Secretariat for the second report on the liquidation of the assets of the former CCTA, the Committee demanded to know how a similar allocation in the 1966/67 estimates was disbursed. The Secretariat explained that the allocation was in fact over-spent. U.S.\$9,500 was spent on the first report. This plus the daily allowances paid to the liquidators brought the total to just over U.S.\$10,000. The Committee finally agreed to the new allocation.

At the same time, an amount of U.S.\$1,000 was allowed for expenses on the OAU emblem, specimens of which, it was hoped, the Council would have an opportunity of viewing at its next meeting.

The Secretariat was requested to meet the additional costs of about U.S.\$45,000 from savings so that no extra contribution would be requested of Member States.

The Committee then considered the rent paid for the residence of the Administrative Secretary-General and was of the opinion that this was excessive. The Committee requested the Secretariat to contact the landlord with a view to reducing the rent.

With regard to the allocation for the African Group at the United Nations, the Secretariat was requested to reduce the vote under Part V - Sub-head 3, Item 6 of the budget by U.S.\$1,000.

Other recommendations on the budget were as follows:

The vote under Part VI-A, Sub-Head VI-A, Item 3, Sub-Item 3 should be deleted.

The vote under Part VI-C, Sub-head VI-C, Item 3, Sub-Item 9 should be deleted.

Information on amortisation etc. of the S.T.R.C. buildings in Lagos should be provided.

The Committee directed the Secretariat to spend only 90 per cent of the approved vote so that savings of about U.S.\$189,000 could be made, after taking account of normal staff increments and the use of the Arabic language. This decision was taken considering the actual savings in the 1966/67 budget in spite of the over-expenditure on some items.

#### Financial Statement of the Liberation Committee

The Committee began its work on the third day by considering the financial statement of the OAU Co-ordinating Committee for the Liberation of Africa. The Committee noted that there were several over expenditures in the statement but the Secretariat explained that these were largely due to extra work involving expenditure incurred by the Liberation Committee for the Committee of Five on Rhodesia, The Committee of Solidarity with Zambia and the Committee on Angola. The Committee instructed the Secretariat to ensure that in future the necessary funds were voted for the running of committees and sub-committees created by the Council and the Assembly.

#### Financial Statement S.T.R.C.

In considering the financial statement of the STRC the Committee noted several repetitions of certain items of expenditure and requested the Secretariat to combine these where appropriate. The Secretariat was requested,



- I. to delete item 404 from future statements
- II. to merge items 203 - 206
- III. to regroup items 407 and 408 and to change the description to read "library books and services"

Date and Place of Next Meeting

It was agreed that the next meeting should take place in January 1968. If necessary however, the Committee would meet in September at Kinshasa immediately before the Council of Ministers.

The Committee had its final session on Thursday, 20 July, when the report of the Rapporteur was approved after suitable amendments had been agreed to.

The Committee expressed its thanks to the Government and people of Gambia for their generous hospitality and the excellent facilities which were placed at the disposal of the Committee.

The Committee unanimously expressed its deep appreciation for the wise guidance of the Chairman which had contributed largely to a speedy and successful conclusion of the work of the fourth session.

The Committee adjourned its fourth session at 12.02 hours on Thursday July 20, 1967.

RECOMMENDATIONS:

The principal recommendations of the Committee are summarized here for the convenience of the Council.

The Advisory Committee for Budgetary and Financial Matters was of the opinion that normal increments of OAU staff members should not be affected by the renewal of the 1966/67 budget for the financial year 1967/68. Staff members on salary scales normally earn increment as a matter of course subject to the usual requirements of satisfactory work and conduct. The Secretariat was requested to adhere to this practice. The Secretariat was also requested:

- (i) to confine its expenditure to that authorized by Council;
- (ii) to employ as far as possible permanent translators and secretaries and to refrain from giving short term technical appointments which are of necessity expensive;
- (iii) to transfer the outstanding obligation of U.S.\$10,000 under account Code 405 to account Code 403;
- (iv) to spend only 90 per cent of the approved vote;
- (v) to alter the title and description of Account Code No. 605 to read "library books and services". (It was noted that the title of Account Code No. 607 should read "other supplies and services");
- (vi) to approach the landlord of the Secretary-General's residence and request a reduction of rent;
- (vii) to reduce the allocation under Part V, Sub-head 3, Item 6, by U.S.\$1,000.
- (viii) to delete the votes under:
  - (a) Part VI-A, sub-head VI-A, item 3, sub-item 3
  - (b) Part VI-C, sub-head VI-C, item 3, sub-item 9;
- (ix) to provide information on amortisation etc. of the buildings involved in the Lagos Housing Fund;
- (x) to request and ensure that in future expenditure was approved or funds voted for the running of sub-committees etc. created by the Council or the Assembly;
- (xi) to avoid the repetition in the items of expenditure of the budget of the STRC and to group items of expenditure as instructed by the Committee.

With regard to recommendations which would require direct consideration by Council, the Committee was of the view that:

- (a) The Government of Ethiopia and Liberia should be requested to be good enough to supply all the necessary information to the Secretariat which should then prepare an account of all payments made by Member States with regard to the South West Africa case. The statement should indicate, how much had been paid to the legal firm and how much was outstanding. Evidence of payments made to the legal firm, copies of contracts agreed upon and payments made before contributions were undertaken by OAU would also be useful;

- (b) The net national product and total population in 1965 should be adopted as the criteria for the assessment of the contribution of Member States. The assessment should be revised once every five years when Member States should be requested to submit afresh figures of net national product and population;
- (c) The post of Head of Administration should  
be upgraded to P-6  
The post of other Heads of Departments should  
be upgraded to P-5  
The post of Co-ordinator, New York should be  
upgraded to P-5  
The post of Internal Auditor should  
be upgraded to P-3  
A post of Assistant Auditor at P-1 should be created.
- (d) The cost of the meetings of the Commission on the Algerian-Moroccan Border Dispute should be met by the two parties to the dispute.
- (e) Council may wish to consider the request of the U.A.R. for a reduction in the contribution of the U.A.R. for the current financial year.

(Original was in French)

STATEMENT BY THE DELEGATE OF THE UNITED ARAB REPUBLIC

Mr. Chairman,

In view of the present difficulties that my Government is going through, the financial policy of my Government is necessarily one of strict austerity.

All financial and budgetary questions must, therefore, take into consideration these difficulties.

It is the wish of the U.A.R. to pursue a financial policy based on the following:

1. The necessity of reducing as much as possible, expenditure of the various sections of the OAU Budget for the financial year 1967/68;
2. The need to even reduce the UAR contributions to the OAU without prejudging in any way the UAR's high regard for and faith in the Organization.

Mr. Chairman, it would be opportune to refer here to the UAR's contribution up to 31 May 1967 (as shown on page 22 of document CM/158 of the Organization). These figures show that the UAR's contributions represent the highest percentage of quota - that is 11.77 per cent, while the majority of other brother States, members of the Organization only reached 2 per cent of the total contribution. This is proof of the UAR's high regard for and faith in the OAU. I would stress, here that it is my Government's desire to cut down expenditure of the various sections of the OAU budget and the contribution of my Government to the Organization, a desire which is dictated only by the need for austerity in the present circumstances.

I shall leave the responsibility of deciding the proportion of this necessary reduction of UAR's contribution to the Council of Ministers.

Mr. Chairman, my Government would recall the decision of the Council of Ministers at its Eighth Session held at Addis Ababa from 27 February to 4 March 1967, to provide the necessary funds for the use of Arabic as one of the Organization's working language.-

Thank you, Mr. Chairman.

1967-09

# Rapporteur's report on the Fourth Ordinary Session of the Advisory Committee on Budgetary and Financial Matters held at Bathurst, The Gambia 17th July to 20th July, 1967

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