

ORGANIZATION OF
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ADDIS ABABA

ORGANISATION DE L'UNITE
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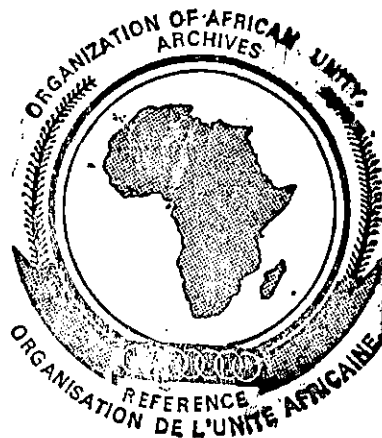
SECRETARIAT

B. P. 3243

Council of Ministers
Fifteenth Ordinary Session
Addis Ababa - August 1970

CM/333

REPORT OF THE ADVISORY COMMITTEE ON BUDGETARY
AND FINANCIAL MATTERS ON THE PROPOSAL OF THE
FOREIGN MINISTER OF TUNISIA AT THE 14TH SESSION
OF THE COUNCIL OF MINISTERS ABOUT PAYMENT TO
OAU BUDGETS BASED ON THE ORGANIZATION'S ACTUAL
EXPENDITURE



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EXPENDITURE

At the 14th Ordinary Session of the Council of Ministers, held at Addis Ababa from 27th February to 6th March, 1970, the Advisory Committee was asked to examine the implications of the Tunisian proposal that the Assessment of member states be based on actual expenditure.

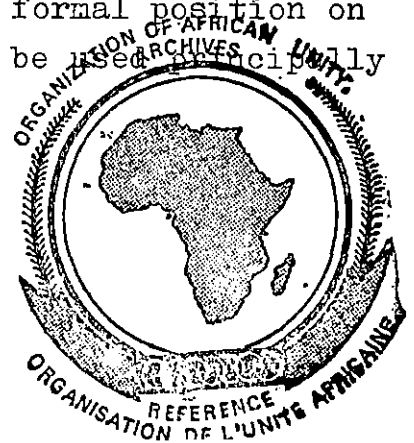
2. The Committee believes that the Tunisian proposal is unworkable because of the following reasons:

- (i) The budget of the Organization is made up principally of funds necessary to maintain the staff of the Secretariat as well as provision for carrying out the tasks that are entrusted to the Secretariat, Commissions of the OAU as well as other Committees established by the Council of Ministers and the Heads of State from time to time. In order to carry out decisions of the supreme organs of the OAU, estimate of costs has to be made at each budget session. No task can be carried out if budget appropriation is not approved in time or no indication of when funds may be expected.
- (ii) No Organization can function properly without plan of action. A plan of action necessarily involves projection into the future. The OAU Secretariat will be seriously hampered in its attempt to formulate plans if assessment is based strictly on expenditure basis.
- (iii) The Tunisian plan literally means making allocation for payment of staff and activities of the Organization after the end of each year. This plan pre-supposes that when the sum total of

expenditure is known, member states will willingly make their contributions to the organization immediately. If this is the case, there will be little problem. However if member states do not pay their assessment, then the Organization will find itself in serious predicament. A situation might even arise when staff members will not be able to collect their salaries or entitlements according to financial regulations. The Organization may also be saddled with debts for activities already performed.

- (iv) It will be noted that the OAU started off its activities by making budgets in advance, thus a budgetary circle has already been established. To create a new budgetary circle, certain basic problems will emerge. In the first place all arrears will have to be paid up and all obligations of the OAU met. After this is done, the Organization needs to obtain an advance of funds in order to start off with the new budgetary circle proposed by Tunisia since it will need funds at its disposal to carry out normal activities for a period of at least 18 months before funds based on actual expenditure starts coming in. This is, of course, an impracticable course of action.

3. In view of the reasons advanced above, it is suggested that the Tunisian proposal should not be pursued. There are too many complications involved. Any such exercise will, on the whole, be detrimental to the smooth running of the Organization. The Tunisian proposal may have been motivated by the fact that substantial savings sometimes occur at the end of each financial year. So far, the Council has utilized these savings for activities which would have added substantially to the budget. The Council of Ministers may wish to take a formal position on the use of savings i.e. that savings should be used principally for reducing the annual budget of the OAU.



1970-08

Report of the Advisory Committee on budgetary and financial matters on the proposal of the Foreign Minister of Tunisia at the 14th Session of the Council of Ministers about payment to OAU budgets based on the Organization's actual expenditure

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