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ORGANISATION DE L'UNITE
AFICAINE

Secretariat
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Addis Ababa

COUNCIL OF MINISTERS

Twenty-first Ordinary Session

Addis Ababa, May 1973

CM/498

EFFECTS OF THE TEN PER CENT DEVALUATION
OF THE UNITED STATES DOLLAR ON THE
1973/74 PROGRAMME AND THE
1972/73 AND 1973/74
OAU BUDGETS



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By decisions CM/Dec.169(XVIII) and CM/Dec.180(XVIII) made during its Eighteenth Session in Addis Ababa from 14 to 19 February 1972, the Council of Ministers accepted the recommendation of the Advisory Committee on Budgetary and Financial Matters for an upward adjustment in the salaries and allowances of the OAU staff members stationed in countries hosting OAU offices whose local currencies remained undervalued even after the US dollar had been devalued. It was to be "assumed that a change of the proposed measure can be automatically made in the event of devaluation of the currencies concerned".

2. The purpose of adjustment, upward or downward, is to maintain the exchange rate of the United States dollar, the official OAU currency, for the local currency so that the amount of the local currency obtained in exchange for the present devalued US dollar remains the same.

3. On the strength of the above-mentioned Council of Ministers decisions, the resident members of the Advisory Committee agreed in February 1973 that staff salaries and allowances be adjusted to the extent commensurate with the ten per cent second devaluation of the United States dollar which took place on 15 February 1973. This change has, of course, been made only in offices in those countries where the local currency has remained undervalued inspite of the US dollar devaluation, with the consequence that the parity of the two currencies changed. Hence the necessity to maintain this parity by adjustment. Further study of the effects of this devaluation was to be made by the General Secretariat.

4. Up to the present, the offices where a ten per cent adjustment to the 1973/74 Budget are as follows:

<u>Office</u>	<u>1973/74 Budget</u>	<u>10% Adjustment needed</u>
Addis Ababa	2,895,231	289,523
Yaounde	126,126	12,613
Bangui	93,324	9,333
Niamey	61,054	6,106
Santa Isabel	79,056	7,906
Lusaka	60,995	6,100
Conakry	63,432	6,344
Accra	29,494	2,950
Geneva	136,936	<u>13,694</u>
		<u>354,569</u>

5. The General Secretariat is of the view that there is no necessity, at this stage, to change or increase the assessments of Member States for the 1973/74 Budget to cover the adverse effects of the devaluation. The General Secretariat will try to make do by means of the already approved 1973/74 Budgets through virements, and also from unencumbered arrears which Member States will pay in after the year for which the particular contributions are actually due. If need at all arises, we may resort to the working Capital Fund as well.



1973-05

Effects of the ten per cent devaluation of the United States Dollar on the 1973/74 Programme and the 1972/73 and 1973/74 OAU budgets CM/498

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