



**ORGANIZATION OF
AFRICAN UNITY**

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**ORGANISATION DE L'UNITE
AFRICAIN**

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CM/1077 (XXXVI).

INTRODUCTORY NOTE OF THE SECRETARY-GENERAL

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We have the honour to submit hereunder our Programme and Budgetary Proposals for the 1981/82 Financial Year.

The Draft Budget for 1981/82 has been prepared in the same spirit as that for the previous financial year, with the concern about limiting, in the strictest way, the increase in expenditure.

We will be outlining in this note the conditions in which these proposals were formulated and our major pre-occupations as well as the summary of appropriations and the explanatory notes.

1. Conditions

The conditions in which we worked were especially marked by the fall in the exchange rate of the American dollar, currency in which the Organization's financial operations are conducted, as well as high prices and costs resulting from persistent inflation.

These factors put together have brought about the high cost of supplies and services to the Organization, a situation which would normally have led to a high increase in the appropriations for these supplies and services. Nevertheless, we have not lost sight of the major pre-occupations which have always guided our action.

This explains why the unfavourable international economic situation notwithstanding, our proposals have taken very close account of the financial resources of the Organization. We had these same pre-occupations in mind when considering the various applications for funds submitted by the Departments at the Headquarters, the Regional and Sub-Regional Offices and the many African Organizations to which the OAU grants subventions.

It has, therefore, become necessary to make a choice and define areas of priority so as to be able to finally decide on what to retain for the 1981/82 Financial Year. Thus, it has not been possible to positively respond to all the applications. Those we have not approved will be given priority attention during the preparation of future budgets.

These are the pre-occupations we have endeavoured to reflect in our proposals, especially by reducing as much as possible costs and expenditure.

The economic difficulties facing all Member-States as a result of the world economic recession as well as monetary problems and galloping inflation were present in our minds at the various stages of the formulation of these proposals.

The same pre-occupations led us among other things to establish only gradually, the new structures, in order to avoid a sudden rise in the Organization's expenditure and consequently the financial burden of Member-States.

In the light of all these, we have had to change our style of dealing with certain problems and think of new prospects to give greater emphasis and more effective impact to the Organization's activities, especially in the economic sector.

In fact, we recall that our Heads of State and Government adopted at the Economic Summit held in April 1980 in Lagos, the Lagos Plan of Action and Final Act which define the ways and means for a harmonious development of the continent in all the sectors by the year 2000.

It is a long and exacting task which must be carried out gradually.

We have also, as in the past, taken as much account as possible of the implementation of the Decisions and Resolutions of the Assembly of Heads of State and Government and the Council of Ministers. In this regard, the Resolutions to be implemented will include those on assistance to be offered to the Sahel countries and other regions affected by drought as well as on the continuation of the Intra-African Programme for the Control of Desertification, Drought and other Natural Disasters.

It is needless to recall the extremely difficult circumstances under which these proposals were formulated. These circumstances linked with the galoping prices of some commodities, sky-rocketing inflation and the fact that the National Gross Product of some Member-States has ceased to grow as well as the unstable position of some of these countries due to the major currencies, especially the dollar which is the currency used by the Organization, constitute factors that have influenced the preparation of this Draft, and if these trends continue, they are likely to influence more sharply the implementation of the Budget.

Furthermore, it is difficult to anticipate at this stage the development of the exchange and inflation rates during the 1981/82 Financial Year. Against all this background, we have pegged the total cost of our budget proposals for 1981/82 at US \$19,047,868.00 as against US \$17,620,623.00 for 1980/81, in other words, an increase of US \$1,427,245.00 (8.09).

Besides, in his activity report contained in Document CM/1002(XXXIV), Part I, the Secretary-General briefed the Council about the ever-increasing difficulties he has been meeting in recruiting qualified staff to fill the various vacant posts within the Organization, difficulties mainly due to the relatively low salaries offered by the Organization.

It was in full awareness of the seriousness of the situation that the Council, by its Resolution CM/Res. 773(XXXIV), authorised the Secretary-General to submit to the Advisory Committee on Administrative, Financial and Budgetary Matters a draft on the review of the salary scale of the Organization for adoption and to submit a report to the Council's next session.

In this regard, a 20% increase in the basic salary has been granted by the Advisory Committee.

Furthermore, with regard to Regional and Sub-Regional Offices, taking into consideration the considerable increase in rents in the various countries, where these offices are located, the Advisory Committee recommended that the Organization bear a ceiling of 80% of the rents depending on the host countries of these offices and the professional categories of the staff members concerned so that they may not face major social difficulties.

Despite all these factors, our proposals were strictly limited because the increase was only 8.09%

Thus, as has been the practice in the past, and for reasons of coherence, we wish to present to you the Draft Programme and Budget for the 1981/82 Financial Year in two parts, part one of which is devoted to the Departments of the Organization's Headquarters in Addis Ababa and, part two, to the Regional and Sub-Regional Offices.

This form of presentation has the advantage of breaking down the funds earmarked for each unit of the Organization and thereby reflecting the real cost of each of the units.

We would like to conclude on this note by explaining that the serious difficulties we anticipate during the implementation of this Budget are due to the international economic situation

marked by high costs and persistent inflation which will undoubtedly affect the smooth running of the Organization. In the bid to minimise these effects, we can only hope that the resources envisaged for 1981/82 which are in the main the contributions of Member-States, will in fact be forthcoming.

We cannot hide from you the fact that the present financial situation of the Organization is not one of the brightest to be expected.

Nevertheless, we think we will be able to overcome the problems, though they should not be underestimated. These difficulties would however, become more complex if, as has hitherto been the case, we are able to recover only a small portion of Member-States contributions. Consequently, we wish to appeal to Members of this Council to do all in the power of their respective States, to ensure that Member-States pay up their contributions. This would prevent us from resorting to the application of Article 97 of the Financial Regulations, adopted by the Heads of State and Government in Monrovia, Liberia, in July 1979, which stipulates that:

"Any OAU Member-State with an outstanding contribution to the budgets of the Organization in accordance with its obligations as enacted in the Charter, shall not participate in either the vote or OAU decision if the amount of its arrears is equal or in excess of the contribution due by such State for the two complete financial years ended."

In fact, Member-States' contributions constitute the major source of the Organization's income. However, during the 1979/80 Financial Year which ended on 31 May 1980, only 34 States out of the 48 States concerned, paid part or all their contributions, representing an overall total of US \$10,328,659.59 out of

the US \$14,474,568.00 voted for the for the financial year. In other words, only 71.35% of contributions was recovered. Thus, outstanding contributions as of now stand as follows:

| | |
|------------------------------|-------------------|
| 1979/80 Financial Year | US \$4,145,908.41 |
| Accumulated arrears from | |
| 1965 to 1978 | US \$2,035,238.51 |
| Total | US \$6,181,146.92 |

For the current 1980/81 Financial Year, only fifteen (15) Member-States have paid part or all their contributions. Consequently, the amount collected to-date is US \$3,244,811.16 out of the amount of US \$17,620,623.00 voted for the year. In other words, only 18.41 per cent of contributions has been recovered. These figures reflect the really precarious financial situation in which the Organization is operating. It would be propitious to remedy this situation to enable the Organization fulfill its obligations.

In any case, we rely on the good political will of all Member-States of the Organization, and we are convinced that the Heads of State and Government will once more give their Organization a new opportunity to make significant contributions to the solution of the political, economic, social and cultural problems of the African peoples who have pegged their hope on the Organization of African Unity.

2. SUMMARY OF APPROPRIATIONS AND EXPLANATORY NOTES

The tables in the body of the Programme and Budget (Parts One and Two) show code by code the comparative figures and the appropriations in respect of the 1980/81 Financial Year as well as the proposals for 1981/82.

A comparison of the figures in the "1980/81 Appropriations" column with those in the "1981/82 Appropriations" column shows the year-to-year increase or reduction.

In some cases, there is neither an increase nor a reduction and the previous year's appropriations are simply carried forward.

We have proceeded in the same manner, without hesitation, whenever necessary, so as to reduce the Organization's expenditure to a minimum.

In the past, the budgetary tables were prepared on the basis of price-levels and exchange rates as though these would not vary during the period in respect of which the estimates were made. This practice was satisfactory so long as exchange rates remained relatively stable. With such stability, the budget was implemented within the limits of the budgetary proposals or at least there was only very minor over-expenditure.

However, the exceptionally high rate of inflation today would require enormous budgetary provisions in order to meet the increased costs resulting from the sharp difference between the estimates for 1981/82 and the comparative figures for 1980/81, which makes any useful comparisons between the two periods rather difficult.

Nevertheless, and notwithstanding this unfavourable international economic situation, we have been able to maintain our budgetary proposals within reasonable limits and we hope to implement them without much ado.

The 1981/82 proposals represent an increase of US \$1,427,244.60 or 8.09% compared with the 1980/81 Financial Year.

The difference between the proposed Programme and Budget for 1981/82 and that of 1980/81 should be attributed to the factors mentioned earlier, i.e. the effects of inflation in prices and cost of supplies and services as well as staff salaries.

The total increase for 1981/82 amounts to US \$1,427,244.60 broken down as follows:

a) Main Departments at Addis Ababa

The total budgetary proposals for 1981/82 in respect of all the main Departments at Headquarters in Addis Ababa, amounts to US \$12,081,287.60 showing an increase of US \$60,610.60 (0.50%). The appropriations for 1980/81 amounted to US \$12,020,677.00

b) Regional and Sub-Regional Offices

A glance at the Summary of Appropriations for the Financial Year 1980/81 and the proposals for the Financial Year 1981/82 reveals the following:

- Operational Appropriations for all the Regional and Sub-Regional Offices for the 1980/81 Financial Year:
US \$5,639,346.00
- Proposals for all the Regional and Sub-Regional Offices for the Financial Year 1981/82:
US \$6,966,400.00

This shows a yearly increase of US \$1,326,554.00 (23.52%). Here again it will be observed that there has been some strictness in the formulation of these proposals. Sometimes, the appropriations for 1980/81, if not reduced have been simply carried forward. This becomes clearer when one examines the budget of each of these offices.

Executive Secretariat of the Scientific, Technical
and Research Commission, Lagos, Nigeria

The appropriations for the 1980/81 Financial Year for this office amounted to US \$1,161,466.00. The proposals for 1981/82 are US \$1,340,165.00 an increase of US \$178,699 (15.38%)

Inter-African Phytosanitary Council of Yaoundé, Cameroon

Appropriations for this office have increased from US \$315,217.00 in 1980/81 to US \$433,425.00 for 1981/82, an increase of US \$118,208.00 (37.50%)

Inter-African Bureau for Soils, Bangui, Central African
Republic

Appropriations for this Office have been increased from US \$255,838.00 in 1980/81 to US \$357,586.00 for 1981/82, an increase of US \$101,748.00 (39.77%)

Inter-African Bureau for Animal Resources, Nairobi, Kenya

Appropriations for this Office have increased from US \$467,398.00 in 1980/81 to US \$745,539.00 for 1981/82, an increase of US \$278,141.00 (59.51%)

Secretariat of the African Group at the United Nations
in New York, United States of America

Appropriations for this Office have decreased from US \$786,134.00 in 1980/81 to US \$729,143.00 for 1981/82, a decrease of US \$56,991.00 (7.27%)

Coordinating Committee for the Liberation of Africa,
Dar-es-Salaam, Tanzania

The appropriations for this Office have increased from US \$537,077.00 in 1980/81 to US \$751,140.00 for 1981/82, an increase of US \$214,063.00 (39.86%)

Lusaka Office - Zambia

For this Office, the appropriations have increased from US \$83,943.00 in 1980/81 to US \$128,680.00 for 1981/82, an increase of US \$44,737.00 (53.29%).

Maputo Office, Mozambique

Appropriations for this Office have increased from US \$74,307.00 in 1980/81 to US \$94,548.00 for 1981/82, an increase of US \$20,241.00 (27.24%).

Luanda Office, Angola

Appropriations for this Office have increased from US \$63,848.00 in 1980/81 to US \$88,104.00 for 1981/82, an increase of US \$24,256.00 (37.99%).

Inter-African Bureau for Languages, Kampala, Uganda

Appropriations for this Office for 1980/81 amounting to US \$200,611.00 have been increased to US \$316,626.00 for 1981/82, an increase of US \$116,015.00 (57.85%).

OAU Executive Secretariat at the U.N., Geneva, Switzerland

Appropriations for this Office decreased from US \$818,983.00 in 1980/81 to US \$797,033.00 for 1981/82, a decrease of US \$21,950.00 (2.68%).

Centre for Linguistic and Historical Studies by Oral Tradition, Niamey, Niger

Appropriations for this Office have increased from US \$372,187.00 in 1980/81 to US \$546,595.00 for 1981/82, an increase of US \$174,408.00 (46.89%).

OAU Permanent Delegation at the Arab League

1980/81 Appropriations for this Office, amounting to US \$174,931.00 have increased to US \$203,613.00 for 1981/82, an increase of US \$28,682.00 (30.44%).

OAU Secretariat at the ACP/EEC Group in Brussels, Belgium

1980/81 Appropriations for this Office have increased from US \$228,720.00 to US \$298,348.00 for 1981/82, an increase of US \$69,628.00 (30.44%).

Joint OAU/FAO/WHO Food and Nutrition Commission for Africa, Accra, Ghana

The Appropriations for this Office increased from US \$98,925.00 in 1980/81 to US \$135,854.00 for 1981/82, an increase of US \$36,929.00 (37.33%)

It emerges, from the general table of the Draft Programme and Budget which we submit for your consideration, that the proposals have been made with great strictness and serious consideration has been given to the financial means of the Organization and those of Member-States, and especially to the need of providing the Organization with a minimum of financial means to enable it accomplish its tasks.

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Introductory Note of the Secretary-General

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