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CM/777 (XXVIII)

Annex 1/ Rev. 1

COUNCIL OF MINISTERS

TWENTY EIGHTH ORDINARY SESSION

LOME, TOGO - 20-28 February, 1976

REPORT OF THE ADMINISTRATIVE SECRETARY-GENERAL ON THE
FINANCIAL IMPLICATIONS OF THE DECISIONS OF THE 11TH
EXTRAORDINARY SESSION OF THE COUNCIL OF MINISTERS

REPORT OF THE ADMINISTRATIVE SECRETARY-GENERAL ON THE
FINANCIAL IMPLICATIONS OF THE DECISIONS OF THE 11TH
EXTRAORDINARY SESSION OF THE COUNCIL OF MINISTERS

I. INTRODUCTION

The 11th Extraordinary Session of the OAU Council of Ministers, which met in Kinshasa, December 6-10 1976, made a number of decisions the implementation of which would lead to certain expenditures by the Organization as a whole. Aware of this fact, the Council provided in sub-paragraph 14(a) of Section III of the Report of the Rapporteur of the 11th Extraordinary Session that the Administrative Secretary-General submit to the Council's 28th Ordinary Session, through the Advisory Committee on Budgetary and Financial Matters, a statement of financial implications of implementing all the recommendations in its Report.

2. Accordingly, the Administrative Secretary-General presented to the Advisory Committee for the Committee's examination and recommendation, in the first edition of this Annex, the financial implications then known to him of the Kinshasa recommendations. The Committee, however, decided merely to note the implications and then forward them to the Council itself for a decision. The Annex has been revised to bring it up-to-date and to facilitate the Council's action on it. As is indicated at sub-paragraph 14(a) of section III of the Rapporteur's Report on the 11th Extraordinary Session of the Council, "The Council [promised] to give special attention to this programme at its [28th] Ordinary Session". The need to strengthen the ECOSOC Department of the General Secretariat is urgent, and the Administrative Secretary-General hopes that the Council will indeed give special attention to this matter.

3. In order to give the Council as clear a picture of the situation as possible the financial implications of the Kinshasa decisions of the Council are presented in two sets. In the first set are presented only those financial implications of strengthening the ECOSOC Department.

4. The second set of implications covers all the financial implications of implementing the Kinshasa recommendations including the strengthening of the ECOSOC Department.

II. STRENGTHENING OF THE ECOSOC DEPARTMENT

5. The programme presented below for strengthening the ECOSOC Department of the OAU General Secretariat, in conformity with the recommendation contained in sub-paragraph (a) of paragraph 14 of Section III of the Report of the Rapporteur of the 11th Extraordinary Session of the Council of Ministers, consists of two elements:

- (a) Proposals which had already been accepted by the Heads of State prior to the Kinshasa meeting of the Council and are only awaiting implementation; and
- (b) Proposals which arise directly from the recommendations of the Kinshasa meeting and are thus intended to complement the proposals at (a).

A. Proposals Already Accepted by the Assembly of Heads of State and Government

6. The following proposals for strengthening the ECOSOC Department of the OAU General Secretariat were authorised by the Assembly of Heads of State and Government at its 13th Session in July, 1976:

- (i) The creation of a Research and Statistics Section in the Department;
- (ii) The creation of a Labour Section in the Department; and
- (iii) The creation of a post of Labour Liaison Officer in the OAU office in Geneva.

7. These proposals were authorised in Resolution CM/Res. 518(XXVII) of the Council of Ministers, which was subsequently endorsed by the Assembly of Heads of State and Government. In so far as these proposals are concerned, therefore, it only remains for the Council to vote the necessary funds for implementing them. In this connection it need hardly be emphasized that the implementation of these decisions of the Council and the Assembly is an urgent matter.

B. Proposals Arising Directly From the Recommendations of the Kinshasa Meeting of the Council of Ministers

8. In the light of the recommendation by the 11th Extraordinary Session of the Council of Ministers that the ECOSOC Department be strengthened, the Administrative Secretary-General proposes that the changes authorised by the Council and the Assembly of Heads of State and Government be reinforced by reorganising the Department as suggested in Section III below.

III. THE PROGRAMME

9. In the light of the explanations given in the preceding sections of this Annex to document CM/777(XXVIII), the Administrative Secretary-General commends to the Council of Ministers the following programme for strengthening the ECOSOC Department of the General Secretariat.

A. STRUCTURE

10. It is proposed that the Department be composed of Divisions, which in turn are to be made up of Sections, as indicated hereunder:

ECONOMIC AFFAIRS DIVISION

- (a) Division Head - Senior Economist at P4 salary - Proposed for 1977/78.
- (b) Economic Affairs Section
 - (i) Section Head - Senior Economist at P3 - Post Existing;
 - (ii) Economist (Industrial) at P2 - Post Existing as Economic Co-ordinator;
 - (iii) Economist (Trade) at P2 - Post Existing as Economic Co-ordinator; and
 - (iv) Economist (Finance, Money and Planning) at P2 - Proposed for 1978/79.
- (c) Transport and Communications Section
 - (i) Section Head - Senior Economist or Engineer or Administrator at P3 - Existing Post;
 - (ii) Economist at P2 - Existing as Co-ordinator;
 - (iii) Engineer (Transport) at P2 - Proposed for 1978/79; and
 - (iv) Engineer (Communications) at P2 - Existing as Co-ordinator.
- (d) Technical Co-operation Section
 - (i) Section Head - Senior Economist or Administrator at P3 - Existing Post;
 - (ii) Economist at P2 - Proposed for 1978/79; and
 - (iii) Administrator at P2 - Existing as Co-ordinator.

SOCIAL AFFAIRS DIVISION

- (a) Division Head - Senior Social Scientist or Social Administrator at P4 - Proposed for 1977/78.
- (b) Social Affairs Section
 - (i) Head - Senior Social Scientist or Social Administrator at P3 - Existing Post;
 - (ii) Social Affairs Officer - Existing; and
 - (iii) Social Affairs Officer - Existing.
- (c) Labour and Population Section (Approved as per Resolution CM/Res. 518 (XXVII)).
 - (i) Section Head - Senior Labour Economist or Labour Administrator at P3 - Proposed for 1977/78;
 - (ii) Labour Officer at P2 - Existing; and
 - (iii) Demographer at P2 - Proposed for 1978/79.

RESEARCH DIVISION (Approved as a Section as per Resolution CM/Res. 518 (XXVII),
Proposed as a Division)

- (a) Division Head - Senior Economist/Statistician or Econometrician at P4 - Proposed for 1977/78.
- (b) Economic Research Section
 - (i) Section Head - Senior Economist/Statistician or Econometrician at P3 - Proposed for 1977/78;
 - (ii) Economist/Statistician at P2 - proposed for 1977/78; and
 - (iii) Economic Research Assistant at P1 - Proposed for 1978/79.
- (c) Social Research Unit
 - (i) Head - Senior Social Research Officer at P2 - Proposed for 1977/78; and
 - (ii) Social Research Assistant at P1 - Proposed for 1978/79.

EXTENSIONS IN OAU MISSIONS IN GENEVA AND NEW YORK

- (a) Geneva
 - (i) Senior Economist at P3 - Existing;
 - (ii) Economist at P2 - Proposed for 1978/79; and
 - (iii) Senior Labour Officer at P3 - Proposed for 1977/78
(Approved as per resolution CM/Res. 518 (XXVII)).
- (b) New York
 - (i) Senior Economist at P3 - Existing; and
 - (ii) Economist at P2 - Proposed for 1978/79.

TABULAR SUMMARY OF THE PROPOSED STAFFING
PROGRAMME OF ECOSOC DEPARTMENT

ESTABLISHMENT	Established Posts	Proposed Posts		Remarks
		To be established in 1977/78	To be established in 1978/79	
<u>ECOSOC DEPARTMENT</u>				
Assistant Secretary-General (P01)	X			Filled
Director (P5)	X			Filled
1. <u>ECONOMIC AFFAIRS DIVISION</u>				
(a) Division Head (P4)		X		
(b) <u>Economic Affairs Section</u>				
(i) Section Head (P3)	X			Vacant
(ii) Economist (Ind.) ... (P2)	X			Vacant
(iii) Economist (Trade) .. (P2)	X			Filled
(iv) Economist (Finance, Money and Planning) (P2)			X	
(c) <u>Transport and Communications Section</u>				
(i) Section Head (P3)	X			Filled
(ii) Economist (P2)	X			Filled
(iii) Engineer (Transport) (P2)			X	
(iv) Engineer (Comm.) (P2)	X			Vacant
(d) <u>Technical Co-operation Sec.</u>				
(i) Section Head (P3)	X			Filled
(ii) Economist (P2)			X	
(iii) Administrator (P2)	X			Filled
2. <u>SOCIAL AFFAIRS DIVISION</u>				
(a) Division Head (P4)		X		
(b) <u>Social Affairs Section</u>				
(i) Section Head (P3)	X			Vacant
(ii) Social Affairs Off. (P2)	X			Filled
(iii) Social Affairs Off. (P2)	X			Vacant
(b) <u>Labour and Population Sec.</u> (Approved as per resolution CM/Rés. 518 (XXVII))				
(i) Section Head (P3)		X		Already approved as indicated.
(ii) Labour Officer (P2)	X			Filled
(iii) Demographer (P2)			X	
3. Sub-totals o/f				
	14	3	4	

ESTABLISHMENT	Established Posts	Proposed Posts		Remarks
		To be established in 1977/78	To be established in 1978/79	
Sub-totals b/f	14	3	4	
3. RESEARCH DIVISION (Approved as Research Section in Resolution CM/Res. 518(XXVII))				Already approved as indicated.
(a) Division Head (P4)		X		
(b) Economic Research Division				
(i) Section Head (P3)		X		
(ii) Economist/Statistician (P2)			X	
(iii) Economic Research Asst. (P1)		X		
(c) Social Research Unit				
(i) Social Research Officer (P2)		X		
(ii) Social Research Asst. (P1)			X	
4. EXTENSIONS IN OAU MISSIONS IN GENEVA AND NEW YORK				
(a) Geneva				
(i) Senior Economist (P3)	X			Filled
(ii) Senior Labour Officer (P3) (Approved in Resolution CM/Res. 518(XXVII))		X		Approved as indicated.
(b) New York				
(i) Senior Economist (P3)	X			Filled
(ii) Economist (P2)			X	
T O T A L S	16	8	8	
SUPPORTING SECRETARIAL STAFF				
Private Secretary (Asst. Sec-Gen's)	X			Filled
GS4 (Director's)	X			Filled
GS3	6	2	2	Of 6 Established posts 4 filled 2 vacant.
T O T A L S	8	2		

NOTA BENE

11. It should be noted that::

- (a) This arrangement gives the functional minimum that would enable the Department to perform with acceptable basic effectiveness;
- (b) The Organization need not incur more than regular, additional financial burdens as a result of the implementation of the programme. By a judicious retrenchment, for example, by reducing the subventions to non-governmental organizations and the provisions for entertainment, the programme can in fact be implemented within the 10% annual budgetary augmentation allowed to the General Secretariat;
- (c) It is, moreover, proposed to implement the programme over two fiscal years, thereby further easing the financial burden to the Organization.

B. FINANCIAL IMPLICATIONS OF THE PROGRAMME FOR STRENGTHENING THE ECOSOC DEPARTMENT

12. The programme would have the following financial implications:-

(a) 1977/78

(i)	<u>Salaries</u>					
	P4	-	US\$12,295	x 3	=	US\$ 36,885
	P3	-	9,936	x 3	=	29,808
	P2	-	8,401	x 1	=	8,401
	P1	-	6,864	x 1	=	6,864
	GS3	-	3,762	x 2	=	<u>7,524</u>
						89,482.00
			Families	10		
(ii)	Installation Allowance	.	.	.	.	20,580.00
(iii)	Recruitment Cost	.	.	.	.	34,200.00
(iv)	Dependency Allowance	.	.	.	.	7,400.00
(v)	Housing Allowance	.	.	.	.	35,232.00
(vi)	Pension Fund - 14%	.	.	.	.	12,526.00
(vii)	Insurance Scheme - 2.5%	.	.	.	.	2,237.00
(viii)	Medical Scheme - Average	.	.	.	.	820.00
(ix)	Post Adjustment - Addis 24%	.	.	.	.	23,999.00
	Geneva 46%	.	.	.	.
	New York 28%	.	.	.	.
(x)	Dollar Devaluation - Addis 20.77%	.	.	.	.	19,236.00
	Geneva 44.82%	.	.	.	.
(xi)	Education Allowance - Addis \$400 per child per year;	.	.	.	.	23,200.00
	Geneva and New York \$1,500 per child per year	.	.	.	.
		
	Total	.....				<u>US\$ 268,912.00</u>

(b) 1978/79

(i) Salaries

P2	-	8,401 x 7	=	US\$ 58,807	
P1	-	6,864 x 1	=	6,864	
GS3	-	3,762 x <u>2</u>	=	7,524	US\$ 73,195.00
		Families	10		
(ii)		Installation Allowance	.	.	20,980.00
(iii)		Recruitment Cost	.	.	34,200.00
(iv)		Dependency Allowance	.	.	7,400.00
(v)		Housing Allowance	.	.	27,078.00
(vi)		Pension Fund - 14%	.	.	10,248.00
(vii)		Insurance Scheme - 2.5%	.	.	1,830.00
(viii)		Medical Scheme - Average	.	.	820.00
(ix)		Post Adjustment	-	Addis 24%	}
			-	Geneva 46%	
			-	New York 28%	
					30,863.00
(x)		Dollar Devaluation	-	Addis 20.77%	}
				Geneva 44.82%	
					17,047.00
(xi)		Education Allowance	-	Addis, \$400 per child per year	}
				Geneva and New York \$1,500 per child per year	
					18,800.00
		Total	.....		<u>US\$242,461.00</u>

SUMMARY

1977/78	.	.	.	.	US\$ 268,912.00
1978/79	.	.	.	.	<u>242,461.00</u>
			T O T A L	.....	<u>US\$ 511,373.00</u>

C. PRINCIPLES

13. The Programme presented in the preceding sub-sections and paragraphs of this Section are based on the following principles:

(a) Need for the Department to be Able to Undertake Research

There is an urgent need for the Department to be able to undertake research, not only to gain deeper information and knowledge of specific African problems, but also to reduce unnecessary dependence of the OAU upon certain specialised institutions in studying not so complex questions, taking into account the fact that the fiscal and operational years of those institutions generally differ from that of the OAU. This latter point is particularly important, for the OAU has a number of times been unable to obtain the necessary support from some of these institutions, their claim being that the OAU's and their fiscal years and practices are different, and that as a result they are unable to obtain the necessary finances to enable them to co-operate with the OAU as requested, usually at short notice, by the OAU's political organs. Besides, it is necessary that the OAU build up a log of information based on original research undertaken by the OAU itself, particularly since it is more sensitive to the needs and interests of the Member States.

(b) Emphasis on Economic and Social Development

The struggle for political emancipation of Africa is almost at an end, and the struggle for economic and social emancipation must now become the earnest preoccupation of the OAU. This has been affirmed repeatedly by the political organs of the OAU and requires that the ECOSOC Department be equipped to be able to effectively co-ordinate the co-operative efforts of the OAU Member States in the economic and social fields.

(c) Need for Functional Specialization

An important aspect of strengthening the Department is the need to introduce a certain amount of specialization for officers in the performance of their duties. The Department should, for example, be able to deal effectively with sectoral problems of development. Accordingly, the programme presented below emphasizes or seeks to reflect the need for functional specialization by officers of the Department. This calls for officers to concentrate on certain areas so as to gain deeper awareness and effectiveness. It is thus necessary to have at

least one officer dealing with industrialization, another dealing with trade matters, another with financial matters, and so on, to maximize the Department's capacity to serve the OAU Member States.

(d) Technical Co-operation as an Essential Part of General Economic Development Efforts.

It is impossible to isolate technical co-operation from general economic development efforts. In fact, the principles of development as espoused by economists generally can only serve the practical interests of the Member States through their implementation in programmes of technical co-operation. The programme presented here implicitly proposes, therefore, that the Technical Co-operation Bureau, which at present is in the Administrative Secretary-General's Cabinet, be transferred to the ECOSOC Department, so as to put under one umbrella the relevant disciplines involved in OAU's support to the co-operative efforts of its Member States.

(e) Recognition of the General International Economic and Social Conditions

Since the African economies are heavily externally oriented, it is very important that whatever work we do in order to promote Africa's development take into account the general international economic and social environment. We thus have to take into account the activities of the many relevant international organizations. It is necessary therefore that the strengthening of the ECOSOC Department include provision for its extensions outside Addis Ababa, so as to provide for effective liaison between the OAU and the international organizations engaged in development work. In the circumstances, the programme for strengthening the Department includes provisions for appropriate strengthening of the economic sections of OAU Missions in Geneva and New York in particular.

(f) Need to Achieve Economy While at the Same Time Providing Adequate Services.

The programme presented here takes into account the need to confine expenditure on maintaining the Department within the practical limits and capacities of the OAU Member States which have to finance it. The additional staff requested is, therefore, only what is considered essential. Concomitant with this is the need to ensure that the posts already established are filled by competent and adequately qualified staff. Accordingly, in implementing the programme, the Administrative Secretary-General intends to undertake internal adjustments to complement the infusion of new blood through new posts, which is the main thrust of the programme for strengthening the ECOSOC Department.

(g) Short-term use of Specialists

It is necessary to emphasize here that the programme proposed is only intended to provide minimum effectiveness and staff requirement of the Department. Greater effectiveness of the Department could be achieved by greater augmentation of the staff of the Department. However, this is made impossible by financial limitations. In spite of this, in order for the programme of co-operation among OAU Member States to be effective, a number of projects will have to be proposed, elaborated and then implemented. With the minimum staff position of the ECOSOC Department, it would be unrealistic to expect the Department alone to implement such projects. Accordingly, it will continue to be necessary for the OAU to resort to the use of consultants and specialists from outside the Organization from time to time. In this light, the programme here proposed is merely to provide the minimum departmental infrastructure needed to make the Department effective.

IV. SOURCE OF FUNDS

14. As already observed at paragraph 11(b) above, this programme need only lead to a regular increase in the contributions of Member States, that is, an increase to allow the usual 10% augmentation of the budget of the OAU.

15. For example, since the implementation of the programme is spread over two financial years, by a judicious reduction of the block sum of \$600,000, which is annually set aside for subventions to African non-governmental organizations, as well as a reduction of the entertainment allowances for senior officials of the OAU, the annual financial implications of implementing the programme can easily be accommodated within the average level of the OAU Budget.

16. Specifically, by reducing the subventions vote by, say, \$200,000 and the entertainment allowance to senior officials of the OAU by \$16,000 (which represents the so-called general entertainment allowances), the real budgetary increase which would be necessitated by the implementation of the programme would be no more than \$52,912 (that is \$268,912 less \$216,000) for the fiscal year 1977/78 and only \$26,461 (\$242,461 less \$216,000) for 1978/79.

V. TOTAL FINANCIAL IMPLICATIONS

17. In addition to the financial implications of strengthening the ECOSOC Department of the General Secretariat of the OAU, there will be other financial responsibilities to be assumed by the OAU in order to implement the other recommendations contained in Section III of the Report of the Rapporteur of the 11th Extraordinary Session of the Council.

18. These, together with the financial implications dealt with in Section III. B of this report, are summarised in the table on the following page.

ESTIMATED FINANCIAL IMPLICATIONS OF THE RECOMMENDATIONS OF
THE 11TH EXTRAORDINARY SESSION OF THE COUNCIL OF MINISTERS

DECISION TO BE IMPLEMENTED	1977/78	1978/79	REMARKS
1. Research on Establishment of an African Common Market (Sec. III, Para. 3) -	35,000		Services of Specialists needed. Cost to be shared with ECA. Figure represents OAU's share of the cost.
2. Study on Regional Co-operation on Energy (Sec. III, Para. 4)		70,000	Services of Specialists needed. OAU to bear total cost.
3. Study of Raw Materials as per decision of Dakar Conference of February, 1975 (Sec. III, Para. 5)	35,000		Services of Specialists needed. Cost to be shared with ECA. Figure represents OAU's share of the cost.
4. Implementation of decisions of 4th Conference of African Ministers of Trade - An African Trade Organization (Sec. III, Para. 6)	35,000		Services of Specialists needed. Cost to be shared with ECA. This figure represents OAU's share of the cost.
5. Establishment of Data Bank (Sec. III, Para. 8)		?	Consultations with ECA underway to determine.
6. Reactivation of the ECOSOC, Transport and Communications Commission (Sec. III, Para. 9)	54,000		Ministerial Conference of OAU
7. Inclusion of Intra-African Co-operation Matters on Agenda of Budgetary Session of the Council of Ministers (Sec. III, Para. 10)	16,000	16,000	Annual additional cost on basis of 2 additional days needed to accommodate extra items on the agenda.
8. Mobilization of Resources for financing Intra-African Co-operation (Sec. III, Para. 11)		?	Consultations with ECA underway to determine.
9. Implementation of ECA's programme of African Development Strategy (Sec. III Para. 12)		?	Consultations with ECA underway to determine cost to OAU, if any.
10. Institutionalisation of Sectoral Conferences of African Ministers		81,000	Additional to \$108,000 for Ministerial Conferences already Institutionalised.
11. Strengthening of IDEP (Sec. III, Para.13)		?	Consultations with ECA underway to determine.
12. Strengthening of ECOSOC Department of the General Secretariat (Sec. III, Para.14(a))	268,912	242,461	See Sec. III of this Report.
13. Establishment in OAU General Secretariat of a system for co-ordinating existing African institutions (Sec. III, Para.14(b))	-	-	To be accommodated in item 12 above.
T O T A L S	443,912	409,461	

VI. ACTION REQUIRED

19. The Council is requested to:-

- (a) Approve the programme for strengthening the ECOSOC Department in its entirety for immediate implementation, as the implementation of the rest of the programme resulting from the recommendations of the Council's 11th Extraordinary Session depend to a large extent upon the strengthening of the Department; and.
- (b) Authorise the Administrative Secretary-General to consult further with the Executive Secretary of the ECA, the President of the African Development Bank (ADB), and the Director of the Institute for Development and Economic Planning (IDEP) for the necessary co-ordination of their joint efforts and on the most efficacious timing of the implementation of the rest of the programme resulting from the Kinshasa recommendations of the Council, and to present a costed programme to the Council at its 30th Ordinary Session.

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