



**Organization of African Unity**

**SIXTY-SIXTH ORDINARY SESSION OF THE  
ADVISORY COMMITTEE ON ADMINISTRATIVE,  
BUDGETARY AND FINANCIAL MATTERS**

**Statement by H.E. Dr. Salim Ahmed Salim,  
Secretary General of the OAU**

**Addis Ababa,  
24 November, 1997**

**Mr. Chairman,**  
**Your Excellencies,**  
**Ladies and Gentlemen,**

I wish to welcome you all on the occasion of this Sixty-Sixth Ordinary Session of the Advisory Committee on Administrative, Budgetary and Financial Matters. I wish, in particular, to extend a warm welcome to the Ambassadors who are participating for the first time in the proceedings of the Committee. I would also like to seize the opportunity to put on record my personal appreciation for the spirit of positive cooperation and team work which has always characterized the relationship between the General Secretariat and the Advisory Committee. This positive approach of constructive dialogue and regular consultation has made it possible to improve on the performance of the General Secretariat in our joint efforts to make it more relevant to the concerns and collective interests of our Member States. This spirit of cooperation was especially displayed by the Chairman of the Advisory Committee, the Permanent Representative of Gabon to the OAU, Ambassador Medoume NZE and his colleagues in the Bureau. To all of them, I wish to register my profound appreciation and that of the General Secretariat.

Following the established tradition and in keeping with its terms of reference, the November Session of the Advisory Committee is mainly devoted to the review of the administrative and financial management reports, on one hand, and to the consideration of the Draft Programme Budget prepared by the General Secretariat, on the other. With regard to the reports on the activities

and performance of the General Secretariat, you will, in the course of your proceedings, be considering such documents on the agenda as the *Financial Report*, the *Report of the Board of External Auditors* as well as the *Report on the Implementation* of the previous recommendations of the Advisory Committee and of the Internal and External Auditors.

With regards to the income received by the Organisation during the financial year under review, it should be noted that while the approved budget was **US\$ 30,859,000.00**, the amount assessed on Member States was **US\$ 27,140,000.00**. Out of the assessed contribution for the year, only **US\$ 18,875,141.96** was paid in by Member States, leaving an outstanding balance of **US\$ 8,264,858.04**. The amount paid represents **69%** of the total assessed contribution for **1996/97 financial year**. During the same period, the amount of **US\$ 22,004,387.65** was paid by Member States for settlement of arrears of contribution due to the previous regular budgets of the Organisation.

The total amount of contribution received during **1996/97 Financial Year** exceeded for the second time, in many years, the approved budget by **US\$ 10,020,529.63**. This is a very positive development trend in the history of our Organisation, which over the last two consecutive financial years, reversed the negative image of the OAU portrayed as an Organisation in permanent financial crisis. I wish to commend those Member States who have spared no efforts to clear all their outstanding financial obligations to the Organisation despite their economic difficulties. It is a clear testimony of the confidence and trust in their

Organisation, and in particular of their commitment to the ideals and objectives it stands for.

With regards to the general situation of arrears, the total amount of unpaid contributions relating to previous regular budgets compared to the same period at the closing of the previous **Financial Year**, there is a decrease of **25.61%** compared to the sum of **US\$ 53.6 million** recorded as arrears on 31 May 1996. The amount of **US\$ 39.9 million** recorded as arrears still due to the Organisation as at 31 May 1997 represents, for the first time, less than two consecutive **Regular Budgets** of the Organisation.

I would like to commend those Member States who continue to deploy significant efforts to honour their financial obligations in clearing all their outstanding arrears. Clearly, considering the difficult economic situation that prevails in all countries these efforts entail a measure of sacrifice. This disposition is a manifestation of the commitment of the Member States concerned, to the goals and objectives of our Organisation. This eloquent manifestation of seriousness constitutes an inspiration and impact on us even a greater obligation to the General Secretariat to do our utmost to meet the expectations of the Member States. I would like once again, through your Committee, to make an appeal to all Member States to continue to deploy their relentless efforts to honour their financial commitment in order to enable the General Secretariat to discharge its responsibilities and the Organisation to meet its increasing challenges.



While appealing to all the Member States to honour their financial commitments, I have also, on several occasions, in the past, pledged to this Committee and to Council that the General Secretariat will continue to do everything possible for the sustained improvement in the administrative and financial management of the Organisation. We shall continue to forge ahead towards a rational utilisation of the available resources, thus avoiding wasteful duplication of efforts. Tight financial discipline is being imposed on all the programme managers with a view to ensuring cost-effectiveness in our operations, accountability and transparency in the overall administrative and financial management.

Clearly, there are still shortcomings in the management of the General Secretariat. You will however observe as did the internal and external auditors that, in general, there has been steady improvement over the last consecutive years in the administrative and financial management of the Secretariat. There has also been a sustained effort to implement the recommendations of your Committee and of the Board of External Auditors. This would have not been possible without close cooperation between the General Secretariat and the Advisory Committee. With this same spirit of cooperation and regular consultation, I am convinced that we would be able to proceed on this path and further improve our performance, bearing in mind the pertinent comments, observations and recommendations in the audit reports.

Indeed, between the sessions of the Committee, I continue to make it a point to maintain close consultation and working relations with the Bureau of the Advisory Committee on various matters of interest to our Organisation. I wish, in this respect, to express my appreciation to the Chairman and his Bureau for their support and contribution in our joint endeavour in acquiring a building to host our office in Brussels and most recently to procure premises for our office in Geneva. I am personally very gratified with this spirit of collaboration, cooperation and consultation that we have been able to develop in a spirit of mutual trust. I know I can count on your continued support and advice in our common objective to improve on the efficiency and enhance the effectiveness in the overall administrative and financial management of the General Secretariat and doing so in a very transparent manner.

The main focus of your proceedings during the present session will be on the **Draft Programme Budget for the Biennium 1998-2000**. You will note, in this connection, that the proposed budget for the first year of the Biennium is **US\$ 32,100,000.00**, meaning an increase of **9.86%** over the reference average expenditure of **US\$ 29.2 million** during the **1995/97 budgetary period**. When, however, compared to the current **Programme Budget Year 1997/98** of **US\$ 31,199,000.00**, there is nominal increase of **2.9%** only, thus representing a negative growth budget, when the factor of general inflationary rate over the last twelve months is taken into consideration. The proposed Budget for the second year of the Biennium stands at **US\$ 33,100,000**.

In preparing this third **Draft Biennial Programme Budget**, the Secretariat has been particularly guided by the standing directives of Council setting the ceiling growth rate of 10% of the proposed budget in relation to the average of the actual expenditure of the three (3) previous closed financial years. The Secretariat had also in mind the spirit of the Resolution setting the ceiling which is to ensure that the budgeting process takes into due account the actual and normal absorption capacity of the Organisation, in the light of the recent past trend covering at least a three year period. While the General Secretariat has strived, through compression of operating expenses and cutting on funds earmarked for projects, to present a **Draft Programme Budget** within the established ceiling, the Advisory Committee may wish to appreciate this constraint taking into account that the proposed Budget already includes a 7% mandatory appropriation for each year of the biennium for specific projects. Here, I am referring to the five percent (5%) for the OAU Peace Fund and two percent (2%) for the OAU Assistance Fund for the African Refugees. The standing decision for the mandatory appropriation of **US\$ 1 million** to the Special Emergency Fund for Drought and Famine will increase the proposed budget to more than 10%, thus leaving no room for budgetary appropriation for other important projects and programmes, particularly those related to the implementation of the Treaty establishing the African Economic Community. At the same time we should be able, as the Committee goes through the proposals, to find resources for other important programmes.

I have in mind the long-standing proposal to open an OAU Office in Washington to serve as a liaison with the US Administration and Establishment,



help build constituency for Africa as well as liaise with Multi-lateral Financial Institutions, notably the World Bank and the IMF. Members of the Committee will recall that this proposal was accepted in principle in 1987. Since then, the financial situation of the Organisation did not allow us to go ahead with the implementation of this decision. In 1995, I held wide-ranging consultations with the Ministers of Foreign Affairs of the Member States on the occasion of the session of the UN General Assembly. Some of the 37 Ministers that I was able to consult agreed on the need to establish the Office in Washington. The Foreign Ministers saw the merit of opening an OAU Office in Washington and, in doing so, they went along with the constant position expressed to me by the African Ambassadors in Washington as well as the African Group at the United Nations on various occasions. Yet, despite this good disposition of our Member States, we had not been able hitherto to implement the decision.

Now that our financial situation has improved and bearing in mind that the need for such an office is even more pressing, I am of the considered view that, it is time to implement the decision on the opening of the Office in Washington. I am also of the view that the OAU Office in Washington should be established gradually to minimize the financial implications. To start with, I propose that we open a small liaison office which will comprise one senior officer with the necessary support staff to be recruited locally. The office will essentially play an advocacy role for the OAU in the USA and with the financial institutions and will serve as a liaison and information centre. A document has been prepared by the Secretariat and will be submitted to the Committee during



this session for your consideration. I want to urge the Committee to consider it favourably.

In submitting the **Programme Budget for the third Biennium 1998-2000**, the General Secretariat has endeavoured to reflect the priorities of the Organisation. This has not been an easy task. A few years ago and on the same occasion, I raised some fundamental issues which are still relevant today. They relate to the structure of our Programme Budget. I, particularly, pointed out that most of our resources, i.e. about 75% of the total budget are absorbed by recurrent expenditures. In view of the budget ceiling set for the budget growth rate, on the one hand, and the heavy share allocated to cover recurrent expenditures, on the other, only a modest amount is left for programmes and projects. Furthermore, this amount is over-stretched to cover a wide-range of activities that so far come under the mandate of our Organisation. I wish, however, to note that this situation is, to a certain extent, improving through the extra-budgetary resources received by the Organisation and which are used to carry out various programmes.

The real solution to this problem should be found in the review of the structures of the Organisation. As you are aware, we have embarked on a restructuring exercise aimed at streamlining and adjusting the structure of the General Secretariat to allow it perform its responsibilities more efficiently and cost-effectively. The terms of reference of the restructuring exercise have been approved by the Committee on Structures enlarged to all Member States represented in Addis Ababa and we have since engaged the necessary contacts

to select a Consultant Firm to carry out the exercise. A Canadian Firm was selected and is expected to start its work beginning December.

One major area of focus, in preparing the proposed programme continues, of course, to be conflict prevention, management and resolution. In this regard, the OAU will continue to take initiatives through its Mechanism for the Prevention, Management and Resolution of Conflicts, to promote peaceful and lasting solutions to intra and inter-african conflicts. Another area in which the role of the OAU has been increasingly sought during the last biennium and will continue to be so during the next one, is the observation and monitoring of elections in Member States. We are glad and proud of this trust reposed in the Organisation. As of now, OAU has been involved in observing or monitoring more than 60 elections since 1990. It is expected that the Organisation will be involved in the same exercise during the next biennium. The on-going political changes and the democratisation process under way in Member States will continue to require more active participation of the Organisation. It is vital that our Organisation should continue to be very active in these two roles as they contribute to Africa's efforts at promoting and maintaining peace, stability and security without which our major, indeed, crucial agenda of economic and social development will continue to be seriously undermined.

In the economic field, and more specially with regards to economic cooperation and integration, our Organisation will pursue the on-going activities related to the gradual implementation of the Abuja Treaty establishing the African Economic Community. With the ratification process of the Treaty

having already been accomplished, the General Secretariat will, during the biennium, focus on projects and activity programmes aimed at ensuring the gradual and effective implementation of the Treaty. This challenging task for the Organisation and Member States will require the mobilisation of additional financial and human resources.

In the social field, the Declaration adopted by the Assembly of Heads of State and Government on the AIDS epidemic in Africa, the on-going programmes relating to education and culture, science and technology, the protection of environment, labour and employment, assistance to the African Child, drug abuse as well and illicit drug-trafficking and the Gender issues will continue to require the attention of the Organisation during the next biennium. With respect to education, I would like to recall that only last Friday, we launched the **EDUCATION DECADE FOR AFRICA - 1997 TO 2006**. Clearly, the OAU has to play a catalytic role in the promotion of literacy and human resources development in our continent with a view to preparing our continent to meet the challenges and overcome the vagaries of the new millennium.

During the introduction of my report to the last Assembly of Heads of State and Government, held in June 1997, in Harare, Zimbabwe, I particularly emphasised that, with the entry into force of the Abuja Treaty establishing the African Economic Community (AEC) and the operationalisation of the Mechanism for Conflict Prevention, Management and Resolution, the Organisation was now set to instill new impetus into the continent's economic



and political agenda. Now that these new challenges have emerged, the Organisation needs to prepare itself to address the preoccupations and concerns of its Member States as we prepare to enter the new millennium and position itself at the very core of efforts aimed at meeting these challenges. Its position and opinion should be of particular relevance and importance to the international community in ensuring that the continent's political and economic concerns are not sidelined or over-looked in global discussions. Our Organisation is expected to play a leadership role in the process of the implementation of its Agenda. It should, accordingly, be provided with commensurate human and financial resources.

At the beginning of my statement, I provided a broad picture of the financial position of our Organisation obtaining at the opening of the 1997/98 Financial Year. I pointed out the positive development trend observed and the serious efforts made by some Member States to clear or reduce their outstanding arrears of contributions over the last consecutive years. In spite of these efforts, however, the situation of arrears and of regular payment of contributions to the Regular Budget still remains one of great concern for the Organisation. As of November 17, 1997, the total amount of the outstanding unpaid contributions stood at **US\$ 59,515,165.27** while out of a total amount of **US\$ 26,940,000.00** assessed to Member States under the current Financial Year 1997/98, only **US\$ 7,066,053.76** has been paid by eight Member States only. Clearly, with 26% representing payment so far under the regular budget, the situation remains serious. I wish, therefore, to appeal through you to all those Member States

with outstanding contributions to honour on time their financial commitments to the Organisation.

I wish to recall and emphasize what I have said. Our Leaders meet and take important decisions which commit our Member States individually and collectively. New challenges are emerging and new responsibilities are entrusted to the Organisation. If we are to be taken seriously by Africans and the world at large, our Organisation must be provided with commensurate resources, both human and financial.

In conclusion, let me reiterate that I personally accord the utmost importance to the deliberations of your Committee. I have asked all the senior officials and managers at the highest level of the Secretariat, including the Assistant Secretaries General to be fully at the disposal of the Committee to provide it with any and every explanation and clarification so as to allow it perform its responsibilities smoothly. I have furthermore directed that in its explanations, the Secretariat should be factual and transparent so that appropriate observations and recommendations can be made by the Committee in the full knowledge of the facts related to the problems discussed. We are here for the same purpose. We should continue to work together hand in hand in improving the capacity of our Organisation to deliver and meet the expectations of our peoples.

I wish you successful deliberations and I thank you for your kind attention.