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ORGANISATION OF AFRICAN UNITY

**ADVISORY COMMITTEE ON ADMINISTRATIVE,
BUDGETARY AND FINANCIAL MATTERS
68TH ORDINARY SESSION
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ADDIS ABABA
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**STATEMENT OF THE SECRETARY GENERAL OF
OF THE OAU TO THE 68TH ORDINARY SESSION
OF THE ADVISORY COMMITTEE**

ON

**ADMINISTRATIVE, BUDGETARY AND FINANCIAL MATTERS
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Mr. Chairman

Your Excellencies

Ladies and Gentlemen

It is once again an honour and privilege for me to welcome you all here to Africa Hall, birth place of our Pan-African Organization, on this occasion of the opening of the 68th Ordinary Session of the Advisory Committee on Administrative, Budgetary and Financial Matters.

I wish in particular, to seize this opportunity to extend, a warm and brotherly welcome to the Ambassadors and other Plenipotentiaries who are participating for the first time in the proceedings of the Committee. Your experience and professional background will always be considered as a valuable and important asset to enrich the deliberations of the Committee. In the past, and on such occasions, I have always underlined the important, if not the critical role of this Committee in the existence and daily management of the affairs of our Organization. But what is most gratifying and encouraging for us, is the spirit of cooperation and team work which has characterized the working relationship between the Committee and the General Secretariat over the last several years. This positive approach of open and constructive dialogue at all levels, has made it possible to improve on the general performance of the General Secretariat in the best interest of our

Organization. It is for this reason that, on behalf of my colleagues in the Secretariat, I wish to reiterate our total determination and commitment towards the implementation of recommendations of the Committee, particularly those intended to enhance the administrative and financial management of our Organisation. We are determined to ensure that the General Secretariat and the Advisory Committee continue to work hand in hand, as one team towards one common objective: to serve our continent

Concerning the work of the Advisory Committee, I wish to pay a deserved tribute to its able and dedicated Chairman, Ambassador Emmanuel Mendoume-Nze of Gabon and to all the members of the Bureau for the leadership and efficient performance of the proceedings of the Committee over the last three years. Under their stewardship, the Committee has been able to set the example of cost-effectiveness and cost-saving in all its proceedings. The rational management of time has made it possible to reduce the duration of the meetings without affecting the quality of the deliberations. This momentum should be sustained.

Mr. Chairman,

In keeping with Article 100 of the Financial Rules and Regulations, the November Sessions of the Advisory Committee during the second fiscal year of the biennium, are mainly devoted to the review of the administrative and financial management reports as well as the consideration of the Draft Biennium Programme Budget. With regard to the reports which will come under consideration during your deliberations, the focus of your attention will be on the following main documents dealing with budget and programme

performance during the first fiscal year of the Biennium which ended on 31 May 1999 : the Financial Report, the Report of the Board of External Auditors, the Report on the Implementation of Programmes approved during the biennium 1998/99, the report on the implementation of your previous recommendations and finally the Draft Programme Budget for 2000-2001. While the report of the Board of External Auditors and other related implementation reports will provide a detailed and comprehensive review of the general performance of the General Secretariat over the last financial year ended on 31 May 1999, the Financial Report prepared by the General Secretariat will give a broad picture not only of all the financial transactions conducted during the period under review, but also of the financial health of our Organization at the closing of the financial year.

With regard to the total income in terms of payment of contributions received by the Organization during the financial year under review, it should be noted that while the total approved budget was US\$32,400,000.00, a total amount of US\$23,999,597.45 was recorded as contributions paid by Member States. This amount includes US\$13,406,748.61 paid under the 1998/99 financial year ended on 31/05/99 (or 48% of the total approved budget) and US\$10,582,848.84 recorded as payment of arrears due to the Organization. The total amount of expenditure incurred during the same period was US\$29,891,360.46. The negative balance of excess of expenditure over income which amounts to US\$4.5 million was covered from the General Fund . I wish to draw the attention of the Committee to the persistent negative trend of budget deficit observed during the last two consecutive financial years amounting to US\$6.2 million and US\$4.5 million,

respectively. During these two previous fiscal years, the Organization kept spending more than it received as contributions from its Member States. As a result of this budget deficit and disturbing trend, the allocation of 15% of the total amount of arrears collected during the period under review could not be made towards the OAU Special Fund for Acquisition of Properties established by Resolution CM/1616(LXVIII) of Council. The total amount of US\$10,582,848.84 received as payment of arrears was fully used to partially finance the budget deficit under 1998/99 financial year.

Concerning the general situation of arrears of contribution due to the Organization, and while serious efforts had been deployed by some Member States to reduce the amount of arrears from US\$64 million recorded at the end of May 1994/95, to a low record level of US\$39.9 million of arrears at the end of 1996/97 financial year, the sharp increase in the outstanding arrears over the last two consecutive financial years shows a constant and disturbing negative trend. This is a development of serious concern. It undermines the capacity and puts into question the credibility of our Organization at the dawn of the new millennium. Regrettably, by 1 November, 1999 the total amount of unpaid contribution stood at more than US\$46 million. This financial situation constitutes a serious handicap to the efforts of the Organization in the normal discharge of its increasing responsibilities in political, economic and social fields.

I would like, once again, to seize this opportunity to reiterate my sincere appreciation to those member States who continue to deploy commendable efforts and to make real sacrifices to honour their financial obligations in clearing all their outstanding arrears. In the same vein, I will

continue to seek the support of your Committee as well as that of the Committee on Contributions in sensitizing all those Member States in arrears to take the appropriate measures in order to settle and clear their financial obligations.

I wish particularly to appeal to those countries which took solemn commitment and submitted, during the last Summits in Yaounde, Harare, Ouagadougou, and Algiers the payment schedule of their outstanding arrears to ensure that these commitments are fully and regularly implemented. The Committee on Contributions has been mandated to follow up each case and to report to Council in due course.

Mr. Chairman,

While urging all Member States to honour their financial obligations, I wish also to reassure this Committee that the General Secretariat will spare no effort to ensure the sustained improvement in the administrative and financial management of our Organization through rational utilization of the available resources and tight financial discipline imposed on all the programme managers with a view to ensuring cost effectiveness in our operations, transparency and accountability in the overall administrative and financial management of the General Secretariat.

The Report of the Board of External Auditors which will be presented by the Chairman of the Board for consideration provides a broad picture of a comprehensive review of the financial and administrative management of the General Secretariat during the financial year under review. All the findings,

observations and related recommendations contained in the report and which are intended to improve and enhance our overall management system are always taken seriously by the General Secretariat and are given attention they deserve. Appropriate action will be taken for their diligent implementation in keeping with the existing rules and regulations.

You will particularly observe that the report of the Board has some special recommendations calling for a comprehensive review of the present management tools, and in particular, of the present Staff Rules as well as the Financial Rules and Regulations. The Committee will recall that this very recommendation is one of the package deal of measures and arrangements to be adopted in the process of the structural reform and renewal of our Organization. Due attention will be given to those suggestions and proposals in the on-going process of the implementation of the approved measures and arrangements calling for the improvement of our working methods and procedures.

Apart from these few observations based on findings and related recommendations as reflected in the External Audit reports, you will, I am confident, observe that there has been an overall and sustained improvement over the last few years in the administrative and financial management system of the General Secretariat and more particularly in our Regional Offices. This would not have been possible without close cooperation between the Secretariat and the Committee. With this same spirit of cooperation and dialogue, I am convinced that we would be able to stay the course and further improve our performance bearing in mind the pertinent comments, observations and recommendations in the audit reports. I am

personally very gratified with this spirit of mutual trust, collaboration, cooperation and consultation that we all have been able to develop and maintain. The General Secretariat will continue to count on your support and advice in our common endeavour to improve on the efficiency and enhance the transparency in the overall administrative and financial management of our Organization.

Mr. Chairman,

The main focus of the proceedings of the Committee during the present session will be, in the light of the present biennial budgeting system, on the evaluation of the performance of the Programme Budget execution during the first financial year Biennium 1998/1999 ended on 31 May, 1999, on one hand, and on the consideration of the Draft Programme Budget for 2000/2001 financial year, on the other. Concerning the evaluation aspect, it will be conducted on the basis of the Financial Report prepared by the General Secretariat, but also in the light of the Report of the Board of External Auditors. Their technical and critical assessment accompanied by comments and further clarifications of the Secretariat will provide a broad picture of the overall administrative and financial management during the financial period under review. In addition to these two main reports, the General Secretariat has also prepared for your consideration the reports on the implementation of the previous recommendations of the Advisory Committee and of the Board of External Auditors as well as on the implementation of programmes for the 1998/99 of the biennium 1998/2000. In these evaluation reports, programme managers will appraise the Committee of their respective activities and technical constraints related to

the implementation of the approved programmes. With the lessons drawn from the execution of the current biennium, I am sure we all be in a better position to further improve on our methods of work in the process of the on-going reform and renewal of our Organization.

Mr. Chairman,

According to the established tradition of our budgeting system, the present session of the Advisory Committee is expected to consider and recommend the Draft Programme Budget for the next Biennium 2000-2002. The Committee will recall, however, that while taking note of the measures proposed for the implementation of the new structure of the General Secretariat during its last session held in July 1999 in Algiers, Council had authorized the General Secretariat, on an exceptional basis, to prepare and present a one year transitional budget for the 2000/2001 financial year to enable the Secretariat to complete the restructuring exercise. The primary objective of this Transitional Budget is therefore to enable the Secretary-General to implement the second and critical phase of the restructuring exercise by putting in place the new structures of the OAU/AEC as formally endorsed by the last Session of the Assembly of Heads of State and Government held in July 1999, in Algiers. The proposed budget during this transition period is intended, by and large, to operationalize the new approved structure with all its administrative and financial implications starting from 1 June 2000.

With regard to the programme component and content, it should be noted that during this transitional period the major focus will be on staffing

and redeployment of staff in the new structure of the OAU/AEC, on one hand, and on some core, critical activities of the Organization, and more particularly on statutory meetings and conferences, on the other. Activities of marginal relevance or lesser importance, will not be included in the proposed budget. And having the right people in the right place being the cardinal principle behind OAU's policy on structural reform, we count on the talented, motivated, committed and dedicated staff ready to face the challenges of the proposed African Union, the agenda of the next first decade of the millennium.

In general, most of the programmes and activities to be carried out during the transition period, are only those that have already been identified and carried over from the previous Biennium 1998-2000 and which should be pursued during the financial years ahead. The case of continuity in the OAU's programming exercise and which calls for long term planning refers more particularly to the on-going process of economic cooperation and integration within the long term framework of the establishment of the African Economic Community and of the ^{expected} ~~newly~~ ^{main} ~~established~~ ^{- of the} African Union. The signing of the Abuja Treaty, in June 1991, was but a start of a long term process of economic integration during the present decade of the 1990s and beyond. The General Secretariat will continue, during this transition period, to focus on projects and activity programmes aimed at ensuring its gradual and effective implementation, with particular focus to the SIRTE Declaration of September 1999 establishing an African Union and a Pan-African Parliament. The transitional period will provide the opportunity to put in place the operational structures of the restructured Secretariat, for the effective implementation of the Abuja Treaty and the SIRTE Declaration.

During this period, the activities of the Secretariat will focus on the Statutory meetings of the OAU/AEC policy organs and to some other critical issues dealing with the strengthening of the existing working relationship between the OAU/AEC and the Regional Economic Committees (RECs).

In the area of political activities, the principle of continuity has also been observed in the preparation of the present 2000/2001 Programme Budget. Programme proposals have been identified and formulated in the light of the standing decisions and resolutions adopted by the relevant OAU Policy Organs, and more particularly by the 29th Assembly of Heads of State and Government in Cairo. Among these priority areas are, in the political field, the follow-up activities subsequent to the historic decision of the Assembly to set up a mechanism for conflict prevention, management and resolution (AHG/Decl.3 (XXIX)) to enable the Organization to cope with the proliferation of conflicts in Africa. Furthermore, the on-going political changes throughout Africa, and the democratization process underway in Member States will continue to require more active participation of our Organization, particularly with regard to monitoring and observing elections. This constitutes an important dimension in the priority activities of the Organization during the years ahead. Since the landmark 1990 Declaration by the Assembly of Heads of State and Government, the OAU has monitored more than seventy elections of various types.

The Secretariat will receive, certainly, many invitations along the same lines. And in the light of the past experiences, the General Secretariat has often been requested to monitor the entire process of transition and required accordingly to despatch large teams which obviously are beyond the

capacity and resources of the Organization. Indeed, such requests testify to the trust by African States in their Continental Organization in the process of the peaceful management of political change. Clearly, the political developments in Burundi, D. R. Congo, Angola, Central African Republic, Somalia, Sierra Leone, Congo, Guinea-Bissau, Niger and Comoros as well as the Ethiopia-Eritrea conflict, will continue to be given our particular and urgent attention in the activities of the General Secretariat.

In the social field, the Declaration adopted by the Assembly of Heads of State and Government on AIDS epidemic in Africa and other related health issues, the on-going programmes concerning the protection of environment, the assistance to the African Child as well as to the Gender issues constitute an Agenda for Action requiring follow-up action by the Secretariat during this period.

In preparing the Draft Budget, the Secretariat had done everything possible to keep the Draft Programme Budget for 2000-2001 Financial Year within reasonable limits by cutting down some appropriations and suppressing some programmes and activities of lower priorities to the extent that, for many programmes there is a substantial reduction of budget appropriations.

In preparing this Draft Budget, the Secretariat has been particularly guided by standing policy and directives in Resolutions CM/Res.1279 (LVIII) as amended by CM/Res.1422 as well as by Decision CM/Dec.367 (LXVIII) setting the ceiling growth rate of 10 per cent of the proposed budget in relation to the average of the actual expenditure of the three (3) previous

closed financial years, and the spirit of the Resolutions under reference being to ensure that the budgeting process takes due account of the actual and normal absorption capacity of the Organization in the light of the past trend covering at least three-year period.

The following additional factors will particularly affect the level and ceiling of the 2000/2001 Draft Budget: 6% of the Regular Budget will be earmarked for the OAU Peace Fund and 10% of the proposed Regular Budget will be allocated to finance the activities of the Community, in keeping with the Decision AHG/OOAU/AEC/Dec. 1 (II) adopted by the 34th Assembly of Heads of State and Government in Ouagadougou, in June 1998. When it is recalled that there are other standing decisions of Council to make an additional appropriation of 2% of the OAU Regular Budget to the Special Contingency Fund for the African Refugees, as well as of about 3% of the same Budget to the Special Emergency Fund for Drought and Famine in Africa, there is already a mandatory increase of 21% to each proposed Programme Budget as a result of the OAU Special Programmes.

In preparing and finalizing the Draft Budget, the Secretariat has incorporated these elements in the submission under consideration.

The Draft Programme Budget for the 2000/2001 Financial Year amounts to US\$31,700,000.00 meaning an increase of 4.35% over the actual average expenditure during 1996/99 budgetary years which was US\$30,378,500.00. But when compared to the current Programme Budget year 1999/2000 of US\$33,400,000.00 there is a net decrease of 5%.

Finally, it should be noted also that following the decision of the last session of Council regarding the status of the Technical and Scientific offices in the new structure of the General Secretariat, as a result of which the status quo was to be maintained until further review, the budgetary appropriations for the 4 offices (Nairobi, Yaounde, Niamey and Conakry) have been included in the Draft Budget for 2000-2001. They represent 6% of the total Draft Budget..

In the process of preparing the Draft Programme Budget, we continue to be guided by the following three main criteria and guidelines, namely:

- (a) the importance of the objective to Member States, individually collectively;
- (b) the capacity of the Organisation to achieve it within the available resources, and
- (c) the effectiveness and relevance (usefulness) of the results to be attained in the short and long terms.

Similarly, having noted that the decision to open an OAU Office in the Southern African Region had already been taken by the 69th Ordinary Session, Council had requested the General Secretariat during its meeting in Algiers, to submit the financial implications of implementing this decision to this Session of the Advisory Committee. This has been done and the item is included in the agenda for your consideration.

Mr. Chairman,

The Organization of African Unity is expected to play and provide the leadership in all matters affecting the continent: economic integration, conflict resolution, debt alleviation, security and stability and other important domains. It is for these reasons that Member States will continue to be called upon to provide the required essential support services in terms of personnel and other technical and financial requirements for their efficient performance. The strategic review of the present structure, the recommendations dealing with the enhanced improvement of the methods of work and the rationalization and harmonization of the rules and procedures, all these measures submitted in a package deal are intended to enable the new General Secretariat to discharge its responsibilities in a more coherent and integrated approach as one team.

I am confident that I can continue to count on your understanding, cooperation and collaboration, not only as representatives of Member States, but also in your individual capacity as Africans, dedicated to the goals and objectives of our Organization: the socio-economic development of our continent, peace, security and dignity of our people as well as respect and credibility with external partners. The General Secretariat is the instrument in the hands of Member States. We are guided by the same purpose and pursuing the same objectives. We will continue to work hand in hand with you all in the service of our Continental Organization and in the best interest of the peoples of Africa. This is our resolve and determination.

I thank you for your attention.