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Organization of African Unity

**ADVISORY COMMITTEE ON ADMINISTRATIVE,
BUDGETARY AND FINANCIAL MATTERS
67TH ORDINARY SESSION
16 – 26 NOVEMBER 1998
ADDIS ABABA, ETHIOPIA**

**STATEMENT OF THE SECRETARY GENERAL
OF THE OAU TO THE 67TH ORDINARY SESSION OF
THE ADVISORY COMMITTEE ON ADMINISTRATIVE,
BUDGETARY AND FINANCIAL MATTERS
16 NOVEMBER 1998**

Mr. Chairman,

Your Excellencies

Ladies and Gentlemen,

I wish to welcome you all to the 67th Ordinary Session of the Advisory Committee on Administrative, Budgetary and Financial Matters. On this particular occasion, I wish 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. We look forward to their input which I am confident will enrich the deliberations of the Committee.

I wish also to pay tribute to Ambassador Mendoume Nze of Gabon, the Chairman of the Advisory Committee, for his leadership of the Committee and his tireless efforts in spearheading the work of the Committee and the cooperation he has extended to us. I would also like to express our appreciation to the members of the Bureau.

Mr. Chairman,

In keeping with Article 100 of the Financial Rules and Regulations, the November Sessions of the Advisory Committee during the first fiscal year of the biennium, are mainly devoted to the consideration of the administrative and financial management reports. With regard to the reports which will come under consideration during your deliberations, the focus of your attention will be on the main documents dealing with budget and programme performance during the Biennium which ended on 31 May 1998. These are the Financial Report, the Report of the Board of External Auditors, the Report on the Implementation of programmes approved during the 1997/98 financial year, as well as the report on the implementation of the previous recommendations of the Advisory Committee. 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 1998, 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.

In this respect, I wish to draw the attention of the Committee to the fact that, for the first time since the last three financial years, the Organization faced a budget deficit of more than US\$ 6,000,000.00. That is to say that the Organization spent more than it received as contributions from its Member States. Out of an approved budget of US\$31,199,000.00 and of the total assessed budget of US\$26,930,000.00 for the financial year 1997/98, a total amount of US\$21,632,323.62 was recorded as contributions paid by Member States against a total expenditure of US\$28,832,259.74.

This deficit is largely due to the fact that the amount of arrears of contribution recovered during 1997/1998 decreased considerably compared with the amount paid during the last three financial years when Member States made significant efforts to clear their arrears of contribution.

As a result of these efforts, the amount of arrears of contributions was brought down from US\$ 64 million in May 1994 to US\$ 39 million at the same time in 1997. This positive trend was reversed at the closing of the 1997/98 with an increase of 15% from US\$ 39 million recorded on 31 May 1997 to US 45 million on 31 May 1998.

I would like, one again, to seize this opportunity to reiterate my sincere appreciation to those Member States who, over the last three years, deployed commendable efforts to honour their financial obligations in clearing all their outstanding arrears. I wish also to appeal to those Member States in arrears to take the appropriate measures in order to settle and clear their financial obligations. I wish, in particular, to urge those countries who submitted schedule of their outstanding arrears to honour their commitments.

While urging all Member States to honour their financial obligations, I wish also to reassure this Committee that the General Secretariat will continue to do everything possible for the sustained improvement in the administrative and financial management of our Organization through rational utilization of the available resources and tight financial discipline with a view to ensuring cost effectiveness, transparency and accountability in the overall administrative and financial management of the General Secretariat.

It is evident that, despite our efforts, there is still room for further improvement as it was quite rightly observed in the External and Internal Audit Reports. For instance, we need to develop a more rationale way of

preparing the budget so that we can overcome the problem of over or under estimation which is regularly observed. In considering new methods for the preparation of the budget, it is prudent to review the decision on the 10% budget growth ceiling based on past experience and on the new requirements of the Organization. In this respect, we need to take into account the priorities of the Organization in the budget provisions particularly the decisions of the Ouagadougou Summit to allocate a minimum of 10% of the regular budget to financing the activities of the African Economic Community.

The report of the Board of External Auditors has also identified and highlighted some areas of weakness in the management system relating particularly to the accounting transactions and operations, especially in some of the Regional and Sub-Regional Offices. These observations are taken seriously by the General Secretariat and appropriate action will be taken.

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 sustained efforts to

implement the recommendations of your Committee and of the Board of External Auditors. 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 persevere on this path and improve our performance further bearing in mind the pertinent comments, observations and recommendations in the audit reports.

Mr. Chairman,

In the course of its deliberations, your Committee will be seized with the report of the 24th Session of the Ad Hoc Committee on the Structural Reform of the General Secretariat. As you are all aware, and as a follow-up to the decision of the Council of Ministers at its last session, in Ouagadougou, this Committee has been working tirelessly to expedite its important work. I wish to seize this opportunity to commend the Committee for the sustained efforts it has deployed under the steadfast leadership of its Chairman, Ambassador Charles Kileo of Tanzania and his other colleagues of the Bureau. I wish also to put on record our appreciation for the good working relationship which was maintained between the Committee and the General Secretariat throughout this exercise.

The Committee is expected to finalize its work soon to allow your Committee to consider its report particularly its financial implications. The importance of the restructuring exercise that we have embarked upon need hardly be emphasized. I had previously the opportunity to underline the critical nature of this task which aims at reshaping and revitalizing the General Secretariat to enable it assume its mission more efficiently and effectively. This exercise which is intended to prepare the Organization to meet the challenges facing our continent in the years ahead and to equip the General Secretariat with the necessary capacity to better serve the Organization is a decisive one. It therefore deserves the support and contributions of all of us from both Member States as well as the General Secretariat.

Mr. Chairman,

As your Committee is meeting to deliberate on the administrative, financial and budgetary situation of the Organization, and as it seeks to provide the General Secretariat with the necessary capacity to assume its responsibilities, more efficiently, I am confident that it will bear in mind the important and increasing role our Organization is expected to play.

Over the last years, the Organization has been called upon to assume greater responsibilities in promoting peace, security and stability in the continent, and in enhancing economic cooperation and integration. It is also expected to be more active in promoting the continent's interests in various fields.

The Organization has been striving to meet these challenges despite its limited resources. In the area of conflict prevention, management and resolution, the Organization endeavoured to provide leadership in efforts aimed at seeking peaceful solutions to conflicts in the continent. Whether through direct involvement or by working with the sub-regional organizations and their members, the role of our Organization has always been relevant, important and at times decisive.

In the area of economic integration and cooperation, we have made determined efforts towards the implementation of the Abuja Treaty. Despite difficulties, it is gratifying to note that the significant progress has been made over the last years in promoting the integration agenda in the continent. The relations we have been able to build with some of the Regional Economic communities is testimony to that movement. We shall continue to pursue vigorously this challenging path of integration. We shall ensure that our Organization continues to be the unique forum

for African solidarity and cooperation as well as the instrument for promoting and defending the interests of the continent. To be able to do so, the Organization should be provided with the necessary resources.

We, at the General Secretariat stand ready to fully cooperate with our Member States and policy organs of our Organization, particularly the Advisory Committee, in ensuring that the Organization is given the appropriate resources and direction to accomplish its objectives.

I have always underlined the important role of this Committee in sustaining the activities of our Organization. But what is most gratifying and encouraging for us, ~~it~~ is the spirit of cooperation, and team work which has characterized the relationship between the Committee and the General Secretariat over the last several years. This positive approach of constructive dialogue and regular consultation, 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 to ensure that the recommendations of the Committee are fully implemented, particularly those intended to enhance the administrative and financial management of our Organization. We are determined to ensure that the General Secretariat and the Advisory

Committee work hand in hand, as one team towards one common objective.

I know how your Committee recognizes the important role and contribution of our continental Organization. I am also aware of its commitment to providing the Organization with the necessary means to function efficiently. We need therefore to continue to work together towards enhancing the capacity of our Organization to meet the challenges of our continent and its peoples.