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REPORT  
*OF THE*  
FORTY FIRST SESSION  
*OF THE*  
PERMANENT FINANCE COMMITTEE  
  
OF THE  
ORGANIZATION OF ISLAMIC  
COOPERATION  
  
*JEDDAH - KINGDOM OF SAUDI ARABIA*  
*29 SHAWWAL - 02 ZUL QADAH 1433H*  
*(16-18 SEPTEMBER 2012)*

**REPORT OF  
THE FORTY FIRST SESSION OF  
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JEDDAH – KINGDOM OF SAUDI ARABIA  
29 SHAWWAL – 02 ZUL QADAH 1433H  
(16-18 SEPTEMBER 2012)

1. The Permanent Finance Committee (PFC) of the Organization of Islamic Cooperation held its Forty First session in Jeddah, Kingdom of Saudi Arabia from 29 Shawwal to 02 ZulQadah1433H (16-18September 2012).
2. The Meeting was attended by the representatives of 39 Member States and of the General Secretariat and the Subsidiary Organs whose names are attached hereto (**Annex I**).
3. The meeting was declared open by Mr. Bakyt Batyrshayev, Head of delegation of the republic of Kazakhstan and Permanent Representative to the OIC, as chairman of the 40<sup>th</sup> Session of the PFC.
4. The Meeting started with a recitation of verses from the Holy Quran.

**Election of Bureau**

5. The Committee approved the composition of the bureau of the 41<sup>st</sup> Permanent Finance Committee as follows:

<b>Chair</b>	:	Republic of Djibouti
<b>Vice Chairs</b>	:	- Republic of Afghanistan
		- Republic of Gabon
		- State of Palestine
<b>Rapporteur</b>	:	Republic of Kazakhstan

6. His Excellency the Secretary General of the Organization of Islamic Cooperation, Prof. Dr. Ekmeleddin Ihsanoglu, delivered his statement (**Annex II**), in which he first welcomed the distinguished delegates and expressed that he has always been keen to attend the Committee's meetings given the importance that he attaches to its work and the implications of its decisions on the progress of this Organisation. While commending their dedication, the Secretary General thanked the Committee for all its past and present cooperation which has made significant strides in the areas of

development and progress, thus, allowing him to achieve many of the goals ahead of us.

7. Highlighting the various initiatives and activities carried out in the General Secretariat towards implementation of the Ten Year Programme of Action in past eight years, the Secretary General confirmed that the growing activities and responsibilities of the Organisation has emphasized the need for an increase in the budget, but he has to take into account the negative effects brought about by the political and economic upheavals in some Member States, and by the massive economic crises that befell the global economy. The Secretary General emphasized that as the General Secretariat looks forward to new challenges and activities, it needs to increase next year's budget by 9.7%, to become \$32.03 million compared to the \$29.2 million of this year's budget; justifying the request for only the Programme Activities chapter as well as the needed budget for the OIC Independent Permanent Human Rights Commission. The Secretary General invited the Committee to consider it with more attention and to imagine the weight of the necessary responsibilities which have to be seriously undertaken if we want to raise the Organization to the level which we aspire to.
8. The Meeting was officiated by Amb. Dya-Eddin Bamakhorama of the Republic of Djibouti, in his capacity as the Chairman of the 41<sup>st</sup> Session of the PFC and head of the delegation of the Republic of Djibouti. Having declared the Session open, he welcomed the participants and expressed thanks to the Custodian of the Two Holy Mosques, King Abdullah Bin Abdelaziz and to the Government of the Kingdom of Saudi Arabia for their consistent support to the OIC, and wished the current Session complete success.

#### Agenda

9. The Committee approved its Agenda and Program of Work as submitted by the General Secretariat as in (Annex III).
10. The Committee considered exhaustively the various agenda items of the meeting and, following in-depth discussions, decided the following:

**The 33<sup>rd</sup> Report of the Finance Control Organ:**

11. The Committee examined the 33<sup>rd</sup> Report of the Finance Control Organ concerning the closing of accounts of the General Secretariat and Subsidiary Organs for the fiscal year ending 31/12/2011, and the General Secretariat and Subsidiary Organs' replies to the Observations of the FCO.
12. Following in-depth discussions on the report and after listening to the replies and clarifications of the General Secretariat and its Subsidiary organs, the Committee adopted the 33<sup>rd</sup> FCO report with the replies of the General Secretariat (**Annex IV**) with the following recommendations:
  - The committee stressed the General Secretariat and its subsidiary organs to abide with the recommendation and observations of FCO in its 33<sup>rd</sup> reports specially on:
    - i) To transfer the surplus resulting from an increase of resources over expenditures in the closing accounts of previous years to the reserve account.
    - ii) Contractuals shall not be given supervisory positions.
    - iii) Transfer between chapters by subsidiary organs without prior approval of the Secretary General.
13. The committee strongly recommended the CFM to give a warning to subsidiary organs who fail to submit their documents at least two months before the starting of the PFC meeting.

**General Secretariat Report on the OIC Financial Position of Arrears**

14. The Committee took note of the efforts of the Secretary General on the recovery of arrears and called for continuation of the high level contacts and dialogue with Member States, including official communications to address this situation, while urging the defaulting members states to honor their financial obligations by settling their respective accumulated arrears to the General Secretariat and its subsidiary organs. The committee considered the Report on The OIC Financial Position of Arrears submitted by the General secretariat and approved Proposals of General Secretariat for Improving Collection Methods except the point on the applying of progressive

measures to the defaulting member states out of respect for Islamic solidarity and cooperation.

#### Budgets of the OIC for the Financial Year 2013;

##### A) The Budget of the General Secretariat:

15. The Committee considered the proposed budget submitted by the General Secretariat for the Financial Year 2013 and, taking note of the interventions and exhaustive discussions by the various delegates as well as the clarifications and explanations presented by the General Secretariat, decided the following:

- The adoption of the proposed draft budget of the General Secretariat for the Financial Year 2013 for a total amount of USD 30,062,600.00 (with an increase of 3.00% over the ceiling of the budget of previous year 2012) as follows:

Code	Chapter	US Dollars
1000	Personnel Entitlements	21,700,000
2000	Recurrent Expenditures	1,775,000
3000	Acquisition and Renewal of Assets	495,000
4000	Programme of Activities	6,092,600
	<b>Total</b>	<b>30,062,600</b>

16. Regarding the establishment of new regional offices, the committee agreed that it is not in the position to take any decision on the matter and therefore agreed to suggest the estimated budget, prepared by the General secretariat, amounting to US\$1 million for opening two new offices to the forthcoming 39<sup>th</sup> CFM to be held in Djibouti for its decision.

##### B) Budgets of the Subsidiary Organs:

17. The Committee decided that Subsidiary Organs shall submit all relevant documents to Member States at their respective capital and through the General Secretariat of OIC, for consideration of the annual sessions of the PFC at least two months before the date of the session. They can utilize such new means as electronic mails, etc.

18. After examining the proposed budgets of the Subsidiary Organs, the Committee recommended their adoption for the Financial Year 2013 as follows:



Islamic Solidarity Fund (ISF), Jeddah :

19. The budget of the Islamic Solidarity Fund (ISF) for the Financial year 2013 amounting to USD 1,260,000.00 (with no increase over the budget of the previous year 2012) was adopted as follows:

Code	Chapter	US Dollars
1000	Personnel Emoluments	946,600
2000	Recurrent Expenditures	153,400
3000	Acquisition and Renewal of Assets	80,000
4000	Meetings of the departments	51,500
5000	Programme of Activities	28,500
	Total	1,260,000

Islamic Fiqh Academy (IFA), Jeddah :

20. The budget of the Islamic Fiqh Academy (IFA) for the Financial Year 2013 amounting to USD 2,750,000.00 (with no increase over the budget of the previous year 2012) was adopted as follows:

Code	Chapter	US Dollars
1000	Personnel Emoluments	2,222,471.00
2000	Recurrent Expenditures	186,529.00
3000	Acquisition and Renewal of Assets	44,000.00
4000	Meetings of the departments	72,000.00
5000	Programme of Activities	225,000.00
	Total	2,750,000.00

Statistical, Economic, and Social Research and Training Center for Islamic Countries (SESRIC), Ankara:

21. The budget of the Statistical, Economic, and Social Research and Training Center for Islamic Countries (SESRIC), Ankara for Financial Year 2013 amounting to USD 3,307,500.00 (with an increase of 5% over the budget of the previous year 2012) was adopted as follows:

Code	Chapter	US Dollars
1000	Personnel Emoluments	1,735,000
2000	Recurrent Expenditures	235,000
3000	Acquisition and Renewal of Assets	65,000
4000	Conferences & Meetings	489,000
5000	Programme of Activities	783,500
	Total	3,307,500

Research Center for Islamic History, Art and Culture (IRCICA), Istanbul:

22. The budget of the Research Center for Islamic History, Art and Culture (IRCICA), Istanbul, for Financial Year 2013 amounting to 4,410,000.00 USD (with an increase of 5% over the budget of the previous year 2012) distributed as follows:

Code	Chapter	US Dollars
1000	Personnel Emoluments	2,523,500
2000	Recurrent Expenditures	300,000
3000	Acquisition and Renewal of Assets	127,800
4000	Conferences & Meetings	110,000
5000	Programme of Activities	1,348,700
	Total	4,410,000

Islamic University of Technology (IUT), Dhaka:

23. The budget of the Islamic University of Technology (IUT), Dhaka was adopted, so that the budget worked out to a total of USD 4,251,240.00 (with an increase of 5% over the budget of the previous year 2012) distributed as follows:

Code	Chapter	US Dollars
1000	Personnel Emoluments	2,782,308
2000	Recurrent Expenditures	295,500
3000	Acquisition and Renewal of Assets	170,000
4000	Conferences & Meetings	62,000
5000	Programme of Activities	941,432
	Total	4,251,240

The Committee considered exhaustively the comprehensive report submitted by the IUT as requested by the 40<sup>th</sup> PFC.

Islamic Center for Development of Trade (ICDT), Casablanca:

24. The budget of the Islamic Center for Development of Trade (ICDT), Casablanca, for the Financial Year 2013 amounting to 2,300,000.00 USD (with an increase of 5.31% over the budget of the previous year 2012) distributed as follows:

Code	Chapter	US Dollars
1000	Personnel Emoluments	1,100,000
2000	Recurrent Expenditures	145,000
3000	Acquisition and Renewal of Assets	205,000
4000	Conferences & Meetings	50,000
5000	Programme of Activities	800,000
	Total	2,300,000

**25. Report of the First Session of the Inter-Governmental Group of Experts (IGGE) Meeting on the Amendments to the Existing OIC Financial Regulations of the OIC**

The committee considered the report and the amendments made to the existing financial regulations and recommended to the 39<sup>th</sup> CFM for approval as the enclosed final format (Annex V).

**26. Report of the Second Session of the Inter-Governmental Group of Experts (IGGE) Meeting on :**

**a. The Amendments to the Rules of Procedures for the PFC Meetings**

The committee considered the amendments made to the Rules of Procedures for the PFC meetings and recommended to the 39<sup>th</sup> CFM for approval as the enclosed final format (Annex VI).

**b. The Amendments to the Rules of Procedures of the FCO**

The committee considered the amendments made to the Rules of Procedures of the FCO and recommended to the 39<sup>th</sup> CFM for approval as the enclosed final format (Annex VII).

**27. Report of the Third Session of the Inter-Governmental Group of Experts (IGGE) Meeting on the Amendments/Clarifications to the Personnel Regulations of the OIC.**

The committee considered the report and the Amendments/Clarifications to the Personnel Regulations of the OIC and requested the 39<sup>th</sup> CFM to mandate an IGGE Meeting to further review the Amendments/Clarifications to the Personnel Regulations of the OIC, and submit its final version to the 42<sup>nd</sup> PFC.



**28. Report of the Fourth Session of the Inter-Governmental Group of Experts (IGGE) Meeting on the Draft Financial Regulations for the OIC Humanitarian Affairs Department Field Operations.**

The committee considered the report of the Inter-Governmental Group of Experts (IGGE) Meeting on the Draft Financial Regulations for the OIC Humanitarian Affairs Field Operations and decided to request the 39th CFM to mandate an Inter-Governmental Group of Experts (IGGE) to review a modified version of the document to be submitted by the General Secretariat, and to submit its findings to the 42<sup>nd</sup> PFC Session.

**Any Other Business**

**Report of the Consultative Committee Meeting on the Study of the Programme-Based Budgeting in the UN System:**

- 29.** The Committee took note the explanation given by the General Secretariat (Annex VIII) and called the General Secretariat to conduct a further study and submit its findings to the 42<sup>nd</sup> PFC Session.

**Reservations**

**30. Jordan submitted a reservation on its contribution to the OIC budget**

The Hashemite Kingdom of Jordan reaffirms item 1 of resolution 2/31-AF adopted by the 31<sup>st</sup> Session of the Council of Foreign Ministers held from 14 to 16 June 2004, which approved the report of the 32<sup>nd</sup> Session of the Permanent Finance Committee held in Jeddah on 28-31 March 2004, containing the reservation of the Hashemite Kingdom of Jordan on the increase of its contributions to the budget of the OIC and its subsidiary organs.

Pursuant to Article 29-1 of the Charter of the Organization of Islamic Cooperation (OIC) which provides that contributions of Member States shall be determined in accordance with their GNP, and in line with a study prepared by the OIC's Statistical, economic and Social Research and Training Center (SESRIC) in Ankara which revealed that, according to Article 29-1 of the OIC Charter, the contribution of the Hashemite Kingdom of Jordan should be 0.588% and not 1%. Accordingly, Jordan is committed to paying its contribution to the budgets of the OIC and its subsidiary organs at the rate of 0.5888%, in accordance with the Charter.

**Vote of Thanks**

31. The Committee expressed its gratitude to the Chairman and members of Finance Control Organ for their efforts in the preparation of the report of the FCO and for the auditing of the accounts of the General Secretariat and the Subsidiary Organs.
32. At the close of its proceedings, the Chairman of the Committee expressed his profound thanks to all the participating delegations for their full cooperation and also addressed, on their behalf, sincere thanks and appreciation to H.E. the Secretary-General and to the officials of the General Secretariat for the excellent arrangements made and facilities provided for the smooth progress of work of the meeting.
33. The committee expressed its deep appreciation to the Chairman for his excellent stewardship of its proceedings. The Committee also thanked members of the Bureau for their support and cooperation.
34. The Committee addressed a Cable of thanks and gratitude to the Custodian of the Two Holy Mosques, King Abdullah Bin Abdul Aziz Al Saud, King of the Kingdom of Saudi Arabia for his continuous support to the Organization. It also expressed its gratitude to the Government and people of the Kingdom of Saudi Arabia for their generous hospitality and warm reception accorded to all delegates.

Jeddah, 18September 2012.

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