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EXECUTIVE COUNCIL
Thirty-Nine Ordinary Session
27 September – 01 October 2021
Addis Ababa, Ethiopia

EX.CL/1281(XXXIX)B
Original : English

**REPORT OF THE SUB-COMMITTEE ON GENERAL SUPERVISION
AND COORDINATION ON BUDGETARY, FINANCIAL AND
ADMINISTRATIVE MATTERS**

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REPORT OF THE JOINT SITTING OF PRC SUB-COMMITTEE ON GENERAL SUPERVISION AND COORDINATION ON BUDGETARY, FINANCIAL AND ADMINISTRATIVE MATTERS AND EXPERTS OF THE COMMITTEE OF FIFTEEN FINANCE MINISTERS

VENUE: VIRTUALLY

April 26 – September 24 2021

DRAFT

A. Introduction

1. The Joint Sitting of PRC Sub-Committees on General Supervision and Coordination on Budgetary, Financial and Administrative Matters (GSCBFAM) and the Technical Experts of the Committee of Fifteen Finance Ministers (F15) was held virtually from April 26 – May 16, 2021 to deliberate on a number of items pertaining to their mandate. It was presided over by the Permanent Representative to AU and UNECA, Her Excellency Ambassador Amma A. Twum-Amoah, who is also the Chairperson of the PRC Sub-Committee on GSCBFAM. The meeting was held as part of the preparatory meeting for the sub-committee retreat scheduled for Accra, Ghana from July 1 to July 15, to examine the Union's draft budget for the financial year 2022

B. Attendance

2. The following Member States and F15 Technical Experts attended the meeting. The R10 team also were in attendance:

GSCBFAM

- | | |
|---------------------------------|-----------------------|
| 1. Algeria | 25. Republic of Congo |
| 2. Angola | 26. Rwanda |
| 3. Botswana | 27. Sahrawi Republic |
| 4. Burundi | 28. Senegal |
| 5. Comoros | 29. Somalia |
| 6. Cote D'Ivoire | 30. South Africa |
| 7. Democratic Republic of Congo | 31. South Sudan |
| 8. Egypt | 32. Sudan |
| 9. Eritrea | 33. Tanzania |
| 10. Ethiopia | 34. Togo |
| 11. Ghana | 35. Tunisia |
| 12. Guinea | 36. Uganda |
| 13. Kenya | 37. Zambia |
| 14. Lesotho | 38. Zimbabwe |
| 15. Libya | |
| 16. Liberia | |
| 17. Madagascar | |
| 18. Mali | |
| 19. Mauritania | |
| 20. Mauritius | |
| 21. Morocco | |
| 22. Mozambique | |
| 23. Namibia | |
| 24. Nigeria | |

F15

1. Ethiopia
2. Egypt
3. Morocco
4. Algeria
5. Cameroon
6. South Africa
7. Cote d'Ivoire
8. Rwanda
9. Ghana

C. Adoption of the Agenda

3. The agenda was adopted as follows:
- i) Opening Remarks by the Chairperson of the Sub-Committee
 - ii) Organization of work
 - iii) Africa CDC Report
 - iv) 2020 Budget Performance and Expenditure Control Audit Reports of the AU Organs
 - v) Supplementary Budget Requests
 - vi) Detailed Report of the Moctar Yedaly Case
 - vii) AUDA – NEPAD Internal Audit Report on Budget Performance for the Period January to December 2020
 - viii) African Union Quota System Policy 2021
 - ix) R10 Progress Report
 - x) Review of Staff Recruitment by the African Union Commission in 2019 and 2020
 - xi) 2021 First quarter execution report.
 - xii) Consideration of Supplementary Budget Requests mainly on Election of 2 commissioners, Approval of Revised SRR and FRR and theme of the year
 - xiii) AfCFTA budget performance report for 2020
 - xiv) Response to the Inquiry from the Republic of Senegal on the Debt Owed by the Commission Opening remarks
 - xv) Report on the Reserve Fund
 - xvi) Report on Maintenance Fund
 - xvii) Administrative Costs
 - xviii) Any other business (AOB)

D. Opening remarks by the Chairperson of the Sub-Committee

4. In her remarks, the Chairperson welcomed all participants to the virtual meeting taking place under very difficult conditions as a result of COVID19 pandemic and reminded the Secretariat to avail all meeting documents on time to enable the participants to familiarize with the documents before attending meetings.

E. Report of Africa Center for Disease Control (Africa CDC)

5. The Commission presented the report which highlighted the total amounts that were pledged, received and how they were utilized. He informed the meeting that pledges were US\$42.4 million for COVID 19 Fund. However, the actual amount received in the account is US\$23.6 million. Of this amount, US\$23.6 million was spent with available balance of US\$103,378. The report stated that the amount pledged to the Africa CDC

was US\$372.9 million but only US\$199 million was received. Of this amount, US\$155.8 million was spent and the balance is US\$43.1 million.

Comments by the joint sitting

6. The Joint Sitting made the following comments and observations:

- i) The support from Member States was not taken onboard in the support of the Africa CDC budget despite various recommendations from policy organs.
- ii) There was a need to breakdown the collections.
- iii) Requested for more information to substantiate the outstanding pledges made as they were for emergency response.
- iv) Invited the Commission to provide an update on the efforts being made to ensure the pledges are collected.
- v) Requested for further detailed expenditure to support the financial figures presented.
- vi) The challenge regarding the carry forward the budget relating to the Member States funds.
- vii) The utilization rate was very low and requested for explanation.
- viii) The framework of cooperation between Africa CDC and various foundation/partners should be provided.
- ix) Detailed information should be provided on the health preparedness.
- x) The US\$21 million shortfall should be explained.

Responses from the Commission

7. The provided the following responses:

- i) The differences in the amounts that the Member States provided was due to the segregation into the 2 accounts that Africa CDC has. There were two accounts which relates to Africa CDC special accounts fund and the AU COVID 19 Response Fund.
- ii) The funds were separated due to the different mandates of the funds.
- iii) Efforts were in place to follow-up on the outstanding pledges which were being pursued by the task force.
- iv) Confessed that there was no mechanism to enforce Member States and partners pay their pledges other than approaching them through official channels.
- v) Promised to provide additional information and detailed to support the incurred expenses.
- vi) The policy and coordination activity was used to support the distribution of kits that has been received from various partners and supporting the Member States with rapid responders.

- vii) Regarding the ACDC's carry over funds into 2021 budget, the Commission faulted the Executive Council decision as it contravened Article 25 of the Financial Rules and Regulations on the unutilized funds.
- viii) Clarified that agreements were entered with the implementing partners which detailed the activities that need to be implemented.

Recommendations/Conclusion

- 8. Took note of the report and called on the Center to take note of the concerns raised and recommendations thereof.
- 9. Requested the Africa CDC to work with partners to collect outstanding pledges
- 10. Requested Africa CDC to consider the offer made by Egypt Air for provision of logistical support in the distribution of vaccines and Covid-19 consumables.

F. 2020 Budget Performance and Expenditure Control Audit Reports of the AU Organs on the AU Commission

- 11. The Commission through the Director for Office of Internal Oversight presented the AUC Budget Performance Report and highlighted the following:
 - i) Out of total budget of US\$237,668,289 there was budget execution of 64% and 80% on the available funds.
 - ii) The program budget registered an execution rate of US\$61,708,493, representing 46% and 71% against the available funds.

Comments by the joint sitting

- 12. The Joint Sitting made the following observations and comments:
 - i) Enquired if departments and directorates that do not submit reports were sanctioned according to the Policy organs' directives.
 - ii) Sought clarification on reasons for non-performance by some departments and directorates.
 - iii) Requested for explanation on the low budget execution rates for AUDA-NEPAD Coordination Unit and Economic Affairs Department.
 - iv) Observed that the management responses provided in the report were unsatisfactory. Requested management to hold the senior staff accountable for non-performance.
 - v) Expressed concern that COVID 19 was used as contributing to underperformance.
 - vi) Implored the Commission to impose sanctions on departments for purposes to improve performance.

- vii) Asked if there was business continuity plan for the AU and regular reporting on the current pandemic.
- viii) The lack of internet connectivity, low budget and low level of staffing cannot be used as excuse for underperformance. Once again, staff should be held accountable for failure to implement.
- ix) The management was requested to ensure that reports were reviewed and finalized on time.
- x) Requested the Chairperson of the AU Commission to take strong measures against managers to curtail excuses.
- xi) Observed that issues of low budget and low level of staffing keep repeating from previous meetings.
- xii) The Commission was reminded to explain abbreviations in the report.

Responses by the Commission

13. The Commission responded as follows:

- i) Annex 3 of the report provided the reasons for low execution rate.
- ii) The execution rate was provided on the projects that had been budgeted for
- iii) It is AUDA-NEPAD Coordination Unit that has low budget execution rate and not the Agency.
- iv) The OIO has provided a report for consideration by management on the reasons for low execution by the departments.
- v) Informed the meeting that budget cannot be carried forward if such a budget was not committed. Doing so would be in breach of the Financial Rules and Regulations.
- vi) A meeting was held with H.E. the Deputy Chairperson of the Commission regarding low execution rates. She has since requested a critical review of the report so as to have a full picture of issues contributing to low budget performance rates.
- vii) Confirmed that the Commission did not have a business continuity plan except for an IT Business Continuity Plan to keep the system functioning. Staff were trained to use zoom meeting platform.
- viii) Also confirmed that some staff could have internet connectivity problems to access online meetings.
- ix) Departments and directorates were not usually sanctioned regarding consequent management per decision of the policy organs for lack of clear direction on the matter.
- x) Reassured the meeting that the business continuity plan was one area that needed improvement.
- xi) Further reassured the meeting that a mechanism would be put in place to track implementation of audit recommendations.

G. Conclusions on the budget performance of AUC

- i) Commission needs to ensure fiscal discipline, accountability and officers to be awarded or disciplined accordingly.
- ii) Key departments are not executing programmes and the DCP should look into these challenges of low execution rates.
- iii) Departments should not submit budgets with no funds
- iv) Direct Commission to investigate such Departments and Directorates and recommend for PRC to consider.

H. 2020 Budget Performance and Expenditure Control Audit reports on the African Court on Human and People's Rights, Arusha, Tanzania

14. The Court presented the report on its budget performance.

Comments by the joint sitting

15. The Joint Sitting made the following comments:

- i) Requested for additional information on why the Court cancelled two important meetings rather than holding them virtually.
- ii) Observed that there were reallocations made to budget without the approval of the policy organs, and further information should be provided on the matter.
- iii) The rationale for a supplementary budget could be approved after a re-allocation was made against a particular budget line.
- iv) Advised the Court not to mix travel insurance with the medical insurance as travel insurance is always part of air tickets.
- v) Indicated that the medical insurance provided Judges should be applicable to them in Arusha only during sessions.
- vi) Observed that there were expenses incurred without appropriation by the policy organs.

Responses by the Court

16. The Court responded as follows:

- i) The court did not have the requisite technology and know-how to organize virtual meetings. The AU Commission was contacted to assist with the matter.
- ii) The sessions of the Court could be organized virtually but there could be a risk of leakages of sensitive matter under discussion.
- iii) Explained that the sensitization visits were high level activities and challenges exist on holding them virtually.

- iv) The payment of medical insurance was approved in June 2019 and the Court engaged Cigna on providing the medical insurance. However, the premiums required was above what was approved by the policy organs.
- v) The policy organs approved US\$1,000 but the premiums required was US\$2,400. The judges took it upon themselves to top-up the difference.
- vi) Agreed that it was not appropriate for an organ to implement any activity without appropriation by the policy organs.
- vii) Re-allocation requests are governed by Article 17 of the FRR.
- viii) The Court was exploring the possibility of holding meetings that will include heads of states and prime ministers.
- ix) On supplementary budget, it was indicated that it was wrong for any organ to spend without appropriation.
- x) The Court reminded that though judges work part-time, they continue to work when the Court is in recess.

Recommendations/Conclusion

17. The Joint Sitting made the following conclusion:

18. Requested the Court to address all the concerns raised and recommendations made thereof should be taken into account.

I. 2020 Budget Performance and Expenditure Control Audit reports on the AU Anti-Corruption Board, Arusha, Tanzania

19. The Director of the Office of Internal Oversight presented the budget performance report of the AUABC to the meeting.

Comments of the Joint Sitting

20. The joint sitting made the following comments and observations:

- i) Commended the performance of the AUABC and requested the Board to continue the good work.
- ii) Invited other AU Organs to emulate the AUABC
- iii) It is expected that some of the lines not spent in 2020 will not impact on the 2021 budget.

J. 2020 Budget Performance and Expenditure Control Audit reports on the Pan African Parliament

21. The Pan African Parliament presented the budget performance report.

Comments by the joint sitting

22. The Joint Sitting commented on the report as follows:

- i) Advised PAP not to use partner funds. Instead, Member States funds should be explored,
- ii) Observed that if the operating capacity was 80% implies that budget execution should be 50% and not 25%.
- iii) Explanations should be provided on why some data was not provided on low budget execution.
- iv) Failure to report on a monthly basis provided the opportunity for misappropriation
- v) The internal audit exercise should be seen as part of the organization and should facilitate addressing some of weak controls and gaps identified.
- vi) The PAP should hold its meetings virtually including the committee meetings.
- vii) Some financial provisions in the budget were not necessary since they were carried over from 2018 and 2019 budgets.
- viii) Observed that the content of the audit report from PAP was different from the other organs.
- ix) The report did not provide details on expenditures.

Responses by PAP

23. PAP responded to the comments as follows:

- i) Some partners approach the PAP to support some of its activities.
- ii) Agreed to provide a report on support from partners to the policy organs.
- iii) Only the EU provides budgetary support to the PAP as it has been in the previous years.
- iv) Confirmed that some of its officers had difficulties understanding the requests of auditors and assured the meeting it ensure such reports are provided.
- v) A uniform ToR applied across the Union for purposes of comparing performance in 2019 and 2020.
- vi) Additional information was provided to assist the meeting understand the trends of the budget both approved and released budget.

Recommendations/Conclusion

24. Requested PAP to explore the use of virtual platform for their meetings

25. Undertake swearing in of officials virtually as it is done at the AU Commission.

K. AUDA – NEPAD Internal Audit Report on Budget Performance for the Period January to December 2020

26. The report was presented for the attention of the joint sitting.

Comments and Observations by the joint sitting

27. Following the presentation, the joint sitting raised the following comments and observations

- i) Sought explanations on why the US\$1.5 million was not released to AUDA by the AU Commission.
- ii) An amount of US\$4.05m was approved through supplementary budget but was not included in the supplementary budget figure in the report.
- iii) The reasons for uncollected fund should be provided in the report and any efforts made to collect the outstanding collections.
- iv) If funds were not released by a particular date, there was a need to reprioritize some of the activities.
- v) Observed that AUDA procured a new recruitment system which was not integrated with AU SAP system, which was in violation of decision of policy organs
- vi) How will AUDA-NEPAD ensure that its SAP would be in line with the AU SAP and in accordance with the Decisions made regarding the Quota policy?
- vii) Sought clarification on the issue of delays in recruitment at NEPAD
- viii) The AU should provide the accurate balances at the end of each financial year after the implementation of activity
- ix) Appreciated the execution rate for NEPAD but noted it was not as good as in the previous years.
- x) Also thanked AUDA for releasing US\$2 million to CDC to cover the uncollected partner funds;
- xi) Sought clarification on supplementary budget figures that did not add up.

Responses from AUDA-NEPAD and the AUC:

28. Following the comments from the Member States, the AUDA responded as follows;

- i) The 2020 financial year experienced challenges due to the type of procurements carried out. Most of the work were related to procurement and delayed in procurement affected the delivery of projects. Also some activities could not be carried out due to COVID 19.
- ii) Digitalization of processes was currently taking place to avoid any wastage and enhance efficiency.
- iii) The report presented three streams of sources of funding which included the partners, Member States funding on program budget and Operational budget funded by Member States.
- iv) The internal auditors audited the data that was provided to the auditor by the management hence the omission of the supplementary budget approved of US\$4.05 million. The funding of the US\$4.05 million was received from Melinda Gates Foundation, which was received at the end of the year 2020.
- v) The release of budgets was based on the amounts received from Member States on their assessed contribution and it was done on a quarterly basis.

Priority was given to accommodate operational budget such as overhead costs and statutory expenses.

- vi) Acknowledged the challenges that was there between SAP and AMERT but progress was underway to digitalize the two and integrate them.
- vii) Assured that the existing recruitment system was SAP itself and would be easily integrated with the AU Commission and made recruitment easy.
- viii) Why spending more money for SAP that we already have.

Recommendations/Conclusion

29. Took note of the report and requested the Agency to take account the concerns of the joint sitting and recommendations of the report.

30. Requested the Agency to interface its SAP system with the Commission.

L. African Union Quota System Policy

31. The Chairperson of the R10 presented the Quota system policy and stated that the African Union Quota System was applicable across all AU institutions in compliance with para. 38 of the Executive Council Decision Ex.Cl./Dec.1097(XXXVII) adopted in October 2020

Comments by the joint sitting

32. Following the presentation of the report the day before, the meeting made the ensuing observations and comments:

- i) There was a need to provide clear definition of “youth” in the quota policy.
- ii) Advised that the formation of recruitment committees should be regionally balanced.
- iii) The use of GAP- CAP should not apply to internal candidates of a particular Member States to limit their participation in higher positions.
- iv) More information should be provided on the differences between GAP CAP and GAP boundary.
- v) The non-regular positions should not be subjected to the quota system, especially those funded by partners.
- vi) Non regular positions should also be equally distributed according to quota.
- vii) Noted the explanation from AUDA that their SAP will interface perfectly with the one the R10 are developing.
- viii) All the organs systems are aligned to the main system at the Commission to ensure there is no human intervention.
- ix) Reasons should be provided why AfCFTA was left out in the list, including other offices/organs.
- x) Figures should be provided for each of the grade of the positions in the structure for each Member State.

- xi) The blocking of candidates for a period of nine months should not be automated and there is need to leave room for top level commission to decide.
- xii) The Member States makes many policies but the challenges arise on the implementation of the policies. There was need to have adequate sensitizations among the least represented Member States.
- xiii) The posts classified as D1 amounting to 64 positions should each be assigned to each Member State and the rest distributed on Member States contribution basis.
- xiv) The scale that was adopted should be used in the determination of quota positions.
- xv) Breakdown should be provided on the positions allocated to each Member States at the director position.
- xvi) The GAP – CAP should not be applied to internal candidates as this limits the career growth of internal candidates.
- xvii) The quota system should not be applied to the upward mobility of staff within the organization as long as there is available quota
- xviii) Some Member States expressed reservation on according each Member State director position.

Response from R10 and AUC

33. The Commission and the R10 made the following responses:

- i) The definition of youth was in accordance with the definition provided in the African Union Youth Charter put at 15-35 years old.
- ii) The calculation in percentages gave at least one director post to a Member State. This takes into account that some countries do not have people with interest to work for the Union.
- iii) SRR has a para that favors internal candidates unless the rules allows. This could only be possible if such staff are endorsed by the APROB.
- iv) All Organs were requested to provide to R10 the HR database for consolidation and application when consolidating the quotas.
- v) Gap cap was automated to guarantee fairness. And automating the gap cap limit seemed to be the right thing to do, but Member States could advise on how best to refine it.
- vi) Gap cap cannot be implemented to internal staff since they are already on the system.
- vii) The quota system was provided for in the Executive Council Decision 1097 which demanded that all positions be subjected to the quota system.
- viii) The proposition to have each Member State allocated one director position was commendable, however, a challenge may arise when only 1 position is remaining. It would require the Commission to only advertise in the particular Member States.
- ix) All the organs were within the AUC MBRS database hosted by the Commission which took into account all the positions in all organs.

- x) Only the organs with more than 25 staff were integrated into the MBRS for positions of D1 classification.
- xi) The quota boundary represents the upper limit the Member States can fill within that quota level and the ceiling at each grade level.
- xii) Integrating the MBRS system with systems of other organs would be done regularly
- xiii) AfCFTA will be included once their structure has been approved
- xiv) Type of positions allocated to each Member States could be added to the MBRS dashboard
- xv) On lack of internal mobility, there should be a separate committee to consider such matters and details will be included in the revised SRR not in the Quota policy

Conclusions:

- i) This is a new quota policy we have adopted and that is to be implemented.
- ii) We should allow room for implementation and identify any challenges that may arise. following which we may re-visit the policy and make necessary adjustments.
- iii) Regarding the application of the quota system on non-regular staff recruited through partner funds, it should be noted that Member States do not contributed to these posts hence there is no justice and the equity principle should not be implemented. The R10 and the Commission should create a table of non-regular staff based on the principle of equity and solidarity.
- iv) Since this is a contentious issue, it may require reflection and the possible amendment to the Executive Council Decision to ensure and effective and efficient quota system that deliver on our goals.
- v) Provision should be made to allow 5 members of R10 to be part of the selecting team to ensure transparency in the application of the quota policy

M. Review of Staff Recruitment by the African Union Commission in 2019

34. The Chairperson of the R10 presented the report on status of Staff Recruitment at the African Union Commission.

Comments from the Joint Sitting

35. Following the presentation, the joint sitting provided the ensued comments and observations:

- i) Commended the shortened period for advertising vacant positions from 3 months to 30 days. This will go a long way to expedite the recruitment process
- ii) Noted that Clear recommendations should be made to the Chairperson in regards to appointments.

- iii) Weaknesses in the recruitment system at any level should be highlighted by HRM to the leadership of the Commission
- iv) Agreed that Human Resources Management should be given an opportunity to comment on the report and give their views
- v) Sought disciplinary action to be taken regarding the ghost workers mentioned in the R10 report

Responses from the Commission and the R10

36. The Commission and the R10 responded as follows:

- i) Agreed that there were irregularities in the recruitment process and assured the meeting to correct the problem.
- ii) Human Resources Management should have been given an opportunity to discuss the findings with R10 before being presented to the MS, which was not the case.
- iii) The report did not mention the existence of the ghost workers, but related to the triangulation of data. The new system should talk to each other and coordinate together through the SAP system.
- iv) The R10 Committee was seeking improvements in the AU Recruitments system, which was previously weak and thus disciplinary actions might not be the appropriate solution.
- v) There was no existence of the ghost workers and payroll was processed through SAP. All staff have valid contracts.
- vi) The involvement of the R10 Committee assisted with the improvement of the recruitment system.

Recommendations/conclusion

37. Took note of the report and commend the work done by R10.

38. Urged the commission to take note of all the observations made by R10 and adhere to the recommendations therein.

N. The R10 Progress Report

39. The Chairman of the R10 presented the R10 progress report as per the extended mandated given to them by the Executive Council.

Comments from the joint sitting

40. The joint sitting made the following comments and observations:

- i) Sought to know if there were challenges with the update of the job profiles.
- ii) Requested to know when the committee of the R10 would conduct the Skills assessment and if there was sufficient time to do so.

- iii) Wondered whether all the Organs were trained on the Recruitment system.
- iv) Sought to know whether the Organs allowed to procure their own recruitment systems.
- v) Requested for an update on the establishment of a Promotion and Mobility committee, and if there was a provision for a firm to be recruited to supervise the skills and competence assessment, especially after the R10 separates from the Commission in June 2021
- vi) Requested for a Gantt chart to show what was scheduled, what was completed and what was pending.
- vii) Sought clarification on the status of AfCFTA with regards to the training on the new recruitment system

Responses from the Commission and R10

41. The Commission and the R10 responded as follows:

- i) The Chair of the R10 mentioned that the Deputy Chairperson's office greatly assisted in fast tracking the creation of the Job Profiles exercise.
- ii) On the status of the skills assessment, the R10 Chair stated draft profiles experienced delays from some departments, while others have been translated and the uploading of the job profiles done through the system.
- iii) The AUDA NEPAD and Banjul office were trained on the matter while the Court and PAP were yet to be trained
- iv) The SAP system would be centralized for all the Organs. AUDA NEPAD was working on the linkage with the AUC system

Recommendations/Conclusion

42. Took note of the report and commended the R10 for the progress made so far.

43. Requested that the report be presented to the PRC for consideration and commended the Commission, especially the DCP for dedicating time to ensure that the R10 completed its work.

44. R10 to ensure that all AU Organs are linked to the system

45. Urged the R10 to follow the Gantt chart and complete the work within the agreed timelines.

46. Requested the R10 to update the table to include the listing of the non- regular staff

47. Ensure all organs and other AU institutions were linked to the recruitment system to ensure fair recruitment across the Union and enhance adherence.

48. Ensure that skills audit was conducted before the mandate of the R10 expired.
49. Requested the AU Commission to take note of all observations in the report and ensure adherence to the new system to avoid occurrence of the irregular issues in the future.

O. Response to the Inquiry from the Republic of Senegal on the Debt Owed by the Commission

50. The representative from the Commission informed the meeting of the process that is followed when paying the debt. It was mentioned that prior to honouring the debt, the Office of Internal Oversight are called to verify the documentation and amounts the involved. Once verified, the payment process would go ahead and payment made if funds are available to support the concerned payment.

Comments by the Joint Sitting

51. The joint sitting made the following observations and comments:
- i) Decision of the Executive Council has instructed the Commission to pay the debt owed to Senegal before December 2019
 - ii) A Note Verbal had been sent to the Commission as far back as 2016 and several reminders have also been sent to the Commission to no avail.

Recommendation/Conclusion

52. The joint sitting concluded as follows:
53. Urged the Commission to fast track the paying of the debt owed to Senegal and other affected Member States.

P. Consideration of the Report on the Reserve Fund.

54. The Commission introduced the report, which highlighted key elements of the report including the context it was prepared, definition of Reserve Fund, the composition of the Reserve Fund, and the status of the Fund as of 31 December 2020. The introduction also included a mention of its management, investment options, challenges faced, and offered recommendations.

Comments by the Joint Sitting

55. The Joint sitting made the following comments and observations:

- i) Sought clarity on para 3 where it was stated that the minimum balance in the Reserve Fund shall be at least 3 months of operating budget requirement of the Union.
- ii) Requested the Commission to specify the total expenses (in figures/ amount) equalling 3 months.
- iii) Further requested the Commission to explain why certain items such as the uncollected receivables and cash at bank of US\$69 million were not included in the table under Section C
- iv) Sought clarification on the difference between 'cash at bank' and 'cash and bank'
- v) Pointed out a discrepancy in figures regarding fixed and short term deposits;
- vi) Expressed dissatisfaction with Table C and asked the department of Finance to provide details in the table as there were a number of things that were not clear.
- vii) Noted that under Section F the report referred to statutory reserves and asked the Commission to provide more details on the nature of statutory reserves;
- viii) Expressed reservation on recommendation under bullet 3 that stated "Supplementary budget as much as possible should be further assessed to Member States as additional assessment when supplementary is approved";
- ix) Sought clarification on bullet 4 of recommendations "Supplementary request in a particular year should be restricted to a percentage of the approved budget", and requested the Commission to make a proposal on the restricted percentage, instead of leaving it to the meeting to suggest the desired percentage.
- x) Expressed concern on uncollected receivables totalling US\$ 201.5 million and asked about the recovery rate and the probability of recovering such amounts.
- xi) Requested for explanation on how the Commission reached a decision to invest US\$92.4 million in short term investments with ECOBANK Kenya
- xii) Also wanted to know why ECOBANK was selected in favour of other banks.

Response from the Commission on the Reserve Fund

56. The Commission responded as follows:

- i) Eco Bank was selected because it offered good rates. Other banks like standard bank of South Africa was contacted but the rates were low.
- ii) Noted that the report was not comprehensive and demanded a revised report to be availed to the committee by Friday 7th May 2021.

Recommendations/Conclusion

57. Requested the Commission to resubmit a report which was comprehensive and that included annexes

58. Further requested the Commission to provide written explanations on the concerns raised in the meeting.

Q. Report on Maintenance Fund

59. The Commission introduced the report which highlighted the background of the Fund and the expenses it covers.

Comments by the Joint Sitting

60. The meeting made the following comments and observations:

- i) Requested for a list of vehicles purchased through the Fund including the year of purchase, disposal policy, procedure of disposing off vehicles, and an update on the New York Building.
- ii) Further requested for clarity and further details regarding the proceeds from rental of conference facilities
- iii) Noted that the report was prepared in 2019 and as such it needed to be updated.
- iv) Requested that the cost be presented in USD and not Birr and requested for balances as of 2020.
- v) Observed and expressed concerned that the pool vehicles presented for purchase were expensive and also wondered whether the AU had special rates from the companies that supply vehicles.
- vi) Also asked the Commission to consider a variety of brands which may be economical.
- vii) Wondered why decisions under the fund were partially implemented.
- viii) Requested the Commission not to purchase new vehicles during the austerity year
- ix) Noted that the title of the report did not match with the contents of the report.

Response from the Commission

61. The Commission responded as follows:

- i) Balance of the Reserve Fund at Commercial Bank of Ethiopia as at 4th May 2021, was US\$5,392,337.96 and the Birr account was Birr40,040,743.91.
- ii) Confirmed the title of the report would be amended to reflect the content of the report
- iii) Promised to provide the list of vehicles and date they were purchased.
- iv) Maintenance of old vehicles was more expensive than purchasing new ones.
- v) The Commission floats open tenders in Ethiopian newspapers

- vi) Payments are made directly to supplier which is denominated in Ethiopian Birr, hence the Birr account.
- vii) The AU has an agreement with Toyota to purchase vehicles at a discount
- viii) Rental of conference facilities was income generated when people hire conference halls while rental space was income generated from renting out offices like banks and laundry etc.
- ix) Report will be updated and latest figures provided with all figures in US\$.
- x) In 2022 the Commission had planned to purchase 7 vehicles but now the number was reduced to 5 vehicles only.
- xi) The Account balances indicated before the establishment of the Fund were generated before the fund was established.
- xii) A report on the New York building was prepared and will be shared with the joint sitting.

Recommendations/Conclusion

- 62. The report should have reconciled figures and resubmitted.
- 63. Requested the Commission to provide a breakdown of the sources of revenue.
- 64. Requested the Commission to update the report based on the comments and concerns raised by meeting.

R. Consideration of the Report on the Administrative Cost

- 65. The Commission introduced the report which highlighted the origin of the costs.

Comments by the Joint Sitting

- 66. The meeting made the following comments and observations:
 - i) Wanted to know whether the supplementary budget being requested for by the Peace and Security department would draw its funds from the administrative cost.
 - ii) Expressed concern that the Administrative cost seems to be a new phenomenon.
 - iii) Requested for a statement of income and expenditure for the Administration Costs.
 - iv) Also wanted to know the legal backing for the Administrative cost and the opening of separate accounts.

Response from the Commission

- 67. The Commission responded as follows:

- i) The Administrative Cost is audited by the EU and separate accounts are opened.
- ii) Administrative costs existed since the start of the AMISOM mission.

Recommendations/Conclusion

68. Request the Commission to provide a comprehensive report on income, sources of income and expenditure taking into consideration all comments of the meeting.

69. Also requested the Commission to provide to the Joint Sitting a written explanation on the opening of new accounts.

General Recommendations

70. All documents required in the next meeting be provided in time

71. All directors with items for supplementary budget should attend the meeting in person or else their requests will not be considered.

72. Expressed concern that the DCMP was not available to provide explanation on the matter of Spanish language not being part of the AU official language.

73. Requested the Secretariat to get updated email addresses from Member States and the F15.

S. Consideration of the First Quarter Budget Execution Performance Report (January to April 2021)

74. The Commission presented the report on the budget execution for the first quarter of 2021. It was highlighted that the overall the budget execution for the period under consideration stood at 29% with 31% being the performance for the operational budget while 25% related to programs. It was reported that this level execution prorated on a quarterly basis exceed the expected execution of 25% for quarter 1. It is to be recalled that the 2021 budget was approved within austerity measures due to the prevalence of Codiv-19 pandemic.

Comments by the Joint Sitting

75. The meeting made the following comments and observations:

- i) Noted that there were not enough details of the operational budget to understand the rate of execution being reported. Requested the detailed breakdown of the Operational budget,

- ii) Noted that the report made no link between the financial execution and the physical implementation of the programs, in order to appreciate the value of the execution rates;
- iii) Noted that the execution report still did not include performance indicators against which could be used to assess the programs made by different departments;
- iv) Sought clarification on the departments that have 0% execution rate;
- v) Noted that some of the funds released were high while others were low but even so, there was still 0% of implementation, if some of the programs had not yet been implemented so far;
- vi) The low rate of collection from Member States was noted;
- vii) The budget cycle of AU v/s Member States cycle should not be blamed for low execution; this should be directed toward poor planning;
- viii) The Commission should continue to encourage Member States to pay their contributions on time;
- ix) Under the heading: Challenges: Wondered why Covid-19 pandemic was still used as excuse for the Commission not performing at its best in light of funds not being remitted,
- x) The 2021 budget was and austerity budget and it took into consideration what could be implemented within the constraints of the pandemic;
- xi) Requested the Commission to consider pre-financing of activities of the Union from the Reserve fund while awaiting contributions from Member States and then reimbursing the fund, if the delay by Member States in paying their assessed contribution is the cause for the low execution.
- xii) There is a need to set priorities in the time of challenges, which is notably lacking in the Commission. This should be done through monitoring and evaluation to redirect funds to the priorities
- xiii) It should be noted that Member States have departed from the 100% funding of the operational budget that was set in 2016, notably only 12% of Member states contribution was received during the reporting period. Member States should make their contributions on time for improved execution

Response from the Commission

76. The Commission responded as follows:

- i) Acknowledged the comment of the member states and conceded to improving the report, the requested detailed operational budget will be annexed;
- ii) Advised the meeting that the OPSD prepares the Performance Budget report in the 2nd quarter and the performance reports indicating the key indicators and agreed that it should be quarterly by the OPSD;
- iii) The Commission through HE the DCP expressed apology for the shortfalls in the provision of documentation to necessitate the discussions.

- iv) Reminded the meeting that the use of the Reserve Fund is bound by the FRR and can only be utilized with the blessing of the PRC.
- v) Took note of all the observations and comments of the meeting and assured participants that the Commission will ensure it resolves them as suggested.
- vi) Advised that the low execution rates on Quarter 1 has been discussed at the Commission level meeting which included other Organs, and it was noted that the one of the main reasons were cash flow issue and Management will explore how to manage it
- vii) Other reasons are internal such as procurement, and measures are being put in place through monitoring and evaluation, at least once a quarter to enable proper reallocation;
- viii) Acknowledged that the Commission will propose an initiative to allow the Commission have a threshold it can utilize to manage the cash flow problem. This would allow the Commission to borrow some money from the Reserve Fund and refund as the funds continue to flow in.
- ix) There is a need for the use of the F15 to advise the Commission to mobilize Member States to pay their contributions on time.
- x) An adjusted reserve fund report will be circulated as soon as it is vetted by internal audit together with all the response to your queries.

Recommendations/Conclusion

77. The subcommittee took note of the report and Requests the Commission to provide details of the Operational budget.

78. The budget execution report should be accompanied by performance indicators to assist MS to measure progress made.

79. Depts. with 0% should provide explanations for such execution;

80. Quarterly reports should be made available to MS;

81. Commission should Take note of all recommendations made by MS and update the report with the concerns and comments made by MS

T. Supplementary Budget Requests

82. The Commission presented the priority supplementary budget requests;

General Observations by the Joint Sitting

83. The meeting the following general comments and observations:

- i) Requested the status of the report of the Reserve Fund, Maintenance Fund and Administration Cost Fund so as to make informed decisions on whether funds will be available to finance the supplementary budget request.
- ii) Sought clarification if there were any reallocation efforts made so as to realize savings to finance the requests.
- iii) The Administrative cost report provided by the Commission was not detailed to necessitate any meaningful discussion.
- iv) F15 should be involved in reviewing all supplementary budget requests before the documentation are submitted to the Sub- Committee
- v) Advised the meeting to stick to requirements of the FRR and the Golden Rules when handling the supplementary budget requests.
- vi) Requested for detailed breakdown to support all requests.
- vii) Expected the directors to avail themselves to present and defend the supplementary budget requests they initiated.
- viii) Commended the HE the DCP for the job well done so far and request her to deal more with officials that were not doing their work.
- ix) Stated that the Policy Organs decisions are very clear. The Commission should read Executive Council Decision 1097, specifically Para 72-76 and advice the office of the DCP accordingly on the need to have the Reserve fund balance before the consideration of the Supplementary budget requests;
- x) Requested the Commission to provide detailed analysis of the Fund balances from 31st December 2019 up till now, indicating how much went into the account from which source.
- xi) Reiterated that effort should be made from the internal savings within the 2021 Budget and undertake reallocations before the consideration of the Supplementary Budget
- xii) The supplementary requests must be accompanied by virement requests with annexes indicating that the AU has exhausted all opportunities for internal reallocation.
- xiii) Acknowledged that most of the funds are from the Partners in the Supplementary Budget request proposal and should be considered
- xiv) Noted that most of the Supplementary Budget requests do not meet the criteria as provided in the AU FRR. Requested additional rules to be considered as a policy to guide the Supplementary Budget proposal
- xv) Questioned the inclusion of the recurring items such as the Group insurance in the Supplementary Budget. The items should have been budgeted for as part of the 2021 Budget
- xvi) The supplementary budget requested early in the year, such as the proposed considerations undermines the Budgetary process of the Union
- xvii) Underscored the lack of the documentation that is yet to be presented by the Commission
- xviii) The report should make the distinction on the funds already received from Member States and separate them from normal supplementary request to make the process move faster

- xix) The requests should include the activities that will be implemented and their timelines

Response from the Commission

84. The Commission responded as follows:

- i) Agreed that it is too early to undertake budget reallocation. The appropriate time for doing so would be during the mid-term review of the budget.
- ii) The Administrative cost report covered the period from 2019. It contained all that the meeting had requested for.
- iii) The report on the Reserve Fund was also clear on the current balances. Also reminded the meeting of the minimum threshold of the Fund which is three-month of operational cost requirement of the Union.
- iv) Stated that as per the Financial Rules and Regulations, Article 25: The minimum balance in the Reserve Fund shall be at least three (3) months' operating budget requirement of the Union. The Reserve Fund therefore meets this threshold
- v) Reminded the meeting that such reports are subjected to audit by the Office of Internal Oversight before being circulated to participants.
- vi) Mentioned of the initiative the Commission has undertaken to cushion the Member States contribution through the Reserve Fund so as not to request countries to contribute extra funds each time there is supplementary budget.
- vii) Also informed the meeting that the 5% requirement for the Chairperson to vire funds has not yet been exhausted.
- viii) Similarly, the meeting was appraised of the liquidity position of the Union as a result of payments from Member States not coming on time.
- ix) Pleaded with the meeting to consider reviewing the supplementary budget requests that were very urgent and need to be disposed of early.
- x) Agreed with suggestions to have the F15 look at the supplementary budget requests first but reminded the meeting of the time constraints.

U. Consideration of the Priority Supplementary Budget items

85. The Commission Presented the Supplementary Budget on the election of the two new Commissioners for a total of \$120,740.00

Comments by the Joint Sitting

86. The meeting made the following comments and observations

- i) Support the request as it is urgent per the summit decisions and it is informed by unforced circumstance
- ii) Requested that the cost breakdown should be provided;
- iii) Sought explanation of the source of funding

- iv) Sought to know if there were additional funds left in the African Private Sector funding to the AU reforms;
- v) Sought to know how much did it cost the Union in the first round of elections for comparative analysis;

Response from the Commission

87. The Commission responded as follows:

- i) The breakdown is composed of the Fees for the firm, honorarium for the 4 eminent persons and interpreter and translation fees.
- ii) The cost for the first round of elections was around for the firm \$250,000 plus honorarium and the test and interpreter's costs
- iii) The source of funding should be from Member States and not partners, the first elections were funded by Member States and so is the upcoming one.
- iv) In accordance with the decision the funding will come from the Member States

Recommendations/Conclusion

88. The Commission should provide the breakdown and annexes to the request to be considered in the next joint sitting.

89. The Commission presented the Supplementary Budget on Theme of the Year for a total of \$135,828.00

Comments by the Joint Sitting

90. The meeting made the following comments and observations

- i) Sought to know what was the criteria for choosing Reserve fund as the source of funding;
- ii) Enquired of the department if the activities were a priority
- iii) Enquired what was the guarantees that the quota in terms of the fund as prescribed by the FRRs, what is the criteria for the use of the reserve fund;
- iv) Stated that the implementation schedule should be provided to each supplement request to avoid overlap of activities;
- v) Enquired as to how the activities will be achieved
- vi) Enquired if the activities could be financed from reallocation
- vii) Further clarification and breakdown is required
- viii) The expected outcome is not outlined in the presentation
- ix) Department should provide calendar of activities
- x) Clarify if the activities will be physical or virtual
- xi) Activity C: Is the department envisaging including the intellectual properties as well, the roadmap should be monitored

- xii) What was the role of the centre for the linguistic studies, whose role is to promote Africa Cultures, in implementing the theme of the Year?

Response from the Commission

91. The Commission responded as follows:

- i) The implementation of the launch of the charter is envisaged for May this year;
- ii) The traditional leader's activity will be implemented in November
- iii) All events planned will take place virtually with the exception of the continental launch which will be hybrid;
- iv) The timetable will be submitted
- v) The centre for the linguistic studies is a statutory agency of the AU and based in Niamey, its activities are included in the roadmap
- vi) The roadmap was distributed and it includes the intellectual property,

Recommendations/Conclusion

92. Approved in principle, pending submission of the Implementation schedule with timelines.

93. The Commission Presented the Supplementary Budget of STC on Legal for a total of \$123,200

Comments by the Joint Sitting

94. The meeting made the following comments and observations

- i) OLC should consider this items under their ordinary budget and try to do reallocation of their resource
- ii) We request OLC to kindly explain the status of implementation of pending cases which have financial implications and liabilities for the Commission
- iii) Propose the number of days be reduced to 7 days
- iv) The STCs should consider only the revised rules rather than the whole documents
- v) Commission should provide the breakdown of how many translators, interpreters are available in the Union. Paying of the overtime should be considered than paying these salaries; OLC should consider this activity under their operational budget and try to do reallocation of their resources
- vi) Noted that the cost of interpretation and translation are in all the supplementary budget requests, the Commission should consider centralizing the service, DCMP should come up the supplementary budget requests regarding the cost interpretation and translation (it should be centralized)

- vii) The OLC should consider reducing the number of Interpreters and the number of days to reduce the cost
- viii) Requested the OLC to explain the status of implementation of pending cases which have financial implications and liabilities for the Commission

Response from the Commission

95. The Commission responded as follows:

- i) There are 447 meetings a year from various departments which were already in the Calendar of Meetings are considered
- ii) Advised that Member States insisted on having the Extra Ordinary session, and the OLC was mandated to request the supplementary budget. The ordinary session will be held in October and the agenda is full, the extra ordinary session is being held because Member States did not finish their home Work;
- iii) The requested 11 days include the days for the meetings of the Experts which is longer than that of the Ministers;
- iv) The Commission would not be able to control the experts on how to conduct their meeting because the lawyers are strict and they will consider the FRR and SRR paragraph by paragraph and will go into details;

Recommendation/Conclusion:

96. Approved the request, and urged the Office of Legal Counsel to find means to reduce the cost involved.

97. The Commission Presented the Supplementary Budget the Reforms Unit for a total of \$887,921.98:

Comments by the Joint Sitting

98. The meeting made the following comments and observations:

- i) Voiced concern that there was no breakdown provided beforehand to make an informed decision
- ii) Urged that the budget process has to be improved and hoped that the back and forth complaints would to come to an end.
- iii) The request could be looked at during the 2022 budget deliberations

Response from the Commission

99. The Commission responded as follows:

- i) The request is based on several decisions of the assembly

- ii) The required staff could not be recruited as there was a temporary moratorium decision on recruitment of short term staff;
- iii) Implementation of this request is a matter of urgency as we are late to implement Assembly decision
- iv) H.E the DCP clarified that there was budget requested for the year 2022 as the AU reform unit will be dissolved after the presentation of the AU Assembly in February 2022.

Deliberations:

- i) Assured the Commission of the commitment by Member States in ensuring the sub-committee delivers on its mandate and expects the same cooperation from the Commission
- ii) Appeal for documents to be circulated on time as agreed, 14 days before deliberations
- iii) The Commission should endeavor to work with the F15 experts on all matters relating to budgets before documents are circulated to Member States to ensure the smooth and progressive deliberation of issues;
- iv) Appeal with the Chair of the F15 expert to ensure full participation of all members of the F15, attend
- v) Request the F15 Member States to urge their experts to participate in all meetings invited to by the Commission;
- vi) In the future Provisions for the budget of the theme of the year should be made at the time of the budget proposals.
- vii) The issue of cost of interpretation and translation should be considered in detail by the joint sitting with the DCMP presented separately
- viii) On the budget execution, the sub-committee took note of the report and requests the Commission to provide details of the Operational budget;
- ix) The budget execution report should be accompanied by performance indicators to assist MS to measure progress made so far;
- x) Departments with 0% execution should provide explanations of such execution to Member States;
- xi) The Commission should submit quarterly reports to Member States;
- xii) The Commission should take note of all recommendations made by Member States on the execution report and update it with all the concerns and comments made by MS;
- xiii) Election of ne Commissioners: cost breakdown should be provided for consideration;
- xiv) Theme of the year - the request was approved with provision that the detailed calendar of activities and correct the amount being requested across all documents
- xv) STC on Legal Justice – the request was approved, with an appeal to the Office of Legal Counsel to find ways to reduce the budget requested;
- xvi) Reform: F15 to review the submission, Reform should submit a detailed breakdown

i) Election of Two Commissioners

100. The Commission presented the draft supplementary budget request with cost breakdown as requested by the meeting.

Comments by the Joint Sitting

101. The joint sitting made the following comments and observations:

- i) Sought clarification on whether there was an independent firm to undertake the elections.
- ii) The meeting requested to know the number of interpreters and translators and who was supporting them
- iii) On the use of translators, the Commission was requested to provide to participants a meeting calendar.
- iv) Observed that 80% of the budget is usually spent on translations, interpretations and honorariums.
- v) Further requested the office of the Deputy Chairperson to provide an update to the meeting about which meetings the translators would be used.
- vi) Wanted to know how the 25 days was calculated for the honorarium.
- vii) Requested the Commission to provide an update on how it procures the freelancers. Wanted to know if this was advertised and freelancers submit quotations.
- viii) Noticed that the quality of translation was not up to standard.
- ix) Expected to pay honorarium based on the number of days, rate applied, etc.
- x) Wanted to know about what would happen if the requested budget was not sufficient or in excess of what was requested.

Response by the Commission

102. The Commission provided its responses as follows:

- i) Decision was clear to continue with the firm that was employed to carry our screening of previous Commissioners.
- ii) On calculation of the honorarium it was based on requirements of the FRR and considering the scope of the work which started with preliminary screening. Work is expected to complete by end of May 2021. However, the completion date could be earlier.
- iii) The honorarium is paid in accordance with statute of the representation as prescribed by the FRR.
- iv) The 25 days was an estimate and could be used up or not.
- v) The Calendar of Meetings was ready and would be dully considered by the relevant Subcommittee in due course.

Recommendations/Conclusion

103. Requested the Commission to take note of the comments of the meeting and apply in subsequent supplementary budget requests.

104. Adopted the supplementary budget request as presented.

ii) Pan African University

105. The request for supplementary budget for the Pan African University was presented for consideration by the joint sitting. It was mentioned that funding to support the request was secured.

Comments by the Joint Sitting

106. The joint sitting made the following comments and observations

- i) Reiterated the request for detailed breakdown for the supplementary budget.
- ii) Requested the Commission to provide the detailed plans on what needs to be done with the requested funds.
- iii) Wanted to know if such request for supplementary budget were in line with the provisions of the FRR.

Responses by the Commission

107. The Commission in response provided the following:

- i) Promised to furnish the meeting with the requested detailed breakdown before the session was closed.
- ii) Informed the meeting that admission of students was based on the quota.
- iii) Freelancers are currently hired from a roster approved by Internal Procurement Committee. They are treated as consultants and go through the procurement process.
- iv) Further explained that the accreditation process starts with an advertisement on the Union website. A link is created to allow candidates apply and upload their CVs. The shortlisting is done on the basis of criteria agreed between Procurement and DCMP.
- v) Confirmed that all the supplementary requests are in line with provisions of FRR and in accordance with decisions of the Executive Council to allow such requests if partner funds were available.

- vi) In the framework of the reform, we have embarked on a process to clean up and update the roster. Criteria were being reviewed and terms of reference updated.

Recommendations/Conclusion

108. The meeting concluded the matter as follows:

109. Acknowledged the voluntary financial support provided by the governments of Kenya and Cameroon to Pan African University.

110. Requested the Commission to provide the participants with detailed breakdown of the supplementary budget.

iii) Cabinet of the Chairperson

111. The Commission presented the supplementary budget request for the Cabinet of the Chairperson.

Comments by the Joint Sitting

112. The joint sitting made the following comments and observations:

- i) Recalled the Note Verbale of October 2014 in which South Africa donated US\$3,117,641.06 million for the 2015 Financial Year. As such wanted to know how the funds were utilized and how much was still outstanding.
- ii) Requested the Commission to ensure it accounted for the funds received voluntarily.
- iii) Recognized the contributions from Nigeria and South Africa that enabled the Chairperson to perform his duties.
- iv) Agreed with the Commission that it was not proper for the Chairperson to seek support from partners, however, it was also important for the AU to inform the subcommittee when funds were not available for the Chairperson to fulfill his engagement.
- v) The US\$230,000 was only indicated as 'to undertake mission to areas of interest', which was not very clear.
- vi) Sought clarification if there were no such budget lines in the current budget that relate to the request in question.
- vii) Observed that certain requests could have been in the regular budget.
- viii) Sought clarification on why certain items in the request are brought before the meeting which were in the control of the Chairperson.
- ix) Requested the Cabinet of Chairperson to consider conducting some of the meetings virtually.

- x) Advised the Secretariat to clearly outline matters for supplementary budget from the cabinets of Chairperson or Deputy Chairperson.
- xi) Requested the Commission to provide to the meeting the account balances on the use of voluntary funds of 2014. And sought clarification on why the request was coming 6 and half years later.

Responses of the Commission

113. The Commission provided the responses as follows:

- i) Took note of comments raised and promised to address them all.
- ii) The supplementary budget request was in line with Article 17 of the Financial Rules and Regulations.
- iii) The EU provided funds to the Cabinet of the Chairperson but it would instead be in the interest of the Union to use Member States funds for the work of Chairperson.
- iv) Informed the meeting that funds to bring Chairperson representative was not in the budget to allow them regularly visit Addis Ababa to brief the Chairperson. The request for supplementary will address that shortfall.
- v) Informed the meeting of the rules that governed the voluntary contributions as stipulated in the Article 20 of FRR.
- vi) Explained that most of the activities under request were unforeseen as they occurred when the budget was already adopted.
- vii) Agreed to the proposition that the Chairperson has the prerogative to use funds before it. But for transparency purposes it was appropriate to take the requests through the approval process.

Recommendations/conclusion

114. The meeting concluded as follows:

- i. Appreciate the support provided by the governments of South Africa and Nigeria for supporting the office of the Chairperson
- ii. Adopt the supplementary budget as presented.
- iii. Requested the Commission to provide information requested by South Africa to be availed to all Member States.

iv) African Centre for Disease Control

115. The draft supplementary budget request for the African Centre for Disease Control (AfCDC) was presented: (a) to make use of the Kuwait fund in 2021 amounting to US\$1,200,000 and to cover the shortage of US\$996,800 from Member State Funds for the renovation of 'AU Building A' for the office accommodation for AfCDC's expanded

staff compliment; (b) US\$50 million to cover excess of pledges over the PRC approval as well as to cover additional expected funds from partners to the COVID-19 fund; and (c) US\$500,000 from Member States to cover emergency preparedness and response to Member States for any call in response to any of the diseases.

Comments by the Joint Sitting

116. The joint sitting made the following comments and observations:

- i) The meeting expressed appreciation to AfCDC for coordinating the continent's access to covid-19 vaccines
- ii) On the renovation, members questioned why the request is located under AfCDC instead of Administration and Facilities Management Division (AFMD) as it created confusion on responsibilities for capital projects.
- iii) There is a decision to put on hold all capital expenditure on non-essential items in the current austerity context, hence the request for office renovation does not fit within this spirit of this decision. The 2020 budget had actually indicated that this renovation was not a priority as the CISSA Building would be utilized instead.
- iv) The meeting called for the optimal utilization of office space, with a proposal to consider the vacant two floors in the CISSA Building; Member queried the length of renovation schedule considering that AfCDC plans to expand its staff in 2021, as well the rationale behind the increase in the costs of renovation compared to the time it was initially tendered.
- v) The meeting requested for clarification on whether all AfCDC staff need to be physically in offsite during these covid-19 times to justify the renovations.
- vi) There was request for clarification on where AfCDC staff would be located during the duration of renovations.
- vii) On the option of using the CISSA Building, the meeting sought the legal advice from the Office of Legal Counsel on the legality of CISSA charging rent to AfCDC for using its office space.
- viii) The meeting also sought clarification on why, if the \$1.2million is with the Commission, is the approval for its use is being requested considering that there were previous approvals and procurement processes that began.
- ix) There was a request for clarification on whether all along there was no emergency preparedness and response fund considering that some diseases presented have been around for a while.

Response by the Commission

117. The Commission (together with AfCDC) provided its responses as follows:

- i) The request for renovation is being sought by AfCDC instead of AFMD because the \$1.2million remainder of the \$3.2million donation from the Kuwait Government to the AU of which \$2.3 was for support that included AfCDC. The \$1.2m is the remainder after using the rest for the purchase of ambulance and the African Union Support to Ebola Outbreak in West Africa (ASEOWA)
- ii) This capital expenditure is a priority at the moment as AfCDC's staff compliment is expanding and all of them being essential and frontline workers who have to be physically onsite to deliver on its mandate.
- iii) The utilization of the CISSA Building was pursued as an option to utilize its two vacant floors, but AfCDC was asked billed a rental cost of \$50,000.00/month for the two floors based on the AU Financial Rules and Regulations (AU FRRs) provision that "authorize the Organs and Institutions of the Union to render services and to charge fees for such services".
- iv) . This then made the renovation of Building A the more viable option.
- v) This renovation is expected to take around nine months and during that time AFMD would accommodate new AfCDC staff within the caucus rooms in the New Office Complex since there are no physical meetings at the moment.
- vi) The increase in the renovation costs emanate from revisions from the initially awarded contractor. This then necessitated a need to re-tender the process.
- vii) The OLC advised that, according to the AU Financial Rules and Regulations, "No organ shall charge another organ for any service rendered except if it is for the purpose of recovery of a cost incurred directly as a result of rendering the service".
- viii) Even though the \$1.2million was with the AU already and was approved previously for renovation, the current cost increase required a supplementary budget of \$996,800.00 but it was necessary to state the current available amount of \$1.2million.
- ix) It was stated that beyond covid-19 funds, there are zero funds for emergency preparedness to respond to any outbreak request from Member States, considering there several diseases besetting the continent.

Recommendations/Conclusion

118. The supplementary budget request for Covid-19 Fund and Emergence Preparedness and Response was adopted.

119. CISSA to accommodate AfCDC in its vacant two floors within its Building and the two entities to come up with a cost-sharing agreement on utility costs.

v) African Commission for Human and People's Rights

120. The draft supplementary budget request for the African Commission for Human and People's Rights, was presented, to cover the (a) operational cost of \$1,196,051 [requested for the recruitment and onboarding with the help of the R10 for various positions - Recruitment of two (2) Interpreters (Portuguese and Arabic) P4 ; Two (2) Senior Legal Officers (P3) ; One (1) Legal Officers (Arabic) (P2); one Communication and Database Officer (P1) ;One Secretary (GSA4) ;Senior Administration and HR Officer (P3)] and (b) the program budget cost of \$880,549.00.

Comments by the Joint Sitting

121. The joint sitting made the following comments and observations:

- i) Sought clarification on why all decisions on recruitment for the Banjul Commission since 2017 have not been implemented.
- ii) Recommended the Banjul Commission to use the EU Funds since they had time limitation.
- iii) Further clarification was sought on why were these recruitments not included in the initial budget
- iv) On the recruitment, clarification was sought if they can be phased over time instead of confining all them in 2021.
- v) On Interpreters, clarification was sought on how Spanish language is prioritized.
- vi) Requested the Banjul Commission to reduce the \$1,196,051. To reflect the costs that would be incurred in 2021 as the recruitments and onboarding can be done, earliest, in the fourth quarter of this year.
- vii) Noticed that the quality of translation was not up to standard.
- viii) Expected to pay honorarium based on the number of days, rate applied, etc.
- ix) Wanted to know about what would happen if the requested budget was not sufficient or in excess of what was requested.

Response by the Banjul Commission

122. The Banjul Commission provided its responses as follows:

- i) Hitherto, all recruitment processes for the Banjul Commission were entirely dependent on AUC but the Decision 1097 has addressed that as the recruitment process has been decentralized.
- ii) In the initial budget submissions were informed by austerity measures, all Organs were instructed to transfer most of their unused funds for vacant positions to the Covid-19 Fund.

- iii) On phasing the recruitments, these posts are already an outcome of joint prioritization process with R10 out of many vacant positions. Already the office is losing a lot of resources through hiring of freelance interpreters while the few Legal Officers are overstretched.
- iv) The Banjul Commission would be seized with the requirements for its capability to have Spanish language within its work.
- v) Agreed to pro-rate the \$1,196,051 costs accordingly to reflect the 2021 costs. The recruitment of the of Senior Administration and HR Officer (P3) post was already completed but onboarding could not commence as there were no resources, and it already presents legal consequences if not addressed urgently.

Recommendations/Conclusion

123. Approved the request subject to the pro-rating of the \$1,196,051 costs accordingly to reflect the 2021 costs.

vi) AU PANVAC

124. The draft supplementary budget request for the AU PANVAC, was presented, to cover the (a) \$144,500 a critical unfunded activity of rinderpest; and (b) \$91,000.00 for the procurement of the stock of reagents and of consumables for COVID tests, which have been depleted; and (c) US\$226,306.23 for the implementation of a twinning project on the “Establishment of an Independent FMD Vaccine Quality Control System at AU-PANVAC”, in collaboration with Pribright Institute, UK.

Comments by the Joint Sitting

125. The joint sitting made the following comments and observations:

- i) Expressed concern on the discrepancy between the documents circulated to Member States and those presented during the hearings.
- ii) Sought clarification on how many laboratory staff would be recruited, the nature of their contracts, length of tenure, source of funding, and who will be recruiting.

Response by the Commission

126. The Commission provided its responses as follows:

- i) The twinning project was initially planned for two years to cover four (4) short-term laboratory staff on one year contracts, at General Service grade.

- ii) Since only one year has is left out of the agreement of this twining project, eight (8) short-term laboratory staff shall be recruited. The delays were due long period it took to secure the legal clearance of the agreement from the OLC.
- iii) The source of funding for the \$144,500 request would be reallocation from the allocated activities to prioritize the important and approved activity that was not allocated resources.
- iv) The source of funding for the twining project is the Bill & Melinda gates Foundation.
- v) The recruitment would be done by the AUC's AHRM (Recruitment Unit), through due processes.
- vi) All the documentation on the agreement and recruitment under the twining project shall be gathered for audit.

127. The request was approved.

vii) The African Committee of Experts on the Rights and Welfare of the Child (ACERWC)

128. The draft supplementary budget request of \$508,849 for the ACERWC, was presented, for the following purpose: (a) Advocacy for ratification of and reporting on the African Children's Rights (\$32,809); (b) Develop and disseminate media guidelines on Reporting on child rights Violations (\$47,458); (c) Enhance the capacity and expertise of the ACERWC and its Secretariat on emerging child rights challenges (\$126,090); (d) Support and operationalizing the activities of ACERWC Working Groups (\$20,460); (e) Train the Media on child protection mechanism (\$35,763) and (f) Salary for the Secretariat Staff (\$245,970).

Comments by the Joint Sitting

129. The joint sitting made the following comments and observations:

- i) Clarification was sought on the how the capacity building activities are planned to be carried out (in-person or virtually).
- ii) Questioned the discrepancy of approximately \$50,000.00 between the total requested at the sum total when it is categorized according to source of funds.
- iii) Besides the salaries, it was questioned the extent to which the other cost elements are exigent.
- iv) Why were staff relocated from AUC HQ to ACERWC Offices in Lesotho when their salaries were not covered?

- v) Instead of developing media guidelines on Reporting on child rights Violations, why ACERWC cannot utilize those guidelines developed by UN Agencies like UNICEF?

Response by the ACERWC and Commission

130. The ACERWC and Commission provided their responses as follows:

- i) All the activities under this request, except the induction of the ACERWC Working Group, shall be virtual.
- ii) The discrepancy on the totals at fund source is created by the differences in currencies (\$ and €). On US\$s, there is no difference.
- iii) Beyond the salaries, other activities are exigent in this stage when ACERWC has to deliver on its mandate at its new offices without being dependent on AUC as was the case before their relocation.
- iv) The staff whose salaries are affected were relocated from AUC (in the former Department of Social Affairs) and used to be remunerated from programs that remained, as the programs were not migrated together with ACERWC.
- v) The UNICEF guidelines can be utilized, but for the purpose of ownership, it is important for the ACERWC to develop its own.

Recommendations/Conclusion

131. The ACERWC was requested to re-submit its request, taking into consideration the previous decision to suspend all capacity building activities and for all activities to be done virtually.

viii) Political Affairs, Peace and Security (PAPS)

132. The Commission made three requests firstly, US\$6,853,038 which will be covered from the Administrative Pool Fund and US\$2,000,000 from Government of Korea. Secondly it requested US\$4,553,707 from reallocation.

Comments by the Joint Sitting

133. Following the presentation, the meeting made the ensuing observations and comments;

- i) Reiterated that such requests were done previously for MS to fund the salaries of short terms in Peace and Security and Finance had advised that eventually partners fund will be brought back;
- ii) Reiterated the request also for information on a list of short term staff, their recruitment process, who were the partners that gave funds and how much.

- When are the partners making the funds available and how much are the sources and the remaining balance in the administrative pool;
- iii) It was noted that the budget gap rejected during budget hearing has now been submitted as supplementary budget for consideration;
 - iv) Stressed the need not to take responsibilities for short term staff paid and recruited under a partner to be paid by another partner;
 - v) Propose to initiate an audit of the short term staff under PAPS, on how they were recruited and how they have been paid up to now when it was presented that there was no fund for salary;
 - vi) Reminded the meeting that Assembly directed the Chairperson to take action on the Forensic Audit report and its recommendations, names were mentioned in the audit report, some of these names appeared in short term staff list submitted to Member States, and expressed concerns that initiating approval to pay such staff could be violating the rules;
 - vii) Requested explanation for the separated request for AU Liaison office in DRC for USD 1 million with source of funding Sweden and OSI in addendum;
 - viii) There is a need to provide a cost breakdown and additional detailed information for further understanding of the request;
 - ix) Recalled the Assembly decision in which it was decided that the 2021 budget shall not be approved with funding gaps. As such wondered why the PAPS were trying to violate such Decision;
 - x) Observed that the Commission has mobilized the funds to support the request and as such it should be supported and not block it;
 - xi) Under C establishment for medical new centers with legal, financial and structural implications need to follow due process to the Policy Organs and medical issues should be aligned to previously established structures;
 - xii) Do not encourage budget items that were not part of the originally approved budget to be considered at this time;
 - xiii) Agreed to approve the budget with a caveat to provide an audited list of the short-term staff and that the APC budget was discussed and agreed by the PSC it relates to security issue;
 - xiv) Reminded that the mandate of the meeting is not to have oversight responsibility but to work with PAPS to resolve its budget;
 - xv) Further reminded that these were the same responses in the last discussion on the same issue and the forensic audit identified janitors and mail runners in its report. It wanted legit opinion in order not to violate the decision of the policy organs regarding accepting budget with no funding gap and the recommendation of the forensic audit;
 - xvi) Requested the Commission to explain the reason the staff salaries were omitted even if they migrated to new departments;
 - xvii) With regards to the High Representative, the meeting requested to know the members of the team and their number and the source of their salary;

- xviii) Concerns were raised when the capital expenditure was differed for the 2021 budget year, and PAPS brings capital expenditure items at this time whereas MS had taken decision;
- xix) Indicated that assessment for the staff on the High representative's office need to be taken to know if they are effective.

Responses by the Commission

134. Commission provided its responses as follows:

- i) The Commission informed that these staff were recruited long time ago before implementing the moratorium on recruitment from various funding sources and staff list was submitted before and can still be resubmitted to this august body;
- ii) The meeting was informed that the delay of the APC was based on conditionality of the partners and when this conditionality was handled, it was already late for approval during the normal budget deliberation;
- iii) The budget will be funded from reallocation from the former AU Office in Burundi and it's based on the relevant provision regarding reallocation;
- iv) The request is within the rules and decision, and they were requested to exhaust reallocation and not the reserve fund, which is why it is being presented from reallocation as the request is too high;
- v) Staffing in the office of the High Representatives are 3 staff and they were recruited after moving to Peace and security. One of them is funded directly by the partners, the 2nd moved to another office, and the last one was funded from a vacant post last year and this year there is fund to cover the cost;
- vi) Regarding thee forensic audit, there is progress on the implementation, a report will be presented at the audit sub-committee and at the July Summit 2021.

Recommendation/Conclusion

135. The joint sitting recommends to PRC the following:

- i) the budget was approved with a caveat and recommended to always follow the approved rules and regulations and the Forensic Audit recommendations;
- ii) Reiterated that in the future, there is a need to follow and respect the Rules and Regulations that Member States have adopted;
- iii) Request the Commission to provide to the meeting all the information as per the comments

ix) PAPS Democracy and Electoral Assistance Unit

136. On PAPS third request, their budget of US\$5,173,599 was presented for consideration for election and democratic process on the continent.

Comments by the Joint Sitting

137. Following the presentation, the meeting made the ensuing observations and comments;

- i) The Joint Sitting wanted to know the number of elections to be held in 2021 and the meanings of long-term and short-term election observers deployed;
- ii) The meeting also wanted to know the number of staffs the AU is to send to these elections;
- iii) Stressed the need for AU to lead the African elections in their path to democracy and transparency as to why the budget should be supported;

Reponses from the Commission

138. Commission provided its responses as follows:

- i) Regarding the elections and their schedules, the commission indicated that there are two types of elections being held, presidential and parliamentary; And that depending on the political stability and status of post conflict the commission deploys Short term and Long term observers' missions; pre-election assessment mission as well;
- ii) Regarding the nature of short term and long term observers' missions as per the practice the Short term observers normally cover at least 10 days to two weeks; and if there is a need, the Department will also deploy observers to do pre-election assessment missions; and added that the size of the Observers Mission will also be affected by the size of the countries and the number of registered voters;
- iii) In clarifying the difference between LTO and STO the department indicated that the former is mainly deployed in post conflict countries and Countries which do not have Political System;
- iv) The Commission provides technical assistance to Member States, especially for matters on the voter register; also to support the Electoral Commissions of all the countries involved; we deploy high level mission in countries with political conflict; there is also post electoral missions;
- v) As to how much the Election costs, it depends on the size of the deployed observers which in turn depends on the Electoral system that the country has and the number of voters;

- vi) For Countries that come out from conflicts or countries that do not have stable political system in addition to the election observers' lawyers and political officers would also be deployed to assist on the establishment of a political system and sent for three weeks before the elections; short term mission is for relatively peaceful and politically stable countries and are sent for 10 days before the elections;
- vii) H. E the Deputy Chairperson generally informed the meeting that implementation of the forensic audit recommendations is on course and assured the august body that consequent management will take place at the end of the process.

Recommendations/ conclusion

139. The joint sitting recommends to PRC the following:

- i) In view of the sensitive nature of PAPS issues all the requested supplementary budgets from PAPS are approved.

Additional Supplementary budget requests by PAPS

140. The Commission presented additional supplementary budget request to undertake urgent activities which could not have been foreseen at the time of submission of the initial Budget.

Comments and Observations by the Member States and F15

- i) Supported the supplementary budget;
- ii) Sought rationale for holding a retreat to revise the rules.
- iii) Indicated that there was need to find a home grown proactive and lasting solution to the peace and security matters on the continent without always depending on donor/partner funds.
- iv) Requested the Commission for option to explore ways of accessing the Peace Fund for preventive diplomacy/early warning mechanisms in Africa.
- v) Underscored the need for strengthened preventive democracy on the continent and the capacitation of early warning mechanisms;

Recommendation/Conclusion

141. Takes note of the presentation and adopted the supplementary request.

x) Information and Communication

142. The budget of US\$51,909 was presented to procure books earmarked for 2021 for the AU Library Unit with a highlight of procurement of online subscriptions.

Comments by the joint sitting

143. Following the presentation, the meeting made the ensuing observations and comments;

- i) The meeting generally asked if the AU Library receives discount as it is connected to international organizations and if EIU refers to embassies based in Addis Ababa;
- ii) Criteria of publications should be shared with all MS;
- iii) A Mechanism of alert and which documents are available at the library should be made available for MS;
- iv) Information day be organized for New members of the Embassies for information/visibility sessions;

Response form the Commission

144. Commission provided its responses as follows:

- i) The Commission informed that member states can access through an email request or through physical visit to the library at the third floor of the New Conference Building;
- ii) The Commission clarified that there are discounted rates when buying publication and digital subscription brings more as only subscriptions are paid for;

Recommendation/ Conclusion

145. The joint sitting recommends to PRC the following:

- i) The supplementary budget is adopted as requested and the I & C is requested to disseminate the necessary information about the library services to the diplomatic missions.

xi) Women, Gender and Youth

146. The budget of US\$786,000 was presented to cover deployment of all trained AU youth as the budget will be funded by EU, WFP and GIZ.

Comments of the Joint Sitting

147. Following the presentation, the meeting made the ensuing observations and comments;

- i) Requested the Commission to conduct research with similar organization on how they deal with youth volunteer program.
- ii) The meeting consented that this is one of the significant programs of the AU;
- iii) Questioned what happens to the 200 more youth volunteers that were trained as the budget was only for 45 youth volunteers for deployment and recalled that 300 youth volunteer were early earmarked as discussed and agreed in previous meeting as compared to 45 youth volunteers now;
- iv) Requested the Commission to provide a country breakdown of the 150 volunteers listed in the document. This to include the 236 that will be deployed in 2021/22.
- v) Raised concerns that embassies have limited information about the youth volunteers;
- vi) Wanted to know what the separation allowance entailed since the volunteers were not AU staff.
- vii) Sought clarification on whether volunteers had automatic right to enter the regular AU stream.
- viii) Wanted to know the complementarity between the Youth Volunteer Scheme and the One Million Initiative of the Chairperson of the Commission.
- ix) Reminded the Commission to ensure that all Member States benefit from the volunteer program.
- x) Sought clarification on the nature of database that is shared with partners.
- xi) Wanted to know if it were possible to share the database with Member States.
- xii) Requested for clarity if the 236 applicants may not be deployed at the same time.

Responses by the Commission

148. The Commission provided the following responses:

- i) The Commission explained that the 45 youth volunteers were in addition to the 200 already deployed and appreciated the recommendation of the meeting regarding coordination between the Commission and the Member States.
- ii) The august body was informed that Member States raised the issue of quota regime as many youth volunteers were recruited and deployed. Sometimes there were 500 applications for only 100 candidates. Tickets were issued to youth volunteers to assume duty – one way to come and one way to return home. They are given separation package of US\$2,000 and this is quite different from regular staff separation.

- iii) Informed the joint sitting that call for volunteers are made on the AU official website; social networking and through note Verbales to the embassies
- iv) Explained that the volunteers are treated as staff of the Union and as such are subjected to the existing rules and regulations.
- v) The separation cost paid to volunteers is as per the Staff Rules and Regulations paid to staff after their tour of duty, which is 12 months.
- vi) There is no regularization of volunteers to positions in AU. Should that happen, such volunteers would have to separate and compete with everyone else for the open position.
- vii) Clarified that there was an open call for volunteers in various media platforms. The program receives over 10,000 applications.
- viii) The 1 million by 2021 is a partnership drive that seeks to garner public and private partners to come together and deliver 1 million opportunities to young Africans in 4Es (Employment, Entrepreneurship, Education and Engagement). The AUYVC falls under Employment.
- ix) The database was one that has information of volunteers arranged according to area of specialty.
- x) Every volunteered is trained for deployment but the decision on which one to be deployed depends on the need for skills available that is aligned to the position.
- xi) Reassured that the Member States would receive information during the next calls for volunteers that the Office would make.

Recommendation/Conclusion

149. The supplementary budget request was approved and requested the Commission to provide country breakdown of youth volunteers.

xii) Education, Science, Technology and Innovation

150. The department presented a supplementary budget request of US\$224,197 for the consideration of the joint sitting.

Comments by the Joint Sitting

151. The joint sitting made comments and observations as follows:

- i) Cautioned the department that considering the partners' funds were not forthcoming it would be advisable to reconsidered this source of fund in future regular budgets.
- ii) Observed that some of the supplementary budget request were earmarked to cover funding gap left by the EU, and such wanted to know if there was prior noticed from EU on the withdrawal of support.

- iii) Reiterated that there should be a presentation on the time lines and the scholarship information has to be disseminated to the member states;
- iv) Requested the Commission to provide information on the potential implications on the various funds the Commission had identified as a source of funding the supplementary budget requests.
- v) Advised that any budgetary request that required funding from the Reserve Fund was not going to be considered until its detailed status report was made available to participants, including that for which its utilization was approved.
- vi) Proposed to have the F15 hold a meeting with the Commission to exhaust the remaining supplementary budget requests.
- vii) Requested the F15 to receive a report on the status of the Reserve Fund and determine a threshold that could govern the utilization of the Reserve Fund in future.
- viii) Wanted to know if the department of Finance endorsed the use of Reserve Fund to cover the request? And if doing so will not exhaust the Reserve Fund.
- ix) Wanted to know if there were partners already committed to finance the supplementary budget request.
- x) Also wanted to know if there were any arrangements with universities for cost sharing.
- xi) Further sought clarification if the newly adopted quota system also applied to the matter in question.
- xii) Wanted to know the factors that triggered the EU to withdraw from supporting the program.
- xiii) Proposed that the future supplementary budgets requests should not exceed 2% of the initial budget to rationalize supplementary budget requests.

Response by the Commission

152. The Commission responded as follows:

- i) Clarified that the activity was previously financed by partners. The decision not to continue to finance the program was reached after the budget was already approved. Unfortunately, students were already in school and there was a need to look for financing elsewhere.
- ii) Explained that those requests that require funds from Reserve Fund were only those urgent and demanded by the policy organs. The funds required were minimal and would not exhaust the Reserve Fund.
- iii) The meeting was informed that EU withdrew its support on the understanding that supporting such a program through the Commission was not the right channel.

- iv) Promised to provide the list of students that are on the scholarship.
- v) Having known the position of EU to stop financing the program, the Commission took action to stop recruiting new students.
- vi) The MoU with EU was expected to end in December 2019 and due to COVID 19 restrictions, other internal challenges and change of management at the EU it was not possible to renew it.
- vii) Confirmed that the Commission was in contact with African Universities on how they could benefit from the program.
- viii) Informed the meeting that just recently the Commission approached the partners for funding commitments to the 2022 budget, and the support to the scholarship program was not among those that they pledged to finance. This was why the Commission was approaching Member States to cover the shortfall so as to allow the existing students complete their two years of studies.

Recommendations/Conclusion

153. In absence of detailed information on the position of the Reserve Fund the chair called off the meeting.

154. Requested the F15 to deliberate upon and propose the minimum threshold that will assist to limit future withdrawals from the Reserve Fund.

xiii) Procurement Matters and Risk allowance

155. The Commission presented the supplementary budget request to pay for works it was undertaking or already completed. It was also to pay risk allowance for medical staff at the Commission and PANVAC who were directly involved in handling Covid-19 cases.

Comments and Observations by the Joint Sitting

156. The joint sitting made the following comments and observations:

- i) Supported the request particularly the option identified by HR Directorate.
- ii) Observed that the contract was not signed for the OCC.
- iii) Wanted to know if the procurement of 2 vehicles related to the China Fund, and whether the funds were still available.
- iv) Proposed that payment of risk allowance be effected only to front line staff.
- v) Found out that payment of risk allowance was not defined in the SRR , as such there ought to be a mechanism for funding the pandemic related allowances.
- vi) Sought information if risk allowance was included in the salaries of the medical staff.
- vii) Sought confirmation on the source for financing the allowances;

- viii) Wondered why staff of AfCDC were not included on the list
- ix) Urged the Commission to review the figures and come with one that reflect personnel directly exposed to Covid-19.
- x) Suggested that the HR and other relevant units should undertake a research and study for a comprehensive report;

Response by the Commission:

157. The Commission responded as follows:

- i) Clarified that staff of Africa CDC in the category of responders had their allowances already embedded in their salaries;
- ii) Confirmed that funds were to come from the Reserve Fund to pay the allowances.
- iii) Confirmed that all staff in the Medical Services were exposed to the risks of the Covid-19.
- iv) Human Resources was tasked to come up with the proposal of the risk allowances after a detailed study.
- v) The contract for goods was entered into and that all the goods were delivered.
- vi) Payment for the cladding project was being sourced from the Maintenance Fund.

Recommendations/Conclusion

158. Took note of the supplementary budget requests;

159. Approved the request for the procurement

160. Approved the request to pay risk allowances to medical staff.

161. Resquested the Commission to enter into negotiation involving relevant departments in order to include risk element in medical staff salaries;

xiv) The Report of the Consultative Meeting between the Commission and the F15

162. The Head of Programming and Budget Division presented the report of The consultative meeting of the Experts of the Committee of Fifteen Ministers of Finance (F15) and the AU Commission was held virtually on 24th and 31st May 2021. Among others, the F15 recommended for approval the supplementary budget for the reforms. The other supplementary budget requests were put on hold pending a detailed report on the

Reserve Fund in order to determine the balances in the fund and how much could be used for supplementary budget

Comments by the Joint Sitting

163. The joint sitting made comments and observations as follows:

- i) Appreciated the report of the F15 Meeting and reiterated that commission should discuss all documents with F15 before presentation to the joint sitting
- ii) Expressed concerned with the request to use alternative funds to finance the budget, such as the Maintenance Fund. It was recalled that the Fund was secured and meant for the specific purpose it was set up.
- iii) Faulted the F15 recommendation on the Commission to cap the Member States contributions for 2022 to 10% of 2021 approved Member States contributions as unacceptable and requested that the decision of Member States contributions not to exceed US\$ 250 million be adhered to.
- iv) Took note of the observation that there were too many supplementary budget requests and proposed that there be a decision on the matter in order to cap the frequency of such supplementary budgetary requests.
- v) Requested the Commission to provide a tabulation of the supplementary budget that was already considered and the ones pending for consideration.
- vi) Requested for an organogram for the Reforms unit and expressed reservation on the huge supplementary budget submitted by the Reform Unit.
- vii) Requested for an updated list of the Peace and Security department's salary of the short term and a list of the international partners who were contributing to the Administrative Cost.
- viii) Directed the Commission to provide to the meeting all the funds that ought to be channeled to the Reserve Fund in order to assist the Member States make an informed decision on the supplementary budget.
- ix) Pointed out the discrepancy on the amounts (available balance) reported under the Reserve Fund...\$5.16 and \$5.9 in the Audited Reserve Fund report and in the Commission/ F15 meeting report respectively and requested for clarification
- x) Proposed that the Administrative Cost should be merged with the Reserve Fund or other accounts in the Commission as the funds belong to the Union.
- xi) Reiterated the need for the AU budget to have a 3-year projection.
- xii) Sought clarification on the source of the funds for the Reforms unit as one report shows the source being the reserve fund and another states the Partners
- xiii) Proposed that the consideration of 2022 budget be held jointly with the F15 to save on time.

- xiv) Observed that there was a reduction in the program budget while the operational budget increased. On this, the meeting requested for the details of the operational budget as noted in the F15 report.
- xv) Agreed that there was difficulty in having the full participation of the F15 Experts at the joint sittings as reflected in the report
- xvi) Directed that the previous report of the Reserve Fund should be annexed to the current report of the Reserve Fund
- xvii) Requested the Commission to provide resources in order to have the F15 participate in-person during the joint sittings.
- xviii) Sought clarity on rules of procedure of the F15 on the renewal of the F15 Members
- xix) Observed that most of the US\$81 million constituted as supplementary budget requests were necessarily not exigency in nature but were as a result of poor planning and prioritization
- xx) Requested for further details on what the Reform Unit was to implement between the date of the meeting until the expiry of Unit's mandate due in 7 months.

Response by the Commission

164. The Commission responded as follows:

- i) The meeting was informed that the Reserve Fund report was presented to the meeting of the F15 Experts by the Director of Internal Audit and has subsequently been forwarded to the Joint sitting as per the recommendation of the F15.
- ii) Explained that the other reports of the Maintenance Fund and the Administration Fund were also presented to the Member States, and was being re-submitted.
- iii) Welcomed the presentation of the documents to the F15 and highlighted the trust issue between the Commission and Member States. However, previous meetings have requested that documents with financial implications should be forwarded to the Member States.
- iv) Observed that the renewal of the F15 Membership should be done soon by the Member States as noted by some delegation of the joint sitting
- v) Explained that the Maintenance Fund is being managed well and managed as per the Execution Decision
- vi) Clarified that the F15 recommendation on the 10% is not to violate the cap decision of Member States contributions not to exceed US\$250 million be adhered to for 2022 Budget, but to remain within the amount.
- vii) Stated that the working documents of the review of the AU has been circulated to the STC Justice and Legal Members and the amendment can be sought for the review of key items on the Financial Rules and

Regulations on the Supplementary budget during the upcoming STC Meeting on 5-10 June, 2021

- viii) During the Supplementary Budget presentation, the details on the amount already considered and amount pending to be considered.
- ix) Clarified that the Supplementary budget on the reform unit will be drawn from the African Private Sector instead of the Reserve Fund and the correction will be done on the report.
- x) Stated that the Secretariat has requested the updated list of the Peace and Security staff list.
- xi) Requested that the Administrative Fund status should be made to the Member States by the Department of the Peace and Security Department.
- xii) Clarified that the correct amount in the Reserve Amount is US\$ 5.16 Million
- xiii) On the 3-year projection, since the cap is limited to US\$ 250 million we are limited not to go beyond the amount set by the Member States. The budget consideration parameters are also the exchange rates and inflation.
- xiv) Agreed that it is difficult to get the full membership of the F15 due to the challenges experienced by various participants.
- xv) The previous report of the Reserve Fund will be annexed to the current report of the Reserve Fund.
- xvi) Stated that the timelines are limited and Budget 2022 consideration should be considered soon as the PRC will be meeting in the next 2 weeks and will require a report from the GSCBFAM.
- xvii) Noted that the F15 Staff requested that the staff costs should be reduced from the 2022 Budget and the necessary adjustments have already been made.
- xviii) Informed the meeting that the rules of procedure of the F15 have not approved and the Legal Counsel will consult with Finance for clarity on the renewal of the F15 Members.
- xix) Advised that legally the outcome report of the Consultative Meeting between the Commission and the F15 was a proposal and the joint sitting may consider the report.

Recommendations/Conclusions

- 165.** Took note of the F15 of the Report of the Consultative Meeting between the Commission and the F15.
- 166.** Commended the F15 efforts despite the working challenges of the Committee
- 167.** Requested the Commission to provide the Reforms Unit organogram.
- 168.** Called on the reconstitution of the F15 Membership.

169. Requested the Commission to provide the legal interpretation on the reconstitution of F15 and send to regional dean for nominations of new membership.

170. Implored the meeting to respect all decisions of policy organs.

xv) The Audited Report on the AU Reserve Fund

171. The audited report on the Reserve Fund was presented by the Director of Office of Internal Oversight (OIO).

Comments by the Joint Sitting

172. The joint sitting made comments and observations as follows:

- i) Information should be provided on when the Commission plans to replenish the special funds.
- ii) Sought clarification as to how long were the funds kept in the General Fund before being transferred to the Reserve Fund.
- iii) The table on what has been recommended by the joint sitting to be funded from the reserve fund for the 2021 supplementary budget should be provided.
- iv) The report is not satisfactory as it does not provide the history of the reserve fund cash movements.
- v) Sought clarification of cash and cash in bank.
- vi) The section on the effects and consequence indicates that the movement of cash was not carried and explanations should be provided.
- vii) The short term investments should be accessed in terms of financial difficulty when there is insufficient cash.
- viii) The proposal to have the review of the FRR was overtaken by events considering the revised FRR was at the stage of consideration by the STC-Legal and Justice
- ix) Information should be provided on how the property provided in the report was acquired. Additional information should be provided if they were purchased using the Reserve Fund
- x) The outstanding payables should be further explained and why they have not been paid.
- xi) The use of funds should be properly governed and the lack of timeline to deposit unused funds should not be an excuse.
- xii) Reason should be provided on why the funds collected from member states were not transferred to their respective special funds but invested.
- xiii) The report presented indicates there is a problem in the Commission on the recording and management of resources.

- xiv) The report does not include any receivables to be transferred to the Reserve Fund.
- xv) Sought clarity as to why the \$148 million of payables was included in the Reserve fund whereas the Member States receivables were not.
- xvi) The short term investments already invested could be recalled and utilized to cater for the supplementary requests.
- xvii) Collections of the previous years should not be utilized but transferred to the respective funds.
- xviii) The AU FRR supported with golden rules provides the framework on which Reserve Fund should be managed.
- xix) The investment of resources is not the primary need of the organization.
- xx) The outstanding contributions should be included in the report so as to have a balanced view of the Reserve Fund.
- xxi) The Reserve Fund report should not have debts.
- xxii) The receivables and payables should be presented periodically.
- xxiii) In the last meeting on the scale of assessment, the member states were applauded for having contributed 85% of the 2020 assessed contributions.
- xxiv) Care should be taken on the utterances and actions that were taken.
- xxv) A detailed report on the Reserve Fund from the 2016 to 2020 should be prepared with tabulation of the figures.
- xxvi) The supplementary budget requests to be funded from other sources other than Reserve Fund can be considered.
- xxvii) Requested that the approved supplementary budget should be presented for review.

Comments by the Commission:

173. The Commission responded as follows:

- i) The revenue was recognized at the beginning of the year irrespective of the date of receipt of the funds.
- ii) A provision was made in the financial statements for outstanding contributions from member states.
- iii) Expenses are recognized at the end of the year whether paid or not and they are accrued.
- iv) The request for revision on the FRR was to expressly indicate the meaning of “unused funds”
- v) The amount invested earns income to the Commission and this followed the decisions from the member states.
- vi) There are outstanding contributions from Member States.
- vii) Explained that only the cash component of receivables is accounted in the reserve fund and in formed the meeting that the debts are paid from the general fund.

- viii) Explained that the US\$148 million was payables, it was the amount of obligations/commitments that the AU have to pay. And they would not go to the reserve fund, it will either decrease receivables and increases cash or reduces payables and reduces cash

Conclusions/Recommendations

174. Took note of the report as presented.
175. The Commission should provide the table indicating the supplementary budget already approved and the balances thereon.
176. Secretariat should send note verbal to regional Deans to nominate the new F15 membership as a matter of urgency.
177. The Commission should submit a revised Reserve Fund report, and annex the original report already reviewed by the Office Internal Oversight and investigations.
178. The financial report on the Reserve Fund from 2016 to 2020 should be provided to the Member States
179. Appeal the secretariat to improve the report according to best practices

xvi) Revised Report on the AU Maintenance Fund

180. The revised report on the Maintenance Fund and the supplementary budget request for the purchase of the villa within the AUC compound was presented by the Head of Facilities Management.

Comments by the Joint Sitting

181. The joint sitting made comments and observations as follows:
- i) Requested the Commission to provide an update on the implementation of the recommendation to share utility costs in the building accommodating CISSA Africa CDC.
 - ii) The proposed renovation of the villa after its purchase should be included in the report.
 - iii) The owner of the compound has been complaining to the host government that his rights had been violated.
 - iv) Sought clarification as to why there was no payment of rent to the owner of the villa.

- v) Explanation on the usage of the villa should be provided and how it was acquired.
- vi) The purchase of the villa should be of utmost priority.
- vii) Additional information should be provided on how the Commission took possession of the building and the payment of rent thereof amounting to Birr33,000 per month.
- viii) The host agreement need to be further reviewed as this villa is part of the AU compound.
- ix) Wondered why the villa was in possession of the federal police.
- x) The contract should be signed between the owner and the Union and ensure payment is made to the owner.

Responses by the Commission:

182. The Commission responded as follows:

- i) The villa was being use by the Federal Ethiopian police guarding the AUC compound.
- ii) The maintenance to the property will be between US\$7000-US\$10,000, which could be financed through the operational budget.
- iii) The rates of the villa were acquired from the municipality of the Addis Ababa.
- iv) The Commission could not pay rent to a property where there was no agreement.
- v) The Commission wrote the Ministry Foreign Affairs requesting to attach the villa as part of the AU compound.
- vi) The Commission requested to maintain the villa as there was inadequate space in the compound.
- vii) There was no existing contract between the Commission and the owner of the building hence the discontinuation of occupancy.

Conclusions/ Recommendations

183. Took note of the report on Maintenance Fund.

184. Urged the Commission as a matter of urgency to enter into a contract with the owner of the Villa and ensure to pay the outstanding rentals.

185. Advised the Commission to acquire the villa.

186. Further urged the Commission to treat the acquisition of the villa a priority.

xvii) Consideration of the Report of the AU Administrative Cost and Fund Balance

187. The Commission presented the revised report of the AU Administrative Cost and Fund Balance which included a mention on the background of the establishment of the Administrative cost, sources of revenue for the fund (contributing partners), total expenditures incurred and the balances as well as general observations and conclusion.

188. The Commission further confirmed that a preliminary audit of the Fund was carried out and that the balances stated in the report were correct. However, the meeting was informed that full audit of the fund was yet to be completed and its report will be presented at a later date.

Comments by the Joint Sitting

189. The Joint Sitting made the following observations/ comments:

- i) Requested for clarification as to whether all the funds were in one account or separate accounts;
- ii) Requested for details on the different partners supporting the fund, indicating details on the funding agreement (what the fund was earmarked for and what was spent under each partner contribution).
- iii) Requested for clarification on the different balances reported in the 2 reports, one report had a balance of \$20M and the other had a balance of \$30.7M.
- iv) Further requested for clarity on other balances stated in the report that seemed to have some discrepancies; why is it that the \$8.5M approved for the Reform Unit has not been deducted from the balance, also asked the Commission to clearly indicate how the balance of \$30.7M was derived.
- v) Requested the Commission to merge the 2 reports to come up with one comprehensive document.
- vi) Noted that there were 2 years (in the report) where details were not provided and asked the Commission to give details accordingly. The report should show details year by year.
- vii) Requested the Commission to give explanation on the \$3.5M for staff salaries. How were the staff recruited, were they part of the approved AU structure, why were they not included in the approved budget for 2021?
- viii) Requested the Commission to prepare a report on all the various AU funds and their balances.
- ix) Raised the issue of outstanding debt owed to certain Member States and yet a decision has already been made by competent Organs to pay these Member States; and strongly urged the Commission to expedite payment to the 3 Member States concerned without further delay.

- x) On a separate note, strongly urged the Commission to settle the long outstanding debt in relation to the villa situated in the AUC compound, because it was the right thing to do but also to save the image of the Commission.

Response by the Commission:

190. The Commission responded as follows:

- i) The Commission explained that the Administration cost fund has only one customer account but different bank accounts.
- ii) Regarding the \$3.5 million staff salaries/ cost included in the report, the Commission explained that it was a supplementary budget to pay short term staff because the approved 2021 budget had a shortfall of \$3.5 million.
- iii) Confirmed that the positions were not part of the approved Maputo structure but crucial since the Maputo structure was lacking in alignment of departmental needs against the available staff structure. The new AUC structure appear to have resolved the issue.
- iv) On why the \$8.5 million had not been deducted from the balances, the Commission explained that as of the day of meeting, the money remained unspent as there were no request for its utilization.
- v) Explained that were no expenditure in 2019 and 2020.
- vi) The Commission agreed to merge the 2 reports as requested.
- vii) Regarding queries on the audit of the fund, the Commission explained that both the Board of External Auditors and the Office of Internal Oversight had audited the balances.
- viii) On the need to have a policy governing the Administrative Cost fund, the Commission explained that the new FRR had provision for that.
- ix) On debts owed to some Member States, the Commission confirmed that following the Executive Council decision of 2019 in Niamey, the process to pay the debts was ongoing. The Office of internal Oversight was at the time of the meeting reviewing documents that Uganda submitted. Once verified, Uganda will be paid from the Administration COST.

Recommendations/ Conclusion:

191. The Sub Committee took note of the reports (1 and 3) and explanations given by the Commission and requested that Member States comments be considered and the reports be updated accordingly;

192. Requested the Commission to merge the 2 reports into a comprehensive consolidated report

193. Directed the Commission to pay all outstanding debts owed to Member States

xviii) Consideration of the 2021 Supplementary Budget Requests

194. The Commission presented the revised submission of supplementary budget requests with a total of \$25,854,742. This was on request by the joint sitting of GSCBBFAM and F15 to review the submissions and resubmit the requests highlighting the priority activities that needed attention.

Comments by the Joint Sitting

195. The Joint Sitting made the following comments/ observations:

- i) Requested the Commission to clarify if there were sufficient funds in the Reserve Fund to support the priority list of supplementary budget requests presented;
- ii) Expressed concern that still some requests did not meet the criteria for supplementary budget requests;
- iii) Urged the Commission to always ensure that all supplementary budget requests meet the criteria set for supplementary budget requests as per the FRR.
- iv) Expressed dissatisfaction that while the Joint Sitting had requested for some documents to support certain supplementary budget requests like that of the New York Office, these documents had not been availed and there was no one from the New York Office to give the necessary clarifications.
- v) Impressed upon the Commission that there will be no further supplementary budget requests in 2021.
- vi) Requested to know if the \$148M net payables reflected in the Reserve Fund report had been taken care of; and urged the Commission to properly reflect this balance in the books.
- vii) Sought clarification on the 58% contribution by Member States referred to, how much of that was supposed to have been paid by 31st December and how much was outstanding?
- viii) Requested to be briefed on the rate of implementation for 2021 budget, particularly for offices that were requesting for supplementary budget;
- ix) Urged the Commission and other AU Organs to properly utilize the allocated budget for 2021 before submitting supplementary budget requests.
- x) Stated that the Joint Sitting had no problem with requests to be funded by International Partners;
- xi) Expressed concern on the slow implementation of the reform transition plan and urged the Commission to fast track the process and finalize the outstanding work before the February 2022 deadline;

- xii) Requested that the supplementary budget request from PAP be considered taking into account the current situation at PAP.
- xiii) Some Member States raised concerns on the process of approving the supplementary budget without thorough deliberation. However, majority of Member States supported the idea of the Office of the DCP reconciling the figures together with the Finance department to ensure that the requests were in line with the principles. Response by the Commission.

196. The Commission responded as follows:

- i) Regarding the 2021 budget implementation rate, the Commission reported that the execution rate (outcome performance) stood at 38% while the average technical execution rate was 51% as of May 2021;
- ii) Explained that the total supplementary budget request was equivalent to 4% of the approved 2021 budget.
- iii) On her part, H.E the DCP explained that the requests were interrogated internally and those with secured funds from International Partners (IPs) were considered. These constituted financial obligations that arose after the 2021 budget was approved. Those that required Member States financing were reduced by half.
- iv) The Commission further assured the meeting it will in future desist from making unnecessary supplementary budget requests.
- v) The Commission responded that some of the requests were fixed costs which originally were included in the initial budget but were taken out due to expenditure ceiling limitations.
- vi) Explained that all supplementary budget requests meet the criteria while some were withdrawn and others were subjected to internal budget re-allocations.
- vii) Agreed that the Administrative cost should be moved to the Reserve Fund for better management.
- viii) In relation to acquisition of the villa, the Commission explained that a report was being prepared and would be circulated to Member States in due course.

Recommendations/ Conclusion

197. Took note of the supplementary budget requests, also took note of the fact that both Member States and the Commission had not strictly followed their guidelines on supplementary budget requests, however, based on the submission and commitment made by the DCP, the request was adopted presented.

198. Also adopted the supplementary budget request by the AU Representational Offices (Beijing, Brussels and New York).

199. Directed the Commission to ensure that there would no further supplementary budget requests in 2021.

200. Further directed the Commission to ensure there is strict adherence to the existing Rules and Regulations governing the supplementary budget requests.

201. The Chair ruled that no such consideration will be allowed in the future

xix) Report of the OLC on the Moctar Yedaly Case

202. The representative from the Legal Counsel presented the report on Mr. Moctar Yedaly. The meeting was reminded that this was in accordance with Executive Council decision of February 2021 that directed the Commission to ensure that accountability for the loss resulting from the Administrative Tribunal case of Mr. Moctar Yedaly was established, and that the detailed report requested earlier by the Subcommittee on General Supervision and Coordination from the Office of the Legal Counsel (OLC) was submitted as directed by 31st March 2021.

Comments/observations by the Member States

203. The joint sitting made the following observations and comments:

- i) Observed that there was compromised competence against solidarity in the selection of the Director for Infrastructure and Energy department.
- ii) The deliberate action of ignoring summons cost the organization financially.
- iii) The recruitments carried out in 2018, 2019 and 2020 didn't receive any legal advice.
- iv) There was need to review the operations of offices to make them effective and efficient to deliver the mandate of the organization.
- v) The Executive Council decision required accountability on the case but this has not been addressed in the report presented.
- vi) Requested the Commission to expedite the recruitment to fill positions in the office of the Legal Counsel to mitigate the high nature of staff attrition in the office.
- vii) Observed the Chairperson of the Commission acted rightly and within the stipulated Staff Rules and Regulations and could not be held responsible.
- viii) The outcome of the case was as a result of negligence on part of the Legal Counsel staff who did not comply with the requirements of the Tribunal.
- ix) Disagreed that the resignation of staff from the organization was not due to poor remuneration or financial incentives but other issues. The Commission should explore and identify the reasons of the high turnover.

- x) Raised concern on the issue of demotivation of staff as raised by OLC due to lack of promotions. The matter was discussed at length during the recent STC on Legal Affairs where the Commission was proposing retaining staff after retirement.
- xi) The departure of a staff member from the organization should not affect the operations and continuity of the activities of the Commission.
- xii) The Office of the Legal Counsel should be strengthened to ensure they were able to handle all cases brought to them.
- xiii) Clear job descriptions, succession planning and annual reporting/handover notes be instituted to avoid similar negligible mistakes.
- xiv) The report does not indicate what actions were taken to avoid this from happening in the future.
- xv) Observed that OLC failed to properly advise the Chairperson on the recruitment of Mr. Yedaly.
- xvi) Did all candidates have access to the report of APROB? If no, then how did Mr. Yedaly have access to the information on the results of the recruitment;
- xvii) Observed a lapse on the part of the Legal Counsel for not providing the responses when it was required.
- xviii) Pleaded that the decision of the Tribunal be implemented otherwise there is a risk to undermine its jurisdiction.
- xix) Sought clarification whether Executive Council Decision 1073 paragraph 55 was implemented, which required the Office of Internal Oversight to undertake an investigation on the matter.
- xx) The OLC should resort to approaching Member States for support either through secondment or by way of outsourcing legal services to ensure that the Union was able to go to court and come out successfully.

Responses by the Commission

204. The Commission responded as follows:

- i) There was no negligence from the office of the Legal Counsel in the case of the Moctar Yedaly case.
- ii) The 30 calendar days provided for in the Rules of Procedure of the Tribunal were insufficient to provide a written response.
- iii) The staff who was handling administrative matters left the Commission after serving for 10 years due to lack of promotion.
- iv) Mr. Moctar Yedaly didn't get the report but the Tribunal issued an order for the report on the recruitment.
- v) The cases at the Tribunal were as a result of the injustice within the organization and not due to failure of the Office of Legal Counsel.
- vi) There is business continuity but without a proper handover note it always would be impossible to continue with the proceedings of cases.

- vii) Paragraph 49 has provided the mitigation measures in order to address to challenges highlighted.
- viii) The judgement was already implemented in line with the order of the Tribunal.
- ix) The OIO was in the process of carrying out investigations on the Moctar Yedaly case following the Executive Council decision 1073 paragraph 55.
- x) Currently the OLC was handicapped due to insufficient staff but with the approval of the new structure there would be sufficient staff to handle any cases.
- xi) The request for extension could only be requested before the deadline given to the respondent.

Recommendation/Conclusion

205. Took note of the report and requested the BDCP to recruit competent staff to fill the positions at the OLC taking into account all necessary procedures for recruiting staff.

206. The Human Resource Management division should adopt the use of SAP in all recruitments and appointments.

xx) Supplementary budget for the Retreat

207. The Commission presented the draft budget of US\$540,958 as and supplementary budget request to conduct a budget retreat in Accra, Ghana.

Comments by the joint sitting

208. The joint sitting made the following comments and observations:

- i) Requested for the justification for organizing the retreat considering that too much time was spent on discussing the supplementary requests.
- ii) Expressed concern that the F15 were not consulted on the upcoming retreat, and requested the subcommittee of GSCBFAM not to decide on the work of F15 in future.
- iii) Consider having a hybrid of the retreat with both virtual and in-person participation.
- iv) The participation of the 41 AU staff in the retreat is on the higher side and need to be reviewed further.
- v) Wanted to know what happened to the money that was already budgeted for the same in 2021 budget.
- vi) Observed that the proposed budget was on the high side citing costs of hotel and ticket costs.

- vii) Thanked the Government of Ghana for their contribution to hosting the retreat.
- viii) Requested for information regarding the source of funding on the side of the AU Commission.
- ix) The retreat was welcome as it would assist to focus on the budget and complete deliberations in good time.
- x) Agreed to have hybrid and have all AU staff from other departments to join meetings virtually.
- xi) Recalled the Africa CDC advisory against holding in-person meeting and having the retreat in Accra was not an exceptional.
- xii) The current Covid-19 pandemic may impose some restrictions on some countries to travel.
- xiii) The proposed number of days may not be sufficient to fully discuss and elaborate on the 2022 budget.
- xiv) The practice of discussing the budget in a retreat format was tried before and proved effective.
- xv) Consider removing some items on the budget such as transport costs, visa, cocktail dinner, visa costs for people travelling from ECOWAS.
- xvi) Would like to know if the Africa CDC was consulted on the retreat and what was their view.
- xvii) Noted that despite a stop to in-person meetings other offices, such as PAP, PAPS, AfCFTA etc. continue to have physical meetings and going on retreats.
- xviii) Brought the attention of the meeting to page 33 of the 2022 Budget Framework Paper under parameters section, in which it was highlighted the need for virtual meetings, since the Covid-19 pandemic was still on-going.
- xix) There was a possibility to reduce the budget after rationalizing the number of participants.
- xx) The other organs should be included in the budget session in order to defend their 2022 budget.
- xxi) In case a person contracts the Covid-19 and falls sick who will be responsible for their medication;

Responses by the Commission

209. The Commission responded as follows:

- i) When the matter was raised at PRC there was no Member State that objected. Likewise, it was adopted at the Bureau level.
- ii) In order to expedite budget discussion, it was necessary to hold the retreat.
- iii) Reminded the meeting that the holding of the retreat has been a practice at the Commission go outside of Ethiopia to deliberate on the budget.

- iv) During the 2022 budget discussions the cost of holding the physical retreat was reduced and only costs of translation was factored in.
- v) The Commission and Ghana would make sure all Covid-19 protocols would be observed during the entire period of the retreat.
- vi) Informed the meeting the budget that was available was exhausted due to paying interpreters for the virtual meetings.
- vii) The in-person representation of departmental staff was necessary in order to defend their budget as department of Finance alone could not do so.
- viii) Confirmed that AfCFTA do not have their own interpreters.
- ix) Also confirmed that AfCFTA would be having its meeting from June 28 and will be hiring interpreters.
- x) The meeting was told that currently there was an ECOWAS meeting going on in Accra with over 200 participations.
- xi) There was a possibility to outsource interpreters from Ghana Institute of Languages.
- xii) Concurred with concerns of other delegates who expressed reservation to have a retreat in Ghana and agreed to seek advice from Africa CDC.
- xiii) Africa CDC was consulted and their advisory was cautionary in favor of virtual meeting.
- xiv) Agreed that the number of participation and other cost items could be revised downward.
- xv) Proposed if there could be a moment to discuss strategic issues in separate groups.

Recommendations/Conclusions

210. Considering that there were 13 Member States out of 17 that spoke in favor of the retreat, and going by a requirement to go for consensus suggested that the retreat would go ahead.

211. The request for supplementary budget was adopted with amendments and called on the Commission to ensure there was adequate provision of the same in the 2022 budget.

212. Requested the Commission to ensure that the budget of the retreat was revised downward.

213. Took note of comments by Member States on the matter. And also took note of the proposal to have the retreat adopting a hybrid format in order to allow other Member States to participate virtually if they were unable to participate in-person.

214. The Commission should revise the schedule to ensure departments and AU organs participate in the meeting at their allocated time.

Any Other Business

215. Thanked the Secretariat for the initiative taken to reconstitute the F15 membership.

216. Proposed to the Cabinet of DCP to consider awarding certificates of appreciation to the F15 who for the past 5 years were instrumental in handling and guiding the financial matters of the Union.

xxi) Quarterly Report on the Reserve Fund

- i) The Ag. Director of Finance presented the quarterly report of the Reserve Fund with a recommendation.
- ii) The meeting adopted the report as there were no comments.

xxii) Report of the R10 Activities for the Period July to mid-August 2021

217. The Chair of the R10 presented the mission report of the R10 with focus basically on merit-based recruitment system undertaken from July-August 2021.

218. Report highlighted key activities such as the reforming of the recruitment system, recruitment review, MBRS deployment to organs, additional activities in pursuant of the mandate, observations and recommendations on shortlisting, and issues requiring critical attentions.

Comments by the joint sitting

219. The joint sitting made the following comments and observations:

- i) Inquired if the R10 took into consideration the gap cap policy and asked which member states have been affected by this policy. The quota system should be fully adopted and implemented during this recruitment process.
- ii) Reminded that there is a decision to consider the least represented countries during recruitment and requested for the staff list from the various member states based on positions to communicate to capitals as well as the list of 22 directors to be recruited.
- iii) Requested the R10 to share their experience from the current recruitment exercise.
- iv) Asked if AUDA-NEPAD can commence recruitment process now since the MBRS template has not been rolled out to AU Organs.

- v) Requested for the names of the departments/directorates which are not complying with the job profiling exercise, the person responsible for hindering the work of the R10 and the rationale for not having a unified recruitment template for the AUC and AU Organs.
- vi) Noted that 2 directors were recruited at AUDA-NEPAD but gap cap eliminated some potential good candidates and advised that if the gap cap policy is not carefully considered, qualified candidates will be left out. Proposed to postpone the gap cap policy till relevant actions taken for the benefits of all member states.
- vii) Also noted that Ernst and Young are now involved in recruitment rather than the initial mandate to do skills audit.
- viii) Noted that they fully support the MBRS process as the gap cap policy is necessary to include underrepresented countries.
- ix) Thanked the R10 Team on the presentation and collaboration between the Commission and the R10,
- x) Indicated that if the gap cap policy is limiting getting qualified candidates, then the policy should be reviewed to accommodate other candidates in the spirit of flexibility and quality in the recruitment process after applying all the rules.
- xi) Noted that the issue with the gap cap is the application of it, not the validity, there are 3 categories and therefore the gap cap must be applied based on each category to ensure fairness and equity
- xii) Noted that the R10 is also supposed to be involved in all recruitment within the Union, without any exceptions.
- xiii) Also indicated that any recruitment without the involvement of the R10 will automatically be invalid as per the decision of Member States

Responses by the Commission

220. The R10 and the Commission responded as follows:

- i) AUDA-NEPAD procured the system prior to using the MBRS system and informed that the AU Organs are ready, willing and zealous about rolling out the MBRS.
- ii) Indicated that initial challenges have been handled. However, work has been done to improve the data triangulation;
- iii) Regarding job profile, the Commission explained that over 500 job profiles have been done and the balance 200 job profile is being uploaded in the system.
- iv) Informed that skills audit is ongoing for everyone. The skills audit is generally transparent for all starting with general issue regarding the gap cap. HR is working on expanding the MBRS template to accommodate the Organs. The Organs will assist to update their job profiles in line with the

- AU Commission. The Banjul Commission has requested the Chairperson of the AUC to set up its own recruitment system similar to the AUC's MBRS.
- v) H. E. the DCP alluded to some of the challenges encountered from the pilot project undertaken. She informed that the AfCFTA has many managerial jobs and the key concern has to do with equitable and transparent recruitment based on gender balance, taking into consideration the gap cap policy. She re-emphasized that the Commission is still committed to the gap cap policy in spite of some challenges experienced. The skills audit exercise has commenced for the period of 6 months to avoid phases 1, 2 and 3 and not 3 years as early mentioned. MBRS is transparent as the team members are involved in the exercise.
 - vi) Informed that some posts advertised last year have been re-advertised in 2021 and supported the view on flexibility and quality of the recruitment exercise.
 - vii) Assessing every issue, merit-based recruitment system is key to the process as the R10 is satisfied with the current system being used. The team discusses the categories/criteria during the recruitment process. However, the Ernst & Young firm is not directly involved in recruitment except administering psychometric tests and providing results to R10 Team.

Recommendations/Conclusions

- i) Took note of the R10 report for the period July-August 31, 2021;
- ii) Commended the Commission for collaborating with the R10 to deliver on its mandate.
- iii) Requested the Commission to involve the R10 team in the ongoing recruitments in the AUC and Organs

xxiii) Budget Estimates for mandate extension of the R10 for the period of November 2021 to September 2022 (11 months)

221. The Chair of R10 presented the budget of US\$780,100 for the period November 2021-September 2022 to cover missions, per diem, honorarium, accommodation and supporting of programs for consideration.

Recommendations/Conclusions

222. The joint sitting made the following comments and observations:

- i) The member states supported the budget submitted and encouraged the R10 to continue its work
- ii) Confirmed that the Accra retreat of June 30-July 16, 2021 requested the R10 to submit a budget for the extended mandate.

- iii) The meeting supported the budget and requested HR to do reallocation to fund it.

223. Following another presentation by the R10 regarding progress on recruitment, the joint sitting made the following observations and comments:

- i) Sought clarification on meaning of the meritocracy mentioned in the report with respect to the AU system;
- ii) Wondered why the merit based recruitment system was not applied when selecting the successful candidates in which those that came second were appointed;
- iii) Wondered what motivated the recommendation of 3 candidates each for DG and HR Director positions, and wanted to know whether it was quota based?
- iv) Observed that the report was attacking the leadership of the Commission on the discretionary authority of the Chairperson to appoint successful candidates, and this was found to be wanting.
- v) Sought clarification on the list of countries represented on the long list of candidates and on the countries that were shortlisted, and the ones submitted to the Chairperson for selection;
- vi) Observed that the MBRS does not give discretionally powers to Chairperson to appoint successful candidates. Concerned that the MBRS was not applied when recruiting the DG and HR Director.
- vii) Suggested that the GAP Cap should not apply to countries with no Head or Director position in the Union.
- viii) Recalled the Forensic Audit queries that raised a number of issues that were violated during the previous recruitment processes;
- ix) Reiterated that the recruitment system should do away with challenges of the past such as Article 41 of the SRR. Instead the work of R10 ought to be acknowledged and its recommendations implemented;
- x) Recalled the Moctar case in which the Commission was made to pay US\$289,000 as a result of an avoidable mistake in the recruitment process. Instead he MBRS should be embraced in full.
- xi) Wanted to know the reason for ranking the three successful candidates in the final list sent to the appointing authority.
- xii) Requested for detailed explanation on the computation of GAP CAP and how it was being applied.
- xiii) Urged the Commission to provide the right figures in the table of quota.
- xiv) Proposed that the period of Gap Cap of 9 months be reduced to 4, 5 or 6 months.
- xv) Member States with least representation should not be subjected to the 9 months. They should instead be allowed a maximum of 6 months to allow them apply again.
- xvi) Expressed concern that if the R10 mandate was discontinued would impact on the contract of the recruiting firm as it could not undertake its work without the R10 in accordance with Executive Council decision.

- xvii) Observed that the report contained some language which was unacceptable and misleading.
- xviii) Concurred that the report under consideration was the opinion and reasoning of the R10 and was to be treated as such.
- xix) Commended and encouraged the R10 to keep the good work they were doing and encouraged them to work within their mandate.

Response by the Commission and R10

224. The following were the responses:

- i) Clarified that the report did not question the appointing authority of the Chairperson. But proposed to have a reflection on the discretionary powers in future so as to be in line with the spirit of MBRS.
- ii) Regarding the long list of candidates could be provided in due course.
- iii) Expressed its dismay at some wording in the report especially as it concerns the discretionary authority of the Chairperson to appoint a candidate from the recommended three.
- iv) Explained that all necessary considerations in the recruitment of DG and Director of HR were followed and in accordance with the SRR.
- v) The R10 validated the recruitment process.
- vi) Disagreed that there was hidden motivation on the recruitment process.
- vii) The current SRR empowers the Chairperson of the AUC to pick any of the 3 candidates recommended by the panel, however, the report encourages the application of the MBRS.
- viii) Requested for the amendments of the R10 Report and faulted the conclusion of the Report on the appointing authority of the Chairperson
- ix) Noticed that the report did not reflect the mutual working spirit the Commission has with the R10.
- x) Clarified that the recruitment process was rules based and several committees have been created.
- xi) Welcomed the criticism and review of the discretion of the decisions of the appointing authority of the Chairperson

Recommendations/Conclusions

225. Commended the R10 and work done so far and took note of the concerns raised on the report;

226. Requested the Commission to provide a list of staff shortlisted and long listed.

227. Demanded the commission to provide a report on the ongoing recruitment exercise.

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