

AFRICAN UNION

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DRAFT AFRICAN UNION STAFF PENSION FUND SCHEME RULES

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PREAMBLE

Recalling the Constitutive Act of the African Union, adopted in Lomé, Togo on 11 July 2000;

Further Recalling, the Staff Regulations and Rules adopted by the Assembly of the Union in its Fifteenth Ordinary Session on 27 July 2010 in Uganda, Kampala and the Revised Staff Regulations and Rules

Noting the provisions of the African Union Staff Regulations and Rules, stipulating that the Union shall establish and maintain an African Union Staff Pension Fund (AUSPF) Scheme, which shall be approved and periodically reviewed by the Executive Council;

Recalling Decision EX.CL/Dec.1073(XXXVI) adopted by the thirty sixth Ordinary Session of the Executive Council in February 2020 in Addis Ababa, on the revised African Union Pension regime, taking note of the proposal for internal management and financing of the African Union Staff Pension Fund Scheme; and

Further recalling Decision EX.CL/Dec.1107(XXXVIII) of the thirty eighth Ordinary Session of the Executive Council in February 2021 in Addis Ababa approving the internal management of the AUSPF Scheme in accordance with the adopted proposal on the financing, custody of funds, management of the fund, expenses, responsibility for losses from the fund and oversight, to be governed in line with Pension Fund Scheme Rules and Trust Deed.

Now therefore, this Pension Fund Scheme Rules are made on 1st January 20XX to regulate the African Union Staff Pension Fund Scheme.

Rule 1 Definitions

In these rules, unless the context otherwise requires, the following expressions shall have the following meanings:

“Accrued Benefits” means a defined benefits of the Scheme, based on the proportion of a determined contribution by employee and employer plus interest, and which may be considered to have accrued in respect of duration of membership;

“Actuarial valuation” means appraisal of the pension fund’s assets and liabilities to determine the funded status of the pension plan;

“Administrative Rules” means administrative directives issued by the Board of Trustees from time to time to allow proper functioning of the Scheme and in accordance with these Rules;

“African Union Commission” means the Secretariat of the African Union established in accordance with Article 5 and 20 of the Constitutive Act;

“African Union Organs” shall mean the Organs of the African Union established in accordance with the Constitutive Act;

“Annuity” means fixed sum of money paid to individuals, typically for the rest of their lives either monthly, quarterly, or annually;

“The AU” shall mean African Union as established by the Constitutive Act of the Union;

“Board of Trustees or the Board” means an appointed or elected group of individuals that has the overall responsibility of the pension fund Scheme as decided by the Executive Council;

“The Commissioners” mean members of the African Union Commission along with the Chairperson and Deputy Chairperson of the African Union Commission;

“Constitutive Act” shall mean the Constitutive Act of the African Union adopted by the Assembly of Head of States and Government in Lomé on 11th July 2000;

“Contribution Salary” shall mean the amount of salary fixed by the Employer and paid to the member as appropriate each **month**, on which **contributions** are to be paid;

“Defined Contribution Scheme” shall mean a retirement plan in which both employer and employee make regular contributions to which investment income is added to acquire a retirement benefit;

“The Employer” shall mean and include the African Union Commission and such other organs and institutions of the African Union to be included in the expression “the Employer” for the purpose of the Scheme and (having signed an undertaking to be bound by the Rules) shall have been admitted by the Trustees;

“Executive Council” shall mean the Executive Council of Ministers of the African Union;

“The Fund” shall mean contributions made by the employer and employees together with any investment income so accrued;

“The Members” shall mean persons who have been admitted to the Scheme and continue as Members until they have been paid out in accordance with the Rules;

“Pension Fund” means a fund from which pensions are paid, accumulated from contributions from employers and employees;

“The Rules” shall mean these Rules regulating the Scheme;

“**The Scheme**” shall mean the Scheme constituted under the Trust Deed and the monies and investments for the time being representing the same and called the African Union Staff Pension Fund Scheme;

“**Secretariat**” shall mean the Secretariat of the African Union Pension Fund;

“**The Service**” shall mean the period of employment of the member with the Employer;

“**Standing Committee**” means an ad hoc committee that performs the duties of the board of trustees in their absence;

“**The Trust Deed**” shall mean the Trust Deed and made between African Union Commission of the one part and the Trustees of the other part; and

“**The Trustees**” shall mean the persons for the time being by whom or in whose names the money of the Scheme shall be invested or held as Trustees of the Scheme and also the Trustees for the time being of the Scheme.

Rule 2 Establishment of the Fund

The African Union Staff Pension Fund Scheme (AUSPF) is established in accordance with the African Union Staff Regulations and Rules and shall be governed in accordance with these Scheme Rules.

The Secretariat of the AUSPF shall be at the headquarters of the African Union in Addis Ababa in the Federal Democratic Republic of Ethiopia.

Rule 3 Scope and Objectives of the Scheme

The scope and objectives of the Scheme is to provide adequate retirement benefits for employees of the AU subject to compliance with the Rules.

Rule 4 Administration of the Fund

- 1) The Fund shall be administered by the Board of Trustees and a Secretariat.
- 2) The administration of the Fund shall be in accordance with these Rules and Administrative Rules consistent therewith which shall be made by the Board and approved by the Executive Council and Membership of the Scheme.
- 3) The Board may appoint a Standing Committee, which shall have the power to act on behalf of the Board when it is not in session.
- 4) The Board shall develop and adopt its own Rules of Procedures which shall be cleared by the Office of the Legal Counsel.

Rule 5 Membership

- 1) Membership of the Scheme shall be compulsory for staff of the Member institutions of the Fund. Members shall be bound by the conditions and regulations contained therein.
- 2) Member institutions of the Scheme shall include all organs, institutions, specialized and technical offices and any other offices of the Union to be established.
- 3) An employee will be admitted to membership of the Scheme upon employment. Membership shall continue until the Member has been paid out in accordance with the Rules. The AU shall notify the Trustees within seven days of the commencement of a new membership or the termination of an existing membership in respect of persons in their employment.
- 4) Every member shall sign an undertaking as to membership of the Scheme in the Form set out in the Schedule annexed to these Rules.
- 5) Every member shall make a nomination(s) as to the beneficiaries of his/her entitlement in the event of his/her death or incapacity.

Rule 6 Contributions

1) Member's Contribution

Every member shall contribute every month to the Scheme twelve percent (12%) his contribution salary for that month and the same shall be deducted and paid over to the Trustees by the Employer at the time such salary is paid.

2) Employer's Contribution

At the time of paying the salary of a member, the Employer shall in respect of that member contribute and pay to the Trustees a sum equal to nineteen percent (19%) of the contribution salary paid to that member for that month.

3) Voluntary Contribution

The employee may opt for additional voluntary contribution of twelve percent (12%) of his contribution salary to which the employer would add two percent (2%) of the employee's salary. In this case the member's total contribution would be twenty-four (24%) of employee's contribution salary while the employer contribution would amount to twenty-one (21%) of employee's contribution salary.

4) Change of Contribution Rate

The rate of contribution may be changed by the Executive Council.

Rule 7
Defined Contribution Scheme

The Staff Pension Fund Scheme shall be a Defined Contribution Scheme.

Rule 8
Members' Accounts & Interest

- 1) The Trustees shall fix from year to year the net rate of interest, which shall be credited to the Member's Accounts having regard to the earnings of the Fund's investments. Such interest shall be calculated on the sum standing to the credit of such Accounts on a monthly basis.
- 2) The member shall receive each year statement of his Account and he shall be deemed to have accepted it as correct unless he notifies the Trustees, in writing of his objection within one month of the statement being issued.

Rule 9
Benefits

- 1) In accordance with the AU Staff Regulations and Rules, members of the Fund shall be entitled to receive the amount standing to his/her credit in his/her account with accrued interest upon:
 - (a) Resignation
 - (b) Termination
 - (c) Recall
 - (d) Discharge
 - (e) Dismissal
 - (f) Summary dismissal
 - (g) Retirement
 - (h) Death in Service
 - (i) Expiration of Contract
 - (j) Loss of Member State nationality or citizenship
- 2) Pursuant to Rule 77.3 of the Staff Regulations and Rules, a member who is separated by either dismissal or summary dismissal shall not be entitled to pension contribution paid by the Union.
- 3) On separation, a member who is indebted to the Employer shall have his entitlement offset against his debt and the balance, if any, paid to him.

- 4) On separation, a member for whom the employer has made an undertaking in respect of the member's financial obligation to a third party shall have his entitlement off-set against his debt and the balance, if any, paid to him.

Rule 10
Loans

No loans shall be granted under the Scheme.

Rule 11
Mode of Payment of Benefits

- 1) At the time of receiving benefits, individual members or their beneficiaries may opt for any one of the following:
 - (a) Annuity only
 - (b) Part annuity and part lump sum
 - (c) Lump sum payment
- 2) The annuities may be purchased from a reputable Insurance Company as prescribed by the Trustees.

Rule 12
Assignment of Interest

- 1) No member shall be entitled to transfer or assign whether by way of security or otherwise his interest or any part thereof in the entitlement standing to his credit in the Scheme and no such transfer or assignment shall be valid and neither the Trustees nor the Employer shall recognize or be bound by notice to them respectively of any such transfer or assignment.
- 2) In the event that any member shall execute, purport or attempt to execute any transfer or assignment, all entitlements standing to the credit of that member shall be forfeited to the Scheme from the date of the purported transfer or assignment.
- 3) If any other prohibitory order or attachment or process of a Civil Court be served on the Trustees or the Employer or any person acting on their behalf by which any entitlement standing to the credit of any member shall be attached or be ordered to be withheld from such member, or if any member is adjudged as insolvent or he files a petition for his insolvency or makes any arrangement or composition with his creditors then such entitlement shall thereupon be forfeited to the Scheme; PROVIDED ALWAYS that the Trustees shall be at liberty in their discretion if they shall so think fit at any part thereof for the benefit of such member as if he had voluntarily retired or for the benefit of his legal representatives if he passes on.

- 4) The Employer shall have the first and paramount lien upon the balance standing, from time to time, to the credit of each Member against any loss, damage, costs or expenses, which the Employer may at any time, sustain, incur, pay or be put to by reason of any act of embezzlement, neglect or default by such Member, or in respect of any advance of pay, loan, etc. which may have been made to him.

Rule 13
Annual Accounts, Control and Audit

- 1) As soon as possible after the 31st day of December in each year and not later than three months after the 31st day of December in each year the Trustees shall prepare Balance Sheet and Revenue Accounts as at the said December 31st for the Scheme.
- 2) The Revenue Account shall be credited with all income from investments accruing during the period of account together with any increase in the value thereof.
- 3) The Trustees shall prepare a statement of investment portfolio showing name, nature, cost and market value of each holding at 31st December, and details of major investment during the year for the Scheme.
- 4) There shall be an oversight on the Fund by the PRC, the Office of Internal Oversight and Board of External Auditors shall audit the fund.
- 5) The Trustees shall prepare an Annual Report, which shall include the Audited Accounts for submission to the Members of the Scheme.

Rule 14
Triennial Actuarial Valuation of the Scheme

The Trustees shall cause to be prepared an actuarial report of the Scheme every three years to determine the state of affairs of the Scheme with respect to the objectives and investments of the Scheme. The actuarial valuation shall be performed by an actuarial firm.

Rule 15
Custody of the Fund

The Trustees shall manage the Fund of the Scheme, and they shall designate a bank as a custodian of the Fund in the name of the African Union Staff Pension Fund.

Rule 16
Governing Structure

- 1) The governing structure of the Scheme shall be composed of:
 - (a) the Board of Trustees composed of:

- i) Deputy Chairperson of the African Union Commission – Chairperson of the Board of trustees;
 - ii) Five members appointed by the Staff Association for a term of three years renewable once; and
 - iii) Heads of Finance Division each appointed by three (3) Organs of the African Union for a term of two years on rotational basis.
- (b) the Secretariat
- 2) The Trustees shall manage the Fund of the Scheme, and a bank account shall be designated as a custodian of the Fund in the name of the African Union Staff Pension Fund.
- 3) The Secretariat shall be responsible to the Trustees for the maintenance of the accounts and records of the Scheme, conduct its correspondence and perform such other duties, as shall be incidental to the proper management of the Scheme.

Rule 17 Vacancy for Trustee

- 1) A vacancy shall arise in the Board of Trustee due to the following circumstances:
 - a) Resignation;
 - b) Death; and
 - c) Incapacity.
- 2) Such vacancy shall be filled as soon as possible in accordance with Rule 16(1) above but notwithstanding such vacancy the continuing Trustees shall continue to administer the Trust provided a quorum is formed as in Rule 18(3).

Rule 18 Meetings

The following provisions shall be observed for any meeting of the Board of Trustees:

- 1) The Board of Trustees shall meet once every month and when necessary.
- 2) The Secretariat shall give notice to the Board and send the working documents at least seven working days' before a meeting of the Trustees, unless all the Trustees agree to a shorter notice.

- 3) The Trustees may meet for business, adjourn, or otherwise regulate their meetings as they think fit. A quorum for meetings of the Trustees shall be constituted by five Trustees, of whom one shall be the chairperson.
- 4) Any five Trustees forming a quorum as mentioned in paragraph 3 above or the AU may at any time convene a meeting of the Trustees.
- 5) The Trustees shall cause proper minutes to be kept in a book provided for the purpose of all their resolutions and proceedings and if purported to be signed by the Chairperson of such meeting or the next succeeding meeting such minutes shall be received as evidence that the resolutions therein mentioned have been duly passed at a properly constituted meeting and as to the matters stated in the said minutes.

Rule 19

Changes in Valuation of the Scheme at the Risk of Members and Employer

Any appreciation or depreciation in the investment of the Scheme shall be for the benefit of and at the risk of the Members and Employer.

Rule 20

Right to Determine Employment of Member

Nothing in the Trust Deed or these Rules shall impair the right of the Employer to determine the employment of any member nor shall the benefit to which any person might (but for the determination of his employment) have become entitled under the Scheme be used as a ground for increasing damages in any Court action.

Rule 21

Withdrawal from Fund by Members

- 1) A member who has attained the retiring age of 60 years is entitled to receive the amount standing to his/her credit in his/her account with accrued interest.
- 2) A member who has not attained the retiring age of 60 years but is separating from the AU is entitled to receive the amount standing to his/her credit in his/her account with accrued interest.

Rule 22

Currency of the Pension Scheme

The currency of the Pension Scheme shall be the United States Dollars

Rule 23

Settlement of Differences

All questions not provided for under the Rules and/or all differences arising in regard to the meaning or application of the Rules, and/or rights and obligations by the parties concerned, will be decided by the African Union Administrative Tribunal.

Rule 24 Reporting

The Trustees shall report to the Executive Council through the Permanent Representatives Committee on the general socio-economic situation of the Fund.

Rule 25 Termination of the Scheme

- 1) The Scheme may be terminated by the passing of a recommendation carried by two-thirds majority of the Trustees, for the decision of the Executive Council through the PRC.
- 2) A vote to carry a recommendation to terminate the Scheme shall not be taken before the expiration of six months after a notice in writing of a motion to terminate the Scheme has been delivered to the Employers and the Members.
- 3) Upon the termination of the Scheme by the decision of the Executive Council whether by such notice or otherwise, the Trustees shall either:
 - (a) Transfer the assets on conditions fixed by them to another Scheme open to the Staff of any of the Employers, and as far as possible make arrangements as to the allocation of such entitlement to the Members' Accounts in that Scheme.
 - or
 - (b) Realize the assets of the Scheme and apply the proceeds of the realization in payment of the costs of liquidation and then in distributing the balance remaining amongst the Members in proportion to the aggregate entitlements.

Rule 26 Amendment

- 1) These Rules may be amended by the Executive Council upon recommendation of the Board of Trustees.
- 2) The Chairperson and the Staff Association may make proposals for amendment through the Board of Trustees for consideration.
- 3) Any amendment shall to the Pension Fund Scheme Rules shall enter into force as per Rule 27.

Rule 27 Entry into force

These Rules shall come into force upon adoption by the Executive Council.

-SCHEDULE-

**AFRICAN UNION STAFF PENSION SCHEME
MEMBERSHIP UNDERTAKING**

Name Department/Location
.....

Date joined Scheme.....

To: The Trustees,

I hereby apply to be a member of African Union Staff Pension Fund Scheme. I confirm that I have read the rules governing the operations and management of the Scheme and agree to abide by them.

I authorize the Employer to deduct contributions from my salary for transmission to the Trustees, at the rate prescribed by the Rules of the Scheme.

I hereby appoint the following person(s) to be my beneficiaries:

.....
.....
.....

Signed:.....

Date:.....

Personal Details

Date of birth:

Date of employment in African Union:

NB: Please complete and return this Form to the Human Resources Department, African Union.

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