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**REPORT OF THE JOINT-SITTING OF THE MINISTERIAL COMMITTEE  
ON SCALE OF ASSESSMENT AND CONTRIBUTIONS  
AND THE COMMITTEE OF F15**

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**VIRTUAL MEETING OF THE JOINT SITTING OF THE MINISTERIAL  
COMMITTEE ON SCALE OF ASSESSMENT AND CONTRIBUTIONS AND  
THE COMMITTEE OF FIFTEEN MINISTERS OF FINANCE (F15)**

**11<sup>th</sup> October 2021**

**Virtual**

**REPORT**

## A. INTRODUCTION

1. The Ministerial Committee on Scale of Assessment and Contributions and the Committee of Fifteen Ministers of Finance (F15) held a joint virtual meeting on 11<sup>th</sup> October, 2021. The meeting was co-chaired by **Hon. Mahamat Zene Cherif**, Minister of Foreign Affairs of the Republic of Chad in his capacity as Chair of the Ministerial Committee on Scale of Assessment and Contributions and **Hon. Tahir Hamid Nguilin**, Minister of Finance and Budget of the Republic of Chad and Chair of the Committee of Fifteen Ministers of Finance (F15).

2. The objective of the meeting was to: review the status report of Member States' contributions to the African Union (AU) budgets; recommend the application of sanctions on Member States that have fallen back on their payments; review progress on the implementation of payment plans for Member States that have declared force majeure circumstances; and consideration of the draft decision to be presented to the Policy Organs.

3. The following Members were in attendance:

Ministerial Committee on Scale of Assessment and Contributions: **Chad (Chairing), Algeria, Angola, Botswana, Egypt, Gambia, Mauritius and Uganda.**

Committee of Fifteen Ministers of Finance: **Chad (Chairing), Algeria, Botswana, Cameroon, Egypt, Ghana, Kenya, Morocco, Namibia, Rwanda and South Africa.**

## B. OPENING REMARKS

4. In his opening remarks, the Co-Chair, Hon. Mahamat Zene Cherif welcomed Members and appreciated the nomination of the Republic of Chad to Chair the Ministerial Committee on the Scale of Assessment and Contributions for the period 2021-2022. He further extended profound congratulations to H.E. Dr. Monique Nsanzabaganwa on her election to Deputy Chairperson of the African Union Commission while assuring of the Committee's unwavering support. He highlighted the purpose of the meeting and called upon members to use utmost diligence in the review of the report on contributions and the application of sanctions for non-compliance.

5. Hon. Mahamat Zene Cherif further acknowledged that the continent and the world at large continue to face extraordinary times in the advent of the Covid-19 pandemic which continues to disorient livelihoods socially and economically. Nonetheless, he underlined that the Union must remain committed to see that its development agenda remains focused and adequately resourced.

6. On her part, H.E. Dr. Monique Nsanzabaganwa welcomed all and proclaimed her sincere gratitude to Hon. Mahamat Zene Cherif for the kind remarks extended to her office on the assumption of the role of Deputy Chairperson of the Commission. She reiterated her full commitment and service to the Union and the people of Africa. She further acknowledged the continuing devastation of the pandemic on society which has far-reaching social and economic impacts. However, she lauded the resilience of African people, who despite all odds and known challenges, are steadfast in pulling together to achieve an integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the international arena.

7. Further, the Deputy Chairperson of the Commission stressed that delivering on Agenda 2063 remains the core business of the Union with the ultimate quest of achieving inclusive sustainable development. To that end, she underlined that the determination to mobilize adequate domestic and international resources to implement key priority programs at the national and regional level in order to boost Africa's economic growth and development remains at the heart of the endeavor. She highlighted that Member States had demonstrated this resolve with year on year improvements on the collection rate of assessed contributions with the year 2020 registering a record 85% collection as at close of the fiscal year. She lastly recognized the Committee of Finance Ministers (F15) for its strong technical oversight over critical areas concerning budget, financial and administrative matters which has been instrumental to the Union to realize higher fiduciary standards and prudent financial management of Member States' resources.

### **C. ADOPTION OF THE AGENDA**

8. Following the opening remarks, the agenda was adopted as below:

- a. Opening
  - i. Remarks by the Chair of the Ministerial Committee on Scale of Assessment and Contributions
  - ii. Remarks by the Chair of the Committee of Fifteen Ministers of Finance (F15)
  - iii. Remarks by Deputy Chairperson of the African Union Commission
- b. Organization of Work
- c. Adoption of the agenda:
  - i. Consideration of the report of the meeting of Ministerial Committee on Scale of Assessment and Contributions (Ambassadorial level) and F15 Committee of Experts held on the 10th October 2021.
- d. Report on Status of contributions for 2021.
- e. Consideration of draft decision
- f. Any Others Business
- g. Closing

**D. CONSIDERATION OF THE REPORT OF THE JOINT SITTING OF THE MINISTERIAL COMMITTEE ON SCALE OF ASSESSMENT AND CONTRIBUTIONS (AMBASSADORIAL LEVEL) AND F15 COMMITTEE OF EXPERTS HELD ON THE 10TH OCTOBER 2021**

9. H.E. Ambassador Mahamat Ali Hassan, Permanent Representative of the Republic of Chad to the African Union, in his capacity as the Chair of the Ministerial Committee on Scale of Assessment and Contributions at the Ambassadorial level, presented highlights of the report of the Joint Sitting held on the 10<sup>th</sup> October, 2021 as follows:

- a. The Executive Council in October 2020 approved a total of **US\$US\$636,075,986** for the 2021 AU budget of which **US\$US\$203,500,000** was assessed to Member States. In addition, Member States were assessed **US\$51,250,000** for the Peace Fund. The 2021 assessed contributions were determined on the basis of the 2020-2022 Scale of Assessment. As at 8<sup>th</sup> October 2021, collections from Member States on the regular budget were **US\$142,841,998** equivalent to **70%** collection. Thirty-five (35) Member States had made full payments to their 2021 regular budget assessments while ten (10) had made partial payments. Ten (10) Member States had not made any contributions to their 2021 regular budget assessment.
- b. With respect to the Peace Fund, collections for the 2021 assessment stood at **US\$23,005,101** equivalent to **45%** collection. Twenty-seven (27) paid their 2021 Peace Fund assessments in full while five (5) Member States had made partial payments. As at 8<sup>th</sup> of October 2021, twenty-three (23) Member States had not made any payment to their 2021 Peace Fund assessments. Against the **US\$400,000,000** full endowment to the Fund, the total collections since 2017 stood at **US\$232,480,946**.
- c. With respect to arrears for non-payment of assessed contributions to the regular budget and the Peace Fund, and the subsequent applications of sanctions, the Joint Sitting was informed that thirteen (13) Member States were in short-term arrears and would be considered for placement under cautionary sanctions.

10. Subsequently, he provided a summary of the observations and discussions that ensued as below:

- a. An explanation was sought on the discrepancies in the figures that feature in the Report on the Status of Member States Contributions as of August 31<sup>st</sup> 2021 and the Addendum of 8<sup>th</sup> October 2021.

- b. The Joint Sitting took note of the update provided on the implementation of the payment plans for the settling of arrears by Member States that had expressed difficulties in paying their contributions and commended the Member States for fulfilling their commitments.
- c. The meeting stressed that process to develop the Scale of assessment for Member States contributions should be led by the F15 Technical Committee of Experts. This emphasis was made based on the understanding that the F15, supported by the various technical departments of the Commission, possess sufficient skills and technical know-how to prepare options for consideration by the Joint Sitting. Further, the Joint Sitting recalled decisions of the Policy Organs which discouraged the use of consultants by the Commission in view of austerity measures.
- d. The meeting expressed its profound concern of the regression witnessed with regards to the attainment of the financing targets agreed in Johannesburg in 2015 and urged Member States to revisit the commitments and reaffirm their determination on self-reliance.
- e. The Joint Sitting extended its appreciation to Member States that had made voluntary contributions to the Covid-19 Fund.
- f. An issue was raised regarding the influence of Development Partners over the programs and activities of the Union in view of their relatively higher percentage share of funding to the Union budget.
- g. The meeting requested the Commission to engage the F15 and seek guidance on strategies on investment activities which could offer maximum return on investments.
- h. With regards to investments made on the Peace Fund it was noted that concentrating the investments in two Banks posed a risk to the Union.
- i. The meeting recalled that the Policy Organs had mandated the Commission to engage with Member States that had entered reservations with regards to the method used to assess the Peace Fund. The Commission was requested to finalize those consultations and report back to the Assembly in February 2022.
- j. It was underlined that there is need to expedite the operationalization of the revitalized Peace Fund for the benefit of the Union's Peace Support Operations which continues to be largely funded by Partners.

11. Following the observations above, the Chair of the Ministerial Committee on Scale of Assessment and Contributions (Ambassadorial level) reported the responses given by the Commission as follows:

- a. The discrepancies in the figures noted between the main contributions report of 31st August 2021 and the Addendum of 8th October 2021 are as result of additional contributions made within that window.
- b. The Commission took note of the disapproval by the Joint Sitting to recruit a consultant to develop the new scale of assessment for 2023-2025. The meeting was informed that based on the recommendations, an internal task-force shall be constituted drawing from the relevant technical departments of the Commission including Economic Affairs.
- c. With regards to the influence of development Partners on programs and activities which they fund, the Commission reminded that Decision EX.CL/Dec.1020(XXXIII) stipulates that all program activities are adopted through the budgetary process and Decision EX.CL/Dec.1069(XXXV) requires that the terms and conditions for all Partner funds should be presented to the Policy Organs for approval.
- d. On investments related to the Peace Fund, the Commission highlighted that the funds are currently invested on a rolling three-month basis to enable a swift hand-over to the Fund Managers as soon as they come on board. The process to recruit the Fund Managers is at the final stage.

12. The Joint Sitting thereafter agreed on the general recommendations for consideration by the Joint Sitting of Ministers as follows:

- a. Congratulate the Member States that have paid their assessed contribution despite all the difficulties and challenges brought about by COVID-19 and its attendant devastating effects on the economies of Member States.
- b. Pursuant to Assembly Decision Ext/Assembly/AU/Dec.3(XI) of November 2018 which stipulates that the short-term period for Member States to be in arrears shall be six (6) months, the following Member States are to be placed under cautionary sanctions: Nigeria, Angola, Democratic Republic of Congo, Chad, Equatorial Guinea, Mozambique, South Sudan, Congo, Benin, Guinea, Lesotho, Cape Verde, Sao Tome and Principe.
- c. Commend the Republic of Somalia, Republic of Seychelles and Republic of Burundi for fulfilling their commitments to clear their arrears in accordance with

- the endorsed payment plans and urges to abide within the stipulated timelines in relevant Decisions.
- d. Urge the State of Libya and the Republic of The Sudan to conclude engagements with the Commission to agree on their respective payment plans for settling their arrears and report back to the Executive Council in February 2022.
  - e. The Commission to expeditiously begin the process to develop the new scale of assessment for Member States contributions for the period 2023-2025 to be presented to the Joint Sitting for consideration in January and thereafter to the Assembly for adoption in February 2022. The F15, supported by the Commission, shall lead the process to develop the new scale of assessment for 2023-2025. To that end, the Commission and the F15 shall agree on a roadmap for the development of the new scale. As such, a consultant shall not be recruited for the purpose of the development of the new scale of assessment.
13. With respect to the draft Decision, a summary was provided as follows:
- a. The meeting introduced a paragraph requesting the Commission to expedite the engagements on the Peace Fund Reservations pursuant to Decision EX.CL/Dec.1119(XXXVIII) of February 2021 and report back to the Policy Organs in February 2022.
  - b. It was agreed to expunge the paragraph which “RECALLS Decision Assembly/AU/Dec.802(XXXIV) of February 2021 in which the Assembly decided to grant authority to the Chairperson of the Commission to provisionally lift sanctions imposed on a Member State, and report to the PRC to take a decision in conformity with Rule 36 (3) of the revised Rules of Procedure of the Assembly and RECOMMENDS to the Assembly to grant authority to the Chairperson of the Commission to provisionally impose sanctions on a Member State at the end of the first half of the fiscal year pursuant to para. 3 of Assembly Decision Ext/Assembly/AU/Dec.3(XI), and report to the PRC.”
  - c. The meeting underscored the importance of stipulating the involvement of the F15 Committee of Experts in the process to develop the new scale of assessment for the period 2023-2025.

**a) Discussions**

14. While considering that the report of the Joint Sitting held on the 10<sup>th</sup> of October had provided highlights on the report on the status of Member States contributions and a

summary of the discussions on the draft Decision, the meeting agreed to have simultaneous discussions on agenda items 'c', 'd' and 'e'. Thus, the meeting made the following observations:

- a. Underscored the importance of abiding to the timelines agreed for the implementation of the payment plans for settling arrears by Member States that had expressed difficulties in paying their contributions and commended the Member States for fulfilling their commitments.
- b. Reiterated that the process to develop the new Scale of assessment for the period 2023-2025 shall involve the F15 Experts.
- c. Some Member States from the North raised a concern that despite the reservations entered on the use of general scale applicable to the regular budget to assess Member States to the Peace Fund, the Commission continues to issue reminder note verbales indicating outstanding payments to the Peace Fund.
- d. Reiterated the need for the Commission to finalize consultations with Member States that had entered reservations with regards to the method used to assess the Peace Fund and report back to the Assembly in February 2022.
- e. Raised concern on the continuing heavy reliance on Partners to finance the Union's programs. Also cautioned on the regression by the Union in the attainment of the financing targets agreed in Johannesburg in 2015. Urged Member States to revisit the commitments and reaffirm their determination on self-reliance.
- f. Appreciated Member States for the commitment to paying their annual assessments despite the economic challenges faced as a consequence of the Covid-19 pandemic.
- g. Encouraged the Commission to periodically consult with banks within the continent regarding interests offered on investments to ensure better rates are considered as they arise. Further, it was reminded that auditors have cautioned on concentrating investments in few banks which posed financial risks.
- h. Observed that the postponement of the Executive Council from July to October in 2020 and 2021 affected the application of sanctions for nonpayment of assessed contributions as stipulated in Decision Ext/Assembly/AU/Dec.3(XI) of November 2018. The Decisions stipulates that Member States which fail to meet their obligations and have not settled at least 50% of their current assessed contributions after six 6 months (June) of each financial year in which

the contribution is due shall be deemed to be in arrears and cautionary sanctions shall apply.

- i. As such, took note of the proposal by the Commission that the Ministerial Committee on the Scale of Assessment and Contributions and Committee of Fifteen Ministers of Finance should consider holding their sessions in July every year to review the status of Member States contributions, irrespective of whether the Executive Council shall have its sessions in the same month, subsequent to which the Chairperson of the Commission may provisionally impose sanctions as applicable and report to the PRC. The Assembly may consider granting the Chairperson of the Commission such authority.

#### **b) Responses from the Commission**

15. The Commission provided responses to the observations made as follows:
  - a. With regards to the issuing of reminders indicating outstanding payments to the Peace Fund for Member States that entered reservations on the method of assessment, the Commission provided justification on the basis of Executive Council Decision 1100 of October 2020 which decided to continue to use the scale of assessment for the regular budget to assess Member States' contributions to the AU Peace Fund in line with the general consensus. In addition, the Commission noted that while issuing the said reminders to the six countries, it did also acknowledge Decision 1119 of February 2021 which mandated the Commission to continue bilateral consultations with a view to arriving at the appropriate mechanism for assessing the Peace Fund.
  - b. With respect to investments, the Commission informed that the development of a new model for treasury management is underway which will clarify methodologies for investment. Accordingly, a mechanism has been put in place to secure inputs from across the Continent which also includes a note verbal to Member States outlining how they can participate.
  - c. The Commission reassured that the process to develop the new scale of assessment for 2023-2025 shall involve Experts of the F15.
  - d. Regarding proposal to grant provisional powers to the Chairperson to impose sanctions, the Commission clarified as follows:
    - i. The Joint Sitting of the Ministerial Committee on Scale of Assessment and Contributions and Committee of Fifteen Ministers of Finance should consider having its sittings strictly in July to align with the relevant Decisions on the administration of the sanction's regime.

- ii. In the event that the Executive Council is not able to have its Session in July, a provisional mechanism should be put in place to impose sanctions as per the recommendation of the Joint Sitting pending formal adoption by the Policy Organs.

**c) Conclusion and recommendations**

16. Following exhaustive deliberations, the Joint Sitting adopted the following general recommendations:

- a. Congratulated Member States that had paid their assessed contributions despite the economic difficulties faced by many countries in the advent of COVID-19 and urged Member States that have not done so to equally honor their financial obligations to the Union.
- b. Underlined that a reservation on the scale of assessment does not imply non-compliance. Therefore, Member States are called upon to abide to the standing obligations to pay their annual dues to the Union as notified through the assessment letters and in conformity to the stipulated financial rules and regulations, strengthened by the relevant Decisions on sanctions.
- c. Pursuant to Assembly Decision Ext/Assembly/AU/Dec.3(XI) of November 2018 which stipulates that the short-term period for Member States to be in arrears shall be six (6) months, the following Member States are to be placed under cautionary sanctions: Nigeria, Angola, Democratic Republic of Congo, Chad, Equatorial Guinea, Mozambique, South Sudan, Congo, Benin, Guinea, Lesotho, Cape Verde, Sao Tome and Principe.
- d. Commends the Republic of Somalia, Republic of Seychelles and Republic of Burundi for fulfilling their commitments to clear their arrears in accordance with the endorsed payment plans and urges to abide within the stipulated timelines in relevant Decisions.
- e. Urges the State of Libya and the Republic of The Sudan to conclude engagements with the Commission to agree on their respective payment plans for settling their arrears and report back to the Executive Council in February 2022.
- f. Consultations should continue on the proposal to grant the Chairperson of the Commission provisional powers to impose sanctions and a proposal should be tabled before the Policy Organs in February 2022 for consideration.

- g. In line with the recommendation of Policy Organs to minimize the use of consultants in the activities of the Union, the Commission, in close collaboration with the F15 Committee of Experts is requested to develop proposals for the new scale of assessment for consideration by Policy Organs in February 2021. In this regard, the Commission and the F15 Experts should develop a mutually agreed roadmap.

## **E. CLOSING**

17. In his concluding remarks, the Chairs thanked delegates for attending the meeting and appreciated the technical work done both by the Ambassadors and Experts of the F15, facilitated by the Commission.

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# Report of the Joint-Sitting of the Ministerial Committee on Scale of Assessment and Contributions and the Committee of F15

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