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**EXECUTIVE COUNCIL**  
**Fortieth Ordinary Session**  
**20 January - 03 February 2022**  
**Addis Ababa, Ethiopia**

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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**

**January 21, 2022**

## A. Introduction

1. The Joint Sitting of PRC Sub-Committee 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 on January 21, 2022 to deliberate on a number of items pertaining to their mandate. It was presided over by the Permanent Representative to AU and UNECA, His Excellency Ambassador James Morgan on behalf of Permanent Representative to AU and UNECA, Her Excellency Ambassador Amma A. Twum-Amoah, Chairperson of the PRC Sub-Committee on GSCBFAM.

## B. Attendance

2. The following Member States and F15 Technical Experts attended the meeting:

### Member States

- |                  |                  |
|------------------|------------------|
| 1. Algeria       | 28. Namibia      |
| 2. Angola        | 29. Niger        |
| 3. Botswana      | 30. Nigeria      |
| 4. Burkina Faso  | 31. Rwanda       |
| 5. Burundi       | 32. Sahrawi      |
| 6. Cameroon      | 33. Senegal      |
| 7. CAR           | 34. Sierra Leone |
| 8. Congo         | 35. South Africa |
| 9. Cote d'Ivoire | 36. South        |
| 10. Djibouti     | Sudan            |
| 11. Egypt        | 37. Tanzania     |
| 12. Equatorial   | 38. Tchad        |
| Guinea           | 39. Togo         |
| 13. Eritrea      | 40. Tunisia      |
| 14. Eswatini     | 41. Uganda       |
| 15. Ethiopia     | 42. Zambia       |
| 16. Gabon        | 43. Zimbabwe     |
| 17. Gambia       |                  |
| 18. Ghana        |                  |
| 19. Kenya        |                  |
| 20. Lesotho      |                  |
| 21. Liberia      |                  |
| 22. Libya        |                  |
| 23. Madagascar   |                  |
| 24. Mauritania   |                  |
| 25. Mauritius    |                  |
| 26. Morocco      |                  |
| 27. Mozambique   |                  |

### F15

1. Algeria
2. Cameroon
3. Congo
4. Egypt
5. Ethiopia
6. Morocco
7. South Africa
8. Tchad

**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) Adoption of the draft agenda
- iv) Items for consideration:
  - a) 2021 Virement/Reallocation consideration for outstanding payments
  - b) Supplementary budget for the Office of the Director General
  - c) Supplementary budget of recruitment of Staff for the AfCFTA Secretariat for Year 1 Phase II
- v) Any other business

**D. Virement/Reallocation consideration for outstanding payments**

4. The Commission made the presentation to the joint sitting. The budget reallocation requests amounting to US\$ 5,645,840 was meant to cover the costs of outstanding payments in 2021.

**Comments and Observations by the joint sitting**

5. The joint sitting made the following observations:

- i) Observed with concern that some payments were supposed to be budgeted for in the annual budgets since they were essential costs. This was mentioned as unacceptable.
- ii) Observed that staff costs ought to be protected and were supposed to be given priority. Similarly, the meeting wondered how funds were reduced from staff costs when looking for savings to meet budget ceilings.
- iii) Observed inconsistency in the figures presented in the report, (but one referred to approve the amount of 5% by H.E Chairperson & the other to be presented to policy organs for approval)
- iv) Sought explanation as to why such requests were not planned during normal budget process.
- v) Delayed payment of salaries was unacceptable as it could easily attract legal suits.
- vi) Observed that the document presented was incomplete and therefore it was proposed that it be withdrawn.
- vii) The budget for personal emoluments is statutory and should not be touched in favor of other spending items.

## Responses by the Commission

6. The Commission responded as follows:
- i) Regarding virement, the Commission explained that while the Chairperson's quota of 5% was exhausted, it was important to submit for approval by the PRC any excess in accordance with the Financial Rules and Regulations.
  - ii) All statutory payments need to be paid.
  - iii) Over the last decade, budget was increased initially annually by 5%, then later on average cost of 3 years, but this doesn't take into consideration the annual increment of staff and education fees which have never been enough and always catered by the 5% reallocation, etc.
  - iv) That each office and department usually submits budget for actual staff entitlements, but when policy organs instruct that AU has to remain within the ceiling determined by policy organs, the Commission has to reduce all operating budget to meet the ceiling.

## Recommendation/Conclusion

7. The meeting recommended to the PRC to approve the reallocation/virement request of the Commission for the year 2021 and that should it be accompanied with detailed performance report for each of the reallocation/virement to be made.

## E. Budget for the Office of the Director General

8. The budget request for the Office of the Director General of US\$779,489 was presented.

## Comments and observations by the joint sitting

9. The joint sitting made the following observations and comments:
- i) Acknowledged the need for the ODG to have a budget
  - ii) Requested for clarity on setting of priorities and asked if it was the same priorities set in the Budget Framework Paper.
  - iii) Sought clarification on the DG's mandate on Monitoring & Evaluation in relation to the mandate of the Office of Strategic Planning Delivery (OSPD) and other offices.
  - iv) Proposed that the budget of the DG be considered under the budget for 2023.
  - v) Activity 3.02 needed to be clarified and also if Member States financing was from assessed contributions.
  - vi) Proposed that the initial budget request be funded from the Reserve Fund.
  - vii) Ensure alignment of the DG's office functions with other departments to avoid overlap.

viii) Proposed that the office be allotted US\$375,000 in order to allow it to begin operation while awaiting a re-submission for the balance of the initial request.

### **Responses by the Commission**

10. The Commission responded as follows:

- i) Took note of the subcommittee's remarks and observations and promised to act upon them.

### **Recommendations/Conclusion**

11. The meeting recommended to the PRC to approve the initial budget of US\$375,000 to allow the office of the DG to commence operations while they work on resubmission of a proposal based on the comments of the joint sitting.

### **F. Recruitment of Staff for the AfCFTA Secretariat for Year 1 Phase II – AfCFTA**

12. The AfCFTA Secretariat presented the supplementary budget of US\$12,916,288.

### **Comments by the joint sitting**

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

- i) Reminded the AfCFTA to observe the quota system when recruiting.
- ii) Proposed that the request be accompanied with a performance report for 2021. This was important to understand if the funds allocated in 2021 were utilized prior to the consideration of the proposal.
- iii) Requested for time frames for recruitment and information on lessons learnt in 2021.
- iv) Wanted to know the number of critical staff that AfCFTA can frontload in their recruitment drive.
- v) Sought clarification on the source of funds to finance the recruitment process.
- vi) Also wanted to know if the Commission has the capacity to recruit the entire proposed staff.
- vii) Recalled the Policy Organ's decision which recommended that recruitment at AfCFTA be on phased approached.
- viii) Also requested for progress report in the implementation of the Gap Cap as its application has excluded many Member States.
- ix) Inquired if there were sufficient funds in the Reserve Funds to support the request.
- x) Also requested for a report on the number of Member States that have seconded staff to AfCFTA, and how many are yet to second staff.

## Responses by the AfCFTA

14. The AfCFTA responded as follows:

- i) Confirmed that it was possible to recruit all proposed staff within a year.
- ii) Assured the meeting that all rules and regulations governing recruitment would be followed.
- iii) Explained that the AfCFTA had a balance of US\$2.9 million from last budget, which could be used for the purpose of new recruitment.
- iv) Further explained that the structure for AfCTFA would be funded by Member States as is the case with all regular positions.
- v) Explained that all AFCTA recruitment was done using the new MBRS system and informed the meeting that with the MBRS in place, the recruitment period could be shortened, which would make it possible to recruit all within a year.

## Recommendations/Conclusions

15. The meeting recommended to the PRC that savings made by the AfCFTA in 2021 be reallocated for the purpose of recruitment of the key staff following the decision of the Assembly on the need for a phased approach on recruitment.

16. Requested the AfCFTA to reduce the number of staff to be recruited in 2022 in line with Assembly Decision on a phased approach for recruitment

17. The US\$2.9 million will come from the saving from 2021 reserve fund as a starting point to recruit staff, subject to amendments in accordance with Assembly Decision and availability of funds.

## G. R10 budget for the period January – June 2022

18. The R10 Experts presented the supplementary budget of US\$ 566,160.

## Comments by the joint sitting

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

- i) Questioned the high costs of the tickets in the budgets and requested for the justification considering that the travels are within Africa
- ii) Requested for the rationalization of the budget and noted that the missions costs on DSA and the honorarium are high and should be revised to a maximum of 7 days, as the days provided in the budget were unreasonably high for the planned activities
- iii) Requested for supporting detailed & itemized breakdown on several budget lines on the R10 Budget
- iv) Sought clarification on budget requested as the R10 Experts had only 5 months remaining before the expiry of their mandate.

## **Responses by the R10 Experts**

20. The R10 Committee responded as follows:
- i) Explained that the high cost of the tickets was due to the fact that one of the R10 Experts was based in London
  - ii) Stated that the previous R10 team did not take into account all the Budget activities required for the implementation of their mandate justified the Retreat meeting in Banjul for the R10 Experts, and explained that they have not met as a team for the last 4 months. The retreat will be important for the deliberations of the roadmap strategy of the exit plans and discussions with the HR Department on the necessary work to be completed.
  - iii) Noted the need to revise the budget and provide the detailed presentation of the budget as requested by the Members States.

## **Recommendations/Conclusions**

21. Take note of the comments and observations by the Joint meeting and revise the budget of the R10 Experts.
22. The meeting recommended to the PRC to approve a supplementary budget of US\$ 343,554 for the R10 Committee of Ex for the period January to June 2022.

## **H. Any other business**

23. There was no any other business.

2022-01-20

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