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

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 31st January, 2022. The meeting was co-chaired by **Hon. Oumar ibn Daoud**, Deputy Minister of State for Foreign Affairs, African Integration and Chadians Abroad, of the Republic of Chad on behalf of **Hon. Mahamat Zene Cherif**, Minister of State for Foreign Affairs, African Integration and Chadians Abroad in his capacity as Chair of the Ministerial Committee on Scale of Assessment and Contributions and **Hon. Tahir Hamid Ngulin**, 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 report on status 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; consider the report of the bilateral consultations between the Commission and six Member States from the Northern Region regarding their reservations on the matter of assessing the Peace Fund; consider the report of F15 Experts on the development of the new scale of assessment; 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 (Chairperson), Algeria, Angola, Botswana, Egypt, Gambia, Mauritius and Uganda.**

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

B. OPENING REMARKS

4. In his opening remarks, Hon. Oumar ibn Daoud welcomed Members and once again 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 gratitude to the Cabinet of H.E. Dr. Monique Nsanzabaganwa for the technical and administrative support granted to the Chairpersonship of Chad and the Committee in general. He highlighted the purpose with respect to the review of the report on contributions and the application of sanctions for non-compliance while also

appreciating efforts made by Member States to pay their contributions despite the persistent challenges of the COVID-19 pandemic.

5. Honourable Minister Oumar ibn Daoud further acknowledged that besides the pandemic, climate change and terrorism continue to affect the continent and underscored the importance of the promotion of peace, the rule of law and good governance as prerequisites for sustainable development. He further thanked the F15 for its continued guidance on budgetary and financial matters, implored on Member States to supplement those efforts by striving to ensure that Decisions of the Policy Organs related to sustainable and predictable financing of the Union are upheld unwaveringly. He concluded by calling for an expedited conclusion on the bilateral consultations between the Commission and six Member States from the Northern Region regarding their reservations on the matter of assessing the Peace Fund.

6. On his part, Honorable Tahir Hamid Ngulin, Chair of the Committee of Fifteen Ministers of Finance (F15) also welcomed members to the meeting and, at the onset, recalled a study by the Commission in 2020 which revealed a potential estimated loss of 270 billion US dollars in the continent, in 2020 alone, owing to a 35% drop on exports and imports as a consequence of the pandemic. Yet, he noted and commended Member States for maintaining their commitment to the 'Declaration on Self-Reliance' adopted by the Assembly in June 2015 by paying their assessed contributions in time.

7. In that regard, the honorable minister reassured of the Joint Committee's continued monitoring, on behalf of the Union, the implementation of Policy Organs Decisions on predictable and sustainable financing of the AU and especially, the principle of more ownership by Member States. He concluded his remarks by stressing on the importance for the Union to pursue alternative sources of financing and urged Member States to domesticate the 0.2% levy that was adopted with the aim of leveraging the capacities of national governments to pay their assessed contributions.

8. In her opening remarks, H.E. Dr. Monique Nsanzabaganwa extended her appreciation to the Joint Sitting for its vital role in advising Policy Organs on the sustainable financing of the Union towards the advancement of Africa's development priorities. She highlighted that despite the enduring covid-19 pandemic and its attendant challenges, collections on Member States' contributions had remained steady with the year 2021 registering a collection rate of 88% of Member States' assessed contributions. She further commended Member States that had paid their 2022 contributions fully and in a timely manner to comply with the AU Financial Rules and Regulations.

9. In addition, the Deputy Chairperson lauded three Member States who despite declaring force majeure circumstances, were on course to clear their arrears in line with their agreed payment plans. However, she alerted the Joint Sitting to two other Member

States that were yet to comply with the Decisions of Policy Organs to agree on their payment plans and further reassured of the Commission's efforts to assist in expediting the matter. She also appraised the meeting of the continued consultations with concerned Member States regarding their reservations on the Peace Fund while calling on the Joint Sitting to provide clear guidance on how to reach an amicable solution to this matter.

10. Lastly, recalling that the 2020-2022 scale of assessment was in its last year of application, the Deputy Chairperson informed that the Commission, guided by Experts of the F15 as directed by the Policy Organs, had embarked on preliminary work of data collection and preparation. Nevertheless, she acknowledged the prerogative of Member States to guide the process with respect to defining base periods from which economic indicators would better reflect the capacity to pay of Member States and reassured of the Commission's support to follow through with the collective wisdom of the Joint Committee. She concluded by reaffirming the significance and urgency of an adequately and sustainably financed African Union.

C. ADOPTION OF THE AGENDA

11. 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
- d. Consideration of the report of the meeting of the Ministerial Committee on Scale of Assessment and Contributions (Ambassadorial level) and F15 Committee of Experts held on the 28th January 2022.
- e. Consideration of the 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 28TH JANUARY 2022.

12. 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 28th January, 2022 as follows:

- a. The Commission provided to the Joint Sitting an overview of the status of Member States' contributions to the 2021 regular budget and the Peace Fund for the period 1st January 2021 to 31st December 2021. The Commission recalled that the Executive Council in October 2020, approved **US\$203,500,000** to be assessed to Member States for the year 2021 based on the 2020-2022 Scale of Assessment. As of 31st December 2021, US\$178,789,441.40 was collected, representing a collection rate of 88%. Arrears to the regular budget amounting to US\$26,273,629 were also collected in 2021, equivalent to 27% of outstanding arrears. Forty-five (45) Member States had made full payments to their 2021 regular budget assessments while five (5) had made partial payments. Five (5) Member States had not made any contributions to their 2021 regular budget assessment.
- b. Further, as at 31st December, 2021, against the US\$51.25 million assessed to Member States for the Peace Fund, an amount of US\$34,756,891.15 was collected representing a 68% collection rate. Thirty-seven (37) paid their 2021 Peace Fund assessments in full while four (4) Member States had made partial payments. Fourteen (14) Member States had not made any payment to their 2021 Peace Fund assessments.
- c. Further, an update on the status of Member States Contributions to the 2022 regular budget and the Peace Fund for the period between 1st January 2022 and 25th January 2022 was provided. The Commission underlined that Article 19 (3) of the AU Financial Rules and Regulations (FRR) stipulates that the statutory contributions from Member States are due on the 1st of January of each financial year. Accordingly, six (6) Member States, Cote d'Ivoire, Gambia, Rwanda, Zimbabwe, Togo, Namibia had paid their 2022 assessments in full.
- d. With regards to the regular budget, against the US\$204,784,571 assessed to Member States in 2022, a total of US\$14,874,503.27 was collected, representing a collection rate of 7.26%. In addition, against the US\$51.25 million assessed to Member States in 2022, a total of US\$3,255,715.26 was collected representing 6.35% of the 2022 assessment.
- e. Against the US\$400,000,000 full endowment to the Peace Fund, the total collections as at 25th January 2022 stood at US\$252,034,074.49.

- f. With respect to sanctions, the Commission recalled that Executive Council Decision 1138 of October 2021 decided to impose cautionary sanctions on ten (10) Member States: Chad, Equatorial Guinea, Mozambique, South Sudan, Congo, Benin, Guinea, Lesotho, Cape Verde, Sao Tome and Principe, that had not settled at least 50% of their 2021 assessed contributions. However, Chad, Equatorial Guinea, Mozambique, Lesotho and Cape Verde had since made their respective payments which enabled them to vacate the cautionary sanctions in line with Decision Assembly/AU/Dec.802(XXXIV) of February 2021 which granted 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.
- g. Further, the Commission recalled Decision Ext/Assembly/AU/Dec.3(XI) of November 2018 through which the Assembly decided that it may consider requests in writing from Member States experiencing force majeure circumstances making them temporarily unable to pay their assessed contributions. In this regard, the Joint Sitting was informed that Somalia, Seychelles and Burundi are fully compliant with their respective payment plans for clearing arrears. However, Libya and Sudan have yet to conclude the consultations with the Commission to agree on their respective payment plans.
- h. With respect to the bilateral consultations between the Commission and six Countries of the Northern Region regarding their reservations on the assessment of the Peace Fund, a summary of the consultations was provided as follows:
- i. The Executive Council, through Decision EX.CL/Dec.1119(XXXVIII) of February 2021 mandated the Commission to continue bilateral consultations with the six Countries of the Northern Region according to reservations on Decision EX.CL/Dec.1100(XXXVII) on the use of scale of assessment for the regular budget to assess Member States to the AU Peace Fund with a view to arriving at the appropriate mechanism for assessing the Peace Fund as long as it does not affect the consensus already agreed on the matter and the reservations made thereof.
- j. The Executive Council through Decision EX.CL/Dec.1138(XXXIX) of October 2021 further directed the Commission and urged the concerned Member States to finalize the aforementioned consultations before the ordinary session of the Executive Council in February 2022.

- k. Pursuant to these Decisions, two consultative meetings between the Commission and the six Countries from the Northern Region were held on the 21st of October 2021 and the 10th of January 2022 to consider the proposal by the concerned countries on the assessment to the Peace Fund in the respective region.
- l. The proposal had two scenarios:
 - i. Scenario One: based on Decision 605 of 2016 in Kigali, allocate an equal contribution of 20% from each of the five regions. Distribution within the region would then be done according to capacity to pay.
 - ii. Scenario Two: based on the regional formula proposed during the regional consultations with the AU High Representative on Financing the Union (Decision 1100 of October 2020), allocate a 22.5% share to four regions namely Northern, Southern, Eastern and Western while the Central Region takes 10%.
- m. It was also recalled that of the seven countries that make up the Northern Region, the six countries that had entered the reservations were: Arab Republic of Egypt, the People's Democratic Republic of Algeria, the Republic of Tunisia, Islamic Republic of Mauritania, the Sahrawi Arab Democratic Republic and the State of Libya.
- n. Following extensive discussions, the meeting agreed to focus subsequent analyses on the second scenario which proposes an allocation of 22.5% (\$90million) of the total Peace Fund endowment to the Northern Region.
- o. The analyses would further be guided by Decision 1119 mentioned above, which stipulates that the mechanism to be arrived at to assess the Peace Fund should not affect consensus already agreed and reservation thereof.
- p. Hereafter, based on the allocation of \$90million (22.5%) to the Northern Region, two scenarios were proposed:
 - i. **Scenario One (by the six countries):** each of the six countries with reservations take their shares of the \$90 million allocated to the region (assuming all seven countries shared the \$90 million proportionally) while one country continues to contribute towards the full \$400 endowment according to the consensus. Thus, the total contribution from the Northern Region would be \$100,300,105.34, that is, \$66,153,513.68 from six countries plus \$34,146,591.67 from

one country. This would result in a shortfall of \$28,136,379.12 on the target \$400 million endowment.

- ii. **Scenario Two (by the Commission):** \$90 million is distributed proportionally among the six Countries that have entered the reservation while continuing to contribute towards the full \$400 million endowment according to the consensus. Thus, the total contribution from the Northern Region would be \$124,146,591.67, that is, \$90 million plus \$34,146,591.67. This would result in an eventual shortfall of \$4,289,892.79 on the target \$400 million endowment.
- q. To make up for the shortfall, the six Countries with reservations proposed as follows:
 - a. The interest generated from investing the Peace Fund could be ploughed back to the Fund until it reaches the full endowment.
 - b. The target date for the full endowment of the Peace Fund could be extended by one or two years.
- r. With regards to the development of the new scale of assessment for the period 2023-2025, the Commission recalled that following the recommendations proposed in the Obasanjo-led High-Level Panel Report (HLP), the AU scale was based on a hybrid between a variable scheme of assessment as the United Nations methodology, and a discrete method that the Panel recommended. A discrete form of formulating the scale of assessments categorizes AU Member States into levels of income ranges and allocates total contributions according to these country groupings referred to as Tiers as follows:
 - i. Tier 1: Member States whose share of total GDP is equal to or greater than 4 per cent;
 - ii. Tier 2: Member States whose share of total GDP is equal to or greater than 1 per cent but less than 4 per cent;
 - iii. Tier 3: Member States whose share of total GDP is less than 1 per cent.
- s. The conceptual economic basis of calculating the assessment scale is the Gross National Income (GNI) of each Member State as the principal measure of relative capacity to pay of countries. GNI is the economic income aggregate which measures total income (or product) generated within the country plus labour and investment incomes earned outside of the country's borders. It is the inclusion of net factor income from/to abroad

that makes it a more comprehensive income concept than Gross Domestic Product (GDP). GNI is then adjusted by two major factors to better reflect capacity to pay (CTP):

- i. Allowance for external debt which is equal to GNI less actual total external debt repayments (debt flows) made by countries. The resulting income aggregate becomes debt-adjusted GNI or DA-GNI. This adjustment aims to provide a measure of relief to countries that are severely impacted by the strains of excessive debt accumulation; and
 - ii. Adjustment for low per capita income (LPIA) as a means of ameliorating the burden of countries with a huge population base that adversely hinders government development efforts. LPIA is measured by a yardstick, called assessable income, which determines the relative capacity to pay of Member States. The results from the two adjustments theoretically define the concept of CTP.
- t. The Commission thereafter presented the proposed option for the 2023-2025 scale of assessment.

13. Subsequently, the Chair of the Ministerial Committee on Scale of Assessment and Contributions at the Ambassadorial level provided a summary of the observations and discussions that ensued as below:

- a. Concern was raised regarding the concentration of AU investments in two banks from one region, that it cannot be that only two banks on the continent provide competitive interest rates. The Commission was encouraged to consult with the banks across the continent to ensure that investments are evenly distributed across the regions and to diversify the risk.
- b. The disbursement of 55.3% of partner funds was considered to be too low and the meeting sought an explanation on what the low disbursement rate could be attributed to.
- c. The Joint Sitting appreciated the efforts made by the Commission and the six countries of the Northern Region that have entered the reservation, to undertake consultations with the aim of finding an amicable solution on the matter.

- d. Commission should have developed scenarios on how to close the shortfall based on the proposal from the six Countries of the Northern Region.
- e. The language used in the report of the consultations with the six Countries of the Northern Region should avoid the mention of Member States that do not concern the reservations.
- f. Members from the Northern Region reminded the meeting that a key underlying principle for establishing the Peace Fund is the equal distribution of the burden among the five (5) AU regions as stipulated in Assembly Decision 605 of July 2016 which is also informed by Article 23 of the Peace and Security Protocol which calls for the shared responsibility between the five AU regions to fund peace and security activities. Therefore, the option to distribute \$90 million proportionally among the six Countries does not comply with the principle of equal distribution.
- g. Members of the Northern Region also moved for the favorable consideration of their proposal as they considered it to have a more equitable distribution that would suffice as a compromise for resolving the matter of assessing Member States to the Fund.
- h. The proposal made by the six Countries to plough back the interest generated from investing the Peace Fund in order to make up for the shortfall was found to be misplaced and unacceptable.
- i. In view of the implications of the proposals, particularly as it relates to the shortfalls, Member States requested for more time to study the proposal and to consult widely.
- j. The approach of consulting with the six Countries as a bloc did not comply with the provisions of Decision 1119 which had directed the Commission to engage in bilateral consultations with the concerned Countries.
- k. A proposal was made for the F15 to analyze the proposals made by the Northern Region on the assessment of the Peace Fund. It was stressed that the outcome of this analysis should inform wider consultations with Member States. In addition, a question was asked whether the High Representative on Financing the African Union and Peace Fund was involved in the consultations.

- l. In view of the extended timelines for contributing to the Peace Fund, a concern was raised on the possibility of any Member State contributing to Fund in excess of what it is supposed to contribute before the extension.
 - m. Taking into consideration the evolving effects of COVID-19 and the need to use the most recent and comprehensive data which would reveal economic performances of Member States, the meeting reiterated the need to extend the current scale by a year to apply to the 2023 financial year.
 - n. An observation was made that the proposed scale continues to place undue burden to the Northern Region. Therefore, the principle of equitable burden sharing to reduce risk concentration should be taken as a key consideration in the scale development process.
 - o. A proposal was made that in keeping with the spirit of solidarity and more ownership, a minimum one percent (1%) share of the budget should be allocated to all Member States.
 - p. A concern emerged that the AU scale of assessment should reflect the absorptive capacity of funds by the Commission and other organs.
14. Following the observations above, he reported the responses given by the Commission as follows:
- a. The Commission is in the process of finalizing its Treasury Policy whose aim will be to provide guidelines with respect to how the African Union undertakes investments. For the time being, investments are being made at the banks where the funds were initially kept pending the finalization of the policy. In due time, Member States will be updated on the progress made in this regard.
 - b. The Commission took note of the views expressed by Member States against the proposal to use interest rates generated from investing the Peace Fund to make up for the shortfall and encouraged Member States to arrive at a uniform mechanism of paying into the Peace Fund.
 - c. Reminded the Joint Sitting that it is the prerogative of Member States to deliberate and adopt the scales of assessment used to apportion expenses of the organization. Therefore, the Commission takes note of the recommendation to extend application of the 2020-2022 scale of assessments by one year.

- d. With respect to the emphasis on the use of the most current data, the Commission cautioned that data availability, particularly data for 2021 would only be available at the end of 2022. Inherently, this may still present time constraints considering the need for adequate consultations and in view of the scale adoption by the Policy Organs in February 2023.

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

- a. The Joint Sitting, having reviewed the status of contributions, recommended for placement under respective categories of sanctions countries that had fallen back on their assessed contributions.
- b. Took note and congratulated 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.
- c. Also took note and congratulated Member States that continue to pay their assessed contributions by the 1st of January in line with article 19(3) of the AU Financial Rules and Regulations.
- d. The Commission was urged to expedite finalization of the Treasury Policy that will, among others, guide AU investment strategies that will ensure equitable distribution of investment among all the AU Regions.
- e. Requests the F15, working in collaboration with the Commission, to analyze the proposal by the Northern Region and make recommendations that will provide the basis for further consultations on the matter.

E. DISCUSSIONS

16. Taking into consideration the report of the Joint Sitting at the level of Ambassadors and Experts of the F15 held on the 28th of January 2022 the meeting made the following observations:

- a. The meeting congratulated Somalia, Seychelles and Burundi for honoring the agreed payment plans towards clearing their arrears and 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. Therefore, encouraged Sudan and Libya to finalize and agree on their payment plans with the Commission in line with the Decisions of Policy Organs.

- b. Reiterated concerns with regards to the low rate of disbursement of Partner funds in 2021 and sought for an explanation on the issues that could be attributable to this low performance.
- c. While reaffirming their unwavering support to the Peace Fund, members from the Northern Region who had entered reservations on the matter of assessing contributions to the Fund recalled and reiterated Assembly Decision 605 of July 2016 in Kigali which stipulated that the Fund's full endowment shall be raised from equal contributions from each of the five (5) AU Regions, as defined in the relevant instruments. They further welcomed the involvement of the F15 and the Commission's Office of the Legal Counsel in the furtherance of the bilateral consultations towards an amicable solution.
- 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. To that end, the Joint Sitting requested the F15, in collaboration with the Commission, to analyze the two proposals with the aim of proposing a solution which shall be guided by the principles of capacity to pay, equitable distribution of burden to avoid risk concentration and solidarity. The proposed solution will provide the basis for further consultations with the concerned countries of the Northern Region. The Joint Sitting further requested for a report on the outcome to be presented at its next sitting.
- e. In relation to point 'd' above, a proposal was made stressing on the need to find a middle ground between the two competing scenarios in order to avoid delays in attaining the full endowment of the Peace Fund. The average of the percentage shortfall between the two scenarios was recommended for consideration.
- f. Reiterated that the proposal by the six Countries of the North to use the interest earned from investing the Peace Fund to make up for the shortfall is unequivocally unacceptable.
- g. Appreciated Member States for their commitment to pay annual assessments despite the economic challenges faced as a consequence of

the Covid-19 pandemic. Further congratulated Member States who had already paid their 2022 assessed contributions in full.

- h. While reminding that auditors had cautioned on concentrating AU investments in two banks which posed financial risks, welcomed the announcement that the AU Treasury Policy was being finalized. The treasury policy would clearly outline the investment strategy of the Union with regards to the selection of banks across the continent that would offer the best return on investments.
- i. The meeting expressed appreciation of the progress made by the F15 Experts and the Commission in undertaking the preliminary technical work on the reformulation of the successor scale of assessment despite time and data related constraints.
- j. Reemphasized that the use of the most recent and comprehensive data would reveal current economic performances of Member States, taking into consideration the evolving effects of COVID-19. Further implored the Commission to look into its own report on the social and economic impacts of Covid-19 which highlights the dire situation faced by populations across the continent. Accordingly, reiterated the need to extend the current Scale by a year to apply to the 2023 financial year.
- k. Underlined that the principles of equitable burden sharing to avoid risk concentration, solidarity and capacity to pay should be given due consideration in formulating the new scale of assessment.

F. RESPONSES FROM THE COMMISSION

- 17. The Commission provided responses to the observations made as follows:
 - a. The Commission is in the process of finalizing its Treasury Policy whose aim will be to provide guidelines with respect to the undertaking of investments by the African Union. Meanwhile, current investments are made with the banks at which funds were initially kept pending finalization of the treasury policy.
 - b. Took note of the views expressed by Member States against the proposal to use interest rates generated from investing the Peace Fund to make up for the shortfall and strongly encourages Member States to arrive at a uniform mechanism of paying into the Peace Fund.

- c. Reminded the Joint Sitting that it is the prerogative of Member States to deliberate and adopt the scales of assessment used to apportion expenses of the organization. Therefore, the Commission takes note of the recommendation to extend application of the 2020-2022 scale of assessments by one year. Further took note of the need to abide to the guiding principles of principles of capacity to pay, equitable burden sharing to avoid risk concentration and solidarity and capacity to pay while formulating the new scale of assessment
- d. The matter of low disbursements of Partner Funds is an issue of great concern to the Commission. Preliminary findings attribute it to the COVID-19 pandemic but further investigations on the matter are being undertaken.

G. CONCLUSION AND RECOMMENDATIONS

18. Following exhaustive deliberations, the Joint Sitting adopted the following 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. 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 the relevant sanctions:
 - i. Cautionary Sanctions: Congo, Guinea and Sao Tome and Principe
 - ii. Intermediate Sanctions: Benin and South Sudan
- c. 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.
- d. 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 July 2022.

- e. Recommends the extension of the application of the current scale of assessment 2020-2022 by one year up to 2023 to give more time to the Commission and F15 Experts to gather more data that will better reflect Member States' capacity to pay and for necessary regional consultations to be undertaken after the draft proposed scale is finalized. Further requests the Commission and F15 Experts to agree on a roadmap for the development of the new scale of assessment to be applied for the period 2024-2026.
- f. Requests the F15, in collaboration with the Commission, to analyze the two competing proposals, one by the Commission and the other by the concerned countries of the Northern Region regarding their reservations on the Peace Fund assessment and that the recommendations emanating from the review should provide the basis for further consultations with the concerned countries. The meeting further requested that the Commission's Office of the Legal Counsel should be involved in the process to ensure compliance with Decisions of the Executive Council. The involvement of the High Representative on Financing the Union and Peace Fund was also encouraged. The Commission was requested to provide a report to the Ministerial Committee during its next sitting.
- g. While taking note of the concern raised regarding the concentration of investments in two banks from one region, urged the Commission to finalize the African Union Treasury Policy that will ensure that investments are spread evenly across the continent to avoid risk concentration and for the Union to benefit from competitive rates offered by other financial institutions.

H. CLOSING

19. In his concluding remarks, Hon. Minister Oumar ibn Daoud thanked delegates for attending the meeting and appreciated the technical work done by the Ambassadors and Experts of the F15, facilitated by the Commission.

DRAFT
**DECISION ON THE REPORT OF THE JOINT SITTING OF THE MINISTERIAL
COMMITTEE ON SCALE OF ASSESSMENT AND CONTRIBUTIONS AND
COMMITTEE OF FIFTEEN MINISTERS OF FINANCE (F15)**

The Executive Council,

1. **TAKES NOTE** of the Report of the Joint Sitting of the Ministerial Committee on Scale of Assessment and Contributions and the Committee of Fifteen Ministers of Finance (F15).
2. **COMMENDS** Member States for contributing **US\$178,789,441.40**, equivalent to **88%** of the **\$203,500,000** assessed to Member States for the 2021 Regular Budget.
3. **ALSO COMMENDS** Member States for contributing **US\$252,034,074.49** to the AU Peace Fund since 2017, which continues to demonstrate the high level of commitment by the Union to fully operationalize the Fund.
4. **FURTHER COMMENDS** Member States that are up-to-date in the payment of their contributions, and **URGES** Member States that have not yet done so to pay their assessed contributions in fulfilment of their financial obligations to the Union.
5. **RECALLS** Decision EX.CL/Dec.1071(XXXV) of July 2019 which considered the security and political situation of Somalia and Libya and withheld the imposition of sanctions for non-payment of contributions, and which requested the Commission to consult with the two countries to agree on a payment plan to clear the arrears within four (4) years from the adoption of the Decision.
6. **ALSO RECALLS** Decisions Assembly/AU/Dec.752(XXXIII) of February 2020 which took note of the requests from Seychelles and Burundi and the challenges faced in meeting their annual contributions to the Union, and the request to the Commission to engage with Member States facing difficulties paying their contributions to the Union and those in arrears for two (2) or more years in order to agree on the payment plan for clearing their arrears.
7. **FURTHER RECALLS** EX.CL/Dec.1119(XXXVIII) of February 2021 which took note of the request from the Republic of Sudan on the need to review its assessed contribution and requested the Commission to consult with the Republic of Sudan based on the current Scale of Assessment to agree on a Payment plan to clear the arrears as soon possible, within four (4) years from the adoption of the Decision.
8. **RECALLS** Decision Assembly/AU/Dec.802(XXXIV) of February 2021 which endorsed the payment plans for the Republic of Somalia, Republic of Seychelles and Republic of Burundi to clear their arrears.

9. **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.
10. **RECALLS** Decision EX.CL/Dec.1138(XXXIX) which urged the State of Libya and the Republic of The Sudan to conclude the 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.
11. **TAKES NOTE** of the report of the Commission on the on-going consultations with the State of Libya and the Republic of The Sudan, **URGES** the two Member States to urgently finalize and submit their respective payment plans for settling their arrears to the Commission and **REQUESTS** the Commission report back to the Executive Council in July 2022.
12. **DECIDES** to impose sanctions on the following Member States that have fallen back on the payment of their assessed contributions:
 - a. **Cautionary sanctions:** Sao Tome and Principe, Guinea and Congo.
 - b. **Intermediate sanctions:** Benin and South Sudan.
13. **RECALLS** Decision EX.CL/Dec.1138(XXXIX) which directed the Commission, supported by the Experts of the Committee of Fifteen Ministers of Finance (F15), to expedite the process of developing the new scale of assessment to be applied for the period 2023-2025 and present proposals for consideration and adoption by the Policy Organs in February 2022.
14. **TAKES NOTE** of the report of the Experts of F15 on the development of the new scale of assessments, **RECOMMENDS** the extension of the application of the current scale of assessment 2020-2022 by one year up to 2023, **REQUESTS** the Commission and F15 Experts to agree on a roadmap for the development of the new scale of assessment to be applied for the period 2024-2026 and **FURTHER REQUESTS** the Commission report back to the Executive Council in July 2022.
15. **RECALLS** Executive Council Decision EX.CL/Dec.1100(XXXVII) of October 2020 which took note of the September 2020 Report on the outcome of the Regional Consultations for Member States' contributions to the AU Peace Fund undertaken by the AU High Representative on Financing of the Union and the Peace Fund and decided to endorse the report and recommendation 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 and the reservations made thereof.
16. **ALSO RECALLS** Executive Council Decision EX.CL/Dec.1119(XXXVIII) of February 2021 which mandated the Commission to continue bilateral consultations with countries according to the reservations on Decision EX.CL/Dec.1100(XXXVII) on the use of scale of assessment for the regular budget to assess Member States

to the AU Peace Fund with a view to arriving at the appropriate mechanism for assessing the Peace Fund as long as it does not affect the consensus already agreed on the matter and the reservations made thereof.

17. **FURTHER RECALLS** Decision EX.CL/Dec.1138(XXXIX) of October 2021 which directed the Commission and urged six Member States that have entered the reservation to finalize the consultations before the next ordinary session of the Executive Council in February 2022.
18. **TAKES NOTE** of the proposal made by the six Member States of the Northern Region and its implications on the total endowment of the Peace Fund and **DIRECTS** the Commission to work closely with the F15 and the Office of the Legal Counsel to analyze the proposals made and the implications thereof, and recommend solutions in accordance with legal frameworks of the African Union and **FURTHER DIRECTS** the Commission, guided by the solutions recommended thereof, to continue consultations with the concerned countries from the North and other regions to agree on a mechanism for contributions to the Peace Fund and report back to the Executive Council in July 2022.
19. **FURTHER TAKES NOTE** of the concern raised regarding the concentration of investments in two banks from one region and **DIRECTS** the Commission to finalize the African Union Treasury Policy and report back to the Executive Council in July 2022.

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