

AFRICAN UNION

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EXECUTIVE COUNCIL
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REPORT OF PRC ADVISORY SUB-COMMITTEE ON
ADMINISTRATIVE, BUDGETARY AND FINANCIAL
MATTERS HELD ON
10, 18 AND 25 JUNE 2009

I. ATTENDANCE

1. Members of the Sub-committee present at the meeting were:

- 1) Algeria
- 2) Benin
- 3) Botswana
- 4) Burkina Faso
- 5) Burundi
- 6) Chad
- 7) Congo
- 8) Côte d'Ivoire
- 9) Democratic Republic of Congo
- 10) Egypt
- 11) Equatorial Guinea
- 12) Ethiopia
- 13) Gabon
- 14) Gambia
- 15) Ghana
- 16) Kenya
- 17) Lesotho
- 18) Liberia
- 19) Libya
- 20) Malawi
- 21) Mali
- 22) Mozambique
- 23) Namibia
- 24) Niger
- 25) Nigeria
- 26) Rwanda
- 27) Senegal
- 28) Sierra Leone
- 29) South Africa
- 30) Sudan
- 31) Tanzania
- 32) Togo
- 33) Tunisia
- 34) Uganda
- 35) Zambia
- 36) Zimbabwe

II. CHAIRMANSHIP OF THE MEETING

2. The meeting was chaired by the First Vice-Chairperson of the Sub-Committee, H.E. The Ambassador of the Republic of Ghana.

III. ADOPTION OF AGENDA

3. Since it was a continuation of the previous meeting that was adjourned, the Sub-Committee decided to continue with the adopted agenda items as follows:

- (a) Consideration of the Commission's Submission on the Revision of Allowances; and
- (b) Any Other Business.

Opening Remarks by H.E. Deputy Chairperson

4. The Deputy Chairperson of the Commission, H.E. Mr. Erastus Mwencha welcomed distinguished members of the sub-committee and gave an overview of the need for the review of the allowances, the principle of which had already been approved by the Executive Council and the Assembly at their last Sessions in Addis Ababa.

AGENDA I: Consideration of the Commission's Submission on the Review of allowances for AU Staff

5. The Director of Administration and Human Resource Development presented the Commission's proposals on the review of staff allowances on Post Adjustment, Housing and Education. He explained the various statistical presentations and scenarios and explained the options on each item as proposed by the Commission for consideration by the Sub-Committee. The Director's presentation was based on the study conducted and the results presented in the Commission's document.

Sub-Committee Deliberations

6. Following a lengthy deliberation on the submission by the Commission, the Sub-Committee was of the view that there was a need to review the allowances paid to the staff of the Commission in order to improve their conditions of services. In the exchange of ideas and debate on the request of the Commission, the following consensus emerged:

- i) The financial implication of US\$9,012,073.00 representing the total of the options given was too high as compared to the previous amount that was submitted in January 2009.
- ii) Arrears collected were insufficient to cover the total financial implication presented particularly, given the fact that some percentage of arrears was known to be committed to other obligations.
- iii) Some of the figures and statistics provided by the Commission relating to Education Allowance were high.

- iv) Benchmarking with information and statistics from the United Nations International Civil Service Commission (UN-ICSC) was not appropriate.
- v) Since the Executive Council had taken a clear decision on the matter of allowances, the Sub-Committee had a duty to take a position and submit recommendations on the request.

Sub-Committee's Recommendation

7. In view of the above concerns, the Sub-Committee recommended that the Commission revise and rationalize the options on all the three allowances in the light of the funding constraints and re-submit for consideration. In doing this, the Commission was advised to budget within the amount of arrears received and take into consideration the percentage of arrears already committed to other obligations.

8. The Sub-Committee adjourned at 1.35 p.m.

IV. RE-CONSIDERATION OF THE COMMISSION'S REVISED SUBMISSION ON THE REVISION OF STAFF ALLOWANCES

9. The PRC Sub-Committee on Administration, Budgetary and Financial Matters resumed its sitting on Thursday, 18 June 2009 under the chairmanship of H.E. The Ambassador of Ghana, to re-consider the Commission's revised proposals that the latter had requested. The revised document was presented by the Director of Administration and Human Resource Development.

10. In the revised submission, the following options were provided:

1. Post Adjustment Multiplier

For the Post Adjustment Multiplier, the Commission proposes the following revised options:

Option 1:

50% of the difference between the AU rate and the average of the International Civil Service Commission's (ICSC) Post Adjustment rates for the period May – April 2009 (12 months). The financial implication for this option is **US\$ 1,174,330.00**

Example for Addis Ababa:

<i>Average ICSC post adjustment rate</i>	:	52.7%
<i>AU rate</i>	:	40%
<i>Difference</i>	:	12.7%
<i>50% of the difference</i>	:	6.35

Recommended rate for Addis Ababa : 46.35%
(The same formula will be used for all other Duty Stations)

Option 2:

- i) 25% increase in the Post Adjustment multiplier for AU Duty Stations with current Post Adjustment rates of between 38% and 46%.
- ii) 15% increase in the Post Adjustment multiplier for AU Duty Stations with current Post Adjustment rates above 46%.

The financial implication for this option will be **US\$ 1,850,283.73**

Example for Addis Ababa:

- 40% x 25% increase : 10
40% + 10 : 50%
Recommended rate for Addis Ababa : 50%

2. Housing Allowance

In re-submitting for Housing allowance, the Commission proposes the following two options:

Option 1:

- 40% increase across the board of current rates.

The financial implication for this option will be **US\$ 2,259,452.98**

Option 2:

- 30% increase across the board of current rates.

The financial implication for this option will be **US\$ 1,694,589.74**

3. Education Allowance

The Commission proposes the following two options for Education Allowance:

Option 1:

50% increase on the current rate of US\$6,500.00 which will amount to US\$9,750.00 per child per annum for internationally-recruited staff; and a

corresponding increase of the ceiling to US\$ 3,150.00 for locally-recruited staff. The financial implication for this option is **US\$ 1,250,000.00**

Option 2:

40% increase on the current rate of US\$6,500.00 which will amount to US\$9,100.00 per child per annum for internationally-recruited staff; and a corresponding increase of the ceiling to US\$ 2,940.00 for locally-recruited staff. The financial implication for this option is **US\$ 1,000,000.00**

SUMMARY OF TOTAL FINANCIAL IMPLICATIONS

- A.** Total financial implication of the three (3) higher cost/higher benefit options will be **US\$ 5,359,736.71**
- B.** Total financial implication of the three (3) lower cost/lower benefit options will be **US\$ 3,868,919.74**
- C.** The net financial implication between the higher cost/Higher benefit and Lower cost/Lower benefit options will be **US\$ 1,490,816.97**

V. DELIBERATIONS OF THE SUB-COMMITTEE

11. Following a lengthy discussion with divergent views on the revised submission, a consensus was reached by members of the Sub-Committee to adopt and recommend the following:

i) Post Adjustment Allowance

The subcommittee agreed to recommend an increase to the post adjustment multiplier as follows:

45% of the difference between the AU multiplier and the average of the International Civil Service Commission's (ICSC) Post Adjustment rates for the period May – April 2009 (12 months).

This increases the Post Adjustment rate of Addis Ababa from 40% to 45.72% (rounded to 46%). The Post Adjustment multiplier rates for all other AU duty stations should be adjusted with the same formula.

No.	Duty Station	Current Rate (Percentage of Basic Salary)	Average of ICSC/AU Difference	New Rate (Current AU rate + 45% of difference between ICSC and AU rates)
1	Addis Ababa	40%	12.71	45.72%
2	Lagos	48%	21	57.45%
3	Yaounde	38%	23.3	48.48%
4	Nairobi	40%	3.9	45.72%
5	New York	46%	22.5	56.12%
6	Washington D.C.	46%	0.1	46.04%
7	Geneva	54%	22.4	64.08%
8	Niamey	54%	5.9	56.65%
9	Brussels	50%	9.4	54.23%
10	**Conakry	58%	-	58%
11	**Cairo	48%	-	48%
12	Banjul	40%	15.2	45.72%
13	Lilongwe	40%	8.7	45.72%
14	Ouagadougou	54%	2.6	55.17%
15	Algiers	48%	9	54%
16	Bamako	40%	25.7	51.56%
17	**Johannesburg	56.8	-	56.8%
18	Arusha	40%	3.9	45.72%
19	Tripoli	48%	-	48%

** Where the AU Post Adjustment multiplier rates are equal to or higher than the UN rates, the AU rates are maintained.

ii) Housing Allowance

An increase of 20% across the board of the current Housing Allowance as paid to all categories of eligible staff.

iii) Education Allowance

An increase of 20% of the current Education Allowance of US\$6,500.00 paid to Staff Members. The new ceiling of the Education Allowance would thus be US\$7,800.00 per child per year. The corresponding increase for Local Staff would be from US\$2,100.00 to US\$2,520.00 per child per annum.

iv) Financial implications

The financial implications of the proposed allowances for the year 2009 are as follows:

The post adjustment allowance: \$US US\$1,056,897.00
The housing allowance: \$US 1,129,726.49
The education allowance: \$US 500,000.00

The total financial implications are. US\$2,686,623.49

VI. PERIODICITY OF THE REVIEW OF SALARIES AND ALLOWANCES

12. Following discussion on the periodicity of the review of Salaries and Allowances of the Staff of the African Union, the Sub-Committee recommended a periodicity of three years for the frequency of review of AU staff salaries and allowances.

VII. APPEAL TO RECONSIDER THE COMMISSION'S SUBMISSION

13. The Commission has informed the Sub-Committee that the previously reported balance of arrears account of \$US 6.2 million has now reached above \$US 23 millions. This account is going to be the source of financing the endorsed allowances for the year 2009 and possibly 2010. The Commission, therefore, has appealed to the Sub-Committee to reconsider its previously revised submission with total implications of \$US 5,359,736.71 for the adjustment of allowances as detailed in this report. The Sub-Committee being unwilling to reopen deliberations in this matter advised that the Commission could refer its appeal to the PRC for consideration.

14. The Sub-Committee adjourned at 5.15 p.m.

2009

Report of PRC advisory sub-committee on administrative, budgetary and financial matters held on 10, 18 and 25 June 2009

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