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**REPORT OF THE AD-HOC MINISTERIAL COMMITTEE
ON SCALE OF ASSESSMENT**

REPORT OF THE AD-HOC MINISTERIAL COMMITTEE ON SCALE OF ASSESSMENT

1. The meeting of Experts on the Review of the Scale of Assessments was held in Addis Ababa, Ethiopia on 21 January, 2014 as mandated by the AD-HOC Ministerial Committee.

Attendance

2. The meeting was chaired by H.E. Ambassador Ndumiso Ntshinga of the Republic of South Africa and was attended by representatives of the following Member States of the Committee on the Review of the Scale of Assessments:

1. Algeria
2. Chad
3. Equatorial Guinea
4. Kenya
5. Libya
6. Malawi
7. Namibia
8. Nigeria
9. South Africa
10. Mauritius
11. Ghana

Opening Remarks

3. The Chairperson welcomed the members of the Sub-Committee and explained that the purpose of the meeting was to review the current scale of assessments for 2014, 2015 and 2016 which was approved in principle with the understanding that it will be reviewed when the data for 2011 becomes available.

4. He recalled that the current budget of the Union which was over-dependent on partner funding is not sustainable and urged the Members to think creatively on how this imbalance could be addressed. He also pointed out that according to projections by the World Bank, a number of sub-Saharan countries continue to register remarkable growth in their economies and wondered whether the Union could not benefit from this growth in terms of increased contributions from these countries.

5. He then requested the Commission for any remarks and to introduce the Consultant. In his remarks, the representative of the Commission pointed out that Libya had kept its promise to continue paying its assessed contributions in line with the last Council decision. However, he pointed out that the Commission wrote to both Sudan and South Sudan indicating the readiness of the Consultant to visit the two countries according to the Council decision but no response was received. He stated that the Consultant, Mr. Suzara, had been with the OAU and the AU on the scale of

assessments for the last 20 years or so. He therefore needed no further introduction and invited him to introduce his report.

6. The consultant presented his report in which he outlined the basic elements of a fair, just and equitable assessment based on the principle of capacity to pay (CTP). The principal measure of CTP is based on the economic aggregate Gross National Income or Gross National Product (GNI or GNP) which is equal to total income/product generated within a country's border plus net factor income (labour and investment incomes) earned outside of the country's border.

7. From this basis, there are two factors taken into account, namely the debt relief factor and size of population, in order to adjust GNI to further reflect pure capacity to pay.

8. After these adjustments, the maximum and minimum rates, called the ceiling and the floor, respectively, are applied. The ceiling rate prevents an individual Member State to pay an excessively disproportionate share in the total contribution of the Organization as to discourage it from gaining undue influence on organizational matters. Meanwhile, the floor rate symbolizes a sense of belonging as a member of the Union.

9. The Consultant then introduced the present report containing the recalculation of the AU scale of assessments based on the most up-to-date economic information available for all Member States.

10. Following the introduction, the Chairman invited the members for their comments. The representative of Libya pointed out that 90 per cent of their economy relies on oil production and that in the past, Libya produced over 1 million barrels of oil per day but to date, this has dropped to less than half of that. Despite the unfavorable conditions, it will continue to pay its contributions. However, he went on to point out that if these conditions persist, there might be need to reconsider Libya's ability to meet its obligations to the African Union under the basis of the present assessment regime and also when relevant data is available.

11. Another delegation wondered why, in the methodology for the scale, no consideration is given to Members States that perpetually fail to pay their assessed contributions.

12. A couple of other Members questioned the availability and source of data used in the calculation.

13. In response, the Chairman applauded Libya's willingness to continue paying its assessed contribution and hoped that the current unfortunate situation prevailing in the country will, sooner than later, be overcome in order that Libya will realize its full potential once again.

14. On the question of methodology, the representative of the Commission pointed out that there is a distinction between capacity to pay and willingness to pay. The

capacity to pay is determined purely by economic factors as explained by the Consultant while willingness to pay has no basis in the calculation because there are so many other unquantifiable considerations involved e.g. political will and commitment, priority setting, etc. The Chair added that there are mechanisms available at the disposal of Member States who may find themselves faced with understandable difficulties in meeting their assessed contributions.

15. As regards the timeliness and sources of data used in the calculations, the Consultant informed the Committee that there is usually a two-year gap in the availability of country estimates due to the comprehensiveness of accounts involved in estimating GNI and difficulties of assembling data especially for developing countries. The source of data is primarily compiled from statistical offices of Member States which are supplemented by estimates prepared by international organizations like the United Nations, World bank and IMF.

Other business

16. The Chairman explained that the current contributions by Member States do not fully meet the ever increasing financial requirements of the Union which has resulted in over reliance on Partner funding. According to him more sources of funding needed to be explored. He therefore requested the Committee to provide ideas and suggestions that could be discussed with a view to making recommendations to the Council for consideration.

17. The representative of the Commission informed the Committee that during the tenure of President Konare, in line with said idea, he launched an appeal for voluntary contributions from Member States and indeed, some Members States voluntarily made contributions. Unfortunately, this project was not followed through after he left office. The representative indicated that this form of voluntary contributions could still be revived. Members suggested that the Commission could better explore mechanisms to pursue this course of fund raising. Some Members proposed that this mechanism could target some of the countries that have recently discovered new extractive resources.

Recommendations

18. Following exhaustive discussions, the Committee made the following recommendations:

- 1) The new scale for 2014-2016 be adopted as proposed **with a ceiling of 12.904 percent;**
 - 2) The Commission should individually approach Member States who have the capacity to pay above their assessed contributions for voluntary contributions through the most effective mechanisms.
19. The report was adopted with amendments.

Revised Test Table 1 - Revised formulation of the AU machine scale based on the same parameters used for the Present Scale										
<i>(Statistical base period: 2009-2011; GNI adj. for debt flow; low per capita income \$1,545/30% gradient; ceiling=12.904% (avg. CTP of Big 5); No Floor)</i>										
AU Member State	Present Scale of Assessments (2009-2012)	Per capita DA_GNI (flow)	GNI (US\$)	GNI debt flow) (US\$)	% of GNI	% of DA-GNI (debt flow)	assess. income	Ceiling=12.904%	Machine Scale based on avg. CTP of the Big 5	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
1	Algeria	13.271	4,351	154,972	154,308	10.043	10.092	10.767	12.90364	12.904
2	Angola	3.829	3,961	78,239	75,602	5.070	4.944	5.275	5.27538	5.275
3	Benin	0.400	762	6,773	6,747	0.439	0.441	0.374	0.37416	0.374
4	Botswana	1.018	7,170	14,386	14,386	0.932	0.941	1.004	1.00381	1.004
5	Burkina Faso	0.487	547	9,042	9,007	0.586	0.589	0.475	0.47488	0.475
6	Burundi	0.063	245	2,059	2,052	0.133	0.134	0.100	0.10030	0.100
7	Cameroon	1.862	1,204	23,850	23,609	1.546	1.544	1.442	1.44191	1.442
8	Cape Verde	0.119	3,267	1,648	1,621	0.107	0.106	0.113	0.11308	0.113
9	Central African Rep.	0.117	454	2,009	1,999	0.130	0.131	0.103	0.10307	0.103
10	Chad	0.286	710	8,036	7,978	0.521	0.522	0.437	0.43721	0.437
11	Comoros	0.034	754	559	554	0.036	0.036	0.031	0.03069	0.031
12	Congo	0.577	2,170	8,856	8,771	0.574	0.574	0.612	0.61200	0.612
13	Cote d'Ivoire	1.718	1,106	22,448	21,839	1.455	1.428	1.306	1.30644	1.306
14	Dem. Rep. of the Congo	0.564	188	12,649	12,432	0.820	0.813	0.599	0.59889	0.599
15	Djibouti	0.075	1,356	1,232	1,206	0.080	0.079	0.076	0.07595	0.076
16	Egypt	13.271	2,579	211,512	209,246	13.707	13.685	14.601	12.90364	12.904
17	Equatorial Guinea	1.017	15,375	10,771	10,771	0.698	0.704	0.752	0.75160	0.752
18	Eritrea	0.106	419	2,215	2,202	0.144	0.144	0.113	0.11253	0.113
19	Ethiopia	1.147	341	28,473	28,323	1.845	1.852	1.419	1.41941	1.419
20	Gabon	0.812	11,092	16,982	16,701	1.100	1.092	1.165	1.16537	1.165
21	Gambia	0.037	547	961	946	0.062	0.062	0.050	0.04987	0.050
22	Ghana	1.055	1,309	32,112	31,943	2.081	2.089	1.993	1.99350	1.993
23	Guinea	0.275	517	5,261	5,166	0.341	0.338	0.270	0.27040	0.270
24	Guinea-Bissau	0.019	559	856	848	0.055	0.055	0.045	0.04482	0.045
25	Kenya	1.994	789	32,264	31,974	2.091	2.091	1.784	1.78409	1.784
26	Lesotho	0.170	1,211	2,660	2,630	0.172	0.172	0.161	0.16085	0.161
27	Liberia	0.037	217	878	864	0.057	0.056	0.042	0.04192	0.042

AU Member State		Present Scale of Assessments (2009-2012)	Per capita DA_GNI (flow)	GNI (US\$)	GNI debt flow) (US\$)	% of GNI	% of DA-GNI (debt flow)	assess. income	Ceiling=12.904%	Machine Scale based on avg. CTP of the Big 5
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
28	Libya	13.271	8,484	53,844	53,844	3.489	3.521	3.757	12.90364	12.904
29	Madagascar	0.453	430	8,948	8,917	0.580	0.583	0.457	0.45695	0.457
30	Malawi	0.162	359	5,363	5,347	0.348	0.350	0.269	0.26912	0.269
31	Mali	0.519	602	9,291	9,249	0.602	0.605	0.494	0.49408	0.494
32	Mauritania	0.225	985	3,476	3,409	0.225	0.223	0.199	0.19871	0.199
33	Mauritius	0.687	7,584	9,978	9,853	0.647	0.644	0.688	0.68754	0.688
34	Mozambique	0.508	433	10,159	10,131	0.658	0.663	0.520	0.51953	0.519
35	Namibia	0.710	4,754	10,854	10,854	0.703	0.710	0.757	0.75735	0.757
36	Niger	0.274	370	5,762	5,737	0.373	0.375	0.290	0.28958	0.290
37	Nigeria	13.271	1,216	193,027	192,739	12.509	12.605	11.800	12.90364	12.904
38	Rwanda	0.223	537	5,716	5,707	0.370	0.373	0.300	0.30018	0.300
39	Saharawi Arab D.R.	0.016	958	634	634	0.041	0.041	0.037	0.03674	0.037
40	Sao Tome and Principe	0.010	1,348	224	223	0.015	0.015	0.014	0.01403	0.014
41	Senegal	0.859	1,038	13,115	12,911	0.850	0.844	0.761	0.76129	0.761
42	Seychelles	0.067	9,606	851	831	0.055	0.054	0.058	0.05797	0.058
43	Sierra Leone	0.125	467	2,746	2,738	0.178	0.179	0.142	0.14156	0.142
44	Somalia	0.182	133	1,238	1,238	0.080	0.081	0.059	0.05878	0.059
45	South Africa	13.271	6,747	340,511	338,106	22.066	22.112	23.593	12.90364	12.904
46	South Sudan	-	1,142	10,363	10,363	0.672	0.678	0.625	0.62473	0.625
47	Sudan	4.521	1,536	53,357	52,956	3.458	3.463	3.457	3.45701	3.457
48	Swaziland	0.296	3,069	3,665	3,639	0.238	0.238	0.254	0.25393	0.254
49	Togo	0.177	546	3,318	3,292	0.215	0.215	0.174	0.17353	0.173
50	Tunisia	3.007	3,896	42,478	40,835	2.753	2.671	2.849	2.84939	2.849
51	Uganda	0.806	527	17,645	17,603	1.143	1.151	0.924	0.92357	0.924
52	United Rep. of Tanzania	1.045	518	23,324	23,219	1.511	1.519	1.216	1.21554	1.215
53	Zambia	0.801	1,076	14,205	14,090	0.921	0.921	0.838	0.83753	0.837
54	Zimbabwe	0.154	544	7,352	6,852	0.476	0.448	0.361	0.36102	0.361
	Total	100.00		1,543,146	1,529,039	100.00	100.00	100.00	100.00	100.00

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Report of the Ad-hoc ministerial committee on scale of assessment

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