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Addis Ababa, ETHIOPIA P. O. Box 3243 Telephone 517 700 Fax : 517844

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REPORT OF THE MEETING OF THE AD HOC MINISTERIAL COMMITTEE ON CONSIDERATION OF MITIGATION ON THE MAPUTO SCALE

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1. The meeting of the Ministerial Committee on the Scale of Assessments was held on 1 July 2004 under the chairmanship of Her Excellency, Dr. Nkosazana Dlamini Zuma, Minister of Foreign Affairs of the Republic of South Africa.

2. The following members of the Committee attended:

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

3. The following members did not attend:

Chad
Malawi.

4. The Chairperson welcomed the members and reminded them that the meeting was a follow-up to the Council decision that mandated the Committee to consider the request of some Member states for mitigation. To this extent, she invited the Consultant to brief the Committee on the process of mitigation.

5. The Consultant explained that the process of mitigation as applied in the context of the United Nations methodology represented a final review of the machine scale after agreement has been reached on the elements and parameters of the methodology. Representations submitted by a limited number of Member States were evaluated and, based on merits, were allowed a decrease in their rates. The appeals have been broadly based on extraneous factors such as catastrophes and natural disasters, wars, civil strife and unrest, etc. that had an adverse impact on capacity to pay. However, mitigation was applied sparingly i.e., only to truly-deserving Members and <u>only on condition</u> that there were other countries willing to absorb the points. Due mainly to this last constraint, the effects of mitigation on the final scale have been minimal.

6. Mitigation in itself is a purely political mechanism that recognises the need to ameliorate the problems that some countries perceive; it is however, neither technically or economically based since the elements and parameters of the methodology have already been decided at the stage of calculating the machine scale. Thus, any type of adjustments contemplated for the 2003 Maputo scale at this time would be considered a purely political exercise.

7. He indicated that the three options that he produced for consideration contained Ad-Hoc technical adjustments that reflected effects on the adopted

scale. Selecting any of the options would necessarily disturb the adopted scale and would negate the consensus achieved in Maputo and therefore would not be a plausible exercise.

8. Reacting to the representation of some countries for mitigation based on a perceived inordinate increase in their rates of assessment when compared to the 1995 scale, the Consultant pointed out that this type of comparison is flawed. According to him, the previous scale was the result of both technical (with limits) and arbitrary adjustments including the distribution of points from the entry of new Members that did not fully conform to the principle of capacity to pay. This is precisely what the current Maputo scale addressed in order to reflect as closely as possible the capacity to pay of countries.

9. In the debate that ensued, a consensus emerged that a lot of work and compromises have been achieved to adopt the Maputo scale. Any attempt at this moment to apply any adjustment would negate that consensus and would involve reopening the protracted discussions which preceded the adoption of the scale. Instead, the Committee should commit itself to reviewing the current scale earlier than the agreed three-year period in the light of the impending new budget which will be much bigger than the current one. This approach would ensure consistency and smooth flow of the scale from one period to the next.

10. In conclusion, the Committee made the following recommendations for the consideration of the Council:

a) to reaffirm the principles and elements underlying the Maputo scale;

b) to advance the next review of the scale starting next year in order to keep it in line with the adoption of the new AU budget;

c) to use the most recent and comparable available data in the calculation of the next scale in order to more closely adhere to the principle of capacity to pay;

d) to appeal to the Member States that those with greater capacity to pay should be assessed relatively more and should be willing to pay accordingly. Likewise, those with lesser capacity should be assessed less but should also be willing to meet their obligations.

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