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PERMANENT REPRESENTATIVES COMMITTEE

Twentieth Ordinary Session

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**REPORT OF THE ADVISORY SUB-COMMITTEE ON
ADMINISTRATIVE AND BUDGETARY MATTERS
ON
THE EXECUTION OF THE AFRICAN UNION BUDGET
DURING THE FIRST QUARTER OF 2010**

**REPORT OF THE MEETING OF THE ADVISORY SUB-COMMITTEE ON
ADMINISTRATIVE, BUDGETARY AND FINANCIAL MATTERS HELD
ON 1 JULY 2010**

1. The meeting of the Advisory Sub-Committee on Administrative, Budgetary and Financial Matters took place on 1 July 2010, with a view to consider and adopt the Quarterly Report on the Execution of the AUC Budget and the Various Organs of the African Union.

Attendance

2. The meeting was chaired by H. E. The Ambassador of Ghana, Vice Chairperson for the Advisory Sub-Committee on Administrative, Budgetary and Financial Matters and attended by the following Member States:

- a. Algeria
- b. Botswana
- c. Chad
- d. Cote d' Ivoire
- e. Egypt
- f. Ethiopia
- g. Gambia
- h. Ghana (Chair)
- i. Kenya
- j. Liberia
- k. Libya
- l. Namibia
- m. Nigeria
- n. Tunisia
- o. Uganda
- p. Zambia

Opening Session

3. The Chairperson of the meeting welcomed all members and reiterated the importance of the session and requested members of the Advisory Sub-Committee to adopt the organization of work and the agenda item.

Adoption of the Agenda

4. The Advisory Sub- Committee adopted the following agenda:
 - i) Consideration of the Quarterly Report on the Execution of the Budget of the African Union
 - ii) AOB

Consideration of the Report

5. The Director of Programming, Budgeting, Finance and Accounting presented the report and the salient points were summarized as follows:
 - In the three months period, January to March 2010 a total sum of US\$ 29,554,489.93 was received both from Member States and Development partners.
 - The budget execution rate for operational and program budgets of the AUC stood at **19.89%** and **4.39%** respectively. The low level of budgetary execution for the program budget is attributed to the following reasons:
 - i. The budget approval process was completed in February and it took some time to upload the budget figures on to the SAP (System Application and Products) system for departments to access their respective program budgets for implementation. In view of this the Commission proposed that the 2011 budget be considered and approved by an Extraordinary Council Session to be held in November 2010.
 - ii. Out of the total collection stated above, the fund released from Development Partners in the period under review was only \$820,000.
6. Following the presentation, the Chairman of the Advisory Sub-Committee invited members for their contributions.
7. In the ensuing discussions the Sub-Committee:

- i. Commended the transformational work being undertaken within the Commission, spearheaded by the Office of the Deputy Chairperson and also commended the Director of Programming, Budgeting, Finance and Accounting for the Quarterly Report which was submitted for the first time.
- ii. Urged the Commission to adhere to the provisions of Rule 8 of the Rules of Procedure of the Executive Council which stipulates that "The Executive Council shall examine the Programme and Budget for the next biennial during its Session immediately preceding the July Session of the Assembly."
- iii. Expressed the view that the convening of the Extraordinary Session of the Executive Council in November 2010 to approve the 2011 budget as proposed by the Commission would not solve the problem relating to the delay in accessing the Program budget in view of the provisions of the Financial Rules and Regulations which authorize the use of one-twelfth of the Budget of the previous financial year until the new budget is approved.
- iv. Noted that the Quarterly Reports presented were only from the AU Commission, the Pan African Parliament, the African Court on Human and Peoples' Rights and the African Commission on Human & Peoples' Rights. NEPAD, AUCIL, Advisory Board on Corruption and ECOSOCC have not submitted their First Quarter Report.
- v. Also noted with concern the low level of program funds received from the development partners. It was recalled that during the budget hearing, the Sub-Committee was assured that only programs with secured funds from partners were included in the 2010 Budget.
- vi. Supported the call by the Deputy Chairperson for a result-based budgeting process, and for capacity building efforts to enhance the quality of reporting within the Commission and Organs.
- vii. Further noted the reference to a biennial budget provision in the Rules but called for adherence to annual budget format.
- viii. Took note of the request by Tunisia to include its reservation expressed at the time of adopting the 2010 budget.

- ix. Noted that the Annual Policy Framework for the Budget was ready and would be submitted to the Sub-Committee after the Summit.
8. Following the debate, the Commission elaborated on some of the issues raised by Members of the Sub-Committee as follows:
- a. With regard to consideration of the budget in July it was explained that:
- The Report of the External Auditors, which according to Article 118, has to be submitted to the PRC for consideration before submission to the Executive Council during the Annual Budget Session cannot be made available. This is because the Auditors' Report may not be finalized before mid-July.
 - The only detailed report accompanying the draft budget on budget performance would be that of the first quarter report of the on-going financial year.
- b. The one-twelfth provisional budget based on the expenditure of the preceding year will work for the operational budget but it will not be applicable in the case of new programs and projects for which there was no previous budget provision.

Recommendations:

9. After the deliberation, the following recommendations were made:
- i. The submission of the Quarterly Report should be accompanied by a revenue and expenditure statement for the current year, to be presented in tabular format.
- ii. The budget for the 2012 Financial Year and onwards would be considered and approved in July. Further the Sub-Committee re-iterated full compliance with Article 39 of the Financial Rules and Regulations until the adoption of the 2011 Budget.
- iii. The Commission should ensure that all organs submit their quarterly reports and that the Commission shall prepare an Executive Summary Report.

- iv. The PRC should work together with the Commission in order to improve the flow of partner funds to the African Union.
- v. The budget process should be phased in such a way as to start with the AU Commission's budget. Once the Commission's budget is finalized dates should be set for Representatives of other Organs to come to the AU Commission to present their budgets. The objective is to minimize cost incurred by other Organs during budget hearings.
- vi. The Annual Policy Framework should be entitled as "Annual Budget Framework Strategy"

Any Other Business

- 10. The Sub-Committee received a brief presentation from the President of the African Court on Human and Peoples Rights and from the Director of Administration on the submission of the African Commission on Human and Peoples Rights, but deferred consideration of the items to the budget hearing.
- 11. The meeting was adjourned at 18:27 hrs.

2010

Report of the Advisory sub-committee on administrative and budgetary matters on the execution of the African Union budget during the first quarter of 2010

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