

AFRICAN UNION
الاتحاد الأفريقي



UNION AFRICAINE
UNIÃO AFRICANA

Addis Ababa, Ethiopia

P. O. Box 3243

Telephone: 5517 700

Fax: 5517844

Website: www.au.int

F116513

EXECUTIVE COUNCIL
Twenty-Eighth Ordinary Session
23 – 28 January 2016
Addis Ababa, ETHIOPIA

EX.CL/948(XXVIII)
Original: English

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

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

INTRODUCTION

1. The Ad Hoc Ministerial Committee on the Scale of Assessment held its meeting at the seat of the African Union on Wednesday 27th January 2016. The meeting was chaired by H.E. Hon. Mrs. Maite Nkoana-Mashabane, Minister of International Relations and Cooperation of the Republic of South Africa in her capacity as the Chairperson of the Ad-hoc Ministerial Committee on Scale of Assessment.

2. The following Member states of the Ad Hoc Ministerial Committee attended the meeting; Algeria, Chad, Equatorial Guinea, Ghana, Libya, Malawi, Mauritius, Namibia, Nigeria and South Africa. Since the meeting was of an open-ended nature, the following Member States also attended: Tunisia, Zimbabwe, Kenya, Lesotho, Botswana and Egypt.

3. The Hon. Chairperson of the Ad Hoc Ministerial Committee welcomed all the Member States present and briefed that a consultative meeting among the Members of the Ad Hoc Ministerial Committee was held on the margins of the Ministerial Retreat of the Executive Council in Mekelle. The consultative Meeting in Mekelle was attended by a majority of the Members of the Ad Hoc Committee as well as by the Deputy Chairperson of the AU Commission. The issue of the scale of assessment for Member States including that of Angola was discussed at the meeting.

4. The Honourable Chairperson explained that as per Assembly Decision 578 adopted at the June 2015 Summit, Angola was expected to be among the Tier 1 countries with a scale of assessment of 12%. However due to the current challenging economic situation, it has been indicated that Angola is currently not be in a position to honour that commitment fully.

5. The Honourable Chairperson reminded the meeting that many African countries including those in the first Tier are encountering serious economic challenges. However in the spirit of African solidarity, Member States particularly those in the First Tier, have maintained their commitment to their respective scale of assessment.

6. The Chairperson therefore appealed that Member States should approach this issue not from a national cost saving perspective, but rather in a spirit of African solidarity, for the advancement of our continental Organisation which is the pride of Africa.

7. The Honourable Chairperson then invited H.E. Ndumiso Ntshinga, Ambassador of South Africa to present the outcome of discussions on the implementation of Assembly Decisions 561 and 578 conducted in Addis Ababa. He presented the report as follows:

Recalled Summit decisions

8. In January 2015, the 24th Assembly of the African Union adopted Decision Assembly/AU/Dec. 561(XXIV), regarding the introduction of Alternative Sources of Funding so that the AU can take charge of its budget and accordingly requested the Ad Hoc Ministerial Committee on Scale of Assessment to propose modalities for the determination of an appropriate scale of assessment for contribution in line with the following principles:

- a) Member States to fund the operational budget at 100%;
- b) Member States to fund the programme budget at 75%;
- c) Member States to fund the Peace support operations budget at 25%.

9. In the same decision, the 24th Assembly also requested the Ad Hoc Ministerial Committee on Scale of Assessment to “devise an accountability mechanism to ensure sound, effective and efficient financial management of the Union”.

10. In June 2015, the 25th Assembly of African Union adopted decision Assembly/AU/Dec.578(XXV) whereby it endorsed the recommendations of the Ad Hoc Ministerial Committee on Scale of Assessment to divide Member States in three Tiers as far as their scale of assessed contributions is concerned. In this regard AU Member States were tiered as follows:

- a) Tier 1- All countries with GDP above 4%;
- b) Tier 2 – All Countries with GDP above 1% but below 4%; and
- c) Tier 3 – All countries with GDP below 1%.

11. While the assessed contributions of countries falling in Tier 1 would equally share 60% of the total budget, the contribution of countries falling in Tiers 2 and 3 respectively, would be primarily based on their capacity to pay.

12. As per the GDP criteria, five countries namely Nigeria, South Africa, Egypt, Algeria and Angola fell into Tier 1 and therefore based on the principle of equity, the rate of assessed contributions of each of those five countries should be fixed at 12% of the AU budget.

13. The meeting was further informed that consultation with Angola is still going based on three scenarios:

- A) Scenario 1- Angola to pay 12%;
- B) Scenario 2 – Angola to gradually to start paying 8% and scale up to 12%;
- C) Scenario 3 – Angola to remain at 8% which is equivalent to its share of GDP.

Observations and conclusions

14. In the discussion that ensued, the meeting noted the three options that have been proposed by the committee of Ambassadors as a way forward to absorb the 4% shortfall in contributions arising from Angola's position:

- a) that the shortfall of 4% has to be equitably shared by the Member States falling in Tiers 2 and 3 respectively since Assembly Decision Assembly/AU/Dec 578, has already fixed the contributions of the five largest contributors at a ceiling of 12% each;
- b) based on the principle of equity and solidarity, the shortfall of 4% should be equitably shared by all Member States irrespective of the Tiers in which they are situated;
- c) that Angola honours its commitment to the 12% cap of scale of assessment and that any shortfall in its contribution should be considered as an arrears. Given the present challenges facing Angola, the latter can then negotiate with the Commission regarding the modalities of settling the arrears.

Concluding Remarks

15. The Honourable Chairperson thanked all present for their intervention and stated that if we are to look at the current economic situation of those countries in Tier 1, then probably there could be no Tier 1 countries at all. The Chairperson informed that Member States commitment at honouring their contributions to other international organisations such as the United Nations or Regional Organisations, is commendable. Therefore such commitment should equally apply to our continental organization on a priority basis.

Recommendation

- (1) In the spirit of African solidarity, the Honourable Chairperson stated that, it makes sense that the short fall of 4% be equitably shared by Member States falling in Tiers 2 and 3;
- (2) That the matter and the above concluding remarks be brought to the attention of the Assembly.

INSTITUTING A SOUND AND CREDIBLE ACCOUNTABILITY AND OVERSIGHT MECHANISM

1. **On the issue of instituting a sound and credible accountability and oversight mechanism, the Ambassador reported as follows:**
 - The Ad-hoc Ministerial task force recalled the decision of the Assembly Decisions 561(XXIV) and 578(XXV) regarding institutionalization of alternative sources of funds and the need for sound and credible

accountability and oversight mechanism and reiterates the following **Principles**;

- The establishment and the performance of the accountability and oversight mechanism and the definition of its terms of reference are the responsibility and the sovereign prerogatives of Member States;
- To avoid duplication, relevant existing mechanisms should be considered and strengthened, streamlined and rationalised while implementing its mandates;
- The operationalization and the implementation of existing instruments and legal frameworks for action related to AU budgetary processes;
- The consecration of the principles of:
 - i) planning and accountability;
 - ii) effective and credible supervision;
 - iii) pre and post follow up and evaluation;
 - iv) resource maximization.
- The introduction of the system of disbursement in instalments, based on the quarterly projections of the Commission's budget as well as the execution and absorption rate.

PROPOSED STRUCTURAL CHANGES TO ENSURE ACCOUNTABILITY AND OVERSIGHT MECHANISM

16. After considering the Terms of Reference (ToR) of all the existing Sub-Committees and Accountability mechanisms as well as their practical functionality, the Sub-Committee on Budgetary, Financial and Administrative matters is deemed as the framework best suited to supervise and fulfil the mandate of “a sound and credible accountability and oversight mechanism that will ensure effective scrutiny of the budgetary processes including its presentation and implementation as well as, its financial and administrative mandate”.

17. The TOR of the Sub-Committee on Budgetary, Financial and Administrative matters however, should be strengthened, in line with the supervisory and oversight prerogatives and mandate that will be entrusted to it.

18. In line with the strengthened mandate and role that the Sub-Committee on Budgetary, Financial and Administrative matters will be called upon to fulfil, the Sub-Committee will be reformed and renamed as the Sub-Committee on General Supervision and Coordination on Budgetary, Financial and Administrative matters.

19. The proposed Sub-Committee on General Supervision and Coordination on Budgetary, Financial and Administrative matters will work in coordination with the other Sub-Committees and any other relevant mechanisms.

20. For the purposes of streamlining and addressing duplication in the mechanisms of the AU, the merger of some Sub-Committee's should be considered. In this regard, the Sub-Committee on Contributions can be merged with the Ad-hoc Ministerial Committee on the Scale of Assessments.

21. The Ad-hoc Ministerial Sub-Committee on the review of the Scale of Assessment shall be upgraded to a Ministerial Sub-Committee on the Scale of Assessment and Contribution.

22. The technical evaluation of the proposed budget will henceforth be entrusted to a new Sub-Committee on Budgetary matters.

23. The mandates of other relevant PRC Sub-Committees shall be revised and aligned, consistent with the new proposed structure.

24. To effectively fulfil its mandate as the Sub-Committee on General Supervision and Coordination on Budgetary, Financial and Administrative matters , and to synchronize its quarterly interaction with the Commission, the proposed Sub-Committee on General Supervision and Coordination on Budgetary, Financial and Administrative matters will receive the reports of the other Sub-Committees and AU mechanisms.

25. The report of the Board of external auditors shall hence forth be submitted simultaneously to the AUC Chairperson and PRC Chairperson through the Chairperson of the Sub-Committee on General Supervision and Coordination on Budget, Finance and Administrative matters.

RECOMMENDATIONS ON THE WAY FORWARD

26. Pursuant to Assembly Decisions Assembly/AU/561(XXIV) and Assembly/AU/578(XXV) which requested the Ad Hoc Ministerial Sub-Committee on Scale of Assessment inter alia to:

- i) Devise an accountability mechanism to ensure sound, effective and efficient financial management of the Union's budget;
- ii) Institute a sound and credible accountability and oversight mechanism that will ensure effective scrutiny of the budgetary processes including its presentation and implementation;
- iii) The Ad-hoc Ministerial Committee on the review of the scale of assessment is of the view that regular interaction with the Commission on general budgetary, financial and administrative matters should be enhanced.

27. Consequently, the Ad Hoc Ministerial Committee recommends as follows:

A. The PRC Sub-Committee on Budgetary, Financial and Administrative matters:

- i) Be strengthened, reformed and renamed as the Sub-Committee on General Supervision and Coordination on Budgetary , Financial and Administrative Matters;
- ii) Its mandate be enlarged so that henceforth, it also performs a general coordinating and supervisory role with the other relevant Sub-Committees;
- iii) Be the platform for Member States to effectively interact and exchange with the Commission on implementation of its plan and programmes General Budgetary, Financial and Administrative matters, on a quarterly basis;
- iv) Shall receive quarterly reports from the Commission on the Operational and Programme budget's performance, execution and absorption. These quarterly reports shall guide the Sub-Committee on General Supervision and Coordination on Budgetary, Financial and Administrative matters deliberations on the release of subsequent disbursement of funds;
- v) Shall receive relevant information from the Commission on the status of contributions;
- vi) The Sub-Committee on General Supervision and Coordination on Budgetary, Financial and Administrative matters reports and makes recommendations to the AU Policy bodies through the PRC.

B. The creation of a Sub-Committee on Budgetary matters. In this regard;

- i) The Sub-Committee on Budgetary Matters will be specifically responsible for the Technical evaluation of the draft AU budget;
- ii) The Membership of this Sub-Committee will be open-ended;
- iii) To monitor the efficient utilization of financial resources and budget implementation, the Union's annual budget be segmented in four quarters;
- iv) To reinforce the technical evaluation of the draft budget, Member States be encouraged to enlist the assistance of experts from their national Ministries of Finance, to participate in the deliberations of the Sub-Committee.

C. The Ad-hoc Ministerial Committee on Scale of Assessment:

- i) Becomes a full-fledged Ministerial Sub-Committee on Scale of Assessment;

- ii) For the purposes of streamlining and enforcing the collection of contributions, the Ministerial Sub-Committee on Scale of Assessment takes over the tasks of the Sub –Committee on contributions;
 - iii) The Ad hoc Ministerial Sub-Committee should therefore, be reformed and renamed as the Ministerial Sub-Committee on Scale of Assessment and Contributions.
- D.** To ensure accountability and transparency, the Board of External Auditors:
- i) Submits its reports simultaneously to the AUC Chairperson and the PRC Chairperson through the Chair of the Sub-Committee on General Supervision and Coordination - on Budgetary, Finance and Administrative matters;
 - ii) Submits an Interim report before the June/July Summit every year;
 - iii) Be invited to present its reports directly to the Sub-Committee on General Supervision and Coordination on Budgetary, Financial and Administrative Matters every six month;
 - iv) Be re-constituted and henceforth be composed of 5 nominated members (one per region) and the members of the first tier.
- E.** In implementing the decisions of the assembly regarding reinforcement of the issue of oversight and accountability of the Union, the Ad-hoc Ministerial committee on the review of the scale of assessment shall remain seized of the matter with a view to:
- i) revising and aligning the mandates of other relevant Sub-Committees and mechanisms;
 - ii) clarifying the interaction between all the relevant Sub-Committees and mechanisms affected by the proposed re-structuring in implementing Assembly Decisions Assembly/AU/561(XXIV) and Assembly/AU/Dec.578(XXV).
- F.** Urges the Commission, particularly the Office of Legal Counsel, to provide all the necessary support to ensure the implementation of the above recommendations. It further urges the Commission to assist the Permanent Representatives of the Ad Hoc Ministerial Committee on Scale of Assessment in the review of the Terms of Reference (ToR) of the relevant Sub-Committees and mechanisms affected by the proposed re-structuring in implementing Assembly Decisions Assembly/AU/Dec.561(XXIV) and Assembly/AU/Dec.578(XXV).
- G.** Requests the Ad hoc Ministerial Committee on the Scale of Assessment to complete this work and to report to the Assembly by July 2016.

Scale of Assessment for the Year 2016 - 2018

Member State	Scale Of Assessment (%)
Nigeria	12.000
South Africa	12.000
Egypt	12.000
Algeria	12.000
Total 1st Tier	48.000
Angola	8.0000
Sudan	3.4036
Libya	3.3416
Kenya	2.8186
Ghana	2.4616
Tunisia	2.4206
Ethiopia	2.3706
U.R. of Tanzania	1.7376
Côte d'Ivoire	1.6776
Dem. Rep. of the Congo	1.5696
Cameroon	1.5386
Zambia	1.4166
Uganda	1.2226
Total 2nd Tier	33.9796
Gabon	1.1766
Equatorial Guinea	0.9686
Mozambique	0.9526
Botswana	0.9236
Senegal	0.9226
South Sudan	0.8796
Congo	0.8476
Chad	0.8446
Zimbabwe	0.8326
Namibia	0.7786
Burkina Faso	0.7666
Mauritius	0.7606
Mali	0.7006

Madagascar	0.6866
Benin	0.5546
Rwanda	0.5136
Niger	0.5036
Guinea	0.4356
Sierra Leone	0.3606
Togo	0.3286
Mauritania	0.3196
Malawi	0.2986
Swaziland	0.2976
Eritrea	0.2776
Burundi	0.2366
Lesotho	0.2106
Liberia	0.1926
Cape Verde	0.1876
Central African Republic	0.1686
Djibouti	0.1646
Seychelles	0.1606
Somalia	0.1576
Guinea-Bissau	0.1366
Gambia	0.1296
Saharawi Arab D.R.	0.1256
Comoros	0.1186
São Tomé and Príncipe	0.0986
Total 3rd Tier	18.0204
TOTAL	100.0000

Option : Distribute the 4% to the 2nd and 3rd Tiers

Member State	GDP for 2013	% (Country GDP/Total GDP)	Country	as per Assembly/AU/Dec.578(XXV) Decision	% Allocation	Proposed 2016 Assessment
Nigeria	521,812,000,000	23.225	21.145	12.000	12.000	20,380,000.80
South Africa	350,800,000,000	15.613	14.215	12.000	12.000	20,380,000.80
Egypt	271,427,000,000	12.081	10.999	12.000	12.000	20,380,000.80
Algeria	212,453,000,000	9.456	8.609	12.000	12.000	20,380,000.80
Total 1st Tier	1,356,492,000,000	60.374	54.968	48.000	48.000	81,520,003.20
Angola	124,178,000,000	5.527	5.032	8.000	8.0000	13,586,667.20
Sudan	66,748,000,000	2.971	3.322	3.322	3.4036	5,780,503.02
Libya	65,516,000,000	2.916	3.260	3.260	3.3416	5,675,206.35
Kenya	54,993,000,000	2.448	2.737	2.737	2.8186	4,786,977.98
Ghana	47,830,000,000	2.129	2.380	2.380	2.4616	4,180,672.95
Tunisia	46,995,000,000	2.092	2.339	2.339	2.4206	4,111,041.28
Ethiopia	45,999,000,000	2.047	2.289	2.289	2.3706	4,026,124.61

U.R. of Tanzania	33,285,000,000	1.481	1.656	1.656	1.7376	2,951,079.57
Côte d'Ivoire	32,061,000,000	1.427	1.596	1.596	1.6776	2,849,179.57
Dem. Rep. of the Congo	29,896,000,000	1.331	1.488	1.488	1.5696	2,665,759.56
Cameroon	29,267,000,000	1.303	1.457	1.457	1.5386	2,613,111.23
Zambia	26,831,000,000	1.194	1.335	1.335	1.4166	2,405,914.55
Uganda	22,926,000,000	1.020	1.141	1.141	1.2226	2,076,437.87
Total 2nd Tier	626,525,000,000	27.885	30.032	33.000	33.9796	57,708,675.73
Gabon	19,266,000,000	0.857	1.095	1.095	1.1766	1,998,314.53
Equatorial Guinea	15,598,000,000	0.694	0.887	0.887	0.9686	1,645,061.19
Mozambique	15,311,000,000	0.681	0.871	0.871	0.9526	1,617,887.85
Botswana	14,804,000,000	0.659	0.842	0.842	0.9236	1,568,636.18
Senegal	14,796,000,000	0.659	0.841	0.841	0.9226	1,566,937.85
South Sudan	14,031,000,000	0.624	0.798	0.798	0.8796	1,493,909.51
Congo	13,478,000,000	0.600	0.766	0.766	0.8476	1,439,562.85
Chad	13,412,000,000	0.597	0.763	0.763	0.8446	1,434,467.85
Zimbabwe	13,206,000,000	0.588	0.751	0.751	0.8326	1,414,087.84

Namibia	12,251,000,000	0.545	0.697	0.697	0.7786	1,322,377.84
Burkina Faso	12,042,000,000	0.536	0.685	0.685	0.7666	1,301,997.84
Mauritius	11,937,000,000	0.531	0.679	0.679	0.7606	1,291,807.84
Mali	10,882,000,000	0.484	0.619	0.619	0.7006	1,189,907.84
Madagascar	10,645,000,000	0.474	0.605	0.605	0.6866	1,166,131.17
Benin	8,310,000,000	0.370	0.473	0.473	0.5546	941,951.16
Rwanda	7,601,000,000	0.338	0.432	0.432	0.5136	872,319.49
Niger	7,413,000,000	0.330	0.422	0.422	0.5036	855,336.16
Guinea	6,230,000,000	0.277	0.354	0.354	0.4356	739,849.48
Sierra Leone	4,915,000,000	0.219	0.279	0.279	0.3606	612,474.48
Togo	4,340,000,000	0.193	0.247	0.247	0.3286	558,127.81
Mauritania	4,191,000,000	0.187	0.238	0.238	0.3196	542,842.81
Malawi	3,823,000,000	0.170	0.217	0.217	0.2986	507,177.81
Swaziland	3,795,000,000	0.169	0.216	0.216	0.2976	505,479.48
Eritrea	3,444,000,000	0.153	0.196	0.196	0.2776	471,512.81

Burundi	2,723,000,000	0.121	0.155	0.155	0.2366	401,881.14
Lesotho	2,268,000,000	0.101	0.129	0.129	0.2106	357,724.47
Liberia	1,955,000,000	0.087	0.111	0.111	0.1926	327,154.47
Cape Verde	1,861,000,000	0.083	0.106	0.106	0.1876	318,662.80
Central African Republic	1,538,000,000	0.068	0.087	0.087	0.1686	286,394.47
Djibouti	1,455,000,000	0.065	0.083	0.083	0.1646	279,601.13
Seychelles	1,386,000,000	0.062	0.079	0.079	0.1606	272,807.80
Somalia	1,342,405,715	0.060	0.076	0.076	0.1576	267,712.80
Guinea-Bissau	964,000,000	0.043	0.055	0.055	0.1366	232,047.80
Gambia	850,000,000	0.038	0.048	0.048	0.1296	220,159.46
Saharawi Arab D.R.	765,373,589	0.034	0.044	0.044	0.1256	213,366.13
Comoros	658,000,000	0.029	0.037	0.037	0.1186	201,477.80
São Tomé and Príncipe	311,000,000	0.014	0.018	0.017	0.0986	167,511.13
Total 3rd Tier		11.741	15.000	15.000	18.0204	30,604,661.07

AFRICAN UNION UNION AFRICAINE

African Union Common Repository

<http://archives.au.int>

Organs

Council of Ministers & Executive Council Collection

2016

Report of the meeting of the ad hoc ministerial committee on the scale of assessment

African Union

African Union

<http://archives.au.int/handle/123456789/4939>

Downloaded from African Union Common Repository