



# 2020 BUDGET FRAMEWORK PAPER FOR THE AFRICAN UNION

**Draft**

September 2018

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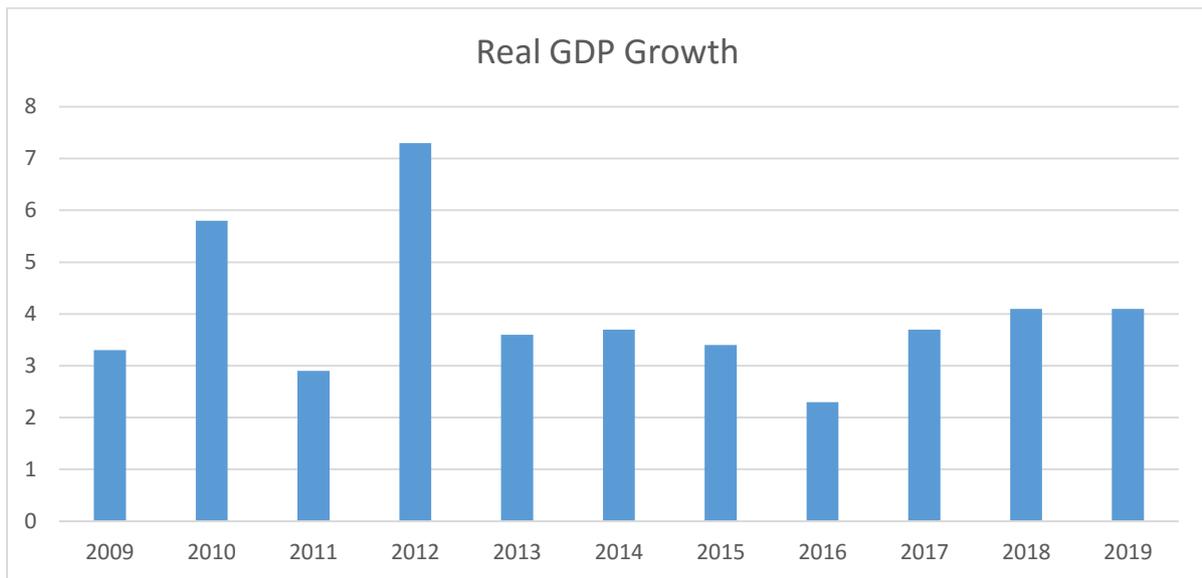
## 1. INTRODUCTION

- 1.1 The 2020 African Union Budget Framework Paper provides the link between the Union's overall policies and the annual budget. It elaborates the African Union's continued commitment to achieve the aspirations of Agenda 2063 and its First Ten Year Implementation Plan. It thus focuses on consolidating the gains made in the creation of the African Continental Free Trade Area that will remove barriers to trade, the Single African Air Transport Market, the free movement of persons as well as the Implementation of the AU Master Plan Roadmap of Practical Steps to silence the guns in Africa by the year 2020, mind full of the need to address emerging issues such as hastening demographic transition to reap the demographic dividend.
- 1.2 In fulfillment of Article 15 of the Financial Rules and Regulations of the African Union, preparation of the 2020 Budget Framework Paper has been informed by the outcomes of a comprehensive budget consultation process, involving all key stake holders. Consultations were held with the various African Union Commission Departments and Directorates and AU Organs and Institutions.
- 1.3 The African Union in 2020 will continue focusing on key thematic priority areas such as; Economic Transformation, Inclusive growth, and Environmental Sustainability; Investing in the African People; Advancing Continental Integration; Governance, Human Rights & Institutions, Consolidating Peace and Security and Enhancing Africa's Role and Position in the Global Context.
- 1.4 The preparation of the Budget framework paper was guided by the following underlying principles:
  - Subsidiarity and complementarity between AUC, Regional Economic Communities (RECS), NPCA in the implementation of Agenda 2063
  - Promoting accountability, efficiency, effectiveness, discipline and transparency in the sourcing and use of resources
  - Supporting efforts within the framework of the Alternative Sources of Funding to ensure a gradual move towards guaranteed and sustainable funding of AU operations and programs with domestically generated funds.
- 1.5 In realising the above principles, the AU will undertake the following strategies;
  - The AUC will coordinate and engage the RECs, NPCA and other Organs to ensure that there is complementarity in the Implementation of Agenda 2063.
  - Stringent measures will be put in place for accountability and the adherence to the AU Financial rules and regulations will be key.
  - The AU will continue advocating for member States to implement the decision on the 0.2% Levy on all eligible imports in Africa to ensure Funding of the AU operations and programs with domestically generated funds.

## **2. ANALYSIS OF THE SOCIAL, ECONOMIC AND POLITICAL ENVIRONMENT TRENDS**

- 2.1 Global and domestic shocks in 2016 slowed the pace of growth in Africa, but signs of recovery were already manifest in 2017. Real output growth is estimated to have increased 3.6 percent in 2017, up from 2.2 percent in 2016, and is expected to accelerate to 4.1 percent in 2018 and 2019. Overall, the recovery in growth has been faster than envisaged, especially among non-resource-intensive economies, underscoring Africa's resilience. (Source: African Economic Outlook 2018)

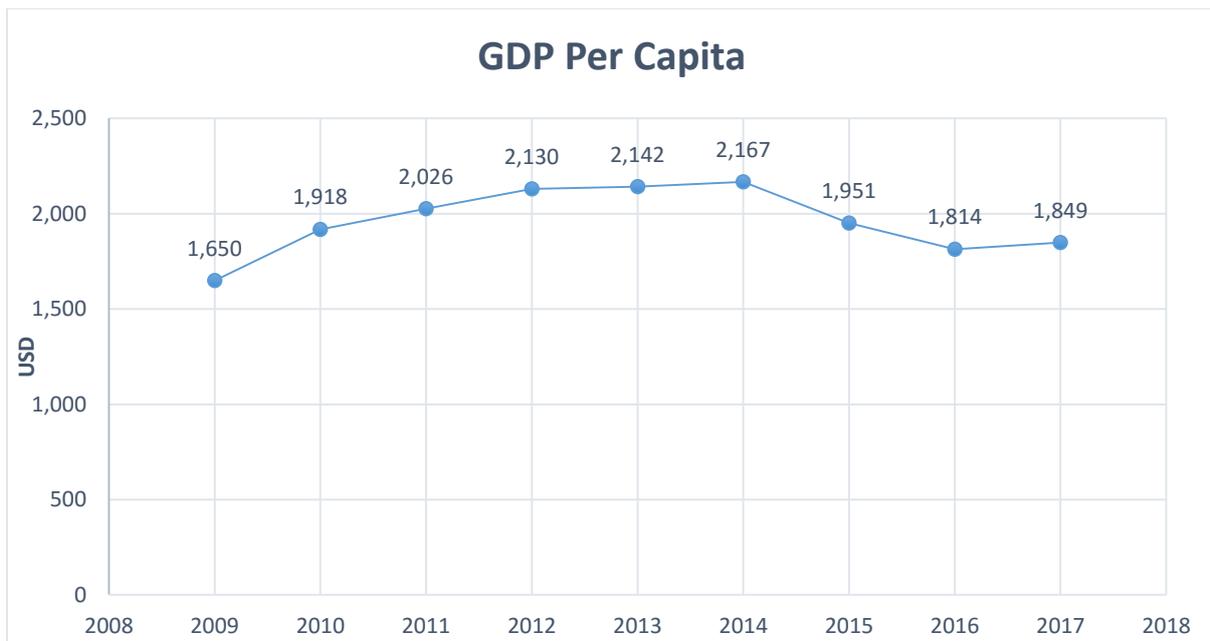
**Graph 1: Real GDP Growth Rate in Africa, 2009-2019**



**Source: African Statistical Year Book**

2.2 On the other hand GDP Per Capita in African increased from USD 1,650 in 2009 to USD 2,167 in 2014 but reduced in 2015 and 2016 as indicated in the graph below.

**Graph 2: GDP Per Capita**



2.3 Africa's recent high growth rates have not been accompanied by high job growth rates which drive poverty reduction and hence growth has not been inclusive. Between 2009 and 2014, annual employment growth increased to an average 3.1 percent despite slower economic growth. But this figure was still 1.4 Percentage points below average economic growth. Slow job growth

has primarily affected women and youth (ages 15–24). Africa is estimated to have had 226 million youth in 2015, a figure projected to increase 42 percent, to 321 million by 2030. The lack of job growth has retarded poverty reduction efforts. **Source: African Economic Outlook 2018**

- 2.4 Africa will become the youngest and most populous continent in the next few decades. Its labor force will rise from 620 million in 2013 to nearly 2 billion in 2063. A demographic “dividend” might provide a great opportunity for Africa and the rest of the world, which is expected to experience significant labor shortages. But technological advances could reduce its value. In the face of rapidly growing populations and heightened risks of social unrest or discontent, jobless growth is the most serious concern for African policy makers. The urgency of implementing reforms for attracting foreign direct investment in industries with strong competitive potential and thus allowing the private sector to create enough “good jobs” cannot be overstated.
- 2.5 Challenges remain, especially for the structural transformations that would create more jobs and reduce poverty by deepening investment in agriculture and developing agricultural value chains to spur modern manufacturing and services. Implementation of CAADP-Malabo Declaration for Acceleration & Sustainable Agricultural Transformation in Africa through supporting Country and Regional Systems by the African Union will go a long way to improve agriculture on the continent. Economic diversification is key to solving the continent’s problems, especially in the context of a challenging demographic structure. A first priority for African governments is to encourage a shift towards labor-absorbing growth paths. A second is to invest in human capital, particularly in the entrepreneurial skills of youth, to facilitate the transition to higher-productivity modern sectors. There is therefore an urgent need to implement the AU Roadmap on Harnessing the Demographic Dividend, the AU Five Year Plan of Action on Youth Empowerment in Africa 2019-2024 and Science, Technology and Innovation Strategy for Africa (STISA).
- 2.6 With Regards to Environmental sustainability in Africa, through the enactment of specific policy measures as well as advancements in green technologies, countries throughout the African continent have taken significant steps towards ensuring continued environmental sustainability. Although this progress is certainly laudable, it is nonetheless imperative to consider the fact that many of the challenges we currently face in Africa and indeed all over the world require urgent, coordinated action.
- 2.7 Ecosystems all over the world have been affected by changes in the climate, threatening environmental resources and biodiversity. In order to protect the environment from catastrophe, countries throughout the African continent should focus on several objectives to address the loss of environmental resources, Preserve Africa’s biodiversity and Support and enact policies rooted in sustainable development principles. Besides, Africa Must take firm positions during global Climate Change negotiations.
- 2.8 Allowing the free movement of goods, services, people and capital between national Markets has been a key aspiration of African Countries since the

attainment of Independence. Regional integration has considerable potential for driving more robust and equitable economic growth as well as promoting poverty and unemployment reduction in Africa. Significant progress has been registered in this direction. At the African Union Extra ordinary summit in Kigali on 21st March 2018, 44 countries signed a deal to create the African Continental Free Trade Area (CFTA) that will remove barriers to trade, like tariffs and import quotas, allowing the free flow of goods and services between its members. Furthermore, the implementation of the Yamoussoukro decision and a single air transport and the free movement of people will greatly integrate the Continent.

2.8 Besides, Implementation of the Programme for Infrastructure Development in Africa (PIDA) will ensure that regional projects and programmes can address the infrastructural challenge that continues to undermine Africa's competitiveness in the global market. It also presents a framework for building the much-needed infrastructure necessary for energy, ICT and integrated transport. Attracting private sector participation through Public-Private Partnerships (PPPs) is therefore essential for the delivery of various infrastructure projects envisioned under PIDA.

2.9 Africa is slipping into a new debt crisis with many countries now at high risk of debt distress. Average public debt in Africa reached 57% of gross domestic product (GDP) in late 2017 – almost doubling in just five years. While Debt ratios are still below the levels that led to Heavily Indebted Poor Countries Initiative (HIPC), the risks are higher because much more of the debt is on commercial terms with higher interest rates, shorter maturities and more unpredictable lender behaviour than the traditional multilaterals. The Challenge is that many African countries will become stuck in a debt trap, undermining economic development. (Source IMF).

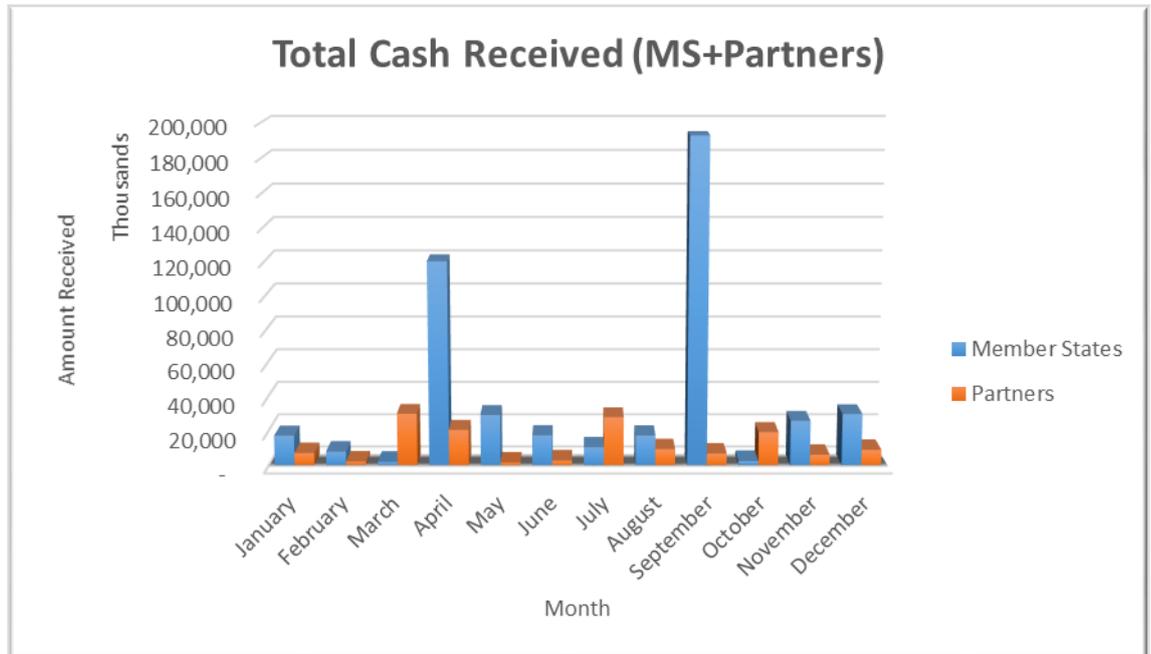
2.10 In the field of governance, the continent continues to make good progress as witnessed by Member states embracing democratic governance by ratifying and implementing a plethora of AU shared values instruments, especially the African Charter on Democracy, Elections and Governance. In order to build on the momentum gained, and strengthen democracy in Africa, there is need to strengthen the African Governance Architecture (AGA) platforms. Proliferation of small arms, extremism, Fundamentalism drug trade among others still pose a challenge to the continent and need to be addressed.

### **3. REVENUE AND EXPENDITURE**

3.1 Member States assessed contribution and development partners remain the major source of revenue for the Union. The Expenditure of the union will be on programs of the Union, staff costs, operating costs and on capital expenditure. Revenue has been growing over the years. In 2017, the Union policy organs adopted a total budget of US\$ 850.8 million of which US\$ 491.7 million was for the Operational Budget and US\$ 359.1 million was for the program budget. Member States committed to provide 26 percent of the total budget while 74 percent was raised from partners. As for 31<sup>st</sup> December 2017, the total received was US\$ 621.8 representing 73 percent of the total

revenue. Over all expenditure on the received funds as at 31<sup>st</sup> December 2017 stood at 78%.

3.2 Revenue Trend analysis for 2017 indicated that most of the funds were received in the 4<sup>th</sup> quarter with partners disbursing the highest amount during this period as shown in the graph below;



3.3 In 2018, the total approved budget of the Union stand at **US\$778,156,518** (Assembly decision AU/Dec.642 (XXIX) including supplementary budgets approved with EX.CL/Dec.986(XXXII)Rev.1 and PRC/Rpt (2-2018)) under the following main budget categories:

I.	Operational Budget	US\$ 190,679,838
II.	Program Budget	US\$ 319,393,480
III.	Peace Support Operations	US\$ 268,083,200
	<b>Total</b>	<b><u>US\$ 778,156,518</u></b>

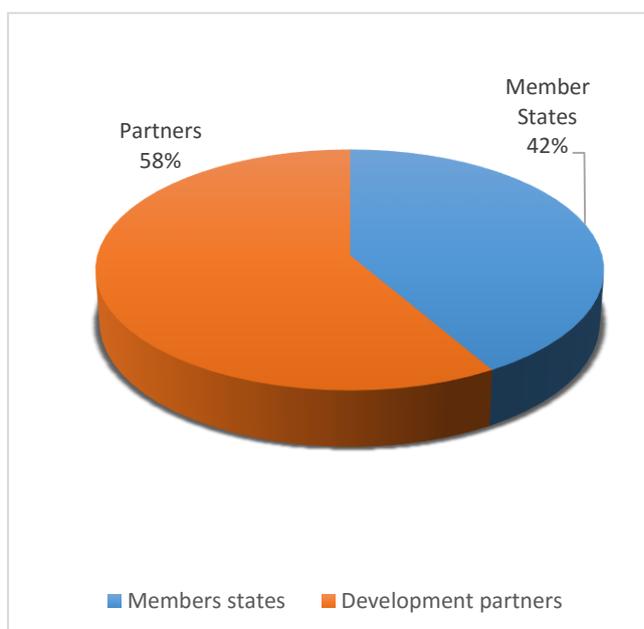
3.4 Member States committed to provide 41% of the total budget and the Commission was to mobilize the remaining 59% from development partners an indication of Member States increased contribution from 26% in 2017 and reduction of 15% partner's contribution.

The actual total revenue as at 30th June 2018 stands at US\$232 million which is indicated in Table 1 below.

**Table 1**

	<b>Budget</b>	<b>%</b>	<b>Collection</b>	<b>% Collection</b>
Members states	323,734,419	<b>42%</b>	92,416,255	<b>29%</b>
Development partners	454,422,099	<b>58%</b>	139,651,023	<b>31%</b>
<b>TOTAL</b>	<b>778,156,518</b>	<b>100%</b>	<b>232,067,278</b>	<b>29%</b>

Collections from Member States was US\$92.4 million (which includes US\$7.4 million collected in advance in 2017) representing 29% while funds available from Partners equals US\$139.7 million as at June 2018 which represents 31%.



Member States Provided 42% while partner provided 58% of the total collections during the period under review.

Total collections represented 29% of total budget.

3.5 The overall execution of the 2018 Budget as at 30<sup>th</sup> June 2018 stands at 40% on available funds:

- 37% for operational budget;
- 40% for programs budget;

3.6 The approved budget for 2019 for the Union as per decision **Assembly/AU/Dec.699 (XXXI)** is US\$ 681,485,337 of which US\$ 158,459,118 is Operating Budget, US\$ 249,757,079 is Program Budget and US\$ 273,269,140 is for Peace and support Operation. US\$ 110,257,890 will be assessed on Member States and US\$ 139,499,189 will be solicited from International Partners. Peace and support Operations budget will be financed as follows:

- a) US\$ 11,328,753 assessed on Member States
- b) US\$ 261,940,387 to be solicited from International Partners

## **4.0 PROGRESS IN THE IMPLEMENTATION OF THE 2018 BUDGET**

This section outlines some of the progress as per the seven aspirations of Agenda 2063 registered in the implementation of the 2018 Budget. Additional details are contained in the African Union Midterm Programme Implementation report 2018.

### **4.1 Aspiration 1 - A prosperous Africa based on inclusive growth and sustainable development**

4.1.2 Awareness was created for the revised Migration Policy Framework for Africa and the Common African Position (CAP) was adopted and used by the African Group in New York during the ongoing intergovernmental negotiations on the Global Compact on Migration. Furthermore, through collaborative and effective engagement in the, Tripartite Task Force of the AU-EU-UN on the Situation of Stranded Migrants in Libya the voluntary return of about 20,138 migrants back to their countries of origin was facilitated.

4.1.3 The Draft Protocol to the African Charter on Human and People's Rights on the Rights of Citizens to Social Protection and Social Security has been finalised and has been submitted to the Banjul Commission for further processing. Besides, the Protocol to the African Charter on Human and People's Rights on the Rights of Persons with Disabilities in Africa was adopted by Heads and State and Government during the January 2018 and it has been submitted to Member States for signing and ratification. In addition, the signing and ratification process of the Protocol to the African Charter on Human and People's Rights on the Rights of Older Persons in Africa started with two countries, namely Comoros and Togo having signed, while the Kingdom of Lesotho is in the process of submitting the Articles for ratification.

4.1.4 African Standards and Guidelines for Quality Assurance of Education together with the Terms of Reference for School Feeding Cluster were adopted. Furthermore, new consolidated Report of AQRM drafted, AU-EU jointly monitored Intra-Africa Academic Mobility Project at Stellenbosch University and found to be satisfactory

4.1.5 Adoption of policy instruments and tools by Member States Experts and Heads of State and Government has helped in strengthening the implementation of the Catalytic Framework to end AIDS, TB and Malaria within the Continent.

4.1.6 Enabling environment was created for African private sector to foster partnerships in the areas of telecoms, tech companies and local actors of Africa's industrialization, manufacturing and service sectors through the Forum Held under the theme "Made in Africa towards realizing Africa's Structural Transformation for the achievement of Agenda 2063.

4.1.7 The AU developed a draft Services Sector Development Program and reviewed the AGOA performance in AGOA eligible AU Member States and developed recommendations for the 2018 AGOA Forum.

4.1.8 The Inaugural Biennial Review Report on the 2014 Malabo Declaration was done. In another development, guidelines to domesticate the Malabo Declaration in the National Agricultural Investment Plan were developed and approved with 3 Countries supported to launch the Malabo domestication process.

4.1.9 Through enhancing Somali Livestock Trade (ESOLT), 1730 stakeholders were sensitized on animal welfare and sanitary standards and 140 stakeholders sensitized in cooperative development.

4.10 The Consultancy to develop Small Hydropower and Solar Energy Programmes was completed. While the Concept Note and Terms of Reference for Sustainable Energy Programme for Small Islands Developing States (SIDS) have been developed. In addition, Phase 2 of Harmonised Regulatory Framework for Electricity Markets in Africa was completed and approved activities for Phase 3.

#### **4.2 Aspiration 2 - An integrated continent, politically united and based on the ideals of Pan-Africanism and the vision of Africa's Renaissance.**

4.2.1 With regards to the African Continental Free Trade Area, Forty nine member states have to date signed the African Continental Free Trade agreement on establishing the African Continental Free Trade Area. The AfCFTA Agreement includes three Protocols and 12 Annexes. The ratification process has started with Ghana, Kenya, Rwanda, Niger, Eswatini, Chad and Guinea having deposited instruments of ratification. The AU undertook stakeholders' engagement across the continent and has institutionalized the AfCFTA Business Forum

4.2.2 Launching the Single African Air Transport Market with 26 Member States was also one of the major achievements that was recorded during the first half of the year.

4.2.3 The headquarters agreement for the African Monetary Fund was signed, five additional signatures and ratifications were obtained in relation to the establishment of the African Monetary Fund and African Investment Bank.

4.2.4 In addition to the adoption of the Protocol related to the establishment of the African Economic Community to the treaty of Free Movement of Persons, Right of Residence and Right of Establishment, two major meeting of the Chiefs of Immigration were organized which resulted in the development of the African Passport which was recommended by the Chiefs of Immigration to the Special Technical Committee of Migration, Refugees and IDPs for onward approval and transmit to the Council of Ministers.

4.2.5. In order to ensure harmonization and statistical data validation, the African Statistical Yearbook has been produced and dissemination is ongoing. Besides, experts from RECs, the Association of African Central Banks (AACB) and the Committee of Directors General (CoDGs) of National Statistics Institutes reviewed, revised and adopted the domains and indicators of regional integration

#### **4.3 Aspiration 3 - An Africa of good governance, democracy, respect for human rights, justice and the rule of law**

4.3.1 The AU has been instrumental in the issue of the legal consequences of the separation of Chagos from Mauritius, delivering its first ever written statement in such proceedings before the ICJ. In addition, the AU has also been deemed as playing its vital role in the request for advisory opinion and to join as amicus curiae in matters affecting it and or of interest to it and its member states.

4.3.2 During the reporting period, the African Union in collaboration with the International Institute for Democracy and Electoral Assistance successfully held two Preventive diplomacy missions carried in South Sudan and Banjul,. The outcome of the missions was the Establishment of a working group in both countries to support

the constitutional review/building processes for these countries emerging out of conflict.

#### **4.4 Aspiration 4 - A peaceful and secure Africa**

4.4.1 Sustained engagement with the PSC was undertaken, resulting in renewed commitment towards the implementation of PCRD Policy and calls for the revival of the Africa Solidarity Initiative. Furthermore, progress has been made in developing the Lake Chad Basin stabilisation and early recovery strategy and awaits validation. Three member states received support to steer national SSR processes while a few others have also been assisted in developing and executing DDR in changing security contexts.

4.4.2 Support was provided to Member States in improving management of arms and ammunition and initiation of support towards observing the AU Amnesty Month. Besides, Capacities of policy agencies have also been strengthened in cooperating to combat transnational organized crime. Drug use observatories/networks were established in four new Member States, bringing the total to 15 Countries, as part of efforts to build the capacity of Member States to provide evidence for policy formulation and programming in the area of drug dependency treatment and care.

4.4.3 The PSC has been very active in conducting field missions which have produced significant results on the ground in conflict areas and positively contributed to the PSC decision making process. The PSC has increased its involvement on assisting in humanitarian situations in Africa, i.e. it contributed \$100,000 to the IDPs in the CAR with the support of the PRC Sub Committee on Refugees.

4.4.4 The Draft AU-RECs/RMs Legal Framework on the African Standby Force has been finalised. Similarly, the various policy and guideline documents on Sexual Exploitation and Abuse and the Code of Conduct have also been finalised. Progress has also been made in the development of training materials and guidelines to address emerging issues in DDR (foreign fighters and violent extremism). The AU Special Envoy engaged in various advocacy efforts engaging policy makers on gender peace and security and creating powerful platforms for African Women Leaders to discuss transformative change to foster peace, security and development on the continent.

#### **4.5 Aspiration 5 - An Africa with a strong cultural identity, common heritage, shared values and ethics**

4.5.1 With regards to Cultural Heritage, Creative Arts and Businesses, enhancement of existing frameworks to support participation of non-state actor engagement in the affairs of the union was conducted.

4.5.2 The draft African Union Model Law on the Protection of Cultural Property and Heritage was finalized and it is awaiting to go through the approval process by Policy Organs. Furthermore, the road map on how to set up the Pan-African Centre for Translation and Interpretation was also finalized.

#### **4.6 Aspiration 6 - An Africa whose development is people-driven, relying on the potential of African people, especially its women and youth, and caring for children**

4.6.1 During the 3rd STC on Gender Equality and Women's empowerment, the new gender strategy was adopted. Besides, through the Office of the Special Envoy, the Continental Results Framework were validated by Member States that have developed National Action Plans and they were adopted by the Peace and Security Council. In addition, twenty projects were designed and funded under the Fund for African Women, (FAW)

4.6.2 The second Bureau of the STC on GEWE was elected and key strategic documents that include the new AU strategy on Gender Equality and Women's Empowerment; the Evaluation Report of the 2009 AU Gender Policy, the SDGEA reports and the report on enhancing the performance on WGDD policy platforms were adopted. Furthermore during the January and June Summits, four high level meetings were held.

4.6.3 A total of 87 new AU Youth Volunteers were trained in the 8th batch and a total of 156 AU Youth Volunteers served in the 2nd Quarter of 2018, and 19 AU Youth Volunteers completed their service in the same reporting period.

4.6.4 Four (4) State parties' reports (Burundi, Burkina Faso, Malawi, and Niger) on the implementation of the Charter have been considered and 4 Recommendations sent to the concerned States Parties. In addition, reviewed two (2) CSO reports (Zambia and Nigeria) on the implementation of the Charter and the Agenda 2040 for Children in Africa was launched.

#### **4.7 Aspiration 7 – Africa as a strong, united, resilient and influential global player and partner**

4.7.1 The Union has implemented all the relevant Executive Council Decision on partnerships, namely, the finalization of the AU-EU Partnership Action Plan 2018-2020, the organization of the AU-Turkey Ministerial review Conference as well as the TICAD ministerial conference in Tokyo on 6-7 October 2018”

4.7.2 Technical Assistance was provided to selected AU Member States on remittances data measurement as well as regulatory frameworks. In addition, a draft Legal and Regulatory Frameworks on Remittances was developed. The second Diaspora Engagement Forum (AIR-DEF2018) was organized under the title “Leveraging Remittances for SME Development in Africa”.

4.8 Under the Strategic Pillar Institutions, Capacity Building and Communication, progress was registered in the following areas

4.8.1 The AUC Medium Term Plan (2018 – 2023), the strategic framework to guide programme implementation for six years, was approved by the PRC. In addition, the Domestic Resource Mobilization Strategies were validated and endorsed with the goal to increase the AU financial resource base. The Agenda 2063 Monitoring and Evaluation Framework and Indicator handbook documents were approved for adoption by Member States as a basis for reporting in January 2018.

4.8.2 During the period under review, there was enhanced public engagement and the Commission's media presence on digital platforms. Increased social media users between January and June 2018: Facebook +9.5% (355K followers and over 15 million

reached); Twitter 24% (215K Followers and over 4.2Million tweet impressions); YouTube +19%. (over 150K views); 113K views on Live streaming. Furthermore, there was an increased media engagement through launching the Agenda 2063 Network of African Journalists; cooperating with the African Union of Broadcasters and Federation of African Journalist on news briefings of AU activities which they share with their network of journalists.

4.8.3 The Medical and Health Services Directorate completed the Integrated Medical Records System project for effective service delivery

## **5.0 2020 BUDGETING INTERVENTIONS**

### **5.1 CONSOLIDATION OF THE BUDGET**

- a) The Union will continue improving the budgeting process and financial management, identifying undetected wastages and instances of over-budgeting by departments or organs as well as ensuring full compliance to the African Union Financial Rules and Regulations.
- b) Pursuant to the AU Golden Rules for Financial Management and Accountability adopted in January 2018, the Budget of the Union will be presented taking a consolidated view in terms of Member States contributions and Partner Funds; and
- c) The Union will continue the Coordination of all expected revenue due from Member States and Partner Funds centrally within the African Union Commission.

### **5.2 ENFORCE COMPLIANCE OF PAYMENTS OF APPROVED SCALES OF ASSESSMENT**

The African Union Commission will continue encouraging member states to pay their assessed contributions at the beginning of the year to ensure that the Union implements its programs without encountering challenges of late disbursement of Funds.

### **5.3 2020 BUDGET CEILING**

The 2020 budget ceiling will indicate the limit on the amount each department and organ of the union will align their budget to, guided by the analysis on their execution rate, ability to reach targets and the impact of their programmes or projects in line with the goals and objectives of the Union.

### **5.4 RATIONALISATION OF COST DRIVERS AND COST CONTAINMENT STRATEGIES AND MEASURES**

The 2020 Budget will continue to rationalize key cost drivers to ensure costs are attributable to the key deliverables of the Union. This will be achieved through the ongoing process of restructuring the Union.

## 5.5 STRATEGIC REPRIORITISATION AND REALIGNMENT OF RESOURCES

The 2020 Budget will ensure strategic realignment and reprioritization of resources to finance new or/and expanded priorities. Such Priorities will only be accommodated where on “going priorities” are completed and within existing fiscal space.

## 5.6 NON-INCREMENTAL BUDGETING

The 2020 Budget will be a result based budget and accountability will be emphasized.

## 5.7 RESERVE FUND

The African Union will also ensure that the reserve fund is properly managed and utilized and supplementary budgets can be financed by this fund.

## 6.0 FISCAL RISKS AND MITIGATION MEASURES

The 2020 Budget will undertake the following implementation risks and the mitigation measures.

Risks	Mitigation
<b>Revenue</b>	
<p>a) <b>Non-compliance with payment of assessed contributions and failure by partners to meet their commitments.</b></p> <p>b) <b>Delays in the release of funds.</b></p> <p>c) <b>Challenges in the Implementation of the decision of the 0.2% levy on the value of eligible goods imported into Member States.</b></p> <p>d) <b>Fragmentation of Resource Mobilisation in the African Union.</b></p>	<p>a) The Commission will continue engaging member states and Partners to meet their assessed contributions.</p> <p>b) With regards to delays in release of funds as a result of late submission of reports to partners, punitive measures will be enforced on defaulting departments in line with the Executive Council decision 815 on non-compliance.</p> <p>c) The Commission continues to promote the implementation of the 0.2% levy on eligible imports into Africa.</p> <p>d) To address functional silos, mobilization of resources will be centralized within the Directorate of Strategic Policy Planning, Monitoring and Evaluation.</p>
<b>Expenditure</b>	
<p>e) <b>Overbudgeting and planning by departments</b></p> <p>f) <b>Low absorptive capacity with very low rates of executions</b></p> <p>g) <b>Expanding wage bill expenditure</b></p>	<p>e) Impose expenditure ceilings and enforce compliance with the pre-determined ceilings with the help of SAP</p> <p>f) Improve planning, monitoring, evaluation and reporting requirements.</p> <p>g) Introduce periodical reporting and early warning systems</p>

<p><b>h) Bureaucratic Procurement processes</b></p>	<p>h) Rationalization of the wage bill.</p>
<p><b>i) Information and Technology hiccups.</b></p>	<p>i) Undertake a comprehensive review of structural and staffing levels, including staff profiles to ensure the Union is fit-for-purpose.</p>
<p><b>j) Over dependency on Staff with Short Term Contracts</b></p>	<p>j) Streamlining of procurement processes to ensure timely acquisition of required goods and services.</p> <p>k) Improving the AU ICT Infrastructure</p> <p>l) Speed up the Streamlined recruitment process of the AU</p>

## **7.0 2020 BUDGET PRIORITIES**

7.1 The Union will continue to implement initiatives in relation to Agenda 2063 and the institutional reforms. The Union will also undertake initiatives around capacity development, improved service delivery, enhanced partnerships and outreach as well as intensify resource mobilization efforts to ensure sustainable and predictable funding. The Priorities presented in this section will form the basis for the preparation of the 2020 Budget. The Union intends to achieve its priorities through eight key thematic areas.

7.2 The Thematic areas are:

- a) Economic Transformation, Inclusive Growth and Environmental Sustainability
- b) Investing in the African People
- c) Advancing Continental Integration
- d) Governance, Human Rights and Institutions
- e) Consolidating Peace and Security
- f) Enhancing Africa's Role and Position in a Global Context
- g) Flagship Projects of Agenda 2063
- h) Service Delivery, Capacity Development, Partnership and Outreach

The following paragraphs present the nine thematic areas and the deliverables for key areas under each of the thematic area:

### **7.1.1 Economic Transformation, Inclusive Growth and Environmental Sustainability**

To promote Economic transformation, inclusive growth and environmental sustainability, the Union will among other key initiatives, prioritize the following:

- a) The Union will continue the Implementation of CAADP-Malabo Declaration for Acceleration & Sustainable Agricultural Transformation in Africa through Supporting Country and Regional Systems
- b) Livestock Development Strategy in Africa (LiDeSA) and Policy framework will be implemented and in this regard, Public and private sector investment policies, incentives and regulatory frameworks to enhance performance of priority livestock value chains will be developed
- c) Strengthening agricultural trade systems and Intra Africa Trade, the Commission targets to ensure that in 2020, at least 4 RECs harmonize their regional, Sanitary and Phytosanitary (SPS) policy frameworks with the continental framework;
- d) The African Climate Change Strategy will be developed by end of 2020
- e) In 2020, the Union will work towards ensuring that 4 Regional Economic Communities are implementing harmonized Minimum Implementation Program aimed at achieving the Economic Integration of the Continent.

- f) In relation to the Africa Mining Vision, the Continental Minerals Fund will be established and operational by end of 2020
- g) With regards to the Africa Charter on Rights and Welfare of the Child, the Union will work towards ensuring that the seven (7) remaining countries have ratified the charter and at least (12) Countries report on the implementation of the Charter.
- h) To ensure that the African Center for Disease Control is operational, High containment (P4) Labs will be established at the Africa CDC and in the five Regional Collaboration Centers.
- i) Action Plan on Environmental Pollution strategy will be domesticated within Member States.
- j) A new high security laboratory facility will be constructed by end of 2020;

### **7.1.2 Investing in the African People.**

The key priorities under this thematic area include but are not limited to:

- a) The Union will continue to implement the Gender Strategy, particularly Gender mainstreaming programmes will be implemented and the Gender Score Card will be presented to the Assembly.
- b) The AU Five Year Plan of Action on Youth Empowerment in Africa 2019-2024 will be domesticated and Implemented in 20 Member States.
- c) With regards to implementation of Continental Education Strategy for Africa (CESA) through Higher Education Scholarship, harmonization and Quality assurance, the accreditation Agency will be set up and adopted by the Assembly and an African Continental Qualification Framework will be operational by end 2020.
- d) The implementation of Science, Technology and Innovation Strategy for Africa (STISA)-2024, 10 Member States will be facilitated to domesticate the Framework and Strategy for protection of intellectual property and atleast 5 Member States will be supported in using green space technology products and services. Further more, Technical assistance will be provided to member states on green innovation Strategy.
- e) Under the Pan African University, one hub and a centre will be established in 2020 and a continental Teacher Qualification Framework adopted.
- f) Legal Instrument pertaining to Girl's and Women's education will be implemented in selected RECs and MSs.
- g) With regards to the Malabo Declaration and Decision on Youth Empowerment, the AU will ensure that Sexual and Reproductive Health Rights (SRHS) interventions are coordinated in all Member States.

- h) The AU will assess progress in Member States regarding harnessing the Demographic dividend through investments in Youth.

### **7.1.3 Advancing Continental Integration**

- a) The union will continue to facilitate the implementation of projects under PIDA (Programme for Infrastructure Development in Africa), through, among other things, ensuring that resources are available for implementation of at least 50 PIDA PAP 2 projects, ensure that 10,000 MW of new generation capacity is available and the Establishment/completion of regional cross-border interconnection policy framework. In addition, by end of 2020, all 7 corridor countries will have started implementing Real Time Monitoring and Tracking System (RMTS) for Cargo and Vehicles movement.
- b) The Union will continue with its programme of Geothermal Energy Development in Africa in addition to the Implementation of the Africa Renewable Energy Initiative.
- c) With regards to the Development of Sustainable Energy in Small Island Developing States (SIDS) in Africa, at least two projects per country in the remaining three African Island States will be packaged for financing and implementation.
- d) Comprehensive ICT Strategy for Africa (CISA): Communications and outreach plan to promote the strategy will be developed and validated by Member States by end of 2020. In addition, a Continental e-governance Framework will be developed.
- e) Maritime Transport: Capacity building will be provided to Central and West Africa on enhancement of port performance and the Framework for establishing continental network of maritime experts will be done and validated.
- f) Regarding Cyber Security, Regional and continental cyber security strategies will be developed and Mechanisms for regional and international cooperation on cyber security issues developed.
- g) African Common Market: Negotiating forum for a continental customs union will be established
- h) At least 4 RECs will be supported by the Union in strengthening or establishing national trade policy dialogue platforms and AU Trade Facilitation Strategy will be mainstreamed into at least 3 RECs.
- i) Regarding the Accelerated Industrial Development for Africa (AIDA), at Least 20 countries will domesticate and implement the strategy.
- j) Boosting Intra-African Trade; Identified RECs will be supported by the Commission in strengthening or establishing national trade policy dialogue platforms.

#### **7.1.4 Governance, Human Rights and Institutions**

- a) To ensure that Women's Rights are respected and promoted; The Union will advocate and ensure universal ratification of Maputo Protocol by end 2020. It will also ensure that the 10 year plan of action to eradicate harmful traditional practices and end violence against women is adopted and AU women's rights defenders and women in politics programs adopted.
- b) Democratic Values and Practices are the Norm; At least 5 ratifications of African Charter on Democracy, Elections and Governance (ACDEG) will be secured, African Governance Facility will also be fully Operational and work plan for operationalizing the African Governance Architecture (AGA) platform implemented.
- c) In relation to Participatory Development and Local Governance, at least thirteen (13) ratifications of the African Charter on the Values and Principles of Decentralization, Local Government and Local Development will be secured, Action plan of the AU- High Council Local Authorities (HCLA) will be developed and implemented. At least thirteen (13) ratifications of the African Charter on the Values and Principles of Decentralization, Local Government and Local Development will be secured.
- d) The Union will ensure that the African Governance Facility is fully operational by end of 2020.
- e) Regarding Institutions and Leadership, at least twenty-five (25) ratifications of the Public Service Charter will be secured; as well as fifty-five (55) ratifications of the Convention..

#### **7.1.5 Consolidating Peace and Security**

- a) The Union will ensure readiness to deploy the African Stand by Force (ASF) by the Peace and Security Council (PSC) in conflict areas, crisis prevention efforts, human-made and natural disaster areas.
- b) The Union in 2020 will continue to provide technical assistance in evaluating the efficacy of Post-conflict Reconstruction and Development (PCRD) interventions provided to countries emerging from conflict situations.
- c) In order to fully operationalize the African Peace and Security Architecture, (APSA) Pillars, the Union will Increase participation of women in AU led peace building and mediation efforts.
- d) The Union will also continue to undertake conflict prevention initiatives through, for instance, strengthening Early Warning Systems. A key target is to ensure that 80% Real-time early warning information is gathered, and shared with decision-makers and appropriate action taken.
- e) Ensure policies to combat International and Transnational Organized Crime are developed and implemented.

### **7.1.6 Flagship Projects of Agenda 2063.**

- a) Continental Free Trade Area; It is expected that by end of 2020, Phase 2 of CFTA negotiations will be completed.
- b) Single African Aviation Transport Market (SAATM): The Union will continue to facilitate the establishment of the African Aviation Tribunal and the elaboration of the Continental Aviation Infrastructure Master Plan. Key milestones include; Aviation Tribunal set up and operational; Continental Aviation Infrastructure Master Plan finalized and adopted.
- c) The Integrated High-Speed Train Network: The Union will facilitate Preparation and signing of at least one treaty/cooperation agreement by partner Member States/stakeholders.
- d) Continental, Monetary and Financial Institution: The African Investment Bank will be established, at least 20 Member States will adopt the Legal instruments and at least 10 Member States will have ratified the legal Instruments by end of 2020.
- e) African Commodity Strategy: Efforts will be deployed to continue provision of Technical assistance to Member states to review and align national policies with the African Commodities Strategy
- f) African Passport and Free movement of People; The Annual report on the implementation of the Protocol on free movement of persons in Africa and, annual report on the progress of implementation of the E-passport by Member states will be produced by end of 2020.
- g) African Virtual University project: The Union will continue to facilitate and ensure that the African Virtual University project is fully operational and End-users access to e-university increases by at least 10% by end of 2020
- h) The Great Museum of Africa: The Great Museum of Africa is expected to be operational by end of 2020, and in this regard, facilitation will be provided to realize this key milestone.
- i) Outer Space Strategy. Capacity development initiatives for member states experts will be implemented with at least 50 Member States experts trained on use of space applications and capabilities in the space technology in the continent.
- j) Silencing of the gun by 2020: The Union will continue to undertake measures to address the root causes and drivers of conflict in Africa and in this regard, the implementation of the related work plan will be evaluated.
- k) The Grand Inga Dam Project: in 2020, the Union will ensure that 20% of Construction of the Dam is completed.

### **7.1.7 Service Delivery, Partnership, Outreach and Resources.**

The Union will continue to build capacity for delivery as well as strengthened Partnerships and expanded Outreach and pursue measures in line with the implementation of the decision on Alternative Sources of Funding. Mechanisms to improve service delivery include improvement of systems, processes and tools. In this regard, interventions will be undertaken, including but not limited to the following;

- a) Rebranding of AUC: The Union will ensure that AU Brand identity is recognizable by African citizenry and other stakeholders and a Brand awareness score of 60% is achieved.
- b) Enhance the conduct of audit; The Union will continue to implement initiatives geared to improving the quality and coverage of audits carried out.
- c) M&E of AU Programmes: To track implementation of Agenda 2063 First Ten Year Implementation Plan (FTYIP), a Monitoring and Evaluation Report on the FTYIP will be produced and the Mid Term review of Agenda 2063 FTIP will be conducted.
- d) Enhancement of Conference services and facilities: Efforts to automate key work flows and upgrade conference facilities will continue to ensure that the Union's conference services are at par with international standards.
- e) Improved availability and accessibility of Health Services; AU Medical services and facilities will continue to be improved, among other things, through acquisition of up to date medical equipment and targeted training of medical personnel in their areas of specialties
- f) Enhanced Governance within the Organization: The Union will continue the implementation, review and adoption of Policies to strengthen accountability and responsibility, including continued improvement of performance appraisal systems.
- g) Improve working rules, methods and processes of African Union Summits; The Union will ensure that in 2020 there is reduced number of decisions and summits.
- h) Inter-Continental Partnership Strategies; in this regard, among other things, the African Union Caribbean Community (AU-CARICOM) and African Union Organization of American States (AU-OAS) Partnership Frameworks will be implemented

### **7.1.8 Enhancing Africa's Role and Position in a Global Context**

- a) Coordinating Africa's Global Engagement on Trade; coordinated common African positions in multilateral and bilateral trade engagements will be achieved in 2020.
- b) Africa's Strategic Partnerships and Global Representation: Strategy for Africa's Partnership will be implemented and AU Representational Offices Programs will be strengthened to deliver on their mandate.
- c) Encyclopedia Africana Project (EAP); Partnerships agreement will be signed for EAP Volume 5, EAP Volume 5 Manuscript will be Developed and Published.

## **8.0 THE 20120 BUDGET**

### **8.1 The 2020 budget will be prepared on the premise that the Union will:**

- i. Continue consolidating the gains in achieving results identified in the Agenda 2063's First Ten Years Implementation Plan.
- ii. Ensure that all flagship projects are fully funded by Member States in order to cement Africa's ownership of the same.
- iii. Ensure that robust internal and external accountability and oversight mechanism will be in full operation.
- iv. Place emphasis on results and accountability for delivery.
- v. Ensure that contributions from Member States are received in full at least during the first quarter.
- vi. The 2020 Budget will be prepared based on the execution rate of the Union for the last three years.
- vii. Ensure proper planning to minimize overlapping of activities across Departments and Organs.

## **9.0 Conclusion**

- 9.1 Implementation of the 2020 priorities will provide tangible evidence and proof that Agenda 2063 vision can indeed be realized for the African citizenry. The 2020 Budget Framework paper provides useful set of information necessary to kick start the budgeting process for the Union. Further More, the 2020 Budget will take into account principles stipulated in the Assembly Decision **Assembly/AU/Dec.687(XXX)** by embracing the Golden Rules, especially basing the spending limit for 2020 according to past performance on revenues and expenditures.

- 9.2 The 2020 Budget will continue to implement Assembly Decision **Assembly/AU/Dec.578(XXV)** where Member States move towards financing 100% of Operational Budget, 75% of Program budget and 25% of the Peace and Support Operations.

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# 2020 Budget Framework Paper for the African Union;Draft

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