

**ROADMAP
FOR THE IMPLEMENTATION OF THE
AFRICAN UNION'S
ADMINISTRATIVE AND FINANCIAL
REFORMS**

A. FINANCIAL REFORM

(A) INTRODUCTION

In compliance with Assembly Decision **Ext/Assembly/AU/Dec.1(XI)**, the Commission has been requested to present the roadmap on budgetary and financial reforms.

The Assembly Decisions on budgetary and financial reforms are intended to deliver the following key objectives:

- Financial autonomy and reduced dependency;
- Prudent management of resources, improved transparency and accountability;
- Exert greater and more strategic control of aggregate spending and priority setting that focuses on performance and results;
- Strengthen the oversight capability of Member States to assess the effectiveness, impact and relevance of programs in terms of actual results and provides for an improved and useful information for decision making.

The document presents a summary of the decisions and status of implementation of the main actions initiated since 2015 and provides an overview of the expected initiatives leading to a full implementation of the financial reforms.

(B) SUMMARY OF THE DECISIONS

- **Addis Ababa January 2015** Assembly/AU/Dec.561(XXIV) and Johannesburg June 2015 Assembly decisions on budget and on Financing Assembly/AU/Dec.577(XXV) and Assembly/AU/Dec.578(XXV) directed that Member States would fund 100% of the operational budget, 75% of the program budget and 25% of the peace support operations budget. They also directed the Commission to take the necessary measures to improve on the Execution rate of the budget against available funds as well as to strengthen its internal control processes with a view to ensuring a judicious utilization of the resources put at the disposal of the organization;
- The **July 2016 Kigali Assembly decision** Assembly/AU/Dec.605 (XXVII) to institute (a) implement a 0.2% levy on all eligible imported goods into the Continent to finance the African Union's operational, program and peace support operations budgets starting from the year 2017 (b) to establish a Committee of Ministers of Finance comprising Ten Member States, representing the five (5) regions to participate in the preparation of the annual budget, and (c) to implement all aspects related to the operationalization of the AU Peace Fund, in particular the legal, operational and financial rules and regulations.
- The **January 2017 Addis Ababa Decision** Assembly/AU/Dec.635(XXVIII) called for the full implementation of the Kigali Decision without undue delay and also decided as follows: (a) The Committee of Ten Finance Ministers should assume responsibility for oversight of the African Union budget and Reserve

Fund (b) develop a set of 'golden rules', establishing clear financial management and accountability principles, and (c) The current scale of contributions should be revised based on the principles of ability to pay, solidarity, and equitable burden-sharing, to avoid risk concentration.

- The **January 2018 Addis Ababa Decision** Assembly/AU/Dec.687(XXX) that adopted the 'Golden Rules' to provide a framework for financial management and accountability principles at the African Union and requested the AU Commission to update the AU Financial Rules and Regulations taking into account these Golden Rules and mechanisms for the involvement of the F15 on budgetary and financial issues of the Union.
- The **November 2018 Addis Ababa Decision** Ext/Assembly/AU/Dec.1(XI) that requested the Commission to elaborate a Roadmap on implementation of administrative and financial reforms to be presented at the 34th Ordinary Session of the Executive Council scheduled for 7-8 February 2019 at the AU Headquarters.

(C) IMPLEMENTATION STATUS

The Policy Organs through Decisions Assembly/AU/Dec.635 (XXVIII), Assembly/AU/Dec.687 (XXX) and EX.CL/Dec.916 (XXVIII) Rev.1 took a very purposeful decision, first, to strengthen, reform and rename the Sub-Committee on Administrative, Budgetary and Financial Matters as the Sub-Committee on General Supervision and Coordination on Budgetary, Financial and Administrative Matters (GSCBFAM) and second to establish the Committee of Finance Ministers (initially the F10, now expanded to the F15).

Over the past 2 years, the Commission engaged regularly and closely with these structures, leading to the achievement of key milestones:

a) Financing of the Union (FoU)

Following the landmark decision on financing the Union adopted in Kigali in June 2016 (**Assembly/AU/Dec.605 (XXVII)**), 24 Member States are at various stages of implementing this Decision¹ as of December 2018.

- out of these 24, 14 Member States² are known to have started collecting the levy.

¹ Kenya, Gambia, Congo Brazzaville, Gabon, Rwanda, Cameroun, Chad, Sierra Leone, Djibouti, Cote d'Ivoire, Guinea, Benin, Sudan, Ghana, Mauritius, Seychelles, Malawi, Algeria, Nigeria, Comoros, Mauritania, Ethiopia, Senegal and Libya

² Kenya, Gambia, Congo Brazzaville, Gabon, Rwanda, Cameroun, Chad, Sierra Leone, Djibouti, Cote d'Ivoire, Guinea, Benin, Sudan and Ghana.

b) Implementation of the Golden Rules

Of the nine (9) Golden Rules that were adopted by the Assembly in January 2018, six (6) of them are fully operational.

1. golden rule one: member states' contributions should cover a minimum threshold of the budget
2. golden rule two: revenue must be predictable
3. golden rule three: budgets must be credible
4. golden rule four: expenditure ceilings should be set
5. golden rule five: all expenditure must be authorised
6. golden rule six: resource flows and transactions must be reliable and efficient

Their application has led to a budget being rationalised, results focused and better aligned with priorities resulting in a reduction of the 2019 budget by 12% compared the 2018 approved budget.

c) Member States Contribution to the Budget

Since the endorsement of the new financing formula in July 2015 through Decision Assembly/AU/Dec.578(XXV) in which Member States agreed to finance by 2021, 100% of Operational budget, 75% of Program budget and 25% of Peace Support Operations budget, the following have been achieved:

- 1) The Operational budget is 100% financed with funds from Member States against 80% in 2015;
- 2) Member States will contribute 44% of the Program budget in 2019 up from 5.3% in 2015;
- 3) Member States's contribution to Peace Support Operations (excluding contribution to Peace Fund) is expected to reach 4% in 2019 against 0% in 2015.

d) New Sanctions Regime

A new Sanctions Regime was adopted in November 2018 by the Assembly through Decision Ext/Assembly/AU/Dec.3(XI) shortening the period within which a Member State will be considered to be in default from 2 years to 6 months . It has also placed emphasis on compliance by introducing a phased application of sanctions should a Member State be in default.

e) Oversight and Accountability Mechanisms

Through the Decisions Assembly/AU/Dec.605 (XXVII), Assembly/AU/Dec.635(XXVIII) , Assembly/AU/Dec.687(XXX) the Commission was requested to put in place strong oversight and accountability mechanisms for ensuring the effective and prudent use of the resources.

Since then, the following have been put in place:

- i) Supported the work of the PRC through its sub Committee on General Supervision and Coordination on Budgetary, Financial and Administrative matters who jointly worked with the F15 through its Committee of Experts.
- ii) The Committee of Experts of the F15 participated fully in the budget preparation and deliberations process: May – June 2018, August 2018, and October 2018. They also participated and made useful input into newly recalculated Scale of Assessment to be endorsed during this Summit. Their input together with that of the Ministerial Committee on Scale of Assessment and Contribution (at Ambassadorial level) provided useful input into the wider discussion with all Member States in January 2019.

f) Budget Execution Rate

Through Decision **Assembly/AU/Dec.577(XXV)**, the Assembly of Heads of State and Government requested the Commission to take the necessary measures to improve on the execution rate of the budget against available funds.

Considerable progress has been registered since 2015. While in 2015, the execution rate to available funds was 62% (77% and 40%, respectively for Operational and Program budgets), the execution rate to the available funds improved to 78% in 2017 (81% for Operational budget and 70% for Program budget).

g) Revision of the AU Financial Rules and Regulations









The AU Financial Rules and Regulations are currently being revised taken into account the following:

- i) Newly adopted Golden Rules;
- ii) Mechanisms for the involvement of the F15 on budgetary and financial issues of the Union;
- iii) Redefined Reserve Funds.

h) Reformulation of the Scale of Assessment

Finally, the Scale of Assessment for period 2020-2022 has been reformulated. It has taken into account principles of ability to pay, solidarity, and equitable burden-sharing, to avoid risk concentration as demanded through Assembly Decision (Assembly/AU/Dec.635 (XXVIII)). It was developed on an understanding that it will improve the overall burden sharing of the budget to ensure that the Union is financed in a predictable, sustainable, equitable and accountable manner with the full ownership of its Member States. The reformulated scale was in July 2018 circulated to all Member States for comments and inputs. A meeting to deliberate on it was scheduled for January 2019 for its adoption by the Assembly in February 2019.

ROADMAP OF FINANCIAL REFORM

<u>ROADMAP OF FINANCIAL REFORM</u>						
	Description	Milestones			Timeline	Expected Outcome
		Dec.2018 2019	Jan.	Feb.		
<i>Budget Reform</i>	<ul style="list-style-type: none"> Ongoing Process 					
<i>Financial Rules & Regulations</i>	<ul style="list-style-type: none"> Review of the Financial Rules and Regulations 				End May 2019	Revised
<i>Scale of Assessment</i>	<ul style="list-style-type: none"> The Joint Sitting of the Permanent Representatives Committee (PRC), Experts from Capitals and the F15 The Joint Sitting of the Committee of Ministers on Scale of Assessment and Contributions and the F15 				12 Feb 2019	Scale of Assessment for the period 2020-2023
<i>Peace Fund</i>	<ul style="list-style-type: none"> Develop a paper issue on the Scale of Assessment - Peace Fund & Peace Support Operations - New Assessment on the Distribution - Legal (instrument & Governance process) - Financial Structure 				Completed TBD before AU Summit Ministerial 4 Feb 2019	Draft Report produced/ Discussed and Decision Taken
<i>Full Compliance with IPSAS</i>	<ul style="list-style-type: none"> Asset valuation Follow up with Pillars Assessment consultant (P.kankya), the accounting Division and the Firm of consultant recruited on the work Progress/ Final report 				June / July 2019	2018 approved financial statements by BoEA
<i>Strengthen Accountability Mechanism</i>	<ul style="list-style-type: none"> Concept Note and Issue paper to be drafted and propose to Member States as per the Golden Rules Enforcing accountability using SAP systems, IPSAS, FRR, SRR, Manuals and Policies. (PBFA – AHRMD) 				June / July 2019	Draft Report produced/ Discussed and Decision Taken
<i>Status Report</i>	<ul style="list-style-type: none"> Financing of the Union / Prepare Status report for Feb.y 2019 Summit. Propose a way forward for the implementation modalities 				30th Jan. 2019	Status of implementation Report
<i>2018 Year End Financial Statement</i>	<ul style="list-style-type: none"> Calendar for the Year End closing Interim status Report Final closing of the accounts Produce the 2018 Financial Statement 				31st March 2019	Final Draft to be submitted on 31st May to PRC
<i>2020 AU Budget</i>	<ul style="list-style-type: none"> As per the calendar & new directive (baseline- Ceiling) 				10th May	Final Report submitted to the PRC & F15

B. ADMINISTRATION AND HUMAN RESOURCES REFORM

I. INTRODUCTION

Following the November 2018 Executive Council Decision (Ext/EX.CL/Dec.1 (XX)) — in particular, on issues cited from section(5) to Section (12) — relating to Staffing Status, AU Performance Management, Recruitment System, Staffing Quota System, Salary Arrears, Travel Administration, Procurement, and Information Technology, the Commission has been tasked to draw-up an actionable roadmap for the implementation of these decisions.

In drawing up the Road Map, due consideration has been given to dependencies between the various elements and the need for phased in approach where applicable on the implantation of the initiatives.

The main initiatives and expected outcomes included in the Road Map are outlines below. The critical success factors to be taken into account when implementing these initiatives are also highlighted in this document.

II. MAIN ELEMENTS INCLUDED IN THE ROAD MAP

(A) STAFFING REVIEW

Expected outcome: High performing staff with the right skills and competencies are in place to deliver on the AU Commission's mandate and departmental functions

(B) STRUCTURE REVIEW OF THE AFRICAN UNION

Expected Outcome: An effective and efficient AU structure is in place to deliver the Agenda 2063 and provide high quality services

(C) IMPROVE RECRUITMENT OF THE UNION

Expected Outcome: Credible and transparent recruitment process in place. Enabling timely recruitment of qualified staff.

(D) REVIEW OF THE AU STAFF REGULATIONS AND RULES

Expected Outcome: Predictable and transparent set of Staff Rules and Regulations in place to guide the effective management of human resources in line with best practice.

(E) TRAVEL ADMINISTRATION REVIEW

Expected Outcome: The efficient, effective and service-oriented administration of AU related travel undertaken within a transparent and accountable framework based on value for money.

(F) PERFORMANCE MANAGEMENT

Expected Outcome: A clear accountability framework that embeds results and delivery as a core

III. CRITICAL SUCCESS FACTORS

The critical success factors to be taken into consideration on the implementation of the initiatives to attain the decisions include:

- (a) Taking into account the Financial, Legal and Administrative implications on the implementation process
- (b) Collaboration, coherence and consistency amongst the drivers — i.e amongst policy organs and various departments responsible for the implementation of the initiatives.

IV. DETAILED ROAD MAP ON IMPLEMENTATION OF DECISIONS

A detailed Road Map outlining the outcome, high level initiatives and timelines on the attainment of decisions is as follows.

DRAFT ROADMAP - ADMINISTRATIVE AND HUMAN RESOURCE FORM

ACTIVITIES FROM THE DECISION	STATUS	RESPONSIBLE	ASSIGNED TO	START DATE	END DATE	REQUIRED BUDGET	COMMENTS
A. FUNDAMENTAL STAFFING REVIEW	IN PROGRESS	AUC	AHRM	19/11/2018			
OUTCOME : High performing staff with the right skills and competencies are in place to deliver on the AU Commission’s mandate and departmental functions							
<i>Moratorium on the recruitment of Short/fixed term and SSA</i>	STARTED	AHRM	HR	Q4/2018		NO	
<i>Conduct an audit of Human Resources Management</i>	NOT STARTED	AHRM	HR	Q1/2019	Q2/2019	YES	The Audit should include skills, competence, and capacity assessment
<i>fill vacant regular positions</i>	IN PROGRESS	AHRM	HR	Q1/2019	Q2/2019	YES	
<i>Development of implementable proposal (action plan) dealing with the issue of the Non-Regular staffing without causing disruption to activities of the Commission</i>	STARTED	AUC	HR/PBFA/OLC	Q4/2018	1-Feb-19	NO	
<i>Submit a report on the financial, legal and administrative implications of separations</i>	NOT STARTED	AUC	HR/PBFA/OLC	Q4/2018	1-Feb-19	YES	

ACTIVITIES FROM THE DECISION	STATUS	RESPONSIBLE	ASSIGNED TO	START DATE	END DATE	REQUIRED BUDGET	COMMENTS
B. STRUCTURE REVIEW OF THE AU	NOT STARTED	AUC	HR	Q4/2018	Q4/2020		
OUTCOME : An effective and efficient AU structure is in place to deliver the Agenda 2063 and provide high quality services							
<i>Develop phased approach roadmap</i>	NOT STARTED	AUC	AUC	Q4/2018	Q4/2018	NO	
<i>Commission to present to Policy Organs a new AU Structure based on the proposed 2016 Structure and Reform Decisions</i>	NOT STARTED	AHRM/AUC	AHRM	Q1/2019	Q2/2019	YES	
<i>Review Department Structure based on the roadmap and 2016 proposed Structure and Reform decision</i>	NOT STARTED	AUC	AHRM	Q1/2019	Q4/2020	YES	-
<i>Submit the proposed Organizational Structure to AU Leadership and Policy Organ</i>	NOT STARTED	AUC	AUC	Q1/2019	Q2/2019	NO	

ACTIVITIES FROM THE DECISION	STATUS	RESPONSIBLE	ASSIGNED TO	START DATE	END DATE	REQUIRED BUDGET	COMMENTS
C. IMPROVE RECRUITMENT OF THE UNION	NOT STARTED	MS/AUC	HR				
OUTCOME : Credible and transparent recruitment process in place. Enabling timely recruitment of qualified staff							
Develop ToR for the member state's Experts	STARTED	AHRM	AHRM	30-Nov-18	15-Dec-18	NO	The ToR should focus on the revamping of the system
Deployment of the HR Regional experts	NOT STARTED	MS	MS	Second Half of January	Q3/2019	NO	
Review, recommend and submit report on improvement areas	NOT STARTED	MS/AUC	MS/HR	Q1/2019	Mid of April	YES	
Implement Recruitment new system and processes	NOT STARTED	MS/AUC	MS/HR	Q4/2019	Q4/2020	YES	
<i>Setup the mechanism to introduce Short/fixed term staff in the Quotas System</i>	NOT STARTED	MS/AUC	AHRM	End of January 2019	Q4/2020	YES	
<i>Implement the AUC quota system at other Organs</i>	NOT STARTED	AHRM	HR	Q2/2019	Q2/2019	NO	
<i>Submit the progress report of quotas status to Member States</i>	NOT STARTED	AHRM	HR	Jan-19	Monthly	YES	

ACTIVITIES FROM THE DECISION	STATUS	RESPONSIBLE	ASSIGNED TO	START DATE	END DATE	REQUIRED BUDGET	COMMENTS
D. STAFF REGULATIONS AND RULES REVIEW	IN PROGRESS	AUC	AHRM	Q1/2019	Q2/2019	No	
OUTCOME : A predictable and transparent set of Staff Rules and Regulations is in place to guide the effective management of human resources in line with best practice							
<i>Presentation of the new SRR to the Commission and Other Organs</i>	IN PROGRESS	AUC	AHRM	Q1/2019	Q2/2019	NO	The reviewed SRR should incorporate provisions for the protection of Whistle blower and confidentiality as well as provisions for locally recruited personnel category.
<i>Presentation and Adoption of SRR to Policy Organs</i>	NOT STARTED	AUC	AHRM	Q1/2019	Q2/2019	NO	
<i>Popularization and implementation</i>	NOT STARTED	AHRM	HR	Q3/2019			

ACTIVITIES FROM THE DECISION	STATUS	RESPONSIBLE	ASSIGNED TO	START DATE	END DATE	REQUIRED BUDGET	COMMENTS
E. TRAVEL ADMINISTRATION REVIEW	IN PROGRESS	AUC	AHRM	Q4/2018	Q1/2019	NO	
OUTCOME : The efficient, effective and service-oriented administration of AU related travel undertaken within a transparent and accountable framework based on value for money.							
<i>Review and implement Travel Policy</i>	IN PROGRESS	AUC	AHRM	Q4/2018	Q1/2019	NO	
F. PERFORMANCE MANAGEMENT	IN PROGRESS	AUC	AHRM	Q1/2019	Q4/2020		
OUTCOME : A clear accountability framework that embeds results and delivery as a core							
I. Strengthening Performance Management System	IN PROGRESS	AHRM	HR	Q1/2019	Q2/2019	YES	
II. Capacity Building	IN PROGRESS	AUC	HR	Q1/2019	Q4/2020	YES	
III. Leadership Support	IN PROGRESS	AUC	BDCP	Q1/2019	Continuou s	NO	

The Commission to present a report on the analysis of the financial, legal and administrative implications of this roadmap to the policy organs in the first quarter of 2019

The activities requiring additional budget that are within this Roadmap fall in the category of "*unforeseen*" as the Decision was made in November 2018.

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Road Map for the Implementation of the African Union's Administrative and Financial Reforms

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