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EXECUTIVE COUNCIL

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**REPORT OF THE JOINT SITTING OF THE SUB-COMMITTEE ON
GENERAL SUPERVISION AND COORDINATION ON BUDGETARY,
FINANCIAL AND ADMINISTRATIVE MATTERS AND
THE EXPERTS OF F15**



**MEETING OF THE JOINT SITTING OF THE
PERMANENT REPRESENTATIVES' COMMITTEE (PRC)
SUB-COMMITTEE ON GENERAL SUPERVISION AND
COORDINATION ON BUDGETARY, FINANCIAL AND
ADMINISTRATIVE MATTERS (GSCBFAM) A
ND THE F15 EXPERTS OF THE MINISTERS OF FINANCE**

Original: English

CONSOLIDATED REPORT



**MEETING OF THE PRC SUB-COMMITTEE ON GENERAL SUPERVISION AND
COORDINATION ON BUDGETARY, FINANCIAL AND ADMINISTRATIVE
MATTERS
23-25 SEPTEMBER, 2019**

INTRODUCTION

1. The 4th meeting of the Joint Sitting of the Permanent Representatives' Committee (PRC) Sub-Committee on General Supervision and Coordination on Budgetary, Financial and Administrative Matters (GSCBFAM) and the F15 experts of the Ministers of Finance was held in on 23-25 September 2019 in Addis Ababa, Ethiopia. It was chaired by H.E. Mr Lazare Makayat Safouesse, Permanent Representative of the Republic of Congo and Chair of the Sub-Committee on GSCBFAM.

A. ATTENDANCE

2. The meeting was presided over by the Ambassador of the Republic of Congo to Ethiopia and Permanent Representative to the AU and UNECA, His Excellency, Mr Lazare Makayat Safouesse.

3. In attendance were the following Member States:

i. Algeria	xxiii. Lesotho
ii. Angola	xxiv. Mali
iii. Benin	xxv. Mauritius
iv. Botswana	xxvi. Morocco
v. Burkina Faso	xxvii. Mauritania
vi. Burundi	xxviii. Mozambique
vii. Cameroon	xxix. Namibia
viii. Central African Republic	xxx. Niger
ix. Chad	xxxi. Rwanda
x. Comoros	xxxii. Sahrawi Arab Democratic Republic
xi. Congo	xxxiii. Senegal
xii. Côte D'Ivoire	xxxiv. South Africa
xiii. Democratic Republic of Congo	xxxv. Sudan
xiv. Djibouti	xxxvi. Tanzania
xv. Equatorial Guinea	xxxvii. Togo
xvi. Ethiopia	xxxviii. Uganda
xvii. Egypt	xxxix. Zambia
xviii. Eswatini	xl. Zimbabwe
xix. Gambia	
xx. Gabon	
xxi. Ghana	
xxii. Kenya	

Technical Committee of F15

Southern Africa:	South Africa		
Eastern Africa:	Ethiopia		
West Africa:	Côte d'Ivoire	Ghana	Nigeria
Central Africa:	Chad	Congo	
North Africa:	Egypt	Algeria	Morocco

B. AGENDA

4. The agenda was adopted without any amendment as follows:

- a. Opening Remarks
- b. Welcome Remarks
- c. Adoption of the draft agenda
- d. Consideration of the urgent supplementary request
- e. Consideration of the consultants' reports on preferential exchange rates for Brussels and Geneva Offices
- f. Consideration of the experts' report on recruitment
- g. Consideration of the draft matrix on the implementation of decision relating to administrative and financial matters
- h. Consideration of the 2019 Mid-Year program performance review and budget execution report
- i. Consideration of the departments and organs supplementary budget requests
- j. Consideration of the calendar of meetings of GSCBFAM and F15 Joint Sitting for 2019
- k. Date, Budget and Venue of the retreat in October to review the Staff Rules and Regulations and the Financial Regulations and Rules
- l. Adoption of the proposed date for the retreat of GSCBFAM Sub-Committee with APRM in Cape Town, South Africa
- m. Consideration of the draft report of the Joint Sitting

C. OPENING REMARKS

Opening Remarks by the Chair of the Sub-Committee on GSCBFAM

5. The Chairperson of the Sub-Committee on the General Supervision and Coordination on Budgetary, Financial and Administrative Matters (GSCBFAM), Ambassador of the Republic of Congo to Ethiopia and Permanent Representative to the AU and UNECA, His Excellency, Mr Lazare Makayat Safouesse welcomed the

members to the Joint Sitting. He acknowledged the presence of the F15 Technical Experts, and the Chairperson of the PRC, Ambassador Osama Abdel Khaleq of the Arab Republic of Egypt to Ethiopia and Permanent Representative to AU and UNECA; the Permanent Representatives to the AU representational Offices in Geneva and Brussels; two representatives of the Ten Experts on recruitment; and the Consultant on the study on the Preferential Exchange Rates.

6. He informed the meeting that there were many pending issues on the agenda to be addressed before the next Summit within the limited time. He appreciated the efforts made by all in ensuring the successful organization of the meeting.

Welcome Remarks by AU Commission

7. The Deputy Chief of Staff in the Bureau of the Deputy Chairperson, on behalf of the Chairperson, welcomed all and assured them of the support of the Commission and wished them fruitful deliberations. He acknowledged the good working relations that exists between the Commission and the Joint Sitting.

PROCEEDINGS

D. AGENDA ITEM 3: URGENT SUPPLEMENTARY BUDGET REQUESTS ON:

a) Implementation of the Political Agreement for Peace and Reconciliation in the Central African Republic (CAR)

8. The Chairperson informed the meeting that the item had already been considered and approved by the PRC due to the urgency of the matter and the need for urgent intervention. The supplementary budget approved amounted to **US\$3,807,306**, to be funded from reallocation within the 2019 approved budget. This item was presented for information purpose only.
9. The Joint Sitting **TOOK NOTE** of the report.

b) Independent Forensic and Performance Audit of the African Union Commission and to support the activities of the Board of External Auditors (BoEA)

10. This item was presented by a Representative of the Office of Internal Audit. He explained that the request was in line with Executive Council decisions reference **EX.CL/Dec.1057 (XXXV)** and **EX.CL/Dec.1069 (XXXV)** of the 35th Ordinary Session held in July 2019 in Niamey, Niger. A supplementary budget request of **\$500,000** was presented for consideration.

Comments and Observations from Member States

11. The Joint Sitting made comments and observations as follows:

1. Sought explanations on whether the request of BoEA was part of the regular activities of the Unit;
2. Requested for the Budget breakdown of the request, and also the source of funding;
3. Enquired if the advertisement for the hiring of the Independent firm had already been published and by which media;

Responses from the Commission

1. The representative read out the breakdown, informing the Joint Sitting that the source of information was from past assignments from Audit Firms;
2. The assignment was in addition to the approved annual work plan of the Board;
3. The request for tender had been published on both the AU and UN websites and that the closing date had been set for the 18 October 2019.
4. The request was to be funded from the Reserve Fund.

The Joint Sitting made the following recommendations:

- i) **US\$450,000** to support the activities of undertaking an independent forensic and performance audit of the African Union Commission;
- ii) **US\$50,000** to support the investigation of staff who had left the African Court on Human and People's Rights under unclear circumstances and report to the Policy Organs as per the Executive Council decision reference **EX.CL/Dec.1031 (XXXIV)**;
- iii) The Joint Sitting should review the outcome of the independent forensic and performance audit and the investigation of staff who had left the Court under unclear circumstances; and
- iv) The supplementary budget request should be funded from the AU Reserve Fund.

c. Deployment of the Ten Experts on Recruitment (R10)

12. A supplementary budget of **US\$134,624.70** was presented by a Representative of AHRM. He informed the meeting that the initial deployment of the Recruitment Experts had been catered for by the reallocation from the 2019 Budget.
13. The request was to cover the meetings planned for October, November and December 2019. However, after the deliberations, it was noted that the request was not aligned to the proposed work plan and hence the Joint Sitting requested the Commission, in collaboration with the experts, to present a revised budget.
14. After thorough consultations, a revised budget of **US\$525,099** was presented and recommended for adoption by the PRC.

15. The Joint Sitting made the following recommendations:

- i) Observed that the Administration and Human Resources Management (AHRM) Directorate had identified savings within its approved 2019 budget and re-allocated resources to support the initial deployment of the experts;
- ii) The request to be funded from the AU Reserve Fund.

E. AGENDA ITEM 4: Consideration of the Consultant's Report on Preferential Exchange Rates for Geneva and Brussels Offices

16. The consultant on the study on the Preferential Exchange Rate presented his report with findings and conclusions as mandated by the Executive Council Decision **EX.CL/Dec.1057 (XXXV)**.

17. The Consultant's report recommended as follows:

- i) A fifty percent (50%) reduction of the current preferential exchange rate mechanism applicable to staff in AU Offices in Geneva and Brussels as a stop gap measure pending a full review of the AU Compensation Policy in 2020 and the development of more dynamic approaches for addressing exchange rate volatility.
- ii) Creation of a trigger to provide protection against future losses in local currency value in excess of the fifty percent reduction in the Preferential Exchange Rate mechanism.
- iii) A comprehensive and full review of the AU Compensation Policy that would address, among others, the cost of living and exchange rate movements.
- iv) No more Preferential Exchange Rate should be applicable for newly- recruited staff.
- v) Withdrawal of the Preferential Exchange Rate mechanism would have a significant impact on local staff in the GSB category who would be left with only the Addis Ababa base salary and a special allowance. This would position these levels relative to UN compensation in each location at 50% or below the corresponding UN compensation.
 - a. In order to sustain the position of GSB locally-recruited staff, it was recommended that the special allowance be increased to a point where total compensation in the two locations would equate 75% of UN compensation. This would result in a revised special allowance in US dollars for Brussels of \$43,924 and for Geneva of \$57,598.

The Joint Sitting made comments and observations as follows:

- i) Suggested an immediate and complete abolition of the Preferential Exchange Rate mechanism which according to the analysis and figures presented by the Consultant, had introduced a distortion in the AU compensation framework and had outlived its usefulness.

- ii) Suggested the adoption of the recommendations as contained in the Consultant's report.
- iii) Advocated for a cautious and holistic approach which included, among others, a review of the implications of the proposed rate cut on each staff member, considering the representational duties for respective Heads of Missions and further consultations with the Legal Counsel to establish its legal implications.
- iv) The Preferential Exchange Rate was not part of the AU compensation but was put in place to cushion the salaries against the currency fluctuations between the US Dollar, the Euro and the Swiss Franc.
- v) Even with the reduction of 50%, there would still be distortions in the compensation policy.
- vi) The discussions on the Preferential Exchange Rates started long time ago. Even if it is removed, the salaries in both Offices would still compare with the UN and still be higher than any other staff of the AU Offices including New York and Washington Offices.
- vii) In view of the fact that every Organization had its own rules and regulations, it was only the Staff Association which should be allowed to speak on behalf of the staff but not the individual concerned staff.
- viii) In view of the representational duties performed by the Heads of Offices outside HQ, there should be a way of providing official accommodation for those Heads.
- ix) The AU Member States' capacity to pay would not be the same as that of the UN Member States.
- x) The Preferential Exchange Rate was to be calculated on the basic salary and not on the gross salary that includes the Housing or Education allowances;
- xi) The overall AU compensation policy would be reviewed in 2020 to address issues raised on Housing and Education allowances for Geneva and Brussels Offices;

Responses from the Consultant

- i) Everything was dependent on the living conditions of the two locations. He made reference to the amount of housing allowance paid in relation to the actual rent that is paid in the two locations.
- ii) In order not to put the staff in a precarious situation, the Housing allowance should not be removed as in some cases in the United Nations.
- iii) Requested that the Commission should conduct a compensation survey in order not to be in the same dilemma in which they find themselves at the moment.
- iv) Regarding the GSB staff, there are local laws in the two locations namely, Geneva and Brussels that require employers to pay above the minimum wage.

The Joint Sitting made the following Recommendation:

18. Due to lack of consensus and divergence of opinions expressed above, the Joint Sitting deferred the matter for further consideration and determination by the PRC.

F. AGENDA ITEM 5: Consideration of the Experts' Report on Recruitment

19. The Chair of the Committee of Experts on Recruitment (R10) presented the inception report, providing recommendations and work plan on addressing the shortcomings of the current recruitment system.
20. The Chair of the Committee of Experts, Dr. Galal emphasized that the improvements made by the Administration and Human Resources Management Directorate in the recruitment during the past few years had been mainly mechanical as it was still suffering from the lack of adequate staffing and a highly complex recruitment process. Additionally, those challenges had been exacerbated by the exclusive reliance of the Union on an obsolete structure.
21. He then enumerated the main objective of this deployment; the scope of work; and expected deliverables that consisted of four position papers, work plan, approach and methodology. He then presented the findings of the team that were divided into two intertwined categories, namely: Process-related and Governance-related weaknesses. He then emphasized that if the identified critical success factors were not implemented, the project might be rendered ineffective. He then presented to the meeting the proposed way forward with short and medium to long term actions. The Plan of action presented by the representative of the experts contained the following proposals:
 - i) Three subsequent meetings of the experts.
 - ii) Technical training provided by the experts to 60 to 70 staff of the Commission in the new system in November
 - iii) Implementation of the new recruitment system to be done from November 2019 to June 2020.
 - iv) An evaluation in April 2020 of the system that would be set up.
 - v) Acquisition of the New SAP Module in January 2020.
 - vi) Implementation of a New Psychometric battery in February 2020.
 - vii) Last round of capacity building to ensure that only certified people would sit on the panel in June 2020.

Comments and Observations by Member States

22. The Joint Sitting made comments and observations as follows:
 - i) Took note, with appreciation, the inception report of the Panel of Experts and recommended to the PRC for adoption the proposed work plan with amendments and revisions proposed by the Joint Sitting.
 - ii) Commended the Experts on the quality of the inception report, and requested the Commission to support the work of the Experts.
 - iii) Sought clarity on whether the supplementary budget request could be accommodated within the 2019 approved budget.
 - iv) Requested for clarity on what informed the proposal for the lifting of the moratorium on recruitment for Director of AHRM Directorate and Head of HRM Division.

- v) The Joint Sitting informed the experts that the decision on the moratorium could only be lifted by the Executive Council.
- vi) Sought clarifications on the role of APROB considering that there were issues with recruitment.
- vii) Recalled that there had not been any decision referring to the Maputo structure as obsolete.
- viii) The principle of gender parity and equitable geographical distribution should be considered in the report.
- ix) The revamping of the system should ensure the implementation of the quota system.
- x) Requested clarification on whether the modernization and enhancement of SAP would be made on the existing system or a whole new system would be acquired.
- xi) Joint sitting requested the input of the experts on any deficiencies in the current Staff Regulations and Rules for their consideration.
- xii) Proposals in the final report of the Experts should be reviewed by Policy Organs before adoption by the Executive council.
- xiii) Noticed that the report did not provide solutions to the challenges identified.
- xiv) The team of experts should prepare orientations and guidelines to be presented to the Organs.
- xv) There was a need to establish a reporting mechanism with the AU policy organs.
- xvi) Sought clarity on why the current AU recruitment system was failing.
- xvii) The work of the consultants should include the enhancement of staff career development, thereby opening opportunities for staff mobility and capacity building and training.

23. The Chair of the Joint Sitting informed the meeting that the Executive Council Decision did not require the deploying Member States to cater for the costs of the Experts, but rather to be covered by the AU. He further informed the meeting that the mandate of the experts was provided for in the Executive Council decision that decided their deployment.

The Joint Sitting made the following Recommendations:

- i) Requested the Commission to provide all the necessary support to facilitate the work of the independent experts on recruitment in line with the recommended revised work plan.
- ii) Requested the Commission again to prepare the work plan up to February 2020, and other activities after February 2020 should be submitted to the Policy organs for consideration.

G. AGENDA ITEM 6: Consideration of the draft Matrix on the Implementation of Decisions relating to Administrative and Financial Matters

24. The item was presented by a representative of AHRMD, who informed the meeting that the Matrix had taken into consideration all decisions from the Executive Council and the Assembly from June 2018 to July 2019.
25. He informed the meeting that the decisions included in the Matrix were only those related to Administrative, Budgetary and Financial Matters.

Comments and Observations by Member States

26. The Joint Sitting made comments and observations as follows:

- i) The decisions from the Extraordinary Session of November 2018 were not included in the Matrix, hence needed to be revised.
- ii) Requested the status of the audit of outstanding payments relating to Algeria, Senegal and Uganda for inclusion in the list of AU debts.
- iii) Requested that Reforms needed to be included in the decisions relating to the Peace Fund.
- iv) Requested to know the status of the Reserve Fund.
- v) Whether the consultant had submitted his report on the financial, legal and structural implications for the opening of the Beijing Office.
- vi) Requested that the report of the Quota be communicated to Member States regularly; the last report was circulated in June 2019.

Responses by the Commission

27. The audit on the debts owed to Algeria, Senegal and Uganda was ongoing, and would be concluded by October 2019.

- i) The decisions from the Extra Ordinary Sessions of November 2018 would be included and distributed at the next meeting.
- ii) There was no longer double payment to the Peace Fund.
- iii) The current peace support operations activities were being funded by partners as a result of the conditions put on the revitalized Peace Fund.
- iv) The delay in providing the latest quota report was due to the need to consolidate the submissions from the Organs in order to provide a holistic view.
- v) The quota system was based on the Scale of Assessment and applies to professional staff within the AUC; as for the Organs, they were required to fix the quota based on the number of staff within the structure.
- vi) The Commission was waiting for the report of the mission team that had gone to Beijing Office;
- vii) The Cash/Bank balance of the Reserve Fund stood as \$42M as of 24 September 2019.

H. AGENDA ITEM 7: Consideration of the 2019 Mid-Year Programme Performance Review (Summary Report)

28. A representative of the Directorate of Strategic Policy Planning, Monitoring and Evaluation and Resource Mobilization (SPPMERM) presented the 2019 Mid-Year Performance report. She highlighted key issues in the following areas: Definition of key terminologies cited in the report; focus of the report, planned projects, outputs and number of activities; trends of average technical and financial execution rates; some key achievements by end of June 2019; progress of implementation of some key flagship projects; and compliance in terms of reports, main implementation challenges and recommendations.

Comments and Observations by Member States

29. The Joint Sitting made general and specific comments and observations on the report as follows:

- i) A wide gap was noted between the technical and financial execution rates among Departments; and in this regard, clarification was sought on the methodology used to compute those rates.
- ii) The execution rate compared to previous rates in 2018 and 2017 respectively should be shown as well as against the initial and revised budget.
- iii) The report should include the performance achieved in the previous year for comparison with the current year.
- iv) The performance rates were not indicated in all areas across the Commission and the Organs, and there was no indication of any tangible performance outputs and how it could be tracked.
- v) The report did not provide detailed assessment of performance of each department and Organ but rather the general overview of the organization's performance. As a result, the challenges listed in the report were not exhaustive.
- vi) The low execution rate for Peace Support Operations was a major cause of concern, given that the AU had a target of Silencing the Guns by 2020.
- vii) Concern was expressed towards Departments and AU Organs that failed to submit their reports, such as AfCFTA, a key flagship project of the Commission. As this was a recurring issue, the Commission was tasked to explain what measures had been taken to put an end to this practice.
- viii) Clarification was sought on the performance of the Commission with regard to revenue collection/resource mobilization and its management.
- ix) The methodology of writing performance reports must be improved upon. They must indicate the shortcomings of Departments, specific challenges faced by each department instead of the overall general implementation challenges as well as key projects which had not been not been implemented, and the way forward.
- x) Compared to the previous financial years, collections of assessed contributions from Member States had improved, and this meant that resources were availed to the departments and organs to carry out their respective mandates. Therefore, low budget execution could be attributable to over-budgeting,

capacity constraints including lack of requisite skills and managerial competencies to manage various projects, as well as internal bureaucracy that causes delays in releasing funds.

- xi) The Commission must ensure the alignment of figures in various sections of the report.
- xii) In certain cases, the challenges indicated in the report did not reflect the reality on the ground; for instance, the Institute of Water and Energy of the Pan-African University in Algeria had received adequate funds for implementation. However, the contract with the identified company had not yet been signed.
- xiii) In relation to the implementation of the 0.2% levy, the report should elaborate more on the indication that forty-five percent (45%) of AU Member States were at different stages of implementing the Assembly/AU/Dec 605 (XXVII) decision on financing the Union.
- xiv) There was need for a paradigm shift towards results-based reporting against planned objectives.
- xv) Expressed concern about the absence of and other key staff during the meeting;
- xvi) Sought clarity on whether the budget was linked to mid-year targets.
- xvii) Future reports should not just be a list of activities but high level execution plans as to how much had been achieved for the reporting period.
- xviii) Proposed that in future, an analysis on the link between technical and financial execution should be indicated.
- xix) Expressed concern that the report was only considered three (3) months after the Mid-term and requested that it should be considered by the beginning of August each year.
- xx) Where there was low technical execution for departments, the budget should be reallocated to other departments and Organs.
- xxi) Made Reference to the Executive Council Decision EX.CL/Dec.1031(XXXIV), which stated that a three-year average execution rate should be the base annual ceiling in determining future budgets.
- xxii) Expressed concern on the quality and format of the report, and the Chairperson requested the F15 with selected Member States comprising Kenya, Benin, Chad, Egypt, Ghana to meet and propose recommendations on improving the quality and format.

Responses by the Commission

The Commission provided the following responses:

- i) The template used for the detailed report was developed by the Task Force comprising the F15 Experts and the Commission and adopted by the Joint Sitting in October 2018.
- ii) The detailed report provided information at output level, including actual achievements and challenges. There was no information on performance indicators because Departments were not tasked to provide mid-year targets and it would have been misleading to show actual achievements on indicators (at mid-year) against annual targets. The Commission however, was committed to provide this information during the presentation of the 2019 annual performance report.

- iii) The difference between the financial and technical execution rates was due to the use of two different reporting systems. The financial reports from SAP were used for the financial execution rates while the technical execution rate data was generated from AMERT
- iv) Regarding the low revenue recovery rate/resource mobilization constraints, some partner funding agreements were signed late or were yet to be signed. For instance, the World Bank Fund Work Plan was only approved in June 2019 and the funds released thereafter, while the JFA Funding agreement was expected to be signed in October 2019.
- v) Most of the low financial execution rates were related to timing on receipts of funds and not due to over-budgeting or lack of capacity/competency.
- vi) In order to ensure that all Departments and Organs submit their reports on time, the SPPMERM Department had sent out several reminder memos to Departments and Organs and in August 2019 a memo had been sent to PBFA to enforce sanctions on non-complying Departments.
- vii) The low 2019 technical execution rate as compared to 2018 was partly due to delayed release of funds from the World Bank and the JFA and also partly due to the fact that reports on some key programmes such as the AfCFTA had not been submitted.
- viii) Note was taken on all comments where it was evident that funds had been released to some Departments/Offices and Organs and yet still registered very low execution rates. The Commission undertook to consult the concerned departments/Office and Organs to establish the reasons for such gaps and include it in an additional column as Annex 2 of the report.
- ix) Additional clarification on the different stages of implementation of the 0,2% levy would be sought from the Reform Unit.
- x) The detailed report provided most of the information required by the Member States, including performance indicators and targets.
- xi) The format of the summary report would be improved upon, taking into account the contributions taken from the Joint Sitting.

The Joint Sitting made the following Recommendations:

The Joint Sitting **TOOK NOTE** of the report and made the following conclusions:

- i) EXPRESSED concern about the low rates of execution and the absence of reports from Departments such as the Trade and Industry and ECOSOC.
- ii) Again expressed concerns about the quality of the report which did not include specific departmental challenges affecting the rate of execution.
- iii) Requested the F15 experts to propose specific recommendations on improving the quality of future reports and present them for consideration and adoption.
- iv) Took note of the absence of both the Ag. Director of PBFA and Director of SPPMERM and other key staff of departments and recommended their absence in the future would not be allowed.

- v) Departments and Organs that do not submit their budget execution reports in future should be sanctioned.

I. AGENDA ITEM 9: Consideration of the Departments' and Organs' Supplementary Budget Requests

30. The representative of PBFA Directorate presented the supplementary Budget request amounting to **US\$37,612,107**.
31. He informed the meeting that the Commission had carried out a mid-year performance review to identify areas of savings within the current 2019 approved budget. From that exercise, the Commission identified US\$7.7 million savings for reallocation within the Union for various requests.
32. However, there were additional requests submitted by various departments and Organs amounting to US\$3,767,081 for consideration by the Joint Sitting, resulting in a total supplementary Budget request of **\$41,379,188**, presented as follows:

a. African Centre for Disease Control (ACDC)

33. After consideration of the presentation on the ACDC supplementary budget request, the Joint Sitting made the following conclusions:
- i) Recommend a total budget of **US\$14,132,321**, broken down as follows:
 - Operational budget of **US\$1,445,800**; and
 - Programme budget of **\$12,686,521**
 - ii) The supplementary budget request would be funded as follows:
 - **US\$2,445,800** from AU Reserve Fund; and
 - **US\$11,686,521** from Development Partners

b. African Peer Review Mechanism (APRM)

34. After consideration of the APRM supplementary budget, the Joint Sitting concluded as follows:
- i) Recommended a total budget of **\$5,022,427**, broken down as follows:
 - Operational budget of **US\$2,036,708**; and
 - Programme budget of **US\$2,985,719**
 - ii) The Commission should expedite the process of taking over the arrears of APRM state parties and discuss with the Ministerial Committee on the Scale of Assessment on the modalities to secure the payments of these arrears.
 - iii) The Commission should carry out a thorough review and evaluation on the arrears and debts owed by the APRM.

- iv) The supplementary budget request should be fully funded from the AU Reserve Fund.

c. Social Affairs

- 35. The Joint Sitting discussed the supplementary budget relating to the migration issues to be implemented under the Qatar initiative and concluded as follows:
 - i) Defer the activities proposed under the Qatar initiative until the issue is considered by the Sub-Committee on Refugees, Returnees and Internally Displaced Persons.
 - ii) Recalls the PRC report on the joint sitting held in Bahir Dar from 27 May – 2 June, 2019, of the GSCBFAM and F15 technical experts requesting the activities under the Qatar initiative be discussed by the relevant Sub-Committee and **Requests** the Commission to implement this recommendation.

d. Peace and Security

- 36. Following extensive deliberations on the supplementary budget request relating to Peace and Security, the Joint Sitting recommended as follows:
 - i) Recommended for adoption by the PRC an amount of **US\$4,324,837** to be funded from the 2019 budget re-allocations.
 - ii) Notes that some of the proposed activities could be merged thereby affording value for money.
 - iii) Requests that the working session develop the framework on local conflicts (Bamako) to be held in Addis Ababa.

e. Women and Gender Development

- 37. Having considered the supplementary budget submission by WGDD, the joint sitting recommended **US\$344,074** for consideration and adoption by the PRC. The request should be funded from the Development Partners.

f. Office of Legal Counsel

- 38. Having considered the supplementary budget submission by the Office of the Legal Counsel, the Joint Sitting recommended **US\$315,265** for consideration and adoption by the PRC. The request should be funded from the AU Reserve Fund.

g. Political Affairs

- 39. Upon consideration of the supplementary budget request of the Political Affairs Department, the Joint Sitting recommended as follows:
 - i) **REQUESTED** the department to plan its activities relating to elections better, considering that the elections are predictable, as such approvals would in future not be considered.

- ii) Provisionally approved the supplementary budget of **US\$7,550, 466** subject to the provision of detailed breakdown, which would be submitted alongside this recommendation to the PRC.
- iii) The request shall be funded as follows:
 - a) Development Partners **US\$4,489,000**; and
 - b) Reserve Fund **US\$3,061,466**

h. Administration and Human Resource Management Directorate (AHRMD)

1) Renewal of Vendor Support License Maintenance

40. The Joint Sitting **REJECTED** the request due to lack of adequate explanation on how the request meets the criteria provided for in Article 17 of the AU Financial Regulations and Rules and recommended that such items should be included in the regular/normal budget.

2) Underpayment of Housing and Post Adjustment Allowances for Dr. Litha Musyimi-Ogana

41. The Joint Sitting, having considered the request recommended as follows:
- i) Supplementary budget request of **\$59,101.56** for consideration and adoption by the PRC.
 - ii) The request to be funded from 2019 budget re-allocation of AHRM.

3) Additional Overtime Allowance Request for GSB Staff (Security Guards, Drivers, Mail Runners, Medical Staff, etc.)

42. The Joint Sitting having deliberated on the request recommended as follows;
- i) Supplementary budget request of **US\$116,420** as Overtime allowance for the period June – December 2019.
 - ii) The request to be funded from the AU Reserve Fund.

4) Old Conference Centre Building Maintenance: Façade work Cladding work and water-proofing

43. The Joint Sitting having considered the presentation and request for supplementary budget recommended as follows:
- i) Supplementary budget request of **US\$1,038,895.16** for consideration and adoption by the PRC.
 - ii) The request to be funded from the AU Maintenance Fund.

5) Purchase of AU E-Passport Equipment

44. The Joint Sitting having considered the presentation and request for supplementary budget recommended as follows:

- i) Supplementary budget request of **US\$500,000** for consideration and adoption by the PRC.
- ii) The request to be funded from the AU Maintenance Fund.

i. Programming, Budgeting, Finance and Accounting Directorate- PBFA

45. The Joint Sitting having considered the presentation and request for supplementary budget recommended as follows:
- i) Supplementary budget request of **US\$92,744** to finance the Retreat, while the rest of the budget would be kindly covered by the Arab Republic of Egypt.
 - ii) Welcomes the offer by the Arab Republic of Egypt in hosting the Retreat of the F15 Committee of Technical Experts and the Ministerial Retreat of the F15 Ministers of Finance in Sharm el Sheik, Egypt from 27 – 31 October 2019.
 - iii) Supplementary budget request of **US\$156,000** to support the participation of the F15 Committee of Technical Experts in the Joint Sitzings with the PRC Sub-committee on the General Supervision Coordination on Budgetary, Financial and Administrative Matters.
 - iv) The supplementary budget requests should be funded from the AU Reserve Fund.

j. AU Institutional Reforms

46. The representative of the AU Reforms Unit presented a supplementary budget of **US\$1,265,591.08** to finance their 2019 activities for consideration and the Joint Sitting made the following recommendations:
- (i) Recommended a supplementary budget of **US\$1,265,591.08** to be funded from the AU Reserve Fund.

k. Infrastructure and Energy Department (IED)

47. The Joint Sitting deliberated upon the supplementary budget request presented by the department and made the following recommendations:
- (i) Supplementary budget request of **US\$427,931.39** to be funded from re-allocation of the approved 2019 budget.

1. NEPAD-AUDA

48. The representative of the AHRM directorate presented the request from NEPAD-AUDA for consideration of the supplementary budget and the regularization of the voluntary contribution that NEPAD had received from various AU Member States. The Joint Sitting concluded as follows:
- i) Welcomes the voluntary contribution from the under-listed AU Member States to support the activities and operations of NEPAD-AUDA:

- i. Government of the Republic of South Africa - **US\$500,000**
- ii. Government of the Republic of Rwanda - **US\$100,000**

- ii) Welcomes the in-kind contribution by the Government of the Republic of South Africa in the provision of office space and the running cost of utilities;
- iii) Recommends the **US\$1,100,000** received as voluntary contribution by AU Member States for adoption by the PRC.
- iv) Recommends that the voluntary contribution received shall be used to finance the Data Centre as the NEPAD-AUDA has moved its server from Germany to Africa and that the funds will also be utilized to provide institutional support to selected Regional Economic Communities for Enterprise Resource Planning especially UMA and ECCAS.
- v) NEPAD-AUDA shall include the voluntary contribution as part of its 2019 budget as additional source of income to finance the support to selected REC's.
- vi) Recommends supplementary budget request of **US\$319,606** due to the change of the group life insurance provider from ALICO to MSH International which has significantly increased the premiums by 50% per quarter.
- vii) Requests the AU Commission through the Office of the Internal Audit to carry out a thorough review of all outstanding arrears and debts owed by AUDA and to report to the Executive Council through the PRC by February 2020.

m. African Centre for the Study and Research on Terrorism (ACSRT)

- 49. The Joint Sitting extensively deliberated on the supplementary request from ACSRT of **US\$125,967** and concluded as follows:
 - i) Took note of the available funds amounting to **US\$53,730** from the international partner to partially support the purchase of the printer.
 - ii) Defers the request of supplementary budget request of **US\$72,237** to the next Joint Sitting for consideration upon receipt of specifications, features and quotations of such a printer.

n. C5 Support in the Implementation of the Revitalized Agreement of South Sudan

- 50. The Peace and Security department presented a supplementary budget of US\$100,710 to cover the activities of the African Union High Level Ad-hoc Committee in South Sudan (C5) and concluded as follows:
 - i) Observed that the previous activities relating to C5 was funded from the Old Peace Fund which had since been discontinued following the introduction of the Revitalized Peace Fund.
 - ii) Recommended the supplementary budget request **US\$100,710** for adoption by the PRC and to be funded from re-allocation of the 2019 approved budget of the Peace and Security Directorate (PSD).

J. AGENDA ITEM 10: Date and Venue of the Retreat in October to review the Staff Regulations and Rules and the Financial Rules and Regulations

51. The Joint Sitting requested the Commission, in consultation with the Bureau, to set the appropriate dates and venue for the Retreat; the chair of the sub-committee would communicate to the Member States and the F15.

K. AGENDA ITEM 11: Date, Budget and Venue of the Retreat of the GSCBFAM Sub-Committee with the African Peer Review Mechanism (APRM) in Pretoria, South Africa

52. The Retreat was set to take place in Cape Town, South Africa, on 24 – 25 October 2019.
53. The APRM was requested to circulate all relevant documents within seven (7) days before the Retreat.

L. AGENDA ITEM 12: Consideration of the Calendar of Meetings of GSCBFAM Sub-Committee for the Year 2019

54. The Joint Sitting requested the Commission, in consultation with the Bureau, to set the appropriate dates and venue for the activities and meetings of the GSCBFAM.

M. AGENDA ITEM 13: Consideration of the Draft Report of the GSCBFAM Sub-Committee

55. To be considered in the next Joint Sitting

N. AGENDA ITEM 14: Closing

56. In his closing remarks, the Chairperson of the Joint Sitting thanked all for their participation and contribution in the overall success of the meeting. He specially thanked the Secretariat to the Sub-Committee for ensuring timely circulation of documents to Member States, and acknowledged the good quality and comprehensive conclusions developed by the drafting team. He also appreciated the commitment of the interpreters and everybody in the Commission who contributed and participated in one way or the other.

ANNEXES:

Annex 1: Funding of the Supplementary Budget requests

Annex 2: Supplementary Budget Request analysis by Category

ANNEXES:

Annex 1: Funding of the Supplementary Budget requests

	Source of Funding					
Department/ Organ	AU Reserve Fund	Partners	Budget re- allocation	Voluntary Contribution	Maintenance Fund	Total
ACDC	2,445,800	11,686,521				14,132,321
AHRM	641,519		59,102		1,538,895	2,239,516
APRM	5,022,427					5,022,427
Internal Audit	450,000					450,000
Legal Counsel	315,265					315,265
Political Affairs	3,061,466	4,489,000				7,550,466
Peace and Security			8,232,853			8,232,853
PBFA	248,744					248,744
Women & Gender		344,074				344,074
AU Reforms Unit	1,265,591					1,265,591
Infrastructure and Energy			427,931			427,931
NEPAD - Life Insurance				319,606		319,606
NEPAD - Support on ERP to REC's				780,394		780,394
Board of External Auditors (BoEA)	50,000					50,000
Grand Total	13,500,812	16,519,595	8,719,886	1,100,000	1,538,895	41,379,188

Annex 2: Supplementary Budget Request analysis by Category

Department/Organ	Category of Budget		Total
	Operational	Programs	
African Centre for Disease Control	1,445,800	12,686,521	14,132,321
Administration Human Resource Management Directorate	2,239,516		2,239,516
African Peer Review Mechanism	2,036,708	2,985,719	5,022,427
Office of the Internal Audit	450,000		450,000
Office of the Legal Counsel		315,265	315,265
Political Affairs Directorate		7,550,466	7,550,466
Peace and Security Directorate		8,232,853	8,232,853
Programming, Budgeting, Finance, Accounting Directorate		248,744	248,744
Women Gender Development Directorate		344,074	344,074
AU Reforms Unit	1,265,591		1,265,591
Infrastructure and Energy Directorate		427,931	427,931
NEPAD - Life Insurance	319,606		319,606
NEPAD - Support on ERP to REC's		780,394	780,394
Board of External Auditors (BoEA)	50,000		50,000
Grand Total	7,807,221	33,571,967	41,379,188

**MEETING OF THE PRC SUB-COMMITTEE ON GENERAL SUPERVISION AND
COORDINATION ON BUDGETARY, FINANCIAL AND ADMINISTRATIVE MATTERS
13-14 December 2019**

Introduction

1. The meeting of the PRC Sub-Committee on General Supervision and Coordination on Administrative, Budgetary, and Financial Matters convened on December 13-14, 2019, in Addis Ababa, Ethiopia to crucial matters to complete the operations of activities of the Commission as scheduled in the subcommittee calendar for the year 2019. The meeting was chaired by Amb. Lazare Makayat Safousesse, Permanent Representative of the Republic of Congo to the African Union and Chairperson of the PRC Sub-Committee on General Supervision and Coordination on the administrative, budgetary and financial matters.

Opening Remark

2. In his opening remarks, the Chairperson welcomed the participants to the meeting and entreated them to discuss the report of the R10 Consultants since resources were used to bring them to present their report while waiting to have a full quorum to start the meeting. It's an unfortunate situation that a quorum has not yet been obtained at the time that the meeting expected to start. After almost three (3) hours of general discussion the quorum was finally met.

Participants

3. Twenty-nine (29) Member States attended the meeting (see Annex I).

Adoption of the Agenda

4. The Sub-Committee adopted the below agenda as working tool for the meeting
- i. Opening Remarks by the Chairperson of the Sub-Committee
 - ii. Organization of Work
 - iii. Adoption of the agenda
 - iv. Report of the African Capacity Building Foundation (ACBF) assessment
 - v. Report of the R10 Experts
 - vi. Virement request Report
 - vii. Supplementary Budget Request
 - viii. Revised Pension Regime
 - ix. Travel Policy
 - x. Report on the African Union Fund for African Women
 - xi. Any Others Business - 2021 Budget Framework paper (for information)

A) Report of the R10 Experts

5. Following the request of the Chairperson to discuss the report while awaiting for full quorum, the R10 Experts presented their report. The presentation was done on three main axis:

- 1- *The result of the survey conducted by the R10,*
- 2- *The deliverables & recommendations and*
- 3- *The change management strategy.*

The general conclusion from the results of the survey is that AU staff feel like the recruitment is not done in a transparent manner, they clearly point out that there is interference with the recruitment process and also noted the lack of expertise and competency in the recruitment within the AHRM. In term of recommendation, the R10 made some of the following recommendation:

- 1- *Immediate start of application of the CBI interviewing method and its grading system;*
- 2- *Install and integrate the new SAP module “Success Factor”;*
- 3- *Reviewing the performance management system to embed those indicators beside technical KPI’s*

6. After the R10 presentation, the Member States made the below observations and comments.

- I. Commended the R10 consultants for the excellent report and recommendations contained therein;
- II. Took note that there is no quorum yet to accept the report after presentation.
- III. Supported fully the recommendations of the R10 Experts;
- IV. Questioned the Commission for the rational of recruiting new staff when the new structure will be adopted in February 2020.
- V. Emphasized that the SAP system bought by the Commission was never used and it is only installed in October 2019. The question in why only now?
- VI. Expressed also concern on the speed of recruitment during the APRB meeting (three APROB within one month)
- VII. They recommended to stop all recruitment until the new system is being deployed;
- VIII. Requested the R10 Experts to review their report and to replace the terminology “Executive board” to Executive Council so as to reflect the correct name of the Policy Organ;
- IX. Supported that there is need for a strong appropriation of the new system from the top management as noted in the report;
- X. Recommended the full implication of the R10 during the transition period into the new structure;
- XI. Understood the need to have the R10 for a further 18 months given their mandate during the implementation stage of the new Recruitment system, however the meeting was in the view that payment of honorarium should be revised in accordance with the financial situation of the Member States;
- XII. Requested an internal and external audit of the SAP unit because according to the R10 report, there is only one country leading SAP team;
- XIII. Also took note that HRM Division in particular the Recruitment Unit does not have regional balance, therefore there is a need to review the staffing in the new

structure to ensure regional balance and maybe include more professional level staff.

7. *The Commission responded to the concerns of the Member States as follows:*

- I. There has not been any APROB session since 11 October 2019.
- II. The SAP team is composed of four (4) staff from Kenya, three (3) staff from Zimbabwe and three (3) staff from Ethiopia. This distribution is due to the fact that the SAP expertise are mostly found in this countries.
- III. The position of Directors of PAU published on the website are P5 positions.
- IV. There should be better communication effort from both HRM and R10 to enable verification of information before they are announced to other parties such as Member States.
- V. Some of the issues raised by R10 could be resolved by AUC Management.

Conclusion and Recommendations

8. The meeting adopted the report of the R10 Experts and make the following recommendations after quorum was obtained.

- I. Immediate start of application of the CBI interviewing method and its grading system, even in presence of the APROB while allowing R10 members to attend as observers.
- II. Install and integrate the new SAP module “Success Factor” and train the user department on it. (March to May 2020)
- III. Developing the AU behavioral indicators and relevant bank of questions that would be used for recruitment, promotion and mobility.
- IV. Train other waves of interview panelist from the departments not included while overcoming the bias made in the first wave list in terms of geographic zones and grades. (April or May 2020)
- V. Reviewing the performance management system to embed those indicators beside technical KPI’s, in order to have them in a later stage automated within the new SAP module. (May to June 2020)
- VI. Superseding the recruitment process for a period of time in order to validate the new system and suggest (if needed) some fine adjustments; including but not restricted to attending the RSC and PMC and their relevant interview panels till the new structure of the AU is populated based on fair assessments of the existing current structure population
- VII. Dedicate two Caucus Rooms equipped with audio-visual materials enabling the recording of the interview sessions as records for grievance, evaluation and audit purpose.
- VIII. Continuously review and upgrade the list of recruitment panel’s members certified in order to overcome turnover and upgrades in the international standards (suggested to be on annual base).

- IX. Request the involvement of the R10 in the migration process from the old structure to the new structure and to make sure that all the position are occupied and provide a clear and comprehensive transition plan.
- X. Request an Audit regarding the application of the SAP System on the recruitment and the reason behind the delay
- XI. Request the extension of the R10 mandate from March 2020 to September 2020

B) Report of the African Capacity Building Foundation (ACBF) assessment

9. The Report on the ACBF Assessment on the Annual Financial Contribution that the African Union Could Make to the African Capacity Building Foundation (ACBF) was presented by the Advisor on Strategic Relations with AU Policy Organs & Agencies, Bureau of the Chairperson. Following the Assembly decision /AU/Dec.621 (XXVIII) of the 28th Ordinary Session in January 2017, the Assembly designated the African Capacity Building Foundation (ACBF) as a Specialised Agency of the African Union, the AU Commission and ACBF signed a Cooperation Agreement in January 2018. It was within this context that the 34th Ordinary Session of the Executive Council of February 2019 in its decision EX.CL/Dec. 1049(XXXIV) requested the Commission, in collaboration with ACBF, “to assess the annual financial contribution that the AU could make to the operation of ACBF and report to the Executive Council” and further requested the Commission to undertake the assessment of ACBF and to report back to its 36th Ordinary Session in February 2020.

10. The representative of the Commission pointed out that the report is the outcome of an inter-departmental team comprising of representatives of the Bureau of the Chairperson; Strategic Policy Planning; Monitoring Evaluation and Resource Mobilization Directorate (SPPMERM); Programming, Budgeting, Financial and Accounting Directorate (PBFA) and Administration; Human Resource Management Directorate (AHRM), commissioned by the Chairperson to undertake the assessments as per the Executive council decision, and presents recommendations to the African Union Policy Organs for consideration.

11. The Commission interpreted EX.CL/Dec. 1049(XXXIV) to entail an exploratory and evaluative assessment of the eligibility of ACBF, as an AU Specialized Agency, to receive financial contributions from Member State budget of the Union. The Commission also mentioned that the assessment was to take place in collaboration with the ACBF, whilst maintaining the independence of the Commission to validate the findings and make its recommendations to AU Policy Organs.

12. The assessment established that the ACBF’s financial systems and controls are robust enough to receive AU funding and the policies are in line with best practices and provide a reliable basis for preparing financial statements. The Foundations’ financial policies and procedures manual are sufficiently in line with the International Financial Reporting Standards (IFRS). This assists in ensuring that funds are used only for intended purposes and financial reporting are based on accurate and complete information.

13. The Chairperson advisor concluded that, in an effort to avoid institutional overlaps, duplications and gaps, there is need for a clear delineation of roles in the capacity building areas identified for the ACBF, and for which the Union may make a funding contribution.

The following recommendations were presented to the meeting for consideration:

1. The African Union may consider funding ACBF for the following reasons:
 - (i) There is a high level of alignment between the strategies and programmatic priorities of the AU and ACBF;
 - (ii) The business model of the ACBF offer service that Union requires in order to deliver on its Agenda 2063;
 - (iii) The ACBF has the necessary capacity to deliver the required service lines;
 - (iv) The ACBF has requisite levels of financial, governance and accountability structures to handle contributions from the AU.
2. Eight (8) options were presented which include existing models permitted by the current AU policies, as well as possible models that could be proposed subject to amendment of policy,

Comments and observations

Following the presentation, the meeting commented as follows:

- i. General Comments
 - a) Commend the good assessment report done by the AU Commission team and enquire about The financial, human resource, and governance systems of the ACBF and the rationale for the ACBF to receive Member State annual funding;
 - b) Stressed concern about the possible funding modalities for annual contributions by the African Union where as well as to avoid overlaps and duplications between the AU Commission's Programme Priorities and those of the ACBF
 - c) Assess and determine AU Commission's capacity development gaps that can be filled by the ACBF; and further assess the ACBF's Capacity Development Plan for the 2020 and 2021 with a view to identify synergies and areas on which AU Commission can leverage on
- ii. Questioned the Commission about the mandate of the ACBF and its achievement
- iii. Inquired about project execution rates and the real time changes in capacity building projects implementation within the AU member States.
- iv. Requested for explanation on budget presented in the annex mentioned in the report.

The Commission responded as follows:

- i. The decision of AU Member States to fund the ACBF is taking place in the context of on-going institutional reforms. The reform agenda enjoins the

- Commission to streamline institutional efforts and avoid duplication, and to ensure efficiency and effectiveness of execution of its strategy.
- ii. The governance architecture of ACBF provides for segregation of roles and responsibilities and compliance with good corporate governance practices. The operations of ACBF are guided by its Constitution which provides for a three (3) tier governance structure: *The Board of Governors* is the highest policymaking organ of the ACBF, *An Executive Board* that exercises oversight function on the operations and activities of the Foundation and the *Secretariat* headed by the Executive Secretary who is responsible for the day-to-day management
 - iii. The governance systems and arrangements of the ACBF are sound. However, a key conditionality for the granting of Member State funding to the ACBF should include representation of the African Union on the Board of Governors and Executive Board as a full and voting member in order to ensure effective oversight of the use of Member State funds by the ACBF.
 - iv. The service lines are exceptionally focusing on programme development chains to improve capacity development. Capacity development is ACBFs comparative niche, over the period of 2 (two) decades

Conclusion and Recommendations:

14. The Subcommittee recommends that among the 8 options presented as the possible Modalities for Annual Funding to the ACBF accompanied by an analysis of the conditionality that would be applied to the funding of the ACBF, Option 2 and 3 are recommended.

Option 2 : Programmatic Support to AUC Departments and AU Organs	Funding based on joint- programming between ACBF and AUC Departments, Directorates and Organs to leverage on comparative advantages.	Funding on programs to be implemented by ACBF will be reflected through the annual budgetary process as per decision EX.CL/ 1020(XXXIII) of June 2018.
Option 3: Pass-through funds	Pass-through funds to ACBF from international and other development partners including voluntary Member States contributions.	Terms and conditions attached to the funds would be reviewed by policy organs as per decision EX.CL/Dec.1069 (XXXV) of July 2019 to check for alignment with priority arrears of Agenda 2063.

15. Request the department of the AU Strategic planning to do an inventory of all the capacity building program and projects budgeted within various departments and Organs and channeled to the ACBF.

16. The ACBF shall provide a regular report to the AU policy Organs;

17. In conformity with the relevant rules of the Union, the AU External Board of Auditor shall carry out a posteriori external auditing of the accounts of the ACBF;

18. Request that the AU shall be member of the Board of Governors and the Executive Board of the ACBF

C) Revised AU Pension Regime

19. The representative of the Commission, the Acting Director of AHRM, presented the report on the Pension Fund to the meeting highlighting progress made. She explained this process was initiated following the Executive Council Decision EX.CL/Dec.1008(XXXIII) in its July 2018 Summit in Nouakchott - Mauritania, requesting the Union to undertake a study on the pension scheme and to come up with options to enable proper discussion and decision to be taken in terms of which pension scheme to establish for AU staff members.

20. The consultant then was given the floor to make a presentation on the report of the study and the recommendation in terms of the chosen option. The consultant explained that, two main subject are involved in managing a pension scheme are:

- (a) *Benefits administration and*
- (b) *Funds management.*

Both functions can be outsourced (as was in the case of ALICO) or can be done internally by the Organization which the fund belongs to, or the benefits administration can be done internally, and the fund management outsourced to a fund manager, which is a hybrid system.

21. Since the opportunity is to deliver a scheme for the staff of AU under an arrangement that will deliver better benefits in a transparent manner as well as provide oversight and monitor the scheme's performance, the chosen scheme is to be managed internally and will have three entities to govern it:

- 1- *A Board of Trustees (oversight responsibility),*
- 2- *A Secretariat (day-to-day administration) and*
- 3- *An Advisory Investment Committee (ensure that the right investments are made).*

22. The consultant then made a brief presentation on the proposal for the medical insurance coverage for African Union retired staff and their spouses. This is in line with Rule 44.5 of the Staff Rules and Regulation which states that "The Union shall establish a retirement medical insurance plan for its retiring continuing regular and regular staff members".

23. Following the presentation of the Ag. Director and the Consultant, the Member States made the below comments and observations.

- I. On medical coverage for retired AU staff, there was a general consensus to defer the discussion for another time given that the review of the SRR are under review and are not yet adopted;

- II. Requested the AU Staff Association to be present for the discussion on the AU Staff Pension Fund (AUSPF) Scheme as they wanted to confirm that they are aware of the option being presented to Policy Organs for adoption and to ensure that Staff have approved the choice of internal management;
- III. Requested for details on the current pension fund system because the pension and medical coverage was bracketed at the meeting held in Nairobi-Kenya, to review the AU Staff Rules and Regulations;
- IV. Inquired if the consultant and the Commission tried to explore the alternative of outsourcing the management of the Fund, and the difficulties that may have been encountered to favor the choice of in-house management;
- V. Inquired if short-term staff members were considered by the consultants in the new AUSPF scheme;
- VI. Suggested that the payment of the secretariat should follow the SRR as full-fledged staff;
- VII. Supported the views for good internal management of the funds and encouraged moving the funds to African banks, but cautioned that competent and experienced persons should be appointed as members of the Board of Trustees, since they will be in charge of managing the fund, as well as Investment and Risk Officers in the secretariat as Member States will not be responsible for any deficit that may occur.

24. The Commission responded to the concerns of the Member States as follows:

- I. Informed the meeting that ALICO did not use its policy due to AU's lack of oversight responsibility;
- II. Explained that there was proper authorization for the selection of JP Morgan Bank to move the pension funds temporarily there, though the interest rate is low;
- III. Mentioned that JP Morgan Bank based on the agreement signed provides 0.65% interest rate annually that has now grown to 1.05%, however the consultant advised that there is a possibility of increasing the interest rate based on further negotiation;
- IV. Clarified that a tender process was done and a pension broker was selected to attract the best insurance company. However, the company selected as fund manager did not meet the requirement and considering some risk, Therefore, the best option was to internally manage the fund at headquarters following consultations with AU Staff Association;
- V. Informed the meeting that short-term staff members will be included in the new AUSPF scheme and that their employer's contributions will come from the gratuity already included in their salaries;
- VI. Explained that investment policy and guidelines will be developed to determine safe investment and minimize risks – considering that the investment cost may sometimes be a challenge due to other administrative costs as done by ALICO that gave minimum interest rate to AU staff;
- VII. Clarified that there is no financial implication on the Member States for the establishment the medical insurance of retired staff and their spouses since it can be funded through the buffer account that is available. The Commission agreed that medical insurance coverage for retirees is deferred until the SRR are later reviewed as per Member States request.

Conclusion and Recommendations

- 25.** The meeting deferred the discussion on the medical insurance coverage for retirees until the final review of the Staff Rules and Regulations (SRR);
- I. The meeting supports the consultant's recommendations for Internal management of the AU Staff Pension Fund, agreed that the secretariat of the AUSPF will be financed by Member states, however insisted that competent and experienced persons should be appointed as members of the Board of Trustees, since they will be in charge of managing the fund, as well as Investment and Risk Officers in the secretariat as Member States will not be responsible for any deficit that may occur.
 - II. Express the concern regarding the inability of the Staff to manage internally the pension and support the agreement with the AU staff Association to move forward with the management of the pension fund;
 - III. The Secretariat Budget should come from the salary within the approved AU structure
 - IV. The African Union will not be responsible for the establishment of the fund and no burden should be put under the member states.

D) Report on the African Union Fund for African Women

26. The Ag. Director of Women, Gender and Development Directorate (WGDD) presented the report with a brief historical information for the establishment of the fund. She informed that more than 100 women projects in Africa have been funded with the amount of US\$1.6 million and in 2020 there is need to support all ministries responsible for gender to ensure receiving all reports from funded projects. The statusquo is that the PBFA stopped disbursing fund to the women projects since 2016 due to non-accountability of the fund disbursed.

27. Following the presentation to the august body, the below observations and comments were made:

- I. Requested for guidance on the mandate of the Subcommittee on GSCBFAM to discuss the report presented;
- II. With the important information provided by PBFA, requested the directorate to provide financial documents regarding the application of the fund;
- III. Questioned if relevant ministries have been contacted for the establishment of national committees as required and to duly obtain vital reports;
- IV. Took note of the disparities in the disbursement of funds to Member States and requested for explanation on the disparities;
- V. Noted that mistakes have already been made in funding women organizations without following the Financial Rules and Regulations (FRR). Therefore, the WGDD should work with PBFA to work out the modalities of continuing funding women organizations in Africa;
- VI. Proposed that since only one country (Algeria) has established a national committee, the country should be funded;

- VII. Advised PBFA to follow the FRR accordingly before disbursement of funds and called for interdepartmental consultations be held including Office of the Legal Counsel;
- VIII. Proposed deferment of the discussion to January 2020 as disclosed by the Bureau of the Deputy Chairperson;
- IX. Recommended to establish a mechanism to properly manage the fund and provide creditable financial report to the GSCBFAM.

28. Commission responded as follows:

- I. Informed that the Chairperson of the AU Commission usually allocates funds to African Women. However, due to accountability, funds given to women organizations are not accounted for and there is no financial report of the fund;
- II. Also informed that more than US\$1.2 million cannot be accounted for though the report presented is not talking about financial accountability, but how the funds have been administered;
- III. Clarified that, in terms of the report, 100 projects were supported from 2011-2016, out of which 58 reports were received while 42 reports are still pending;
- IV. Responded that there is capacity building needs for the utilization of the funds and informed the meeting that the WGDD does not have direct access to the use of the fund but depends on Member States for assistance in obtaining reports;
- V. Further informed that national committee with oversight responsibility of obtaining reports from women organizations has not been established in many Member States except Algeria that has established national committee.
- VI. Informed that Member States increased the contribution to 1% of the African Women Fund, while the AU Commission continue only 0.5%;
- VII. The lack of national committees to work with is an obstacle to obtaining from Member States. Therefore, the difficult challenge is the issue of fund disbursement because the directorate should account for the funded;
- VIII. Agreed that an interdepartmental meeting be held to find ways of supporting grassroots women organizations who are the key beneficiaries of the funds as per Agenda 2063 on women economic empowerment.

Conclusion and Recommendations

29. The Sub-Committee deferred the discussion to January 2020 based on information provided by the Bureau of the Deputy Chairperson and recommended to establish a mechanism to properly manage the African Women Fund and submit creditable financial report.

E) AU Travel Policy

30. The Ag. Director of AHRM presented the new changes and main challenges of the revised AU Travel Policy to the Sub-Committee. She therefore requested the meeting to differentiate business class tickets based on their level and to clarify the meaning “equivalent” in the policy.

31. Following the presentation to the august body, the below observations and comments were made:

- I. Amended the newly approved Travel Policy to avoid some abuses;
- II. Commended the Ag. Director for providing useful information and requested the Commission to clarify the 21 days, whether it refers to 21 working days or not;
- III. Proposed inclusive representation of Member States in the Travel Unit to ensure transparency and to revise the travel policy since it was outsourced;
- IV. Stated that it's a dangerous precedence for authorizing the Chairperson of the AU Commission and the Heads of Others Organs to approve traveling;
- V. Requested for travel cost drivers in order to recommend necessary actions and staff members should inform the Travel Unit about missions that are not undertaken through memos.

32. The Commission took note of all the comments, amendments and observations to the travel policy and will update it based accordingly.

Conclusion and Recommendations

33. The Sub-Committee took note of the report and requested for all written comments from Member States be included in the report and also advise that the report should be differed later in 2020.

F) Supplementary Budget Request

34. The supplementary budget request of US\$5,626,688 was presented by representative of PBFA to the Sub-Committee for consideration. He informed the meeting that the budget has considerably been reduced for the remaining of 2019.

35. Following the presentation, the Sub-Committee made the following:

- I. Reminded that payment of supplementary budget should be based on reallocation within departments and **not from the RESERVE FUND**;
- II. Noted that the request does not meet the requirements for supplementary budget based on urgent needs and decisions. Therefore, the reasons presented are unjustified;
- III. Requested for detailed cost breakdown because there is no evidence regarding telephone bills. Hence, the document should be interrogated to validate the claims;
- IV. Re-emphasized that **NO RESERVE FUND** should come in the picture of the discussion because many of the budget lines such as home leave should be planned ahead; the Commission is aware of staff traveling on leave in the fiscal year;
- V. Further expressed concerns about the multiplicity of supplementary budget requests and hence, internal savings should come from partners, not Member States. PBFA was requested to identify items with gaps or no gaps and present

report accordingly; however, the Chair cautiously requested the Sub-Committee to review the request case by case to consider those that are very urgent.

36. The Commission responded to the concerns as follows:

- I. Informed that there is no internal resources available now to supplementary budget, so the request is presented for consideration as there is no room for reallocation;
- II. Recalled that staff benefits are usually planned ahead of time and to suspend budgets that were not planned well in advance this as the result of weak planning by HRM;
- III. Concurred with PBFA to have mid-year budget review and reallocate funds where is necessary. However, if the request will be approved, a clause should state that any unplanned budget will not be approved in subsequent year;
- IV. Requested the Commission to hold accountable those responsible for unplanned budget and urged AU Commission to do thing properly;
- V. Also requested the Commission to automate staff benefit (education claims).
- VI. Mentioned that there is no ambiguity in what is done because all the rules and regulations are followed;
- VII. Stated that the budget was not properly done because it is usually based on overall expenses without considering real facts.

Conclusion and Recommendations

37. After lengthy deliberations on the request, the costs for separation, home leave and education claims were adopted. (Annex II)

G) Additional Request on Salary Arrears and Overtime Payment, Special Allowance and for the implementation of the Administrative Tribunal

38. The AHRM submit an additional request for the supplementary budget to cover the GAP of the salary arrears due to the AU staff members. It is to be recalled that he initial submission of the salary arrears for the union was **\$11,267,174.86**. This amount was based on staff's salary at 2015 for the entire three years period under consideration i.e. 2015 to 2017. AHRMD took the initiation to rework the exercise and arrived on a new amount **\$12,543,719.73** and as per Executive Council Decision no EX.CL/Dec.1057 (XXXV) which requested that salary arrears be audited by the office of the Internal Audit (OIA) before payment of the arrears, the OIA audited the computed salary arrears and certified the figure. This exercise has resulted a GAP of **\$1,276,544** between the reworked amount and the amount which was approved by Member States. This request was submitted before the subcommittee as an additional supplementary budget to finance the salary GAP.

39. Overtime Allowance for Drivers, clerks & Mail runners working at the HQ

A supplementary Budget request was submitted for an amount of **USD \$52,000** to cover the shortage of the overtime paid to the GSB category staff mainly, Security, Drivers, clerks & Mail runners working at the HQ and which are entitled a flat monthly overtime

Allowance of USD 140 per month. Due to the unforeseen budget the overtime was not paid for the month of November and December 2019.

40. Special Allowance Arrears to Ms. Anna - \$27,237.87

The A.g Director of AHRM presented a request for a supplementary Budget of **\$27,237.87** to be paid as Special Allowance Arrears to Ms. Anna Abebe, Secretary placed at the AU Brussels Office from October 2015. It is be recalled that a GSA category local staff in this duty station is getting a special allowance per month in addition to salary. Ms. Anna was getting a special allowance amounting \$1,569.60 monthly from the date she has been transferred instead of \$1,950.00 which leads to underpayment of allowance to staff for 48 months until September 2019. The Calculations has been done by payroll unit and confirmed by the Brussels Office in terms of **the preferential rate** amounting \$27,237.87 (USD Twenty-seven thousand two hundred thirty-seven and eighty-seven cents).

41. Compensation to Mr. Moctar Yedali - \$283,841.89

A supplementary budget was presented to the member states to settle the amount due to Mr. Moctar and Implement the Decision of the Judiciary Committee. The African Union Administrative Tribunal considered the application from Mr. Moctar Yedali, Head of Information Society Division within the Infrastructure and Energy department where he contested the decision not to select him for the post of the applicant of Director of Infrastructure and Energy. The Tribunal passed decision to compensate Mr. Moctar with a total amount of **USD \$ 283,841.89** and to upgrade him at the level of D1 back dated and pay him compensation with a 15% penalty every month failure to him his due. The Commission paid already **USD \$ 89,377** to Moctar and submit a request for supplementary budget amounting to **\$194,464.89** to cover the gap and be funded from the reserve fund.

With reference to Tribunal Judgment, Mr. Moctar has been placed as D1, effective 5 July 2016 and decided to pay him the salary difference between his current post P5 and D1. It was decided also to pay him one-year gross salary with interest as a compensation. The request was put to pay the beneficiary there was no allocated budget for this and

Conclusion and Recommendations

42. Following presentation of this item by the Ag. Director of AHRM, the Sub-Committee

- I. Proposed that the balance salary arrears request be submitted to the F15 Experts for review because there was a decision based on the approved figure of US\$11 million; therefore, the meeting **rejected the extra US\$1,276,545;**
- II. Adopted the overtime payment request subject clarifications from the Commission;
- III. Questioned the Commission for the rational of not reporting the arrears of special allowance of Madam Anna Abebe since 2012 as it has never appeared in any report.
- IV. The Commission confirmed that though it has taken some time, it's a complaint received from the staff.

- V. The Sub-Committee adopted the special allowance amounting to **USD \$27,238** subject to reporting all similar cases to the meeting and to present an audit report.
- VI. Pertaining to the compensation to be paid to Mr. Moctar Yedali as per the decision of the Administrative Tribunal, member states expressed their concern and requested an investigation through Internal Audit and to hold the persons who involved in the case of Moctar be held responsible for mismanagement and decision making causing a loss to the organization.
- VII. The Sub-Committee recommended payment of the amount with a caveat that a report be presented in February 2020 and Recommend the adoption of the Supplementary request subject to the below comment
- VIII. Suggested that the amount should be paid and to hold accountable those who advised the Chairperson of the AU Commission;
- IX. Requested for a report be presented at the end of February 2020 regarding those who are accountable for the decision.
- X. Also requested that Mr. Moctar should be transferred where he can serve better the Union as we cannot have two (2) D1 in the same Directorate.

H) Outstanding on Telephone Bill, USD \$300,000

43. The Ag. Director of AHRM presented the report and stated that for the past two years telephone budget was reduced, so the Commission is constrained to bring this to the meeting for consideration.

44. After the presentation, the Sub-Committee proposed rejection of the request because the Commission was given budget for telephone operations. Therefore, it should have planned accordingly and then put ceilings on telephone usage by elected officials.

Conclusion and recommendation

45. The budget was, therefore, adopted with a caveat of putting ceiling on subsequent years and those who may go beyond the ceiling will pay the extra costs.

I) Annual License Fee USD \$ 200,000

46. The Sub-Committee adopted the request after presentation by the Ag. Director of AHRM who informed that the request was based on switching to a new service provider, and this requires cost for new network materials.

J) Budget for Extraordinary STC Meeting USD \$511,960

47. The Commission presented this request and informed that the STC meeting was held in Accra, Ghana but there was no quorum because tickets were not issued to participants

to attend. The meeting is now scheduled in Addis Ababa, Ethiopia and tickets will be issued for full participation.

Conclusion and Recommendations

48. The budget was adopted after clarification from the Commission and the meeting will be held in Addis Ababa, Ethiopia.

K) Supplementary Budget request for freelance interpreters and translators US\$746,000

49. The budget request was presented for consideration because the freelance interpreters and translators have worked from September 2019 to December 14, 2019 without their salaries been paid.

50. An additional amount of US\$180,000 is also adopted to cover the February 2020 Summit costs.

51. The Sub-Committee raised the following concerns.

- I. Inquired if contracts were signed before bringing the matter to Member States or Member States consented before signing the contracts;
- II. Proposed rejection of the budget if contracts were signed before presenting the request;
- III. Also inquired if the budget request includes the ensuing summit;
- IV. Expressed dissatisfaction of hiring freelancers without approved budget and requested for rationalization of meetings in the Commission.

Conclusion and Recommendations

52. The budget was adopted with a recommendation to recruit permanent staff and provide audit report on that particular case and further request the involvement of R10 in the recruitment of freelancers.

L) Supplementary Budget Request for the STATAFRIC

53. The 35th Ordinary Session of the Executive Council of the African Union, which was held from 04 to 05 July 2019, in Niamey, Niger, adopted the structure of the Institute of Statistics of the African Union (STATAFRIC) **EX.CL/Draft/Dec.1(XXXV)Rev.1.**

An amount of **US\$2,116,779.00** is submitted for the operational budget for the recruitment of part of the staff and the operation of STATAFRIC during the year. 2020. This budget will also cover the purchase of computers, office equipment and supplies, and other expenses for the same year and **US\$500,000** for the program budget to

strengthen the implementation of STATAFRIC's activities for the year 2020. This amount will cover, in particular, the implementation of the Strategy for Harmonization of statistics in Africa (SHaSA 2) and the African Charter on Statistics, aimed, inter alia, at making the African statistical system efficient and enable the generation of reliable, harmonized, timely statistical information covering all dimensions of development and the political, economic, social, environmental and cultural integration of Africa.

Conclusion and Recommendations

54. After Discussion and explanation provided by the Commission, the Subcommittee recommend the adoption of the Budget to be funded from the general fund for the operationalization of the Office.

M) Supplementary Budget for the R10 Experts

55. The R10 team completed three missions in July, October and November 2019. It remains 3 missions from December to February. The first mission was conducted with all 10 appointed experts. The second mission was completed by 8 members. Due to budget constraints, it was then decided to reorganize the team of experts into various groups in order to ensure that the mandate is carried out within available resources.

In order to fulfill their mandate based on the current achievement and satisfactory Budget Execution and prior to deliver on time, a request of supplementary budget is submitted in order purchase and deploy the recruitment system CBI for an estimate amount of \$341,760, Training on SAP 50,000, two Batches of technical training and \$50,000 for the R10 to assist the AUC in the transition to the new recruitment system process totaling USD \$441,760.

Conclusion and Recommendations

Similarly, deliberation was made and the subcommittee recommend the approval of the budget to be funded from the reserve fund based on the extended mandate of R10 till September 2020.

N) Request for the Peace and Security Department,

1. SUPPORT TO THE IMPLEMENTATION OF THE African STANDBY FORCE COMMAN, CONTROL COMMUNICATIONS AND INFORMATION SYSTEMS PROJECT (C3IS)

56. PSD submit a supplementary budget request to cover the support of Implementing the African Standby Force Command Control Communications and Information Systems (ASF C3IS) Project with sum of United States Dollars Six Million Five Hundred Twenty-Six Thousand, Four Hundred (US\$ 6,526,400.00)

57. The African Union Commission received financing from the European Union through Contribution Agreement FED/2013/325-231. This Contribution Agreement was meant for the establishment of a Command, Control, Communication and Information Systems (C3IS) for the African Standby Force (ASF) Mission(s). Funds for this project are and have

been reflected in the budget since January 2014. However due to the protracted procurement process, reflecting these funds in the budget had effects on the execution rate of the Peace and Security Department Programme Budget. Therefore, from 2018 onwards the funds have not been reflecting in the budget pending finalization of the Contract between the African Union Commission and Denel Ltd, the Contractor for the project.

58. The African Union Commission signed the Contract on 8th March 2019 and Denel Ltd counter-signed the Contract on 20th September 2019. Since the contractual process has now been finalized, it is requested that funds amounting to United States Dollars Six Million, Five Hundred Twenty-Six Thousand Four Hundred (USD 6, 526, 400) should be made available in the 2020 Budget for smooth implementation of the ASF C3IS project.

2) SUPPORT TO THE CREATION OF SPECIAL MIXED SECURITY UNITS (USMS) AND IMPLEMENTATION OF THE PEACE AGREEMENT IN CENTRAL AFRICA REPUBLIC

59. PSD is submitting a supplementary budget to cover the support to the deployment of Special Mixed Security Units (USMS), MILOBS and reinforce the capacity of MISAC for the implementation of the Political Agreement for Peace and reconciliation in Central Africa Republic with sum of **US\$5,423,093.65**

60. The African Union Commission (AUC) had led an African Initiative for Peace and Reconciliation in Central African Republic (CAR), with the support of the Economic Community of Central African States (ECCAS) and the United Nations (UN), which led to peace dialogue between the Government and 14 Armed Groups (AGs), in Khartoum, in January 2019 and the signing of a **Political Agreement for Peace and Reconciliation (PAPR)**, in Bangui, on 6 February 2019.

61. The APPR-RCA contains provisions for the interim security arrangements to cease violence and pave the way for the implementation of the accord. In particular, it proposes the creation of Special Mixed Security Units (USMS) to integrate elements of some AGs into units under the authority of the CAR government. Moreover, as per Article 17 of the Peace Agreement, the USMS are to be operational 60 days after signing of the agreement, under the authority of the Central African Armed Forces (FACA) Chief of Staff. To facilitate these engagements, a joint AU-EU Technical Assessment Team travelled to Bangui in April 2019, with the view to take stock of the operational requirements on the ground. That was followed by the submission, by the Commission, of a request, titled **Support to the Creation of Special Mixed Security Units (USMS) and Implementation of the**

Peace Agreement in Central Africa Republic seeking for EU's financial assistance. AU's plan is to put in place a mechanism that will enable monitor the implementation of the agreement for a period of twenty-four (24) months. In the interim period, however, the Commission has proposed the activation of the Early Response Mechanism (ERM) of the African Peace Facility (APF) to be used to support this action, until the initiative is transformed to a more fitting funding category; which is that of a Peace Support Operations (PSOs).

Consequently, the EU has granted an approval to the above request (in annex) for a total amount of US\$ 5,423,093.65 to be implemented between 1 January and 30 September 2020.

3) AFRICAN UNION SUPPORT ACTION TO THE MULTINATIONAL JOINT TASK FORCE OF THE LAKE CHAD BASIN COMMISSION (MNJTF)

62. A requested of supplementary budget amounting to \$17,837,198.67 to cover the support to the MNJTF as per the agreement signed between EU and AU under the European Union-African Peace Facility. The European Union has availed Euro 55 Million and the financing agreement has been implemented and generated positive results in the area of intervention. The AU is to support the LCBC Member States and Benin by extending all necessary support to the MNJTF to enable it achieve its mandate. This has been achieved through the AU Mission Support Team (MST), the Civilian Component and the AU participation in the development of an MNJTF Protection of Civilians Strategy and the Regional Strategy for the Stabilization, Reconstruction and Resilience of the Lake Chad Basin areas affected by the Boko Haram.

Conclusion and Recommendations

63. The Sub-Committee has no objection to recommend the adoption of the requested as presented following the decision of the Peace and Security Council pursuant to the PRC approval already granted for the peace initiative in Central Africa and other regions in Africa but the source of funding and partner should be specified rather than writing internal saving.

O) Request for a supplementary budget approval for an amount of 2,280,000 USD mobilized and to be used to support the deployment of AUDA-NEPAD 100,000 SMEs programme to cover the Gap in 2020 Budget as per the Niamey Executive Council Decision

64. The AUDA – NEPAD and the Bureau of the chairperson of AUC have designed a key project aiming at delivering on critical Member States expectations on engaging African youth, Women and citizens to better participate in the driving of the Union's affairs. The AU Innovation Lab is envisioned as a key enabler for driving in-house digitalisation agenda within the AU. The Lab will seek to use innovative methods of data analysis (big data, open data, artificial intelligence, etc.) and innovative citizen participation methodologies (online brainstorming and exchange of views, co-creation and incubation of ideas as well as data collection by citizen participation etc.) to meet the manifold challenges of the continent with new insights and ideas. The lab will have requisite expertise to test and further develop proposals for new guidelines, interventions, digital services or applications experimentally and user-oriented solutions in line with aspirations and priorities of Agenda 2063.

1) AU Innovation Lab Activities to be driven through the 100,000 SMEs initiative:

The Innovation Lab will carry out the below-mentioned activities. Further roles and activities will be detailed in the AU's Innovation Strategy.

- a) Launch of the AU Data for Development Initiative;

- b) Development of an AU internal Innovation Strategy; and support to the development of Standard Operating Procedures as well as programmes and operational strategy for the newly approved NEPAD-AUDA “Data Analytics and Research Technology Innovation Hub Division”;
- c) Development of an AUDA-NEPAD Digital Dashboard for progress monitoring of the implementation of Agenda 2063 and more specifically;
- d) Support to data governance and policy initiatives focused on open access, privacy and security;
- e) Support to ongoing-focused initiatives across various thematic/sectorial programmes in all sectors of Agenda 2063 and more specifically the AU Youth Agenda towards the 1Miilion youth by 2021 (through the AUDA-NEPAD 100,000 SMEs programmes);
- f) Dedicated Capacity Building Programmes for AU Organs and RECs Staff on digital technologies and citizen engagement methodologies to be piloted through the 100,000 SMEs platform;
- g) Launch an Islands of Innovation Initiative: to provide – upon demand – RECs and Member States with assistance on use of big data and digital technologies to improve service delivery in line with priorities of Agenda 2063;

65. The Project will be funded from the World Bank financing agreement which availed resources to the Union for the year 2020 to 2023. The breakdown of the activities and the financial needs for a total of **2,280,000 USD** are as follow:

2) Submission for supplementary budget to utilize the EU pledged amount from AUSPIII to support the completion of the PIDA PAP II Process in 2020 (Cover the Gap in 2020 Budget)

66. PIDA aims to fast-track the implementation of priority projects in Africa and in this regard, the African Development Bank (AfDB) funded the PIDA Capacity Building Programme (PIDA CAP) in support of PIDA implementation. Specifically, this support facilitated the deployment of Infrastructure Experts at the AUC, RECs and AUDA-NEPAD for a period of three years (2016-2019). As the project comes to an end in December 2019, AUDA-NEPAD has had to scale down or end the deployment of these Infrastructure Experts at the AUC, RECs and AUDA-NEPAD due to limitation in financial resources. This has resulted in challenges with implementation, particularly at the RECs who were most affected.

67. To address this challenge, at their meeting held in Victoria Falls in 25 November, 2018, and during the PIDA Week held in Cairo in November 2019, the PIDA Steering Committee recommended that AUDA-NEPAD and the AUC seek Transitional Support to enable AUDA-NEPAD to maintain the Infrastructure Experts at the RECs and AUDA-NEPAD so as to facilitate a smooth transition, until support towards the next phase of PIDA (2021-2030) is finalised with the African Development Bank (AfDB).

68. In response to the request, the European Union affirmed their readiness to provide support to AUDA-NEPAD through the European Union/African Union Support Programme III (AUSPIII) to facilitate the continued placement of Capacity at the RECs and AUDA-NEPAD. This offer for assistance was further discussed on November 13th and 15th on the margins of the PIDA PAP II selection criteria meeting by a team composed of

the director of Infrastructure from AUC, director of programme delivery and coordination from AUDA-NEPAD and the EU delegation on EU/AU Support Programme III (AU SP III) where it was agreed that this support should be utilized directly by AUDA- NEPAD through the budget of the Department of Infrastructure and Energy for 2020. Pursuant to that effect, the AUDA- NEPAD put before the PRC Sub-Committee on General Supervision and Budgetary matters to approve allocation of USD 1.630 million from EU/AU SP III to the DIE Budget for 2020 to be transferred to AUDA-NEPAD and in order to cover the GAP in 2020 Budget.

Conclusion and Recommendations

69. After explanation provided by the Commission member states approve the request to be taken into consideration and incorporated to AUDA Budget for the 2020 to finance its 2020 GAP as per the Niamey Executive Council Decision.

70. Pursuant to the Executive Council Decision EX/CL.Dec1069 (XXXV), member states take note of the AUDA-NAPD final budget submission to cover the gap and being the only organ to comply with the Executive council decision and recommend to close further funding gap for the 2020 Budget.

P) Virement Request Recommendation

71. Virement request was presented and adopted as it is (annexe1) including the medical insurance cover for PAP to be funded from the internal saving. However, the Sub-Committee expressed concerns about salary issues.

72. Budget Framework Paper

The item was presented for information prior to budget 2021 consideration and it will be distributed to Member States for consideration and F15. The Commission informed the meeting that the budget framework paper 2021 is ready for discussion. The 2021 Budget framework paper takes in consideration the thematic area and the priorities of the new Commission in 2021 and will be tabled for discussion to a later date in 2020.

73. General Recommendation:

- i. Express concern about the late submission of the report by the Economic Affairs department and the CFTA and his dissatisfaction about the departments' refusal to comply with the Audit recommendation;
- ii. Propose to set up a principle that guide the supplementary Budget Submission with possible capping to maximum
- iii. Request further to consider the outstanding issues to a later date in 2020 mainly:
 - The FRR/ SRR
 - The Peace Fund FRR
 - The Pension Fund
 - The Forensic Audit Report
- iv. Request the Commission to circulate the report of the APRM Retreat

PARTICIPANTS

1. Algeria	29. Malawi
2. Angola	30. Mali
3. Benin	31. Mauritania
4. Botswana	32. Mauritius
5. Burkina Faso	33. Morocco
6. Cameroon	34. Mozambique
7. Central Africa Republic	35. Namibia
8. Chad	36. Niger
9. Comoros	37. Nigeria
10. Congo Republic	38. Rwanda
11. Cote d'Ivoire	39. Saharawi Republic
12. Democratic Republic of Congo	40. Senegal
13. Djibouti	41. Seychelles
14. Egypt	42. Sierra Leone
15. Equatorial Guinea	43. Somalia
16. Eritrea	44. South Africa
17. Eswatini	45. South Sudan
18. Ethiopia	46. Sudan
19. Gabon	47. Tanzania
20. Gambia	48. Togo
21. Ghana	49. Tunisia
22. Guinea	50. Zambia
23. Guinea – Bissau	51. Zimbabwe
24. Kenya	52. Uganda
25. Lesotho	
26. Liberia	
27. Libya	
28. Madagascar	

ANNEXES:

Annex 1: Funding of the Supplementary Budget requests

Annex 2: Supplementary Budget Request analysis by Category

ANNEXES:

Annex 1: Funding of the Supplementary Budget requests

2019				
Organ	AU Reserve Fund	Partners	Reallocation	Total
AHRM	1,423,843			1,423,843
AUDA-NEPAD				-
DCMP	746,000			746,000
PAP			40,000	40,000
Peace & Security				-
STATAFRIC				-
Trade & Industry			511,960	511,960
Grand Total	2,169,843	-	551,960	2,721,803

2020				
Organ	AU Reserve Fund	Partners	Reallocation	Total
AHRM	401,760			401,760
AUDA-NEPAD		3,910,000		3,910,000
DCMP	180,000			180,000
PAP				-
Peace & Security			26,069,361	26,069,361
STATAFRIC	1,619,222			1,619,222
Trade & Industry				-
Grand Total	2,200,982	3,910,000	26,069,361	32,180,343

Annex 2: Supplementary Budget Request analysis by Category

2019			
Organ	Operational Budget	Program Budget	Total
AHRM	1,423,843		1,423,843
AUDA-NEPAD			-
DCMP	746,000		746,000
PAP	40,000		40,000
Peace & Security			-
STATAFRIC			-
Trade & Industry	511,960		511,960
Grand Total	2,721,803	-	2,721,803

2020			
Organ	Operational Budget	Program Budget	Total
AHRM	401,760		401,760
AUDA-NEPAD		3,910,000	3,910,000
DCMP			-
PAP			-
Peace & Security		26,069,361	26,069,361
STATAFRIC	1,619,222		1,619,222
Trade & Industry			-
Grand Total	2,020,982	29,979,361	32,000,343

CONSOLIDATED RECOMMENDATIONS

a. Consideration of the Experts' Report on Recruitment

1. The Sub-Committee propose that Commission provide all the necessary support to facilitate the work of the independent experts on recruitment in line with the recommended revised work plan.
2. The meeting propose the adoption of the report of the R10 Experts and make the following recommendations thereafter:
 - i. Request the expert to immediately commence the application of the CBI interviewing method and its grading system, even in presence of the APROB while allowing R10 members to attend as observers.
 - ii. To install and integrate the new SAP module "Success Factor" and train the user department on it. (March to May 2020)
 - iii. To Develop the AU behavioral indicators and relevant bank of questions that would be used for recruitment, promotion and mobility.
 - iv. To train other waves of interview panelist from the departments not included while overcoming the bias made in the first wave list in terms of geographic zones and grades. (April or May 2020)
 - v. Reviewing the performance management system to embed those indicators beside technical KPI's, in order to have them in a later stage automated within the new SAP module. (May to June 2020)
 - vi. Superseding the recruitment process for a period of time in order to validate the new system and suggest (if needed) some fine adjustments; including but not restricted to attending the RSC and PMC and their relevant interview panels till the new structure of the AU is populated based on fair assessments of the existing current structure population
 - vii. Dedicate two Caucus Rooms equipped with audio-visual materials enabling the recording of the interview sessions as records for grievance, evaluation and audit purpose.
 - viii. Continuously review and upgrade the list of recruitment panel's members certified in order to overcome turnover and upgrades in the international standards (suggested to be on annual base).
 - ix. Request the involvement of the R10 in the migration process from the old structure to the new structure and to make sure that all the position are occupied and provide a clear and comprehensive transition plan.
 - x. Request an Audit regarding the application of the SAP System on the recruitment and the reason behind the delay
 - xi. Request the extension of the R10 mandate from March 2020 to September 2020

b. Preferential Exchange Rates for Geneva and Brussels Offices

3. The joint sitting deferred the Consultant's Report on Preferential Exchange Rates for Geneva and Brussels Offices for further consideration and determination by the PRC Due to lack of consensus and divergence of opinions expressed on the matter.

4. The joint sitting propose an urgent need to have in place a draft Matrix on the Implementation of Decisions relating to Administrative and Financial Matters

c. African Peer Review Mechanism (APRM)

5. The Joint sitting recommend that the Commission should expedite the process of taking over the arrears of APRM state parties and discuss with the Ministerial Committee on the Scale of Assessment on the modalities to secure the payments of these arrears.
6. The Commission should carry out a thorough review and evaluation on the arrears and debts owed by the APRM.
7. The supplementary budget request should be fully funded from the AU Reserve Fund.

d. Consideration of the 2019 Mid-Year Program Performance Review (Summary Report)

8. The Joint Sitting **TOOK NOTE** of the report on mid-year performance report and recommend to sanction in future, Departments and Organs that do not submit their budget execution reports on time and make the following comments:
 - i. EXPRESSED concern about the low rates of execution and the absence of reports from Departments such as the Trade and Industry and ECOSOC.
 - ii. Again expressed concerns about the quality of the report which did not include specific departmental challenges affecting the rate of execution.
 - iii. Requested the F15 experts to propose specific recommendations on improving the quality of future reports and present them for consideration and adoption.
 - iv. Took note of the absence of both the Ag. Director of PBFA and Director of SPPMERM and other key staff of departments and recommended their absence in the future would not be allowed.

e. Report of the African Capacity Building Foundation (ACBF) assessment

9. The Sub-Committee recommend that among the 8 options presented as the possible Modalities for Annual Funding to the ACBF accompanied by an analysis of the conditionality that would be applied to the funding of the ACBF, Option 2 and 3 are recommended as follows:

<i>Option 2 : Programmatic Support to AUC Departments and AU Organs</i>	<i>Funding based on joint- programming between ACBF and AUC Departments, Directorates and Organs to leverage on comparative advantages.</i>	<i>Funding on programs to be implemented by ACBF will be reflected through the annual budgetary process as per decision EX.CL/ 1020(XXXIII) of June 2018.</i>
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<i>Option 3: Pass-through funds</i>	<i>Pass-through funds to ACBF from international and other development partners including voluntary Member States contributions.</i>	<i>Terms and conditions attached to the funds would be reviewed by policy organs as per decision EX.CL/Dec.1069 (XXXV) of July 2019 to check for alignment with priority arrears of Agenda 2063.</i>
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10. Request the department of Strategic planning to do an inventory of all the capacity building programs and projects that has been budgeted for the year 2020 within various departments and Organs and channel those to the ACBF.
11. Recommend that ACBF shall provide a regular report to the AU policy Organs; In conformity with the relevant rules of the Union, the AU External Board of Auditor shall carry out a posteriori external auditing of the accounts of the ACBF;
12. Propose AU to be a member of the Board of Governors and the Executive Board of the ACBF

f. Revised AU Pension Regime

13. The meeting deferred the discussion on the medical insurance coverage for retirees until the final review of the Staff Rules and Regulations (SRR) and make the following comments;

- i. The meeting supports the consultant's recommendations for Internal management of the AU Staff Pension Fund, agreed that the secretariat of the AUSPF will be financed by Member states, however insisted that competent and experienced persons should be appointed as members of the Board of Trustees, since they will be in charge of managing the fund, as well as Investment and Risk Officers in the secretariat as Member States will not be responsible for any deficit that may occur.
- ii. Express the concern regarding the inability of the Staff to manage internally the pension and support the agreement with the AU staff Association to move forward with the management of the pension fund;
- iii. The Secretariat Budget should come from the salary within the approved AU structure
- iv. The African Union will not be responsible for the establishment of the fund and no burden should be put under the member states.

g. Report on the African Union Fund for African Women

14. The Sub-Committee deferred the discussion to January 2020 based on information provided by the Bureau of the Deputy Chairperson and recommended to establish a

mechanism to properly manage the African Women Fund and submit creditable financial report.

h. AU Travel Policy

15. The Sub-Committee took note of the report and requested for all written comments from Member States be included in the report and also advise that the report should be differed later in 2020.

i. Virement Request Recommendation

16. Recommend the approval of Virement request as presented to include medical insurance cover for PAP which is to be funded from the internal saving. However, the Sub-Committee expressed concerns and make the following comments:
 - i. Express concern about the late submission of the report by the Economic Affairs department and the CFTA and its dissatisfaction about the departments' refusal to comply with the Audit recommendation;
 - ii. Propose to set up a principle that guide the supplementary Budget Submission with possible capping of request to maximum.
 - iii. Request further to consider the outstanding issues to a later date in 2020 mainly:
 - The FRR/ SRR
 - The Peace Fund FRR
 - The Pension Fund
 - The Forensic Audit Report
 - iv. Request the Commission to circulate the report of the APRM Retreat

j. Supplementary Budget Requests

17. The Sub-Committee recommend approval of **US\$3,807,306** for Implementation of the Political Agreement for Peace and Reconciliation in the Central African Republic (CAR) to be funded from reallocation within the 2019 approved budget. The Meeting took note of the PRC Initial pronouncement on the issue. This item was presented for information purpose only.
18. The Sub-Committee recommend approval of **US\$450,000** to support the activities of undertaking an independent forensic and performance audit of the African Union Commission.
19. **Propose US\$50,000** as supplementary budget to support the investigation of staff who had left the African Court on Human and People's Rights under unclear circumstances and report to the Policy Organs as per the Executive Council decision reference **EX.CL/Dec.1031 (XXXIV)**. The Joint Sitting propose a follow up on the outcome of the independent forensic and performance audit as per the decision.

20. After thorough consultations, a revised budget of **US\$525,099** was presented and recommended for adoption by the PRC for ***Deployment of the Ten Experts on Recruitment (R10)***

21. The Joint Sitting made further recommendations on 4 above:

- i. That Administration and Human Resources Management (AHRM) Directorate should apply the savings within its approved 2019 budget to support the initial deployment of the experts;
- ii. Propose the difference to be funded from the AU Reserve Fund.

22. After consideration of the presentation on the **ACDC** supplementary budget request, the Joint Sitting made the following recommendations:

- i) Recommend a total budget of **US\$14,132,321**, broken down as follows:
 - Operational budget of **US\$1,445,800**; and
 - Programme budget of **\$12,686,521**
- ii) The supplementary budget request would be funded as follows:
 - **US\$2,445,800** from AU Reserve Fund; and
 - **US\$11,686,521** from Development Partners

23. After consideration of **African Peer Review Mechanism (APRM)** supplementary budget, the Joint Sitting recommend as follows:

Recommended a total budget of **\$5,022,427**, broken down as follows:

- Operational budget of **US\$2,036,708**; and
- Programme budget of **US\$2,985,719**

Social Affairs

24. The Joint Sitting discussed the supplementary budget relating to the migration issues to be implemented under the Qatar initiative and concluded as follows:

- i. Defer the activities proposed under the Qatar initiative until the issue is considered by the Sub-Committee on Refugees, Returnees and Internally Displaced Persons.
- ii. Recalls the PRC report on the joint sitting held in Bahir Dar from 27 May – 2 June, 2019, of the GSCBFAM and F15 technical experts requesting the activities under the Qatar initiative be discussed by the relevant Sub-Committee and **Requests** the Commission to implement this recommendation.

Peace and Security

25. Following extensive deliberations on the supplementary budget request relating to Peace and Security, the Joint Sitting recommended as follows;

- i) Recommended for adoption by the PRC an amount of **US\$4,324,837** to be funded from the 2019 budget re-allocations.
- ii) Notes that some of the proposed activities could be merged thereby affording value for money.
- iii) Requests that the working session develop the framework on local conflicts (Bamako) to be held in Addis Ababa.

African Centre for the Study and Research on Terrorism (ACSRT)

26. The Joint Sitting extensively deliberated on the supplementary request from ACSRT of **US\$125,967** and concluded as follows:
- i) Took note of the available funds amounting to **US\$53,730** from the international partner to partially support the purchase of the printer.
 - ii) Defers the request of supplementary budget request of **US\$72,237** to the next Joint Sitting for consideration upon receipt of specifications, features and quotations of such a printer.

C5 Support in the Implementation of the Revitalized Agreement of South Sudan

27. The Peace and Security department presented a supplementary budget of US\$100,710 to cover the activities of the African Union High Level Ad-hoc Committee in South Sudan (C5) and Committee recommended as follows:
- i. Observed that the previous activities relating to C5 was funded from the Old Peace Fund which had since been discontinued following the introduction of the Revitalized Peace Fund.
 - ii. Recommended the supplementary budget request **US\$100,710** for adoption by the PRC and to be funded from re-allocation of the 2019 approved budget of the Peace and Security Directorate (PSD).

Women and Gender Development

28. Having considered the supplementary budget submission by WGDD, the joint sitting recommended **US\$344,074** for consideration and adoption by the PRC. The request should be funded from the Development Partners.

Office of Legal Counsel

29. Having considered the supplementary budget submission by the Office of the Legal Counsel, the Joint Sitting recommended **US\$315,265** for consideration and adoption by the PRC. The request should be funded from the AU Reserve Fund.

Political Affairs

30. Upon consideration of the supplementary budget request of the Political Affairs Department, the Joint Sitting recommended as follows;
- i) **REQUESTED** the department to plan its activities relating to elections better, considering that the elections are predictable, as such approvals would in future not be considered.

- ii) Provisionally approved the supplementary budget of **US\$7,550, 466** subject to the provision of detailed breakdown, which would be submitted alongside this recommendation to the PRC.
- iii) The request shall be funded as follows:
 - a) Development Partners **US\$4,489,000**; and
 - b) Reserve Fund **US\$3,061,466**

Administration and Human Resource Management Directorate (AHRMD)

31. Renewal of Vendor Support License Maintenance

The Joint Sitting **REJECTED** the request due to lack of adequate explanation on how the request meets the criteria provided for in Article 17 of the AU Financial Regulations and Rules and recommended that such items should be included in the regular/normal budget.

32. Underpayment of Housing and Post Adjustment Allowances for Dr. Litha Musyimi-Ogana

The Joint Sitting, having considered the request recommended as follows:

- i. Supplementary budget request of **\$59,101.56** for consideration and adoption by the PRC.
- ii. The request to be funded from 2019 budget re-allocation of AHRM.

33. Additional Overtime Allowance Request for GSB Staff (Security Guards, Drivers, Mail Runners, Medical Staff, etc.)

The Joint Sitting having deliberated on the request recommended as follows;

- i) Supplementary budget request of **US\$116,420** as Overtime allowance for the period June – December 2019.
- ii) The request to be funded from the AU Reserve Fund.

34. Old Conference Centre Building Maintenance: Façade work Cladding work and water-proofing

The Joint Sitting having considered the presentation and request for supplementary budget recommended as follows:

- i) Supplementary budget request of **US\$1,038,895.16** for consideration and adoption by the PRC.
- ii) The request to be funded from the AU Maintenance Fund.

35. Purchase of AU E-Passport Equipment

The Joint Sitting having considered the presentation and request for supplementary budget recommended as follows:

- i) Supplementary budget request of **US\$500,000** for consideration and adoption by the PRC.
- ii) The request to be funded from the AU Maintenance Fund.

Programming, Budgeting, Finance and Accounting Directorate- PBFA

36. The Joint Sitting having considered the presentation and request for supplementary budget recommended as follows:

- i) Supplementary budget request of **US\$92,744** to finance the Retreat, while the rest of the budget would be kindly covered by the Arab Republic of Egypt.
- ii) Welcomes the offer by the Arab Republic of Egypt in hosting the Retreat of the F15 Committee of Technical Experts and the Ministerial Retreat of the F15 Ministers of Finance in Sharm el Sheik, Egypt from 27 – 31 October 2019.
- iii) Supplementary budget request of **US\$156,000** to support the participation of the F15 Committee of Technical Experts in the Joint Sitzings with the PRC Sub-committee on the General Supervision Coordination on Budgetary, Financial and Administrative Matters.
- iv) The supplementary budget requests should be funded from the AU Reserve Fund.

AU Institutional Reforms

37. The representative of the AU Reforms Unit presented a supplementary budget of **US\$1,265,591.08** to finance their 2019 activities for consideration and the Joint Sitting recommended a supplementary budget of **US\$1,265,591.08** to be funded from the AU Reserve Fund.

Infrastructure and Energy Department (IED)

38. The Joint sitting deliberated upon the supplementary budget request presented by the department and recommend approval of **US\$427,931.39** to be funded from re-allocation of the approved 2019 budget.

NEPAD-AUDA

39. The representative of the AHRM directorate presented the request from NEPAD-AUDA for consideration of the supplementary budget and the regularization of the voluntary contribution that NEPAD had received from various AU Member States. The Joint Sitting concluded as follows:

- i) Welcomes the voluntary contribution from the under-listed AU Member States to support the activities and operations of NEPAD-AUDA:
 - i. Government of the Republic of South Africa - **US\$500,000**
 - ii. Government of the Republic of Rwanda - **US\$100,000**
- ii) Welcomes the in-kind contribution by the Government of the Republic of South Africa in the provision of office space and the running cost of utilities;

- iii) Recommends the **US\$1,100,000** received as voluntary contribution by AU Member States for adoption by the PRC.
 - iv) Recommends that the voluntary contribution received shall be used to finance the Data Centre as the NEPAD-AUDA has moved its server from Germany to Africa and that the funds will also be utilized to provide institutional support to selected Regional Economic Communities for Enterprise Resource Planning especially UMA and ECCAS.
 - v) NEPAD-AUDA shall include the voluntary contribution as part of its 2019 budget as additional source of income to finance the support to selected REC's.
 - vi) Recommends supplementary budget request of **US\$319,606** due to the change of the group life insurance provider from ALICO to MSH International which has significantly increased the premiums by 50% per quarter.
 - vii) Requests the AU Commission through the Office of the Internal Audit to carry out a thorough review of all outstanding arrears and debts owed by AUDA and to report to the Executive Council through the PRC by February 2020.
40. The sub-committee propose a supplementary budget amounting to **US\$xxxx** to cover shortfall in administrative cost for the year. separation (US\$150,000), home leave (US\$200,000) education claims (US\$300,000), Overtime (US\$52,140), Telephone (US\$300,00) and VSAT (US\$200,000).
41. Proposed that the balance salary arrears request be submitted to the F15 Experts for review because there was a decision based on the approved figure of US\$11 million; therefore, the meeting **rejected the extra US\$1,276,545**;
42. The Sub-Committee adopted the special allowance for Ms Anna Abebe amounting to **US\$27,238** subject to reporting all similar cases to the meeting and to present an audit report.
43. Pertaining to the compensation to be paid to Mr. Moctar Yedali as per the decision of the Administrative Tribunal, member states expressed their concern and requested and investigation through Internal Audit and to hold the persons who involved in the case of Moctar be held responsible for mismanagement and decision making causing a lost to the organization.
44. The Sub-Committee recommended payment of the amount of **US\$194,464.89** as per the decision of the Administrative Tribunal for Mr. Moctar with a caveat that a report be presented in February 2020 and Recommend the adoption the Supplementary request subject to the below comment:
- i. Suggested that the amount be paid and hold accountable those who advised the Chairperson of the AU Commission;

- ii. Recommend that Mr. Moctar should be transferred to another office where he can serve better the Union as we cannot have two (2) D1 in the same Directorate.
45. The additional budget of **US\$511,960** for Extra-Ordinary STC session for Trade and Industry was proposed for approval after clarification from the Commission and the meeting will be held in Addis Ababa, Ethiopia.
46. The budget of **US\$746,000** for freelance interpreters was adopted with a recommendation to recruit permanent staff and provide audit report on that particular case and further request the involvement of R10 in the recruitment of freelancers; an additional amount of **US\$180,000** is also adopted to cover the February 2020 Summit;
47. After discussion and explanation provided by the Commission, the Sub-Committee recommend the adoption of the Budget for STATAFRIC to be funded from the general fund for the operationalization of the Office as follows:
- i. An amount of **US\$2,116,779.00** is submitted for the operational budget for the recruitment of part of the staff and the operation of STATAFRIC during the year 2020. This budget will also cover the purchase of computers, office equipment and supplies, and other expenses for the same year; and
 - ii. **US\$500,000** for the program budget to strengthen the implementation of STATAFRIC's activities for the year 2020.
48. Sub-Committee recommend the approval of the budget to be funded from the reserve fund based on the extended mandate of R10 till September 2020; supplementary budget is submitted in order purchase and deploy the recruitment system CBI for an estimate amount of US\$341,760, Training on SAP US\$50,000, two Batches of technical training and US\$50,000 for the R10 to assist the AUC in the transition to the new recruitment system process totaling US\$441,760.
49. The Sub-Committee has no objection to recommend the adoption of the requested as presented following the decision of the Peace and Security Council pursuant to the PRC approval already granted for the peace initiative in Central Africa and other regions in Africa but the source of funding and partner should be specified rather than writing internal saving.
- i. Support to the Implementation of the African Standby Force Command, Control Communications and Information Systems Project (C3IS) - **US\$6,526,400.**
 - ii. Support to the Creation of Special Mixed Security Units (USMS) and Implementation of the Peace Agreement in Central Africa Republic - **US\$5,423,093.65.**
 - iii. African Union Support Action to the Multinational Joint Task Force of the Lake Chad Basin Commission (MNJTF) - **US\$17,837,198.67**

50. Sub Committee recommend approval of supplementary amount of US\$2,280,000 mobilized and to be used to support the deployment of AUDA-NEPAD 100,000 SMEs programme to cover the Gap in 2020 Budget as per the Niamey Executive Council Decision
51. Pursuant to the Executive Council Decision EX/CL.Dec1069 (XXXV), member states take note of the AUDA-NAPD final budget submission to cover the gap and being the only organ to comply with the Executive council decision and recommend to close further funding gap for the 2020 Budget.

**DRAFT DECISION ON THE SUPPLEMENTARY BUDGET
FOR THE 2019 FINANCIAL YEAR**

The Executive Council,

1. **TAKES NOTE** of the Report of the Joint Sitting of the PRC Sub-Committee on General Supervision and Coordination on Administrative, Budgetary and Financial matters, and the F15's Committee of Experts.
2. **APPROVES** total supplementary budget of **US\$43,819,886** for the African Union for the year 2019 of which **US\$7,776,374** is for Operational budget while **US\$36,043,512** is for Programs (Table 1). This is further broken down as follows (Table 2):
 - a) **US\$14,917,023** is to come from Reserves Fund;
 - b) **US\$1,538,895** from the Maintenance Fund;
 - c) **US\$17,785,186** from Partners;
 - d) **US\$919,606** from Voluntary Contribution to AUDA-NEPAD; and
 - e) **US\$8,659,176** is to be sourced from internal savings through reallocation.

Table 1: Supplementary budget by category

Organ	Operational Budget	Program Budget	Total
AUC	5,380,060	32,457,794	37,837,854
APRM	2,036,708	2,985,718	5,022,426
PAP	40,000		40,000
AUDA-NEPAD	319,606	600,000	919,606
Grand Total	7,776,374	36,043,512	43,819,886

Table 2: Supplementary budget by Source of Fund

Organ	AU Reserve Fund	Maintenance Fund	Partners	Voluntary contribution	Reallocation	Total
AUC	9,894,597	1,538,895	17,785,186		8,619,176	37,837,854
APRM	5,022,426					5,022,426
PAP					40,000	40,000
AUDA-NEPAD				919,606		919,606
Grand Total	14,917,023	1,538,895	17,785,186	919,606	8,659,176	43,819,886

3. **ACKNOWLEDGES** receipt of **US\$1,100,000** by AUDA-NEPAD as voluntary contribution from Member States and **COMMENDS** the Member States concerned for the support;
4. **REQUESTS** the Commission to defer the activities proposed under the Qatar initiative until the issue is considered by the Sub-Committee on Refugees, Returnees and Internally Displaced Persons;

5. **REQUESTS** the Commission through the Office of the Internal Audit to carry out a thorough review of all outstanding arrears and debts owed by AUDA-NEPAD and APRM and to report to the Executive Council through the PRC.

DRAFT DECISION ON THE EXPERTS' REPORT ON RECRUITMENT

1. **DIRECTS** the Commission to provide all the necessary support to facilitate the work of the independent experts on recruitment in line with the recommended revised work plan;
2. **REQUESTS** the Commission to fully implement the recommendations of the R10 recruitment expert as contained in the revised work plan as follows:
 - i. To commence the application of the CBI interviewing method and its grading system, even in presence of the APROB while allowing R10 members to attend as observers.
 - ii. To install and integrate the new SAP module “Success Factor” and train the user department on it. (March to May 2020)
 - iii. To Develop the AU behavioral indicators and relevant bank of questions that would be used for recruitment, promotion and mobility.
 - iv. To train other waves of interview panelist from the departments not included while overcoming the bias made in the first wave list in terms of geographic zones and grades. (April or May 2020)
 - v. Reviewing the performance management system to embed those indicators beside technical KPI's, in order to have them in a later stage automated within the new SAP module. (May to June 2020)
 - vi. Superseding the recruitment process for a period of time in order to validate the new system and suggest (if needed) some fine adjustments; including but not restricted to attending the RSC and PMC and their relevant interview panels till the new structure of the AU is populated based on fair assessments of the existing current structure population
 - vii. Dedicate two Caucus Rooms equipped with audio-visual materials enabling the recording of the interview sessions as records for grievance, evaluation and audit purpose.
 - viii. Continuously review and upgrade the list of recruitment panel's members certified in order to overcome turnover and upgrades in the international standards (suggested to be on annual base).
3. **DIRECTS** the Commission to ensure involvement of the R10 in the migration process from the old structure to the new structure and to make sure that all the position are occupied and provide a clear and comprehensive transition plan;
4. **REQUESTS** the Commission to conduct an Audit regarding the application of the SAP System on the recruitment and the reason behind the delay;
5. **APPROVES** the extension of the R10 mandate from March 2020 to September 2020

**DRAFT DECISION ON PREFERENTIAL EXCHANGE RATES FOR GENEVA AND BRUSSELS
OFFICES**

1. **DIRECTS** the Commission to discontinue application of Preferential Exchange Rates for Geneva and Brussels Office start from 2020.

DRAFT DECISION ON AFRICAN PEER REVIEW MECHANISM (APRM)

1. **INSTRUCT** the Commission to expedite the process of taking over the arrears of APRM state parties and discuss with the Ministerial Committee on the Scale of Assessment on the modalities to secure the payments of these arrears.

- (i) **Consideration of the 2019 Mid-Year Program Performance Review (Summary Report)**
 - (ii)

2. **EXPRESSED** concern about the low rates of execution and the absence of reports from some Departments as well as the poor quality of the report.

3. **DIRECT** the Commission to work with F15 experts on improving the quality of future **reports** and present them for consideration and adoption.

(iii) Report of the African Capacity Building Foundation (ACBF) assessment

4. **DECIDES** to implement combination of option 2 and 3 out of the 8 options proposed **regarding** the AU support to ACBF, with an analysis of the conditionality that would be applied to the funding, as follows:

<i>Option 2 : Programmatic Support to AUC Departments and AU Organs</i>	<i>Funding based on joint-programming between ACBF and AUC Departments, Directorates and Organs to leverage on comparative advantages.</i>	<i>Funding on programs to be implemented by ACBF will be reflected through the annual budgetary process as per decision EX.CL/ 1020(XXXIII) of June 2018.</i>
<i>Option 3: Pass-through funds</i>	<i>Pass-through funds to ACBF from international and other development partners including voluntary Member States contributions.</i>	<i>Terms and conditions attached to the funds would be reviewed by policy organs as per decision EX.CL/ Dec.1069 (XXXV) of July 2019 to check for alignment with priority arrears of Agenda 2063.</i>

5. **INSTRUCT** the Commission to do an inventory of all the capacity building programs and projects that has been budgeted for in the year 2020 within various departments and Organs and channel those to the ACBF.
6. **FURTHER INSTRUCTS** the ACBF to provide a regular report to the AU policy Organs; and **REQUESTS** the AU External Board of Auditors, in conformity with the relevant rules of the Union to carry out a posteriori external audit of the accounts of the ACBF;
7. **DIRECTS** the Union to be a member of the Board of Governors and the Executive Board of the ACBF

(iv) Revised AU Pension Regime

8. **APPROVED** consultant's proposal for Internal management of the AU Staff Pension Fund with the secretariat of the AUSPF being financed by Member states, and **INSTRUCTED** the Commission to ensure that competent and experienced personnel should be appointed as members of the Board of Trustees, since they will be in charge of managing the fund, as well as Investment and Risk Officers in the secretariat as Member States will not be responsible for any deficit that may occur.
9. **EXPRESS** concern regarding the inability of Staff to manage internally the pension and support the agreement with the AU staff Association to move forward with the management of the pension fund;
10. **ALSO DECIDES** that the Secretariat Budget should come from the salary within the approved AU structure and **ASSIGNS** the Commission the responsibility of the establishment of the fund and with no burden on Member States.

(v) Report on the African Union Fund for African Women

11. **INSTRUCTS** the Commission to establish a mechanism to properly manage the African Women Fund and submit credible financial report.
12. **TAKE NOTE** of the AUDA-NAPAD final budget submission to cover the gap and being the only organ to comply with the Executive council decision Executive Council Decision EX/CL.Dec1069 (XXXV) and **DECIDES** to close the window for further resource mobilization to finance the 2020 budget gap.

DRAFT DECISION ON THE SUPPLEMENTARY BUDGET FOR THE 2020 FINANCIAL YEAR

1. **TAKES NOTE** of the Report of the Joint Sitting of the PRC Sub-Committee on General Supervision and Coordination on Budgetary, Financial and Administrative matters, Sub-Committee of Programs and Conferences and the F15's Committee of Experts.
2. **APPROVES** total supplementary budget of **US\$32,180,343** for the African Union for the year 2020 of which **US\$2,200,982** is for Operational budget while **US\$29,979,361** is for Programs (Table 1). This is further broken down as follows (Table 2):
 - a) **US\$2,200,982** is to come from Reserves Fund;
 - b) **US\$3,910,000** from Partners; and
 - c) **US\$26,069,361** is to be sourced from internal savings through reallocation.

Table 1: Supplementary budget by category

Organ	Operational Budget	Program Budget	Total
AUC	2,200,982	26,069,361	28,270,343
AUDA-NEPAD		3,910,000	3,910,000
Grand Total	2,200,982	29,979,361	32,180,343

Table 2: Supplementary budget by Source of Fund

Organ	AU Reserve Fund	Partners	Reallocation	Total
AUC	2,200,982		26,069,361	28,270,343
AUDA-NEPAD		3,910,000		3,910,000
Grand Total	2,200,982	3,910,000	26,069,361	32,180,343

2020-02-07

Report of the Joint Sitting of the Sub-Committee on General Supervision and Coordination on Budgetary, Financial and Administrative Matters and the Experts of F15

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