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**REPORT OF THE MINISTERIAL COMMITTEE ON THE SCALE OF
ASSESSMENT AND CONTRIBUTIONS**

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25 JANUARY 2018
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INTRODUCTION

1. Pursuant to Executive Council Decision EX.CL/Dec.985(XXXI), the Ministerial Committee on the Scale of Assessment and Contributions met on Thursday 25 January 2018 in Addis Ababa
2. The meeting was chaired by H.E. Mr Abdelkader Messahel, Foreign Affairs Minister of the People's Democratic Republic of Algeria.

ATTENDANCE

3. The following Member States attended the Meeting:

- i) Algeria
- ii) Angola
- iii) Botswana
- iv) Burundi
- v) Cameroon
- vi) Egypt
- vii) Mauritius
- viii) Senegal
- ix) The Sudan
- x) Ghana

IN ATTENDANCE

- i) Nigeria

AGENDA

4. The Agenda was adopted as follows:
 - a) Opening Remarks;
 - b) Adoption of the Agenda;
 - c) Consideration on Contributions to the 2017 Budget of the African Union;
 - d) Consideration on Members States falling under sanction as of December 2017;
 - e) Discussion on the Process for the Review of the Scale of Assessment;
 - f) Consideration of the Draft Proposals on the Revision of the AU Sanctions Regime;
 - g) Any Other Business.

OPENING REMARKS

5. The meeting was opened by H.E. Abdelkader Messahel Foreign Affairs Minister of the People's Democratic Republic of Algeria, who welcomed all members present.

6. He then stated the objective of the meeting, recalling the relevant decisions, particularly Executive Council Decision 916 mandating the Ministerial Committee to consider the Status of Contributions to the Budget of the African Union, and recommend measures to be taken in that respect to the policy organs, as well as Assembly Decision 635 and Executive Council Decision 985, requesting the Ministerial Committee to revise the sanctions regime and review the scale of assessment to be applied starting from 2019;

7. He then requested the AU Commission to present the Report.

CONSIDERATION OF THE DRAFT REPORT ON MEMBER STATES' CONTRIBUTIONS TO THE 2017 BUDGET OF THE AFRICAN UNION

8. The Director of Programming, Budgeting, Finance and Accounting (PBFA) recalled the approved budget of African Union for the financial year 2017 stands at a total budget of US\$782,108,049 for. The Decision stipulated, among other things, that the budget would be funded as follows:

- i) US\$205,149,538 assessed on Member States based on the current scale of assessment;
- ii) US\$576,958,511 to be raised from international partners.

9. She then presented the situation of the contributions received for the year 2017 and specified that the figures took only into account the contributions received as 31 December 2017, in conformity with the regulations in force.

10. The Commission further stated that a total amount of US\$220.3 million was received from Member States as at 31 December 2017

- i) US\$138.3 million constituted payment against the current year's assessment, representing 67% of the 2017 Budget assessed to Member States compared to a collection of 77% in 2016;
- ii) US\$45.1 million towards arrears from the previous years budget, representing 50% of arrears;
- iii) US\$29.5 million as contributions paid by 27 Member States to the Peace Fund, representing 45% of the Fund's total budget collected from Member States in 2017;

- iv) US\$7.4 million paid in 2017 as advance payments towards the 2018 Budget.

11. The Commission informed the meeting that over the past year , the average ratio on collection on the regular budget stood at 52.5%

12. The Commission also informed the meeting that the total amount of outstanding contributions as at 31 December 2017 stood at US\$147.8 million:

- i) US\$66.6 million constituted outstanding assessed contributions for the current budget, with US\$35.5 million representing arrears to the Peace Fund;
- ii) US\$45.7 million carried over on arrears prior 2016.

13. Concerning funding from partners, the Commission stated that a total of US\$411.2 million was received during the period under review.

- i) From the available partner funding an amount of US\$103.9 million was for financing the African Union's projects and programs, and US\$307.3 million for AMISOM (African Union Mission in Somalia).

CONSIDERATION ON MEMBERS STATES FALLING UNDER SANCTION AS OF DECEMBER 2017

14. In application of Article 84, paragraph 4 of the Financial Rules and Regulations of the African Union on sanctions, the following Member States had accumulated 2 full years' arrears falling under:

- i) Central African Republic;
- ii) Guinea Bissau;
- iii) South Sudan;
- iv) Somalia;
- v) the Comoros.

15. It is to note that Comoros paid a partial amount of its arrears in January 2018, however in order to lift the temporary sanction, the rules specify that at least 50% of the outstanding arrears payments should be processed 30 days before the commencement of the session of the executive Council.

16. Two Members states benefited from a temporary exemption (Libya and Sudan) which expired on 31 December 2017.

17. The status of their payments to date is as followed:

- Libya paid its full contribution for 2017 (including contributions to the Peace Fund,) and submitted a payment schedule to clear its arrears.

18. Sudan paid its arrears for 2016 totalling US\$14.6 million in January 2018.
19. Members States sought clarification on applying the scale of assessment to the Peace Fund and highlighted that it is in contradiction with the Kigali decision that stated that the contribution would be done equally across the 5 regions.
20. Following the above concern raised by several Members States on the regional equitable allocation of the Peace Fund, the Director of PBFA explained that a temporary mechanism was applied for 2017 using the current allocation that meet the Union principle of equity. She also indicated that the point is being considered as part of the proposed decision of the Financing of the Union that will be presented to the policy organs.

CONSIDERATION OF THE NEW SCALE OF ASSESSMENT (2019-2021)

21. As the current scale of assessment comes to an end in 2018, the committee requested the Commission to fast track the hiring of an expert consultant to prepare a scale of assessment applicable to the exercise 2019-2021 for the African Union.
22. The chairperson highlighted the fact that the expert should be provided with the necessary guidance as to understand the political, economic and social context in which the Union operates that should be translated in the new scale of assessment.

PROPOSAL FOR THE REVISION OF THE AU SANCTIONS REGIME

23. The current status quo of the African Union Sanctions Regime provides little incentive, it is neither strict nor effective enough to compel Member States to fulfil their financial obligations to the Union.
24. It was in that context that the Ministerial Committee was mandated by the Executive Council to prepare a draft report on proposals for the revision of the sanctions regime.
25. Pursuant to Executive Council Decision EX.CL 985 (XXIX), the Committee has engaged the revision of the current set of sanctions and has concluded that a simplified mechanism should be considered and highlights that the future regime should also take into consideration the outcomes of the discussions related to the new scale of assessment.
26. As a result, the committee mandated the Commission to further review the proposal on the sanction regime in the first quarter of 2018 to accommodate the above recommendations.

RECOMMENDATIONS

27. The Committee makes recommendations as follows:

- i) **COMMENDS** Member States that were up to date with the payment of their contributions, and **ENCOURAGES** the other Member States to pay their contributions in full and on time;
- ii) **ALSO COMMENDS** development partners for their contributions and urge them to pay their contributions on time to enable the African Union to implement its projects and programmes;
- iii) **REQUESTS** Member States with accumulated arrears to fulfil their financial obligations immediately in order to avoid sanctions, in conformity with the regulations in force;
- iv) Pursuant to the relevant provisions of Article 35 of the Rules of Procedure of the AU Assembly of Heads of State and Government, and that of the AU Financial Rules and Regulations, **RECOMMENDS** that the sanctions stipulated for failure to pay be imposed on:
 - Central African Republic;
 - Guinea Bissau;
 - South Sudan;
 - Somalia
- v) **WELCOMES** the strong gesture of commitment demonstrated by **Libya** in paying its 2017 contributions and Sudan for paying its arrears in full and encourages the two Member states to continue their efforts and settle their remaining balances dues
- vi) **REQUESTS** the Commission to put in place, in collaboration with the Ministerial Committee, a mechanism for consultation and interaction with Member States that have difficulties in paying their contributions with a view to understanding the problems and undertaking missions to the States concerned so as to reach an agreement that will enable them to fulfil their financial obligations vis-à-vis the African Union;
- vii) **URGES** the Ministerial Committee on the Scale of Assessment and Contributions to further review the propositions related to the sanction regime by considering a simplified mechanism aligned with the principles of the future scale of assessment
- viii) **REQUESTS** the committee to report back at the summit of July 2018

Annex: Members States contribution table as of 31 December 2017

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