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P. O. Box 3243, Addis Ababa, ETHIOPIA Tel.: Tel: +251-115- 517 700 Fax: +251-115- 517844 / 5182523
Website: www.au.int

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

REPORT OF THE MINISTERIAL COMMITTEE ON SCALE OF ASSESSMENT AND CONTRIBUTIONS

A. INTRODUCTION

1. The meeting of the Ministerial Committee on the Scale of Assessment and Contributions was held on 30th June, 2017 to consider the draft report on Member States Contributions to the 2017 Budget of the African Union and also to assess the financial situation of the Organization.

B. ATTENDANCE

2. The meeting was chaired by the Ministry of Foreign Affairs of the People's Democratic Republic of Algeria, H.E. Abdelkader Messahel and was attended by the following Member States:

- i) Algeria;
- ii) Angola;
- iii) Botswana;
- iv) Burundi;
- v) Egypt;
- vi) Mauritius;
- vii) Senegal;
- viii) Sudan.

C. AGENDA

3. The agenda submitted was adopted and the sole items for the consideration were the consideration of state of Members States' contribution to the 2017 AU Budget, the issue of review of the scale of assessment for 2019, as per the Assembly Decision 578 and discussion of efficient way and means for the recovery of the assessed contribution.

D. OPENING REMARKS

4. The meeting was called to order by the Chairperson of the Ministerial Committee H.E. Abdelkader Messahel and he welcomed all present. In his introduction remark, the Chair recalled previous Assembly and Executive Council decisions relating to the Ministerial Committee and its mandate. In this regard, he reminded the Committee of the Executive Council (Decision 916) which decided to rename the ad hoc Ministerial Committee on the Scale of Assessment, to expand its mandate to follow up the issue of contributions, in addition to its original mandate of reviewing the scale of assessment, as well as to establish it as a Permanent Ministerial Committee.

5. In his address the Chairperson of the Ministerial Committee expressed concern that some Member States do not fulfil their obligation by paying their statutory

contributions on time with a persistent trend of arrears, a situation that has a negative impact on the Union's financial situation. He emphasized the current difficult financial situation of the organization and call up on the commitment of all members' states.

6. In light of the above, the Chairperson of the Ministerial Committee invited the members of the Committee to reflect on the work ahead of the Committee in the fulfilment of its mandate, in particular with regards to the issue of the review of the scale of assessment and that of how to contribute to the collective endeavours and efforts of the African Union to enhance the capacity of the Organisation in terms of the recovery on time of Member States assessed contribution.

7. In this regard, the Chairperson of the Ministerial Committee explained that the aim of the Committee's approach should be to contribute to a more credible dynamic for the recovery of Member States contributions, due to the fact that the success of the on-going

AU institutional reform depends on the realisation of the objective on ensuring the AU financial independence and autonomy.

8. Bearing in mind that the above would require from the Committee to conduct a deep analysis of the situation through large consultation, and taking into account members States concerns, and make recommendations to the policy organs during the AU Summit, in January 2018, he suggested the adoption of a roadmap for the work of the Committee for the next six months.

9. The Chairperson of the Committee concluded his introductory remarks by inviting the Director of Finance of the AU Commission to make a presentation on the State of contributions of Members States.

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

1. Presentation by the African Union Commission

10. The Commission made presentation on the status of the members States contribution which was updated to the 29th June 2017, summarized as below :

- i) It was then reported that a total amount of US\$95,975,511 had been received for 2017 (including Peace Fund). Out of that amount, US\$62,687,412 constitutes payment against the current year's assessment on regular budget, representing 30% of the 2017 budget assessed to Member States. In addition is US\$25,434,437 was collected towards arrears from the previous year's budget and collection on Peace Fund amounted to US\$7,841,741;

- ii) Also stated that 18 Member States cleared their obligations to the AU, 6 Member States paid partially while 30 Member states have not made any payment during 2017.

11. The AU Commission informed the meeting that compared to last year at the same period, the contribution are lower by 18%.

2. Comments by the Member States

12. Following the Commission's presentation, Member States made the following comments and observations:

- i) Expressed concern on the late remittances of assessed contributions and urged the Commission to follow up with the Member States to pay on time;
- ii) Acknowledge the fact that the current sanctions regime does not seem to compel Member States to meet their financial commitments vis-à-vis the Union and urged that it be reviewed to address the situation and agree on the need to review the current sanction regime;
- iii) Strongly advised to perform a detailed analysis of the current situation along with identifying its root causes;
- iv) Recommended to take into consideration the following criteria as part of the review of the sanction regime and stressed that the future regime should be:
 - a) efficient, in order to address the issues and gaps identified;
 - b) Operational as not to result in blockage;
 - c) consider the capacity to pay by Member States;
 - d) flexible enough to address punctual situations faced by Member States;
 - e) An incentive to pay without being coercive.
- v) Insisted on an inclusive process based on a large consultation with all the Member States;
- vi) Suggested that there is a need to review and reinforce the current sanction regime to make it efficient, operational and more credible; it should consider capacity to pay by Member States and should be flexible enough to address current situation of Member States;
- vii) Expressed concern about the steep increases in contribution from Member States and highlights the fact that it would be advisable to revisit the timeline related the Johannesburg decision to fund 100% of the operational budget, 75% of the Program budget and 25% of the Peace support budget by 2020 given the current difficulties faced by the Members states to meet

their obligations. An accompanying measure could also be to consider a downsized budget;

- viii) Appreciated the efforts Sudan is making in settling its arrears despite the situation in the country;
- ix) Sought clarity on the modalities of the Peace Funding general and in particular on the method applied to the calculation of the amount related to the transition year of 2017;
- x) Expressed concerns about the financial responsibility assigned to few countries that could exposes the Union to a significant risk should one or some of those countries faces economic or political instability;
- xi) Suggested to review the treatment of the arrears in relation with Reserve Fund as indicated in the Financial Rules and Regulations.

F. CONCLUSIONS

13. The Ministerial Committee on Scale of Assessment and contribution recommend the following:

- i) Urge the Commission, to provide all necessary support to the Ministerial and Committee to review the scale of assessment to be implemented starting from 2019, as per Assembly Decision 578;
- ii) Request the Ministerial Committee to undertake a review of the Sanction regime with a view of its consideration and adoption by January 2018 AU Summit after a large consultation process through a series of meetings and with the support of the required expertise.

2017

Rapport du Comité Ministériel sur le Barème des Contributions Statutaires et les Contributions

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