

AFRICAN UNION
الاتحاد الأفريقي



UNION AFRICAINE
UNIÃO AFRICANA

Addis Ababa, ETHIOPIA P. O. Box 3243 Telephone : 517700 Fax : 513036 Cables:OAU, ADDIS ABABA

EXECUTIVE COUNCIL
Thirty-Third Ordinary Session
25 – 29 June 2018
Nouakchott, MAURITANIA

EX.CL/1097(XXXIII)
Original: English

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

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

1. The Meeting of the Ministerial Committee on the Scale of Assessment and Contributions was held on 27 June 2018 to adopt the Report of the Meeting of the Committee held in Addis-Ababa on 17 June 2018 on the Contributions of Member States and Partners to the 2018 Budget of the African Union as well as the Report of the Consultant on the AU New Scale of Assessment 2019-2021 and the Review of the Sanctions Regime.

Attendance

2. The Meeting was chaired by H.E. Mr Dharmraj Busgeeth, Ambassador of the Democratic Republic of Mauritius to the Federal Democratic Republic of Ethiopia and Permanent Representative to the African Union. In attendance were the representatives of the following Member States:

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

Adoption of the Agenda

3. The Committee adopted the following Agenda proposed by the Commission after amendment:

- i) Opening of meeting;
- ii) Adoption of the Agenda;
- iii) Consideration of the Draft Report on the Status of Contribution of AU Member States
- iv) Item postponed for consideration to the Next Session of the Committee
 - a. Revision of the Sanctions Regime
 - b. The AU New Scale of Assessment 2019 – 2021 (Consultant report to be discussed and methodology to be explained by the Consultant for further consideration)
- v) Any other Business.

Opening of the Meeting

4. In his keynote address, the Chairperson of the meeting expressed his gratitude to the Member States for their participation. He indicated that the two reports had to be circulated and considered by all Member States in view of their importance. He then invited the representative of the Commission to present the report.

Consideration of the Draft Report on the Status of Contribution of AU Member States

5. The Commission informed the Meeting that the Report on Contributions being presented to Member States covered the period 1 January – 31 May 2018. However, the report will be updated up to 20 June 2018.

6. In the presentation, he indicated that out of **US\$769 381 894 \$ US** representing the budget approved for the African Union for the 2018 financial year, **US\$203,212,542** was to come from Member States, while **US\$ US\$451,105,099** was to be financed by International Partners.

7. According to the updated Report prepared as of 20 June 2018, total contributions received from Member States amounted to **US\$150,254,934**, of which **US\$81,332,133 constitutes payment against the current year's assessment, representing 29% of the 2018 assessed contribution to Member States. The balance that is US\$68,922,800 is composed as follow:**

- **US\$51,657,051 constitutes the arrears collected from the previous year's regular budget;**
- **US\$11,218,877 constitutes collection on arrears for the Peace Fund;**
- **US\$4,871,532 constitutes collection for the Peace Fund assessed for 2018;**
- **US\$1,175,348 constitutes payments and credits against the 2019 Budget as advance payment received in 2018.**

8. The Commission further indicated that contributions received during the year being **29%** of the total amount of assessed contributions for the year 2018 is far from being satisfactory. The Commission further indicated that 25 of the 55 Member States had paid their contributions, of which 8 had partly paid up through the new model of the Financing of the Union out of 14 countries that are fully implementing the 0.2 percent levy decision. 30 Member States are currently indebted to the Commission, of which 15 have arrears of one year or more in addition to their assessed contributions for the current year.

9. The African Union collected during the year 2018 contribution from international partners in support of implementation of programs and projects of the Union a total amount of \$163,835,331 including AMISOM during the period under review. It is to be noted that during the current 2018 Commission collected only USD \$ 8,055,589 and the difference comes from the 2017 opening balance of USD \$155,779,742 making of the total collection to USD \$163.8 millions.

10. Regarding sanctions, the representative of the Commission informed the participants that, according to the status of contributions as at 31 May 2013, only three Member States, namely, Central African Republic, Guinea Bissau and South Sudan were under sanction for default in payment. However, Guinea Bissau has made an effort to clear parts of its arrears by paying USD \$60,499.51, out of USD \$301,207.21 (USD \$ 265,457.21 for the regular Budget and USD \$ 37,750.00 for the Peace Fund) but this is not enough to lift the imposed sanction. It is required to pay at least 50% of the accumulated arrears as per the existing rules of procedure. Therefore, the sanction still remain valid

11. With respect to the African Union's five big contributors, the Commission highlighted that in 2017, one of the big contributors to the AU Budget in the 1st Tier country (NIGERIA), has not paid at all its due and still hasn't released its contribution for the 2018 Budget. This constitute 9.6% GAP on the 2017 member States collection impacting on projects and Programs implementation.

12. The Commission highlighted the on-going discussion on revision of the sanction regime. The current sanctions regime is not strict and efficient enough to compel Member States to meet their financial commitments vis-à-vis the Union. It is therefore necessary for the Ministerial Committee, as per its mandate, to work on a proposal for the strengthening of the provisions by revisiting the text on the sanction regime in order to make it strength and more effective through large consultation with the view to adopt the new provision on the sanction regime which the purpose is to offer an examination, analysis and evaluation of the current AU sanction Regime. .

13. The Commission further indicated that the first quarter year 2018 was financially difficult for the Union. It was in this context that there is need to review the status of the current sanction regime. The report concluded that Member States has to honour their commitments without delay and requested the Commission to be proactive in its actions vis-à-vis the Member States by inter-alia changing its method for collecting funds.

14. The Committee, in the same vein, expressed its hope that the sanctions should be reviewed but this need to be tabled in an open ended discussion with all members' states given the sensitivity of the issue.

15. After taking note of the Report presented by the Commission, the Chairperson of the Committee gave the floor to Members for their comments and observations.

16. The Committee made the following comments and observations:
- a) Commended the Commission for its lucid and well written Report and requested that the observations and comments of Members of the Committee be taken on board;
 - b) Commended Member States that have paid their contributions in full and those that have made advance payments;
 - c) Expressed its concern over the delay on the part of some Member States in fully paying their assessed contributions and stressed that Member States in arrears should be encouraged to settle all their debts to the African Union. It also stressed the need to show solidarity with the Commission as just 29% collection rates puts the organisation in a difficult situation to operate;
 - d) Requested explanation as to why Partners fail to honour the amount they pledged and if the Commission had made efforts to approach Partners that failed to honour they commitments;
 - e) Consider separating contribution towards Regular and Peace Fund clearly in all reports
 - f) Raised concerns on the calculation of peace fund and requested clarification on how it is computed. The current scale is against the decisions of the Assembly on Peace Fund. The scale should be based on the geographic distribution and the Decision of the Assembly on the Financing of the Union.
 - g) Called for further discussions on how to compute the Peace Fund as some countries are reluctant to pay towards the Peace Fund
 - h) Called for participation of the F15 in the deliberations on the scale of assessment at the 1st stage.
 - i) Questioned the impact of the 0,2% levy on the Member States Legal Obligation and International Commitments;
 - j) Some Member States raised concern that the 25% MSs Contribution towards PSOs was based on promise by President Obama to cover remaining 75%. However, the current US administration has reversed that decision. This fact need to be seen in light of the immense amount involved in PSOs
 - k) Queried how much of the collections so far came from the 0,2% levy and how many countries are implementing the decision

- l) To include in the report explanation on collections vis-à-vis countries who have implemented the 0,2 % levy
- m) The consultant presented briefly the outcomes of its recommendations and the methodologies on how the new scale assessments have been computed. He explained further that the current scale of the assessment is the one using by United Nations System. The new proposed on the scale of assessment is based the following criteria such as: Income, debt and the capacity of the country to pay. He come out with four option.
- n) Requested an unofficial meeting to be planned ahead of the Summit which the consultant who developed the new scale of assessment will be invited to better explain the content and the statistic of his report before to decide on the scale of assessment for 2019-2021.

Responses by the Commission

17. Reacting to the afore-listed observations and comments, the Commission informed the meeting as follows:

- a) It was also observed that the status of Partner contributions reflects the low level of implementation of programs in 2018. Due to insufficient resources, Member States are invited to take up the leadership role in the Organisation;
- b) The Commission explained that 8 countries have made payments out of those who implemented the 0.2% levy
- c) Provide clarification on the fact that there is an on-going discussion between others countries committed to the 0.2 percent levy and the Commission to improve the situation;
- d) Finally, the Commission appealed to the Committee to put a strong recommendation to speed up consideration of the scale of assessment for 2019-2021.

Recommendations

18. The Committee made the following recommendations:

- a) Expressed solidarity and acknowledges the commitment of the Member States to pay up their due assessments;
- b) Commends Member States that are up to date in the payment of their contributions;

- c) Commends development Partners for their constant support to the organization and URGES Partners to honor their commitments;
- d) Maintains the previous sanctions imposed on the following countries: The Central African Republic; Guinea Bissau and South Sudan
- e) Decided that the current scale of assessment should be applied to the 2019 as budget as transitional period till a new one is approved
- f) Request the Commission to distinct the reports on the Scale of Assessment and the Sanctions Regime for further consideration by the January 2019 Summit;
- g) Request AUC to send the documents on the New Scale of Assessment and the Sanctions Regime to All Member States for their inputs. The Member States will provide their comments by 15 October 2018;
- h) Request AUC to convene on November 2018, the Joint Sitting of Permanent Representative Committee (PRC) including experts from Capitals, and Committee of Fifteen Finance Ministers' Technical Experts to review the documents on the New Scale of Assessment;
- i) Request AUC to convene the Joint Sitting of the Committee of Ministers on Scale Assessment and Contributions and F15 Finance Ministers to consider both documents on the New Scale Assessments and the Sanctions Regimes before the Submission to the Executive Council Meeting in January 2019.

DRAFT DECISION ON THE SCALE OF ASSESSMENT AND CONTRIBUTIONS

Doc. EX.CL/1097(XXXIII)

The Executive Council,

1. **TAKES NOTE** of the Report of the Ministerial Committee on the Scale of Assessment and Contributions and **ENDORSES** the recommendations contained therein;
2. **COMMENDS** Member States that are up to date in the payment of their contribution and **URGES** Member States who have not yet done so to pay their assessed contribution;
3. **MAINTAINS** the previous sanctions imposed on the following countries: The Central African Republic, Guinea Bissau and South Sudan
4. **DECIDES** that the current scale of assessment should be maintained for the Year 2019 until a new scale of assessment is approved by January 2019;
5. **REQUESTS** the AUC to circulate the documents on the New Scale of Assessment and the Sanctions Regime to all AU Member States for their inputs by **15 October 2018**;
6. **REQUESTS** the AUC to convene in November 2018, a Joint Sitting of the Permanent Representative Committee (PRC), including experts from Capitals, and the Committee of Fifteen Finance Ministers' Technical Experts (F15) to review all the documents pertaining to the New Scale of Assessment and the Sanctions Regimes;
7. **REQUESTS** the AUC to convene a Joint Sitting of the Committee of Ministers on Scale Assessment and Contributions and the F15 Ministers to consider the recommendations of the Joint Sitting of the PRC and F15 Experts prior to submission to the next Executive Council Meeting scheduled for January 2019.

AFRICAN UNION UNION AFRICAINE

African Union Common Repository

<http://archives.au.int>

Organs

Council of Ministers & Executive Council Collection

2018-06-29

Report of the Ministerial Committee on the Scale of Assessment and Contributions

African Union

DCMP

<https://archives.au.int/handle/123456789/8915>

Downloaded from African Union Common Repository